CHAPTER - I
INTRODUCTION

1.1 Background of the Study

“Lying strategically between China and India, the kingdom of Nepal is characterized by rugged topography, ethnic diversity and a predominantly agricultural economy. The country spans 147,181 square kilometers, and has three main geographical areas: high mountains bordering Tibet, the middle hills, and the plains (Terai) belt in the south. Geographically, Nepal lies in 26° to 30° north latitude and 88°5' to 88°12' east latitude with the length of 885 km and width ranging from 144 km to 240 km. Over 80% population of Nepal depends on the agricultural sector for their livelihood. However low productivity of this sector is one of the reasons for Nepal to remain one of the least developing countries in the world prospects for overall economic development of the country will depend upon the transformation present economy to industrial economy within the political scenarios.” (Nepal & Dahal, 2004: 142)

In the past, the Nepalese market was highly supply driven. Organization could sell almost everything they produced or imported. In a high demand situation, they did not realize the importance of marketing. Marketing for most of the organization meant distribution and selling. Nepal has experienced significant social and economic change in the last three decades. Nepalese business community feels that their major weakness lies in the area of marketing. They have realized the importance of marketing and the growing concern over the various marketing techniques to be applied.

According to American Marketing Association, "Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and

services to create exchange that satisfy individual and organizational objectives" (P.D. Dictionary of Marketing Chicago, USA, 1995).

To general public, marketing is selling through advertising which means selling and advertising are the strongest parts of marketing for them. Marketing helps an organization to find out what their customers want. It also helps to decide what products are to be made. The decision is carried on after a long research in the market.

Production is the prime activity of each and every industry and successful marketing of the product is the ultimate goal. Today's marketing environment is characterized by globalization, technological changes and strong competition. Successful marketers are those who deliver what customers are willing to purchase as well as according to their ability to purchase. For this reason, marketers today conduct many researches to study consumer decisions. Once it is understood, marketers become able to predict and shape their marketing strategies accordingly. Without doubt, marketers who understand markets and consumer behavior have great competitive advantage over other competitors. So, it is obvious that a producing organization or manufacturer must determine the needs and wants of their customer first and then bring the product in the market accordingly. Nepal metal craft industry with its products to meet the international market has to follow the footsteps of market gurus, in order to successfully run the business in the global market scenario.

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

Another scholar Prof. William J. Stanton defines marketing as “a total system of business activities designed to plan, price, promote and distribute want-satisfying products to target markets to achieve organizational objectives."

According to E. Jerome McCarthy, “Marketing is the performance of activities that seek to accomplish an organization's objectives by anticipating customer or client's needs and directing a flow of need-satisfying goods and services from producer to customer of client."

Similarly, the American Marketing Association defines marketing as "the process of planning and executing this conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individuals and organizational goals."

Hence, above definition of marketing suggest that it consists of some activities consisting of study of consumer needs, products, price, and place, promotion to facilitate the exchange that satisfies individual as well as organizational objectives within the social and marketing environment prevailing today. The consumer or customer gets the product he/she wants and the manufacturer or marketer gets the profit with satisfaction. This highlights the importance of product as the whole process of marketing. Product is always an important element of marketing mix. It is more than goods and services as people think it to be.

Nepal’s history of economic development is relatively short. Planned economic development started only since 1956 A.D. though an earlier attempt was made in 1948 A.D. Nepal has accomplished 13th three year plans. Various efforts are being put on to attain a faster growth rate. Nepal’s economic growth during the 1980s to accelerate economic growth through expansionary fiscal policies led to considerable macroeconomic instability. In 1993/94 Nepal experienced its best macro-economic performance in the decade of nineties. In 1991/92 and early 93, Nepal undertook a series of reforms aimed at economic liberalization. These reforms have improved economic performance in a number of areas while they have been less satisfactory in

other areas. Export growth after recording negative growth in 1994-95 has recorded steady growth thereafter. Exports decline by about 9.7 % in 2009/10 and import increase to a substantial amount of 28.9%. (Economic Survey, 2009/10: xxiii).

Various types of metal craft are available in Nepal for the export purpose. Nepalese metal craft industry manufacture and export different kinds of Nepali meat crafts products. Hinduism and Buddhist items rituals objects & things. Nepalese metal craft expertise product has opened the door for our products in the United States, Germany, Japan, Spain, Australia and a few others.

1.2 Brief History of Nepalese Metal Craft Industry

Metal craft products include metal images of popular god and goddesses of Hinduism and Buddhism and utilitarian utensils. These products are mostly produced by household units clustered around the city of Lalitpur (Patan) and the district of Bhojpur in east Nepal.

In Nepal, making metal images is a very old art. These are produced with the lost wax method of casting. This method of casting is done by preparing a wax model, covering it with varieties of clay, heating the piece so that the wax is melted , extract the liquid wax so that cavity is created , pouring metal into the cavity , cool it and the original model is translated into the metal image. The metal image out of the casting is very rough. Rough image is then made smooth chiseling is done to bring precision. The metal statue is then painted as per the specifications of religion or as per the request of the client. This complicated job requires an artist's conception, proper technology, an engineer's perfection and the skillful hands of a craftsman.

The art and skill is transferred from generation to generation and artisans follow the age-old designs and production technology. Today items like paper knife, spoon and forks with traditional designs are added to the range. Sculpting metal is a lengthy

procedure that requires great skill. A large piece of art can take up to six months to create and several people need to work on it.

The main workshops of Fabulous Metal craft Center are at Okubahal, the old metal working area of Patan. They turn out the most exquisite copper statues, some of which take up to three years to complete. In the time-honored fashion, three craftspeople work on each piece, no matter how small-one to model the wax, cover it with clay and finally to pour the molten copper into the clay mould, another to etch details and finally a person to paint the face and body.

History of metal statue Art work in nepal doesn't have any concreat evidence when it was actually started. Histoy of metal art work in Nepal dates back to the 17th century AD. The fact that ruler Amsuvarma ordered a metal crest for the Changu Narayan Temple in 607 AD proves Stella Kramrisch, author of "The Art of Nepal," right in her supposition that metalwork dates back to the seventh century AD in this region. Early works of the Licchavi era indicate that bronze was the commonly used alloy but later creations feature copper and valuable metals such as gold and silver. Other metal art of the time include a bronze Buddha Sakyamuni [sixth or seventh century, see photo] and in a journal, Chinese traveler Wang Hsuan tse admires the metal art in King Narendradeva's palace in Kathmandu and mentions that Narendradeva wore gold jewelry studded with pearls, rock crystal, and coral: on his belt were golden images of the Buddha.

Metal statue workers in the region used copper and bronze as well as other metals for casting and gilding, jewelry, making coins, and setting crystals, coral, and gems. By the tenth century, metal art is believed to have surpassed stone in quantity and demand. Metal work in the higher hills and mountains were influenced by several civilizations that developed in the plains of the Indian Subcontinent. It was the Pala dynasty (750 - 1150) that had a great influence in areas such as Kathmandu, Nepal, during the late Lichhavi period (fourth to the ninth century). Local influences,

mythologies, religions, and social requirements created a great divergence in styles and content. An example can be the Uma Maheswor (Parvati Mother Goddess and Lord Shiva) theme that entered Kathmandu from the South. Local artisans re-created the image with Uma leaning against her husband and Maheswor with his arm around her shoulder or waist. Other work that portray such slight but important changes are a Boddhisattva Avalokitesvara, a standing Vishnu, and a Shiva.

It is believed that many metal statue workers at this time were Buddhist monks working for their vihara religious schools. As the number of gods and goddesses increased with legends, outside influences, and new scriptures, metal workers were kept busy making more and more deities. Demand of the people, skills of artisans, and productivity of metal workers also developed. Goldsmiths decorated temples and made ornaments. The artists sometimes used a high percentage gold in bronze, e.g. Tara, seventh century, held anonymously and there seems to have been contact between metalworkers of Nepal and the area that was ruled by the Guptas about this time though styles remained distinct and unique. Kathmandu Valley had begun to export metal art to Tibet by the tenth century.

The human figure seems to have reached a transition phase between 880 and 1200 according to Pratapaditya Pal, author of "The Arts of Nepal". Samples from the tenth and eleventh centuries show slender forms and long, well-shaped limbs and fingers. These features are in sharp contrast to the more voluptuous Licchavi sculptures which feature full bodies, broad hips, and full breasts. Influences that led to the fuller bodies are believed to have come in from the Mathura Kingdom. Kathmandu artists before then and after the influence wore off made human bodies that were slimmer and less prone to the voluptuous curves that particularize Mathura images.

The Sena dynasty influence entered Nepal with Nanyadeva's brief invasion in 1094. The Muslim influence came in at the end of twelfth century as they fought to conquer the Indian Subcontinent. Many artists sought refuge in the remote Kathmandu Valley

and other parts of the Himalayas during these periods of uncertainty and war. They brought with them new skills, styles, and technical expertise. By the fourteenth century, metalworkers in Kathmandu seem to have come onto their own in terms of imagery, expertise, and quality in content and execution. Their clients were usually kings, traders, and priests.

Then began the transition period. The Licchavi influence was to remain throughout Nepalese art history and continue on to modern times, note modern day Boddhisattvas and Manjushree images. Towards the eleventh century, art was created according to the descriptions found in scriptures and the dictation of shamans, priests, and tantrics (example: Navatmaka Heruka, seventeenth century). Clients preferred art with religious content or representation of themselves and their rulers. This trend continued on to the eighteenth century. A short-lived trend of representing idols in a short chubby forms came and went. The trend, however, left a permanent mark among Bodhisattvas and Vajrapurushas. This trend can also be seen in Malla era sculptures of Garudas, Karttikeyak and Krishna according to Pratapaditya Pal. The period of transition saw a great increase in the use of metal ware (such as water containers, pots, plates, cups, and bowls).

At this time a caste system that organized the society into families and clans that concentrated on specific work such as metal art was introduced. Metal workers built workshops on the ground floor of their own homes, a trend which has been continued until today among some Newari families. The system of working at home, with workshops on the ground floor, and specialization in that particular artform by up to four generations at a time that the young learned techniques and metal crafting skills early on.

The period of 1200-1382 is least documented in the history of metal art in this region and some scholars refer to what went on then as a continuation of the transitional period. Arniko (1244-1306) headed for Tibet in 1260 and demonstrated his skills in

metal, clay, and lacquer to the emperor of Tibet and then to the Chinese Court. He built monuments and images in bronze and his work is believed to have left an impression in China. He was asked to build a golden stupa for Kubilai Khan.

The best metal art of the period was created during the fourteenth and fifteenth centuries. Examples include Mahalaxmi (thirteenth century bronze),Vasundhara (thirteenth to fourteenth century), Buddha Sakyamuni (fifteenth century). The Kathmandu Valley was divided into three kingdoms in 1484 after the death of Yaksa Malla. The three kingdoms were great rivals and their most successful wars were fought using art and architecture. Each kingdom tried to create metal, wood, stone, and other forms of art better than that of its competitor. Their jealousy and rivalry created beautiful monuments, palaces, and temples and artists were encouraged and rewarded to produce the finest work possible.

All traditional arts, including metal art flourished under the Mallas. As in previous centuries, metalworkers were in great demand. They needed to supply temples and vihars, the Tibet trade was excellent, they made home utensils for the Nepalese rich, and during the Malla period, due to rise of tantrism, they had to work hard to supply a new series of images. Tantric idols challenged artists to look at a new ways of imagining and deal with greater detail in expression, jewelry, and clothing.

An exceptional bronze cast of the Malla period (ending in the eighteenth century) is that of Raddhilaksmi Malla, the widowed queen ordered this statue and offered it to Changu Narayan in 1694. With the coming of the Shah dynasty, the concentration was on expansion of the Gurkha Kingdom and the men and the battles that were achieve this goal. By this time Tibet was ruled by the Buddhist religious leader, the Dalai Lama. Buddhist metalwork was being produced in Tibet and in greater numbers. Along with other cultural texts and influences, Buddhist art was flowing from Tibet into Kathmandu, opposite to what had been happening earlier.

Still the work continued, excellent work like the Garudadhvaja at Dattatreya (Bhaktapur, 1851) and Seto Bhairava at Hanuman Dhoka, (Kathmandu, 1795) were produced. Copper became more popular, gold was used to paint the faces of deities increasingly. Nepalese sculptures became almost modest in outlook, they featured simple ornaments, if any, and smooth forms. Nepalese metal art, historically, did not feature duplicates and multiple copies of a single image are rarely found. By the twentieth century, tourists began visiting the Kathmandu Valley and hundreds of copies of Shakyamuni Buddha, Shiva, and other deities were made. The trade became more and more dependent upon tourists and prices increased beyond the pocket of the people and temples. Religious institutions were seriously affected due to significant decrease in contributions. However, orders came from Japan, Koreas, and Taiwan among other countries. The spread of the Eastern philosophy in the West created a greater and more profitable market for the artists.

1.3 Statement of the Problem

The metal craft industries in Nepal are facing critical situation, and time has come to save the existence of these companies. To overcome threat and challenges, the CEO or entrepreneurs must take the rational decisions by implementing the effective and pertinent marketing strategies.

The problems confronting this industry are supply market, which is heavily dependent on China and U.S. market, domestic skilled labor, poor logistics, supply of raw materials, difficulty of access to foreign market, demand constraints, high cost and poor quality and changing pattern of demand in international market and lack of conducive government policy (Agrawal, 2002:87).

In addition, the most crucial challenges of Nepalese metal craft industry is to compete with the technologically advanced countries. It is definitely sure that this industry will

be collapsed if the effective and pertinent marketing strategy is not implemented to win the market share, heart share and mind share of the prospective buyers. In comparison to the other countries metal craft entrepreneurs of Nepal lack the implication of the long term strategic marketing management planning in their overseas business. Within the period of one and half decade it was the enough time for Nepalese entrepreneurs to get international marketing experiences and to build its competitive positions. But nobody has taken care about the matter. As a matter of fact this industry lies inside neck as a bone whether to swallow or throw.

Regionalization of trade in metal craft increased customs checks to ensure that transshipment activities do not take place, rigorous application of ethical standards to prevent child labor and compulsion to adapt eco-labels will be some of the key drivers and trade parameters determining exports of metal crafts.

Not only the macro economic analysis but also the marketing strategy is the crucial factor for any enterprises to survive and thrive, either big or small , under the changing global trading environment But the Nepalese metal craft entrepreneurs are more concerned on government policy.

Enterprises cannot exploit the opportunities and copying the threats – even the government policy or environment is favorable to business, if they are not strategically ready to interact with the business environment. Since there is intense competition in U.S., Canada, Europe and Japan, there are still other countries in South Asia and South East Asian countries where Nepalese metal craft entrepreneurs can concentrate their business by marketing strategy implementation. Thus entrepreneurs should be proactive rather than the reactive in nature. After the general statement of problem, some research problems identified are as follows:

- What are the appropriate export marketing strategies and how they should be implemented?
- How Nepalese metal craft industry can develop competitive export strategies?
- What are the determinant factors that help metal craft industry to implement the export marketing strategy effectively?
- How can metal craft industry and concerned organizations develop a strategic approach plan to tackle the possible challenges?
- Do the Nepalese metal craft entrepreneurs implement the efficient sourcing strategy to get inputs a cost effective rate?
- How can the Nepalese metal craft industry increase productivity and develop new products as well as create niche markets in new markets?
- Lack of factual data and research in relevance to Nepalese metal craft industry is main problem.

1.4 Objectives of the study

The main objective of the study is to analyze the export marketing strategies to find out the suitable marketing strategies for suggesting the entrepreneurs and for trying to seek out the ways of saving the existence and increasing the competitiveness of Nepalese Metal craft Industries. The specific objectives of the study are:

- To analyze the export marketing strategies in Nepalese Metal craft Industries.
- To analyze the view of entrepreneurs, CEO or marketing managers about the export marketing strategies
- To make recommendations for effective management of threats and challenges faced by Nepalese Metal craft Industries in Nepal.

1.5 Significance of the study

Although some of the research-works on metal craft-industry had been done by previous researchers this topic called „export marketing strategies of Nepalese metal craft industries‟ is almost new. Almost-all of the previous research works were focused on the topic of socioeconomic-problem and-prospect WTO and it‟s impact to metal craft industry and Nepalese metal craft industry in changing global trading environment. But none of the research works had been basically focused on export marketing strategies to suggest and save the existence and to strengthen the competitive position of the metal craft industry. So the present study can be considered as worthy-from the point of view;

- It provides the data and information of entrepreneur's point of view about the export marketing strategies, which will help to build and improve the suitable marketing strategies for the further period
- The study is beneficial to other export industry also.
- It helps entrepreneurs, CEO and marketing managers to strengthen the competitive position of metal craft industry.
- It provides the insights of the concerned study. So the Nepalese policy makers, teachers and students who are interested in this study will be benefited.

1.6 Limitations of the study

The study was carried within the following limitations:

- The study was concerned with export marketing concept.
- Only limited studies and surveys are available in this area
- The study was focused on export aspect of the industries.

- The use of questionnaire and personal visit was made to acquire necessary data.

Lack of appropriate database may constrain the result.

- Samples were taken from within the Kathmandu Valley. So it does not represent the whole country.
- Most of the questions were attitudinal rating scale which might bias the results.

1.7 Organization of the study

The study has been organized into five chapters. The title of each of these chapters is as follows:

CHAPTER I Introduction

Introduction chapter comprises background of the study, focus of the study, statement of problem, objectives of the study, significance of the study, limitation of the study and organization of the study.

CHAPTER II Review of literature

Chapter two consists of review of literature. This chapter is subdivided into various sections such as conceptual framework, review from different studies, review from journal, article and magazine and review from master's thesis for the concerned topic.

CHAPTER III Research methodology

Research methodology deals with the method of investigation and includes research design, nature of the data, data collection procedure and tools used.

CHAPTER IV Presentation and analysis of data and major findings

Data presentation and analysis of data deal with different statistical and the financial tools that used in the analysis of the data.

CHAPTER V Summary, conclusion and recommendations

Last chapter includes the summary, findings of the study and recommendation

CHAPTER - II

REVIEW OF LITERATURE

2.1 Conceptual Framework

The purpose of a literature review is to:

- establish a theoretical framework for topic / subject area
- define key terms, definitions and terminology
- identify studies, models, case studies etc. supporting the topic
- Define / establish the area of study, i.e. the research topic.

This chapter consists of two parts-Conceptual Framework and Review of Related studies. In conceptual framework, review of what has been written in academic books is carried out while review of related studies is further dividend into review of journals and review of master degree thesis.

2.2 Conceptual Review of Marketing

Management process through which goods and services move from concept to the customer. As a philosophy, it is based on thinking about the business in terms of customer needs and their satisfaction. As a practice, it consists in coordination of four elements called 4P's: (1) identification, selection, and development of a product, (2) determination of its price, (3) selection of a distribution channel to reach the customer's place, and (4) development and implementation of a promotional strategy. Marketing differs from selling because (in the words of Harvard Business School's emeritus professor of marketing Theodore C. Levitt) "Selling concerns itself with the tricks and techniques of getting people to exchange their cash for your product. It is not concerned with the values that the exchange is all about. And it does not, as

marketing invariably does, view the entire business process as consisting of a tightly integrated effort to discover, create, arouse, and satisfy customer needs."

Prof. Govinda Ram Agrawal (2001:1) identifies the today's marketing environment characteristics as follows:
Globalization: Global corporations are present in most of the markets; no domestic market is safe from competition.

Technological changes: Technological advances have shortened the time and distances. New product appears worldwide in a short period. Consumers are using internet and computers for shopping purpose.

Liberalization: Deregulation has brought competition everywhere. Public enterprises are being privatized.

For a managerial definition marketing has often been described as "the art of selling products," but people are surprised when they hear that the most important part of marketing is not selling! Selling is only the tip of the marketing iceberg (Kotlers, 2003:9).

The above definition outlines that marketing is not only the art of selling products but also the Integrative activities of marketing where the selling is the part of marketing activities.

Prof. Dr. E. Jerome Mc Carthy & Dr. William D. Perreault (1990:3) argue the effects of marketing in almost every aspect of our daily life are as follows:

When it's time to-roll-out of bed in the morning; does your general alarm make you with a buzzer playing your favorite radio station? Is the station playing rock, classical,

or country music? Will you slip into your Levi's, your shirt from L.L. bean and yours Nikes, or does the day call for your brooks brothers' suit? Will breakfast be Kellogg's corn flakes –made with corn from American's heartland or some "extra large" eggs and Horme! Bacon cooked in Panasonic microwave imported from Japan/Will it be Maxwell house coffee –grown in Colombia or some Minute Maide as orange juice? May be you're late and plan to get an egg Mc Muffin at the M.C. Donald's drive thru. When you leave home, will it be in a Toyota, on a huffy bike, or on the bus that the city bought from General Motors.

When you think about it, you can't get very far into a day without bumping into marketing and what the whole marketing system for you. It affects every aspect of our lives often in ways we don’t ever consider..

It means that most of the human and social needs are extremely related with marketing activities. An organization can achieve its goals by fulfilling the customer's need or satisfying them through proper marketing activities. Marketing helps organization to find out what their customer needs and wants. After identifying the customer needs and wants. The ultimate achievement of the marketing is to win the large marketing share, heart share and mind share of the customers.

Marketing requires separate work and a distinct group of activities. But it is first a central dimension of the entire business. It is the whole business seen from the point of view of its final results that is from the customer's point of view (Carvens, Hill & Wood ruff, 1988:4).

Some of the important definitions of prominent writers are as follows:

According to Prof.Cundiff, Still& Govini (1982:5):

Marketing activities are those most directly concerned with the demand stimulating and demand fulfilling efforts of the enterprise .these activities interlock & interact with another as component of the total system by which a company develops and makes its product available, distributes them through marketing channels, promotes them & price them. From the above definition we can understand that the marketing is the combination of 4ps (i.e. product, place, price& promotions).

Prof. Philip Kotler (2003:9) in his famous book marketing management defines marketing as ,"a social & managerial process by which individuals & groups obtain what they need & want through creating ,& freely exchanging products & services of value with others .'. Kotler states that marketing is the set of human activities that facilitates and consummates the exchange transaction. So affect the exchange transation. There are somer core marketing concepts like needs. Wants & demands: products& services Utility, value and satisfaction: exchange, transaction and relationship; social & managerial process; markets; marketing & marketers & individual single buyer & group institutional buyers.

2.3 Role of Marketing in Metal Craft Industry

All of business people including employee, supplier, everyone that engaged into a business, especially those business man (one who runs the business) and also the business owner know exactly what they mean when they are into a business. They all agree to one purpose, which is to make money, to create profit. But how do they know about what they have been doing? Do they have reached what they aim at the first time them setting up their business?

In this case, they must pay attention with the return on investment. To make the goals achieved, they have to manage their industrial marketing, as the important factor. Industrial Marketing helps all company to bear the bridge between buyer and seller.

Many years ago marketers were practicing one to one marketing and they produced goods based on the specific requirements of the customers. With the industrialization companies started producing standardized product to satisfy average market to achieve economies of scale. This is known as mass marketing and this created the production era. Customer contacts were managed by the middlemen and this created transaction oriented marketing where the middlemen focused on revenue from single transaction rather than long term profits. This approach ignored the customers and sellers simply believed that whatever produced by then can be sold and they kept on producing goods without considering customer needs.

But many changes on in marketing environment has forced companies to focus on one to one marketing with customer relationship management (CRM).

Why has the Role of Marketing Changed?

Change in Customers-

Customers are increasingly becoming aggressive and expect not only highest quality product with features but also to service them to provide better customer value. Customer expects customized services rather than standardized products and if a firm fails to customers surely competitors will do and overtake customers.

With the complicated needs and variety of needs customers become highly sophisticated creating different market segments and expect products to satisfy need of those segment. Marketers cannot have a standardized product and cater to all segments and this has forced the firm to customized and change marketing strategies.

Organizations now focus of customer retention rather than attracting new customers as retention strategies are proved to be cost effective.

Globalization-

With globalization foreign companies are able to cater to local market and this has made a pressure on local supplier as anyone can enter the market without barriers. To make themselves competitive among local and other foreign players firm needs to focus more on customer needs and satisfy them effectively.

With the development of economic unions such as European economic union and SAARC free trade zone the trading among member countries are encouraged and many benefits such as duty relief are granted. Due to this reason firms from trading unions can enter local market with no barriers making the competition severe and firm need to change their marketing strategies to be competitive.

Competition-

With free trade orientation it was made possible for anyone to enter the market to sell goods and this has increased the amount of sellers in the marketing. In contrast no of customers remains unchanged making the supply exceed the demand level. This has resulted in cut throat competitive situation in the market and to build sustainable competitive advantage firms need to change their marketing strategies.

Technology-

The invention of internet, e-commerce and m-commerce has totally changed the way in which business activities are carried out. Online sales, online promotions, viral marketing, click and brick organizations, social network marketing and pure click organizations have changed the entire business world with cost effective marketing strategies which let firm to build customer relationships at at a lesser cost. This has

increased the amount of e-commerce users forcing companies to adopt e-commerce strategies.

Shorter product life cycles-

Rapid developments in technology and change in the consumer needs and tastes have made the product life cycle shorter. Some products reach decline stage even without reaching maturity stage as they are replaced by a new invention. Shorter product life cycle forces companies to develop new products to cope up with new technologies and suit the changing customer preferences. Developing new products involve high cost and companies focuses on CRM strategies to lengthen the product life cycle.

Economic situation-

The changes in economic situation such as financial crisis, high inflation, reduction in disposable income and increase in unemployment level and job redundancy level has forced the consumer to be more alert on their spending. Customers are more concerned about their spending level and they consider about value generated before spending. High price sensitiveness has resulted in difficulty to increase the price of goods and marketer have to change the role of marketing to earn revenue using means other than increasing prices. Additionally lower economic growth also has contributed to lower sales level giving pressure to change marketing activities.

Political situation-

Instability in global political situation has made business environment vulnerable. This situation has made the consumers very careful in their spending. This has made the organizations to build strong customer relationships and force the consumer to purchase from them. Due above mentioned factors the role of marketing has changed

and organizations focus on CRM to build strong customer relationships to achieve long term profitability.

Marketing plays a very significant role in acceleration the pace of industrialization which in turn aims at making the economy developed and strong. In this connection it is significant to note that marketing is the most important multiplier of economics development. The development of marketing makes possible economics integration and the fullest utilization of assets and production capacity an economic already possesses. It mobilizes the latent economic energy and finally contributors to the greatest need that for the rapid development of entrepreneurs and managers. Ultimately the development of entrepreneurs and managers help in managing industrial activities in a country. It is evident that industrially developed countries are developed in the area of marketing too.

Marketing plays important role in the process of industrialization. The proceeds of industrial activity are passed on to the society through the process of marketing. Hence the success or failure of business largely hinges upon the art and science of marketing which is composed of explorative knowledge tact and talent of veteran practitioners. In the global market the multinational companies like Sony, Hitachi, Toshiba, Philips, Proctor and Gamble, Johnson and Nicholson and many others have been permeating throughout the world with the help of modern marketing practice and methods. So are Tata, the Birla, the Bajaj India and the STC, Thai Foods and Pancha Kanya Iron in Nepal. Marketing in this sense has made the producers as well as the customers more conscious towards comparative services, values, safety, satisfaction and convenience (Sharma, 1999:4).

Sherbini (1995) has contended that marketing is instrumental for industrial development. He also observes that marketing problems could be more obtrusive that many other deterrents to the process of industrialization. The growth of marketing

attributes to disseminate new ideas favorable to economic growth. Hirch (1961) pointed out that growth in marketing could help disseminate new ideas favorable to economic growth, new pattern of consumption possible new techniques and the end purpose of 5business enterprises.

Lazer (1969) while discussing the need for broadening the social role of marketing argues that it can help reduce and eliminate poverty preserves and natural resources and stimulate economic growth. Slater (1976) mentions that it has become an article of faith among preachers of the gospel that marketing has something vital and constructive to add to development efforts. Kacker (1982) asserts that marketing enhances potential aggregate demand, which further aids to enlarge market and accelerate economic development. Rao (1982:60) opines that it plays the role of an educator it cultivates charges in public attitudes, it brings about changes in the quality of life, it encourages a modern way of living, it strives to build efficient economic and social institution; it strives to secure the satisfaction of the public which is the primary recipient of national development. Antonym (1984) adds that marketing has a cost reducing dimensions. Effectives marketing not only create new and bigger markets thereby helping to activate production, it enables industries to reduce cost, create further demand and ensure further production increases.

2.4 An Overview of Strategic Marketing Management

“There is but one certainty regarding the times ahead, the times in which managers must work and perform. This certainty is that they will be turbulent times. In turbulent times, the first task of management is to make sure of the firm's capacity for survival; to make sure of its structural strength and soundness; and to make sure of its capacity to survive a blow, to adapt itself to sudden change, and to avail itself to sudden change and new opportunities.” [Drucker, 1974]

Although this first Peter Drucker passage is appropriate, given the environment early in this, the twenty-first century, it is actually more than 20 years old. Many producers in Florida would agree that these are indeed turbulent times that require firms to take stock of their strengths and ability to seize opportunities.

"There are no solutions with respect to the future. There are only choices between alternative courses of action, each imperfect, each risky, each uncertain, and each requiring different efforts and different costs. But nothing could help the manager more than to realize what alternatives are available to him and what they imply." [Drucker, 1974]

"Truly strategic managers have the ability to capture essential messages that are constantly being delivered by the extremely important, yet largely uncontrollable external forces in the market and using this information as the basis for altering the important controllable internal factors of the business to strategically and effectively position the firm for future success." [Kepner, 1995-2001]

The Goal of Strategic Marketing Management

There are at least four goals of strategic marketing management that need to be understood by those wishing to use strategic marketing management to craft profitable strategies:

To select reality-based desired accomplishments (e.g., goals and objectives).

To more effectively develop or alter business strategies.

To set priorities for operational change.

To improve a firm's performance.

Reality-based accomplishments are shaped by the level of understanding decision makers have regarding the external factors outside of their control and the internal factors under their control. Proper use of this newly acquired knowledge of internal and external factors will lead to more effective business strategies. Strategy, by definition, means decision makers must make choices, and that means setting priorities for operational change. Conducting a strategic marketing management planning exercise should be more than just an exercise. Therefore, the goal of effective marketing management is to improve a firm's performance.

Figure 1 illustrates the strategic marketing management model as discussed in this workbook. This model is divided into three levels: external/self analysis, strategic posture, and market planning. We will explain each of these three components, beginning with external/self analysis, followed by strategic posture and market planning. External/self analysis will receive the majority of our attention in this workbook, while strategic posture and market planning will be given a brief overview. Upcoming Food and Resource Economics Extension reports will focus on strategic posture and market planning.

Figure 1 The Strategic Marketing Management Model.

Components of External Analysis

External analysis involves an examination of the relevant elements external to your organization. This analysis should be purposeful, focusing on the identification of threats, opportunities, and strategic questions and choices. The danger of being overly descriptive must be guarded against. It is easy to get caught up in an exhaustive descriptive study, at considerable expense, with little impact on strategy and long-run profitability. It is not uncommon to generate page after page of strengths, weaknesses, opportunities, and threats facing your business, especially if management involves the entire organization in the process. This brainstorming type of activity is useful and may encourage buy-in by the rank and file of your organization, but at some point this list of self (internal) and external factors must be boiled down to the most important strengths, weaknesses, opportunities, and threats facing the firm (Aaker, 1995).

The components of external analysis include:

- Customer analysis is the identification of the market segments to be considered, as well as the motivations and unmet needs of potential customers identified.
- Competitor analysis is the identification of strategic groups and their performance, image, and culture, as well as the identification of competitor strengths and weaknesses.
- Industry analysis is the uncovering of major market trends, key success factors, and the identification of opportunities and threats through the analysis of competitive and change forces (e.g., distribution issues, governmental factors, economic, cultural, demographic scenarios, and information needs) [Aaker, 1995].

Components of Self Analysis

Having completed a detailed external analysis, one must look inward. Self analysis seeks to provide a detailed understanding of aspects internal to your organization of strategic importance. Components of self-analysis include assessing the internal strengths and weaknesses of your organization, as well as identifying strategic problems, organizational capabilities, and constraints your firm brings to the strategic marketing management process (Aaker, 1995).

We will utilize the analysis of the internal strengths and weaknesses to identify strategic problems, organizational competencies (Prahalad and Hamel, 1990) and constraints. At this time, it is appropriate to define what is meant by a strength and a weakness:

Strength. Something a company does well, or a characteristic that gives it an important capability. For example, one of Wal-Mart's strengths is its cost-efficient distribution system.

Weakness. Something a company does poorly, or a characteristic that puts it at a disadvantage. For example, one of Wal-Mart's weaknesses could be its inflexibility to respond to changes in the marketplace at the local level.

SWOT Analysis

SWOT is an acronym that is widely used in the strategic planning literature. SWOT has been so widely and extensively used, that it is difficult, if not impossible, to give credit to any one person for its origination. Each letter of the acronym stands for a different component of this internal/external interface: S=Strengths, W=Weaknesses, O=Opportunities, and T=Threats.

Strengths and weaknesses are internal, while opportunities and threats are external to the firm. The goals of SWOT analysis are twofold:

To determine the firm's competitive advantages and disadvantages. In what areas do strengths clearly distance the firm from the competition? In what areas do firm’s weaknesses clearly put it behind?

To prioritize the firm's opportunities and threats. In what areas do firm’s strengths match or mismatch to firm’s opportunities? In what areas do firm’s weaknesses make the firm increasingly vulnerable to threats?

SWOT analysis generally follows a four-step process:

Step 1: Conduct competitive and change analyses to uncover potential opportunities and threats.

Step 2: Make an honest assessment of firm's strengths and weaknesses in Marketing, Production, Personnel, Information Systems, Finance, Management/Leadership, and Organizational Resources.

Step 3: Determine firm’s competitive advantages and disadvantages.

Step 4: Prioritize the opportunities and threats.

Concluding the Strategic Marketing Management Analysis

“The final analytical task is to zero in on the strategic issues that management needs to address in forming an effective strategic action plan. Here, managers need to draw upon all prior analysis, put the company's overall situation into perspective, and get a lock on exactly where they need to focus their strategic attention” (Thompson and Strickland, 1995).

Strategic marketing management process is not meant to be used once every five years, only to collect dust on some manager's shelf. To be effective, this process requires the support of upper management and the involvement and commitment of the entire company.

2.5International Marketing Environment

The international marketing environment has undergone significant changes since 1945 creating both new opportunities and new threats. The most significant changes are:

- The significant internationalization of the world economy reflected in the rapid growth of world trade and investment.
- The increasing domination of US dollar in the world economy.
- The rising economic power of Japan in the worlds market.
- The shift in the world income since 1973 to the oil producing countries.

- The increasing trade barriers put up to protect domestic market against foreign competition.
- The establishment of a working international financial system offering improved currency convertibility.
- The gradual change of governments and politics in various countries of the world.
- The gradual shift of Communism into Capitalism.

The hundred-odd nations of the world differ greatly in the kinds of goods and services they are ready to use or they need. For example, it would be as such a mistake for a Nepali manufacturer to seek a market for bullock carts in American markets as for American manufactures of microwave ovens to seek a market in Nepal.

International marketing decisions and programmes are highly influenced by the international marketing environment. Some international environments are internal and are of controllable nature, but some are external and are of uncontrollable nature. Since, the key to the success of international marketing managers is the ability to make timely and appropriate adoptions to a complex and ever changing environment, it is their task to cope with the internal forces of their decisions in light of the external environment in such a manner that marketing objectives are achieved.

The task is made more difficult in international marketing, because the marketer must deal with at least two levels of uncontrollable uncertainty instead of one. Uncertainty is created by the uncontrollable elements of the business environment at home that are applicable to foreign operations plus the uncontrollable elements of business environments found in the foreign country or countries in which a company operates. The following diagram illustrates the total environment in international marketing.(Shrestha, 1994:9)

Controllable Domestic Factors:

Controllable factors include 4Ps i. e., product, price, place and promotion, popularly known as marketing –mix. In order to achieve the desired goal of the firm, the marketing decision makers manage and coordinate the marketing-mix. However, these factors are influenced by the domestic external forces in a way that the levels of uncertainty in decision making are created most frequently.

Domestic Uncontrollable Factors:

Marketing decisions based on the marketing-mix are influenced by the home country's political, economic, social, cultural, competitive, legal and natural factors. The marketing decision makers analyze and follow the ever-changing environment regarding these forces. On the basis of these changes, the marketing decision makers should make marketing programmers and decisions if they want to succeed in the market.

Uncontrollable Foreign Factors:

Uncontrollable factors may differ from countries to countries. For example, the politics and legal environment of Nepal may differ from that of India, Japan and USA. Therefore, whatever marketing decisions are made in Nepal by taking into considerations the political and legal environment of Nepal may not adopt to the India, Japanese or US markets.

2.6 Concept Of Export Marketing

Export marketing is a part of international marketing. It is concerned with the foreign trade of a country. It simply implies exporting of goods to importing countries. Each

country must have some exports to pay for its imports. Exports are of vital importance for a developing country like Nepal as they bring required foreign exchange essential for the development of a country.

Export marketing means selling out products successfully overseas. It implies marketing our products abroad. This type of marketing is a highly specialized activity. It is quite different from that of domestic marketing. There are a number of distortions in such a type of trade flows. These have emerged due to certain policies pursued and institutions developed to regulate their trade by certain countries. These distortions are in the form of (a) Import Restrictions (b) Trade Agreements and (c) Regional Grouping/Trade Blocs (Kalkundrikar & Wali, 1993:7).

Although there is no difference between domestic and export markets so far marketing principles are concerned, they differ greatly in marketing environment. While deciding to sell abroad, a firm will have to learn a great many new things. It will have to acquire a good knowledge of changing international marketing environment for the marketing of a particular product in a particular country or territory. The international marketing largely depends upon the local environment of that particular country or territory.

2.7 Role Of International Organization

After the collapse of international trade in 1930 i.e., after the great Depression of 1930s, the developed countries sought in order to reconstruct and developed their countries, the monopolistic policies or unilateral policies of bilateral trade agreements, competitive tariff barriers, devaluation and quotas. The monopolistic and unilateral policies created a serious problem for the developing countries like Nepal whose exports consists primarily of agriculture products and have inadequate resources foe developments. Therefore, in order to protect the interest of developing countries,

international organizations such as IMF and GATT were formed soon after the Second World War. Since IMF is purely a financial institution, it does not help in protecting countries from trade barriers.

Generalized Agreement on Tariff and Trade (GATT)

It is multilateral treaty that lays down agreed rules for conducting international trade on a stable basis and without any discrimination. The main objective of GATT is to achieve liberalization of world trade through negotiations among member countries. It aims at reducing, or even eliminating, trade barriers between countries, so that international trade may flow freely and swiftly.

One of the chief features of a GATT proposal is that member countries agree to extend the "Most-Favored nations" (MEN) treatments to one another. Besides offering the "MFN" status to member countries, the GATT committee constantly strives to achieve a progressive reduction in other duties payable in the importing countries by arranging a series of negotiations aimed at mutual settlement.

Till 1979 seven major trade negotiations gas taken place under the GATT's auspices. However, the most important and fruitful negotiation was Kennedy Rounds of Negotiation (1964-68) held in Geneva. It was successful in reducing customs duties and tariffs.

It was unfortunate that while during the decade 1960-70, substantial reduction was made in tariff barriers notably through the Kennedy Round or tariff negotiations, this trade liberalization was to a certain extent offset by the growth of non-tariff barriers{which was disguised and therefore difficult to quantify} and preferential trading groups such as the EEC, OECD,EFTA etc. which engaged in free trade

between the member countries and therefore, in fact discriminated against non-member countries.

United Nations Conference on Trade and Development (UNCATD)

Since the existing institutions like GATT and IMF were not properly organized to handle the peculiar problems of the developing countries, the United Nations Conference on Trade and Development (UNCTAD) was established in 1964 in order to provide a forum where the developing countries could discuss the problem relating to their economic development. UNCATD presently is the only body whose membership includes developing, developed as well as centrally planned countries.

One of the main objectives of UNCATD is to prevail upon the developed countries into progressively reducing and eliminating tariff and non-tariff barriers and other restrictions that seriously limit trade from developing countries.

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Developing country like Nepal is epically facing the problem of instability of prices on their primary products in international markets. In order to stabilize the prices of such primary products, the UNCTAD formulated the integrated Programmed of Commodities and created a common fund which will stabilize the prices of primary products through buffer stock.

Although developing countries like Nepal are enjoying special treatment such as the GSP and reduction or elimination of tariff and non-tariff barriers, the problem stands

where it was. The main reason for this is frequent change in import regulations, customs regulations and procedure in developed countries, their unilateral and monopolistic right in doing so, creation of preferential trading groups such as EEC, OECD, EFTA etc. The developed countries are increasingly enjoining a larger share of the international trade and do not faces such trade barriers.

2.8 Risk Management And Export

In the previous section we discussed the nature and consequences of export barriers. Now we shall discuss various risks which are supposed to be overcome in the country's export trade.

Due to increasing complexities of business, the number and variety of risks are increasing these days. Actually speaking, international trade flows along with such risks. They cannot be separated from one another. Therefore, in international marketing, risks are neither voluntary nor avoidable. The exporters must face and try to solve the risks while entering the international market. There is variety of such risks.(Varsney & Bhattacharya,1982:64)

Commercial Risks:

Commercial risks include the risks arising from suitability of the product for the market or otherwise, changes in supply and demand conditions and changes in prices like exchange rate, transit etc. Generally, commercial risks arises due to the inability of a country to adapt themselves to new environment, lack of knowledge, different kinds of situations obtaining in different countries, and greater transit time involved in the arrival of goods in the foreign country.

Political Risk:

Every government reacts to their environment by inviting and pursing policies deemed necessary to solve the problems created by their particular environment. The government is an integral part of every foreign business Activity- a silent partner who has nearly total control. Therefore, before a company commits itself to operating the foreign market, it should exert considerable effort in assessing the dominant political climate.

Political risks arises as a result of changes in the party in power in the country concerned changes in the form of governments, strong feeling of nationalism, strong cultural division, coups, civil wars, rebellion, wars between two or more countries, capture of cargoes by enemies etc. These risks may be avoided or reduced to some extent by judicious selection of countries. Insurance companies may also agree to provide cover for some of these risks on payment of additional premium. Some of the risks are also covered by the Export Credit and Guarantee Corporation, but in Nepal there is no such Cooperation as yet.

Some products appear to be more politically vulnerable than others, that is, because of particular circumstances they receive special government attention, either favorable or unfavorable depending on the product. Favorable political attention mean protection while unfavorable political attention mean discouragement or politically risky. The host government may intervene over the foreign firm in different forms such as, confiscation, expropriation, and domestication.

Confiscation occurs when a foreign investment is taken over by a government without any reimbursement. Expropriation involves the official seizure of foreign property by a host country whose intention is to use the seized property in the public interest may or may not lead to full or partial financial compensation. Awhile, domestication is

defined as the process whereby a host government, by various means, forces a foreign held corporation to relinquish control, including actual ownership, on several fronts to national. Domestication entails a transfer of ownership in part or totally to nationals, greater decision making powers.

Legal Risks:

Countries vary in their political setup, their commercial laws may ting also be different. Conducting legal proceedings in a country is complicated and expensive task. The exporter must try to solve or reduce such risks through agents or exporter and the importer.

Cargo Risks:

One of the most important and regular risks in export marketing is the cargo risk. Cargo risk may arise due fire, storm, collision, theft, leakage, explosion, perils of sea etc. Every international trade must insure cargos to protect it from these risks.

Credit Risks:

The foreign buyer, in many cases, does not make advance payment to the exporter. He may ask for credit. Therefore, on the one hand, the exporter must have enough money to offer credit to overseas buyer and on the other; he should be prepared to take credit risks. Although, in Nepal, exporters are provided with pre-shipment and post-shipment finance to make them financially capable to offer credit to the overseas buyers, such finance is provided in a restricted manner and as such most of the exporters are not in a position to face these risks. Another most important problem is that export credits are not guaranteed by any specialized financial institution.

Foreign Exchange Fluctuation Risks:

Payments in international trade are made in internationally acceptable or convertible foreign currencies depending upon the contract or negotiations between the exporter and the importer. However, in international markets, exchange rates fluctuate from time to time due to various reasons such as devaluation or revaluation of a particular currency vies-a vies other currencies, changes in economic power etc. In such cases, the uncertainty of foreign exchange rate becomes a risk in export marketing. Although agreement is reached between exporter and importer at the time of the contract, such problems, frequently arise in international trade. The exporters of Nepal have been facing this problem in the recent years to a considerable extent.

2.9 Export Market Management In Nepal

Till 1951 Nepal remained virtually in a state of isolation from the outside world. It was in that year that some political upheaval took place and a new era in Nepal's politics and economy started. But it was only in 1956 that the country launched its first five year and set in motion a systematic process of development. And yet till 1960 no attempt was made to streamline the country's foreign trade.(Shrestha,1994:214)

1961 saw the introduction of 'Bonus System' to achieve the objectives of economic independence and trade diversification, but instead of promoting the country's export trade this system brought distortion and dislocation in this field. It introduced the malpractice of 'over-invoicing' in the country.

It was only after the establishment of Trade Promotion Centre in 1971 that the country started diversifying its foreign trade and reduced economic dependence in India. Yet the volume and value of export trade did not rise satisfactorily. In order to achieve

better results, government abolished the „bonus system‟ and introduced „dual rate system‟. But this system also could not serve the basic objective of the country. Then his Majesty's Government of Nepal abolished this system too and introduced a „multiple exchange rate system i.e., a „basket system‟ which was able to adjust foreign exchange rates according to the demand for and supply of foreign exchange and essential commodities in the country.

In spite of all these efforts, the pattern of Nepal's foreign trade did not change. It continued to lead to an acute balance of payments problem. Imports continued to gallop year after year, but growth in exports decreased.

Frankly speaking there are several fundamental weaknesses in the country's export thrust which are responsible for creating a serious situation of this type.

The present study reveals that Nepal's exportable products are not being subjected to the rigors of the requirements of the international market; export is often conceived mainly as a matter of trade in surplus in the existing products, rather than as an effort to develop products especially for foreign markets. The concepts of product suitability and adaption and high quality are still unknown in the country.

Trade policy is directed more towards import substitution than export promotion. Responsibility for policy execution lies in the wrong hands. As such it has created „fly-by night‟ exporters in the country whose main intention is to make quick gains by taking illegal advantages of import incentives rather than to promote exports of the country as such.

Trade promotion center is the only export institution which is engaged in the country's export expansion. But it is quite inefficient and ineffective in its working. There are various trade associations also working in this direction but they are all very

much self-centered and do not contribute directly to the country's export expansion. It is primarily a Generalized System of Preferences which plays a vital role not only in the country's export promotion but also in the economic growth of the country, although Nepal has not been able to enjoy full benefit from this system. About 70 percent of its total exports is still going to the non-preference giving countries such as India, Bangladesh, Hong Kong and other Asian, African and Latin American countries.

Since the financial capabilities of most of the exporters in Nepal are limited, their collection and supply capacity is extremely low. Moreover exporters in Nepal cannot look to the financial institutions for support with confidence. The banking system in Nepal is not yet fully geared to support the export sector. Funds are made available only in a restricted manner and that too through time-consuming procedures. There are no specialized agencies operating in the country for export credit guarantee and export credit insurance which could undertake the risk of banks as well as the exporters.

For a smooth flow of an export order every exporter has to fulfill various legal requirements. The quantum, mode and mechanics of export of a vast range of goods are regulated by the Exports and Imports (Control) Act, the Customs Traffic Act and the Foreign exchange Regulation Act with a view to simplifying licensing procedure, exporters. Similarly export products and licenses have also been classified into various 0categories for this purpose. Licenses are issued on the basis of customs Traffic Act which enables the government to prohibit, either absolutely or subject to conditions, the import and export of goods so that the interests of the country may be protected against fraudulent activities such as smuggling and black-marketing. Foreign Exchange Regulation Act has been introduced in the country in order to properly utilize the country's foreign exchange reserves. Allocation of foreign exchange is done by the Nepal Rastra bank on the basis of national priority but day

business of buying and selling foreign exchange is ordinarily handled by the exchange departments of commercial banks.

One of the most important requirements for the success of an export campaign is the capacity of the country to prepare a comprehensive and precise export plan. It is that which will give a proper direction to the country's export thrust by deciding in advance about what to export, where export and how to export. In Nepal unfortunately there is no export planning as such. It is just an annual estimate and programmed. While fixing the export target the authorities concerned consider only the supply position of the country and its past record. But other important factors such as taste of the customers, changing environment in international markets, competitive position of the foreign competitors etc. are not taken into account. These days there is absolutely lack of even annual estimates.

There are various products in the country which can be developed specifically for foreign markets and in which the country has comparative advantages in terms of raw materials, trainable manpower, technological base, and capacity to absorb higher technology. Saffron is one of them. It is an expensive spice which is used for various purposes such as flavoring dishes, coloring medicine, religions ceremonies etc. Although there is no production of saffron in Nepal, studies have proved that it can be produced and developed for the purpose of export.

he next important aspect of export management is export procedure and documentation of which the whole attention of the authorities remains fixed. In Nepal this aspect has been a most time-consuming and tedious process. Due to the weak institution base and negligence on the part of the government towards the export sector, exporters are facing another great problem i.e. non- receipt of payment from the importers even after the goods have been delivered at the importer's port.

Nepal's geography is one of the biggest bottlenecks to export expansion. Calcutta remains the only exit port for Nepali Cargo. On the one hand, the physical facilities of the port are very poor and, on the other, transit expenses in terms of time spent in fulfilling transit formalities, port clearance, frequency of strikes, executing insurance cover and other procedures are comparatively very high. Calcutta proves to be a bottleneck specially during the period of strikes or other forms of labor unrest or congestion of docks.

2.10 Strategy For Export Promotion

Nepal is the second least developed country in the world. Hence like other least developed countries, it is also facing the problem of vicious-circle of poverty and economic backwardness. It has multidimensional problems such as fast population growth, slow pace of industrialization, deterioration in productivity, sluggish growth of export, growth of imports, at a faster pace, lack of commitment, adverse geographical position etc. The country therefore faces a dual challenge, firstly, how to grow faster and secondly, how to overcome its balance of payments problem.

Since one of the factors on which a country's economic growth depends is the balance of payments situation, the task of a country should be to improve this position. From the strategic point of view, there are four methods of adjusting balance of payments disequilibrium. These are (a) penetration into foreign markets, (b) import-substitution; (c) lowering the overall economic growth rate and thereby reducing demand for imports, and (d) increasing net external borrowings. Although these four methods are equally important to adjust the country's balance of payments disequilibrium, penetration into foreign markets has been regarded as the best method for the purpose. This is so because imports cannot be curtailed sufficiently and the last two methods are regarded as „beggar policy".

For the development and expansion of the country‟s export trade, Nepal launched a new trade policy, economic programme and export programme. However, the situation did not improve, because the whole organizational infrastructure in this regard in the past has been extremely weak. Similarly, there has been lack of entrepreneurship, sincerity and determined effort in the aforesaid areas.

The present study shows that for the promotion of exports and consequent economic growth of the country, the following measures are a must.

2.10.1 Product Development Programme

(i) The foremost task of the country should be the selection and development of genuine exportable products. For this purpose, it should concentrate on those products in which the country has a comparative advantage in raw materials, manpower and technology.

(ii) There is no guarantee that a product once developed, launched and introduced will continue to be popular in the foreign market. Steps should, therefore, be taken to review the product-popularity periodically and to upgrade it and redesign it as and when required. A country should assess the suitability and acceptability of the product before launching it in a new market. For this purpose, a three-step investigation is necessary:

- Study the product in relation to competitive products on the market;
- Investigate trade acceptance of the product (acceptance from importers, Wholesalers and retailers);
- Test the product with consumers and end users.

(iii) If any deficiency appears while assessing the suitability and acceptability of a product it should be corrected by possible redesigning of the product or its packaging, which is known as „adapting the product‟ to the target market.

2.11.2. Massive Industrialization

(i) Industrialization increases the economic wealth of the country. Therefore proper attention should be paid to protecting the existing infant industries and promoting new industries in the country by clearly defining their categories such as basic industries, export-oriented industries and import substituting industries. Since there is a dynamic relationship between these industries, their balanced growth is essential. One without the other will not produce fruitful results.

(ii) There is a dynamic change in the demand of the people. Products today should be able to win not only the mouths and hands of the people but also their eyes and minds. Therefore, proper attention should be paid to industrial design. The rising demand for the Honking and Japanese goods in the world market early reveals how important industrial design has become for the general public. For this purpose the country should fulfill at least the following pre-requisites;

- The national education plan should pay greater attention to the production of industrial designers within the country;
- Incentives should be provided to the designers concerned for developing a professional character;
- Effort should be made to boost the profession of industrial design; and arrangement should be made for organizing and operating the exhibition facilities and ancillary services to the designers in the country.
- For greater industrialization and higher productivity in the country appropriate technology should be imported through joint ventures as has been done in other countries of the world such as Japan, Taiwan, Honking, India etc. Nepal should also adopt “me too” type of near-copying of products and processes developed elsewhere, because one who fails to keep up with technological change may fail in international competition as well.

2.11 The Export Procedure and Practices

- The Nepalese Export Regulations for the Garment Industries
- All export must have been registered at the government office.
- All metal craft exporters are required to hold a Bonded Warehouse Certificate, issued by the Ministry of Finance, Department of Customs.
- All metal craft exporters are required to be the member of Handicraft Association of Nepal.
- Payment of foreign currency have to be guaranteed and an approval carrying letter attached with the LC or the advance payment note issued by the bank are required to be presented at the time of export.
- All payment has to be done through bank.
- Metal craft have to be of Nepalese origin, re-exporting is prohibited.
- The export procedure of the Nepalese metal craft to overseas countries is stated as follows;

I. Import of Raw Material

Raw materials for the garment manufacturing mainly comprise of metal and its accessories. Nepalese Metal Craft Industry is mainly dependent on Indian metals supply.

After the arrival of raw materials at the import point, they are required to be made custom clearance for which the concerned party should submit the delivery order receipt, registration certificate and renewed income tax certificate to the custom office. In addition to it the import custom declaration firm explaining all the imported items and its details (quality, total amount, origin of materials airway bill number ,

income tax certificate and firm s registration number etc) should be filled up by the currency (US $ or other foreign currency) used in the import of the raw materials should also quoted. After the signing of bond o and provision of a bank guarantee, the raw materials is then transported to the factory and kept under the terms and conditions of the bonded warehouse facility. While issuing the bank guarantee the concerned bank will charge 10 percent or more, depending on the size of party's business.

II. Issuing Of Visa

For the export of metal craft from the country Visa is required which is provided by the Visa Cell of the National Productivity and Economic Development center, on the recommendation of the HAN. The visa system was introduced in 1987, July. The following documents are required in order to get Visa for metal craft export.

a) Recommendation of the HAN
b) Copy of Custom Declaration Form (Import)
c) Copy of Import L/C
d) Copy of export L/C
e) Copy of Custom Declaration Form Import of previous Visa.

On the basis of these document and availability of quota for the concerned industry, the visa is issued by Visa Cell of NPEDC.

III. Export of Nepalese Metal Craft

After obtaining the visa, exporters using bonded facilities in the import of raw materials have to obtain the recommendation letter from the Nepalese metal craft

section of Custom Office located at Tribhuvan International Airport, in order for custom clearance. An export is required to submit following documents to the Custom Office along with the good to be exported.

- Import Custom office declaration form
- Invoice of the exporter Packing list
- Certificate of Origin from the local Chamber of Commerce
- Firm company registration certificate
- Income Tax certificate
- GSP incase of export to advanced counties, which have unilaterally introduce the scheme of such preferences
- Foreign exchange declaration form of Nepal Rastra Bank
- Certificate of Valuation and documents related to freight

After submission of export declaration, Nepalese metal craft section attaches sample of fabrics import and dispatch it to custom section office for verification of sample with the deemed export. During the examination, consignment should confirm the description given in the packing list and the price quoted should not vary.

The customs section matches the sample with the deemed export goods and if found the same authorize to export. After physical examination and documentary verification the export consignment is repacked on the spot under the supervision of custom's staff until every package of the consignment is sealed.

After the completion of inspection, the custom inspector endorses all the documents and certificates customs declaration forms of the Nepal Rastra Bank Foreign exchange form, GSP certification and Custom Transit Declaration. The export

consignments, which are to be shipped by air, have to be stored in the warehouse for 24 hours in the custom's go down.

Upon export the custom office advises the Nepalese metal craft section, which the prepares the documents regarding release of Bank guarantee and forwards the particulars to the import custom office on remaining stock of raw material the prevalent duties and taxes are charged by the import custom duty on the balance of fabrics (total import – total consumption of metal for exported goods)

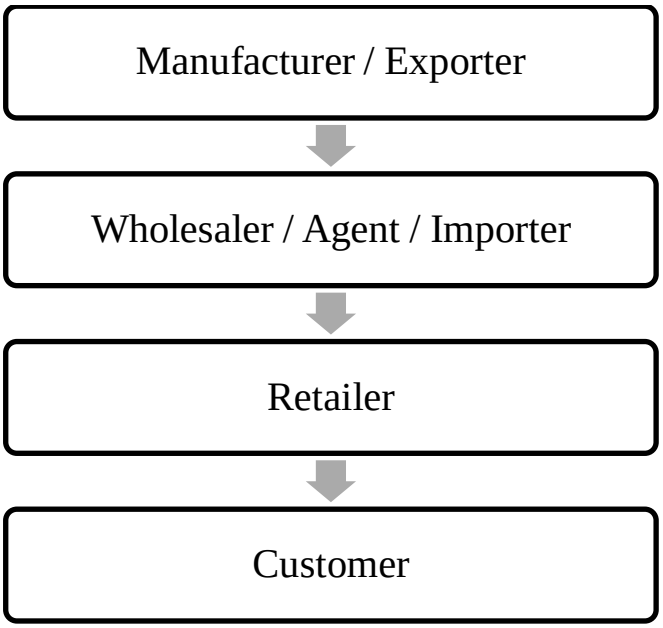
a. Export Practices

The various export of practices related to the Nepalese metal craft industry of Nepal has been presented below under their respective headings.

b. Export Trade Channels

In Nepal, metal craft exporter uses both indirect trade channels. Indirect trade channels operate through middlemen and the Nepalese exporter are highly dependent on this channel. The majority of middlemen are Indian agents. Part of the export is done through direct contacting where either the buyers themselves contact the Nepalese manufacturers exporter or vice versa. The prevailing export trade channel is as follows:

Export Trade Channels Trade channels



Order of Nepalese metal craft are also secures either through middlemen or directly to the Nepalese manufactures/exporters.

IV. Pricing

Pricing for Nepalese metal craft is settled between an exporter and importer as a negotiated price. Once the price is fixed, exporter and importer must comply with it. The usual pricing method practiced by metal craft manufactures is "cost plus" pricing, which may also be described as:

Cost of raw materials + Labor + Overhead + Profit = Price offered

Floor Pricing

HAN fixed a floor price for all categories through the government has removed floor price for Nepalese metal craft few years back. HAN still have it for the purpose of providing safeguard to exporter against nonpayment because buyers have to open L/C equivalent to amount quoted for the particular category after placing an order. In case of nonpayment by the buyers, Nepalese exporters could at least recover the amount paid in form of pay or L/C.

V. Export Valuation

The value of goods mentioned in the bill or invoice subtitled by the exporters is regarded as the value of such goods for the customs purpose. In case the custom officer is not satisfied with the bill or invoice submitted to him, he may determine the value of such goods on the basis of previous records. Irrespective of this provision, custom office demands certification of valuation of metal crafts from HAN

VI. Transportation

Both air and sea carriers are equally used for the transportation of Nepalese metal craft as it is of lightweight, Via air, Nepal is directly linked to Europe through Frankfort, London and Paris or otherwise for cheap air routes to Europe. The goods can be transported through India (Delhi, Mumbai), Bangladesh (Dhaka), Saudi Arabia etc. Via sea, Nepal is linked to European ports through Calcutta port. The mode of transportation for metal craft may be land-sea, air- air and air-sea. The commonly used route is land-sea as it is the cheapest. However, the buyers dictate the route

VII. Terms of payment

Exporters do not export metal crafts unless a guarantee of payment is obtained. Such a guarantee may take the form of advance payment or a letter of credit(L/C), other methods of payment include documents against payment, documents against acceptance and deferred payment terms. The bank does not guarantee payment of these cases therefore; they carry a greater risk of non-payment.

Export Payment policy

According to the Foreign Exchange Regulation Act 1962 and Rules 1963, an exporter is responsible to receive the total payment for exported goods in terms of convertible currency within six months from the date of shipment from Nepal. No export transaction can be effected on the consignment basis. Payment for the export of any product should be made either in advance of shipment or on the basis of irrevocable letter of credit. This rule applies to metal craft exporters too.

VIII. Terms of delivery

The terms of delivery depends on the conditions set forth in the contract. It could be:

a. Free onboard (FOB)

b. Cost Plus Freight(CF)

c. Cost- Plus Insurance and Freight(CIF)

The terms and conditions depend on the mutual agreement between the buyers and seller.

Delivery Time

The time of delivery is determined by the necessary transportation to the destination port. The exporter guarantees the delivery of goods to the forwarding agent appointed by the buyers within the specified in the contract

IX. Sales Promotion

The most commonly used tools for sales promotion is the trade fairs or exhibition. Exporters have been regularly participating in such fairs and exhibition. Exporters have to be recommended by HAN in order to participate in the trade fairs or exhibitions.

2.12 Review Of Previous Literature Studies

In the process of reviewing literature, different theme papers were also analyzed. Some important related parts of such studies were mentioned & explained as under:

i. Nepalese garment industry under changing global trading environment

This paper was prepared by Bijendra M. Shakya on behalf of WTO cell –HAN on the date of 26 Dec. 2001. This study was a theme paper on implication of MFA phase out under the WTO system, and the impact of the US African and Caribbean Bills on Nepalese Garment Industry with a policy recommendation.

Some of the extremely related parts of the study were included as follows:

1. Major bottlenecks: The garment industry in Nepal has been suffering from a number of bottlenecks at different levels: from lacks of

infrastructures to narrow export base, from problematic government policies to market access in foreign countries. He classified the problems in flowing major grouped areas:

2. Supply side constraints: Supply side is characterized by a narrow expert base and noncompetitive technology. Limitations in product adaptation to international demand, higher production cost as well inefficient marketing and delivery are the important limitations related to supply side. A major cost disadvantages arises from the higher cost of transportation of goods in external trade. Inadequate quality and packaging also cause serious problems in that export trade.

3. Inadequate trade support service: Some of the major problems related to trade support service are lacks of logistics and transport service, international price and trade information; export marketing service; and export financing support (e.g. higher collateral and interest race, etc.).

4. Non conducive government policies: exporters most face lengthy administrative procedures ineffective incentives (like duty drawbacks), unfriendly labor policy inappropriate export tariff etc. these problems have involved extra cost to garment exports from Nepal.
5. Difficulty of access to foreign markets: Nepalese garments are subject to tariffs and quotas in major market like the US. They face complicated rules of origin for preferential market access in the EU, and difficulty in complying with standard and technical regulation in the target markets some times.

6. Demand constraints: buyers are sometimes reluctant to accept Nepalese garments due to noncompetitive price and unreliable deliveries as the

lead time from the date of order to date of delivery is 120-150days as against only 19-45days in India.

7. Changing pattern in international trade: The pattern of international trade textiles and clothing has been changing due to the elimination use of non-tariff barriers in the post of MFA clothing trade they are also facing the trade diversion problem due to the US and EU policy of the special and preferential market access to particular countries and regions under the free trade agreement-(FTAS)

8. A major threat: Apart from the implication of the WTO provision, the future of Nepal's garment trade would also be influenced adversely by the recent united states announcement to provide duty free access to clothing made in the developing nations of African & the Caribbean basin (see annex to learn more about AGOA& CBTPA). The United States, the single largest importers of garment, has announced a preferential treatment to clothing imports from the developing countries of sub-Sahara African & Caribbean basin under the US trade & development act (USTDA) of 2000. Apparently, the Caribbean nation, - such as Honduras, EI Salvador Dominican republic & Jamaica, are among the fastest growing suppliers of clothing to the US, after Mexico . Countries like the Dominican Republic, Costa Rica. Honduras & Guatemala are among the top ten exporters of clothing items that are of interest to Nepal exporters. In fact the united State is clearly favoring suppliers in the hemisphere & Africa at the cost of the Asian developing suppliers including Nepal. A gradual increase in the export from these countries indicates a formidable challenge to Nepalese exports to the American market, & would further marginalize Nepal's position in the international clothing trade.

9. Diversity markets & procedures: Despite permission, liberalization of quotas may offer good opportunities to Nepalese garment exporters in developing country markets. It is very-likely that they will be able to diversify their product to the developing countries, which have unilaterally reduced high tariff that they have been applying. Demand for garments in such countries is gradually increasing with rise in their per capita income,& consumers in such markets are relatively flexible regarding quality-There will be no quota barriers in such countries also, so Nepalese exporters can benefit from this if they are competitive enough. The chance of market diversification will depend upon how the buyers ' specification is followed, whereas the development of own design & brands would determine the product diversification. An extensive study however may be required to achieve this goal. Nepalese exporters should concentrate on the Asian market that is rising rapidly in textile & clothing trade. Asian market can be important because of a demographic status and rising their per capita income moreover; intra-Asian trade in textiles & clothing is the second largest after Europe. Nepal should eye on the Indian market as an immediate market diversification goal. Government of Nepal should focus on the possibility of the Indian market for Nepalese garment while dealing with the Nepal –India trade arrangements.

ii. Nepal's apparel sector at crossroads: Assessment of adjustment problems and preparation for quota free trade

This study was a theme paper by Bijendra M. Shakya a resource person for the workshop orHANized by garment association- Nepal (HAN) and co-sponsored by

international trade centre- ITC (UNCTAD/WTO), December-2004, Kathmandu, Nepal. Some of the extremely related parts of the study were included here

Performance Appraisal:

Relatively low cost of labor will be the key advantage to Nepalese apparel producers in the liberalized system. However lower worker productivity will offset the advantages of the wages. That suggest for investment in productivity in garment industry in Nepal-is about 60-70% that of Chinese workers, who are considered the most productive in the world. That suggest for investment in productivity enhancement with application of latest technology & fashion urgently. At the same time it is also required to overcome the internal bottlenecks, related to supply constraint, high transaction cost, lack of quality & inadequate infrastructure to substation in international clothing trade after 2004.

The country's overall apparel export performance is largely determined by the export to the US-.Overtly dependent on one single market & the minuscule exports shares by the other two major exports destinations: Canada & the EU had subjected to high volatility". Although modest the export to EU looks promising, as the annual average shares has remained about one –tenth of the total export,& has been as increasing rate in later years, which could be mainly because of the duty free market access to Nepalese apparels under the generalized system of preferences (GSP), under5 the EBA scheme of the EU. The facility of derogation from the EU GSP rules of origin since 1997 has, to some extent, encouraged Nepalese export under the GSP scheme. Unlike that the export to Canada does not look that encouraging, despite the GSP privilege.

Changing patterns of apparel trade :

Bearing the production efficiency & policy flows, Nepalese traders should perceive the changes taking place in the global trading environment if they wanted to retain their position even in post MFA ,which is going to be one of the biggest transformations in the apparel trade history. In a quota-free trade, Nepal's strength of a guaranteed market in the US will perish, & that will apparently turn in to a tough competition. Since the country has never faced the quota constraint, the determining factors for its survival in the quota free trade way be the competitive productive pricing with the efficient delivery system. If that would be a decisive factor, Nepal has nothing to gain the quota phase out.-The gainer of the trade would be the country having capacity to manufacture apparels in-"vertical" production ,or to make from yarn to fabrics & to fashion, in order to trim the cost of production efficiently.-Since the apparel industries in Nepal are confined to the cut make –trim (CMT) process, they wouldn't be that effective to slash chain to face stiff competition,-reducing the global apparel prices unprecedently.

Price:

It is necessary to understand that the advantage of lower wage would be not sufficient to offset other costs to be price competitive. Although wages in least developed countries (LDC) like Bangladesh is 20-30 % lower than in China for example wage costs are only 10 % of the cost of a garment making the wage advantage insufficient to offset other costs disadvantages relating to production and exports. Like Bangladesh, Nepal is also endowed with a pool of cheaper labor for garment manufacturing which seems to be insufficient cost advantage to surmount the existing higher production and delivery costs now estimated to be about 25 % higher than in neighboring countries. Yet the labor component still matters in developed countries where labor cost is relatively at large portion. In France the labor costs are 50 % of the

total costs as against less than half in Portugal and only one third in China. even with the customs levies and transport. The shirt from China would therefore cost little more than half the shirt made in France.

Post MFA preparation:

Keeping all these possibilities aside it inevitable that the Nepalese garment sector should get prepared itself to face the intense competition in the quota-free trade , either by trimming the costs or by delivering the international fashion requirements. This is possible only if the industry get consolidated to a larger scale of production with the technology up gradation and procedural simplification assuring a full package of production and service to foreign buyers. Comparative advantage to Nepalese apparels will largely depend not just on cheap labor but on a workforce that is both relatively cheap and technologically skilled seeking increased investment in training and skill development for the future and drawing on the latest information technology and marketing system. Unlike the buyer-driven commodity chain (i.e. the buyer practice of instructing where to buy and source fabrics and ancillaries) followed by Nepalese manufactures. It would be required for them to develop their own supply chain to improve their competitiveness in the future. It would be important for Nepalese manufacturers to have flexibility in sourcing for securing fabrics from the cheapest source with the quality and design meeting the buyer's expectation. Such kind of practice will gain momentum in sourcing of materials for optimization. Even the Indian garment industries which are relatively efficient are thinking over sourcing linen from China where fabrics can be as much as 30 % cheaper than in India. On the other hand the distribution in the post MFA will be shorter. That means Nepalese exporters would require direct marketing network and manage supply-chain to gain markets on their own. To meet all these requirements it would be essential for garment industries to aim at vertical production base with the efficient trade infrastructure providing a full package of manufacturing and delivering system.

Although most of these activities are directly concerned to individual industries the stable government policy is indispensable to consolidate the production and delivery system in an integrated way. One of the measures that the government can more precisely take could be developing an industrial cluster focusing on the entire production and delivery system at a specified place to reduce cost and delivery time expeditiously.

iii. Pushpa Raj Adhikari (1995) has conducted a study entitled ready made garments industry in Nepal ("Past, Present and Future") with the objectives of:

Basic Objectives: to find out the problems faced by the garments industry right at the moment and the contribution made by this sector to economic development.

Other objectives:

- To show the trends of development of readymade garments industry in Nepal. To examine the role of garments industry in revenue & employment generation.
- To study the impact of GATT on readymade garment industry.
- To find out the problems faced by the garments entrepreneurs and to provide suggestions for their remedies.

The major findings of the study are as following:

Foreigner currency earner this industry occupied second position in the overseas export, was initiated in Nepal a decade ago by Indian exporters was primarily based on imported raw materials and covered 90 % share in quantity and value of export. Most of the readymade garment export is done through agents with none or very little direct contact with the main buyers.

Although the international market for ready made garments is unlimited the Nepalese garment industry has not been able to fulfill even a limited number of US quota allocated to Nepal. The production of ready made garments mostly depends on the demands of the Indian middlemen (buyers and exporters). This industry has used Indian technology and piece rate system in garment marketing. Industry has produced and exported the basic garments only instead of high fashion product/ Products were made according to the demand of buyers because of poor product specialization. Indian employers highly paid and skilled persons not easily available in Nepal, were more efficiency and productive than those of Nepalese employees. They were very much sincere about their work and were very much discipline and did not create problem by labor unionism. Due to lack of capital and direct contact i.e. lack of marketing most of the Nepalese entrepreneurs could not transform the piece rate system. Risk taking ability was lacked in Nepalese entrepreneurs. By using the assembly line production system which could make high quality and quantity of high fashion garments could minimize over dependency upon India. Most of the entrepreneurs were not satisfied with the government policy.

Garments entrepreneurs were very much serious about the impacts of GATT's new provision of phasing out of multi fiber arrangement (MFA) within a period out of 10 years starting from 1st January 1995. Joint effort should be made immediately between the government and the entrepreneurs sector to minimize the impact or to gain as more as possible from the GATT's new provisions.

2.13 Research Gap

There is gap between the present research and the previous researches. Previous researchers conducted on the topics concerning on the macroeconomic aspect. Most of the study were based on trade aspects rather than marketing aspects. The findings

of the previous researches were mostly based on secondary data. Most of the previous researches did not disclose what kinds of export marketing strategies should be implemented in Nepalese metal craft industry. Thus to fill up those gap the current research is conducted. This research is a survey type of research. It is based on the primary sources of data. It examines the view of entrepreneurs about the marketing strategies competitive situation of Nepalese metal craft industry, implementing condition of marketing strategies by the industry. Probably this might be the first research study carried on this topic regarding Nepalese metal craft industry.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a way to systematically solve the research problem. It refers to the various sequential steps that are to be adopted by a researcher during the course of studying the problem with certain objectives. This chapter refers to the overall research method from the theoretical aspects to the collection and analysis of data. This study covers quantitative methodology in a greater extent and also uses the descriptive part based on both technical aspects and logical aspect.

3.2 Research Design

The research design adopted in this study was basically descriptive. But some of the hypotheses were also to be tested. To achieve the objectives relevant, data & information were collected, analyzed & tested simultaneously. The study was carried out through survey.

3.3 Types & Sources of Data

Both types of primary & secondary data have been used for the present study. But main focus is given to primary data. Data were mainly collected from primary source. Primary data were collected through questionnaire, interview & discussions.

Population & Sample Size

According to Handicraft Association of Nepal, there were several metal craft industries were operating in 2010. Among them, more than 90% were operating in Kathmandu Valley. Out of them only 150-200 found to be in operation at the time of survey. For the purpose of survey, those industrial units which were in operation

during the survey period were accounted. Hence, out of total 9 units (3 units from small scale, 3 units from medium scale & 3 from large scale) were selected as a sample size. Purposive or judgmental was followed to find out the fact & to analyze the marketing strategies of Nepalese metal craft industry.

3.4 Data Collecting Instruments

Primary data was collected by using the questionnaire. The set of questionnaire was distributed to (CEO, MD & marketing manager or entrepreneurs of the selected industries. Interviews were also conductive with the few executives & managers in order to acquire in depth information & support the survey for the study.

3.5 Components of Questionnaire

The questionnaire prepared for data collection questions related marketing strategies. They also inquired about the background information of industries, objective, business policies, market situations for the product, organizational & managerial competitive strategies, external and internal business environment & planning & implementation of the industries. The questionnaire included three types of questions closed ended scales (schematic rating scale) and preferential rating. In closed ended question, appropriate alternatives were given to enable the respondents to make simple but correct choices. In the scaled questionnaire, five point scale was given in ranging from1 (most favorable) & in the preferential rating questionnaire, number 1 was given for most preference, number 2 for second most preference and so on. The questionnaires were included in the annex.

3.6 Questionnaire Administration

The questionnaire was administered to the CEO, MD, marketing manager or entrepreneurs of the selected industries. Personal were also taken for clarifications of information. Personals visits also made during the study periods. Personal visit was made to have direct contact with the interviewees so that more information & data could be collected & relative accuracy ensured.

3.7 Data Processing & Tabulations

Primary data were processed & tabulated as per the need of the study. The computed mean scores (M.S) could range from 1to 5 has been interpreted as favorable & 5 as unfavorable. However the score range from 1-5 was given. The range has been interpreted in the following ways:

1.0 to 2.5 favorable (maximum)

2.5 to 3.5 indifferent (moderate), &

3.5 to 5.0 unfavorable (minimum)

Percentages of response were also incorporated.

3.8 Data Presentation & Analysis

3.8.1 Survey

The information received is described in the study. Percentage & mean scores were computed & the results interpreted.

3.8.2 Statistical Analysis

One-way Anova Table has been used to measure the degree of relationship and the differences in various forms of primary data to find out dependency or interdependency of variables.

CHAPTER –IV

PRESENTATION AND ANALYSIS OF DATA

This chapter deals with data presentation, analysis and interpretation following the research methodology presented in the third chapter. Data presentation and analysis are the central steps of the study. The main purpose of this chapter is to analyze and elucidate the collected data to achieve the objective of the study following the conversion of unprocessed data to an understandable presentation. The chapter deals with the main body of the study.

4.1 Analysis of the Survey Data

The main purpose of the study is to analyze the position effectiveness of export market strategy of the Nepal's Metal Crafts Industries and finally trying to figure out the ways in which suggestive action can be taken in order to increase the share of export of Nepal's metal crafts.

Here, I have provided the outcome of the questionnaire served for the analysis of the various strategies followed my Industrialist of Nepali Metal Craft Industries. Even though the Nepalese Metal Craft Industries export pattern is increased by a short fragment but due to the immense possibility of its future betterment. Accordingly, various questions were asked to the Industrialist in order to find the factors governing the marketing of our metal crafts in the International market. The nature of the marketing strategies followed by the entrepreneurs

On this basis the Metal crafts Exporters were interviewed with the structures questions in the Appendix –A. The result and brief analysis of the above mentioned questioned on the basis of average mean are therefore mentioned as follows:-

4.1.1 The Effectiveness of export Nepalese Metal crafts industries

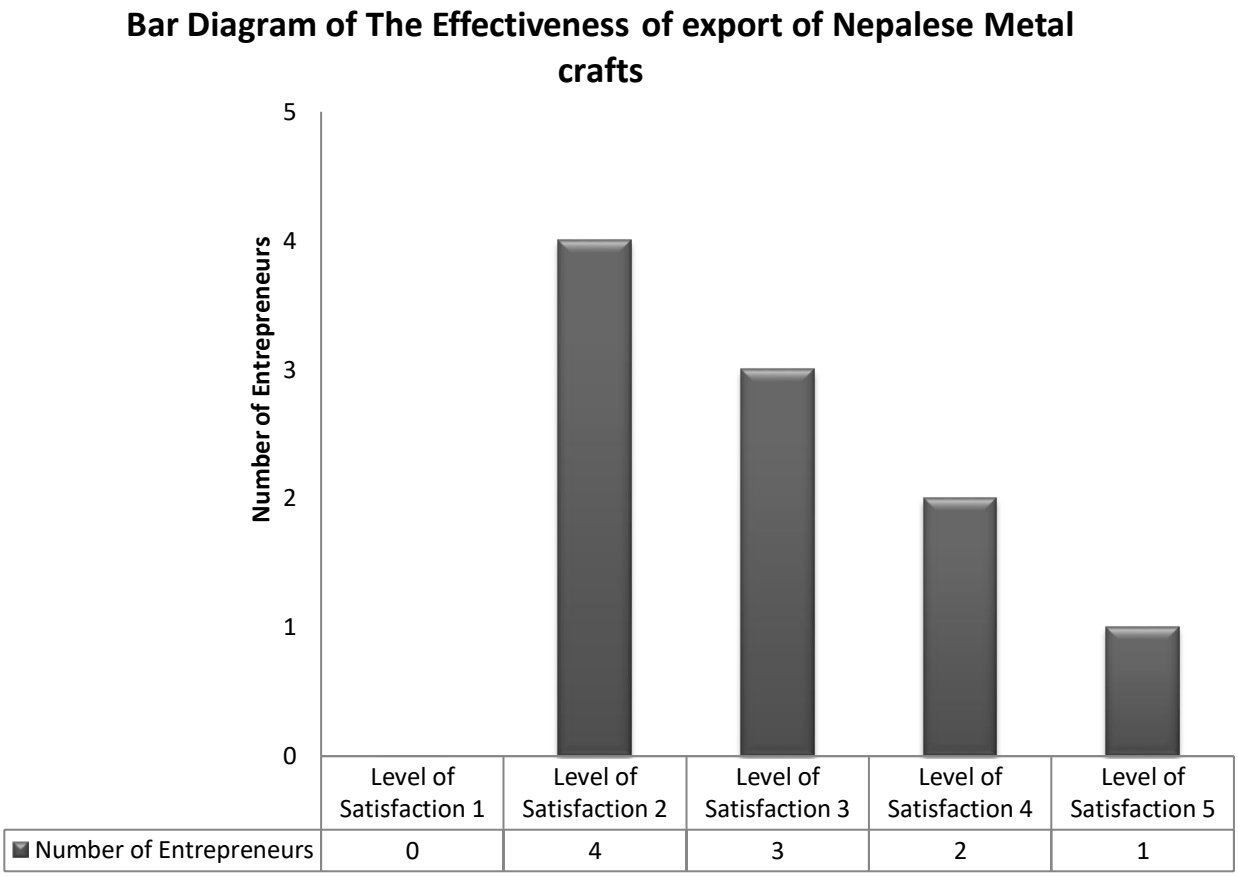
The field survey that is interview with 10 entrepreneurs result the following data. They had been asked for rating the effectiveness of your export marketing strategies and policies from rank 1 to 5.

No entrepreneurs have selected 1, four entrepreneurs have selected 2, three entrepreneurs have selected 3, two entrepreneurs have selected 4 and one entrepreneur has selected 5.

Calculation of arithmetic mean of satisfaction level of export

Level of Satisfaction (X)	Number of Entrepreneurs (f)	fX
1	0	0
2	4	8
3	3	9
4	2	8
5	1	5
	N = 10	∑fX = 30

Mean ($\bar{X}$) = $\frac{\sum fX}{N} = \frac{30}{10} = 3$



The Effectiveness of export Metal crafts industries marketing strategies and policies are verified, as this being the factor which can further help the industry in order to take corrective majors. The entrepreneur has rated 3 points, which means that they are on the average on the basis of using their effective market strategies and policies in the international market.

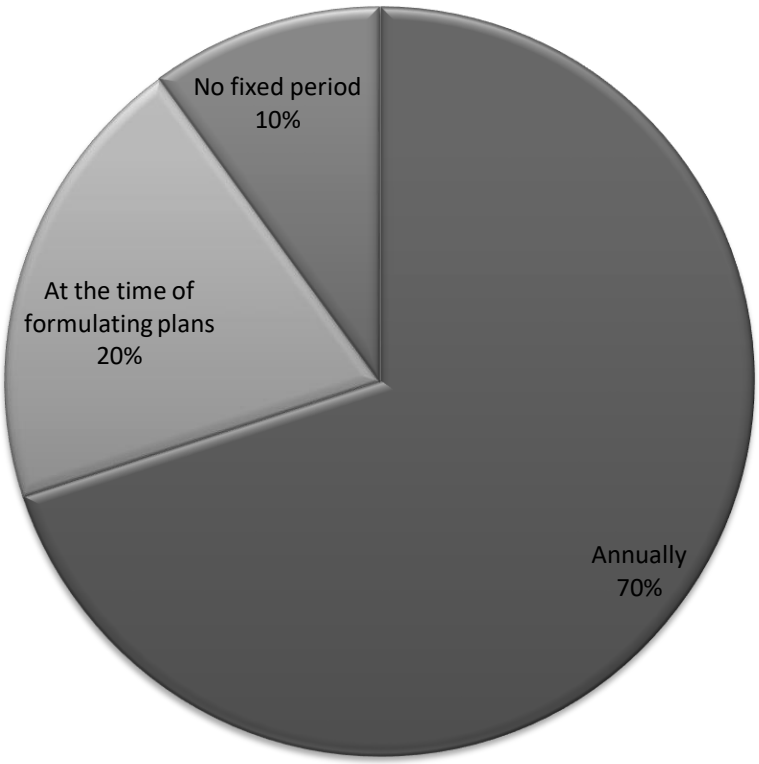
4.1.2 Period of analyze export marketing strategies

7 Entrepreneurs said that they analyze export market strategies once in a year, 2 entrepreneurs said at the time of formulating plans and 1 entrepreneur answered no fixed time.

Period of Analyze Export Marketing Strategy	No. of Entrepreneurs
Annually	7
At the time of formulating plans	2
No fixed period	1

Most of the entrepreneur has agreed that their export market strategies are basically analyze on an annually basis. The analysis of their own marketing strategy will indeed help them to cope with the problem arising in the future and current smooth operation of their firm.

Pie Chart of Period of Analyze Export Marketing Strategy



4.1.3 Environmental Effect for the operation growth and expansion of enterprise

The entrepreneurs believe that only effective market strategy is not the unique factor surrounding the export of metal crafts. The objective attainment also depends on the factors such as the product reaching on time at the point of sale.

The field survey results the following fact

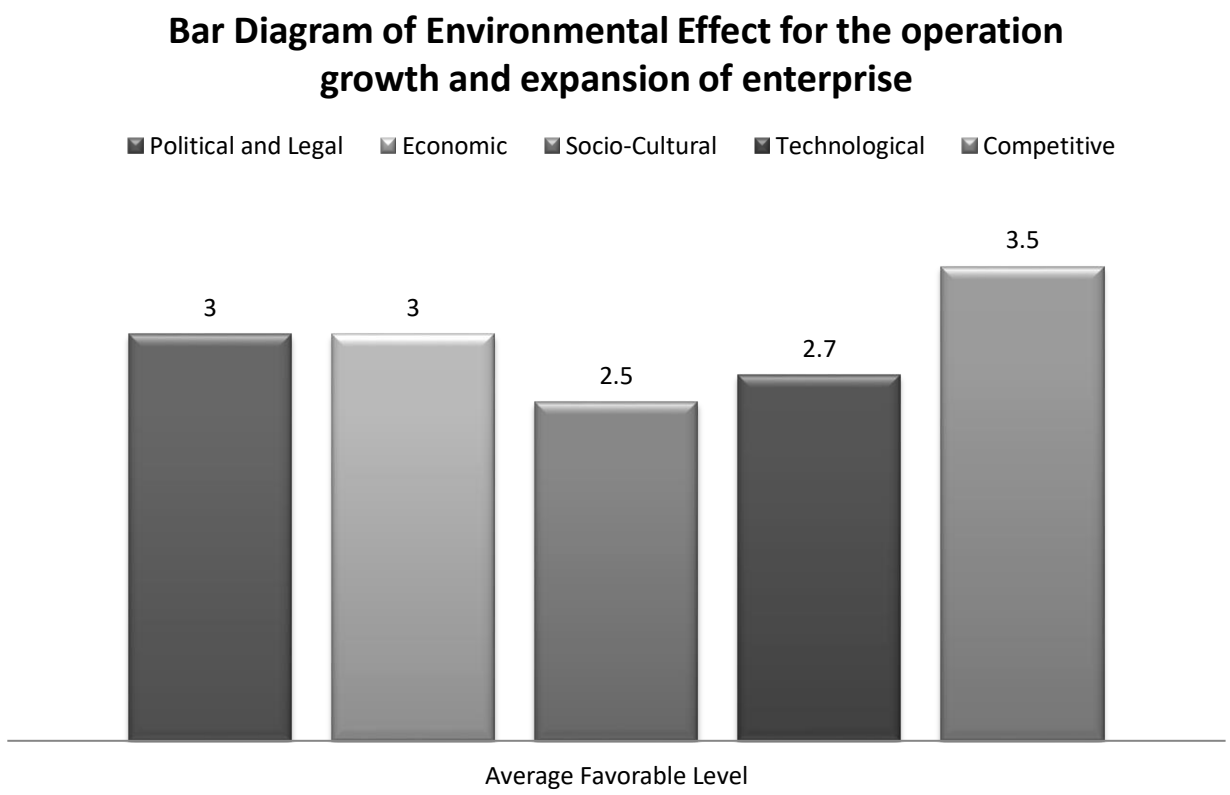
Favorable Level X	Political and Legal f_1	Economic f_2	Socio-Cultural f_3	Technological f_4	Competitive f_5	X f_1	X f_2	X f_3	X f_4	X f_5
1	***1***	***1***	***2***	***2***	***1***	***1***	***1***	***2***	***2***	***1***
2	***2***	***2***	***3***	***2***	***0***	***4***	***4***	***6***	***4***	***0***
3	***4***	***4***	***4***	***3***	***4***	***12***	***12***	***12***	***9***	***12***
4	***2***	***2***	***0***	***3***	***3***	***8***	***8***	***0***	***12***	***12***
5	***1***	***1***	***1***		***2***	***5***	***5***	***5***	***0***	***10***
Total	**10**	**10**	**10**	**10**	**10**	**30**	**30**	**25**	**27**	**35**
Mean						**3**	**3**	**2.5**	**2.7**	**3.5**

On accounting the external environmental that is the environment which cannot be controlled by the organization but have to work accordingly facing it. Among the external environment affecting the Nepalese metal crafts industry, the executives unanimously believe that the political & legal environment is on the minimum (i.e. being the least satisfactory), frequent strikes diverting the attention of buyers to the neighboring countries. The Economic environment is given the average mean of 3. The Socio-cultural is favorable but not highly giving mean of 2.5. Whereas, most of

the Metal crafts is made with human hands with less dependence on the technology. The competition is on the growth stage getting it to favorable.

The entrepreneurs believe that competitive situation affects on average mean 3.5 because the Nepali metal crafts are unique but even though in the global market there is always competition.

	Political and Legal	Economic	Socio-Cultural	Technological	Competitive
Average Favorable Level	3.00	3.00	2.50	2.70	3.50



4.1.4 Rating of Competitors

The competitors like India and China are always on the front run. The highest being the India and China is also competitor because of its me-too marketing strategy and Spain in some instances like in the US. Bangladesh being the country facing the same kind of socio-political situation like Nepal is not big competitor.

4.1.5 Sources of information of Competitors

The Nepalese metal craft industry also is tapping up its foot in the e-commerce and most items are featured in the website being sold by the third party. The government agencies provide minimum assistance in providing information about their competitor. Other sometime acknowledge by the manufacturer's agents and sellers based abroad.

4.1.6 Marketing Intelligence Department

Most of them believe that there is lack of proper market Intelligence and lack of resources to engage in extensive market research is hampering this Industry.

4.1.7 Rating of Competitors

The entrepreneurs have agreed to the fact that both the competitors both the internal and external are on an increasing rate.

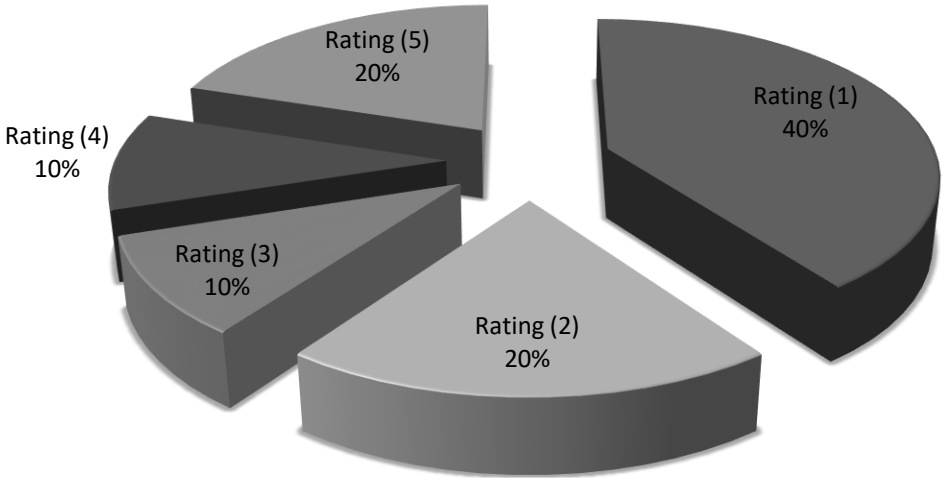
4.1.8 Monitoring the objective and strategies of Competitors

The continuous monitoring of the competitors helps the company to stay in the business in the long run. So, the majority of them are viewing the strategy of the competitors to make the necessary changes on their part.

4.1.9 Competitors Positions

Rating (X)	Number of Entrepreneurs (f)	fX
1	4	4
2	2	4
3	1	3
4	1	4
5	2	10
Total	10	25
Mean		2.5

Pie Chart of Competitors Position



The survival of the company depend upon many factors particularly in Nepal the turmoil in politics is making the majority of the exporter at risk of survival. The rate of survival being at average mean of 2.5.

4.1.10 Need and Wants of Customer

The needs and wants of the customers are very specific with variety of options to choose from. But due to the uniqueness of the Nepali export items. The mean consideration has reached to a satisfactory level of 2 points.

4.2 Analysis of the Secondary Data

4.2.1 Country wise Export of Metal Craft Goods- Fiscal Year 2066/67

Country wise Export of Metal Craft Goods
Fiscal Year 2066/2067 (2009/2010)
Month : (Shrawan-Ashadh)

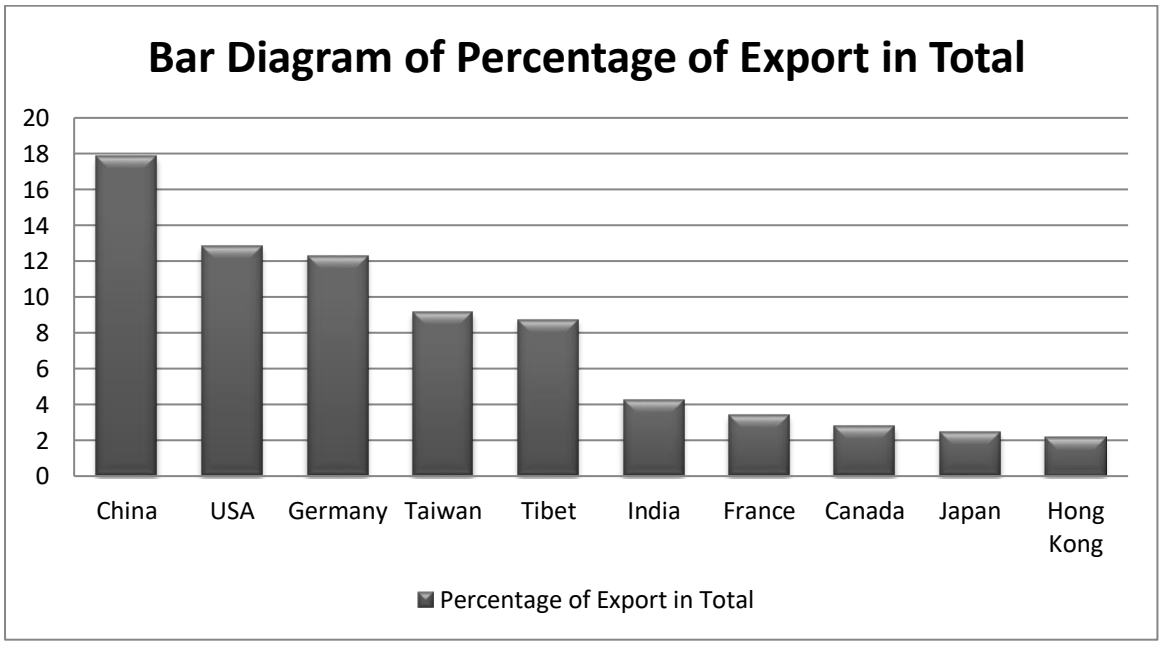
Afghanistan	212,700	Malaysia	6,175,207
Argentina	442,845	Malta	2,339
Australia	5,490,645	Mauritius	44,724
Austria	2,291,039	Mexico	127,704
Bahrain	195,356	Mongolia	1,200,678
Belgium	687,704	Netherlands	7,006,352
Bhutan	4,925,161	New Caledonia	108,017
Brazil	656,240	New Zealand	2,903,867
Bulgaria	22,409	Norway	381,577
Canada	10,208,072	Oman	266,179
Chile	13,181	Others	595,697
China	65,284,551	Panama	28,606
Colombia	1,813	Poland	744,438
Croatia	73,612	Portugal	203,730
Czech Republic	1,028,775	Romania	11,050
Denmark	2,162,770	Russia	2,631,097
Equador	15,242	Saudi Arabia	45,185
Finland	309,120	Singapore	5,751,249
France	12,450,136	Slovak	155,617
Germany	45,028,191	Slovenia	727,623
Greece	138,811	South Africa	504,528
Hong Kong	7,975,309	South Korea	775,922
Hungary	2,934,224	Spain	7,225,743
India	15,562,089	Sweden	180,949
Indonesia	251,300	Switzerland	5,590,094
Iran	103,658	Taiwan	33,384,089
Ireland	127,534	Thailand	2,146,369
Israel	7,644	Tibet	32,024,749
Italy	7,756,350	Turkey	769,545
Japan	9,034,506	UAE	144,333
Jorden	512,756	UK	7,731,659
Latvia	49,790	USA	47,022,318
Lebanon	57,927	Ukraine	2,948,567
Lithuania	2,038	Vietnam	576,833
Luxembourg	60,435	Total	366,210,568

Source: Federation of Handicraft Associations of Nepal, Thapathali Height, URL:www.nepalhandicraft.org.np

4.2.2 Top 10 export destination of Nepalese metal craft

Top 10 export destination of Nepalese metal craft goods is China, USA, Germany, Taiwan, Tibet, India, France, Canada, Japan and Hong Kong and percentage of export to total export in these destination is 17.83, 12.84, 12.30, 9.12, 8.74, 4.25, 3.40, 2.79, 2.47 and 2.18 percentage respectively.

Rank	Country	Percentage of Export in Total
1	China	17.83
2	USA	12.84
3	Germany	12.30
4	Taiwan	9.12
5	Tibet	8.74
6	India	4.25
7	France	3.40
8	Canada	2.79
9	Japan	2.47
10	Hong Kong	2.18



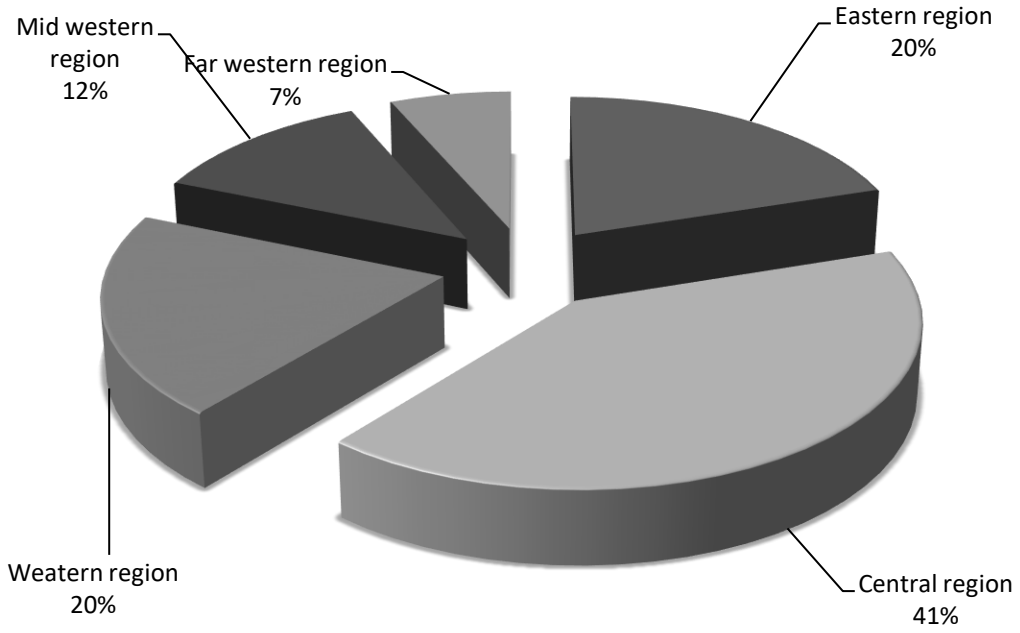
4.2.3 Craft related workers in Nepal (According to Region)

Table No. 5 Craft related workers in Nepal (According to Region)

Eastern region		**Central region**		**Weatern region**		**Mid western region**		**Far western region**	
Taplejung	2740	Dolkha	10221	Manang	219	Dolpa	499	Bajura	2779
Sankhuwasabha	4624	Sindhupalchok	7990	Mustang	644	Jumla	1879	Bajhang	10461
Solokhumbu	1285	Rasuwa	902	Gorkha	7424	Kalikot	85	Darchula	2147
Panchthar	4413	Sindhuli	7706	Lamjung	4377	Mugu	772	Achham	4730
Ilam	9470	Ramechhap	5047	Tanahun	12233	Humla	461	Doti	7099
Dhankuta	3667	Kavrepalanchok	17084	Syangja	10758	Pyuthan	12313	Dadeldhura	3721
Terathum	3578	Lalitpur	23416	Kaski	18767	Rolpa	10268	Baitadi	6166
Bhojpur	3463	Bhaktapur	20570	Myagdi	3034	Rukum	5789	Kailali	14453
Okhaldhunga	3714	Kathmandu	89548	Parbat	5402	Salyan	2189	Kanchanpur	8511
Khotang	2751	Nuwakot	12503	Baglung	8802	Surkhet	11673		
Udayapur	9201	Dhading	9305	Gulmi	10778	Dailekh	5937		
Jhapa	26131	Makwanpur	14193	Palpa	13928	Jajarkot	1639		
Morang	38981	Dhanusha	28474	Arghakhanchi	3951	Dang	26717		
Sunsari	28585	Mahottari	14540	Nawalparasi	26300	Banke	19802		
Saptari	19083	Sarlahi	28928	Rupandehi	34620	Bardiya	11864		
Siraha	22100	Rauthahat	15306	Kapilvastu	24452				
		Bara	20988						
		Parsa	27191						
		Chitwan	21501						
Region total	**183786**	**Region total**	**375413**	**Region total**	**185689**	**Region total**	**111887**	**Region total**	**60067**
Percentage	20.05		40.95		20.25		12.20		6.55
Total	**916842**								

Source: Population Census 2001

Fig 3 Pie Chart : Craft related workers in Nepal (According to Region)



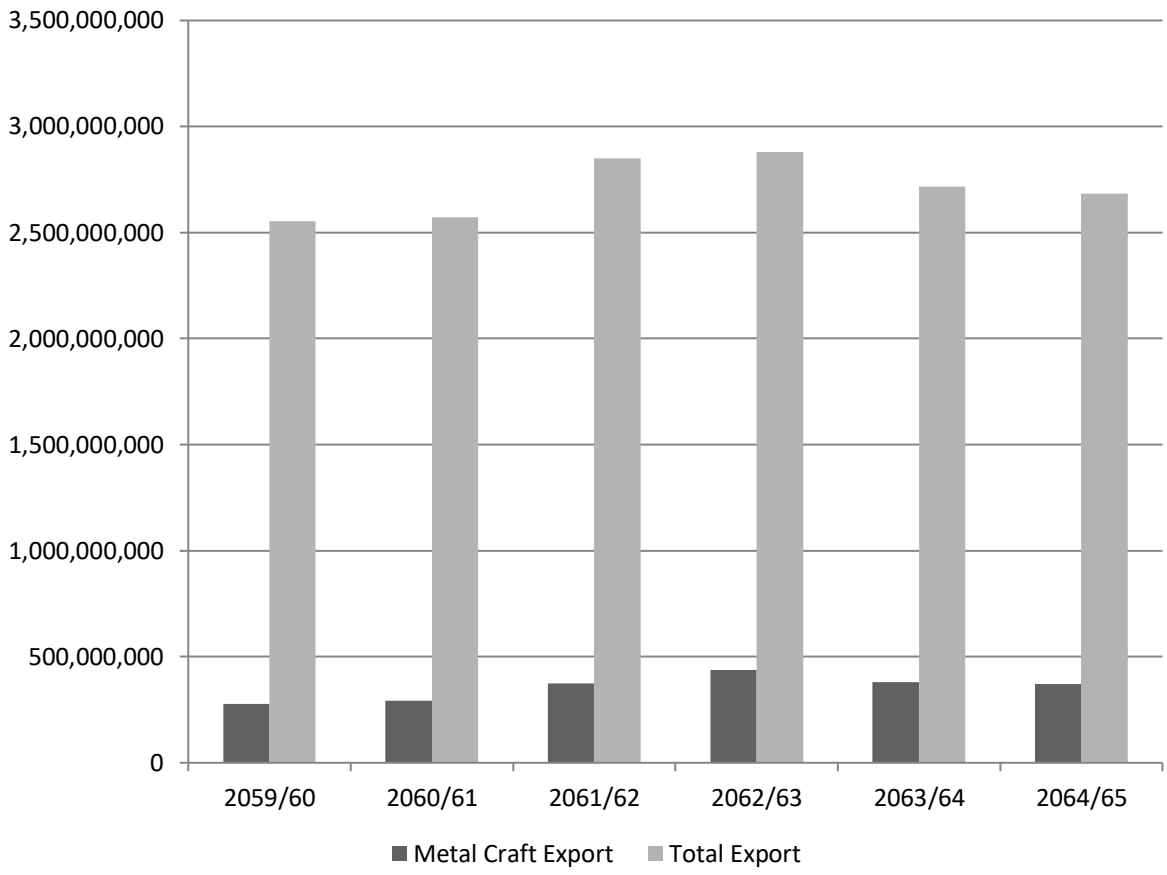
Craft Related Workers are in large number un central region and lease number in far western region.

4.2.4 Percentage of Metal Craft Export to Total Export

Year	Metal Craft Export	Total Export	% of Metal Craft to Total Export
2059/60	276,238,090	2,552,952,543	10.82
2060/61	293,065,733	2,571,841,423	11.40
2061/62	373,010,297	2,849,476,340	13.09
2062/63	437,790,118	2,880,644,848	15.20
2063/64	381,198,709	2,716,384,047	14.03
2064/65	372,515,583	2,682,814,905	13.89

Source: www.nepalhandicraft.org.np

Bar Diagram of Percentage of Metal Craft Export to Total Export



Total Highest export was in year 2062/63 and lowest export was in Year 2059/60. Highest export of both products is in year 2062/63 and lowest of Textile is in 2060/61 whereas Non-Textile is in 2059/60.

4.3 Testing of Hypothesis

Scale of industry	Level of Satisfaction for effectiveness of strategies					
	1	**2**	**3**	**4**	**5**	**Total**
Cottage	0	2	0	0	0	**2**
Small	0	1	1	0	0	**2**
Medium	0	1	2	0	0	**3**
Large	0	0	0	2	1	**3**
Total	**0**	**4**	**3**	**2**	**1**	**10**

Null Hypothesis. Ho: $\mu_c = \mu_s = \mu_m = \mu_l$ i.e. there is no significant difference in satisfaction level for effectiveness of strategy of different scale of industry.

Alternative Hypothesis. H_1: $\mu_c \neq \mu_s \neq \mu_m \neq \mu_l$ i.e. there is significant difference in satisfaction level for effectiveness of strategy of different scale of industry.

Scale of industry	**Level of Satisfaction for effectiveness of strategies**					
	1	**2**	**3**	**4**	**5**	**Total**
X_C	0	2	0	0	0	$\sum X_C$**=2**
X_S	0	1	1	0	0	$\sum X_S$**=2**
X_M	0	1	2	0	0	$\sum X_M$**=3**
X_L	0	0	0	2	1	$\sum X_L$**=3**
X_C^2	0	4	0	0	0	$\sum X_C^2$**=4**
X_S^2	0	1	1	0	0	$\sum X_S^2$**=2**
X_M^2	0	1	4	0	0	$\sum X_M^2$**=5**
X_L^2	0	0	0	4	1	$\sum X_L^2$**=5**

Grand Total (T) = $\sum X_C + \sum X_S + \sum X_M + \sum X_L$ = 2 + 2+ 3 +3 = 10

Correction Factor (C.F.) = $\frac{T^2}{n} = \frac{100}{10}$ = 10

Total Sum of Square (TSS) = $\sum X_C^2 + \sum X_S^2 + \sum X_M^2 + \sum X_L^2$ - CF

= 4 + 2 + 5 + 5 – 10

= 6

Sum of square between sample (SSC) $= \frac{\sum XC^2}{n_c} + \frac{\sum XS^2}{n_s} + \frac{\sum XM^2}{n_m} + \frac{\sum XL^2}{n_l} - CF$

$= \frac{2^2}{1} + \frac{2^2}{2} + \frac{3^2}{2} + \frac{3^2}{2} - 10$

= 5

Sum of square within sample (SSW) = TSS –SSC

= 6 – 5

= 1

One Way ANOVA table

Source of Variation	Sum of Square	d.f.	Mean sum of square	F-Ratio
Between Sample	5	4-1 = 3	$\frac{5}{3}$ = 1.67	F = $\frac{1.67}{0.167}$ = 10
Within Sample	1	10-4 = 6	$\frac{1}{6}$ = 0.167	
Total	6	10–1 =9		

Critical Value : The Tabulated Value of F at 5% level of significance for 3 and 6 d.f. is 4.76

Decision : Since calculated value of F is higher than tabulated value of F, the null hypothesis H_o is rejected. Therefore, we conclude that there is significant difference in satisfaction level for effectiveness of strategy of different scale of industry.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This chapter is the important chapter for the research because this chapter is the extracts of all the previously discussed chapters. This chapter consists of mainly three parts: Summary, conclusion and recommendation. In summary part, revision or summary of all four chapters is made. In conclusion part, the result from the research is summed up and in recommendation part, suggestion and recommendation is made based on the result and experience of thesis. Recommendation is made for improving the present situation to the concerned parties as well as for further research.

SUMMARY:

Nepal's history of economic development is relatively short. Planned economic developments started only since 1965 A.D. though earlier attempt was made in 1948 A.D. various efforts are being put in to attain a faster growth rate. In 1994/95, Nepal experienced its best macro-economic performance in the decade of nineties. The history of Metal Craft industry in Nepal is as old as 25 year. Nepalese Metal Craft industry had occupied the 1st position in terms of overseas exports. Metal Craft sector has made a significant contribution to the national economy of the country. It accounts for around 18 % of the total export and 40 % of foreign exchange among the overseas export earnings. This sector has provided employment to about 100000 Nepalese people which is about 12 % of total industrial employment. In the current situation metal craft industry faces the severe threats and challenges with technologically advanced countries because of WTO's provision. A massive fall down in export growth rate since the second half of 2001 has forced many industries to withheld production and some to close down. Nepal may have to face not only difficult adjustment problems but also risk collapse of

the industry as a result of intensified international competition and its inability to cope with the change situation in this product line. The vulnerable situation of Nepalese Metal Craft sector is due to the internal constraints from outdated manufacturing process to the logistic system and non-conducive government policy and attitude to the geographical disadvantage of being landlocked country. The cost of production and the further lead time from the date of order to date of shipment of the goods are 25 % higher than other South Asian countries and three times longer compared to India respectively.

CONCLUSION:

The main objectives of the present research are to analyze the marketing strategies to find out the pertinent marketing strategies for suggesting the entrepreneurs and trying to seek out the way of saving the existence and increasing the competitiveness of Nepalese metal craft industry. As per the nature of the study, survey type research design is followed with descriptive and analytical approach. Surveys of different scale industries were made. Questionnaires were distributed and the table discussions were carried out to gather information. Information thus acquired was tabulated as required by the study. The study was focused on analyzing the marketing strategies of Nepalese Metal Craft industries. It revealed that executives have positive attitude about the marketing strategies but they are pessimistic in practices. They preferred more on conducive-government policy rather than marketing strategies. They have not formulated proper marketing strategies to cope the present situation. The enterprises have mostly depended on Indian agents. They have not been able to adopt effective outward looking marketing policy. Therefore the whole industry appears to be deficient in formulation and adoption of effective marketing strategies. The traditional ways of doing business has not helped. The executives could not put their industry in competitive position by making good marketing plans and implementing them.

From the hypothesis tests, we have found that;

- The executive's preferential category and increasing of competitive position are independent.
- There is significant difference between the scale of industries and their rated mean score.
- There is significant difference between the scale of industry (i.e. large & medium) and their rated mean score.
- There is significant difference between the scale of industry (i.e. medium & small).
- There is significant difference between the scale of industry (i.e. large & small). And their rated mean score.

RECOMMENDATIONS:

- Nepalese metal craft sector should change their outdated manufacturing process and replace them with new technologies.
- To make themselves competitive among local and other foreign players, firm needs to focus more on customer needs and satisfy them effectively.
- Government also needs to give importance to the exporting strategies of these metal craft products and make suitable and stable policies accordingly.
- SWOT analysis should be thoroughly done by metal craft entrepreneurs to compete with the foreign market and get into a new product line to enhance and improve their export marketing strategies.

Above all the study revealed that executives have positive attitude about the marketing strategies but they are pessimistic. They should change this concept and be optimistic in practices. They should prefer more on marketing strategies rather than on conducive - government policies. Enterprises dependency on Indian agents should also be minimized. In one sentence Nepalese ready metal craft industries should be able to adopt effective and efficient outward looking marketing policies to cope the present marketing situation.

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Appendix -A

To

The CEO / MD / Marketing Manager

Dear Sir,

As a student of MBS of ……College, T.U., …….., I would like to inform you that I am writing a thesis entitled "Export marketing strategies of Nepalese Metal Craft Industry". For this purpose I have taken your enterprise as one of the sample and it is obvious that without your kind cooperation I would never be able to complete my thesis research. I would also like to assure you that the information obtained from your enterprise will be used only for the academic / research purpose in my thesis and not otherwise. I therefore request you to furnish the following information as per the questionnaire. Please tick ( ) where necessary.

QUESTIONNAIRE

Name of the Industry:……

Name of CEO/MD/Marketing Manager:……

Established Year:……

ISO No. (If the industry has): ……..

Scale of Industry: Cottage ( ) , Small ( ) , Medium ( ), Large ( )

1. How do you rate the effectiveness of your export marketing strategies and policies?

Highly satisfactory	1	2	3	4	5	Not satisfactory

2. When do you analyze your export marketing strategies?

Annually ( )

At the time of formulating plans ( )

No fixed period ( )

3. Do you think that company can achieve the desired objectives only through the export marketing strategies?

Yes ( ) No ( )

If yes, what extent,

Maximum	1	2	3	4	5	Minimum

4. How do you rate your external environment for the operation growth and expansion of your enterprises?

Political and Legal	Highly Favorable	1	2	3	4	5	Not Favorable
Economic	Highly Favorable	1	2	3	4	5	Not Favorable
Socio-Cultural	Highly Favorable	1	2	3	4	5	Not Favorable
Technological	Highly Favorable	1	2	3	4	5	Not Favorable
Competitive	Highly Favorable	1	2	3	4	5	Not Favorable

5. To what extent has competitive situation affected your enterprise?

Extremely	1	2	3	4	5	Not at all

6. Which countries are the major competitors of Nepalese Metal Craft Industry? Give your preference 1 to the most and 5 to the least.

India ( )

China ( )

Spain ( )

Bangladesh ( )

7. What are the sources that you get information about the competitors? Give your preference 1 to the most and 2 to the second most and so on.

Web Sites (WTO, ITC etc) ( )

Government agencies (MICS, TPC) ( )

Handicraft Association of Nepal ( )

Experts ( )

All the above ( )

If Other, Please Specify ( )

8. Does your enterprise have marketing intelligence department to assess the competitor's activities and strategies?

Yes ( ) No ( )

If yes, which department has taken the responsibility?

9. Rate the competitors of your company?

Internal Competitors	Maximum	1	2	3	4	5	Minimum
Foreign Competitors	Maximum	1	2	3	4	5	Minimum

10. How do you rate to continuously monitor the objective and strategies of competitors?

Maximum	1	2	3	4	5	Minimum

11. How do you rate the competitive positions of your enterprise?

Highly competitive	1	2	3	4	5	Highly Survival

12. How do you rate that your enterprise has satisfied the need and wants of customers?

Highly satisfaction	1	2	3	4	5	Highly Dissatisfaction

13. How do you rate your enterprise?

Market Power	High	1	2	3	4	5	Low
Market Share	Highly Satisfactory	1	2	3	4	5	Highly Dissatisfactory
Market Growth	High	1	2	3	4	5	Low

14. What kind of periodic plans do you formulate?

Short term (up to 1 year) ( )

Medium term (1 to 3 years) ( )

Long term (5 years) ( )

Perspective plan (10 years & more) ( )

Other, please specify ……

15. Do you consider and evaluate your rival's plan and policies while formulating your plans and strategies?

Yes ( ) No ( )

16. How do you rate about the implementation of your company according to marketing plan?

Excellence	1	2	3	4	5	Poor

17. How do you rate the important strength and weaknesses of your enterprises?

STRENGTH OF ENTERPRISES:

Production Capacity	Maximum	1	2	3	4	5	Minimum
Man Power	Maximum	1	2	3	4	5	Minimum
Technology	Maximum	1	2	3	4	5	Minimum
Organization	Maximum	1	2	3	4	5	Minimum
Marketing Information System	Maximum	1	2	3	4	5	Minimum
Others	Maximum	1	2	3	4	5	Minimum

WEAKNESSES OF ENTERPRISES:

Financial Position	Maximum	1	2	3	4	5	Minimum
Marketing Position	Maximum	1	2	3	4	5	Minimum
Skilled Manpower	Maximum	1	2	3	4	5	Minimum
Capital	Maximum	1	2	3	4	5	Minimum
High Cost of Production	Maximum	1	2	3	4	5	Minimum
Slow Distribution	Maximum	1	2	3	4	5	Minimum
Others	Maximum	1	2	3	4	5	Minimum

18. What kind of changes in marketing strategies is essential to attain effective marketing?

Which of the following are you adopting and would like to adopt?

Product Quality	High	1	2	3	4	5	Low

Price Strategies	High	1	2	3	4	5	Low
Extensive Promotion	High	1	2	3	4	5	Low
Extensive Distribution	High	1	2	3	4	5	Low
Market Segmentation	High	1	2	3	4	5	Low
Any Other	High	1	2	3	4	5	Low

19. How do you rate to identify the competitors?

Customer-based approach: This grouping of competitors is based on competitions for customers.

Maximum	1	2	3	4	5	Minimum

Strategic group approach: A strategic group consists of organizations with similar competitive strategic similar characteristic and similar image in a given industry.

Maximum	1	2	3	4	5	Minimum

20. How do you rate the effectiveness of value chain of your company?

PRIMARY VALUE ACTIVITIES

inbound logistic (Material handling and warehousing)	Maximum	1	2	3	4	5	Minimum
operation: transforming inputs into the final product	Maximum	1	2	3	4	5	Minimum
outbound logistic: order processing and distribution	Maximum	1	2	3	4	5	Minimum
marketing and sales: communication, pricing and channel management	Maximum	1	2	3	4	5	Minimum

SECONDARY VALUE ACTIVITIES

procurement: procedure and information system	Maximum	1	2	3	4	5	Minimum
technology development: improving the product and processes system	Maximum	1	2	3	4	5	Minimum
HRM: hiring, motivating, training and	Maximum	1	2	3	4	5	Minimum

compensation							
firm infrastructure: general management , finance accounting government relationship and quality management	Maximum	1	2	3	4	5	Minimum

21. How do you rate about?

The threats of substitute products	High	1	2	3	4	5	Low
The bargaining power of buyers	High	1	2	3	4	5	Low
The bargaining power of suppliers	High	1	2	3	4	5	Low
The rivalry among competitors	High	1	2	3	4	5	Low

22. How do you rate about company formulation?

The goal after assessing the SWOT analysis	Maximum	1	2	3	4	5	Minimum
The strategy after assessing the SWOT analysis and formulating the goal	Maximum	1	2	3	4	5	Minimum

23. How do you rate the evaluating of feedback (result) and control of your company?

Frequently	1	2	3	4	5	Less Frequently

Thank you very much for your kind cooperation.

Appendix-B

List of Sample Units

S.N.	Firm/ Company Name /Address	Product Group/ Category
1	Dharma Arts And Crafts Of Nepal Lagankhel, Lalitpur, Nepal	Statue, Religious Statue & Buddha
2	Greenshade Handicraft Nagbahal, Lalitpur, Patan, Nepal	Metal Statues, Buddhist Ritual Object
3	Shrestha Exports Pvt. Ltd Address: Patan, Lalitpur, Bagmati, Nepal	Metal Craft, Handicraft, Papercraft
4	Tibet Gems And Jewels Thahity Kwabhal, Kathmandu, Nepal	Jewelleries, Antiques And Carpets
5	Jenshre Trading New Baneshor, Kathmandu, Nepal	Singing Bowls,Woolen Hats,Gloves,Gla
6	Newa Handicraft Pvt Ltd Kwalakhu, Patan, Nepal	Nepali Wood Carving, Metal Statue
7	Lotus Statue Center Mahabuddha, Nepal	Nepalese Handicraft,Statues,Singing

8	Lumbini Handicraft Patan Durbar Square, Lalitpur, Nepal	Metal Crafts, Antiques & Collect
9	Mahabaudha Art Concern Mahabaudha, Lalitpur-6, Nepal	Nepalese Handicraft, Statues, Singing
10	Kishor Handicrafts Patan, Nepal	Metal Statues, Silver Religious Pram