

# **CHAPTER-I**

## **INTRODUCTION**

### **1.1 Background of the Study**

With the civilization of human being, there came every possible facility in their lives by themselves for more and more convenient life.

Today we can find every corner of this world as very cozy place due to the development & Advancement of more and more improved and latest technologies. Most of such inventions have undoubtedly made lives faster easier.

Amongst these inventions for people's lives, automobile was also invented in 1886 AD which was really significant event. Such then, every possible effort is being employed for the better features and specification of automobile. Now with this constantly being modified and better featured man made object, man is really attaining better lives.

Every line of automobiles is regularly rendering services to the people according to their respective features and objective of their production and development whither it is truck, Tractor, Bus, Van, Jeep, Car.

Automobile has two active dimensions which are contributing to the development of the economy. One dimension is the business of automobile itself and another is the transportation and carriage of people and goods from one place another in a very safe, reliable and convenient way. Thus, it has become an important part of the society and the world.

In the very contest of automobile, car has become a necessary part of today's busy lives. With the rapid growth of life style, Nepalese people are also being very eager to have private family car. Exploring and watching all these demand of the Nepalese people, its neighboring countries and third countries are more eager to produce and export cars

which are suitable to our country's road and family status. So, we can see the very fact is happening here in Nepal. Nepalese roads are getting busy with public and private cars.

So, We can see that the cars for today's business as well as social lives are getting a necessity. It has made the day lives easier, faster.

In Nepali market, with price competitiveness on one side and competitive technical features on the other, Korean automobiles are also gradually claiming their stake in the Nepali automobile market. AVCO International Pvt. Ltd. The sole distributor of HYUNDAI motors from South incorporates advance safety engineering and is said to be powered by the new advanced Hyundai engine.

## **1.2 Company Profile of Hyundai Motor**

Hyundai Motor Company was founded in 1976 A.D. It is located in Seoul, South Korea. Chung Ju – Yung Along with a few friends purchased land to erect the company in April 1946 AD. Those were the years when Korea was passing through turbulent times. It required a lot of Courage, more than anything else, to the US army, Then stationed in Korea. The dedication of these visionary soon made him popular and within a year his repair workshop metamorphosed into a plant with almost 100 employees. Since then company has manufactured and exported almost 7.8 million cars over 190 Countries.

Hyundai motor company is the parent company of Hyundai motor India Ltd. Hyundai Motor India Ltd. Is producing and selling various lines of cars along with 'Santro' cars. Hyundai Motors has scaled numerous obstacles and overcame the odds to earn global recognition for the advanced technology and quality of its automobiles. What have made all the differences are the people o Hyundai motor and their courage to dream the impossible dream. In just over three decades, Hyundai Motors has grown in the world's eighth largest automaker.

Never complaint with achievement, the company is pressing ahead to achieve it's goal of joining the ranks of the world's elite automakers the global top five backed by its

sophisticated R&D capabilities, state of the art production facilities at home and abroad plus aggressive market strategies. So long as Hyundai Motor abides by its commitment to offer high quality products with advanced, environment friendly technologies and which are sold through a competitive global marketing network that takes full advantage of innovations in information technology Hyundai motor ambition is to become one of the global top five automakers.

### **1.3 Introduction of Hyundai Car**

Hyundai branded cars are manufacture by Hyundai motor Company Korea and Hyundai Motor India Ltd. Small Passenger cars manufactured by HMIL whereas passenger cars, jeep, truck etc are

Manufactured by HMC. Hyundai vehicles are loaded with advanced engine with glamorous looks and availability of high-tech safety and comfort to the passengers.

Hyundai motor Company Korea and Hyundai Motor India Ltd. Manufacture different passenger cars and are export in different parts of the world Hyundai Motor India Ltd. Only manufactures ‘Santro’ Cars whereas Hyundai Motor company Korea Manufactures various models. The vehicles that are imported on Nepal which are produced by these companies are given below:

#### **Manufactured By Hyundai Motor India Ltd.**

1. Hyundai Santro ‘XO’
2. Hyundai Santro ‘XL’
3. Hyundai Santro ‘XL/AT’
4. Hyundai Santro ‘XK’
5. Hyundai Santro ‘XK’
6. Hyundai Santro ‘XS’

*Source : Office Record*

### **Manufactured by Hyundai Motor Company, Korea.**

1. Hyundai 'Getz'
2. Hyundai 'Accent'
3. Hyundai 'Matrix'
4. Hyundai 'Santa-Fe'
5. Hyundai 'Terracan'

*Source: Office Record*

### **1.4 Introduction of Kia Motors**

From its very humble beginning as manufacture of bicycle parts by hand on the outskirts of Seoul Korea KIA motor has emerged vehicles for the cost six decade, Laying claim to the production of the country's first automobile as well as Korea's first automobile export.

The word 'KIA' is derived from the Chinese character 'KI' meaning to arise or come up out of and a referring to Asia. So when put together, KIA means to arise or come up out of Asia.

Toady KIA has truly risen as a major global player and boasts and ever expanding product line up that is sold through 179 distributors and over 33000 oversees dealer in 155 countries around the world. Over 32000KIA employees spanning the globe from an expansive human network that aspires for excellence on the behalf of valued customer.

Brand slogan- The power to surprise represents KIA's global commitment to surpassing customer expectation through continuous automotive innovation while embodying the exciting and enabling attributes of the Kia brand. The Kia Company is producing these KIA brand series:

### **Manufactured By KIA Motors**

KIA Picanto

KIA Rio

KIA Sportage Lx  
KIA Sportage EX  
KIA Sportage EX1  
KIA Sportage EX2  
KIA Sorento  
KIA Carens

*Source : Office Record*

KIA is the newest and most exciting force of change in the automotive world and KIA are ready to change the way you feel and think about driving. More than promise its KIA commitment to driving a pure pleasure.

### **1.5 Focus of the Study**

The study will focus on the effectiveness of marketing practices of the automobile car. Today's drastically changing market is covered, handled and managed with the grate help of today's sophisticated marketing management and stunning sales promotion. And this reality can not be denied. Every product or service is created for the consumer or customer to use and it is achieved through proud selling or offering of best product or service with best advertising and promotional tools.

The practices of marketing and sales promotion are getting increasing importance and scope in the marketing management. At the same time it is getting vast with the competitive environment of the same subject, i.e. advertising and sales promotion. So, fit is as important to understand, win and retain the market for the product or service. Implementation of such policy and strategy soul in optimum manner, Hence the study is to describe the marketing practices of cars especially Hyundai and KIA. The study will also go through the transportation problem in Nepal.

### **1.6 Statement of the Problems**

In Nepal vehicles importers are facing tough competition. Most of the importers are launching ambitious marketing strategy in the market. In this ground, marketing of KIA

and Hyundai cars in Nepal is tough and ambitious. Generally KIA cars are considered to be high class car and are expensive but on the other hand, Hyundai cars are categorized as middle class cars and has reasonable price.

Transportation is needed to deliver the final products in the place of consumption. Transportation is needed for delivery of the product and even used by people to reach the destination. For delivering the product large vehicles like truck, lorry, tanker, train, tractor, aero plane, ship etc are used whereas ship, airplane, car, jeep, van, minibus, train, helicopter, rocket, etc are used by people to reach the destination.

Nepal is mountainous country due to which it is difficult to deliver the product to the place of destination in the right time. So the importance of the transportation is very high. Generally in Nepal, truck, lorry, and tankers are used to carry the goods from one place to another.

Trucks are used to carry construction goods like iron rod, cement, brick, sand stone, timber, daily consumable product like rice racks, wheat, vegetable, etc. Lorry is used to carry huge machinery equipment like generator, welding machine, drill machine, car, motor bike etc. Tankers are used to carry petroleum products.

Due to mountainous country, it is difficult to build road, railway track and airport in Nepal. It is costly to construct road and railway track in the hills. Besides, Nepal hasn't enough budgets to construct the road and railway track in the hill.

**The Major Problems of Vehicles and Transportation are as Follows:**

1. Due to landlocked and mountainous country, it has become very difficult to supply goods from one place to another plane.
2. Transportation of goods by carrying at person's back is not possible in the 21<sup>st</sup> century; vehicles are needed for transportation of goods promptly and safely.

3. Due to landlocked country construction of road in mountainous country is very expensive and transporting of product in the mountainous roads is very dangerous as well.
4. Nepal is poor country and it has not yet manufactured vehicles that can carry goods and people as a result, importing of vehicles is increasing.
5. Nepalese people, due to expensive price cannot buy vehicles to transport product from one place to another.
6. Due to the import of vehicles, vehicles maintenance cost is also expensive as spare parts has to be imported as well.
7. International standard roads are not constructed in Nepal yet and even pitched roads are available in selected place due to this transporting of goods by vehicles in difficult.
8. Small and narrow road of Nepal has made difficult to drive vehicles as a result prompt delivery of goods has become impossible.

In Nepal, roads have not been constructed of international standard, narrow and graveled roads has made difficult for vehicles to run. Besides, due to graveled and narrow roads, vehicles accident rate has increased and quick delivery of goods to the place of consumption has made difficult.

Vehicles are imported from other country; vehicle is expensive to the Nepalese farmer. As Nepalese farmer cannot buy the vehicles as a result there is delay in the delivery of the product.

Vehicles are imported to carry people from one place to another. Private and public vehicles are used to carry people from one place to another: bus, car, van etc are used for prompt and safely arrival to the destination in the main objective of the cars and buses. It helps people to reach the destination safely and quickly. Under this ground, the study of the marketing of vehicles is relevant.

### **1.7 Objectives of the Study**

Product marketing in Nepal has become very important in recent years. Without marketing, it has become almost impossible to sale product in the Nepalese market. In this study, I have tried to find out the marketing of KIA and Hyundai cars and the importance of transportation in Nepal.

#### **The Major Objectives of the Study are as Follows:**

1. To studies and analyze the problems and prospects of transport system in Nepal.
2. To evaluate the trend of vehicle sale in Nepal.
3. To analyze the pricing strategies of vehicles in Nepal.
4. To examine the market situation of KIA & Hyundai cars in Nepal and to assess effectiveness of marketing strategy.
5. To analyze market potentiality of KIA and Hyundai cars in Nepal.
6. To see consumer attributes towards purchase of Hyundai and KIA cars.
7. To recommend both the organization on the basis of study findings.

### **1.8 Need of the Study**

Many companies are involved in importing different brands of cars. All the companies are using almost same marketing strategies for selling the product. Due to the cut throat competitions in the market, it is necessary to try new strategies to capture and expand the market. In this ground, it is felt necessary to make research while marketing of the Hyundai & KIA cars.

### **1.9 Limitation of the Study**

In the market there are different kinds of cars are easily available in the market. There are many choices for the customers in the market.

Due to small budget I have not been able to market overall study of the brands available in the Nepalese market. Although, I have taken two brands namely, KIA-HYUNDAI and have studies comparatively. The data have maintained was provided by the showroom and some are downloaded from the internet, office record, annual reports and even



different newspapers were taken while preparing the proposal. The data maintained are of five years starting from 2060/61 to 2065/66. I have assumed that there are only two brands of the cars namely KIA & HYUNDAI cars, other brands are ignored in this study.

### **1.10 Organization of the Study**

The study will be divided mainly in the five chapters. The first chapter i.e. introduction chapter deals with the general background of the automobile, company profile, introduction of Hyundai motor company and KIA, focus of the study, statement of the problem objective of the study, need of the study, limitation of the study and organization of the study.

Second chapter is review of literature. It includes conceptual frame work of the study matter. It studies the marketing practices of the Hyundai & KIA cars in Nepal. It will include brief review of previous research work.

Research methodology will be discussed in the chapter three and deal with research, population & sampling, sources of data collection, data analysis tools and data analysis method.

In the fourth chapter, collected data & information will be analyzed & presented in a pleasant manner. In mainly will consists the analysis of market of Hyundai & KIA cars in Nepal.

Finally, Fifth chapter will illustrate summary, conclusion and recommendations made on the basis of the study.

## **CHAPTER-II**

### **REVIEW OF LITERATURE**

#### **2.1 Conceptual Framework**

##### **2.1.1 The Marketing Concept**

Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. Marketing consist of crating, promotion and delivering product to satisfy human and social needs. It creates satisfying solution to customers needs. It is not only satisfies customers but also delights them. It creates value for the customers.

Marketing is concerned not only that attracting customers, but also with retaining customers by winning their loyalty. It is carried on long after the customer has bought the product. It aims to develop long term mutually satisfying relationship with customer.

Many experts are there in the marketing world. According to them marketing is more than we thought because marketing not only attracting customers it is also demand management. It stimulates demand for products. It helps organization to find out what their customers need and want. It also helps to decide what product should offer to satisfy their needs and wants. Marketing is a total system of business activities design to plan, price, promotion, and distribute want satisfying products to target markets to achieve organizational objectives.

According to Peter D. Bannet- “Marketing is the process of planning and executing the conception, pricing, promotion and distribution of an ideas, goods and services to create exchanged that satisfy individual and organizational objectives.”

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Mr. Pride and Farrell has opined, “Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationship in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.”

In the marketing world, Philip Kotler is one of the famous person. According to Philip Kotler- “Marketing is social process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others.”

Under new concept marketing should be viewed in the broad sense. Here are some definitions:

Harry Z. Hanson says- “Marketing is the process or discovering and translating consumers needs and wants into produce and service specifications, creating demand for these products and services and then in turn expanding this demand”

According to W.L. Stanton- “Marketing is a total system of business activities designed to plan, price, promotion and distribute want satisfying goods and services to present and potential customer.”<sup>2</sup>

Generally, Marketing includes 4p’s namely product, place, price, and Promotion. Physical distribution bridges the gap between the places of production to the place of consumption. Physical distribution comprises material handling, inventory management, transportation, and warehousing. Physical distribution objective are to make the smooth and regular flow of goods availability of goods, accessibility of goods, offering and consumer satisfaction.

In general, The term concept refers to the theory or philosophy. The marketing concept is a customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organization goals. The marketing concept is a philosophy of business. It is also an attitude and course of business thinking which

emphasizes to the success of organization through product, market, production, distribution and satisfying human needs. Business organization, perform their activities under different marketing concept.

### **Overview of Marketing**

Marketing can be described as one of the functional areas of a business, distinct from finance and operations. Marketing can also be thought of as one of the activities that, along with product design, manufacture and transportation logistics, comprise a firm's value chain. Decision at every stage, from idea conception to support after the sale, should be addressed in terms of their ability to create value for customers. Historically, marketing was considered just another link in the chain. Today, however, many organizations are emphasizing the effective coordination of marketing with other functional areas. Competitive pressures have prompted many firms to involve marketers in design, manufacturing, and other value related decisions from the start. This approach is known in some circles as "Boundary Less Marketing". Rather than linking marketing sequentially with other activities, the goal is to eliminate the communication barriers between marketing and other functional areas. Properly implemented, boundary less marketing ensures that a marketing orientation permeates all value – creating activities in a company. This change in emphasis is reflecting in figure a and other companies that subscribes to the "Boundary Less" concept give employees at all levels and in all departments the opportunity to be involved in marketing.

### **2.1.2 Evolution of Marketing Concept**

Following five marketing concepts are developed over the year.

#### **A. The Production Concept**

This concept is a management orientation that assumes that consumed will favor those products which are available and affordable and that therefore the major task of management is to pursue improved production and distribution efficiency. According to production concept consumer prefer

Widely available and low cost product. Low prices attract the customer. Under this concept manager concentrated on increasing production volume and reduce in the cost. This concept is use where the company wants to expand the market. Most of the Nepalese companies are working under the production concept.

### **B. The Product Concept**

This concept is the management orientation that assumes that consumer will favor those product that offer the most quality for the price and therefore the organization should devote its energy to improving product quality. According to the product concept manager concentrated on designing long lasting product and provided warranty for the long period. This concept ignores consumer needs, market competition, product cost. The sales person cannot sale the product easily because this concept ignores advertising, customers need and competition.

### **C. The Selling Concept**

This concept is a management orientation that assumes that consumer wills either not buy or not enough of the organization's product unless the organization makes sustainable effort to stimulate their interest in its product. Under this concept managers focus on stimulating sales. They use promotional tools like advertising public relation and personal selling. This concept implies orientation of the organization which aims to satisfy the seller's need. This concept is dominated in the Nepalese business organization.

### **D. The Marketing Concept**

Marketing concept means developing a strategy to get the product in front of customers so they have the opportunity to buy it. This concept is a management orientation that holds that the key task of the organization is to determine the needs and wants of the target and to adopt organization to delivering the desired satisfactions more effectively and efficiency that its competitors. It is the reorganization on the part of management that all business decisions of a firm must be made in the light of customer needs and wants. It focuses in consumer needs.

## **E. The Societal Marketing Concept**

This concept is a management orientation that holds that the key task of the organization is to determine the needs and wants to target markets and to adopt the organization to delivering the desired satisfactions more effectively and efficiency that its competitor in a way that preserves or enhances the consumers and society's well-being. This concept enhances the consumers and society's well-being. This concept implies social responsibility orientation of the organization to face the major environmental and demographic challenges.

### **2.1.3 Advertising Concept**

Advertising is just a part of the whole marketing process. The word advertising is derived from the two Latin words ad' means towards and vertigo means I turn. So the meaning of advertising is to turn people's attention to the specific things. Earliest form of adverting is to draw the people's attention towards the specific things. In other words advertising is to draw people's attention to the certain goods.

Before knowing the definition of advertising we should address the difference between advertising and advertisement. It consists of activities involved in presenting to a group a non personal, oral or visual openly sponsored message called as advertisement. Is disseminated through one or more media is paid for by identified sponsor. (*Stanton, 1977:537*).

The definition clearly distinguish between advertising and advertisement. Advertising is simply a message, but advertising is a process. This process includes programming the series of activity which is necessary to plan and prepare the message and get it to intend market. Other points are that advertising is used to help sell products and services. The buyer makes five decisions in the affirmative in marketing a purchase in any one is missing; he does not buy which he said yes to all five purchasing result. These five decisions related to need, product, source, price and time. (*Littlefield and Kirkpatrick 1971:165*).

People normally argued that why do company spend so much money on advertising. This option occurs because some people regard expenses made in advertising is waste of money but other think it as a buying guide. Both consumer and seller, advertising are informative devices. Hence advertising consists of those activities by which visual or oral message are addressed to selected public for the purpose of informing and influencing them to buy the product.

Some definitions of advertising have been given below so as to make clear meaning of advertising. The American marketing association defines advertising as “any paid form of non personal presentation of goods, services or ideas for action openly paid for by identified sponsor” (*Koirela 1997:259-260*).

A writer has described the difference between advertising and sales promotion in his book “Sales Promotion in Nepal” as sales promotion and advertising differ in terms of objective as well as the frequency duration and purpose of users. Advertising informs, persuade, and remind the target market. Where as sales promotion goes to encourage purchase by brand loyal consumer and attracts new competitors brand users. For effective sales promotion are required creative talent, time and money. It became expensive with frequent operation. While excess sales promotion with respect to a branded product may hurt that products brand image. Advertising creates awareness in the market place and may be repeated design to create and image of or to carry a sales message about producers or services to the consumer, while sale promotion is activity an used to generate and immediate sales of product or service”.(*Koirala,1991:28-29*).

It is micro managerial function of any organization to send the information to the members of the society. (*Sontakki, 1991:1*).

Advertising is a form of communication intended to promote the sale of a product or service to influence a particular cause to gain political support to advance a particular cause or to elicit some other response desire by the advertiser. (*New encyclopedia, Britanica Mactopedia, 1979:103*).

Advertising that induces a change in sale of perception of the product is a milestone for brand” (*Kathmandu Post, 2004:1*).

So this study concludes that advertising should have such power as attention, communication, readability, memorable and selling.

### **Purpose of Advertising**

There are so many objectives of advertising, which depends upon the policy of the company. Generally in the past, the purpose of advertising was to inform to the prospective consumer about goods and services produced by the company. Now a days advertising not only concerns with the information flow but also motivate, persuade to the target consumer in the specific market.

Every stage of product life cycle need advertising but volume of it may be low and high depending upon the nature and stages. Advertising creates demand for the goods and market is possible for the introduction of mass production, installation of up to date machinery and consequent reduction of cost of the articles. Advertising is beneficial not only to the producer and retailer but also to the consumers.

Mass production needs mass selling it makes possible by improvement and installation of latest plants as well as advertising through effective media but difficult to say that effective media vehicle. Purpose of advertising can be listed below as:

- ) It helps retailers in multiplying sales
- ) It assists to increase the demand of the product
- ) It conveys message to the prospective consumers
- ) It makes the public conscious

Advertising is important to retailer, for the retailer it quickens the turnover as well as reduces degree of remaining dead stock and result in proportionate reduction of overhead expenses. It informs the fluctuated price of the product so the retailer can avoid the losses by the price change.



Similarly, it provides benefits to the buyer's. The manufactures are compelled to maintain the quality of the goods advertised. Money spend on advertising that is a kind of investment and manufacturer wants to return from the consumer so that he has to fix the quality of the product on the media then the consumer gets the qualitative goods and services.

Likewise, by the advertising, people know about the various goods and services previously unknown to them so it educates the public and enables them to select the most suitable goods and services by comparing goods and services lunched by the various manufacturers. It creates curiosity and interest of people. After interest is aroused advertising also make people acquire after and seek further information about goods and services advertised. So we can say that advertising is such things which makes networks among various parties as consumer, public, manufacturers, and retailer and so on.

On the other hand consumer behavior is a function of a complex process so it is difficult to say that advertising is only on variable that influence the behavior of the consumer. Advertising objectives can also be classified as per their objectives in term of informing, persuading or reminding. Example of information type objectives includes making prospective consumer aware of a new product announcing a new price and explaining how a product works. Persuading objectives include attempting to build brand preference and loyalty and changing a consumer's attitude about particular brand characteristics. Objective having to do with reminding includes communication telling consumers where and when to buy the product. (*Boyd, Westfall and Stasch, 2002:731*).

### **Advertising Media**

It has been said that the development of media of mass communication dates back to the initial years of the Rana period. Prior to this pamphlets were used to speak at loud voices to advertise in the temporary market. Advertising research primarily relates to their critical decisions that have to be made to develop advertising program:

- a. Setting objectives,
- b. Selecting the message,
- c. Choosing appropriate media vehicles,

This study will concern with the third objectives of advertising research selecting advertising media is itself a decision process because it is an act of finding out the most cost effective media to deliver desired number of exposure to the target audience. The effect of exposure on audience awareness mainly depends on the exposures each frequency and impact of lead time. However using or choosing any media is determined by analyzing different factors, such as, target audience, media habits nature of product message to be given to buyer, costs to incur on advertising etc. (*Sharma, 2001:235*).

Now various media are available in the Nepalese market. The individual advertising situation largely determines the complexity of media selection. A retailer in small town where there is only a weekly newspaper does not have much of a problem of choosing media from among newspaper, radio, television, outdoor, transit, and direct mail. The problem of media selection is even more complex in the case of the national advertiser who sells to a broad national market. What type of media should be used? If women magazines, which specific ones lady's home journal..Mc call's good housekeeping if newspaper in which cities? If television a nationwide network or stations which local coverage in individual market? What network? What stations?

There are no rules of thumb of sets formulas for solving this selection problems. Each advertising situation presents its own unique set of circumstance. Each type of medium has its own character and each specific medium in turn differ from the next. There is no single best medium for all advertising situations. Each media decision must be made in light of particular requirements of a particular situation. Even competitors selling the same product to nearly the same markets use different media strategies. (*Sandage Vernon and Rotzoll, 1996:437*).

The coverage or reach of the media is the size of potential audience readers, listeners and viewers covered by the media. Circulation refers to the numbers of copies of the newspapers and magazines distributed, numbers of radio and television sets receiving the signals. Each medium of communication has different cost structures depending upon size and position of advertisement in print media and time slots in audio and audiovisual

media. The level of advertising impact of the different media also differs. Media research is targeted to find and evaluate these important aspects for appropriate media selection.

There are various media options available to the advertiser. Media selection is concerned with selection of the most efficient and cost efficient and cost effective advertising media. Media research helps the advertisers to identify the various media available in a target market their coverage circulation, cost and impact. The advertising media can be grouped into two broad categories according to its nature of information flow.

A. Electronic Advertising Media

- Television
- Film
- Radio
- E-mail and internet

B. Non-Electronic Advertising Media

- News paper
- Posters
- Hoarding
- Traveling display
- Exhibition and trade fairs

## **2.2. Marketing Management**

There is no definition as comprehensive as the one that was approved by American Marketing Association in 1985.

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

This definition again outline the core marketing concepts-planning, implementation, and control: ideas, goods, and services: exchange satisfaction etc. The definition also highlights the concept of 4 Ps.

Marketing management has the task of influencing the level, timing and composition of demand in a way that will help organization achieve its objectives. Marketing managers cope with this task by carrying out marketing research. Within marketing, planning, marketers must make decision on the target markets, Market positioning, product development channel of distribution, physical distribution, communication and promotion.

Marketing management relies heavily on research. Such research which help in setting marketing policies, in planning marketing operations and in controlling marketing operation and functioning of the sales units, is generally termed as “Marketing Research”.

Analyzing marketing opportunities is one of the major activities carried out under marketing management. In this context, Prof. Philip Kotler clearly points out that to analyze marketing opportunities. It is necessary to -

- Gather information and measure market demand
- Scan marketing environment
- Analyze consumer market and buyer behavior
- Dealing with the competition
- Identifying market segments and selecting target market.

The marketing environment is changing at accelerating rate. So, the need for real time marketing information is grater than at any time in the past marketing information system (MIS) is important tool in the hand of management to gather information regarding market. And MIS consists of four components- internal record system, the marketing intelligence system, marketing decision system. Beside gathering information measuring market demand is another task to analyze "Marketing Opportunities". Those organizations succeed better than other which can measure and forecast demand more accurately than others.

Companies undertake marketing research to identify market opportunities. Companies’ measure and forecast the size, growth, profit potential of each market opportunity. There

are different measures of market demand and each demand measure serves a specific purpose. Distinction should be made between market demands and company demands which are different things.

Marketing research is the function. Which links the customer and public to the marketer through information used to identify and define marketing opportunities and problems: generate, refine and evaluate marketing actions” monitor marketing performance and improve understanding of marketing as a process.

Marketing research specifies the information required to address these issues: design, the method for collecting information managers and implements the data collection process analyze the result and communication the findings and their implications.

Marketing managers need information on customers and markets. However they are separated from their final customers and so they need information. There for business and other organizations are increasingly turning to marketing research to obtain the information they need for decision making.

In the context of country U.S. surveys done by American Marketing Association in industrial and consumer products companies reported that almost every company used marketing research to measure market potentials characteristic of their markets and their share of markets. And approximately three fourths of the customer products companies and more than half of the industrial companies undertook some sort of marketing research to evaluate new product opportunities and acceptance and to test existing products relative to competitor’s products. Lastly more than 95 percent of the companies undertook marketing research to obtain information that could help them make short range and long range forecasts.

### **2.3 Evolution Process of the Marketing Department**

The marketing organization provides the vehicle for making decisions on products, Marketing channels, physical distribution, promotion and prices. It can be said that

marketing organization is the group of identifiable people involved in achieving the marketing objectives the proper division of work and authority and responsibility. Marketing departments have evolved through the following four stages:

### **2.3.1 Simple Sales Department**

Organizations operating under the production and product concept have simple sales department organization. In this case separate sales executives are appointed for each product or group of product in the product line. Each will have its own organization to perform the various sales tasks. The organization structure shows production, finance, and personnel departments at upper levels while the selling function is handled by a sales department which has a lower status than three departments. The organization structure is also adopted by small organizations each product executive can focus his attention to his organizations each product executive can focus his attention to his product's sale and to the marketing strategies to be followed for increasing the sales of that product. In a sales department, the sales manager handles two divisions: the sales force management division and other selling function department. The role of pricing and distribution are handled by the finance and production departments respectively.

### **2.3.2 Sales Department with Ancillary Marketing Function**

Organizations adopting the selling concept give higher weight to the sales department. Due to increase in activities and volume of the firm sales department with ancillary marketing function is evolved. In this stage the status of the sales department is also enhanced and the department is placed on equal footing with the production, finance and personnel departments.

### **2.3.3 Separate Marketing Department**

The organization operating under marketing concept has separate marketing department. The department gives more emphasis on marketing activities. The number and size of departments. The sales department manages other marketing functions like advertising, sales promotion, marketing research new product development etc.

### **2.3.4 Modern Marketing Department**

The structure is prevalent under the marketing concept. The role of a mutually satisfying exchange is central to marketing concept. The Marketing concept describes an ideal state of affairs. It exists when an organization focuses all of its efforts in providing products that satisfy its customer. The customer is the focal point for how each area of the organization should be run. Products are created with the goal of satisfying customer's needs and wants. All departments within the organization would organize around the marketing function anticipating, simulating and meeting customer's requirements and work together towards the goal of customer satisfaction.

### **2.4 Marketing Environment Analysis**

The business firm does not live in a vacuum. The business firm must operate within the framework of forces which constitute the marketing environment. The environment factors must be duly considered in planning any marketing program. Marketing environment can be micro as well as macro. Here we will discuss about micro and macro environment.

#### **2.4.1 Micro Environment**

The forces which are close to the firm is called micro environment. These forces affect the firm's ability to serve its customers. In other words micro environment is located within the firm. It surrounds the both the firm and marketing mix. This variable affects a firm's ability to facilitate and expedite.

##### **➤ Exchange in Various Ways**

The forces in micro environment directly influence whether and how a marketing manager can perform certain marketing activities. It may affect a marketing manager's decisions and actions through their influence on consumer's reactions toward the firm's marketing mix.

Micro environment component includes suppliers, intermediaries, and competitors and public:

➤ **Customer**

Customers are the king in marketing. Every activity should be done order to satisfy customer needs and wants. Customers are the major components of micro environment of marketing. Customers include consumer market, business market, retailer market, government market and international market. Marketing management should formulate and implement the plans and policies as per customer's needs and wants.

➤ **Supplier**

Suppliers are also one of the important components of micro environment of marketing. They are an important link in the firm's overall customer value delivery system. They provide the resources needed to the firm. The firm's suppliers include raw material supplier, machine supplier, human resources supplier, technology supplier, capital supplier etc. They play an important role to get success in marketing.

➤ **Intermediaries**

Marketing intermediaries are also a major component of the micro environment of marketing. They help the firm to promote, sell and distribute its goods and services to the customers. Reseller, physical distribution firms, marketing services agencies, financial intermediaries are the examples of marketing intermediaries. Marketing management should take care while choosing marketing intermediaries.

➤ **Competitors**

A competitor is one who sells a product or service in the same market at similar price. They are also major components of micro environment of marketing. This is the age tuffs competition. So marketing management must carefully identify and analyze its currents and potential competitors. It must try to do better than other competitors or to win over some of its customers. It must gain strategic advantage by positioning their offering strongly against competitors, offering in the minds of consumer.



### ➤ **Publics**

The micro environment of marketing also includes various publics. A public may be any group of persons that has an actual or potential interest in or impact on the firm's ability to achieve its objectives. Publics include financial publics, government publics, local government, media publics, local government, media publics; general public etc. marketing management should maintain the good relationship with them.

### **2.4.2 Macro Environment**

The business firm is an open adaptive system with its own environment. It does not exist independent of the environment. Environment consists of several forces. The larger societal force that affects both the consumers and firm is called macro environment. The firm has interaction and interdependence with economic, social, political, legal, technological and culture forces. These are called macro environmental forces. These environmental forces define the resources, opportunities and threats available to and facing the firm. These forces affect life style, standards of living and preferences and needs for the product. Since a marketing management tries to develop and adjust marketing mix components to satisfy consumers, the effects of macro environment on consumers also have an impact on the marketing mix component.

Thus the environments which affect the firm externally is called macro environment. Macro environment is located outside the firm. It is uncontrollable. The uncontrollable forces are shaping and influencing the nature and character of customer demand. As these forces continue to develop and change, they determine the new requirements for efficient and effective marketing plans and policies.

The macro environment components include demographic, political, legal, economic, socio-cultural and technological forces.

It is a scientific study of human population and its distribution in terms of size, density, age, Location, Gender, Race, Occupation and other statistics. It deals with quantitative elements such as age, sex, education, occupation, income, geographical concentration and

Dispersion, urban and rural population, etc. Demography offers consumer profile which is very essential in markets. Demographic environment analysis enable marketing, management to understand the bases of market segmentation and to determine marketing reaction to a new product or consumer reaction to an adverting campaign. A good demographic analysis combines several components such as:

- Population rate of growth or decrease
- Income or economic power
- Life style
- Occupation
- Education
- Geographic segmentation, etc.

### **2.4.3 Political and Legal Environment**

Political and legal forces are gaining considerable importance in marketing activities and operations of business firms. The actions of political and legal forces strongly influence the economic and political stability of country which also affect the marketing. Marketing management cannot ignore the legislation regulation competition and protecting consumers. Marketing policy making is influenced by government policies. Political and legal environment offers the environment on which the first have to operate their marketing activities a good political and legal environment analysis consist the following components: -

- Government policies
- Government agencies
- Pressure groups
- Laws, etc

### **2.4.4 Economic Environment**

Economic environment plays a significant role in the marketing system. High economic growth assures higher level of employment and income, high purchasing power an willingness to spend, and this leads to marketing boom in many industries. Marketing plans and programmed are also influenced by many other economic items such as interest

rates, money supply, price level, consumer credit, etc. A good economic environment analysis consist several components such as:-

- Natural Resources
- Income distribution
- Economic health
- Inflation
- Fiscal policies
- Competition, etc.

#### **2.4.5 Socio-Cultural Environment**

The Socio – cultural environment is made up of institutions and other forces that affect a society’s basic values, perceptions, preferences, and business firm in the long-run. We have ever-changing society. New demands are created and old ones are lost in due course. Marketing management must make necessary adjustments in marketing plans in order to fulfill new social demands. It must analyze how the socio cultural environment analysis combines the following components: -

- Demographic
- Life style
- Social forces
- Cultural forces, etc.

#### **2.4.6 Technological Environment**

Modern marketing has been shaped by technology. It’s a major component of macro environment of the marketing. New technologies offer a main source of economic growth. Many businesses are earning handsome profits from products that did not exist few decades ago. Electronic industry is the best example of exploiting new marketing style of living of consumers. Marketing management can reate and dliver standards and styles of life with the help of technology. A good technology environment analysis combines the following components: -

- Level of Technology
- Place of Technology Change
- Research and Development Budget, etc.

## **2.5 Market Segment**

A market consists of people with needs and wants to satisfy, ability to spend and willingness to buy products. It is a grouping of customers. A single product cannot satisfy the needs of all the customers in all markets. Customers vary in terms of needs characteristics and behavior. Buying motives and buying habits also vary, Purchasing power also varies.

Market segmentation is process of dividing the total market into large homogeneous group of customers who share similar needs. “Marketing segmentation is the process of dividing the total market in to large homogeneous is the act of identifying and profiling distinct group of buyer who might prefer varying products and marketing mixes”.

Market can be divided into:

- Consumer Markets
- Industrial Markets
- Institutional Markets

### **2.5.1 Consumer Markets**

The reasons for buying products are for own personal or household use. They consist of ultimate consumers.

### **2.5.2 Industrial Markets**

The reasons for buying products are for business use, resell, or to make other products. They consist of industries, business, retailers etc.

### **2.5.3 Institutional Markets**

The reason for buying products is to provide service to the clients. They have special buying needs and characteristics. They consist of schools, college, hospitals, nursing.

Organizations can adopt the following levels of segments:

➤ **Undifferentiated Marketing Strategy**

The total market is viewed as a homogeneous engaged in mass production, mass distribution and mass promotion of one product for all customers. One product for all customers. One single marketing mix is developed. This is not found in practice.

➤ **Differentiated Marketing Strategy**

The total market is viewed as heterogeneous consisting of customer groups with various characteristics. Organization divided the market into major market segments. Select one or more of those segments as target and develop marketing mix tailored to each segment. We can divide it in three parts they are A) Niche Marketing Strategy B) Local Marketing Strategy C) Individual Marketing Strategy.

## **2.6 Customer Value**

Customer value is the difference between total customer cost and total customer value. Customer always wants to get various types of benefits from the product they expect to buy. Today the customer is utterly demanding, thanks to the proliferation of global players and their products. Hence it is needed for the business to attract and more importantly retain customer. Customer interaction has therefore assumed great signification as it forms the platform to know and understand the customer, his needs preference and the like.

According to Philip Kotler – “Customer delivered value is the difference between total customer value is the bundle of benefits customer expect from a given product or service. The total customer cost is the bundle of costs customer expects to incur in evaluating, obtaining, using and disposing of the product and service.”

$$CDC = TCV - TCC1$$

Where,

CDC = Customer Delivered Value

TCV = Total Customer Value

TCC = Total Customer Cost

#### ➤ **Total Customer Value**

Total customer value is the bundle of benefits customers expect from the product, which include functional benefits (the features of the

#### ➤ **Total Customer Cost**

Total Customer cost is the sum of costs customer incur in knowing evaluating, obtaining, using and disposing a product which include monetary costs, time, and psychic.

### **2.7 Customer Satisfaction**

Satisfaction is person's feeling of pleasure or disappointment resulting from the comparing a product's perceived performance in relation to his or her expectation. Thus, customer satisfaction is a post purchases outcome where the customer compares the expected benefits with the actual benefits received from the product. If the performance is below the expectation the customer is dissatisfied. If the performance exceeds the expectations the customer is highly satisfaction or delights.

Following are tools for tracking and measuring customer satisfaction:

#### **2.7.1 Complain and Suggestion System**

A customer cent red organization makes it customers to deliver suggestions and complaints. Global major like P&G. Generally Electric and whirlpool established hotlines with toll free telephone number. Companies are also adding web page and e-mail to facilities two –way communication. These information flows provide companies with to act quickly to resolve problems.

### **2.7.2 Customer Satisfaction Survey**

Studies show that although customer are dissatisfaction with one cut of every four purchases less than 5 percent of dissatisfaction customers will complain. Most customers will buy less or switch suppliers. Complaints levels are thus not a good measure of customer satisfaction. Responsive companies measure customer satisfaction directly by conducting periodic surveys. They send questionnaires or make telephone calls to a random sample of recent customers. While collecting customer satisfaction data, it is also useful to ask additional question to measure repurchase intention, this will normally be high if the customer's satisfaction is high. It is also useful to measure the likelihood to recommend the company and brand to others. A high positive word of mouth score indicated that the company is producing high customer satisfaction.

### **2.7.3 Ghost Shopping**

Companies can hire persons to pose as potential buyer to report on strong weak points experienced in buying the company's and competitor's product. These mysteries shoppers can even test whether the company's sales personnel handle various situations well. Thus a mystery shopper can complain about a restaurants food to test how the restaurants handle these companies. Not only should companies hire mystery shopper but also managers themselves should leave their offices from time to time enter company and competitors sales situation where they are unknown and experience firsthand the treatment they received as "customer". A variant of this is for managers to phone their own complaints to see how the calls are handled.

### **2.7.4 Lost Customer Analysis**

Companies should contact customer who have stopped buying or who switched to another supplier to learn why this happened. When IBM loses a customer, it mounts a through effort to learn where it failed. Not only is it important to conduct exist interviews when customers first stop buying. But it is also necessary to monitor the customer's loss rate. If it is increasing, this clearly indicated that company is failing to satisfy to customer.

## 2.8 Marketing Concept in Nepal

Economy of Nepal is characterized by excessive dependence on agriculture. The industrial sector is in a developing stage. The role of service has been growing in the recent years. Due to the topographical diversity of the country coupled with the transport and communication facilities, marketing has remained fragmented.

The public sector remains dominant in the Nepalese economy. The private sector is developing and is dominated by the family owned and managed business. The advent of global companies, especially in tourism and finance sectors, has resulted in the transfer on new marketing skills along with capital technology.

Marketing has traditionally remained a neglected aspect in Nepal. Enterprises tend to concentrate on the production and selling rather than marketing. The selling concept has serving as the marketing physiology of Nepalese managers. The public sector has generally remained to the marketing concept. The marketing concept has not been embraced by most Nepalese organization. This is clear from the following points.

- ) Management philosophy in most organization of Nepal does not emphasize customer orientation.
- ) Target markets have not been clearly defined by most Nepalese organizations.
- ) Marketing information system has remained very weak in most organization.
- ) Marketing activities have remained fragmented in the organization co-ordinate.
- ) Marketing department has not become is a part of the top management team.
- ) Organizations tend to be more interested in the producing products and making profit through selling and promotion. They seem least concerned about satisfying the needs of the customer.

Nepal has experienced significant socio – economic changes over last twenty five years. The supply driven marketing where organization could sell everything they produced, is increasingly giving way to demand driven marketing. The realization is gradually coming that customers and their needs are important in marketing. The increasing intensity of competitions in the Nepalese market has also helped in this regards.



Most of the banks which were not involved in customer oriented business have started practicing consumer orientation in their marketing efforts. Due to which the number of marketing professionals are increasing and have given them place to practice in those organization Besides, gradual emerge of the global companies such as Surya Tobacco, Pepsi, Coca-Cola etc are implementing new concept of marketing strategies in the Nepalese market as result Nepalese entrepreneurs could get chance to learn and development their marketing skills.

## **2.9 International Product Life Cycle and Marketing Strategies**

Product life cycle is a concept that attempts to describe a product's sales, profits, customer, competitors and marketing emphasis from its beginning until it is removed from the market. Actually, it is an attempt to recognize distinct stages in the sales and profit history of the company's product. Once the product is launched successfully in the market may be failure in the same market. A marketer should not assume that a product once developed and launched in the market successfully may be able to capture market in future also because of the changes in the product life cycle of the product with the passes of time

Product life cycle asserts basically the following four things:

- ) Products have a limited life after which the product may be dead if appropriate strategy is not adopted.
- ) Product sales pass through distinct stages, each posing different challenges to the seller;
- ) Products profits rise and fall at different stages of the product life cycle and
- ) Products require different marketing, financial, manufacturing, purchasing, and personnel strategies at different stages of their life cycle.

Greater the competition the shorter will be the shorter will be the life of the product. Similarly, fashion products will have a shorter life cycle. Since the international markets are highly competitive, the life of the entire product becomes comparatively shorter. There fore, the international marketers need to develop and launch the new products in international marketers very carefully to sustain in the markets.

For the successful implementation of products in international markets, the international marketers need to test, time to time, the product suitability and product adaptation in the international markets.

### **2.10 Review of Previous Research Articles, Books and Thesis**

In the ancient days goods and services were transported to the place of consumption by carrying at the back of people. Huge number of goods was transported by these methods. After years, the goods were then transported by these methods. After years, the goods were then transported by carrying at the back of donkey, horse, ox, and elephant. In the early modern age, the traders and merchants used donkey to carry goods and transported to the place of consumption. In ancient days' Nepalese, Indian, Tibetan merchant used donkey, sheep, horse, elephant and even people to carry goods from one place to another place to consume.

**Shrestha, K.S.** "International Marketing Decision". MBS Second Year. Buddha academic Enterprises Pvt. Ltd. Kathmandu. In the 21<sup>st</sup> century there are numbers of transportation facilities available. Today, transportation has become major issue for the customer satisfaction. The customer does not wait at one place to get goods and services. They are always attracted by other sellers who provide well transportation and services. So to meet the demand of the customer, the product is immediately transported to the market for the availability of the customers.

The 21<sup>st</sup> century business person, use many means of transportation, huge amount of product is transported by truck, lorry, cargo van, cargo aero plane, helicopters and rails. Similarly, the liquid products like oil, petrol, diesel, gas are transported by tanker.

The influx of Korean Vehicles in Nepal is changing the contours of the domestic auto market. Luxury car markets are expensive and cheap car are not luxuries. That's the way it has been. But the fast growing Asian manufactures of low priced vehicles are breaking this fight compartmentalization around the world and through Nepali auto market is small.

The speedy growth of Korean auto giants have also compelled other global manufactures including Indian vehicles manufactures to offer new choices to buyers which certainly is an advantages to customers. On the basis of Himalayan news service. (*The Himalayan Times August 19/2005 p8.*)

There is significant growth in automobile sales, both new and old, is closely associated with the changing life style and increased purchasing power of people. Buying a used car is still remains a nerve-wracking experience for most. The market for second hand cars lacks specific rules and regulation or market that is not yet organized properly. However, the number of enterprises involved in buying, selling and exchanging reconditioned vehicles has already crossed three dozen alone in the Kathmandu valley, which in itself is a proof that the market for reconditioned automobiles is getting into the curse mode. Most of the reconditioned automobiles is getting into the curse mode. Most of the enterprises are low retail distributors of all major brands of vehicles available in the market. So one can buy or exchange either new or reconditioned vehicles at such enterprises.

➤ **“The Himalayan Times”, Daily News paper.**

Almost all brands of reconditioned cars, raining from Japanese to Korean, Indian to Chinese and others are available in the market. Due to traditional brand loyalties Japanese brands still enjoy brands still enjoy a leading position. Whereas Indian and Korean vehicles have also been able to capture a substantial market share in recent years. Usually reconditioned houses do not sell vehicles as they come, but instead they give them a distinct look overhaul all major parts of a vehicle, including denting-printing and putting on new tries to the market them resemble new vehicles are undertaken.

However, for a buyer it still is essential to check various parts of a vehicle thoroughly before buying a reconditioned car. The conditioned of engine, body gear-box, model and outlook along with proper documents govern the price of a vehicle.

**On The Basis of Himalayan News Service, “The Himalayan Times, “ The Indian Cars in Nepal, June 3/2006, p8**

Like old wine in new attractive bottle can be an irresistible combinations, some existing car brands in new looks have had car lovers shelling out cash for them.

In 2004, most Indian four wheelers brands launched already existing brands in new looks. For trusted performance, technical specification was kept same, whereas interiors exteriors of the vehicles were redesigned to match the changing taste of customers

**On The Basis of Himalayan News Service, “ The Himalayan Times, “Nepal Auto Show 2005 June 17 2005 P8**

Although Nepal’s economy is progressing slowly, Nepali car marker has been continuously widening scope in terms of brand expansion and launch of new model. The completion has been cut throat.

Japanese, Korean and Indian cars have their own strong holders in different segments and categories for decades, through the market seize is relatively small, cars makers from other countries are eyeing to push their product in Nepal.

Malaysian car made their debut a few years ago. Today, two major Malaysian car made their debut a few years ago. Today, two major Malaysian car manufactures have their product in Nepal.

Malaysian car made their debut a few years ago. Today, Two major Malaysian car manufactures have their product in Nepal. Within a short span of rolling in, the Malaysian cars have won the hearts of its 515 plus customer.

**On The Basis of Himalayan New Service, “The Himalayan Time” , The Wheels June 28/2005, p8**

The auto market in Nepal has witnessed a phenomenal growth over the last decade, despite many economical hindrances. Dominated by Japanese and Indian Models early

90's the competition escalated with the influx of Korean cars in the domestic market mid 90's. Competition became fierce and sale of vehicles sky-rocked when financial institutes started offering auto loans on easy installments and low interest rate @ 7-9 percent. The auto loans increased accessibility of the middle class to own automobiles. Today, if some one has steady income source of about 25000 per month a car is no longer dream. Today, more than 80 percent are vehicles are being sold under finance scheme. It is not that people do not have buying capacities but with easy availability of vehicles, people can invest the same money in some other business. Though financial scheme from commercial banks have helped expand sales in urban a lack of attention to rural areas has kept the sales of multi-utility vehicles low.

Nepali buyer are more concerned with price, brand loyalty is driving force too. As people's taste change they migrate to new segments. Researchers are beginning to develop some base format an about market studies including market potential studies what follows are briefing description on same of the thesis on the market potential o same of the customer good. (*Auto magazine 2007*)

**Malla S.** Conducted a research study entitled "A study on Market Potentials of Chevrolet AVEO in Kathmandu" with the objectives of:

- ) To find out and analyze the market potential of cars in Kathmandu Valley with a special focus on mid-sized, affordable cars, commonly known as C-segment.
- ) To analyze market potentiality of Chevrolet AVEO.
- ) To find out customer's attitude towards toward Chevrolet AVEO.
- ) To suggest and recommend for the improvement to all concerned parties on the basis of finding and customers' base on this study.

#### **Malla's Findings Were**

- ) In Kathmandu valley, total registration of car, van, jeep, is in increasing trend every year. But sales for the last few years are affected adversely by political insatiability and Maoist insurgency.

- ) By analyzing last two months sales of AVEO, researcher found that AVEO has been able to grab large part of market share which shows that market potential of vehicles is very positive.
- ) By doing survey on most preferred car by customers in Kathmandu valley in terms of its features, researcher found AVEO got highest rating which proves it to most like cars in C- segment.
- ) By analyzing rating of various attributes of cars by respondents, researcher found that customers give most priority to availability of spare parts followed by safety and fuel efficiency.
- ) By doing analysis on most potential customers researchers found that business man are the most potential customers in Kathmandu valley Chevrolet AVEO.
- ) By going through price of all competing C-segment cars, researcher found that Chevrolet AVEO is priced average on C-segment category with highest being Toyota Yaris.
- ) By SWOT analysis of Chevrolet AVEO, researcher found that brand awareness and trust of the customers towards General Motors products are biggest strength of the vehicles whereas high price can be considered against weakness. Opportunity of AVEO is there are many

#### **Malla's Study on: Passenger Car Market Share Analysis.**

Maruti was a market leader with 36 percent market share in 2061/62. Its market went up to 39 in 2062/63. Interestingly, the market share rose up to 3 percent even of growing competition. The reason for the growing market of Maruti brand can be Maruti 800 which is sole choice for the taxi which was also geared by the government decision to replace black tempos with Maruti 800.

Similarly, Hyundai has remained in second position for the both 1 a row with 24 percent and 26 percents for the year 2061/62 and 2062/63 respectively. It is because of the famous model Hyundai Santro. The B-segment hatch back is a smaller, cheaper,

attractive car, which is very popular in India and Nepal. In addition, the deal company has also time and again done and aggressive marketing.

AVCO international Pvt. Ltd. Sole authorized dealer of Hyundai Santro has been pursuing varieties of promotional programs to attain and retain its customers. Since launching of the car, Dashain offer, exchanging Mela, cash discount etc.

**Table 2.1**  
**Passenger Car Market Share Analysis in Kathmandu**

<b>Brand Name</b>	<b>Units sold in Fiscal Year 62/63</b>	<b>Market Share in Percentage</b>	<b>Units Sold for Fiscal Year 63/64</b>	<b>Market Share in Percentage</b>
Proton	35	2%	39	2%
KIA	278	14%	236	11%
Hyundai	502	24%	515	26%
Perodua	39	2%	30	1%
Nissan	56	3%	39	2%
Maruti	753	36%	804	39%
Suzuki	76	4%	46	2%
Tata	31	5%	129	6%
Toyota	31	2%	51	2%
Opel	76	5%	82	4%
Chevrolet	7	0%	8	0%
Others	88	4%	110	5%

For the comparative study of cars it is necessary to understand segmentation of car on different bases. It is improper to put all big cars under same category for the purpose of study. Moreover, marketers have categorized big cars into segments, based on luxury, price economical cars.

### **On The Basis of Price**

Prevailing prices actually reflect the various attributes features offered in a car. The more the features offered, the more the prices customer is bound to pay.

### A- Segment

Car priced up to 10 lakhs are under are under this segment. For example Maruti Omni. These are the cheaper car available so for in Nepal. A total of 1838 units' cars of the class were sold over the past3 year. Market position of this segment cars are shown below:

**Table 2.2**

#### Market Position of A – Segment Cars

Year	2061/62		2062/63		2063/64	
	Sales Unite	Market Share	Sales Unite	Market Share	Sale Unite	Market Share
Maruti 800	291	74%	697	80%	470	81%
Omni Van	104	26%	165	20%	111	19%

### B-Segment

This segment covers the vast variety of cars. However, there is a intense competition among Tata Indica, Hyundai Santro and Maruti Alto, Zen, and so on small cars relatively cheaper. The price ranges from 11-16 lakhs. 1990 units of this segment car were sold over the past three 3 years.

**Table 2.3**

#### Market Position of B – Segment Cars

Year	2061/61		2062/63		2062/63	
	Sales Unite	Market Share	Sale Unite	Market SHARE	Sale Unit	Market Share
Indica	160	22%	92	17%	123	17%
Maruti Zen	40	6%	0%	0%	67	9%
Maruti W.R.	7	1%	23	4.30%	68	9.28%
Hyundai Santro	438	60%	361	68.11%	438	60%
Fait Palio	71	10%	15	2.83%	6	0.80%
Perodua	12	1.50%	39	7.33%	30	4%
Total	728	100%	530	100%	732	100%

### C- Segment

Cars with price range from 17 lakhs to 24 lakhs are under this segment. Honda, KIA, Opel Ford are the winner in this segment in term of sales. They are sadden type, mid



sized cars. This segment registered a sale of 522 units were sold over the past 3 year.  
Cars under this segment include.

**Table 2.4**  
**Market Position of C-Segment Cars**

Year	2061/62		2062/63		2063/64	
Model	Sales Unit	Market Share	Sales Unite	Market Share	Sale Unit	Market Share
Chevrolet AVECO	-	-	-	-	3	2%
Tata Indica	-	-	12	5%	6	4%
Maruti Esteem	11	17%	22	8.80%	3	2.00%
Hyundai Accent	18	11%	-	-	-	-
Ford Ikon	21	14%	6	2.40%	-	-
Opal Crosa	14	8.70%	76	30.50%	82	52%
Honda city	34	21%	23	9%	18	12%
Mitsubishi lacer	-	-	-	-	-	-
KIA Rio	63	39%	87	35.00%	15	10%
KIA Ceranto	-	-	6	2.40%	9	6%
Toyota Echo	-	-	17	6.80%	21	13%
Total	161	100	249	100%	157	100%

### **D-Segment**

All imported, expensive luxury cars are D-segment or more cars. Until recently, it was just Toyota corolla which ruled the states with an aggressive price and a brand image that worked everywhere in the world. But now the range of choice has broadened. Some of the D-segment cars are:

Toyota Corolla

Toyota Echo

Honda Civic

Mitsubishi Lancer

Toyota Camry

Mercedes Benz

Suzuki Liana

**Rai R. (2003).** “A study on advertising and sales promotion of Cars in (with a special reference to Hyundai Santro)” revealed that the automobile business is one of those sectors of Nepalese business which aggressively uses advertising and promotion to promote their business, and every automobile dealer is coming out with competitive promotional schemes, that includes financing schemes at lowest interest rate.

The basic objective of the study was to evaluate effectiveness of advertising and sales promotion for attaining and retaining the marketing concentrating on automobile business in Nepal.

The study also aimed to analyze the importance of promotion in building a company’s reputation.

Both primary and secondary data were collected for the purpose. Field survey was done to collect primary data from the market, using questionnaire and personal interview, promotional activities planned and implemented by AVCO international Pvt. Ltd was analyzed. Lastly, the researcher recommended bringing out advertising and promotional scheme regularly.

Bhandari conducted a research study entitled “Brand Performance Study on Motorbike with Reference to Kathmandu City” with the objectives of

- ) To identify the profiles of consumer of specific brand.
- ) To examine product attributes sought in the motorbike brand
- ) To access to consumer’s perception on the brand preference.
- ) The researcher was mainly focused on brand loyalty in motorbike market in Kathmandu, but he has explained some finding requiring purchasing behavior of people which can be relevant to other goods purchases too. His findings are:
  - ) Consumer gives more preference to large brand of variety of product.
  - ) The price factor has been found as the main factor brand.
  - ) Consumer can be convinced by warranty and guarantee.
  - ) The decision process is given attested by product attributes.

- ) Consumers are being more informative and analytical in Kathmandu city.
- ) People in Kathmandu can provide less brand loyalty with respect to price deviations.
- ) Consumers purchase product having uniform use in house than personal use.
- ) Consumers are price sensitive.

**Baniya L.B.** conducted a research entitled “A study of Buyer Behavior in Pokhara with Special Reference to Cross Cultural Buying Pattern” having the following objects:

- ) To find out the brand pattern and purchase frequency of clothing and the grocery products for British Gurkhas and local people.
- ) To examine the store name and local people for the purchase of clothing and grocery.
- ) To find out the attitude of British-Gorkha and the local people towards bargaining
- ) One Hundred of respondents were selected for the study. This study was based on primary data. The major findings of the study are :
- ) The purchase frequencies of people from one area are similar to large extent.
- ) Foreign influences vital in purchasing brand across the nation.
- ) Awareness of people for product is different for variety of product.
- ) As for as the criteria used to choose a product is concerned, Quality and price come first.

**Basnet G.** Conducted a project work entitled “A Report on Marketing strategy of Tata India” The objective of the study was to analyze the small car market in Nepal and aimed to unfold the problems relating to marketing of cars in Nepal.

The researcher collected data from both primary and secondary sources. Primary data collection involved usual instruments of survey like interview, questionnaire, and observation. Survey results showed that 52% of the respondents planned to buy a car within a year. 16% planned to do it in 2 years. Similarly 56% of the respondents planned to spend 8-10lakhs. Tata Indica (Diesel) at the time was priced at 7.25lakhs. This showed a good prospects and potential for the Tata Indica. An approximately, two third of the response favored diesel engine car due to economy in operation.

The study on Tata Indica suggested that small car market in Nepal is expected to grow further, and market potential of Tata Indica is high being a small, cheap diesel car. The study results showed that small car market is characterized by intense competition amongst few players in market. The researcher has also come out with some recommendations. She points out that in order to provide better facilities to the customers, Sipradi Trading, the dealer has to develop its marketing strategies and implement it aggressively. She also recommends that company will have to position itself in the market targeting a particular segment of customers, in the face of rumor that cheaper family cars will be flooded from neighboring country China in the Nepalese market, She also recommends a more strategic advertisement campaign.

**Batagoo M.** conducted a research entitled “Consumers’ Behavior Towards Buying Cars in Kathmandu Valley” the object of study was to analyze the consumer behavior towards the car buying in Nepal.

The researcher collected data from both primary and secondary data. Primary data collection involved usual instruments of survey like personal interview, Questionnaires and observation and secondary data collected from the authorized agency and reasonable resources.

Researcher find out that consumer behavior is the most important psychological and physiological aspect, which influences their buying decision. The logic just mentioned defines the fact that the success and failure of any business firm entirely depends on consumers’ reaction to its offerings of a product or services to that product. It is therefore essential for marketers or manufacturers to understand the consumer buying behavior as far as it is possible. Understanding consumer behavior itself is a complex task, it requires continuous efforts of investigation and exploration of consumer, customer’s response and suggestion. However such practices are rare in Nepal. The study, therefore, focuses on market segmentation of car market, understanding the factors influencing the consumer’s buying decision, buying process and their awareness level.

The modern marketing theory is based on the satisfying the customer. To reach this assumption, the marketers should concentrate about the consumer behavior in decision making. The success and failure of business is depended upon the consumer's reaction on the firm's marketing mix. It is therefore marketers need to analyze behavior of consumer to make the best marketing Decision.

According to researcher's conclusion, consumers in Kathmandu, Valley show mixed behavior due to their economic states, education professional life, brand awareness etc. The Kathmandu valley is growing rapidly, car market is growing rapidly. Consequently, car selling has become complex competitive and challenging. To survive in such a changing and intense competitive business environment, the marketers have no option rather than understanding buyers behavior and implementing strategy as per requirement.

Researcher has tried to find out the major market segmentations factors influencing car buying decisions, buying process and brand awareness of customer's of Kathmandu valley.

An interesting fact to note of the total vehicles registered throughout the country, over two thirds are in Bagmati Zone and more than 52 percent vehicles are in Kathmandu valley alone. This makes study relevant nationwide.

Researcher also cleared that there are different customer groups of car buyers, they have different decision process, and they are influenced by different factors and features during car buying. The important market segments, important features of Kathmandu valley. They are now more informative and analytical in Kathmandu valley. They are brand aware and more or less satisfied.

Researcher recommended that it could be helpful for developing: specific marketing campaign targeting specific market segment, identify popular features and factors that customers of Kathmandu valley for specific brand of vehicles. New exclusive study could be started to find out the level of: brand awareness, customer's satisfaction and effectiveness of promotional effects.

## **CHAPTER-III**

### **RESEARCH METHODOLOGY**

Research methodology is concerned with various methods and techniques which are the process of research studies. It includes wide range of the methods, including quantitative for data analysis and presentation.

#### **3.1 Research Design**

The objective of the study is to make the comparative study is to make the comparative study of the marketing practices of Hyundai & KIA cars. This research would processed with descriptive, exploratory and analytical methods in combined form.

#### **3.2 Population and Sample**

In Nepal, different brands of vehicles are imported and sold. There are almost 24 brands of vehicles that are sold in Nepalese market. Among them, Toyota is the most sold Japanese luxury vehicles, where as Maruti & Tata are most sold middle class vehicles. The different brands of vehicles that are available in Nepalese market are as follows:

**Table 3.1**  
**Different Brands of Vehicles Available in Nepal**

S.No.	Brands	Importer/Authorized Dealer
1	Force	Nakasu Motors P.Ltd
2	Yoyota	United Traders Syndicate P.Ltd
3	Tata	Sipradi Trading P.Ltd
4	Maruti	Arun International Traders
5	Proton	Hansraj Hulaschand & Co. P.Ltd
6	Mutsubishi	Amatya Enterprises P. Ltd.
7	Ssayangang	Hasnsaraj Hulaschand & Co P.Ltd
8	Mahendra	Agni Incorporated P.Ltd
9	Opel	Vijaya Motors P.Ltd
10	Honda	Syakar Company P.Ltd
11	Mazda	Padma Shree P.Ltd
12	Pedorua	Nemlik International Traders P.Ltd
13	Suzuki	Arun International P.Ltd
14	KIA	Continental Trading Enterprises P.Ltd
15	Chevrolet	Vijaya Motors P.Ltd
16	Nissan	Dugar Brothers & Sons
17	Fiat	Bhajuratna Agency P.Ltd
18	Ford	Dugar Brother & Sons
19	Daewoo	Hansaraj Hulaschand & Co. P.Ltd
20	Hulas Motor	Hulas Motors P.Ltd
21	Tata Leyland	Asian Auto Traders
22	Isuzu	Sankar Automobiles Agency
23	Mercedes Bench	N/A

*Source: Primary Data Collection, 2010*

The entire importer has provided competitive packages to the customers. They have their own showrooms and service centre in the Kathmandu and in the other cities of the Nepal as well. All the importers sell their vehicles all over the Nepal. Among them, my research will concentrate only on the two brands they are as follows:

**Tables 3.2**  
**Research Concentrated Brands**

S.No.	Brand	Importer
1	Hyundai	AVCO International Pvt. Ltd
2	KIA	Continental Trading Enterprises Pvt. Ltd

### **3.3 Data Procedure**

Information and data would be collected through various ways. Questionnaire, interview, observation would be done for primary data and office records, published data, statements and balance sheet would be taken for secondary data. Customers of attitude towards different brands of cars would clearly be reflected in the questionnaire. Purchase behavior shown by potential buyer of car will also reflected in the questionnaire.

### **3.4 Tools for Analysis**

The main purpose of analyzing the data is to change if from and unprocessed from to an understandable presentation. The analysis of data consists of organizing, tabulation, performing statistical analysis and drawing inferences.

The data presented in the following:

#### **a. Pictorial Presentation**

- Bar Charts
- Pi-Charts
- Graphs

#### **b. Tabulation Presentation**



## **C. Statistical Presentation**

- Measure of Central Tendency
- Measure of Dispersion

### **3.5 Methods of Analysis & Presentation of Data**

The presentation of data is the basic organization classification of the data for analysis. After data collection is completed, the data will be in the row form. The data will still be on questionnaires, data collection forms, and note cards. It is necessary to arrange the data so that it makes some sense to the researcher and so that it can be later be presented to the researcher.

A very common way of presenting data for two variables, which have a relationship, is a figure or chart. Not all data can be presented in figures. It works best when the data is continuous. This is a characteristic of parametric data. Figures and tables would be used in the thesis to show the data so that anyone can easily understand.

#### **3.5.1 Diagrammatic and Graphic Representation of Data**

Graphs and diagrams would be used in the thesis which are used for the presentation of statically data in the form of geometrical figures like points, lines, bars, rectangle, circles etc. There are three types of diagrams. They are as follows:

##### **1. One Dimensional Diagram e.g. Bars Diagrams.**

- a. Simple bar diagrams
- b. Sub-divided bar diagrams
- c. Percentage bar diagrams.
- d. Multiple bar diagrams

##### **2. Two Dimensional Diagrams e.g. Square, Circles.**

- a. Pie – diagram

The graphic representation of times series helps in analyzing the change in the variables with respect to the change of time. The data forming the time series presented graphically

is known as time series graph or line graph or histogram which would be used in the thesis. Types of graph as follow.

- Graphs of one variable
- False base line
- Graphs of two or more variables.
- Graphs of two variable (on different scale)
- Range graphs or Zone graphs
- Graphs of frequency distribution

### **3.5.2 Statistical Analysis of Data**

Various mathematical & statistical tools such as measure of central tendency, measures of dispersion, time series and hypothesis tests would be done to reach to a conclusion and to draw findings. Correlation and Regression analysis would also be applied to draw the conclusion.

## **CHAPTER-IV**

### **DATA PRESENTATION AND ANALYSIS**

In is this chapter, the data collected are tabulated, analyzed and presentation in a reasonable and wise manner. The data presentation and analysis are based on the primary and secondary sources of information.

#### **4.1 Market of Hyundai Cars**

Hyundai branded cars are manufactured by Hyundai motor company Korea and Hyundai Motor India Ltd. Small passenger cars manufactured by HMIL whereas passenger car, jeep, truck etc are manufactured by HMC. Hyundai vehicles are loaded with advanced engine with glamorous looks and availability of high-tech safety and comfort to the passengers.

Hyundai Motor Company Korea and Hyundai Motor India Ltd manufacture different passenger cars and export in different parts of the world. Hyundai Motor India Ltd. Only manufactures "Santro" cars whereas Hyundai Motor Company Korea manufactured various modes. Hyundai brand is good itself in its product.

AVCO International Pvt. Ltd, the sole authorized dealer of Hyundai Motor Company Korea and Hyundai vehicles in Nepal and has its showroom at "Nagpokhari" Kathmandu. Till date more than 3000 Hyundai vehicles are running on the Nepalese road.

In Nepal many other competitions are also importing different brands of vehicles. To complete with them and to be present in each and every city of the country AVCO international Pvt. Ltd has appointed sub-dealers and agent in the different cities of Nepal. They are as follows:

**Table 4.1**  
**Sub-Dealers of AVCO International Pvt. Ltd.**

S.No.	Name of Sub-Dealer	City
1.	Royal Car Center	Kathmandu
2.	Universal Auto	Birjung
3.	Drive in	Kathmandu
4.	Paras Trading	Janakpur
5.	Am International Pvt. Ltd.	Kathmandu
6.	Carmart	Kathmandu
7.	Naxal Auto	Kathmandu
8.	Bijeswori International	Kathmandu
9.	Shiva shakti Auto	Kathmandu
10.	Mally Auto	Kathmandu
11.	Jonchhen Traders	Pokhara
12.	United Motors	Narayangarh
13.	Multimedia Supplier	Nepalgunj
14.	Raj Trading	Bhairahawa
15.	Kumari Auto	Biratnagar
16.	Auto Center	Biratnagar
17.	Jonchhen Traders	Pokhara

*Source : Office Record, 2010*

Thus, it can be sent that the market of Hyundai car is becoming strong. It successfully got the market and enjoying the considerable market in the Nepal especially in the Kathmandu city.

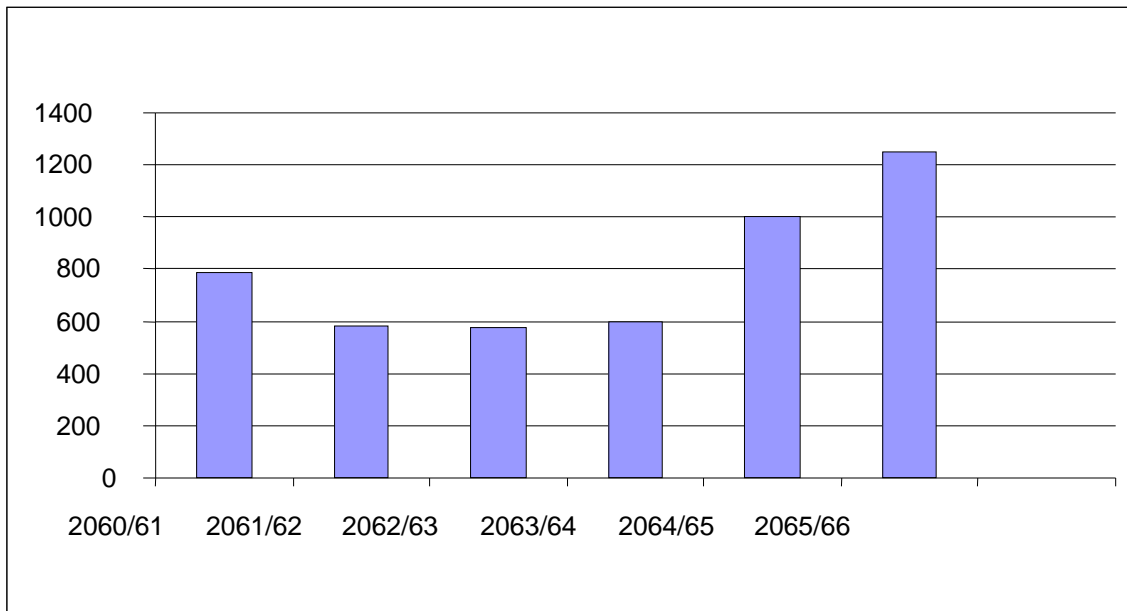
**Table 4.2**  
**Yearly Sales of Hyundai Vehicles**

Fiscal Year	Vehicles Sales Unit
2060/61	786
2061/62	579
2062/63	575
2063/64	598
2064/65	1001
2065/66	1250
Total	4789

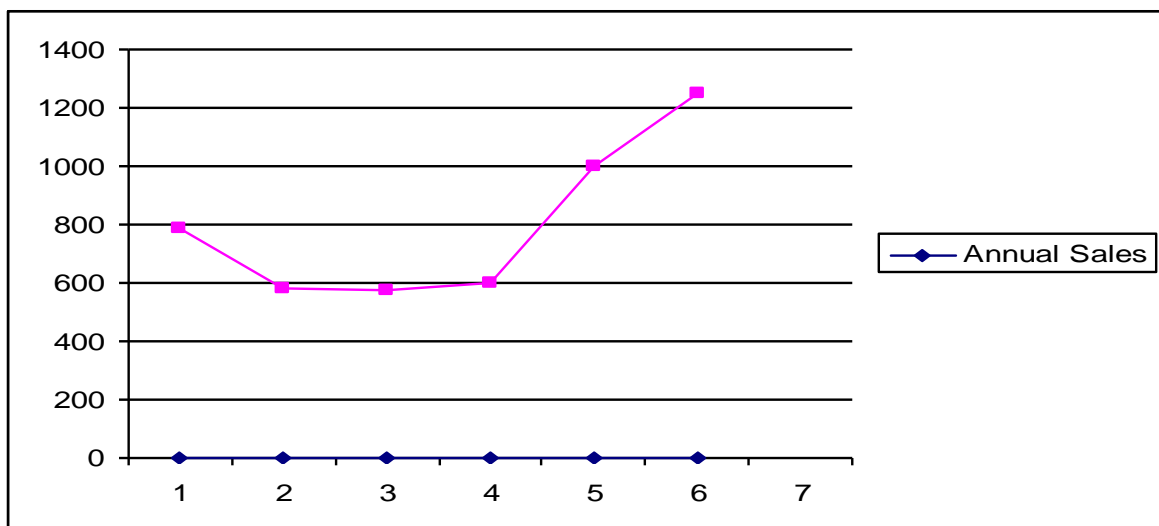
*Source: Office Record, 2010*

The above table shows that in the introduction year 786 units of Hyundai vehicles were sold which is very encouraging. The sales went up to 1250 units in the fiscal year 2065/66 which means that till 2065/66 B.S. Magh. Hyundai vehicles were a successful brand in Nepal. The sales trend is further discussed in the figures below:

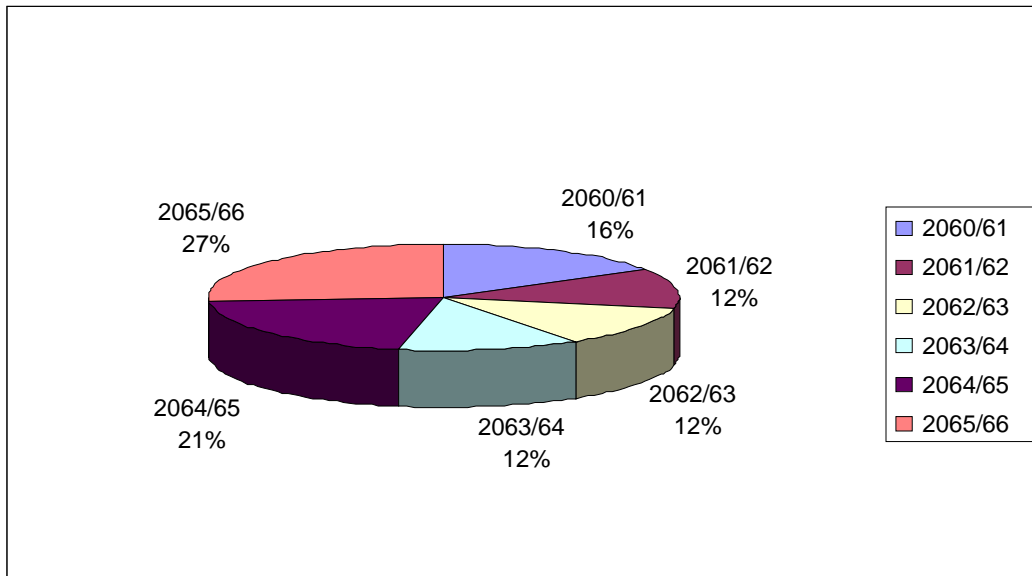
**Figures 4.1**  
**Yearly Sales of Hyundai Vehicles**



**Figure 4.2**  
**Yearly Sales of Hyundai Vehicles**



**Figure 4.3**  
**Yearly Sales of Hyundai Vehicles**



The above chart clearly says that on fiscal year 2065/66 1250 units of vehicles are sold which is 27% out of 100% that is the highest sales unit on the fiscal year 2060/61 only 575 units of vehicles are sold which means 12% out of 100% that is the least sales unit. Anyway sales are satisfactory of KIA brand.

### Hyundai

Statistical presentation of Data of

Measurement of Center, tendency form data,

Let the Hyundai Vehicles sales be  $x$  and the fiscal year be the  $N$ .

Then,

Total Hyundai car sold ( $\sum x$ )=4789

No. of year ( $N$ )=6

We know,

$$\text{Arithmetic mean } \bar{x} = \frac{\sum x}{N}$$

$$= \frac{4789}{6}$$

$$= 798.16$$

Therefore, yearly average sales of Hyundai is 798

Measure of Dispersion

Here,

Let the Hyundai vehicles sales be  $x$  and the fiscal year be  $n$  from the data.

Arithmetic mean 798

**Table 4.3**  
**Calculation of Standard Deviation ( ) of Hyundai**

Fiscal Year	Vehicle Sales (x)	$f_x Z \bar{x}^2$	$f_x Z \bar{x}$
2060/61	786	-12	144
2061/62	579	-219	47961
2062/63	575	-223	49729
2063/64	598	-200	40000
2064/65	1001	203	41209
2065/66	1250	452	204304
	$\Sigma x = 4789$		$\Sigma f_x Z \bar{x}^2 = 383347$

Now,

$$\text{Standard Deviation ( )} = \sqrt{\frac{\Sigma (x - \bar{x})^2}{N}}$$

$$= \sqrt{\frac{383347}{6}}$$

$$= \sqrt{63891.16}$$

$$= 252.76$$

Therefore the standard deviation of Hyundai vehicles is 252.76

Again, Coefficient of variance (CV) is,

$$\begin{aligned} \text{C.V.} &= \frac{\text{Standard deviation}(\dagger)}{\text{Mean}(\bar{x})} \times 100\% \\ &= \frac{252.76}{798} \times 100\% \\ &= 31.67 \end{aligned}$$

Therefore, coefficient of Hyundai vehicles is 31.67%

## **4.2 Marketing Mix for Hyundai Vehicles**

Here, the marketing mix of Hyundai vehicles is studied. The marketing mix or 4ps the Hyundai cars include.

- Product/Hyundai cars
- Price of Hyundai cars.
- Promotion of Hyundai cars.
- Place/distribution of Hyundai car.

### **4.2.1 Product/Hyundai Cars**

Hyundai is gaining the share of market. Its styles and benefits are tailored according to the Nepalese road. Hyundai is developed to meet the requirement of the Nepalese road. Its technical specification and features

Are developed to provide every possible comfort and satisfaction to its customers.



#### 4.2.2 Price of the Hyundai Cars

Price of the Hyundai vehicles is competitive in the market. It is thus being able to complete with other brand in the market. The price of Hyundai vehicles are highlighted as under.

**Table 4.4**  
**Price list of Hyundai Motors, Korea.**

Models	Price (NRS)
Hyundai Santro	RS. 1540000
Hyundai Santro GSL	RS. 1640000
Hyundai I10 Delite	RS.1660000
Hyundai i10 era	RS.1835000
Hyundai Magma	RS.1965000
Hyundai GTZ	RS.2250000
Hyundai Accent	RS. 2498000
Hyundai Tucson G1	RS. 3890000

*Source: office Price list 2010*

The above prices include the VAT along with road tax municipality tax, pollution tax and other registration expensive. Customers need not to worry about the ownership transfer and other government official duties. The running fiscal year's tax is paid by the company itself.

The price of the cars differs according to the models and options. The fully loaded is more costly than non-option cars.

#### 4.2.3 Promotion of the Hyundai Car

AVCO international Pvt. Ltd, the sole distributors of Hyundai cars, is pursuing the varieties of the varieties of the promotional programs to attain and retain its customer. Since launching of car, it has brought lots of promotion campaigns.

The hard efforts of overall AVCO international Pvt. Ltd and the promotional schemes applied by it have taken the car in a vary good track of the market. Promotional tools are

used after through study of the market and its customers demand. The competitors' activities are equally being studies of fit the markets' need and wants.

It is bringing the promotional programs according to the market situation and its trend. Sometimes, it allows normal promotional tools like advertising about the car to inform customers and to make them understand and remind about the product. At times it brings aggressive promotional campaign to achieve the sales and it is proved that target is met.

The AVCO international Pvt. Ltd has been using the media inform and promote the Hyundai cars in Nepal. It has been making the press releases and giving advertisement in different magazines and the daily news papers of the valley.

Here are the sales promotional activities and tool used by AVCO international Pvt. Ltd. To promote and sell the Hyundai vehicles in Nepal.

- Launching and re-launching.
- Attending trade fair/auto shows.
- Discount: cash discount/commission to sub-dealer.
- Exchange facilities/test ride to old car owner and new customers.
- Insurance : Free insurance/partial free insurance
- Service benefit: Extra free servicing / Free accessories.
- Extend warranty
- Extended loan period -10 year financing scheme.
- 0% interest rate for big vehicles
- Low equal monthly installment
- On the spot financing.
- Bumper schemes-financing, accessories, cash discount
- Free Himalayan Hyundai club membership
- Regular advertisement about Hyundai club membership
- Quarterly free service camps
- Title sponsor of golf game

#### **4.2.4 Place/ Distribution Channels of Hyundai Car**

AVCO International Pvt. Ltd. is extensively using these tools of marketing mix for the great sales and distribution of Hyundai cars. It has built large channel of distribution. It has development considerably effective networking by appointing dealers, sub-dealers and agent within and out of the Kathmandu valley. Now these types of distribution channels are, within or out of the valley. Thus, the Hyundai cars are running on the road of almost of all main cities of Nepal.

The company knows that the stock and availability of the product make the difference in the demand and the sales of the product. So as the Company launches new product, Hyundai cars Xing and i10, the dealer and the sub-dealer are supplied the car for displays. These sub-dealers and agents are provided certain amount of the commission for each sale of the vehicle. Any customer is offered the same price whether he or she purchases Hyundai car from AVCO showroom or from the dealers. Generally they buy these dealer buy the second hand car and sale the new Hyundai cars.

#### **4.3 Market of KIA Cars**

Today KIA has truly risen as a major local player and boasts an ever expanding product lineup that are sold through 179 distributors and over 3300 overseas in 155 countries around the world. KIA car is one of the luxurious and economy cars in automobile world. It equipped by computerized engine, has elegant looks and decorated by high interior and safety.

KIA cars are generally for middle class. In Nepal many middle class people are enjoying with KIA brand according to their income capacity and wish. Continental Trading Enterprises PVT. Ltd. Is the sole authorized distributor in Nepal for passenger vehicles manufactured by KIA motors of south Korea. Continental has a showroom in the heart of the city. Since the time of its establishment, the company has always striven for excellence and growth. Continental Trading Enterprises Pvt. Ltd. is gradually expanding its wings in the Nepalese market.

Hyundai brand is direct competitor of KIA brand because they are origin from the same county Korea. It has also appointed some of its sub-dealer. They are as follow:

**Table 4.5**  
**Sub - Dealers of Continental Trading Enterprise Pvt. Ltd.**

S.No.	Sub-Dealer	City
1	Sapana Automobiles	Butal
2	A & B Auto House	Pokhara
3	Ratna Laxmi Intrnational P.Ltd	Nepalgunj
4	Auto Market P.Ltd	Biratnagar
5	Bama Motors	Kathmandu
6	Mally Brothers	Kathmandu
7	Not Active	Surkhet
8	Not Active	Janakpur

Source: *Office Record*

KIA car is economy car so most people enjoying with KIA branded car according to their income and wish. Continental Trading is trying to do best in each and every city of Nepal.

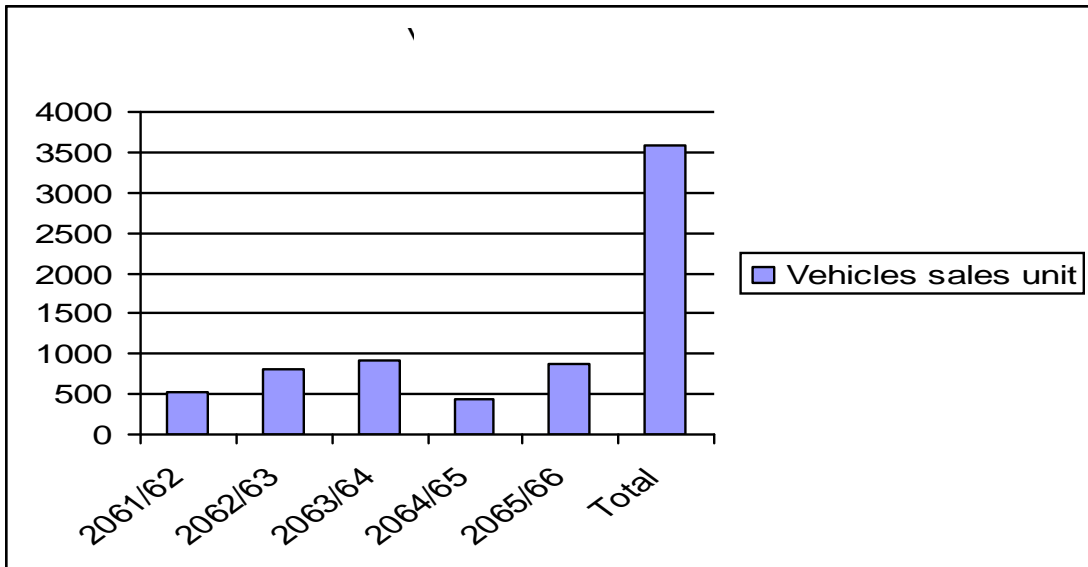
**Table 4.6**  
**Yearly sale of KIA Vehicles**

Fiscal Year	Vehicles Sales Unit
2061/62	530
2062/63	801
2063/64	924
2064/65	448
2065/66	880
Total	3583

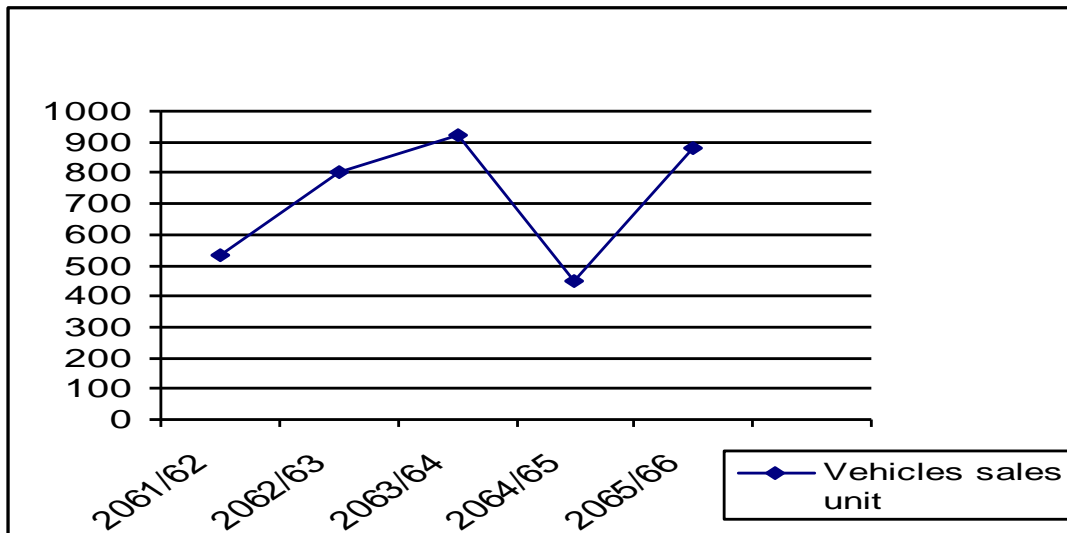
Source: *Office Record 2010*

The above table shows that KIA brand vehicles are going to the market more and more in every fiscal year but the in fiscal year 2064/65 only 448 are sold. But average sale of KIA brand is 716 so it is not sad thing. We will discuss it more in the figures below.

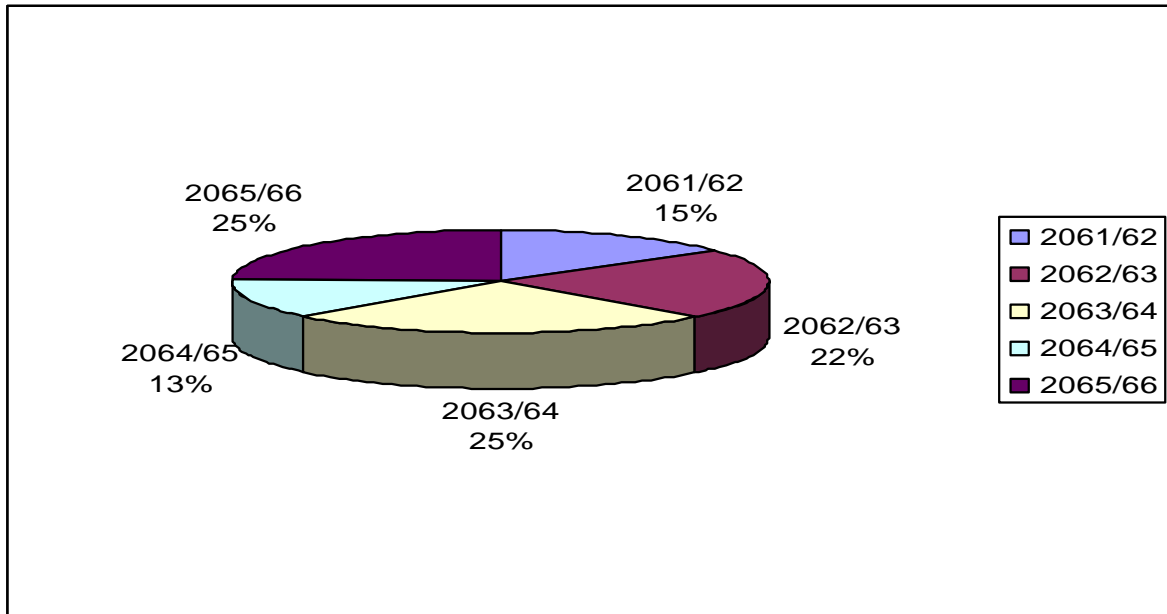
**Figure 4.4**  
**Vehicles Sales Unit**



**Figure 4.4**  
**Vehicles Sales Unit KIA Annual Sales with Micro-Bus (Trend Line)**



**Figure 4.5**  
**KIA Annual Sales with Micro-Bus (Pie Chart)**



The above chart clearly says that on fiscal year 2063/64 , 924 units of vehicles are sold which means 25% out of the 100% that is the highest sales unit and on the fiscal year 2064/65 only 448 units are the vehicles are sold which means 13% out of 100% that is the least sales units. Anyway sales are satisfactory of KIA brand.

**KIA**

Statistical presentation of the data:

Measurement of Central Tendency

From the data

Let the KIA vehicles be x and the fiscal year be the N

Then,

Total KIA vehicle Sold (  $\sum x$  )=3583

No. of year (N) = 5

Now,

$$\begin{aligned} \text{Arithmetic mean } (\bar{x}) &= \frac{3583}{5} \\ &= 716.6 \end{aligned}$$

Therefore, Yearly average sales of KIA vehicles are 716 units.

Measure of Dispersion

Here,

Let KIA Vehicles be x and the fiscal year be the N

From the data,

Arithmetic Mean – 716

**Table 4.7**  
**Calculation of Standard Deviation of KIA Car**

Fiscal Year (N)	Vehicles Sales X	$f_x Z \bar{x}$	$f_x Z \bar{x}^2$
2061/62	530	-186	34596
2062/63	801	85	7225
2063/64	924	208	43264
2064/65	448	-268	71824
2065/66	880	164	26896
	x=3583		$\sum f_x Z \bar{x}^2 = 183805$

Now,

$$\begin{aligned} \text{Standard Deviation ( )} &= \sqrt{\frac{\sum (x - \bar{x})^2}{N}} \\ &= \sqrt{\frac{183805}{5}} \\ &= \sqrt{36761} \\ &= 191.73 \end{aligned}$$

Therefore, the standard deviation of Hyundai vehicles is 191.73

Again,

Coefficient of variance (CV) is,

$$\begin{aligned} \text{C.V.} &= \frac{\text{Standard deviation}(\dagger)}{\text{Mean}(\bar{x})} | 100\% \\ &= \frac{191.73}{716.6} | 100\% \\ &= 26.75 \end{aligned}$$

Therefore coefficient of variables (w) of the KIA vehicles is 26.75%.

#### **4.4 Marketing Mix for KIA Vehicles.**

Here, the marketing mix of KIA vehicles is studied. The marketing mix or 4ps of the KIA cars includes:

- Product of KIA car
- Price of KIA car
- Promotion of KIA car
- Place / distribution of KIA car

##### **4.4.1 Product/ KIA Cars**

KIA has truly risen as a major global player and boasts an ever expanding product lineup that is sold through 179 distributors and overseas in 155 countries around the world. KIA car is one of the luxurious and economy car in automobile world. It is equipped with a computerized engine, has elegant looks and decorated with high interior and safety features.

KIA cars are generally for middle class. In Nepal many middle class people are enjoying with KIA brand according to their income capacity and wish.



#### 4.4.2 Price of the KIA

Price of the KIA vehicle is comparative in the market. KIA brand and falls in the middle class family. The price of KIA vehicles are highlighted as under:

**Table 4.8**  
**Price List of KIA Cars**

Models	Price (NRS)
Picanto	RS. 1799000
RIO	RS. 2327000
Ceranto	RS. 5500000
Sportage	RS. 3249000
Sportage Ex.	RS. 3439000
Sportage Ex1	RS. 3999000
Sportage Ex2	RS. 4249000
Sorento	RS. 5500000
Carens	RS. 3349000

*Source: Office Record*

#### 4.4.3 Promotion of KIA Cars

Continental Trading Pvt. Ltd. the sole authorized agent of KIA cars in Nepal is issuing various promotional in the market to attract the customers. It is providing finance schemes, free insurance schemes, free servicing schemes, test ride, mobile service etc.

Continental Trading Enterprises Pvt. Ltd. Attends show and also exhibits its car in different fairs and festivals. Here are the sales promotional activities and tool used Continental Trading Enterprises Pvt. Ltd. to promote and sell the KIA cars in Nepal.

- Attending trade fair/ auto show
- Mobile Kia service
- Discount \*cash\* commission agents
- Exchange facilities
- Test ride
- Insurance \*free insurance\* partial free insurance
- Service benefit

- Installment loan period up to 10 years.
- On the spot financing
- Regular advertising
- And many more

#### **4.4.4 Place/Distribution Channel of KIA Cars**

Continental Trading Enterprise Pvt. Ltd. Has built a strong distribution network through the country for the sale of KIA cars. It has appointed more sub-dealers and agents throughout the country for the effect distribution of cars, besides, for the quality customer service well equipped service centre is available in Kathmandu valley and each dealer and sub-dealer authorized for the servicing of KIA cars.

#### **4.5 Brand Image/Brand Loyalty**

The customer are brand conscious. They know what they are consuming and using. With the branded product they feel great satisfaction. Customers are paying money for the brand, and then product and service.

To attain and retain the customer for any product and service, their favorable brand image must be developed and established. Initially, it may be hard to gain the brand image, but once it gained it will upgrade the market for itself.

Customers of the automobile are also highly conscious about the product brand. They want to enjoy the brand name of the product along the products benefits and features.

Hyundai and KIA are well known and established brand names in the automobile market. They are highly honored in the automobiles business world. These brands are generally known for the comfort, safety and durability.

#### **4.6 Comparative Study of Hyundai & KIA Car**

The Hyundai and KIA are two different brand names in the automobiles world. They have different brand image in the world market. Both brands are from the same country

Korea so they are the direct competitor. Hyundai and KIA are in the 5<sup>th</sup> position in the worldwide sales 2007 AD. On 2007 AD, 4.23 millions vehicles are sold by Hyundai and KIA Company. So they ranked as 5<sup>th</sup> position.

Hyundai cars are best known for its style, comfort and high-tech engine. Hyundai cars have affordable price and could be afford by the person with income. On the other hand KIA also one of the renowned brand in Nepalese market for style and economic price.

In Nepalese market, there are many branded vehicles such as Toyota, Gelly, Coverlets, Tata, Maruti and so on. They difference according to their style, performance, option, euro engine, no of air bag. Different brands, brands and their market prices are given below.

**Table 4.9**  
**Price List of Other Cars**

Brand Name	Description	Retail Price in RS.
Geely	MR 7131 A (Semi Option)	Rs. 1875000
Geely	GS 1.5 M/T(Full Option)	Rs. 2000500
Zotye	DA4g13 (Full Opting)	Rs. 2150000
Lifan	LF 479Q3 (Full Option)	Rs. 1795000
Tata Indica	DLE (euro3)	Rs. 1640000
Tata Indica	DLS (euro3)	Rs. 1795000
Tata Xeta	GLE (euro3)	Rs. 1440000
Tata Xeta	GLS (euro3)	Rs. 1565000
Tata Xeta	GLG (euro3)	Rs. 1665000
Tata Indigo	CSGLE petrol	RS. 1835000
Tata Indigo	CSGLS petrol	RS. 1915000
Tata Marina	LS	RS. 2185000
Tata Safari	Safari 2.2L EX 4X4 euro	RS. 3890000
Tata Sumo	Sumo 4x4 TCCI	RS. 1980000
Tata Victa	Sumo Victa LX 10str EgR Euro	RS. 2325000
Mazda	Series 6	RS. 3835000
Mazda	Series 3	RS. 2856200
Force Traveler School	Schools	RS. 1800000
Force Traveler DV	DV	RS. 1400000
Force Single	4wd	RS. 1300000

*Source: Primary Data*

From the above table, the most trusted and liked brands names are Tata and Mahendra which is safety and luxury but it has economic price except Mahendra Scorpio. Both of them are very trusted for long lasting and pick up. In Nepalese road most of the truck and many heavy vehicles are of the Tata and Mahendra.

In Nepal, numbers of vehicle are imported for the transportation purpose. Some are for public use, some for transporting goods from on place to another place and other purpose. In thousands of vehicles are imported yearly are given below.

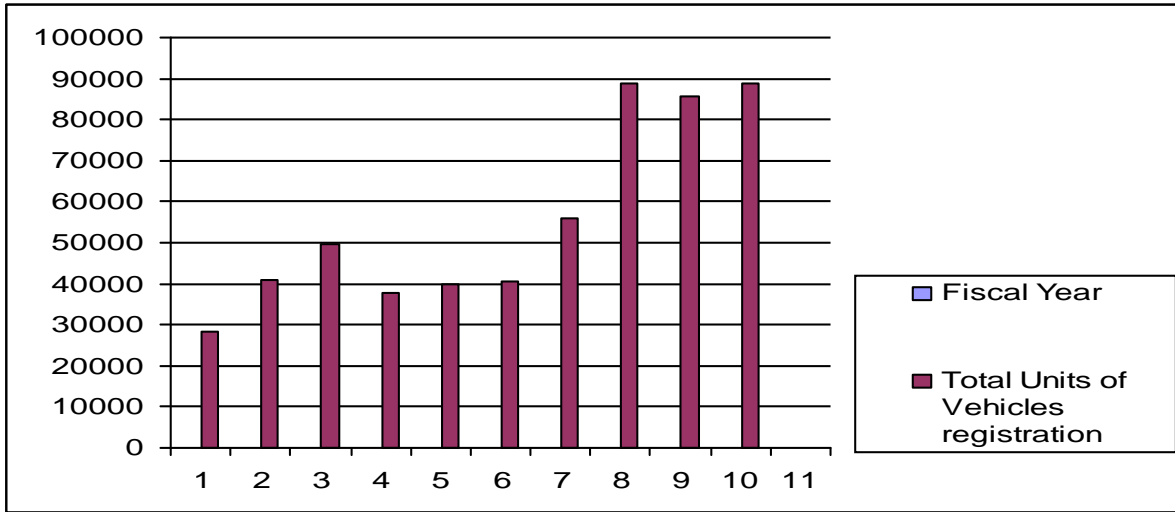
**Table 4.10**  
**Annual Registered Vehicles up to 2065/66**

Fiscal Year	Total Units of Vehicles Registration
2056/57	28280
2057/58	40995
2058/59	49560
2059/60	37610
2060/61	39699
2061/62	40531
2062/63	55775
2063/64	88735
2064/65	85739
2065/66	88740

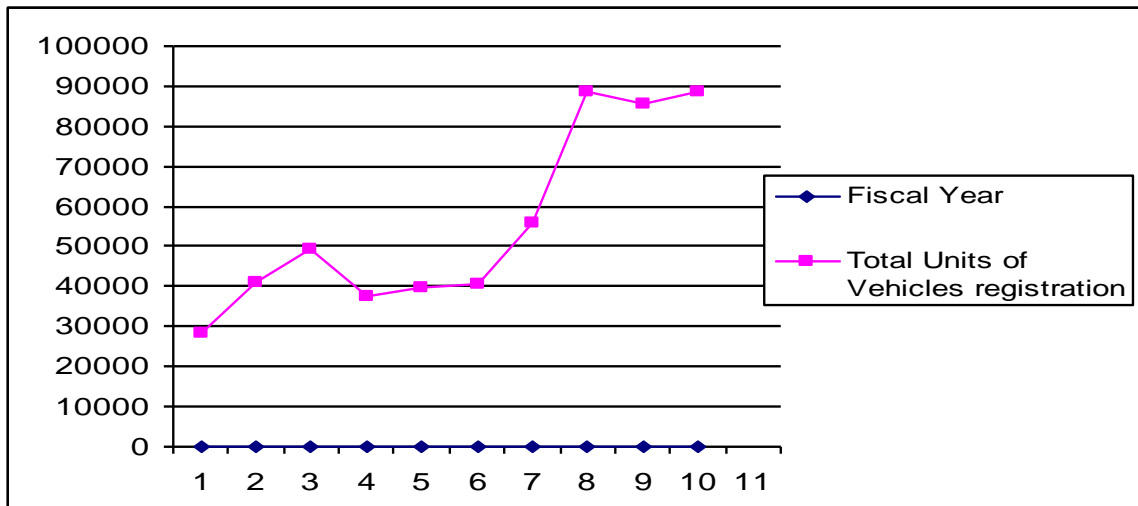
*Source : Dept. of Transport Management*

From above data it is clear that numbers of vehicles registrations are increasing in each year. In fiscal year 2056/57, only 28280 vehicles are registered. In other side in fiscal year 2065/66 88740 number of vehicles registered which is more than further fiscal year. We discussed more about in the figure below.

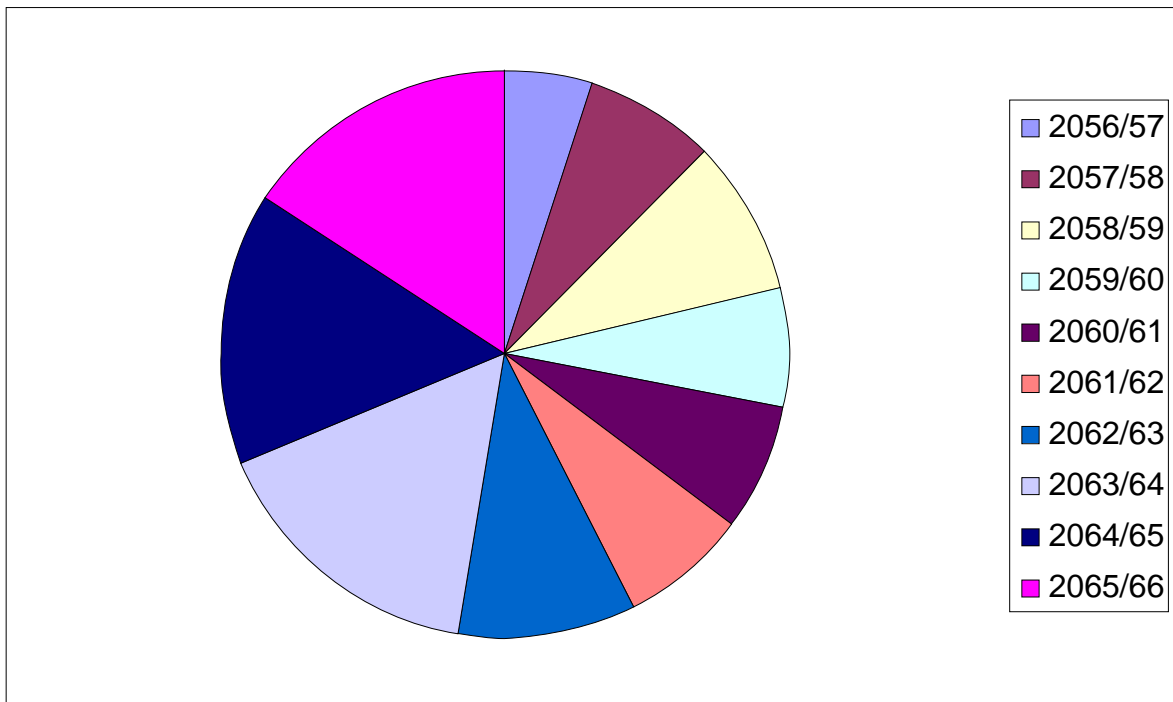
**Figure 4.6**  
**Total Units of Vehicles Registration**



**Figure 4.7**  
**Total Units of Vehicles Registration**



**Figure 4.8**  
**Total Units of Vehicles Registration**



Now, it is clear that registration trend of vehicles is continuous in increasing trend. From the fiscal year 2056/57 it was bottom line but in other side in fiscal year 2065/66 it was peak sales of the vehicles.

#### **4.6.1 Total Market Share of Hyundai and KIA Vehicles in Nepal**

There are many brands in the Nepalese market along with Chinese's brand. Different brands are struggling to be success in Nepalese market. Each brand is different to each other according to their technology, Luxury, safety, and price and brand loyalty. Each brand has its customers. Maruti has family customer, Mahendra has a professional person such as construction company, Driving professional etc. The share of Hyundai and KIA brands in the Nepalese is discussed as under.

**Table 4.11**

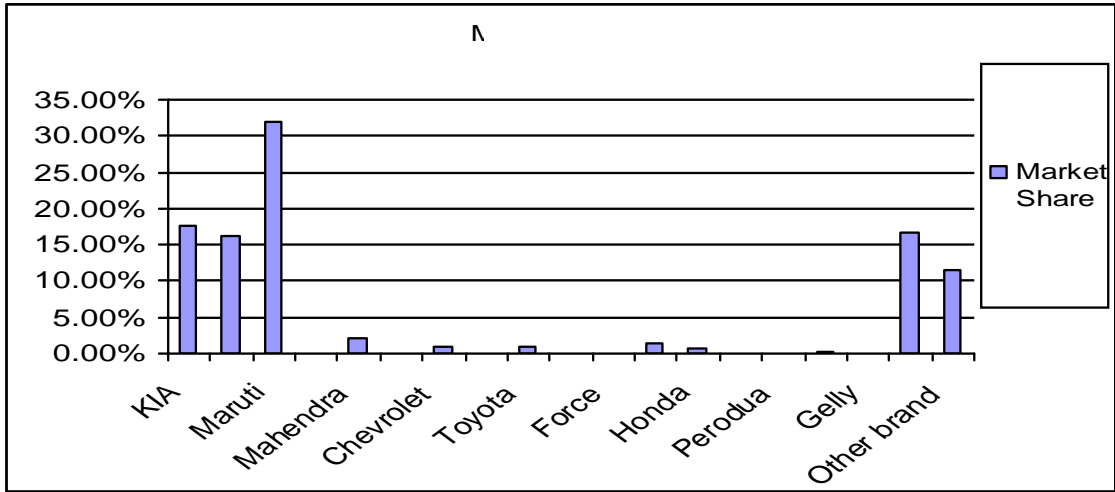
**Total Market Shares of Hyundai and KIA Vehicles in Nepal.**

S.No.	Brand Name	Market Share
1	KIA	17.7%
2	Hyundai	16.15%
3	Maruti	32.00%
4	Mercedes Benz	0.05%
5	Mahendra	2.00%
6	Mitsubishi	0.05%
7	Chevrolet	1.00%
8	Ford	0.05%
9	Toyota	1.00%
10	Proton	0.05%
11	Force	0.05%
12	Nissan	1.50%
13	Honda	0.70%
14	Opal	0.05%
15	Perodua	0.05%
16	BMW	0.16%
17	Gelly	0.05%
18	Tata	16.58%
19	Other brand	11.44%

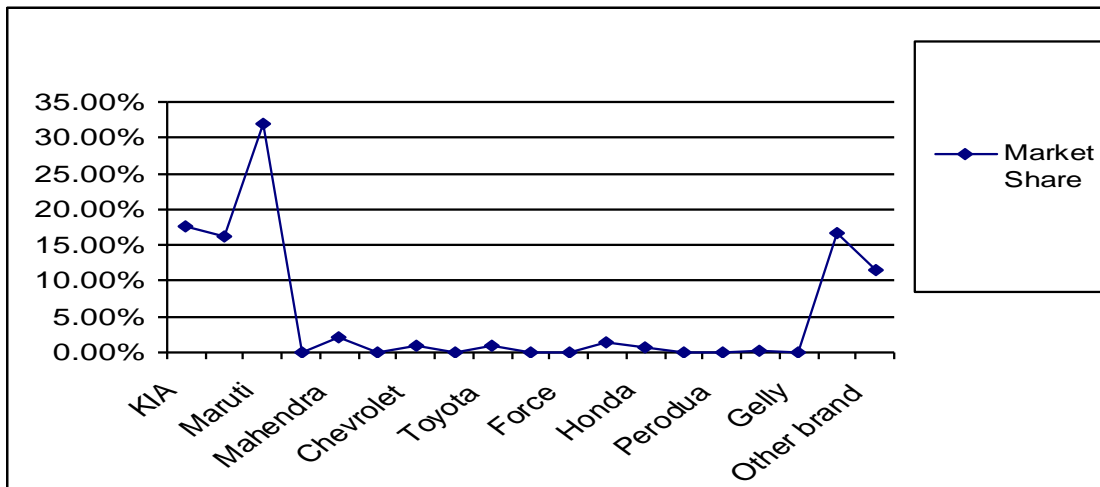
From the above table it is clear that the Maruti brand has the largest market share in the Nepalese market because no of Maruti brand is used as Taxi and cargo van. Another second brand is KIA which is used in private car and used as public car as micro bus. But Hyundai is third position in Nepalese market. This brand is used in private sector and somewhere it is used as taxi such as Pokhara and other city

The Further discussed in the figures below.

**Figure 4.9**  
**Market Share**



**Figure 4.10**  
**Market Share**



In the above figure directly showing that Maruti, KIA and Hyundai are top three brand of Nepalese market. These brands are doing many competitive work and bringing very effective scheme to customer to attract on own brands. Most of the sports event are sponsoring by these brand in the globally. KIA and Hyundai is direct competitor for each



other because they are from the same country Korea and they have to same market so it is very difficult to work from them to over take but in these days KIA has over took to Hyundai in the context of the Nepalese market. Mercedes Benz, BMW, Lamer Zen are most expensive brand for the Nepalese market so it is unsuitable comparison with Hyundai

Santro, i10 and KIA Picanto. To go with Hyundai and KIA, Mercedes Benz, BMW, King Royals need to start produce new economic class vehicles.

#### **4.7 Primary Data Analysis**

##### **1. Sales Force Opinion**

The following could be extracted as the findings from the sales force opinion survey:

##### **A. Feature and Factors Related**

###### **❖ Who influenced car buying decision?**

It could be interpreted that the car buyers in Nepal are influenced by their family, friends and relatives shows that the car buyer are more influenced by societal influence. The customer's his own influence has received third place in sales forces' option.

###### **❖ What factor influenced car buying decision?**

It could be interpreted that the factors that influence car buyer Nepal brand name, easy, financing scheme, social pressure, after sales service and fuel efficacy.

###### **❖ What features of car influence car buying decision?**

The important features that influence car buyer in Nepal are performance, exterior appearance, fuel efficiency, EMI scheme and buyback grantee.

###### **❖ Which media affect car buying decision?**

It could be interpreted that the important media that influence car buying in Nepal are television, newspaper, auto show and personal sales forces.

❖ **Which cars are most used in Nepal?**

In Nepal, most of the vehicles are the economic classes. Their prices are less and fuel efficiency is more than other car. In average they are 800-1300 cc such as KIA Picacto, Hyundai Santro, Hyundai i10 etc.

**B. Market Segmentation Related**

❖ Who are the buyer? What are their professions? What are their ages? What are their educations levels?

According to personal interview they are mostly business personal and their business are goods importer/supplier, professor, doctor, engineer and pilot. Majority of buyer are 30-35 years of age. Majority of buyer are educated. Majority of buyer are from family having monthly household income more than Rs.25000. Most of the buying process takes place with bank and finance companies financing.

**C. Buying Process Related**

❖ **What is the process of vehicles buying of customers?**

According to sales executive, most of customers are come to showroom. They asked about the vehicles. About 20-60 minutes' takes to inquiry the product and finally they say we will call you later. After 2days or more days they will come and give order.

❖ **What percent of customers go to for test drive of the vehicles before buying?**

According sales executives, the most of the customers do go for the test drive of car before buying mostly male customers.

❖ **When do customers buy a car? Are promotional activities during occasion attractive?**

Some customers buy car in special occasion such as greatest festival Dashain, Tihar in Nepal so authorized dealers used to do some festival discount offer and gift voucher for promotion. At the mean time dealer also used to auto show, vehicles rally on these occasions.

## **D. Brand Awareness Related**

### **❖ Satisfaction from Present Car**

The car owner's in Nepal seems to be satisfied from their car. Small but significant portion of car owners are satisfied from their car such as Hyundai Santro, KIA Picanto.

### **❖ Financial Institute is used for Vehicle Financing?**

Most of vehicles are financed by the A grade commercial bank such as Everest Bank Ltd, Nabil Bank Ltd., Laxmi Bank Ltd. NIC Bank Ltd. But the development bank and C grade finance company, co-operative bank are also engaged to financing the commercial vehicles and luxurious vehicles. Mostly vehicles loan interest rate is 9% to 13%. They negotiate according to vehicles type and customer.

## **E. What About the Road Condition?**

Most of roads are pitched they are now 4 lane but the government going to start to build the 6 lane high way road around the Kathmandu valley. Not only the most of the high ways are good but they are narrow in turnings. So the Nepal's roads are suitable for only small vehicles.

## **G. What kind of Marketing Strategies are KIA and Hyundai Company Using?**

AVCO international and Continental international Trading Pvt. Ltd. is getting aggressive to push the Hyundai and KIA cars in the market. It is adapting every possible and available promotional tool to sell its product in the market. Those schemes are also working to help the product. It wants to have the challenger attitude not the leader the market. The two companies believe that technologically advanced product and the strong brand appeal are pulling the feet of customers toward showroom. To capture the greater market share the companies is expanding its sub-dealers and personal sell agent. Not only that they also importing the most wanted vehicles such as Hyundai Santro, i10, KIA Sportage, Picanto. These cars and micro buses are demanded more than stock.

To capture more its market, both companies are regularly doing social work such as blood donation, sport event and exchanging facility, mobile service etc. They always

trying to launch new model and new technology such as I10 is new model of Hyundai brand and Sportage is new brand of KIA.

#### **H. Which Media Affect car Buying Decision?**

It could be interpreted that the important media that influence car buyer in the Nepal are i) Television ii) Newspaper iii) Previous user's Experience.

#### **➤ Decision**

From Above,

Average sales of Hyundai vehicles: 667.5units. Standard deviation of Hyundai vehicles: 166.56 Coefficient of variation of Hyundai vehicles: 24.93% Again, Average sales of KIA vehicles:684 Standard Deviation of KIA vehicles: 189.60 Coefficient of variation of KIA vehicles:31.60% According to above result, the average sales of Hyundai 667.5 units and KIA are 684 each year. The standard deviation of Hyundai and KIA are 166.56 and 189.60. Similarly, the coefficient of variance of Hyundai and KIA are 24.60 and 31.60 respectively, Since the coefficient of variance of Hyundai vehicles is 24.93% that is lower than KIA so KIA is more successful than Hyundai Brand.

According to above result we can say that marketing strategies of KIA car is more effective than the Hyundai car because KIA car was sold more than Hyundai car. The coefficient of carination of KIA is more than Hyundai car. It was happened because KIA cars were sold more than Hyundai car. The coefficient of variation of KIA is more than Hyundai car. It was happened because KIA cars were sold more than Hyundai it was possible be cause of marketing strategies. If marketing strategy is strong then sell can be raised.

#### **4.8 Major Findings**

We are in 21<sup>st</sup> century, every thing is going on globally so, Nepal is also member of WTO. Nepalese market is following the global market concept. It is not easy to do business in Nepalese market because of booming global economy, the increasing and

decreasing power of dollar I, increasing political unrest in the world, rising economic power of China and India in the world.

Being these environments Hyundai and KIA are well established brand in Nepal. Generally, Hyundai and KIA are renowned as economic car for the Nepalese people even these brand have world class vehicles such as Hyundai accent, Tucson KIA sportage, KIA Rio. Both brands have euro engine, Computerized engines, and air bags for safety.

Here are some important out puts of research. They are:

- ❖ Nepalese business person are importing world class vehicles like Land Rover, Mercedes Benz, BMW, Toyota Pajero, Land Cruiser in the country. Such vehicles have helped in the increment of the living standard of Nepalese people. The import of such vehicles in Nepal has obviously helped in the development of the transportation and also increased the RAJSO because in the vehicle import tax in Nepal is 100% on cost price.
- ❖ Hyundai and KIA brand is known as middle class being it has air bag for safety, comfort in driving.
- ❖ Since the fiscal year 2046/47 huge number of vehicles has been imported, this trend is going on; this trend clearly shows that the living standard of Nepalese people is going high.
- ❖ Government has announced to build the new highway around the valley with international standard 6 lanes; government should do this project as soon as fast. Other wise there will be long traffic jam. Besides this government should restrict the old vehicles from the second/third country.
- ❖ Government should check the sound pollution properly and should give green sticker only for the right vehicles and also need to give oral and practical training for professional/non professional drivers about the traffic rules engine performance.

In Nepal, all the vehicles are used in for transportation for goods and passengers. Generally, small as heavy vehicles are equally important in Nepal. Heavy vehicles like bus, truck, Tata-mobile micro-bus are use for transporting goods and passenger from one place to another place and small vehicles like car, taxi are used for the same purpose. These vehicles have different brands and made by different companies such

Hyundai, KIA Tata, Mahendra Maruti and so on. These brands have helped a lot in the development of transportation in Nepal.

International standard vehicle like Mercedes Benz, Toyota land cursor, Pajero, Hyundai Accent cars run in the Nepalese roads which have made the life of Nepalese people safe and comfortable. Hyundai and KIA both are the middle class vehicles and they are from the same country Korea. Hyundai and KIA also have standard car but in Nepal, middle class type such as Hyundai Santro, I10 and KIA Picanto, Prologue were sold more than high standard car like Hyundai Accent, Tucson, KIA Sportage, RIO.

## CHAPTER-V

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

Nepal has been importing number of vehicles in the country. Different brands and different country made vehicles are imported in the country. World standard vehicles like Lamer Zen, Mercedes Benz, King, Royals, BMW, Toyota, Coverlets etc has distributed a lot in the development of the transportation system in Nepal.

There were not enough vehicles in the city before 2046 BS. On that time there were limit vehicles for the public and could buy only the rich person. But after 2046 BS huge number of vehicles was imported. In each year, the thousand of vehicles are imported. Vehicles of different brands and quality are being imported in the country. In Nepal, World standard vehicles like Lamer Zen which is one of the most expensive in the world which cost about 7 cores RS.

Hyundai and KIA vehicles are doing well in the global market as well as Nepalese market, Hyundai and KIA are in the 5<sup>th</sup> position in the worldwide sales 2007 AD. On 2007 2007 AD, 4.23 millions vehicles are sold by Hyundai and KIA Company<sup>1</sup>. So they ranked as 5<sup>th</sup> position. On 2007, Toyota company was awarded as world 1<sup>st</sup> vehicles seller Company.

Nepal Governments has taken open policy and levied 100% tax and other extra duty in the vehicles even though number of vehicles has been importing in the country. There is no doubt that today's business era is the age of market. There is a proverb in Nepali "BOLENECO PETHO BIKCHA NABOLNECO CHAMAL BIKDAINA<sup>2</sup> "which who does marketing that person's rice would sell but who does not do marketing that person's rice would not be sold. So this Nepali proverb proved that marketing is must important work in the business sector since the accent time. But today we are in 21<sup>st</sup> century, any business cannot sustain with out the marketing. Marketing starts even before the business concept emerges. The concept of business needs marketing to get the identity in

The market and sustain in the global market competition. Marketing is most important thing in every stage of product life cycles.

There is no other voice against the importance of advertisement because it is true that advertisement plays a vital role in the field of marketing of any product and services. An ISO certified company and other successful companies are making expenses of huge amount on the advertising of the product or services. A remarkable portion of marketing budget is devoted to advertising. Advertisement has become a means of very easy and prompt mass communication. Any organization can communicate its mission, object, service and product to its target market. Communicate its mission, object, service and product to its target market. Advertising is one of the most important promotional tools that companies use to direct persuasive communications to target buyers and publics.

Profit earning, non profit earning and the government organization are frequently using advertising for their product, service, idea, mission and public issues. Shankar Group, UN, WTO, World Bank is also using the advertising. Even those national and international groups could not be denied.

In the automobile world, companies are using advertisement aggressively. They are doing through various means or medias such as print media, audio advertising (Radio), visual media (Film slide), audio visual media (film, television), Display (Window display, sky display), Hoarding boards, electric board). There is competition among the advertisers to cover the main page of the newspaper.

Every automobile dealer in Nepal is offering competitive schemes to its customer. Every possible facility is being offered to the market. Nepalese market of automobile has really become competitive. There are lots of automobile brand. Customers choose any of these brands. It is no doubt that customers have many options to choose. They can move anywhere as they like. To become successful in such hard market situation, each every marketer is trying to provide as much facilities as can be offered. They are using varieties of promotional tools to attract potential customers enquires toward showroom.



Today's important facilities being provided to the customer is financing facilities. Most of the customers want to use financing scheme. They don't want to freeze huge amount in the one product. They want to mobilize their money in earning parts such as real state and companies share. By this they easily can pay the installment. Knowing these Requirements of the customer, companies of the automobile are trying to reduce the interest rate. For this, they are trying to contract with different banks and finance company such as Hyundai company contract with Everest Bank Limited, Mahindra automobile company contracted with United Finance Co. On this period companies are offering interest @7%-9% on hire purchase. They are also offering 5-7 years installment time.

To achieve the targeted sales, customers are being offered varieties of facilities. Dealers and sub-dealer are also equally being motivated to the sell product. They are motivated by providing for display, making advertising, providing credit, Bonus scheme etc.

The effectiveness of advertisement and sales promotion in the sales promotion in the sales of automobiles has seen and proved. While advertisement pull these enquires from prospective customers and sales promotion offers incentive to make instant decision. These two terms of marketing supplement each other to sell the product as soon as possible. These two tools try to get the immediate result. These have short term effect. Effectively handled marketing tools can help to achieve the targeted result.

The supportive top management of the company for the advertising and promotions has facilitated marketing managers to become aggressive. Competitions of Hyundai and KIA are also aggressive as the market situation demands. They have regularly brought the fascinating schemes.

AVCO International and continental International Trading PVT. LTD. Are getting aggressive to push the Hyundai and KIA cars in the market. It is adapting every possible and available promotional tool to sell its product in the market. Those schemes are also working to help the product. It wants to have the challenger attitude not the leader the

market. The two companies believe that technologically advanced product and the strong brand appeal are pulling the feet of the customers toward showroom. To capture the greater market share the companies is expanding its sub-dealers and personal sell agent. Not only that they also importing the most wanted vehicles such as Hyundai Santro, I10, KIA Sportage, Picanto. These cars and micro buses are demanded more than stock.

To Capture more its market, both companies are regularly doing social work such as blood donation, sport event and exchanging facility, mobile service etc. They always trying to launch new model and new technology such as I10 is new model of Hyundai brand and sportage is new bran of KIA.

## **5.2 Conclusion**

Topographically, Nepal is classified in to three regions-the northern Himalayan range, the middle mountain region and southern plain Tarai. The climate varies sharply with altitude and the arctic on the higher peaks of Himalaya range to humid sub-tropical in the central Kathmandu valley and hot climate in the southern belt. The infrastructure of Nepal is not good. Roads are very narrow. There are not good wide road.

In Nepal, all the vehicles are used in for transportation for goods and passengers. Generally, small as heavy vehicles are equally important in Nepal. Heavy vehicles like bus, truck, Tata-mobile micro-bus are use for transporting goods and passenger from one place to another place and small vehicles like car, taxi are used for the same purpose. These vehicles have different brands and made by different companies such Hyundai, KIA Tata, Mahendra Maruti and so on. These brands have helped a lot in the development of transportation in Nepal.

International standard vehicle like Mercedes Benz, Toyota land cursor, Pajero, Hyundai Accent cars run in the Nepalese roads which have made the life of Nepalese people safe and comfortable. Hyundai and KIA both are the middle class vehicles and they are from the same country Korea. Hyundai and KIA also have standard car but in Nepal, middle

class type such as Hyundai Santro, I10 and KIA Picanto, Prologue were sold more than high standard car like Hyundai Accent, Tucson, KIA Sportage, RIO.

In Nepal buying car is very expensive because they are imported from the second and third country. Tax on vehicles is very high which is 100% on its cost. Importing of such costly vehicles has improved the living standard and social prestige but the huge amount is going out from the country Nepal. Since such vehicles are not manufactured in the country Nepal. Nepal also manufactures "HULAS" brand vehicles. It was cheap than other imported branded vehicles. It seemed very strong and was used in carrying goods. But it failed to capture its market being cheap and strong.

In the context of Nepalese market, Hyundai and KIA are successful brand even they have tough competition. These brands are successful due to its world class standard, efficient and prompt after sales services provided by importers, Hyundai and KIA are in the 5<sup>th</sup> position in the worldwide sales 2007 AD. In 2007 AD, 4.23 millions vehicles are sold by Hyundai and KIA Company. So they ranked as 5<sup>th</sup> position. These brands have given great contribution in the development of Transportation, living standard of Nepalese people and to generate high tax.

Each year thousand of vehicles are imported in the country. Import of so many vehicles has made the road slow in the city. Vehicles are increasing day by day but the roads for those newly imported vehicles have not been constructed. So traffic has become slow in the peak hour 9am -11am and 4pm -6pm.

Too many traffic in the city has been making the pollution in the city. Sound and air pollution are the major problem in the city. Thus the government should take the necessary action and should check vehicles green sticker time to time.

AVCO international Pvt. Ltd. introduced Hyundai club membership so as to give efficient services and keep them to come back and again but its club concept seems to be not working due to lack of its knowledge to its customers.

Its competitor has been advertising its product in each and every media so as to inform about the product, price, new features and models but AVCO international Pvt. Ltd. And continental Trading Enterprise Pvt. Ltd. Do not advertise regularly as its competitors do due to this, its promotional schemes regularly, has good after sales services but AVCO international Pvt. Ltd. And continental Trading Enterprises Pvt. Ltd. Sales volume is decreasing due to ineffective after sales services and petrol shortage.

On the other hand, AVCO International Pvt. Ltd. Has no good trained sales person even some showroom sales persons do not have driving licenses. They may provide wrong information to the customer about the product. Not only that in the promotion section, staff are not good and they do not fulfill what they had given commitment. It also flowing the bad impression on the public. The customers are supposed to get vehicle delivered within one month from the day of booking but the customers do not get vehicles delivered even the after the two three month from the booking. Because of this, most customer cancel the booking and buy the other cars. To day in the global market customer does not want to waste their valuable time and inner desire.

### **5.3 Recommendations**

Nepalese market is basically seller –oriented and the bargaining power of the people is weak. There fore is lack of the product and market specialization in the country. Here are some recommendation for AVCO international and Continental international Trading Pvt. Ltd. Which would help them for the better sales and better marketing performances.

- ❖ After 2046 BS, Nepal has tremendously imported the vehicles from the second/third countries. The import of the vehicles has been increasing in each year. The government should take restriction in the import of vehicles. Government should remove the being 20 years old vehicles. Government should remove the being 20 year old vehicles from the city and Government should strictly check on the pollution striker (Green striker).
- ❖ In Nepal, almost all kind of vehicles are imported. There are many vehicles choice in the term of price and giving facilities such as air bag, euro engine disk break.

- ❖ KIA should bring aggressive marketing scheme to increase the sales volume. Its competitors have not stepped aggressively in the market. So, can take chance and can increase the sales by providing various facilities and reducing the price as well. On the other hand, AVCO should try to go along with KIA first then after try to defeat to its competitor Maruti and Chevrolet. It should recruit skillful sales person and honest staffs.
- ❖ The advertisement informing about the important feature and benefits of the vehicles should come out regularly such air bag, alloy wheels, euro engine etc.
- ❖ The promotional scheme should be brought according to the change need and desire of customer. Such as car decoration, DVD, Scratch car, gold coin, Tour package etc.
- ❖ Mobile service should be launched.
- ❖ After sales service support should be well maintained and upgraded since the satisfied customers are the best advertiser of the product.
- ❖ For the customer relationship, company should do social work such as blood donation, folk dance competitions, scholarship etc.
- ❖ Sales person and marketing executive should be trained about the technical feature and specifications to have better product and customer behavior.
- ❖ Company should reduce the interest rate from @7% -@9% @5% and EMI scheme time should increase.
- ❖ Companies are giving only festival discount; company should also give customer's birthday discount.
- ❖ Some companies are irritating to customer by giving phone call, company should do this according findings the potential customer.
- ❖ The vehicles should deliver in time.
- ❖ Company should appoint the individual agent to increase sells.
- ❖ When customers visit the showroom car must be ready there for display and give test drive.
- ❖ There should be some approaches to attract foreign joint venture automobile company in Nepal. That will help to minimize the cost of auto mobile in the country.

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