

# **CHAPTER 1**

## **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 and 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 to 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. Living standard of people is growing better and Cars are necessary for taking golden opportunities of business and service life. It has made the day to 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 1976AD. 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 the company has manufactured and exported almost 8.6 million cars over 192 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", "I 10 Era" "I 20 Era" and "I 10 Magna" 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 of Hyundai Motor and their courage to dream the impossible dream. In just over three decades, Hyundai Motor has grown in the world's eighth largest automaker.

Never complacent with achievement, the company is pressing ahead to achieve its 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, high mileage, high pick 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. Manufactures "Santro", "I 10 Era" I10 Magna" and I20 Era" cars whereas Hyundai Motor Company Korea manufactures various models. "santro", "I 10 Era" and I 10 Magna" are sami option car whereas "I 20 Era is full Option Car. 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'
7. Hyundai I 10 Era
8. Hyundai I 10 Magna
9. Hyudai I 20 Era

*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'
6. Hyunadai Tucson

*Source: Office record*

**1.4.1 Introduction of Suzuki Motor Corporation of Japan**

The Company stated its business in the year 1909 as Suzuki Loom Works and then was incorporated as Suzuki Motor Corporation in the year of 1920 with the headquarters at Hamamatsu, Japan. From its very humble beginning as manufacture of motorized bike "Power Free" then company has started vehicle. Continuous effort of one century year, the 'Suzuki Motor Corporation of Japan claim to the production of the country's first automobile as well as Japan's first automobile export company of Japan. This corporation has earned a good reputation over the world.

Suzuki has truly risen as a major global player and boasts and ever expanding product line up that is sold through 210 distributors and over 3560

oversees dealer in 167 countries around the world. Over 34320 Suzuki employees spanning the globe from an expansive human network that aspires for excellence on the behalf of valued customer.

#### **1.4.2 Introduction of Maruti Suzuki India Limited**

Maruti Suzuki India Limited is a partial subsidiary of Suzuki Motor Corporation of Japan established 2 and half decades ago. Which largest carmaker company of India and wins the prestigious global MMA Award. This is the first time that any Indian company has been chosen for these prestigious awards at a global level. Nearly 7600 Employees directly work in Maruti Suzuki India. End of March 2010, Maruti Suzuki India produced 1018365 unit of car with exports 147575 units of car. Maruti Suzuki car has selling more than 120 countries. Maruti Suzuki taking 53.3 percentage of Indian domestic market and 35 percentage Nepal Market. More than 31 products are lunched by Maruti Suzuki India Limited in Nepal. Maruti 800 is most popular passenger car which is used in commercial view as taxi in Kathmandu and others major city of Nepal

Suzuki's trademark is recognized throughout the world as a brand that offers high quality, reliable and genuine products, Suzuki stands behind this global symbol with a determination to maintain this confidence in the future as well, never stopping in creating such advanced 'value-packed'. The Maruti Suzuki is producing these Maruti Suzuki brand series:

#### **Manufactured By Maruti Suzuki Motors:**

- ) Maruti Suzuki Grand Vitara
- ) Maruti Suzuki Dzire
- ) Maruti Suzuki Sx4
- ) Maruti Suzuki Swift
- ) Maruti Suzuki Ritz
- ) Maruti Suzuki A - Star

- ) Maruti Suzuki Eeco
- ) Maruti Suzuki WagonR
- ) Maruti 800
- ) Maruti Suzuki Alto
- ) Maruti Suzuki Alto K10
- ) Maruti Suzuki Omni
- ) Maruti Zen Estilo VXi

*Source: office record*

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

### **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 built strong and wealthy marketing strategy and policy 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 Maruti Suzuki. 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 Maruti Suzuki and Hyundai cars in Nepal is tough and ambitious. Generally, Maruti Suzuki cars are considered to be high and middle 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 and buses are used to carry people 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 and drinking water in urban city.

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. Recently government of Nepal has started fast track from Niggard to Kathmandu which take long time for complied.

**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 place.
2. Transportation of goods by carrying at the person's back and ships 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 is 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 strategies of Maruti Suzuki and Hyundai cars and the importance of transportation in Nepal.

#### **The major objectives of the study are as follows:**

1. To evaluate the trend of vehicle sales in Nepal.
2. To examine the sales scenario and market potentiality of Maruti Suzuki & Hyundai cars in Nepal
3. To analyze the pricing strategies of vehicles in Nepal.
4. To see consumer attributes towards purchase of Hyundai and Maruti Suzuki Car

### **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 & Maruti Suzuki Motor.

### **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 and time available I have not been able to market overall study of the brands available in the Nepalese market. Although, I have taken two brands namely, MARUTI SUZUKI and HYUNDAI and have studied 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 2062/63 to 2066/67. I have assumed that there are only two brands of the cars namely MARUTI SUZUKI & HYUNDAI cars, other brands are ignored in this study. Prices of both company cars are based on 1st Sep 2010.

### **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 Maruti Suzuki India, 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 & Maruti Suzuki 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 & Maruti Suzuki cars in Nepal

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

## **CHAPTER 2**

### **REVIEW OF LITERATURE**

#### **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 the 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."

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:

Mr. 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"<sup>1</sup>

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 objectives 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

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<sup>1</sup> Shrestha, P., (2063), A Hand Book of "Marketing Management" for M.B.S Second year., Chapter 1,Page no.23

<sup>2</sup> Shrestha, P., (2063), A Hand Book of "Marketing Management" for M.B.S Second year., Chapter1, Page no.24

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.

### **2.1.2. Evaluation 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 consumers 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 consumers prefer widely available and low cost products. Low prices attract the customer. Under this concept managers concentrated on increasing production volume and reduce in the cost. This concept is used 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 a management orientation that assumes that consumers will favor those products 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 managers concentrated on designing long lasting products and provided warranty for the long period. This concept ignores consumer needs, market competition, product cost. The sales person cannot sell the product easily because this concept ignores advertising, consumers need and competition.
- C. **The Selling Concept:** This concept is a management orientation that assumes that consumers will 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 than its competitor in a way that preserves or 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.

## **2.2 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.<sup>1</sup>

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

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<sup>1</sup> Philip Kotler, (1988), "Marketing Management" 6th ed. Eaglewood cliffs, N.J.Prentice-Hall, pp11-12.



four components- internal record system, the marketing intelligence system, marketing decision system. Besides 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<sup>1</sup>

Marketing research is the function, which links the customer and public to the marketer through information- 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: designs, 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

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<sup>1</sup> Ibid.pp66-68

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.<sup>1</sup>

### **2.3 Evolution Process of the Marketing Department<sup>2</sup>:**

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:

#### **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 the 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 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

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<sup>1</sup> Dik W. Twedt. (1983), "Survey of Marketing Research", Chicago: An American Marketing Association.

<sup>2</sup> Shrestha, P., (2063), A Hand Book of "Marketing Management", chapter 2<sup>nd</sup> page no. 11.

pricing and distribution are handled by the finance and production departments respectively.

## **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.

## **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 can be decided on the basis of requirements of the enterprise. A separate marketing department is established along with the sale department. The sales department manages other marketing functions like advertising, sales promotion, marketing research new product development etc.

## **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 organization is run. Products are created with the goal of satisfying customer's needs and wants. All departments with in the organization should be organized 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:<sup>1</sup>**

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<sup>1</sup> Shrestha, P.,(2063), A Hand Book of "Marketing Management", chapter 3<sup>rd</sup> page no.23

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.

**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 with in 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 consumers' reactions toward the firm's marketing mix.

The micro environment component includes suppliers, intermediaries, and competitors and public:

**1. Customer:**

Customers are the king in marketing. Every activity should be done in 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.

**2. 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.

### 3. **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.

### 4. **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.

### 5. **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 objectives. Publics include financial publics, government publics, local government, media publics; general public etc marketing management should maintain the good relationship with them.

### **Macro Environment:**

The business firm is an open adaptive system with its own environment. It does not exit.

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 resource, opportunities and threats available to and facing the firm. These forces affect life style, standards of living and preference and needs for the product. Since a marketing management tries to develop and adjust the 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 enables 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. 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
- Reference group
- Laws, etc

## **3. 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 and 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.

#### **4. 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 behaviors, socio-cultural forces usually influence the welfare of a 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.

#### **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 create and deliver 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.
- Technology Transfer
- 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 the 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”<sup>1</sup>

Market can be divided into:

1. Consumer Markets
2. Industrial Markets
3. Institutional Markets

**Consumer Markets:** The reasons for buying products are for own personal or household use. They consist of ultimate consumers. The products are purchase by consumer for final used.

**Industrial Markets:** The reasons for buying products are for business use, resell, or to make other products. They consist of industries, business firm and retailers etc.

**Institutional Markets:** The reason for buying products is to provide service to the clients. They have special buying needs and characteristics. They

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<sup>1</sup>Kotler Philip, (2003)."Marketing Management", Eleventh Edition. Delhi: Person Education page no. 211

consist of schools, college, hospitals, nursing. The buyers of the product are institutional organizations.

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."

$$\text{CDC} = \text{TCV} - \text{TCC}^1$$

WHERE,

CDC = Customer delivered value

TCV = Total customer value

TCC = Total customer cost

### **1. Total Customer Value:**

Total customer value is the bundle of benefits customers expect from the product, which include functional benefits (the features of the product and emotional benefits, (the satisfaction derived from using the product).

### **2. 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.<sup>2</sup>

Following are tools for tracking and measuring customer satisfaction:

### **1. Complain and suggestion system:**

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<sup>1</sup> Mishra, Niraj, "A Complete Hand Book of Marketing Management", Dhaulagiri Books & Stationeries, Putalisadak, Kathmandu.

<sup>2</sup> Mishra, Niraj, "A Complete Hand Book of Marketing Management", M.B.S Dhaulagiri Books & Stationary, Putalisadak, Kathmandu.

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. 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- mouth score indicate that the company is producing high customer satisfaction.

## **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 mystery shoppers can even test whether the company's sales personnel handle various situations well. Thus a mystery shopper can complain about a restaurant's 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.

#### **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:<sup>1</sup>**

The 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 and 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 philosophy of Nepalese managers. The public sector has generally remained indifferent to the marketing concept.

The marketing concept has not been embraced by most Nepalese organization. This is clear from the following points:

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<sup>1</sup> Shrestha K. Shyam, "International Marketing Decision", Second Edition, Buddha Academic Enterprises Pvt. Ltd., Kathmandu.

- ) 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 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 yeas. 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, customers, 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<sup>1</sup>:

- ) 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;
- ) Product 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 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. Therefore, the international marketers need to develop and launch the new products in international markets very carefully to sustain in the markets.

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<sup>1</sup>Shrestha, K. Shyam, "International Marketing Decision" , MBS Second Year, Buddha Academic Enterprises Pvt. Ltd., Kathmandu.

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 carrying at the back of the 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.

In the 21st 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.<sup>1</sup>

The 21st 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.

) On the basis of Himalayan news service , " The Himalayan Time" Auto page Korean Vehicles in Nepal may 27 2005 p 8

The influx of Korean Vehicles in Nepal is changing the contours of the domestic auto market. Luxury car markets are expensive and cheap car

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<sup>1</sup> "The Himalayan Times", Daily News Paper.



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 "' Reconditioned Vehicles Market in Nepal, 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 a 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 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.

Almost all brands of reconditioned cars, ranging from Japanese to Korean, Indian to Chinese and others are available in the market. Due to traditional brand loyalties Japanese 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 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.

J On the basis of Himalayan News 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 in mid 90’s.

Competition became fiercer and sale of vehicles sky-rocked when financial institutes started offering auto loans on easy installments and low interest rate @6 – 8 percent in fiscal year 2062/63 to 2065/66. Due to liquidity problem of financial sector, loan disbursement of auto loan and hire purchase are recently slow and interest rate is raise @ 10 to 11 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<sup>1</sup>.

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.

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<sup>1</sup> Auto Magazine 20010

### **2.10.1 Malla's Study<sup>1</sup>**

Mr. Suresh Malla 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:<sup>2</sup>**

- ) 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.
- ) Sales of car, van, jeep is Bagmati zone is comparatively high than others.
- ) 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.

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<sup>1</sup> Malla, Suresh, (2006), "A Study on Market Potential of Chevrolet AVEO in Kathmandu", Unpublished Master's Thesis, MBS, Nepal Commerce Campus.

<sup>2</sup> Malla, Suresh, (2006), "A Study on Market Potential of Chevrolet AVEO in Kathmandu", Unpublished Master's Thesis, MBS, Nepal Commerce Campus.

) By doing analysis on most potential customers researcher found that business man are the most potential customers in Kathmandu valley for 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 customers favoring product of GM. whereas intense competition from other imported cars can be taken as big threat.

#### **Malla's Study on: Passenger Car Market Share Analysis.<sup>1</sup>**

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 chalimet 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

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<sup>1</sup> Malla, Suresh, (2006), "A Study on Market Potential of Chevrolet AVEO in Kathmandu", Unpublished Master's Thesis, MBS, Nepal Commerce Campus.

retain its customers. Since launching of the car, Dashain offer, exchanging mela, cash discount etc.

Table 1: Passenger Car Market Share Analysis in Kathmandu.

Bran Name	Units sold in fiscal year 61/62	Market share in percentage	Units sold for fiscal year 62/63	Market share in percentage
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	107	5%	129	6%
Toyata	31	2%	51	2%
Opel	76	4%	82	4%
Chevrolet	7	0%	8	0%
Others	88	4%	110	5%

#### Malla's Study on: Comparative Study of Cars<sup>1</sup>

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:**

<sup>1</sup> Malla, Suresh, (2006), "A Study on Market Potential of Chevrolet AVEO in Kathmandu", Unpublished Master's Thesis, MBS, Nepal Commerce Campus.

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:**

Cars priced up to 10 lakhs are under are under this segment. For an example: Maruti Omni. These are the cheapest care available so for in Nepal. A total of 1838 units' cars of the class were sold over the past 3 year. Market position of this segment cars are shown below:

Table 2: Market position of A-segment Cars:

year	2060/61		2061/62		2062/63	
model	sales unite	market share	sales unite	market share	sale unit	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, Hyndai 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 3: Market Position of B- Segment Cars:

year	2060/61	2061/62	2062/63
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model	sales unite	market share	sales 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 saddening 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 4: Market Position of C-Segment Cars:

year	2060/61		2061/62		2062/63	
model	sales unite	market share	sales unite	market share	sale unit	market share
Chevrolet AVEO					3	2%
Tata Indica			12	5%	6	4%
Maruti Esteem	11	7%	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 lancer						
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	100.00%	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

### **2.10.2 Rai's Study:** <sup>1</sup>

"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 market, 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.

### **2.10.3 Bhandari's Study:**

Mr. 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:

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<sup>1</sup> Rai Rita, (2003). "A Study on Advertising and Sales Promotion of Cars in Nepal with Reference to Hyundai Santro", an unpublished Master's Degree Thesis, Shankar Dev campus, T.U.

- ) 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 devotions.
- ) Consumers purchase product having uniform use in house than personal use.
- ) Consumers are price sensitive.

#### **2.10.4 Baniya's Study<sup>1</sup>**

Mr. LB. Baniya 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.

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<sup>1</sup>Baniya L.B., (1999), "A Study of Buyer Behavior in Pokhara with Special Reference to Cross Culture Buying Pattern", an unpublished Master's Thesis Central Department of Management T.U.

- ) 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.

#### **2.10.5 Gayatri's Study<sup>1</sup>:**

Gayatri Basnet conducted a project work entitled "A Report on Marketing Strategy of Tata Indica" 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 instrument 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 8-10 lakhs. Tata Indica (Diesel) at the time was priced at 7.25 lakhs. 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, Sipradhi 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

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<sup>1</sup> Basnet Gayateri, (2002)," A Reporting on Marketing Strategy of Tata Indica", an unpublished Master's Degree Project Work, Campion College T.U.

China in the Nepalese market, She also recommends a more strategic advertisement campaign

#### **2.10.6 Mukesh Batagoo's Study <sup>1</sup>**

Mukesh Batagoo Conducted a researched entitled "Consumers' Behavior towards Buying Cars in Kathmandu Valley" the objected of study was analyze the consumer behavior to wards the car buying in Nepal.

The researcher collected data from both primary and secondary data. Primary data collection involved usual instrument 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 manufactures to understand the consumer buying behavior as far 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, there fore, 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.

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<sup>1</sup> Batagoo, Mukesh, (2007), "Consumer's Behavior Towards Buying Cars in Kathmandu Valley", an unpublished Master's Degree, Thesis Nepal Commerce Campus, Min Bhaban T.U.

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 buyer's 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 3

### 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 of the marketing practices of Hyundai & Suzuki Maruti cars. This research would proceed 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 23 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 5: Different Brands of Vehicles Available in Nepal<sup>1</sup>

So.No.	Brands	Importer/ Authorized Dealer
1	Force	Nakasu Motors P.Ltd.
2	Toyota	United Traders Syndicate P.Ltd.
3	Tata	Sipradi Trading P.Ltd.
4	Proton	Hansraj Hulaschand & Co. P.Ltd.
5	Mitsubishi	Amatya Enterprises P. Ltd.
6	Ssayangang	Hansaraj Hulaschand & Co.P. Ltd.
7	Mahendra	Agni Incorporated P.Ltd.

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<sup>1</sup> Primary Data Collection, 2008

8	Opel	Vijaya Motors P.Ltd.
9	Honda	Syakar Company P. Ltd.
10	Mazda	Padma Shree P. Ltd.
11	Pedorua	Nemlik International Traders P. Ltd.
12	Suzuki	Arun International Traders
13	KIA	Continental Trading Enterprises P.Ltd.
14	Chevrolet	Vijaya Motor P. Ltd.
15	Nissan	Dugar Brothers & Sons
16	Fiat	Bhajuratna Agency P. Ltd.
17	Ford	Dugar Brother & Sons
18	Daewoo	Hansaraj Hulaschand & co. P. Ltd.
19	Hulas Motor	Hulas Motors P. Ltd.
20	Tata Leyland	Asian Auto Traders
21	Isuzu	Shankar Automobiles Agency
22	Mercedes Bench	N/A
23	Maruti Suzuki	Surya Automobile Pvt. Ltd

*Source: www.pricenepal.com*

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:

Table 6: Research Concentrated Brands

S. NO.	Brand	Importer
1	Hyundai	AVCO International P. Ltd.
2	Maruti Suzuki	Surya Automobiles Pvt. Ltd

### 3.3 Data Collection 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, web sides of hyundai and maruti suzuki 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. Convenience sampling method was used for consumer's survey distributing set of structures questionnaire. Twenty cars user ware selected.

### **3.4 Tools for Analysis:**

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

**The data is presented in the following:**

**a. pictorial Presentation**

1. Bar charts
2. Pi- charts
3. Graphs

**b. Tabulation Presentation**

**c. Statistical Presentation**

1. Measure of Central Tendency
2. Measure of Dispersion

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

The presentation of data is the basic organization and 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 are as follow.

1. Graphs of one variable
2. False base line
3. Graphs of two or more variables.
4. Graphs of two variable(on different scale)

5. Range graphs or Zone graphs
6. 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 4

### DATA PRESENTATION AND ANALYSIS

In 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 models. 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 5200 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 7: Sub-Dealers of AVCO International Pvt.Ltd.

S. No	Name of Sub-Dealer	City
1	Royal Car Center	Katmandu

2	Universal Auto	Birjung
3	Drive In	Kathmandu
4	Paras Trading	Jankpur
5	Am International Pvt. Ltd.	Kathmandu
6	Carmart	Kathmandu
7	Naxal Auto	Kathmandu
8	Bijeshwori International	Kathmandu
9	Shiva Shakti Auto	Kathmandu
10	Mally Auto	Kathmadu
11	Jonchhen Traders	Pokhara
12	United Motors	Narayanghat
13	Multimedia Supplier	Nepalgunj
14	Raj Trading	Bhairahawa
15	Kumari Auto	Biratnagar
16	Auto Center	Biratnager
17	Jonchhen Traders	Pokhara

*Source: official record*

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 Katmandu city.

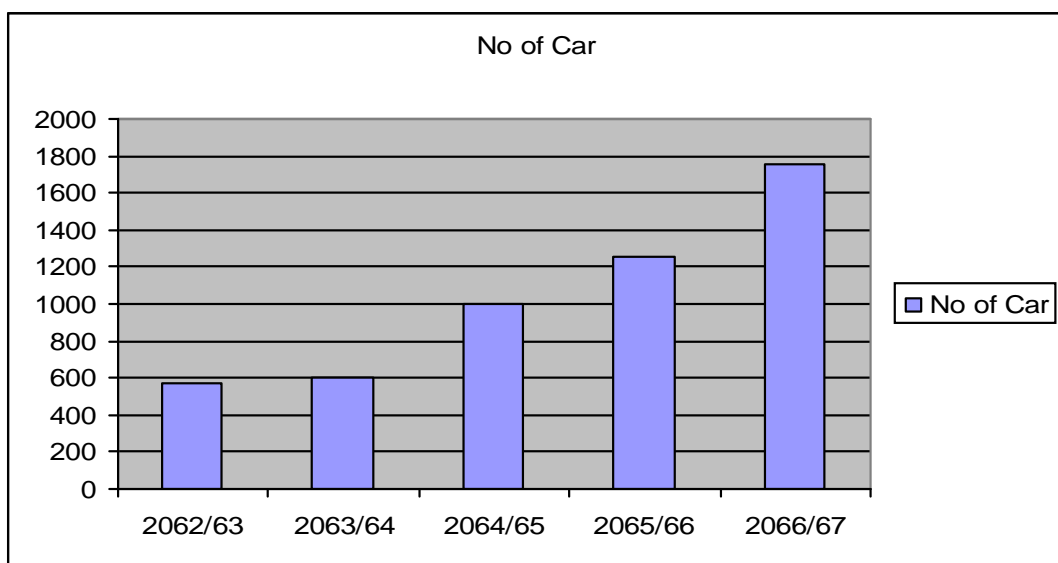
Table 8: Yearly Sales of Hyundai Vehicles

Fiscal year	Vehicles sales unit
2062/63	575
2063/64	598
2064/65	1001
2065/66	1251
2066/67	1752
<b>Total</b>	<b>5177</b>

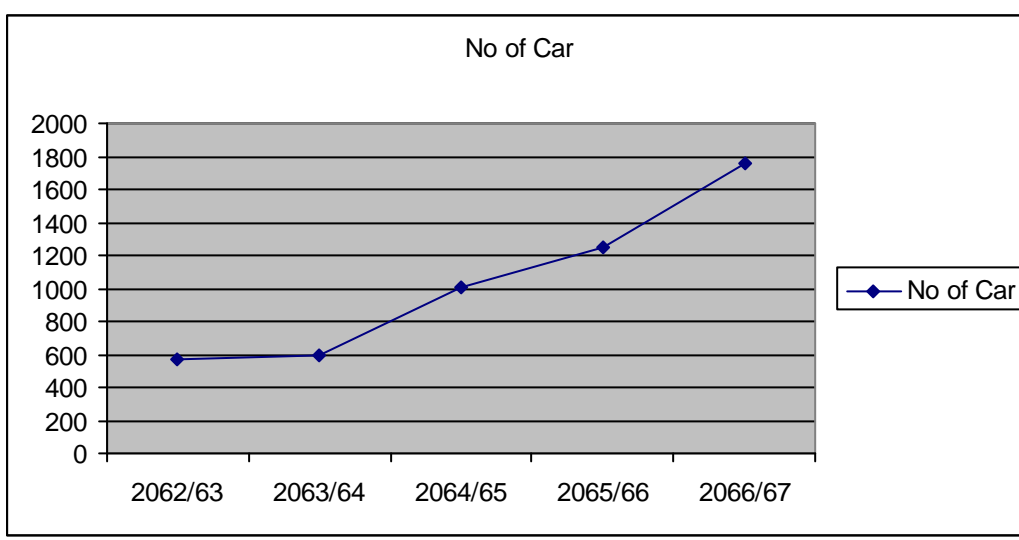
*Source: office record*

The above table shows that in the Fiscal year 2062/63, 575 units of Hyundai vehicles were sold which is very encouraging. The sales went up to 1752 units in the fiscal year 2066/67 which means that till 2066/67 B.S. Hyundai vehicles were a successful brand in the Nepal. The sales trend is further discussed in the figures below:

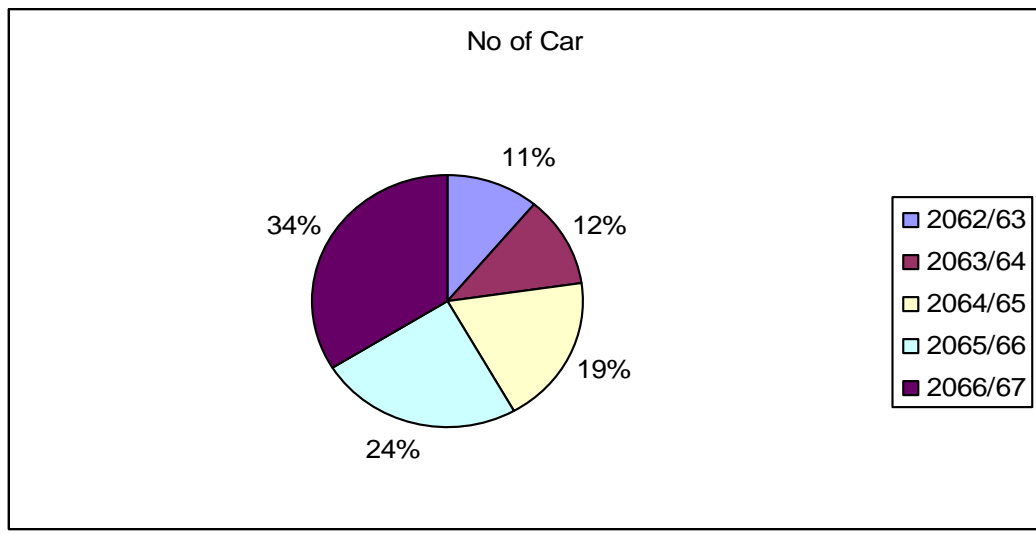
Yearly Sales of Hyundai Vehicles



Yearly Sale of Hyundai Vehicle.



Yearly Sales of Hyundai Vehicles



The above chart clearly says that on fiscal year 2066/67, 1752 units of vehicles are sold which is 34% out of 100% that is highest sales unit and on the fiscal year 2062/63 only 575 units of vehicles are sold which means 11% out of 100% that is the least sales unit. Anyway sales are satisfactory of Hyundai brand.

## Hyundai

### Statistical Presentation of Data

Measurement of central, tendency from data,

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

Then,

Total Hyundai Car sold (  $\sum x$  ) X 5177

No. of Year (N) = 5

We know,

$$\begin{aligned} \text{Arithmetic mean } (\bar{x}) &= \frac{\sum x}{N} \\ &= \frac{5177}{5} \\ &= 1035 \end{aligned}$$

Therefore, yearly average Sales of Hyundai is 1035

## Measure of Dispersion

Here,

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

Arithmetic mean = 1035

Table 9: Calculation of Standard Deviation ( $\dagger$ ) of Hyundai

Fiscal Year (N)	Vehicle Sales (x)	$(x - \bar{x})$	$(x - \bar{x})^2$
2062/063	575	-460	211600
2063/064	598	-437	190969
2064/065	1001	-34	1156
2065/066	1251	216	46656
2066/067	1752	717	514089
	$\Sigma x = 5177$		$\Sigma (x - \bar{x})^2 = 964470$

Now,

$$\begin{aligned}\text{Standard Deviation } (\dagger) &= \sqrt{\frac{\Sigma (x - \bar{x})^2}{N}} \\ &= \sqrt{\frac{964470}{5}} \\ &= \sqrt{192894} \\ &= 439.20\end{aligned}$$

Therefore the standard deviation of Hyundai vehicles is 439.20

Again,

Coefficient of variance (CV) is,



$$\begin{aligned}
\text{C.V.} &= \frac{\text{standard deviation } (\bar{S})}{\text{mean } (\bar{x})} | 100\% \\
&= \frac{439.20}{1035} \times 100 \\
&= 0.4243 \times 100 \\
&= 42.43\%
\end{aligned}$$

Therefore coefficient of Hyundai vehicles is 42.43%

## 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.

- a. Product/ Hyundai cars.
- b. Price of Hyundai cars.
- c. Promotion of Hyundai car.
- d. Place/ distribution of Hyundai car.

### 4.2.1 Product of 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 compete with other brand in the market. The price of Hyundai vehicles are highlighted as under.

Manufactured by Hyundai motor India limited

Table 10: Price List of Hyundai Motors, Korea.

Models	Price(NRS)
--------	------------

Hyundai Santro	Rs.15,40,000/-
Hyundai Santro GSL	Rs.16,40,000/-
Hyundai i10 Delite	Rs.16,60,000/-
Hyundai i10 era	Rs.16,35,000/-
Hyundai magma	Rs.17,35,000/-
Hyundai GTZ	Rs.22,50,000/-
Hyundai accent	Rs.24,98,000/-
Hyundai Tucson Gl	Rs.56,00,000/-
Hyundai i20 era	Rs.22,65,000/-

*Source: office price list*

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 but insurance of vehicle are not include in quotation price.

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 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 thorough study of the market and its customer's demand. The competitors' activities are equally being studies to fit the market's need and wants.

It is bringing the promotional programs according to the market situation and its trend. Sometimes, it follows 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
- ) Extended warranty
- ) Extended loan period -5 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 products and schemes
- ) 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 Katmandu 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 display.

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 Maruti Suzuki Cars:**

Today Suzuki Motor Corporation Japan has truly risen as a major global player and boats and ever expanding product lineup that are sold through 210 distributors and over 3560 overseas in 167 countries around the world. Suzuki car is one of the luxurious and economy cars in automobile world since 1920. It equipped by latest technology, computerized engine, has elegant looks and decorated by high interior and safety.

Maruti Suzuki India Limited a partial subsidiary company of Suzuki Motor Corporation of Japan. Maruti Suzuki cars are generally target higher class and middle class people. In Nepal many higher class and middle class people are enjoying with Maruti Suzuki brand according to their income capacity and wish. Surya Automobile Pvt. Ltd is the sole authorized

distributor in Nepal for passenger vehicles manufactured by Maruti Suzuki India Limited of India. Surya Automobile Pvt. Ltd has a showroom in the hearth of the city. Since the time of its establishment, the company has always striven for excellence and growth. Surya Automobile Pvt. Ltd. is gradually expanding its wings in the Nepalese market.

Hyundai brand is direct competitor of Suzuki brand because Hyundai Brand is origin from the county Korea and Suzuki brand is origin from the Japan It has also appointed some of its sub-dealer. They are as follow:

Table 11: Sub-Dealers of Surya Automobile Pvt. Ltd.

So.No.	Sub-Dealer	City
1.	Sapana Automobiles	Butwal
2.	John Auto House	Pokhara
3.	Ratna Laxmi International Pvt. Ltd.	Nepalgaunj
4.	Auto Market Pvt. Ltd.	Biratnagar
5.	Bama Motors	Kathmandu
6.	Raj Brothers	Kathmandu
7.	Not active	Surkhet
8.	Surya Automobile Pvt. Ltd	Birgunj

*Source: office record*

Maruti Suzuki car is economy car so most people enjoying with Suzuki branded car according to their income and wish. Surya Automobile Pvt. Ltd. (under Chaudhary Group) through their dealer and sub dealer is trying to do best in each and every city of Nepal

Table 12: Yearly Sale of Maruti Suzuki Vehicles

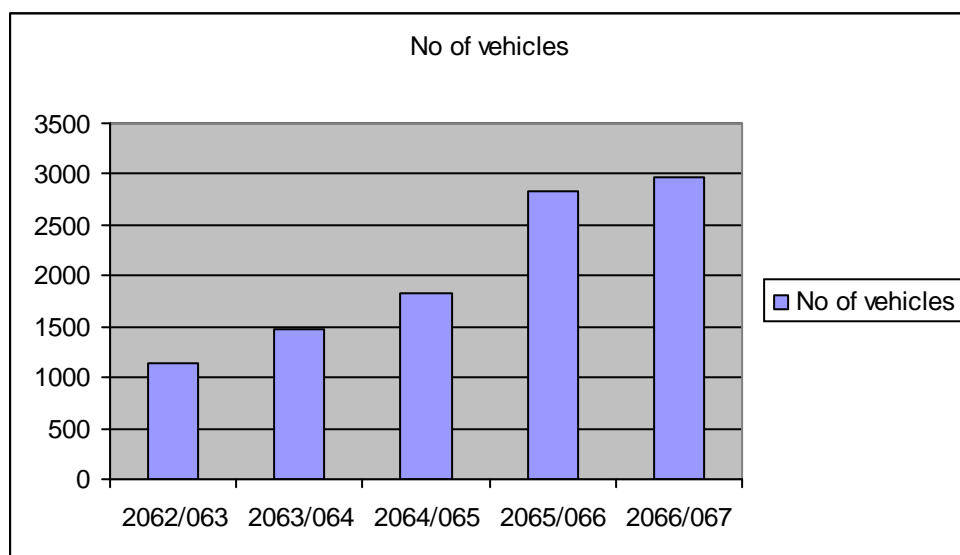
Fiscal year	Vehicles sales unit
2062/63	1137
2063/64	1465
2064/65	1835
2065/66	2835

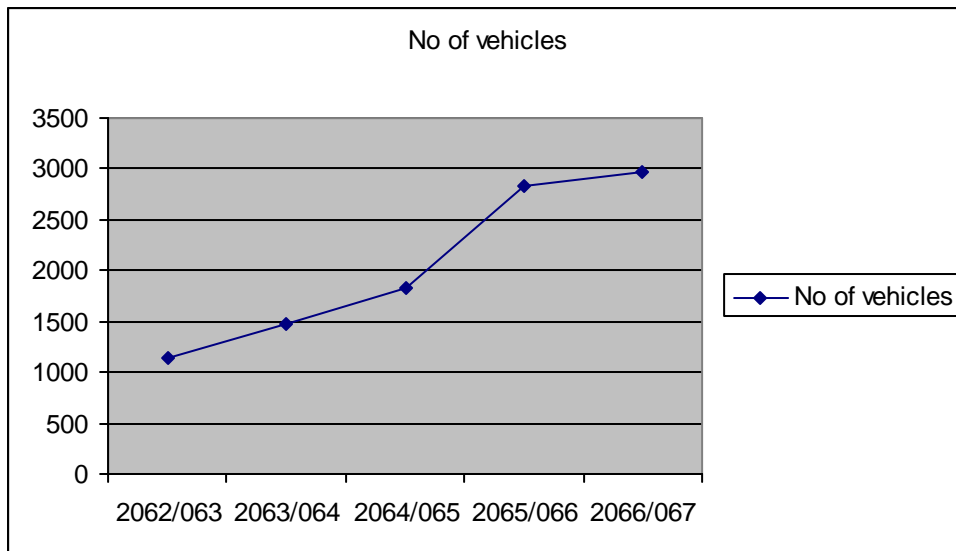
2066/67	2965
Total	10237

*Source: office record*

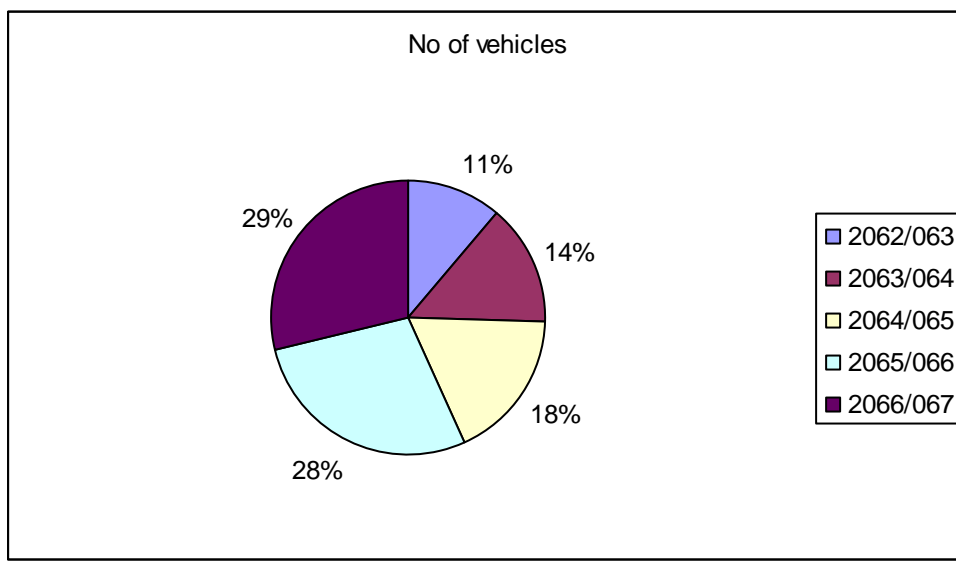
The above table shows that Maruti Suzuki brand vehicles are going to the market more and more in every fiscal year, the in fiscal year 2062/63 Maruti Suzuki 1137 vehicles are sold and in fiscal year 2066/067, 2965 units cars are sold by maruti suzuki company in Nepal. Average sale of Maruti Suzuki brand is 2048 so it is not sad thing. We will discuss it more in the figures below:

Maruti Suzuki Annual Sales with Taxi (Trend Line)





### Maruti Suzuki Annual Sales with Taxi (Pie Chart)



The above chart clearly says that on fiscal year 2066/67, 2965 units of vehicles are sold which means 29% out of 100% that is highest sales unit and on the fiscal year 2062/63 only 1137 units of vehicles are sold which means 11% out of 100% that is the least sales unit. Anyway sales are satisfactory of Maruti Suzuki brand.

### **Maruti Suzuki**

Statistical presentation of the data:

Measurement of Central Tendency

From the Data,

Let the Maruti Suzuki vehicles sales be  $x$  and the fiscal year be the  $N$

Then,

Total Maruti Suzuki vehicle sold  $(\sum x) = 10237$

No. of year  $(N) = 5$

Now,

Arithmetic mean  $(\bar{x}) = \frac{10237}{5} = 2048$

Therefore, yearly average sales of Maruti Suzuki vehicles are 2048 units.

### Measures of Dispersion

Here,

Let Maruti Suzuki vehicles be  $x$  and the fiscal year be the  $N$

From the data,

Arithmetic mean- 2048

### Calculation of Standard Deviation ( $\sigma$ ) of Maruti Suzuki Car

Fiscal Year (N)	Vehicle Sales (x)	$(x - \bar{x})$	$(x - \bar{x})^2$
2062/063	1137	-911	829921
2063/064	1465	-583	339889
2064/065	1835	-213	45369
2065/066	2835	787	619369
2066/067	2965	917	840889
	$\sum x = 10237$		$\sum (x - \bar{x})^2 = 2675437$

Now,

$$\begin{aligned} \text{Standard Deviation } (\sigma) &= \sqrt{\frac{\sum (x - \bar{x})^2}{N}} \\ &= \sqrt{\frac{2675437}{5}} \end{aligned}$$



$$= \sqrt{535087}$$

$$= 731.49$$

Therefore, the standard deviation of Maruti Suzuki vehicles is 731.49

Again,

Coefficient of variance (C.V.) is,

$$\text{C.V.} = \frac{\text{standard deviation } (\check{S})}{\text{mean } (\bar{x})} | 100\%$$

$$= \frac{731.50}{2048} \times 100$$

$$= 35.72\%$$

Therefore coefficient of variables (w) of the Maruti Suzuki vehicles is 35.72%.

#### 4.4 Marketing Mix for Maruti Suzuki Vehicles:

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

- ) Product of Maruti Suzuki car
- ) Price of Maruti Suzuki car
- ) Promotion of Maruti Suzuki car
- ) Place/ distribution of Maruti Suzuki car
- )

##### 4.4.1 Product / Maruti Suzuki Cars:

Today Suzuki Motor Corporation Japan has truly risen as a major global player and boats and ever expanding product lineup that are sold through 210 distributors and over 3560 overseas in 167 countries around the world. Suzuki car is one of the luxurious and economy cars in automobile world since 1920. It equipped by latest technology, computerized engine, has elegant looks and decorated by high interior and safety.

Maruti Suzuki India Limited a partial subsidiary company of Suzuki Motor Corporation of Japan. Maruti Suzuki cars are generally target higher class and middle class people. In Nepal many higher class and middle class

people are enjoying with Maruti Suzuki brand according to their income capacity and wish. Surya Automobile Pvt. Ltd is the sole authorized distributor in Nepal for passenger vehicles manufactured by Maruti Suzuki India Limited of India. Surya Automobile Pvt. Ltd has a showroom in the hearth of the city. Since the time of its establishment, the company has always striven for excellence and growth. Surya Automobile Pvt. Ltd. is gradually expanding its wings in the Nepalese market.

#### 4.4.2 Price of the Maruti Suzuki:

Price of the Maruti Suzuki vehicle is comparative in the market. Maruti Suzuki brand targets its product for higher and middle class family. The price of Maruti Suzuki vehicles are highlighted as under:

Table 13: Price List of Maruti Suzuki Cars:

Models	Price (NRS)
Grand Vitara	Rs.67,00,000/-
DZire	Rs.27,88,840/-
Sx4	Rs. 30,58,910/-
Swift	Rs. 23,88,820/-
Ritz	Rs.23,69,610/-
A-Star	Rs.19,98,970/-
Eeco	Rs.15,49,230/-
WagonR	Rs.17,89,920/-
Maruti 800	Rs.10,28,978/-
Alto LX	Rs.13,38,655/-
Zen Estilo VXI	Rs.17,49,918/-
Suzuki Omni	Rs. 11,48,589/-

Source: Office record and [www. Price nepal.com](http://www.Price nepal.com)

#### **4.4.3 Promotion of Maruti Suzuki Cars:**

Surya Automobile Pvt. Ltd. the sole authorized agent of Maruti Suzuki 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, Dashain Tihar Festival Discount and car exchange offer with on the sport finance etc.

Surya Automobile Pvt.Ltd. attends show and also exhibits its car in different fairs and festivals. Here are the sales promotional activities and tool used Surya Automobile Pvt.Ltd. to promote and sell the Maruti Suzuki cars in Nepal.

- ) Attending trade fair/ auto show
- ) Mobile Suzuki service
- ) Discount \*cash \* Commission to 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
- ) Own workshop in major city of nepal
- ) And many more

#### **4.4.4 Place / Distribution Channel of Maruti Suzuki Cars:**

Surya Automobile Pvt. Ltd. has built a strong distribution network through the country for the sale of Maruti Suzuki cars. Major city of Nepal, there is own showroom of Surya Automobile Pvt. Ltd. It has also 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 the Katmandu valley and each dealer and sub-dealer are dealer authorized for the servicing of Maruti Suzuki 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 Maruti Suzuki 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 & Maruti Suzuki Car:**

The Hyundai and Maruti Suzuki are two different brand names in the automobiles world. They have different brand image in the world market. Hyundai brands are from the country South Korea and Suzuki brands are from the country of Japan. Maruti Suzuki car produced in India with collaboration of Suzuki Motor Corporation Japan. So they are the direct competitor. Both cars Company are in the 5<sup>th</sup> position in the worldwide sales 2007 AD. On 2007 AD, 4.23 millions vehicles are sold by both companies. So they ranked as 5<sup>th</sup> position.<sup>1</sup>

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<sup>1</sup>World Sales Record, 2007

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 Maruti Suzuki also one of the renowned brand in Nepalese market for style, performance and economic price.

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

Table 14: Price List of Other Cars:

Brand Name	Description	Retail price in Rs
Geely	MR 7131 A(semi option)	Rs.18,90,000/-
Geely	GS 1.5 M/T(full option)	Rs.20,00,000/-
Zotye	DA4g13(full option)	Rs.21,50,000/-
Lifan	LF 479Q3(full option)	Rs.17,95,000/-
Tata indica	DLE(euro 3)	Rs.13,95,000/-
Tata idica	DLS(euro 3)	Rs.17,95,000/-
Tata xeta	GLE(euro 3)	Rs.14,40,000/-
Tata xeta	GLS(euro 3)	Rs. 15,65,000/-
Tata xeta	GLG(euro 3)	Rs. 16,65,000/-
Tata indigo	CS GLE petrol	Rs. 18,35,000/-
Tata indigo	CS GLS petrol	Rs. 19,15,000/-
Tata Marina	LS	Rs. 21,85,000/-
Tata Safari	Safari 2.2L EX 4X4(euro)	Rs. 38,90,000/-
Tata Sumo	Sumo 4X4 TCCI	Rs.29,80,000/-
Tata Victa	Sumo Victa LX 10str EGR(euro)	Rs.23,25,000/-
Tata Victa	DI Turbo GX	Rs.26,50,000/-
Tata Victa	DI Turbo EX	Rs.23,95,000/-
Tata Victa	DI Turbo CX	Rs.22,25,000/-

Mazda	Series 6	Rs.38,35,000/-
Mazda	Series 3	Rs.28,56,200/-
Force Traveler school	Schools	Rs.18,00,000/-
Force Traveler Dv	DV	Rs.14,00,000/-
Force Single	4 WD	Rs. 13,00,000/-

*These entire prices are with out vat VAT and prices are based on 1st Sep 2010 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 Mehendra Scropio. 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.

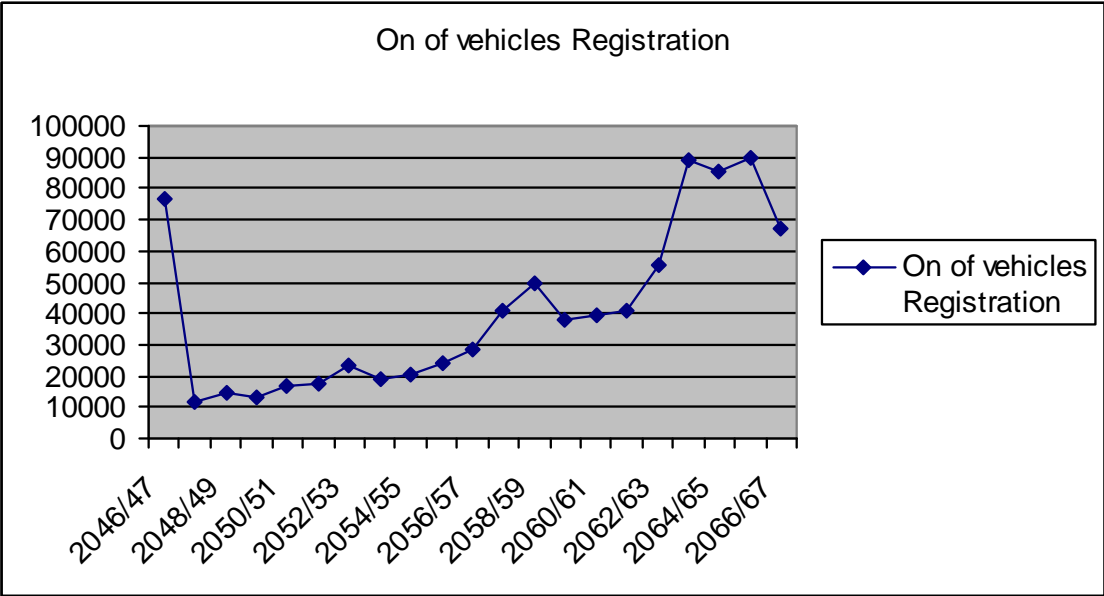
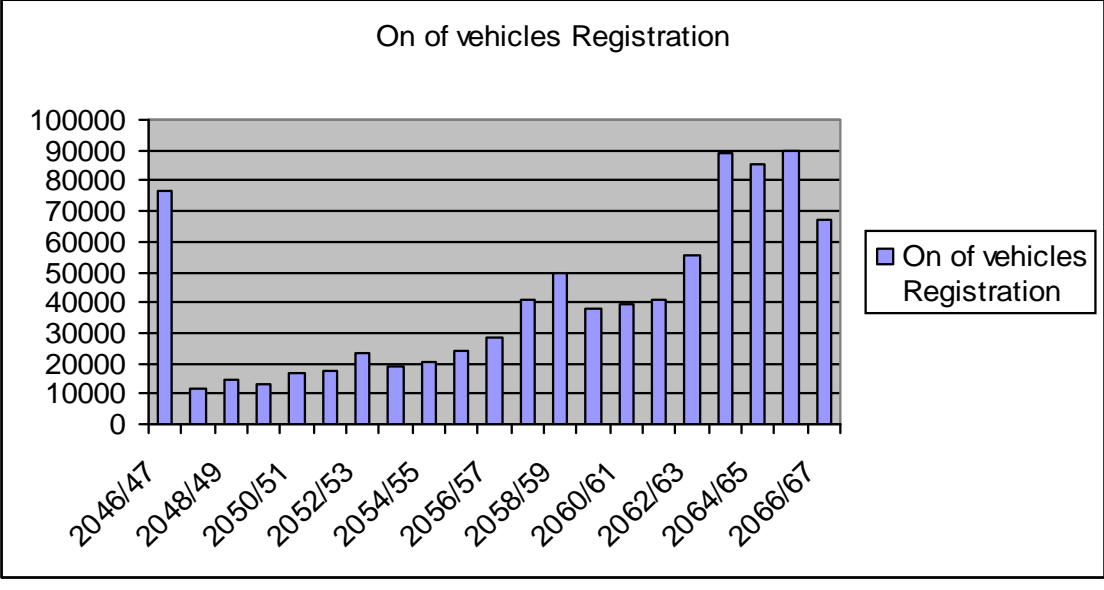
Table 15: Annual Registered Vehicles up to 2066/67

Fiscal Year	Total units of vehicles registration
2046/47	76378
2047/48	11524
2048/49	14467
2049/50	12861
2050/51	16609
2051/52	17414
2052/53	23193
2053/54	19110
2054/55	20425
2055/56	24139

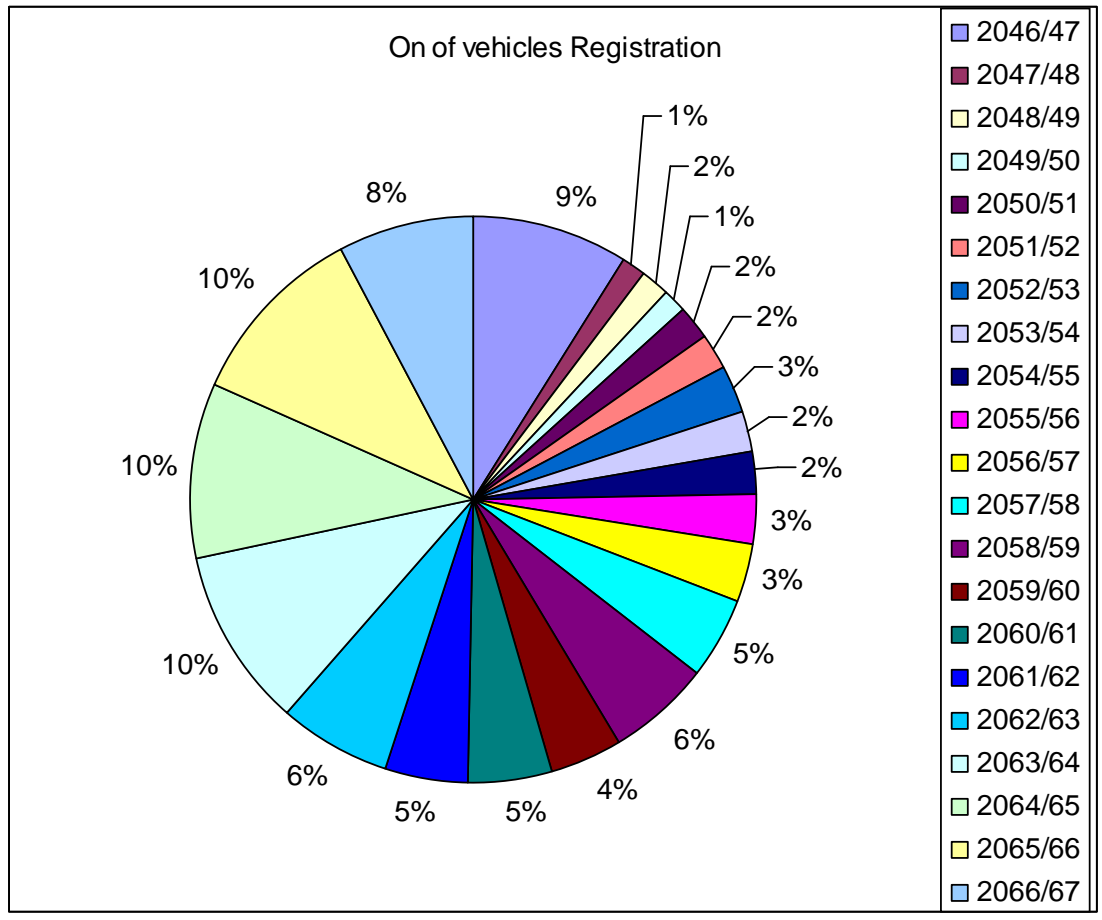
2056/57	28280
2057/58	40995
2058/59	49560
2059/60	37610
2060/61	39699
2061/62	40531
2062/63	55775
2063/64	88735
2064/65	85739
2065/66	89756
2066/67	67376
<b>Total</b>	<b>860176</b>

*Source: Dept. of Transport Management.*

From above data it is clear that numbers of vehicles registrations are increasing in each year. In fiscal year 2046/47, only 76378 vehicles are registered. In fiscal year 2066/67, 67376 vehicles are registered which is less than 9002 so it is clear that number of vehicles registration is increasing year by year up to 2065/66 but lack of liquidity problem of bank and financial institution bank can't disbursement vehicle loan so that numbers of vehicles registration are decreased in fiscal year 2066/67. We discussed more about in the figures below:







Now, It is clear that registration trend of vehicles is continuous in increasing trend. From the fiscal year 2046/47 it was in the peak about 76378 then in fiscal year 2047/48 it was declined in 11524, in fiscal year 2048/49 it was increased with 14467. and declined in fiscal year 2049/50 with 12861 then after it was continuously increasing up to fiscal year 2052/53 and got down little bit and then after start to increasing trend up to fiscal year 2058/59 and declined in fiscal year 2059/60 and then after it is increasing up fiscal year 2065/66 and decrease in fiscal year 2066/67 due to the liquidity problem of the bank and financial institution. It was happened because of financing scheme and down payment scheme.

#### 4.6.1.1 Total Market Share of Hyundai and Maruti Suzuki vehicles in Nepal:

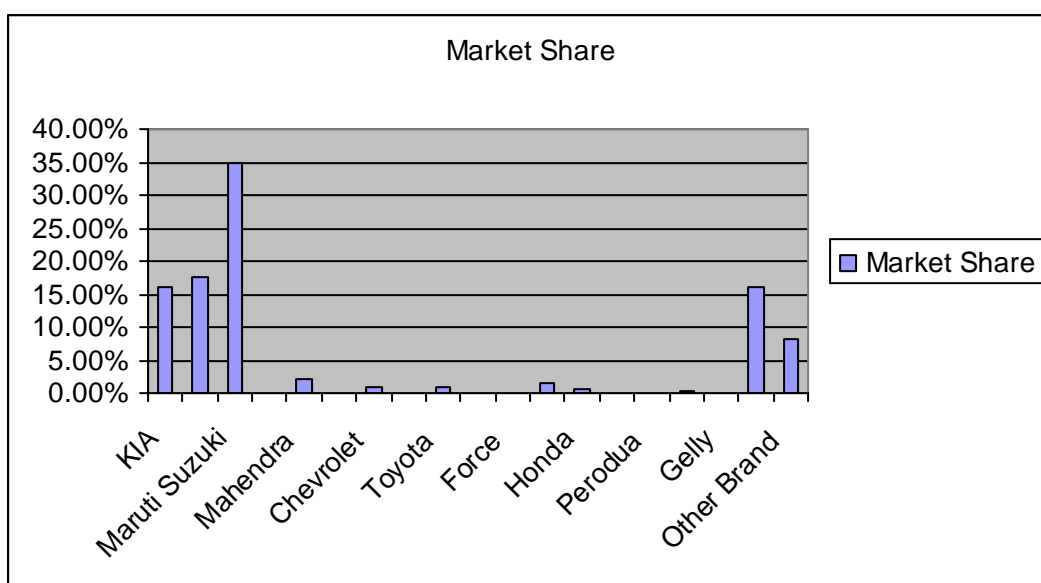
There are many brands in the Nepalese market along with chine's brand. Different brands are struggling to be success in Nepalese market. Each brand is different to each other according to their technology, luxury, safety, and price and brand loyalty. Each brand has its customers. Maruti has family customer,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

Table 16: Total Market Shares of Hyundai and Maruti Suzuki Vehicles in Nepal.

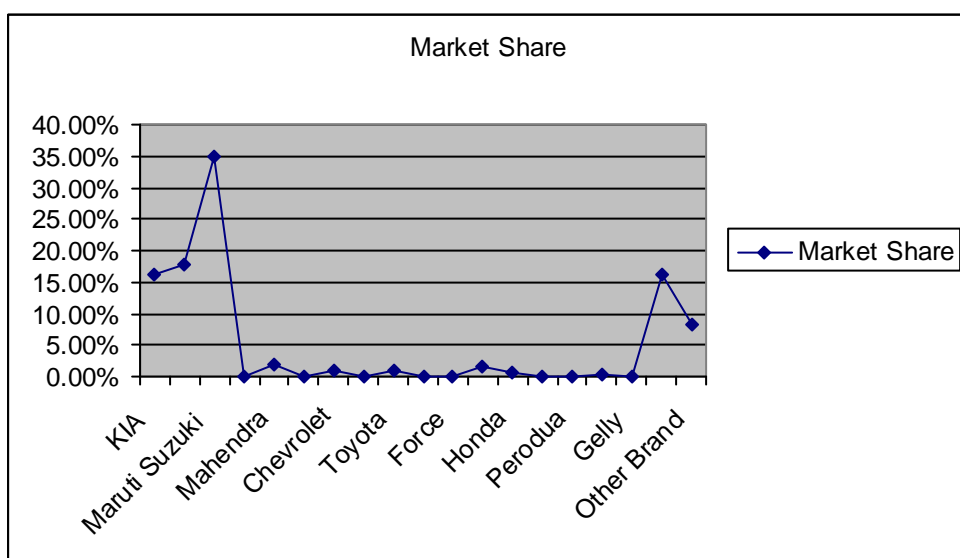
S. No.	Brand Name	Market share
1	KIA	16.15%
2	Hyundai	17.70%
3	Maruti Suzuki	35.00%
4	Mercedes Benz	0.05%
5	Mahendra	2.00%
6	Mitsubishi	0.05%
7	Chevrolet	1.00%
8	Ford	0.05%
9	Toyota	1.00%
10	Proton	0.05%
11	Force	0.05%
12	Nissan	1.50%
13	Honda	0.70%
14	Opal	0.05%
15	Perodua	0.05%
16	BMW	0.16%
17	Gelly	0.05%
18	Tata	16.05%
19	Other Brand	8.32%

From the above table it is clear that the Maruti Suzuki brand has the largest market share in the Nepalese market because number of Maruti Suzuki 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.

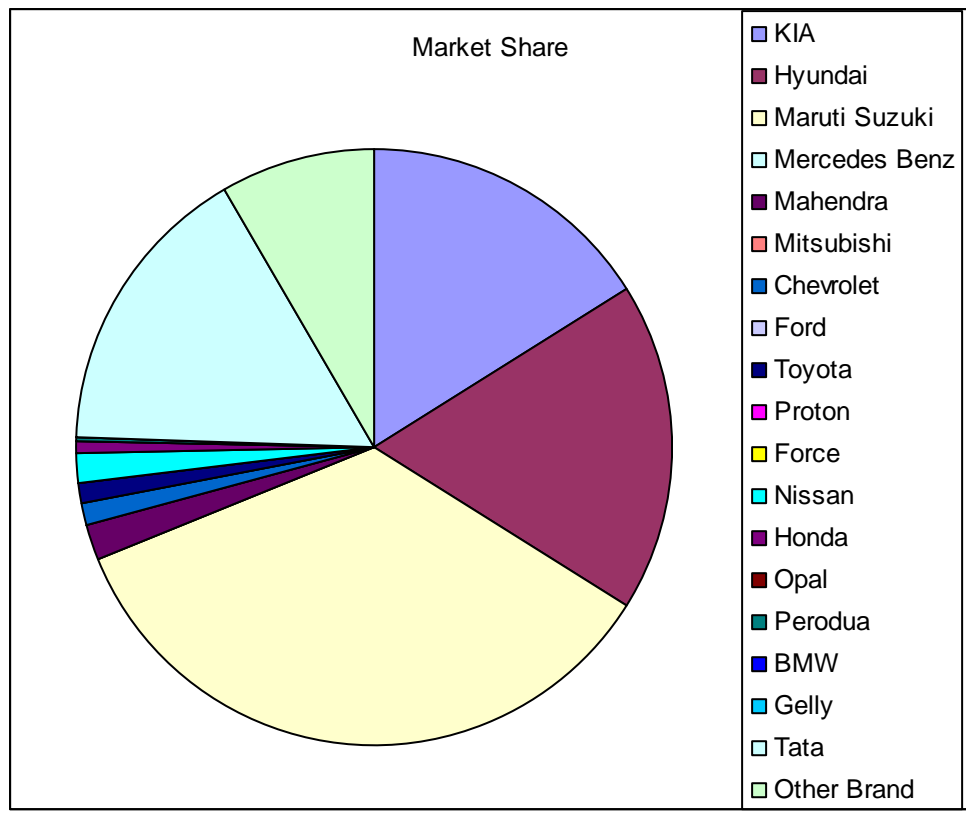
The further discussed in the figures below:



Market share of Different Car present in Bar Diagram



## Market share of Different Car present in Line Diagram



## Market share of Different Car present in Pie Chart

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. Maruti Suzuki and Hyundai is direct competitor for each other because they are from the country Korea and Japan respectively and they have to same market so it is very difficult to work for them to over take but in these days Maruti Suzuki has over took to Hyundai in the context of Nepalese market. Mercedes Benz, BMW, Lamer Zen are most expensive brand for the Nepalese market so it is unsuitable to comparison with Hyundai Santro, i10 and Maruti 800 and swift. To go with Hyundai and KIA, Mercedes Benz, BMW, King Royals need to start produce new economic class vehicles.

#### **4.6.1.2 Consumer attributes towards Hyundai and Maruti Suzuki Cars**

To find the customers attributes towards Hyundai and Maruti Suzuki car we distribute the questionnaire to the twenty customers who are purchases Hyundai brand, Maruti Suzuki brand and others brands car, I selected the twenty customers who come to Suryabinayak workshop, Balaju kathmandu for servicing their cars.

Respondents' profile

##### **According to sex**

<b>Sex</b>	<b>Number</b>	<b>Percentage</b>
<b>Male</b>	<b>14</b>	<b>70</b>
<b>Female</b>	<b>6</b>	<b>30</b>
<b>Total</b>	<b>20</b>	<b>100</b>

##### **According to Age Category**

<b>Age category</b>	<b>Number</b>	<b>Percentage</b>
<b>a) 15-30 years</b>	<b>8</b>	<b>40</b>
<b>b)30-45 ”</b>	<b>4</b>	<b>20</b>
<b>c) 45-60 ”</b>	<b>2</b>	<b>10</b>
<b>d) above 60 Years</b>	<b>4</b>	<b>20</b>
<b>Total</b>	<b>20</b>	<b>100</b>

##### **According to Profession**

<b>Profession</b>	<b>Number</b>	<b>Percentage</b>
<b>a) Students</b>	<b>2</b>	<b>10</b>
<b>b) Business</b>	<b>8</b>	<b>40</b>
<b>c) Government job</b>	<b>4</b>	<b>20</b>
<b>d) Private job</b>	<b>3</b>	<b>15</b>
<b>e) Teacher</b>	<b>1</b>	<b>5</b>
<b>f) House wife</b>	<b>2</b>	<b>10</b>
<b>Total</b>	<b>20</b>	<b>100</b>

### **According Marital Status**

<b>Marital Status</b>	<b>Number</b>	<b>Percentage</b>
<b>Married</b>	<b>15</b>	<b>75</b>
<b>Unmarried</b>	<b>5</b>	<b>25</b>
<b>Total</b>	<b>20</b>	<b>100</b>

### **According to income**

<b>Income</b>	<b>Number</b>	<b>Percentage</b>
<b>a) Below Rs. 40,000</b>	<b>4</b>	<b>20</b>
<b>b) Between Rs. 40,000-50,000</b>	<b>5</b>	<b>25</b>
<b>c) Between Rs. 50,000-60,000</b>	<b>5</b>	<b>25</b>

<b>d) Above Rs. 60,000</b>	<b>7</b>	<b>35</b>
<b>Total</b>	<b>20</b>	<b>100</b>

**After collecting the questionnaire from the respondents, we found the following result.**

### **1. Purchase of different company car**

Name of car company	No of customers	Percentage
Maruti Suzuki	8	40
Hyundai	5	25
KIA	4	20
TATA	2	10
Others Brands	1	5
Total	20	100

**We have taken 20 car owners as a sample.**

we found that eight customers purchase Maruti suzuki car, five customers purchase Hyundai car, four customers purchase KIA car, two customers purchase Tata car and only one customer purchases others brands car.

### **2. Time of purchase of car**

Purchase time	No of customers
6 month ago	7
1 year ago	3
1 and 6 month ago	4
2 year ago	6
Total	20

We found that 6 month ago, 7 customers their car, one year ago, 3 customers purchase their car, one and half year ago, 4 customers purchase their car and two year ago, 6 customers purchased their car.

### **3. Preference of choosing car**

choosing option	No of customers
Price	3
Brand name	8
Style	4
Fuel consumption	2
Service of sales	3
Total	20

We found that eight customers consider the brand name, four customers consider the style, and three customers consider the price, three customers consider the services after sales, and two customers consider the fuel consumption before purchase of car

#### **4. Level of satisfaction with their car's performance**

Level of satisfaction	No of customers
Fully satisfied	11
Satisfied	5
Not to Say	3
Dissatisfied	1
Fully Dissatisfied	0
Total	20

Eleven customers found fully satisfied with their car's performance, five customers found satisfied with their car's performance, three customers cannot say the performance of their car. One customer found dissatisfied with their car's performance.

#### **5. Importance components, while buying car.**

Importance components	No of customers
Price	3
Durability	4
performance	4
After sales service	3



Brand Name	6
Total	20

We found that eight customers focus the brand name, four customers focus the style, and three customers focus the price, three customers focus the services after sales, and two customers focus the fuel consumption before purchase of car

#### **6. Available of spare parts in the market.**

Availability option	No of customers
Easily available	12
available	6
Hard to find spare parts	2
Total	20

Twelve car's owners said that they have easily found spare part of their vehicles; six customers said that the spare parts of their vehicle available in the market and only two customers said that they hardly found the spare part of the car in market

#### **7. Complains procedures to company about poor performance of cars**

Complains procedures	No of customers
Tell others	6
Ask to seller for compensation	13
Take legal action	0
Go to media	0
Total	20

Thirteen customers complain to the company about the poor performance of the cars, seven customers tells others about poor performance of car and no one show complains behavior through legal action.

#### **8. Getting compensation from company**

Only six customers get compensation through company. Six customers get extra servicing coupon as compensation from the company.

After collecting the questionnaire from the respondents, we found the Eight customers purchase Maruti Suzuki brand car, Five customers purchase Hyundai brand car, Four customers purchase KIA brand car, Two customers purchase TATA brand car and one customers purchase others brands car. We found that seven customers brought the car before six months; three customers brought the car before one year, one and six months ago, four customers brought four customers brought their car and six customers brought theirs cars before two years. We found that eight customers consider the brand name, four customers consider the style, and three customers consider the price, three customers consider the services after sales, and two customers consider the fuel consumption before purchase of car. Eleven customers found fully satisfied with their car's performance, five customers found satisfied with their car's performance, three customers cannot say the performance of their car. One customer found dissatisfied with their car's performance. Twelve car's owners said that they have easily found spare part of their vehicles; six customers said that the spare parts of their vehicle available in the market and only two customers said that they hardly found the spare part of the car in market. Thirteen customers complain to the company about the poor performance of the cars, seven customers tells others about poor performance of car and no one show complains behavior through legal action. Eight customers have good attributes towards Maruti Suzuki car; five customers have good attributes towards the Hyundai Car, four customers have good attributes towards KIA car; two customers have good attributes towards TATA company car and one customer has good attributes towards others brands car.

#### **4.6.1.3 Research Outputs:**

We are in 21st 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 Dolor, increasing political unrest in the world, rising economic power of China and India in the world.

Being these environments Hyundai and Maruti are well established brand in Nepal. Generally, Hyundai and Maruti are renowned as economic car for the Nepalese people even these brand have world class vehicles such as Hyundai accent, Tucson, Maruti Suzuki Grand Vitara and Ritz. 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 revenue (RAJSO) of the country because in the vehicle import tax in Nepal is 100% on cost price.
- ) Hyundai and Maruti 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. Nepalese government has just started to construct the 6 lanes fast track from Nijgad to Kathmandu. Besides this government should restrict the old vehicles from the second/ third country.

J Government should give the permission to import only EURO 2 Standard vehicles for prevention of environment and twenty year old vehicles should be displaced.

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 and engine performance.

### **1. Sales Force opinion:**

The following could be extracted as the findings from the Sales Force Option survey:

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

##### **A.1 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.

##### **A.2 what factor influenced car buying decision?**

It could be interpreted that the factors that influence car buyer Nepal are Brand name, Easy, Financing Scheme, Social pressure, after sales service and fuel efficacy.

##### **A.3 what features of car influence car buying decision?**

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

##### **A.4 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.

#### **A.5 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 Maruti 800, Maruti Swift, KIA Picacto, Hyundai Santro, Hyundai i10 etc.

#### **B. Market Segmentation Related:**

##### **B.1 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.40,000. Most of the buying process takes place with bank and finance companies financing.

#### **C. Buying Process Related:**

##### **C.1 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.

##### **C.2 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.

### **C.3 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:**

#### **D.1 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, I10, I20, Maruti 800, Maruti Suzuki Swift, and Ritz.

#### **D.2 which brand is popular in the context of Nepal?**

In the context of Nepal, according to survey Maruti brand is most popular. After Maruti, Hyundai is more popular than other brand. Tata, Force, Honda are also popular brand for Nepalese road.

### **E. Which 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, Nepal Bank Limited, Rastriya Banijya Bank. But the development bank and C grand 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.

### **F. What's 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 that 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 Maruti Suzuki & Hyundai company using?**

AVCO international and Surya Automobile Pvt. Ltd. are getting aggressive to push the Hyundai and Maruti Suzuki 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, Maruti 800, Maruti Suzuki Swift and Ritz. These cars, micro buses and Taxi car 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 I 10 is new model of Hyundai brand and Maruti Suzuki Swift is new brand of Maruti Suzuki India.

### **H. Which media affect car buying decision?**

It could be interpreted that the important media that influence car buyer in the Nepal are a) Television b) Newspaper c) Previous user's experience.

#### **4.6.1.4 Major Findings**

- ) Average sales of Hyundai vehicles: 1035 units
- ) Standard Deviation of Hyundai vehicles: 439.50
- ) Coefficient of variation of Hyundai vehicles: 42.43%
- ) Average sales of Maruti Suzuki vehicles: 2048 units
- ) Standard Deviation of Maruti Suzuki vehicles: 731.49

- ) Coefficient of variation of Maruti Suzuki vehicles: 35.72%
- ) According to above result, the average sales of Hyundai 1035 units and Maruti Suzuki are 2048 each year. The standard deviation of Hyundai and Maruti Suzuki are 439.50 and 731.49 similarly, the coefficient of variance of Hyundai and Maruti Suzuki are 42.43 and 35.72 respectively. Since the coefficient of variance of Maruti Suzuki vehicles is 6.71% that is lower than Hyundai so Maruti Suzuki is more successful than Hyundai Brand.
- ) we found that eight customers purchase Maruti Suzuki car, five customers purchase Hyundai car, four customers purchase KIA car, two customers purchase Tata car and only one customer purchases others brands car.
- ) We found that 6 month ago, 7 customers their car, one year ago, 3 customers purchase their car, one and half year ago, 4 customers purchase their car and two year ago, 6 customers purchased their car.
- ) Twelve car's owners said that they have easily found spare part of their vehicles; six customers said that the spare parts of their vehicle available in the market and only two customers said that they hardly found the spare part of the car in market.
- ) Eleven customers found fully satisfied with their car's performance, five customers found satisfied with their car's performance, three customers cannot say the performance of their car. One customer found dissatisfied with their car's performance.
- ) We found that eight customers focus the brand name, four customers focus the style, and three customers focus the price, three customers focus the services after sales, and two customers focus the fuel consumption before purchase of car.
- ) We found that eight customers consider the brand name, four customers consider the style, and three customers consider the price,



three customers consider the services after sales, and two customers consider the fuel consumption before purchase of car.

- ) Twelve car's owners said that they have easily found spare part of their vehicles; six customers said that the spare parts of their vehicle available in the market and only two customers said that they hardly found the spare part of the car in market.
- ) Thirteen customers complain to the company about the poor performance of the cars, seven customers tells others about poor performance of car and no one show complains behavior through legal action..
- ) Only six customers get compensation through company. Six customers get extra servicing coupon as compensation from the company.

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

## CHAPTER 5

### 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 Toyota, Tata, Lamer Zen, Mercedes Benz, King Royals, BMW, 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 Maruti Suzuki vehicles are doing well in the global market as well as Nepalese market, Hyundai and Suzuki are in the 5<sup>th</sup> position in the worldwide sales 2008 AD. On 2008 AD, 4.28 millions vehicles are sold by Hyundai and Suzuki Company<sup>1</sup>. So they ranked as 5<sup>th</sup> position. On 2009, Suzuki Company was awarded as world 1<sup>st</sup> vehicles Seller Company.

Nepal Government 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 "BOLNECO 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

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<sup>1</sup>World Wide Sales Record, 2010

<sup>2</sup>Nepali Ukhan Tukka, 2065

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 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. Sales promotion activities help to alive the business in competitive market of the product.

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. Advertising is one of the most important promotional tools that companies to direct persuasive communications to target buyers and publics. Through advertisement, company can give their information to their valuable customers and stakeholders.

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 (radios), 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 customer enquiries 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 they money in earning parts such as real state and companies shares. 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, Mahendra automobile company contracted with United Finance Co. On this period companies are offering interest @7%- @9 % on hire purchase. Due to liquidity problem of bank, recently bank and financial institutions are offering interest @ 11% -@ 13% which is seem also reasonable. 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 and commission for achieving target to achieve dealer etc.

The effectiveness of advertisement and sales promotion in the sales of automobiles has been seen and proved. While advertisement pulls these enquiries from prospective customers and sales promotion offers incentive to make instant decisions. 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 effects. 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 Maruti Suzuki are also aggressive as the market situation demands. They have regularly brought attractive fascinating schemes for the customer for increase in sales of number of vehicles.

AVCO International and Surya Automobile Pvt. Ltd. (under Chadhary Group) are getting aggressive to push the Hyundai and Maruti Suzuki 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 are expanding its sub-dealers and personal sell agent. Not only that they are also importing the most wanted vehicles such as Hyundai Santro, i10, KIA Sportage, Picanto, Maruti Grand and Maruti Suzuki Swift. These cars, Maruti 800 which is used in taxi and micro buses are demanded more than stock.

To capture more of its market, both companies are regularly doing social work such as blood donation, sport event and exchanging facility, mobile service, orientation program of vehicle owner about traffic rules, donation

social organization, sponsor of health camp etc. They always trying to launch new model and new technology such as I 20 and Hyundai Tucson is new model of Hyundai brand and Maruti Suzuki Grand and Maruti Suzuki Ritz is new brand of Maruti Suzuki India

## **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. Most of road of Nepal are very narrow and gravel.

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, and 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 and Hyundai Tucson cars run in the Nepalese roads which have made the life of Nepalese people safe and comfortable. Hyundai and Maruti Suzuki both are the Higher and middle class vehicles. Hyundai Cars are from the South Korea and Suzuki cars are from Japan. Hyundai and Maruti also have standard car which is produced EURO 2 Standard. But in Nepal, middle class type such as Hyundai Santro, i10 and Maruti 800, Maruti omni, Maruti Alto, Maruti Eeco were sold more than high standard car like Hyundai Accent, Tucson, Maruti Suzuki Grand vitara, Maruti Sx4.

In Nepal buying car is very expensive because they are imported from the second and third country. Tax on vehicles is very high which 100% on its cost is. 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 which is assemble from Chinese and Indian motors Parts. It was cheap than other imported branded vehicles. It seemed very strong and was used in carrying goods. "HULAS" Car was used in carrying goods and passengers in hill district of Nepal. Due to narrow and gravel road this cars used in remote areas of Nepal. But it was failed to capture its market being cheap and strong.

In the context of Nepalese market, Hyundai and Maruti are the successful brand even they have taught competition. These brands are successful due to its world class standard, efficient and prompt after sales services provided by importers. , Hyundai and Maruti Suzuki are in the 5<sup>th</sup> position in the worldwide sales 2008 AD. On 2008 AD, 4.28 millions vehicles are sold by Hyundai and Maruti Suzuki Company. So they ranked as 5<sup>th</sup> position. These brands have given grease 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 pick 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 keep them 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, AVCO International Pvt. Ltd. and Surya Automobile Pvt. Ltd (Under CG Group) do advertise regularly in the suitable media that increase the sales. Authorized dealer of two company use appropriate media which is reach target customers. Similarly, both company has introduce new promotional schemes regularly, services after sales. But AVCO International Pvt. Ltd. and Surya Automobile Pvt. Ltd. sales volume of vehicles didn't increase as expected volume due to ineffective after sales service and petrol shortage.

On the other hand, AVCO International Pvt.Ltd. has good trained sales person even some showroom sales persons have also driving licenses. They may provide right information to the customer about the product. Staffs are good and they fulfill the customer expectation. They had given commitment. It also flowing the good impression on the public. The customers are supposed to get the vehicle delivered within one month from the day of booking and it seems that the company tries to delivery the vehicle in time. Because of government letter of credit policy, company can't delivery the Hyundai Tucson car with in one month. AVCO International Pvt. Ltd. has opened the workshop in the major city of Nepal for sales after services.

SO on, Surya Automobiles Pvt. Ltd. has also good trained sales person. Sales person who work in showroom have also driving licenses. Sales persons of Surya Automobiles Pvt. Ltd. have all over the Nepal and they provide right information to the customer about the product and services. Staffs of the company are well educated and they try to fulfill the expectation of the



customers. They are found the committed to their job. It also flowing the good impression on the public. The customers are supposed to get the vehicle delivered within 15 days from the day of booking and it seems that the company tries to delivery the vehicle in time. Surya Automobiles Pvt. Ltd. has opened the workshop in the major city of Nepal which provides world class services after sales.

### **5.3 Recommendations:**

Nepalese market is basically seller –oriented and the bargaining power of the people is weak. There fore lack of the product and market specialization in the country. Here are some recommendation for AVCO International and Surya Automobile 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 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.
- ) Maruti Suzuki 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 and given more service coupon.

On the other hand, AVCO should try to go along with Maruti Suzuki first then after try to defeat to its competitor Maruti Suzuki and

others company. 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, and awareness program of traffic rules for public as well as vehicles owners 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% to @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 finding the potential customer.
- ) Company should provided toll free number for their valuable customer for received any complain and suggestion about their product and services.
- ) The vehicles should deliver in time where customers want to receive the vehicles.

- ) Tiny spares parts should be changed with free of cost to win the heart of the consumers.
- ) Company should appoint the individual commission 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 join venture automobile company in Nepal. That will help to minimize the cost of auto mobile in the country.

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# ANNEX-I

## QUESTIONNAIRE

**Dear Répondent,**

I am Birendra Prasad Dhugana, student of Master of Business Studies at Makawanpur Multiple Campus, Hetauda. I am going to conduct a study to marketing strategies of Hyundai and Maruti Suzuki car. In my study, I want to find the consumers attributes towards the Hyundai and Maruti Suzuki car. So, you are kindly requested to mark tick ( ) for the following statements to show your attributes towards performance of your car.

Q.1. which company car that you have purchased?

- |                  |            |
|------------------|------------|
| a. Maruti Suzuki | b. Hyundai |
| c. KIA           | d. TATA    |
| e. others Brand  |            |

Q. 2. how long ago have you brought it??

- |                                  |                |
|----------------------------------|----------------|
| a. 6 months ago                  | b. 1 year ago  |
| c. 1 and $\frac{1}{2}$ years ago | d. 2 years ago |

Q. 3. Why did you buy that brand of car?

- |                         |               |          |                     |
|-------------------------|---------------|----------|---------------------|
| a. Price                | b. Brand Name | c. Style | d. Fuel consumption |
| e. Service after sales. |               |          |                     |

Q. 4. Are you fully satisfied with your car's performance?

- |                    |                          |
|--------------------|--------------------------|
| Fully Satisfied    | <input type="checkbox"/> |
| Satisfied          | <input type="checkbox"/> |
| Not to say         | <input type="checkbox"/> |
| Dissatisfied       | <input type="checkbox"/> |
| Fully dissatisfied | <input type="checkbox"/> |

Q.5 what aspects are important for you while buying car?

<b>Price</b>	Very important	5 4 3 2 1	Not important at all
<b>Durability</b>	Very important	5 4 3 2 1	Not important at all
<b>Design</b>	Very important	5 4 3 2 1	Not important at all

<b>Performance</b>	Very important	5	4	3	2	1	Not important at all
<b>After sales service</b>	Very important	5	4	3	2	1	Not important at all
<b>Brand Name</b>	Very important	5	4	3	2	1	Not important at all

Q.6 To what extent are you satisfied with the following aspects of the cars?

<b>Price</b>	Fully Satisfied	5	4	3	2	1	Not at all satisfied
<b>Durability</b>	Fully Satisfied	5	4	3	2	1	Not at all satisfied
<b>Design</b>	Fully Satisfied	5	4	3	2	1	Not at all satisfied
<b>Performance</b>	Fully Satisfied	5	4	3	2	1	Not at all satisfied
<b>After sales service</b>	Fully Satisfied	5	4	3	2	1	Not at all satisfied
<b>Brand Name</b>	Fully Satisfied	5	4	3	2	1	Not at all satisfied

Q.7 is Spare part of your car easily available in market when you need?

- a. easily available
- b. available
- c. hard to find the spare parts

Q.8. Have you ever complained to company about the poor performance of your car?

Yes  No

**If yes, what is your complaint behavior?**

- i) Tell to others about poor performance of car
- ii) Ask compensation from the seller.
- iii) Take legal action.
- iv) Go to the public media.

Q.9. Have you ever got compensation by the company?

Yes  No

**If yes, what kind of compensation did you get?**

- Monetary compensation
- Guarantee compensation
- Warranty compensation
- Social compensation (excuse etc)

Extra free servicing for the period of time

Q.10. what is your Suggestion to the company?

.....  
.....

### GENERAL INFORMATION

**Name**.....

**Gender:-** Male  Female

**Age Category:** a) 15-30 years

b) 30-45 years

c) 45-60 years

d) Above 60 years

**Profession:-** .....

**Place of Residence** .....

**Marital Status:** - .....

**Income Group (Monthly)**

a. Below Rs.40,000

b. Between Rs.40,000-50,000

c. Between Rs.50,000-60,000

d. Above Rs.60,000

\*\*\* Thank You \*\*\*