

CHAPTER - ONE

1.0 INTRODUCTION

1.1 Background of the Study

Located north of the Indian Subcontinent and spread in an area of 1,47,181 sq. Km, Nepal is a small, sovereign, independent and the youngest federal republican country. With its landlockedness, Nepal is blessed with snow-capped mountains which had made it geographically impressive. A world known icon Mt. Everest with an altitude of 8848 m. had placed Nepal in front of the world in terms of natural beauty surpassing the rest. It lies between 80° 4' to 88° 12' east longitude and 26° 22' to 30° 27' north latitude. Having length of 885 Km. east-west and width of 193 Km. north-south, it is situated in between two big nations, China in north and India in south (CBS).

The whole country has been divided into three regions: Mountainous, Hilly and Terai. The mountain region covers 15%, hilly 68% and Terai region 17% of the total area of the country. Administratively, the country is zoned into 5 development region, 14 zones and 75 districts (CBS 2005). Though being small country, it has diverse climate from sub-tropical to desert to mountain tundra with every form of landscape and vegetation.

Nepal is a country of numerous festivals, being festivals significant aspect of cultural life of Nepalese people. As multi-lingual people inhabited the country, it is culturally rich with diverse religious customs, life styles, festivals, food habits, clothing's and languages of various ethnic variations. Though culturally diverse, there always exists perfect harmony.

In terms of development, Nepal is one of the least developed countries of the world with a per capita income of US \$ 269 (Economic Survey, 2003/04). With a population size of 25 million, (World Bank, 2005) more than 60 caste/ethnic groups are accommodated in the country. Nearly 38% of these people still subsist below poverty line.

The majority of population lives in rural areas. The major economic activity is agriculture and the rest includes manufacturing, trade, commerce and services. The economy is agro-based and above 60% of national income is generated from this sector. However the dependency in monsoon and use of traditional means of production are the major constraints of agriculture. Thus agriculture is incapable of accelerating desired level of economic development due to the several bottlenecks.

The main sources of foreign currency earning are merchandise export, tourism services and remittance from abroad. In general Nepalese economy is characterized by slow growth, mass poverty and large-scale deprivations. However development efforts have been initiated but the results have not been encouraging in many sectors. Thus, it is essential to have a clear vision of future destination which would encourage utilization of potentials with

competitive advantages like hydro-power, agro-industry, tourism and other sectors.

In recent years, tourism is regarded as the world's largest and fastest growing industry. It has been playing a pivotal role in the socio-economic sectors of the most of the developed as well as developing countries of the globe. So, most of the nations are attracted to this industry and trying their best to strengthen economic life by promoting tourism in the country. Tourism has been identified as an important source of foreign currency earning, as an industry creating.

Considering the historical background, geographical situation and socio-cultural wealth there are enormous tourism potentialities in Nepal and the tourism industry has been playing a significant role in the country's economy. People from both East and West are attracted to visit Nepal due to having all important ingredients for tourism are available here. Nepal's natural attractions, resulting from physical, historical, cultural monuments and temples, art treasures, festivals and its wildlife are the best attractions for the foreign visitors. Nepal Himalayas and their scenic beauty are also the prominent attractions to the visitors. Nepal is the country of Mount Everest, the land of Yeti, the land of Buddha. Its various snow-peaked mountains, rivers and lakes, favorable climate and mysterious charms are inviting the visitors of the world. Cultural, religious and natural resources are the three major attractions of Nepal which have eight cultural and two natural World Heritages sites. It offers nature based tourism activities like trekking, mountaineering, rafting and wildlife sanctuaries as well as culture and people based and man-made attractions.

Considering all these potentialities, there is adequate prospect to develop tourism in the country. Tourism is a multi-faceted industry, which promotes cottage industries, trade and other services sectors. It is also regarded as a labor intensive industry and it provides good employment opportunities at different levels. Tourism is one of the main sources of foreign exchange earnings for Nepal. Overall, tourism plays a vital role in the process of national development, which is an advantage to a country like Nepal with other limited resources.

1.1.1 Development of Tourism in Nepal

The history of Nepalese tourism can be found from ancient times. People visiting Nepal from different countries of the world for the exchange of culture and for pilgrimage were popular. The recorded history of Nepal begins with the Lichhavis who came to power in 400 A.D. With them the nation began to prosper in art, culture, painting, architecture and sculptures. The Mallas, who succeeded them, gave a new turn to this prosperity by transforming the small kingdoms of Kathmandu, Patan and Bhaktapur into "***Open air Museum of art and Architecture***". But efforts to earn foreign currency to accelerate development through tourism were nil, and there was no link between tourism and national economy. After centuries, the democratic revolution of 1951 AD, marked a new era in Nepalese Tourism for all foreign visitors. Nepal opens its

door to international tourists after the dawn of democracy. For convenience, development of tourism in Nepal can be remembered by dividing it mainly into three phases.

- i. **First phase:** History of Tourism before 1950.
- ii. **Second Phase:** History of Tourism from 1950 to 1990.
- iii. **Third Phase:** History of Tourism after 1990.

i. First Phase of History of Tourism before 1950:

The ancient history of Nepal is the history of Kahtmandu valley and the ancient history of tourism is also related to the Kathamandu valley. The Kathmandu valley took birth when a visitor name Manjushree came here from China, cut the edge of the hill in Chovar with a sword and emptied the water of the lake. After this in 249 BC, emperor Ashok of India visited Nepal as a pilgrim and erected a Monastery entitled '*Charumati Bihar*', and also four Buddhist stupas in the four corners of Patan. During the Lichhavi dynasty period, most of the foreigners visited Nepal as pilgrims. At this period, the great emperor of Tibet named Shrangchong Gampo visited rule of King Anshuvarma and married the Nepalese princess Bhrikuti. The Chinese visitor Huan Tsang described in his travel accounts the Kailaskut Bhawan and Mangriha of Lichhavi dynasty.

Similarly, around 6th century, in the Kirati Regime, some foreigners visited Nepal as pilgrims in Malla Regime there was a significant development in art and culture, and then rulers of Nepal were more or less interested in greeting travelers who entered into the kingdom of Nepal as pilgrims. Krishna Mandir of Patan, 55 windows palace of Bhaktapur, Pashupati Temple, Swayambhu and Stupas of Buddhist were built during this period.

After the unification, the rulers of Nepal had not made any attempt to develop tourism in Nepal on the contrary the policy of the government was not let tourist enter into Nepal, except in some special cases. In the Rana's regime for 104 years the policy of the government was not favorable for tourism development. Only during the great festival of Shivaratri, permission was given to Indians to enter into Nepal as pilgrims. Till 1950 only 100 foreigners visited Nepal we can meet even uncertain data of that. The restrictions on tourists to enter into Nepal during the Rana regime of 104 years adversely affected tourism in Nepal. In the Rana's regime only foreign writer and diplomats were visited as a guest of Rana family in that period. As a result there was a lack of foreign exchange earning from tourism for the development of infrastructure in the country.

ii. Second Phase: History of Tourism from 1950 to 1990:

A great political change took place in 1951 in Nepal. The Rana government was overthrown from power and Nepal got a new birth i.e. democracy was dawn in the country. Thereafter, a rage of development in the country, internal as well as external communication and transportation tasks began to start. Many foreign countries started to help for the development of Nepal. In actual sense

the promotion of tourism started more or less only in the beginning of 1960s. Then, government made attempt to the development of tourism with liberal tourism policy relatively than there before. In 1965 A. D., John Copman, who was running 'Tree Top' in Africa, came to Nepal and being impressed with dense forest and wild animals started 'Tiger Top Jungle Lodge in Chitwan which is located near to my house. It is still running but due government not renewable it is closed since few days. It was first Jungle Resort. Similarly, James Robert, Ex-British Army-man who was in British India came in contact with Nepalese Gorkha soldiers and with their links came to Nepal and introduced trekking tourism by opening company named 'Mountain Travel' in 1965, which still runs to these days. And Edmund Hillary introduced and promoted mountaineering in Nepal.

In 1953, Tenjing Sherpa and Sir Edmund Hillary succeed in climbing the world's highest peak Mt. Everest. After getting membership to the UNO in 1950, Nepal gradually became known to the world. In the auspicious occasion of the coronation of former King Mahendra in 1956, government head and diplomat from different countries of the world visited Nepal. After these travelers, political and commercial delegation began entering in Nepal. Diplomatic, cultural and economic relationship with different countries were set up, with increasing diplomatic relationship with different organizations like UNO, WHO, UNESCO, FAO etc. a congenial atmosphere was created in Nepal for tourism development.

A new era of Nepalese tourism started in November 1957 A. D. when a 'Tourism Development Board' was established under the chairmanship of minister for trade and Industry. In 1958, this 'Tourism Development Board' has transferred to Ministry of Public Works, Transportation and Communication. In 1959, this has attached to the 'Department of Construction and Communication Works', and directorate of tourism were opened. Similarly, 'Tourism Information Center' was established this year. In such organizational development process, in 1961, the government decided to established 'Department of Tourism' with the establishment of this department, the country got an opportunity to obtain membership of various international tourism development institutions such as International Union of Official Travel Organization (IUOTO), South Asian Travel Commission (SATC), The Pacific Area Travel Association (PATA), and American Society of Travel Agent (ASTA). In 1970, Nepal Tourism Development Committee was constituted under the chairmanship of late prince Himalayan Bir Bikram Shah. In 1972, the committee published 'Nepal Tourism Master Plan' with technical assistance from the government of Federal Republic of Germany. The master plan had been prepared for further development in the field of tourism started to be considered the country, tourism started to be considered as an industry and for its development efforts have been made to distributed posters, booklets to international organization and to provide sufficient hotel facilities and transportation facilities to tourists. As a result, there was 41 fold increases in tourists visiting Nepal, 6179 tourists in 1962 and 2548885 in 1990.

iii. Third Phase: After 1990:

This is the period of globalization. In this period there was institutional and infrastructural development of tourism. Although in Nepal only international tourists are mainly recognized as tourist and all policies and program have been focused around them only. Still a careful analysis of the events related to development of tourism in Nepal suggest that in the decade of nineties there has been much more conscious efforts to globalize the tourism activities with view to globalizing the economy of Nepal also.

The Eighth Five Year Development Plan was a bold enough to acknowledge the defects of policies pursued and their net efforts on achievements. The plan has designed some objectives for tourism:

- a. To improve the quality of services and facilities relating to Tourism.
- b. To develop necessary infrastructures for the tourism sector and expand the tourism sector and expand the tourism activities to other places of the country.
- c. To forgo a close coordinating link between tourism sector and other sectors of the economy.
- d. To argument the use of local materials and services in the tourism industry.

Similarly, the ninth plan had noted that "The tourism industry can be developed as an important sector of the national economy on account of its comparative advantage engendered by exiting attractive features and special geographical location of the nation." The plan also carried out some policies to develop village tourism.

The tenth plan has also focused the tourism sector as an important organ of the national economy which will not only contribute to the national economy but will not only provide benefits to foreign tourist as well as increase the income generating and employment opportunities. The plan has set some objective relating to tourism sector such as qualitative promotion of tourism sector, conservation and preservation of historical, cultural, religious and archaeological heritage and enforcing their practical utilization and to make air transportation services easily accessible standard and reliable.

1.1.2 Policies and Program under Globalization in Nepal

Analysis of the event related to development of tourism in Nepal suggests that in the decade of nineties there have been much more conscious efforts to globalizing the economy of Nepal. However, here we are taking up only some important events that reflect upon globalization of tourism related activities in Nepal. These are: (Upadhyaya, 2003: 194)

- I. Formation of Tourism council (1992)
- II. National Civil Aviation policy (1993)
- III. Tourism policy (1995)
- IV. Visit Nepal year (1998)
- V. Formation of Nepal tourism Board (NTB) in 1999.
- VI. Destination Nepal 2002-2003.
- VII. Nepal tourism year 2011(with slogan of "once is not enough")

A. Tourism Council (1992)

Tourism Council is an apex body for tourism ministries and department, is an attempt to integrated and consolidated development of tourism. This apex body is chaired by prime Minister which has 30 members. It is expected that this apex body will help to remove obstacles during the process of implementation, provide correct directives and formulate policies by bringing about co-ordination among different ministries and departments for the sake of the development of tourism industry. But the major for the tourism council is that it does not enjoy the executive power and attention to implement its well intention and well planned programs. If this problem is removed, it provides to be of immense help for galvanizing the tourism sector in respect of the Nepalese economy.

B. National Civil Aviation Policy (1993)

Nepal government announced National Civil Aviation Policy (1993) to make air transport services competent and efficient in order to attract more international tourism during the Eight five year development plan. The policy was formulated to assist tourism development in accordance with the tourism policy. The major objectives of Civil Aviation Policy (1993) are:

- I. To develop international air transport service
- II. To encourage private sector in airline service
- III. To develop and expand air transport and air ports in the remote areas of the country.
- IV. To encourage recreational, adventure and research oriented air facilities.
- V. To make air transport reliable and safe through installation of modern equipments at air ports.

C. Tourism Policy (1995)

It is during the eight five year development Plan (1992-97) period that the government of Nepal announced an independent tourism policy (1995). It was announced with the aim of increasing national income and productivity, increasing foreign currency, creating employment opportunities, improving regional imbalance and projecting the image of Nepal in the international area through diversification of travel and tourism industr.

D. Visit Nepal year 1998

This was first national campaign in the history of tourism of its king. The central theme of the campaign has been "a sustainable habitat through sustainable tourism" similarly its marketing slogan was " A world of its own" which reveals that there is a 'world' in Nepal that needs to be discovered in its natural resources, living cultural heritage and friendly and hospitable host.

Some major objectives of VNY '98 were:

- I. To raise the image of Nepal throughout the world.
- II. To protect and conserve the natural and cultural centers in integrated form.
- III. To diversify the tourism product.
- IV. To develop Nepal as one of the important tourist destination.
- V. To raise the public awareness about tourism.
- VI. To distribute the fruits of tourism up to the grass root.
- VII. To increase the volume of domestic tourism.
- VIII. To increase the length of tourist to 13 days. And their expenditure to USD 50 per day.
- IX. To improve the quality of tourism.
- X. To welcome 5 Lakh tourists.

VNY '98 helped Nepal to rebuild its image internationally, and also contribute to introduce professionalism in tourism in general and helped to raise awareness among the Nepalese people about the importance of tourism.

E. Destination Nepal Campaign-DNC (2002-2004)

As the impact of VNY it was not of desired program 'Destination Nepal 2002-2004' had been planned to initiate DNC started from December 2002 and ended on December 2004 as a two year program. The international year of mountain 2002, International year of eco-tourism 2002 and visit south Asia 2003 were also integrated under this campaign. It was implemented with the partnership between the government and private sector to promote tourism industry and create awareness among the people. The main objectives of DNC 2002-04 were:

- I. To promote public awareness among people about tourism.
- II. To promote and maintain Nepal as a reliable attractive and secured destination with wide international publicity.

Nepal has started to pay more attention to this industry. However, it does not seem that proper program and planning has been made and the industry may not be professionally managed as is needed for the sector's proper development. Besides, its true potentiality can be realized only by proper marketing strategies and in this respect Nepal does not seem to have extended adequate attention.

Nepal has ample opportunities to develop international tourism as it consists of rich natural resources, beautiful landscapes and bio as well as cultural diversities. Thus tourism can be a good source of income for developing country like Nepal. Keeping in view of those facts, Nepal government has taken important steps and made long-term plans, policies and strategies for development of tourism in Nepal.

In this context, Nepal Tourism Board Act 2053 was passed by both the houses of the parliament in December 1996, and obtained the Royal Seal in February 1997. The Board designed as a partnership between the HMG and the private

sector travel industry of Nepal has been empowered to work as a National Tourism Organization commencing 31st of December 1998.

The Board has certain statutory responsibilities assigned by the Nepal Tourism Board Act, 2053 as mentioned below:

1. To develop and introduce Nepal as an attractive tourist destination in the international marketplace.
2. To promote the tourism industry in the country while working for the conservation of natural, environmental and cultural resources.
3. To work towards increasing the gross domestic product and foreign exchange income by means of promoting the tourism industry. To work towards increasing employment opportunities in the same industry.
4. To develop Nepal as a secure, dependable as well as attractive travel destination by establishing a respectable image of Nepal in international travel trade community.
5. To work towards providing equality service to the tourists visiting Nepal.
6. To study the bottlenecks against the same by means of conducting research and implementing and getting implemented results of such research in order to do away with these bottlenecks.
7. To promote and develop institutions for the promotion of tourism industry.

Putting all those objectives in strong consideration, NTB has designed its overall organizational structure in such a way that collective actions of each unit emphasizes in overall marketing & promotion of its diversified potential as well as existing tourism products.

Nepal Tourism Board had prepared its Tourism Marketing Strategy for Nepal and its three main objectives are as follows:

1. To recover and expand the overall volume and value of tourism to Nepal connecting on inherent products strengths.
2. To reposition Nepal firmly as a varied and multi-faceted destination
3. With world class cultural and special interest products.
4. To improve the seasonal and spatial distribution of visitors and foster the growth of new tourism areas.

In order to achieve these objectives, NTB has presented its core product strengths through its overall marketing campaign. Nepal's core product strengths are seen as the following:

1. Rich ethnic culture with world heritage sites still in actual daily use
2. Spectacular Himalayan landscapes including Mt. Everest
3. Pleasant year round climate
4. Unique religious traditions
5. Fine natural attractions and its welcoming and friendly people

These product strengths are further grouped in five main product clusters as:

1. Culture tradition and people
2. Cities and leisure
3. Outdoors, trekking and adventure
4. Religion and pilgrimage
5. Nature and wildlife

F. Nepal tourism year 2011

The natural scenery, high mountains, incomparable cultural heritage and numerous specialties have made Nepal a well-known destination in the world tourism map with a distinct image of its own. However, the development of tourism is limited in number and within the certain areas of the country only. The new government has shown greater concerns about the real value of tourism and its role in contributing to economic growth, poverty alleviation, equity and overall tourism development in the country.

Therefore, the government is placing high priority on tourism sector in its new economic development policy. As there is a favorable political situation in the country, the government is all agreed towards economic revolution in next 10 years for the up-liftment of the masses. In this connection, government of Nepal in consultation with Nepalese Tourism Industry, concerned organizations and experts decide to launch a national tourism campaign "Nepal Tourism Year 2011". This announcement reflects the government's anticipation to bring into at least one million international tourists in Nepal by the year 2011 and spread the benefits of tourism to the people at large. The national campaign also indicates the tourism industry's exigency to organize a tourism promotion campaign having wider impact.

With the glittering badge of adventure destination and destination and the adage "***Atithi Devo Bhava***" (Guests are God) that reflects "***Atithi Satkar, Nepali ko Sanskar***" (Hospitality is Nepalese Culture) deeply rooted in our culture, the tourism products of Nepal never cease to mesmerize the visitors. The cultural, geographical, ethnic and bio-diversities of the country allure international visitors to Nepal time and again which truly substantiates the spirit of Nepal tourism brand:

G. Naturally Nepal one is not enough!

The concept of Nepal Tourism year 2011 envisions harnessing these opportunities and strengths and bringing together the commitment of the government, expertise and experiences of the organizations like Nepal Tourism Board, aptitude and dynamism of the private sector and communities for further tourism development in the country. Active involvement of the major political parties, members of the Constitution Assembly and right group is always taken into consideration in order to make the campaign inclusive and participatory in modus operandi and effective in result. The campaign will also focus on mobilizing the network of the Non-Resident Nepalese (NRN) communities, Nepalese diplomatic missions abroad, I/NGOs, airlines, and

national and international media. Similarly, friends and well wishers of Nepal, tourism academicians and celebrities will also be approached in order to highlight the campaign internally as well as internationally.

H. Objectives of the campaign

1. Establish Nepal as a choice of premier holiday destination with a definite brand image,
2. Improve and extend tourism related infrastructures in existing and new tourism sites,
3. Enhance the capacity of service renders,
4. Build community capacity in the new areas to cater the need of the tourists, and
5. Promote domestic tourism for sustainability of the industry.

I. Quantified targets

1. One million annual international arrivals.
2. Dispersal of at least 40% of the international tourists into emerging and new tourist areas.
3. Encourage additional investment on tourism infrastructures
4. Develop mechanism to record domestic tourism activities.

J. Promotional Strategies

1. Focusing marketing and promotion activities on regional and emerging markets,
2. Exploration of new tourism potential market segments,
3. Highlighting the tourism brand: Naturally Nepal once is not enough!
4. Enhancement of air connectivity with the regional, emerging and potential markets,
5. Lobbying with the government for sufficient budget allocation to improve and expand, tourism related activities infrastructures in existing and new tourism areas,
6. Attract and encourage private sector for investment in tourism sector,
7. Capacity building of human resource involved in tourism,
8. Lobbying with the government for effective intervention in domestic tourism,
9. Promotion of domestic tourism by endorsing Leave Travel Concession (LTC) by the Government, and
10. Organize major sports/events in association with tourism associations and stakeholders, during the Nepal Tourism Year 2011. (At least one event in a month)

K. Institutional Arrangements

Nepal Tourism Board (NTB) has been entrusted to function as a secretariat of the Nepal Tourism Year 2011.

1.2 Statement of Problem

In economic arena of Nepal, tourism plays a very important role. Tourism is one of the main sources of foreign exchange earning. Natural and cultural attractions are main assets of tourism in Nepal. Due to such attraction, the potentiality of tourism is very high in Nepal. However, this potentiality is not been exploited properly. "Although Nepal's tourism potential is vast but factors such as limited air access, poor infrastructure and lack of appropriate marketing strategy have resulted in limited growth" (Bhatta, 1997: 4). Though tourist arrival is growing due course of time, Nepal is far behind in world tourism as compare to the other countries of south Asia (Anand & Bajracharya, 1985: 3). Nepal tourism board, national tourism organization is undertaking different marketing program. In different country segment but due to very limited marketing & promotional budget, it's not being effective. NTB's marketing program has to compete with competitor like India, Thailand, Malaysia who spend huge amount of money for marketing and promotion.

Asian countries have increasing outbound tourism by which Nepal can benefit a lot. But Nepal lacks appropriate and conducive tourism policies and strategies. There is always big problem of air-seats and air connectivity. Consumer research based marketing strategies are yet to be developed. Decade long insurgency inside the country had made negative publicity of the country consequently tourist arrival has gone down despite the continuous effort of Nepal tourism Board and private sector of promoting Nepal. The travel trend has shown that Nepal's major tourism market is Europe & USA. The tourist arrival from these market holds negligible percentage if its compared to tourist arrival figure from same market to other Asian countries like India, China, Malaysia, Thailand, Singapore, Srilanka. This unbalance travel trend signifies that Nepal's tourism promotion and marketing efforts is not effective and well enough to meet the competition with above mentioned tourism destinations. The major problem behind this is not having enough budgets for effective market & promotion.

China, Japan, Korea, Singapore are now established as big economic powers in world economy. In the meantime, we are not able to attract more tourists from these big nations. Keeping the problem of enough budgets in shade, the major problem is of enough air services to and from these countries. We have not direct and enough air link with these countries.

If we summarize the problem that has been faced by NTB and Nepalese travel industry, we can point out as follows:

1. Lack of enough budgets to carry out effective market & promotion campaign to compare with other countries promotion.
2. Unavailability of enough air services between major Asian market and Nepal.
3. Lack of research based marketing.
4. Lack of effective promotional and marketing activities.
5. Past Internal Insurgency.

1.3 Objectives of the Study

Tourism activities are become indispensable from the viewpoint of country's economy. The country with high Himalayas holds great potentiality to establish tourism as major industry. So, Nepal can attract more & more tourists from its neighboring countries through its effective marketing & promotion campaign. The main objective of this study will be to assess the marketing & promotion campaign of NTB in growing Asian market. The other sub-objectives can be mentioned as below:

1. To analysis the travel trends figure from Asian markets.
2. To know the type of promotional tools effective in Asian market.
3. To know general model of marketing of NTB.
4. To suggest affordable measures for promoting Nepal effectively in Asian big market.

1.4 Limitation of the Study

- I. The study will be focusing in the general assessment of marketing and promotional trends of Nepalese Tourism Board in growing Asian Market like China, Japan, India, Srilanka, Thailand, Malaysia and Bangladesh, S. Korea & Taiwan.
- II. The study will cover assessment of travel trend from 1999-2005 (6 years) after the establishment of NTB.
- III. The marketing & promotion campaign of private travel trade industries will not be included.
- IV. The study will be using secondary data from NTB and information extensively because of impossibility of surveying all market in the field by visiting out countries.

1.5 Organization of the Study

This research document is organized into five chapters:

Chapter one consists of short introduction of Nepal and development history of tourism in Nepal, problem identification, significance of the study, and objectives of study with research methodology.

Chapter two provides extensive research reviews which includes concept of tourism marketing, reviews of books, journals, articles that describes about tourism and tourism marketing with special reference to Nepal.

Chapter three deals with research methodology, tools and techniques used to analyze and interpret the findings.

Similarly, chapter four is about the analysis and presentation of the findings on the basis of primary as well as secondary data that were taken from various sources.

The last part, chapter five provides summary of the whole research work, recommendations developed based on the major findings and the conclusion.

CHAPTER-TWO

2.0 LITERATURE REVIEW

2.1 Concept of Marketing

Marketing has gained a great deal of strategic importance in modern organization. Every organization needs marketing to achieve their goals. Marketing stimulates demand for products. It helps organizations to find out what their customer need and want. It also helps to decide what products should be offered to satisfy their needs and wants. Marketing's task is to design a product/service combination that provides real value to targeted customers motivates purchase and full fills genuine consumer needs.

There have been various attempts to define 'marketing' but so far no universally accepted definition has been devised. This is perhaps due to the fact that 'marketing' as a comprehensive management function is a fairly recent concept which effectively only started to be applied in the early 1950s.

Philips and Duncan have defined marketing as "Marketing includes all the activities necessary to place goods and services in the hands of consumers and industrial users, excluding only such activities as involve a significant change in the form of goods."

Carl Dysinger has defined the concept as "Marketing is finding out what the consumer wants and selling it to him at a profit."

The American Management Association has defined marketing as "The process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational goals.

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

According to William J. Stanton, "Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products to target markets to achieve organization's objectives.

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

2.2 Concept of Tourism

The word 'Tourism' is related to 'tour' which is derived from a Latin word 'Tornos'. Tornos means a tool for describing a circle or turners wheel. This is a word of compass or rather a pin at the end of the stretched string used to describe a circle. It is from this word 'Tornos' that notion of a 'round tour' or a 'package tour' has come which is very of the essence of tourism. It was late as 1643 the term was first used in the scene of going round or traveling from places around an excursion, a journey including visiting a number of places in circuit or sequence, circuitous journey, embrality the principles places of a country or region (Negi, 1990:21).

Prior to the advent of the industrial revolution, travel was primarily related to the trade, the desire for military conquest or the performance of group rites. It was principally the traders, in the early historical period, who blared the trail by establishing national trade routes and communications which later extended throughout the region and finally to other continents. Thus, it was trade that first motivated travel in the real sense (Tewari, 1994: 1). Later, the advent of modern means of transport and communication has uplifted tourism by facilitating and encouraging traveling. This developed form of traveling in modern terminology is known as 'tourism' today. National Committee on Tourism, India defined it as, "The new phenomenon of traveling in pursuit of leisure, culture and the quest for knowledge about alien lands con notes the concept of tourism, the growth of tourism is closely related to the ease and speed of travel, economic growth and political development" (Mohanty, 1992: 43). Tourism grew gradually over the years as easier and faster means of travel became available. Mass tourism started in Europe only in late 19th century but today it is a worldwide reality. "Today tourism revolution is sweeping the global, a revolution promising much and delivering a great deal. It has emerged as the most lucrative business of the world, having tremendous potentially for earning foreign exchange, yielding tax revenue, promoting growth of ancillary industries, generating income and employment and in the development of industrially backward region thorough its various linkage effects" (Singh, 1975).

2.3 Tourism Defined

Tourism has been defined in different ways by various authors and concerned organizations and yet there is not universally accepted definition of tourism. Hermann V. Schullaid, an Australian economist gave one of the earliest definitions of tourism in 1910. According to Schullaid, tourism is "the sum total of the operators, mainly of an economic nature, which directly relates to the entry, stay and movement of foreigners inside and outside or certain country, city or region" (Satyal, 1988: 7).

R. de Meyer has defined tourism as, "A collective term for human movement and its attendant activities caused by the exteriorization and fulfillment of the

desire to escape that is more or less latent in everybody" (Chatt Upadhyay, 1995: 7). This definition received the first prize by Academic International de Tourism at Monte Carlo in 1952. However, this definition does not seem to be broad enough. Another definition of tourism given by the Swiss professors Waiter Hunziker and Kuet Krapf, in 1942, is more phenomenons arising from the travel and stay of strangers, provided the stay does not imply the establishment of permanent residence and is not connected with a remunerated activity" (Bhatia, 1994: 38).

The tourism society in Britain had also attempted to classify the concept and it 1976 defined tourism as: "Tourism is the temporary short-term movement of people to destinations outside the places where they normally live and work and their activities during the stay at these destinations; it includes movement for all purpose, as well as day visits or excursions" (Bhatia, 1994: 38).

The most widely used and popular definitions of tourism is one prepared by the united Nations conference on International Travel and Tourism held in Rome in 1963. This definition was recommended by International Union of Official Travel Organizations (IUOTO) in 1908. Again, in 1993, the United Nations Statistical Commission adopted Rome definitions of tourism in revised from prepared by World Tourism Organization (WTO) as a follow up to the Ottawa International Conference on Travel and Tourism Statistics, jointly organized by WTO and the Government of Canada in June 1991. In this definition WTO has developed a schematic breakdown of all travelers. A traveler is defined as "any person on a trip between two or more countries or two or more localities within his/her country of usual residence" (WTO, Framework for the collection and publication of Tourism Statistics: 4).

An Austrian economist Hermann Von Schellard, in the year book of national Economy and Statistics 1990, gave the first definition of tourism. He defined tourism "the sum total of operators mainly of an economic nature which directly related to the entry, Stay and movement of foreigners inside and outside a certain country, city or region" (Batra, 1990: 1).

The League of Nations defined in 1937 the term foreign tourist as; "Any person visiting a country, other than that in which he usually resides for a period of at least 24 hours."

But revised definition given at the UN conference on International Travel and Tourism, held in Rome in 1965 which described as: "Any person visiting a country other than that in which he has his usual place of residence, for any region other than following an occupation remunerated from within the country visited".

The most popular and widely accepted definition of tourism given by the World Tourism Organization (WTO) conference in Ottawa in 1991 is; "The activities of a person traveling to a place outside his/her environment for less

that a specified period of time and whose main purpose of travel is other than the exercise of an activity remunerated from within the place visited."

Tourism is perceived as an economic activity which accrues to the recipient countries a definite source of foreign exchange and national income, creates jobs to reduce unemployment, fosters entrepreneurship, stimulates production of food and local handicrafts, speeds of communication facilities, cultural exchanges and above all, contributes to a better understanding of the host country. Some of principal changing dimensions of the vast expanding tourist industry are bringing into sharper focus the global concern over the cultural, ecological, environment, socio-economic and political effects of tourism (Motiram, 2003: 1).

2.4 Tourism Marketing

In the present day context marketing has become one of the important as well as challenging jobs of any business organization. For the success of any business activities proper marketing system is needed. Marketing denotes the business activities that direct the flow of goods and services from producers to the consumers or users in other words it is the process of exchange between seller and buyer.

In the view of Drucker (1976), the aim of marketing is to know and understand the customer so well that the product or service fits and sells itself. According to the British Institute of Marketing, "Marketing is the management function which organizes and directs all those business activities involved in assessing and converting customer purchasing power into effective demand for a specific product or service to the final customer or user so as to achieve the profit target or other objectives set by the company" (Bhatia, 1994: 139). Similarly Eugene J. Kelly has defined marketing "as a business discipline, marketing consists of systematic study of the demand generating or consumer motivating forces, the temporal and spatial considerations influencing economic transaction, and the interacting efforts and responses of buyers and sellers in a market" (Bhatia, 1994: 140). According to the American Marketing Association, "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives" (Bennett, 1988: 115). Today, in the field of marketing, more priority is given to know the desire of customers and to satisfy them. The present concept calls for a customer orientation backed by integrated marketing aimed at generating customer satisfaction and long run consumer welfare as the key to attaining success (Kotler, 1972: 46-54).

The challenge of marketing goes beyond the success of business. It must also serve the goals of society. It must act in concert with broad public interest. For marketing does not end with the buy-sell transaction – its responsibilities extend well beyond making profits. Marketing shares in the problems and goals of society

and its contributions extended well beyond the formal boundaries of the firm (Lazer, 1978: 1).

Tourism being the fastest growing and most competitive industry in the world it should be marketed properly. "Tourism needs to be marketed, just as any other product, indeed move so, because it is an industry in which the customer still has an immense variety of choice. There are a number of destinations competing with each other to get a bigger and bigger share of the market" (Bhatia, 1994: 137). Hence, tourism marketing is regarded as a central point of whole tourism activities. Today all direct and indirect promotional activities to sell destinations are related to tourism marketing and it effects all the operations of tourism (Negi, 1990: 387).

Tourism marketing is defined as the "systematic and co-coordinated efforts exerted by the National Tourist Organizations and/or the tourist enterprises at international, national and local levels to optimize the satisfaction of tourists, groups and individuals, in view of the sustained tourism growth" (Bhatia, 1994: 142). According to Krippendorf (1971: 46) "Marketing and tourism is to be understood as a systematic and coordinated execution of business policy by tourist undertakings whether private or state owned, at local, regional, national or international level to achieve the optimum satisfaction of needs of identifiable consumer groups and in doing so to achieve an appropriate return." Hence, tourism marketing denoted the development of a tourism product to meet the needs of the tourists and then employing the techniques of direct sales, publicity and advertising to bring this product to the tourists (Bhatia, 1994: 142).

There is a need of tourism marketing with proper planning and sound policies. "Its complexity lies in the fact that tourism promotion in its various forms has to be directed at large number of people in various lands of different socio-economic structures, having different needs, tastes, attitudes, expectations and behavior pattern. It is only through the efficient marketing strategy that will help understand people's tastes and preferences for travel. And hence need for marketing in tourism" (Bhatia, 1994: 141). However, tourism industry does not seem to apply marketing approach for its promotion and development adequately (Anand and Bajracharya, 1985: 1).

Because of the competitive global scenario and the ever expanding tourism industry, the marketing of the tourism products need greater attention. There are countless tourist destinations world-wide and to develop tourism, every country tries to capitalize on its cultural, religious and natural heritage in addition to the various forms of entertainment packages. But only those countries which have devised aggressive marketing strategy have been able to attract a greater number of tourists. Thus, tourism being a high publicity product effective marketing is a must for the successful running of tourism industry.

Adequate budget, financial and technological resources are needed for effective tourism marketing. But, "we understand very limited marketing activities while other countries with more resources are spending huge amount of money on aggressive marketing of their destination (Pokherel, 1995: 24). In this regard, Hotel Association of Nepal President Yogendra Shakya commented saying "we have alone practically nothing as far as promotion is concerned. The Ministry of Tourism has no budget for promotion" (Spotlight, 1994). Government also should take necessary initiative for the publicity of tourism abroad. In Nepal, even one five star rated hotel spend Rs 30 million annually for the publicity at international level due to the lack of budget Government is not able to make sufficient publicity even in Visit Nepal year also (Aajako Samacharpatra, 1997). "We have achieved 'word of mouth' publicity in Europe and India both by travelers as well as tour operators. As the government budget is not large enough to tackle all markets, especially since we are trying to carry consumer oriented marketing. I suggest we concentrate on Farm tours for tour and travel operators and travel trade journalist from Japan. Luring film and TV producers should be our strategy for inexpensive but wide publicity" (Shakya, 1995).

The Lacunai in promotional efforts in Nepal is further indicated by the fact that "the expenditure made in publicity is too poor and not more effective in both quality and quantity. The Ministry of Tourism published brochures and booklets about tourism only in few languages and that also in limited copies. There is lack of advertisement in the foreign papers; in such a situation most of the visitors are unknown about Nepal" (Shrestha, 1981: 65).

"Nepal lacks the most essential market information focused on its products, while the most irrelevant material is produced at considerable cost and dubious impact. Fair participation, in the absence of proper information material to flow up interest, poorly staged as it often is, appears less than effective and probably a waste of money. At the same time, there is an urgent need for Nepal to work against increasingly critical world media coverage on ill-effects especially on mountain tourism. By inviting journalists, Nepal should convey the fact that it is taking serious steps towards improving matters, but needs help to do so" (Ministry of Tourism, 1984: 102).

It is interesting to note the comment about the situation of Nepalese tourism marketing made by Shakya. (Spotlight, 1994) According to him "Nepalese tourism has been marketed mainly through travel agents and tour operators abroad. We have never been able to go to the consumer. It is simply beyond our reach to advertise in, say Newsweek, which could take our entire promotional fund. There is also a growing trend of undercutting. If we have US \$ 100 as the rack rate, we give as much as 50 percent to the tour operators. That has been our marketing strategy because we depend so much on tour operators".

Another serious challenge faced by tourism sector is the level of competition because it is a very competitive business. Here it will be interesting to quote the saying of (Alwis, 1997: 8) "my friend in the travel industry in Nepal, talk of the glorious days, barely a decade ago, when a trekking tour was sold to visitors for US \$ 80 per day on the average. They now lament, that it is sold for only US \$ 18 per day on the average. In view of Alwis this certainly is not the result of the lack of demand for Nepal's unique tourism potential or a lack of adequate number of 'up market' visitors out there in the market place. It is in the opinion of most the result of unhealthy competition between the travel agents, the hoteliers, the tour operators (trekking, rafting and other), the protection of the sky and the like. They also claim that it is the lack of specialization, lack of product quality improvement, diversification of product and inadequate delivery of quality service". In this respect "the government of Nepal should have clear policy to discourage cut-throat competition in the hotel industry and thereby attract quality tourists" (Sandhu, 1996: 36). Moreover, many Americans and Europeans complain about the pollution and environmental degradation of Kathmandu. Due to this Kathmandu is sending wrong message about Nepal. We should try our best to solve the problems of pollution and environment (Sandhu, 1996: 35). "Negative reports on Kathmandu have adversely affected the tourism industry and Nepal's image" (Choegyol, 1994: 28). Regarding negative reporting done by some national and international media certainly it has done a lot of harms in the tourism sector of Nepal. For this a planned approach is needed to counter the negative effects and organizing large scale promotional campaigns could regain our lost reputation (Rajbhandari, 1994: 26). In this context Mishra (1994: 24) says "'Say Goodbye to Shangri-La' was published in Newsweek of 4th October 1993 issue. It has definitely affected the tourism especially qualitative tourist. However, in my opinion, the correct information about Kathmandu Valley came in time and we should take it in a positive way instead of being defensive. Had it not been published in such a renowned journal, it would not have been grave concern to all conscious people of Nepal and abroad."

Air accessibility is also a hurdle in Nepal. Sthapit (1996: 31) expressed "We need to take concrete steps with respect to tourism marketing in order to boost arrivals. But there is problem of air seat capacity." Sandhu (1996: 35) also has similar view in this respect. He says, "This is the one really single major problem. RNAC has limited number of aircrafts and the tour operators have to face the problems of air seat. Nepal should allow more international airlines to come to Nepal and encourage the national carrier to compete internationally. It would give new thrust for the tourism development of this country, generate employment and increase the number of tourist arrival."

For the promotion of quality tourism in the country, infrastructure and services should be improved properly (Sandhu, 1996: 36). "For most countries, including Nepal, one of the most essential conditions for the successful

promotion and development of tourism is the existence of adequate infrastructure and qualified human resources"

(Frangialli, 1996: 13).

Alwis (1997: 8) says, "All good marketing begins with the customers and ends with the customers. All good tourism marketing therefore, should begin with the visitor (tourist) and see through to the end, that we have met all reasonable expectations of that visitor. We must ensure that he or she returns with as much as a positive feeling as possible, about Nepal and its people." In fact, the good image and memories of tourists are more beneficial for the country than the promotional activities like, international advertisement, brochures, newspaper article etc., So far Nepal is concerned as a tourist destination it offers a unique product and unparalleled opportunities for marketers who want to take on the challenge. It just means that both Nepalese operators and their partners in Asia need to work harder and be innovative if they are to achieve yields that Nepal's tourism operations deserve (Alwis, 1996: 29). For Nepal "USA, Australia and the Pacific and other European countries, specially the Scandinavian countries- are very potential future markets. South East Asia is emerging to be an economic giant. But as our marketing resources are not so big, we have to select only a few countries" (Shakya, 1995).

"While formulating the tourism strategy, it is essential that our tourism marketers keep abreast the fast changing trends, particularly the changing trends in tourism market ... Tourism marketers should be quick to respond the changing economic scenario in the world" (Shrestha, 1995: 85). Similarly, in view of Sharma (1992: 112) "An integrated approach, with the twin objectives of environmental protection and sustainable economic development, should be based on an appreciation of the broader implications of tourism for the environmental, demographic, economic and distributional concerns in mountain ecosystems." Hence, development of tourism of Nepal should take into account promotional and marketing issues as well as deal with the inherent problems and challenges.

2.5 Review of Studies

In this section an attempt is made to review of previous studies on tourism with special reference to Nepal.

There was no plan and policy regarding tourism in Nepal till 1950s. For the first time the written study on tourism was made on the late 1950s. In Nepal, "General plan for the Organization of Tourism in Nepal" prepared by French national George Lebrec, in 1959, was the first tourism plan, which was prepared by the help of the French Government. In this plan, Lebrec has recommended to make brochures, posters, postage stamps depicting the Himalayan peaks and Flora and Fauna and to the use of films and documentaries prepared by the mountaineering expedition for promoting

tourism in Nepal and the establishment of separate Nepal Tourism Officers. Later, George Lebrec visited Nepal in 1964 and 1966 and prepared two reports on tourism entitled "Report on the Development of Tourism" and "Report on Tourism in Nepal" respectively. In these reports Lebrec had recommended that tourism in Nepal had started growing at a faster pace (Pokherel).

In 1972, with an aim to run tourism in a planned way and formulating policy the Nepal Tourism Master Plan (1972), a detailed and comprehensive document about Nepalese tourism, was prepared with a joint co-operation of Bundesstelle Fur Entwicklungshilfe of Germany and Nepal Government of Nepal. This Master Plan defined the tourism development programs and projects for ten years. The plan also included marketing programs to be adopted and the market segments of Nepalese tourism were identified as organized sight seeing, independent "Nepal style" tourism, trekking and pilgrimage. The primary markets for Nepal were identified as USA, France, Scandinavia and Australia as secondary target market. In the Master Plan Kathmandu was seen as continuing to be the principal centre of tourism activities in Nepal and to lengthen the average length of stay, tourists measures can be done by creating resort areas and the provision of recreational attractions suited to the needs of international tourism and opening up the country's attractions suited to the needs of international tourism and opening up the country's attractions by round tours operated from Kathmandu with intermediate stops and short stays in selected sites. Furthermore, the plan has emphasized for development outside Kathmandu such as the development of Pokhara, Chitwan, National Park, development of national parks at Langtang, Annapurna and Dhaulagiri and Khumbu. The development of pilgrimage centres at Lumbini, Muktinath, Barahchetra and Janakpur was also envisaged. The Master Plan had recommended for the establishment of a Ministry of Tourism and Culture embracing functions then found within the Department of Tourism, the Department of Archaeology, the Department of Culture, the Department of Forestry, the Ministry of Foreign Affairs and the Immigration Office.

'Nepal Tourism Marketing Strategy 1976 – 1981' prepared by Joseph-Edward Susnik started with the premises that:

- I. As the stay of tourists cannot be prolonged for now the number of international visitors should be increased substantially.
- II. Images of secondary destinations like Pokhara, Lumbini and Chitwan should be built up.
- III. Nepal should become a gateway for South and South-East Asia.
- IV. Nepal should become the starting point of any Asian tour as it is the cradle of a religion and culture that influenced the history and life of the major parts of Asia. In his report, Susnik has suggested for the formation of Nepal Tourism Marketing Committee as well as Nepal Tourism Infrastructure Committee with representation of private

sector and the Department of Tourism be recognized into Nepal Tourist Office which should concentrate on the marketing and promotional activities abroad with independent operational budget.

2.5.1 'National Tourism Promotion Report 1983'

National Tourism Promotion Report 1983 was prepared by National Tourism Promotion Committee of 1981. Suggestions were also provided on marketing strategies and plans for tourism. It reemphasized the need for promoting Nepal Style Tourism as mentioned in the Nepal Tourism Master Plan which would include sightseeing, trekking and wildlife adventure and which would promote Nepal as a primary destination. The major suggestions given in this report are to develop resorts in the mid mountains to encourage tourists from India during the hot Indian summer season, promotion in Europe be stepped up, special programs be designed for Buddhist pilgrims from Asian countries and that similar pilgrimage packages be designed for Hindu pilgrims from India, depute a person in the Embassies of Nepal for promoting tourism, participate in various important trade fairs and to promote convention tourism.

Another report entitled "**Study and Recommendation for a Nepal Marketing Plan a Marketing Task Force Report**" (1983) prepared by PATA, in 1983, considered to be very effective marketing plan of tourism. The main recommendation mentioned in this report are the establishment of an autonomous Nepal Tourism Promotion Board, to recognize responsibility by the private sector for all overseas sales activity, to engage overseas representation to conduct ongoing promotion and publicity for Nepal and to organize a research section to carry out market research on visitors to Nepal.

2.5.2 'Nepal Tourism Master Plan Review' (1984)

Nepal Tourism Master Plan Review 1984 is a review study and it has suggested action program for implementation for the promotion of tourism in Nepal. This study contains three parts. In part one, a background to be 1972 Tourism Master Plan, its contents and intents, and its practical use and operation together with a comprehensive review of past developments in key areas of tourism. Part two sets forth an updated set of policy objectives and a market development concept for the five years and part three provides action-oriented recommendations. According to this review report, there is no need for a new comprehensive master plan in tourism. The 1972 Master Plan is relevant in its long-term policy contents, and most of its basic conceptual assumptions have been fully verified. This study focuses on a pragmatic policy framework essential to solving priority issues of tourism.

This study observed that active market promotion was the most important factor for the tourism development in Nepal.

This study, therefore, suggested to various destinations oriented marketing programs. The major programs include:

- I. Developing a systematic concept of promotional material,
- II. Determining the quality standard for each individual product,
- III. Producing a Travel Agents manual containing comprehensive up to date information regarding tourism in Nepal,
- IV. Establishing representative offices in Western Europe, USA and Japan,
- V. Participating in selected tourism trade fairs,
- VI. Offering familiarization tours to agents and journalists,
- VII. Establishing a Nepali-style tour package,
- VIII. Directing sales to tour operators from the country of origin without middleman form India,
- IX. Expanding the trekking possibilities.

The conclusion and action-oriented recommendations of this study focused on improving the capability of the Ministry of Tourism to assume its responsibilities in tourism, institutionally, administratively and technically.

Nepal Rastra Bank (1989) carried out an econometric study with an objective to study and estimate the level and patterns of tourist expenditure in Nepal, to estimate the value-added and imports contents and thereby not foreign exchange earnings from tourism in Nepal, and to estimate income and employment generation in the tourism sector of Nepal. In this study, regressions were run on the time-series data as well as cross-sectional data for the period 1974-1987.

The major findings of the study included tourism demand to be income inelastic in dependent variables, tourist expenditure and number of tourists, for the total time-series analysis for the period 1974-1987. Tourist expenditure was found to be highly sensitive with respect to exchange rates, but the sensitivity of tourist arrivals to his variable was less. Country-wise time series regression for 14 countries gave mixed results.

Among tourism sub-sectors (when direct, indirect and induced effects were combined) the ratio of import content for hotel was estimated at 53.45 percent, travel agencies 74.51 percent, trekking agencies 54.04 percent and airlines 67.05 percent. The ratio of direct import content when the indirect and induced effects were taken out was estimated at 35.45 percent for hotels, 15.12 percent for travel agencies, 10.79 percent for trekking agencies and 57.60 percent for airlines. The value added for the tourism sector i.e., total payment to domestic factors including payments to intermediate and final inputs. (When direct, indirect, and induced effects were combined) was estimated at 37.74 percent as compared to 44.66 percent for tourism related sector and 42.82 percent for the overall sector (Nepal Rastra Bank, 1989: v).

This study estimated the average per capita per day tourist expenditure (Rs. 747), the average length of tourist stay (9.3 nights), and the employment in the tourism sector. The study suggested liberalizing exchange, emphasizing trekking tourism, doing aggressive marketing, expanding both international and national air services, developing integrated tourism development policy, and establishing a full fledged apex body.

2.5.3 'Nepal Tourism Marketing Program' (1990),

Nepal Tourism Marketing Program a specific study, made on tourism marketing, funded by Asian Development Bank, included some valuable suggestions on marketing. The main suggestions were:

- I. The objective of marketing trekking should be to reinforce the image of Nepal as a world leader and trekking as premium product.
- II. For sightseeing tourism Kathmandu and the Himalayas must be established as a 'must see' premium product.
- III. Initial promotional budget for Tourism Promotion Board to be US \$ 7, 60,000 in its first year to be financed from a modest increase in visa fees.
- IV. Encourage travel agencies in generating countries to represent Nepal for information purpose also.
- V. Professional representation to be established in London, Japan, Hong Kong, Washington or New York.
- VI. Ten fold budget increase in public relation budget to complement new overseas representations.
- VII. Seek technical assistance in marketing for best use of the funds.

2.5.4 Pokharel, Tek Chandra,

Pokharel Tek Chandra has also prepared a separate review article entitled "Summary of Past Marketing Strategies and Plans for Tourism in Nepal" with description of the studies and seminar reports related to Nepalese tourism marketing encompassing important studies and seminar proceedings with an emphasis on marketing of Nepalese Tourism.

The basic tasks of 'Nepal Tourism Development Programme' (1990) were:

- I. To review existing plans and policies and suggest modifications to provide a longer-term strategy for using the countries tourism resources on a sustainable basis, while satisfying on increasing number of visitors;
- II. To prepare tourism development action plans which should include, among other things, the development of a commensurate institutional capacity.

'Nepal Tourism Development Programme' consists of four reports. Product development program and marketing strategies have been defined in this study. For both trekking tourism and sightseeing tourism the essence of the

strategy is to establish Nepal as a premium product able to command the price of a premium product. The main marketing strategies initiatives for Nepal mentioned in the report were:

- I. To establish Mount Everest and the Himalayas as a "must see" attraction for any world tourist;
- II. To establish Kathmandu as the unique mystic city within a valley of exceptional scenic appeal;
- III. To establish Pokhara as the "Gateway Resort to the Himalayas"
- IV. To establish and promote a series of outstanding excursions for the ordinary sightseeing travelers.

This study report recommended a number of suggestions regarding institutional change. The main suggestions were:

- I. The formations of a National Tourism Commission;
- II. The designation of Tourism Industry Liaison officers in key Ministries and Departments which impinge on tourism;
- III. The development of the Department of Tourism as the body of professional tourism expertise within the Ministry of Tourism and the formation of an Eco-Tourism unit.

The report also produced and proposed Tourism Development Program for Nepal for Asian Development Bank support. The Development Program proposed in the reports are:

- I. Domestic Air Transport;
- II. Urban Tourism (Kathmandu);
- III. Infrastructure in Pokhara;
- IV. Institutional Development; and
- V. Tourism Manpower Development and Training.

2.5.5 Tuladhar (1993),

Tuladhar (1993) in his doctoral work, aimed to study the development of International Tourism in Kingdom of Nepal from the view of resources, the level of its explorations, utilizations and possibilities of its improvement. This study has been done against the background of the overall conditions and its development including natural and anthropological resources, economic development of the country, tourists' demands, and tourist supply. To achieve the objectives of this study, a systematic method of investigation in the theoretical scheme was used. His major findings included the use of dispersion as a basic for the balancing of prognoses may promote foreign visitor's quality and the possibilities for attempt and contribution for the future development of international tourism in Nepal should work out alternative prognostic situations in unison with the extracted priority of the tourist supply and direction for their improvement. Tuladhar has given various suggestions in his study like to promote charter flights with RNAC by tour operators assuring the low travel cost, increasing

expenditure for advertisement and publicity for the stimulation for the tourist travel to Nepal, to provide more cultural shows and other types of suitable entertainment, to increase the length of stay of tourists and to increase their expenditure, to establish summer resorts like suitable tourist hotels and villas on the banks of lakes and rivers, to develop the national concept and to develop human resources by emphasizing on tourism education.

2.5.6 Pradhananga (1993),

Pradhananga analyses the changing pattern of tourist's consumption and its economic impacts on employment, exports and national revenue were made. The basic objectives of the study were to examine the consumption pattern of tourist, to analyze the use of local resources in tourist consumption and their effects on employment, to probe into capacity utilizations of hotels in relation to the tourist's number and length of stay and to examine the change in government revenue resulting from the tourist export. This study dealt with different tourism aspects i.e., hotels and lodges, airline, travel agencies, trekking agencies, carpet and garment industries and transport agencies working in Nepal. According to him leakage of foreign exchange earning, high import contents, seasonal fluctuations in demand for tourism and over dependence on seasonality factor have been the major weaknesses in the tourism industry. He suggested that different tourism related policies and sectors like infrastructure, open-sky policy, planning of new tourism project, opening of a new destination in the country, tourism marketing strategy, management of travel agencies, full capacity utilization of hotels etc., should be planned properly.

2.5.7 Nepal Tourism Master Plan (1972)

Nepal Tourism Master Plan (1972) is a detailed and comprehensive document of Nepalese tourism. It is the first serious attempt to lay out a comprehensive policy framework for the tourism sector. The plan has proposed five different types of tourism in Nepal as following:

- I. Sight Seeing Tourism
- II. Trekking Tourism
- III. 'Nepalese Style' Tourism
- IV. Recreational Tourism, Primarily from India
- V. International pilgrimage Tourism

Kathmandu has seen to be centre of the tourism activities. The priority was placed on the development of pilgrimage centre at Lumbini, Muktinath, Barahachhetra and Janakpur. Similarly, the development of national parks in the Langtan Area, Khumbu, Annapurna and the Dhaulagiri were suggested for the promotion of adventurous mountain tourism. To increase the duration of stay, sight seeing tours from east (i.e. circular tours to Kathmandu, Namche

Bazaar, Janakpur and Chitwan) to west (i.e. Gorkha, Pokhara, Tansen, Lumbini and Chitwan Circuit) of the valley and the development of resorts area with the appropriate recreational facilities were recommended.

On the institutional front, the master plan of tourism and culture a san authoritative body for overall planning, promotion and development of tourism. It was suggested that the functions distributed among them existing organization of the department of tourism, department of archaeology, department of forestry, department of immigration, and ministry of foreign affair to be brought under the proposed ministry. It was also suggested that ecological surveys and measures for the conservation and promotion of the traditional music, dance customs, and festivals, to be carried out.

The review of master plan 1984 noted the main impediment to the plan's implementation was due to the fact that government at large failed to share its responsibilities in directing and promoting tourism in a planned manner. And others are:

- I. Infrastructural facilities to diversify tourism to important market segment were not laid properly to meet the need of the time.
- II. The private sector invested in all the places with the tourism potentials and market began to develop in accordance with the dictated of the buyers. This demand induced development resulted in uncontrolled development and proliferation of low quality establishments.
- III. While the Kathmandu has become increasingly crowded the other sight seeing places, e.g. Pokhara, Tansen, Gorkha, Lumbini were neglected.
- IV. In Mountain tourism, Annapurna, Khumbu and Langtan became over exposed causing increasing pressure on their scarce Natural resources.
- V. Other regions with comparable attraction were not developed because of the failure of the government to open and regulate and control tourism.
- VI. International pilgrimage tourism in still in the incipient stage of development despite the presence of world renowned heritage site like Lumbini and Janakpur Dham.
- VII. Wildlife tourism has been limited to the Chitwan, after many years it has been to extend to the Bardia and Sukla Phant reserve.
- VIII. The master plan recommended the development of supply guided "Nepal Style Tourism" to give Nepal an independent and unique destination and status. It emphasized providing mixed image of comfortable natural and cultural sight seeing along with the variety of soft and hard adventure product as per the physical stamina and time disposition of the travelers.

- IX. But the infrastructural back up and, imaginative and innovative endeavor needed to create alluring supply guided are seriously talking.
- X. All adventure market segments including wildlife/trekking and rafting were stated by expatriates and blindly strives to excel by Nepalese entrepreneurs.
- XI. The Ministry of Tourism, established in 1977, according to the recommendation of the Master Plan, has not become an effective central government body to look after the vital issues and challenges in the field of tourism.
- XII. Rather than focusing on policy/planning and co-ordination, it has implemented only simple plans that fir under its jurisdiction.
- XIII. It has only added to the bureaucracy but not provided the effectiveness and efficiency envisaged in the place.
- XIV. The 1984 review recommended two other institution to address the highest policy level were set up only 1992 in the form of tourism council and Nepal Tourism Board in 1999 which is fully functioning as a National Tourism Institution.
- XV. It seems that most of the recommendation contained in the 1972 Master Plan has yet to materialize conceptually and functionally. The government has to play pivotal role in the decentralization of tourism regulating and monitoring the qualities of the products and Marketing the destination internationally.
- XVI. The private sector has to create a mix of product unique to Nepal more imaginatively.

2.5.8 Shrestha (1999),

Shrestha in her Ph. D. Thesis entitled "*Tourism in Nepal: Problems and Prospects*" mainly aimed to concern with the problems and prospects of tourism in Nepal. Her study identify the basic problems of tourism on the basis of its contribution to national economy status of tourism infrastructures, review of the planning and policies of the government exports in the sample, and also analyzed the trend of foreign exchange earnings and share of tourism receipts to gross domestic product.

She has pointed out that Nepal has not been able to introduce and diversify new tourism products. On the other hand, the experts are of the opinion that the problem of the air accessibility, lack of proper marketing and promotional strategy, pollution, lack of required infrastructure, lack of co-ordination, frequent, frequent change in government as well as lack of political commitment are the short coming of tourism industry in Nepal. Despite of the various problems, she added, the prospects of tourism are bright in Nepalese economy in generating employment, contributing to national GDP and also for over all development of the economy.

Shrestha found that the role of tourism in economic development is significant in Nepal. The net earnings from tourism are greater than some other sectors. The share of tourism in terms of GDP came down to 3.2 percent in 1997, which was 4.1 percent in 1993/94. But the convertible foreign exchange increased by 10.74 percent during the period 1974/75 – 1996/97. Despite these facts, tourism is one of the main contributors of convertible foreign currency sharing 16 percent of total exchange earning in 1996/97.

2.5.9 Pradhananga (2000),

Pradhananga in his book 'Tourists' Consumption Pattern and its Economic Impact in Nepal' had presented the changing pattern of tourists' employment and national revenue. The study has analyzed the direct, indirect and induced effect of tourist expenditure on Nepalese economy as well as has examined both forward and backward linkage of tourism, impacts of goods and services, and employment generation. The study has shown that the tourism sector contributed 37.99 percent as direct expenditure and the benefits of tourist money mainly went to hoteliers, travel and trekking agencies and airlines. The direct import content was 33.49 percent in tourism sector, 17.34 percent in tourism related sectors and 8.94 percent in non-tourism sector, the study has added, thus an increase in imports. This also mentioned that the revenue at current price increased to Rs. 314.97 million in 1987/88 from 34.91 million in 1974/75. The analysis has also shown the impact of tourist expenditure on employment. The direct employment opportunities generated were 12.41 percent in tourism sector, 32.88 percent in tourism related sectors and 54.71 percent in non-tourism sector.

2.5.10 Upadhyaya (2003),

Upadhyaya in his Ph. D. dissertation entitled "Tourism as a Leading Sector in Economic Development of Nepal", he has said that many countries have made efforts to promote tourism as a means of economic development. This development in various countries remains confirmed to local and regional level or helped the national economy as a whole. It is because tourism is considered as an inexhaustible industry that has potential to improve further as the tourism industry is developed gradually. As **W. W. Rostow** has made it clear that in the process of economic development of a backward country some sectors must play the role of a leading sector. So that not only the sector(s), in question, grow rapidly but also have the capacity to move other sector of the economy forward. This process leads the entire economy on higher growth path. He has depicted the fact that the tourism sector has been improving its significance in the economy. It has been improving its significance in the economy. It

has been estimated that the activities related to tourism sector has strong inducement effect on the other activities of the economy. Beside foreign exchange earning, it is equally important to employment. Further, he argued that, no doubt, Nepalese economy is moving faster and faster on the path of globalization.

Although tourism is important for a developing country like Nepal, there is a dearth of literature relating to marketing and promotion of tourism. . In view of the importance of marketing and need for Nepal to go for extensive promotion, the present study about the marketing strategies taken by Nepal Tourism Board has been initiated.

2.6 Review of Thesis works:

Hirachan Bijay Lal (2003), in his Master's thesis entitled '*A study on e-marketing used by Travel agencies*' has presented the effectiveness of e-marketing used by travel agencies to promote tourism industry. In order to find the perception of travel agencies regarding e-marketing prospect practiced in tourism sectors. The writer has taken following objectives in to consideration.

- I. To survey the current market situation of Travel Agencies.
- II. To find out and examine travel agencies perception regarding e-marketing.
- III. To find out popularity of internet as marketing tools among travel agencies.
- IV. To explore the problem and prospects of e-marketing and to suggest appropriate recommendation in order to promote intoxicating beauty this country through internet.

In his study, to determine the objective of research Hirachan had conducted a field survey. In which 25 were complete out of 30 responses. The majority of the survey respondents reported that the current situation of travel and tourism is poor(80%), only 12% respondents seems satisfied with the current situation of travel and tourism industry of Nepal. There were comparative view about the region from where most tourists used to come.56% respondents believed from Europe and 40% believed to be from Asia. As regards to the promotion medium which the respondents' prefer, it seems that 56% prefer personal contact for promotion whereas website, e-marketing and magazines are preferred by 28%, 24% and 4% respondents respectively. Similarly the study has presented that most travel agencies (84%) do have websites published on web, whereas only (16%) do not have websites and reason for having websites is for promotion (71.42%) respondents responded but 28.57% responded kept websites for providing information.

In the same ground 71.42% respondent rated their website is performing below expectation where as 28.57% respondent's believe they got what they have expected from website out of total respondent's majority of

respondents(72%) had an idea about e-marketing and 56.52% of respondent's were using search engine submission and only 4.34% were using tourism related directories a e-marketing promotional tools. About the contribution made by internet on tourism sector, majority of the respondents (88%) were satisfied by the contribution made by internet for promoting tourism in Nepal.

Finally he concludes that most of the travel agencies know the importance of internet as marketing tools, due to the fact that most of them have a website and using e-mail on regular basis but due to lack of knowledge, fund and ignorance they are not utilizing e-marketing in professional way or seriously. If the correct methods of promotion are used on internet to popularize travel agencies sites definitely it will contribute to promote tourism sector in Nepal to great extent.

In his Masters thesis, **Sharma, Kalayan Raj (2000)** entitled '*Tourism marketing in Khumbu Area*' has presented the tourism of Khumbhu area with respect to marketing , policy and legal provision. He has found that tourism in Solukhmbu has ensured significant improvement in educational opportunities and health care provision (which has led to improved family planning), water and electricity supply, access to material goods and levels of mobility. There positive aspects of tourism in khumbhu. Tourism development has certainly contributed to a widening of the gap between the rich and poor with regard to the culture, local people are very much aware of outside interest in the Sherpa people. Most of the people are claming that they are loosing their cultural tradition poor people are preserving their cultural tradition because they have been able to attract tourists' interest towards maintaining and developing the old and new monasteries in the region. It shows that less wealthy people and women are more in touch with their culture and wealthy people have new work patterns and new life styles.

The trekking and mountaineering tourism are about intensive activities that provide unparalleled opportunities for employment and income generation. Tourism related incomes have allowed literally thousands of households in Khumbhu area. They have improved their standards of life. Most important to the success of the local; economy are the high numbers of locally- owned lodges, restaurants and trekking agencies.

2.7 Review of News Articles:

Structure of Public Private Partnership for Tourism Development in Nepal

Tourism is one of the leading industries in Nepal and it was growing by 6-8 percent in average per annual till 1999. But the development of tourism only for the government side would be helpless. Thus there must be public private partnership for the development of tourism sector. **Dr. Upadhyay R. P.**, a tourism expert, has said that the main objective of tourism should be to active

maximum social welfare, so for that we have to promote distributive justice; they must include people from the entire sector. The planning should be pro-poor, pro-country and it should serve every body (**NTTR, 2006, Vol. IX, No. 38**). In this scenario, Nepal tourism Board, and autonomous promotional institution to develop public and private partnership for tourism development, is established in the country.

2.7.1 Dr. Tuladhar, Gynendra Ratna

Dr. Tuladhar, Gynendra Ratna has presented an imaginary external structural linkage and dependency of private sector for a real term of sustainable tourism development in Nepal. He has said that if tourism is to be pushed in dynamism, a private sectors (with any appropriate name) should be chartered by the government, considering four party tourism linkages with a status of independent, self-regulated and a strong tackled lobbying agency to the government as well as the private sectors for overall betterment of tourism.

2.7.2 Similarly, Upadhaya Dr. R.P.

Upadhaya Dr. R.P. in his another article headed '*Outlook on development of Nepalese tourism*' published on NTTR, Sept 18-24, 2006, has explained the role of NTB to develop Nepalese tourism as follows:

Since the political situation is changing, NTB should focus more in the promotion of the country, which can only be possible with the help of stakeholders. Role of government cannot be denied and therefore it is the time for the ministry and the line agencies to take corrective measures. They should be sincere and work towards developing tourism-the only sector with benefits.

Since the main objective of tourism is human welfare and prosperity, the government should promote distributive justice, which can result in mass participation. Government should sincerely work towards the promotion of rural tourism by conducting a high level national survey and exploring new destinations like Sirubari with receptive capacity and which is easily accessible from the main tourists generating outlets.

At present, Nepal is on media highlights, so this is the right time to catch. NTB instead of going and attending promotional activities in different countries can focus on developing the information technology (IT) section of the board by creating attractive websites with updated news and information on destinations of Nepal.

Similarly, Nepal government is playing the role of facilitator, motivator and regulator since 9th plan (1997-2002). National tourism policy of 1995 has emphasized/assigned the above role to the government. However, due to the following reasons, the role of the government should be an incentive provider too as in to compete with the growing competitors like India, Bhutan, Srilanka and Maldives, and also to develop and diversify the tourism products by

creating new tourism destination and to endure the present critical situation. He concluded that proper attention will be paid towards the several natural and cultural sites that possess great tourism potential. Sincere efforts are needed to reduce visitor's concentration in Kathmandu and diverse tourism to locations that hold tourism potential. To reduce visitor's concentration in limited areas, the villages in hinterland should be linked with the main trekking routes whenever possible. This can help spread tourism benefits.

The struggle against deep routed corruption is a long-term complicated task where we must constantly ring the alarm. We also must punish corruption and build an honest, clean and healthy tourism industry. Every level of party organization must strengthen supervision, administration of party cadres by deepening the anti corruption struggle.

2.7.3 Bhandari K (2000),

Bhandari K in his article '*Tourism in the New Millennium*' posted on '*The independent*' has written that Nepal government attaches priority to tourism even though this sector has not been able to receive higher share in government spending due to certain other obligations in basic need areas. A major problem with the Nepalese private sector is that it is small, disorganized and is limited in its capacity to raise resources and invest in the form of equity.

The savings/investment rates are low. There is limited exposure to international trends. The culture of state intervention still prevails and is generally accepted.

Similarly he has added that tourism considered a major component of the Nepalese economy, has so far, been concentrated in a few major locations, and confined to a few major products. We have not been able to add more places of interest to the tourist, so he has claimed for need of the future action. His suggestions are:

Despite our immense potentiality, we are unable to exploit the economic benefits proportionate to this, due to poor infrastructure, meager investment and irrational marketing. However, spreading tourism to new places with more activities is of utmost necessity, with the increase of competition among the South Asian countries.

Various policy measures need to be initiated to attract investments in new areas with potentials. These policy measures can be introduced after detailed consultations with the entire travel trade sector and with the mobilization of newly formed Nepal Tourism Board (NTB). Also this helps the Board to plan marketing of these zones in advance, which also helps in the marketing budget of the individual private sector in those regions. There needs to be various reforms carried out in the aviation policy so as to make favorable condition for the airlines to open up in new sectors. The various social and tourist routes

need to be redefined. Distinction between commercial and remote routes within social routes is required.

Nepal Tourism Board should be very clear in its marketing strategies. Advertisements should be well connected with the events taking place in the country and efforts should be initiated to make documentaries and they should be telecast through various international channels. Finally, a very strong research base will certainly help in effective planning.

2.8. Research Gap

Thus, various studies have been undertaken mostly however, confining to enquire the economic impact. Although tourism is important for a developing country like Nepal, there is a dearth of literature relating to marketing and promotion of tourism. In view of the importance of marketing and need for Nepal to go for extensive promotion, the present study about the marketing strategies taken by Nepal Tourism Board has been initiated.

CHAPTER - THREE

3.0 RESEARCH METHODOLOGY

3.1 Introduction

Research methodology is a systematic way to solve the research problems. It describes the methods and process applied in the entire aspect of the study. It refers to the various sequential steps to be adopted by a researcher in studying a problem with certain objectives in view.

Research methodology is a way to solve the problem. Market research specifies the information requires addressing these issues, designed the methods of collecting information manages and implements and data collection process analyzed the results, and communicate the findings and their implication. In the context of view of marketing, “marketing is the principle revenue generating activity while other is revenue consuming. Marketing research deals with production and distribution problems, marketing institutions marketing policies, and practices. It is better established than production research partly because of not closely interwoven with technology. It covers the issues like production, planning, development, pricing, promotion and distribution.

3.2 Research Design

It is the specification of methods and procedure for acquiring the information needed. In this study historical as well as descriptive research design is adopted on the basis of information analysis, this study suggests to the Nepal Tourism Board Promotion and market in future seeing present scenario. To fulfill this purpose raw data related with different aspects are collected through the questionnaire method. Thus, to evaluate and analyze the market situation of the tourism marketing analysis descriptive type of survey research design has been followed through the study.

Research methodology is the most important aspect of research work. Reliable and relevant study can be made possible only by applying scientific method. Hence the primary purpose of this chapter is to discuss and design the framework for the research. Different procedures have been followed:

3.3 Selection of Study Area/Topic

As for as study for area is concerned, the overalls marketing and promotion activities of National tourism organization, Nepal Tourism Board was selected as main topic of study. As Nepal Tourism Board is the main actor of marketing and promotion of Nepalese tourism, the operational model of such activities were studied. Mainly, how NTB is carrying out its marketing promotional programs in main Asian market, how is the tourist arrival from Asian nations, these aspects were studied the present tourism activities lies in regional market, the study is very significant.

3.4 Nature and source of Data

The present study has been completed mainly with the help of both primary and secondary data, the primary data are collected through fieldwork containing interview and questionnaire with tourists travel trade companies and tourism professionals, secondary data are collected from Nepal Tourism Board, MOCTCA, NRB, MOF, articles, books and other relevant reports related with tourism.

3.5 Methods Used in Collection of Primary Data

For the purpose of primary data collection, field survey was conducted in March/April 2007. During the survey, altogether 104 respondents were surveyed. Among them, eighty were tourists from different countries and twenty-four were travel trade companies (trekking and tours). The survey was completed random sampling for tours and travel companies. Apart from that tourism professionals and experts were interviewed and their perception and opinion about present tourism scenario and marketing activities were collected and later used while preparing recommendations. All the information were analyzed and presented

3.6 Tools and Techniques Used in Data Analysis

There are several scientific techniques used to fulfill the requirement of the study in the field. The primary data are collected during the field work through interview and questionnaire with different people such as tourists, tour business people, tourism professional and experts.

Information collected from questionnaire were transformed and tabulated. Information were grouped, sub-grouped and classified as necessary. The systematic analysis have been done using quantitative as well as qualitative techniques simple statistical data tools such as percentage, weighted average etc. have been used, table chart diagrams, pie-charts were used for the presentation. The study is mainly descriptive and the analysis of the result is described.

3.7 Data Presentation

To answer the research questions and to achieve objectives information and data collected are systematically and properly analyzed. The collected information's are concerned with the objectives of the study. After its collection data are presented and interpreted in different headings. Purpose data has been presented clearly in table, simple mean, percentage, chi-square test, diagram and pie-chart according to the nature of the data which are either available in the secondary or in the primary form.

CHAPTER - FOUR

4.0 DATA ANALYSIS AND PRESENTATION

4.1 Introduction of Nepal Tourism Board (NTB)

The Tourism development history of Nepal is very short. Before the dawn of democracy in 1951 AD, the rulers of Nepal had not made any attempt to develop tourism in Nepal. On the contrary the policy of the government was not let tourist enter onto Nepal except on some special cases. Similarly, efforts to earn foreign exchange earnings to accelerate development through tourism were nil and there was no link between tourism and national economy. In actual sense, the promotion of tourism started more or less only in the beginning of 1960s. The then government of Nepal made attempt to the development of tourism with liberal tourism policy relatively than there before.

After 1990, viewing the globalizing context of the world, Nepal government also started to launch different policies and programs related to tourism. In 1995, an independent "Tourism Policy" was announced and in 1998 'visit Nepal year-1998' campaign was conducted. In such scenario thinking the public-private partnership for the tourism development, Nepal Tourism Board (NTB) has been set up on the date of 31st December 1998 as a national tourism institution under the act of parliament (NTB Highlights, 2003). The board is providing platform for vision-drawn leadership for Nepal's tourism section by integrating government commitment with the dynamism of private sector tourism industries.

NTB is promoting tourism in the domestic and international market and is working towards repositioning the image of the country. It aims to regulate product development activities in future. Fund for NTB is collected in the form of tourist service fee from departing foreigner passengers at the Tribhuvan International Airport (TIA) keeping it financially independent.

The Board being a statutory institution has statutory duties assigned to it. Nepal government has also established a defined funding mechanism to finance the promotional efforts of the board. The board is established to work as a professional and dynamic NTO to address the pressing need by designing specific brand image for Nepal as a travel destination and support the same by self sustained promotional campaigns. The new tourism brand i.e. marketing slogan of Nepal is "*Unleash yourselfNaturally Nepal, once is not enough.*"

4.2 Objectives of NTB

As an independent body related to tourism NTB has some objectives to develop and promote tourism in Nepal. Out of the many responsibilities entrusted to NTB, the primary objective of this institution is to market Nepal as a premier holiday destination in the International market and also to upgrade the quality of tourism products and resources at par with the accepted international standard, which of course is one of the daunting tasks.

‘The Nepal tourism Board Act, 2053’ \has set up its objectives as following.

1. To introduce Nepal in the international arena by developing it as a fascinating tourist destination.
2. To develop, expand and promote tourism business whilst protecting and promoting natural and cultural heritage and environment of the country.
3. To create maximum employment opportunities by increasing national production and foreign currency earning through the development, expansion and promotion of tourism.
4. To establish Nepal’s image in a high and dignified way in the international tourism community by developing Nepal as a safe, reliable and attractive tourist destination.
5. To conduct or cause to be conducted functional research as per necessary for finding out ways to solve problems encountered in tourism sector so as to provide qualitative services to the tourist.
6. To assist in establishing and developing institution necessary for tourism development.

4.3. Roles and responsibilities of Nepal Tourism Board.

NTB has been established with a mission to maximize the benefits of tourism by promoting Nepal as a premier holiday destination with a definite brand image. To make the mission fruitful, NTB has assigned some roles and responsibilities by the NTB act 2053 as mentioned below:

1. To develop and introduce Nepal as an attractive tourist destination in the international marketplace.
2. To promote the tourism industry in the country while working for the conservation of natural, environmental and cultural resources.
3. To work towards increasing the gross domestic product and foreign exchange income by means of promoting the tourism industry. To work towards increasing employment opportunities in the same industry.
4. To develop Nepal as a secure, dependable as well as attractive travel destination by establishing a respectable image of Nepal in international travel trade community.
5. To work towards providing quality service to the tourist visiting Nepal.
6. To study the bottlenecks against the same by means of conducting research and implementing and getting implemented the results of such research in order to do away with these bottlenecks.
7. To promote and develop institutions for the promotion of tourism industry.

4.4. Organizational structure of NTB.

As the NTB has been established to develop tourism with public private force, its executive committee members also consists from government as well as private sector. To executive committee comprises of 11 members, 5 members representing Nepal government, 5 members representing the private sector and chief executive officer (CEO) of the Board as the member secretary of the executive committee. The executive committee has been formed to systematically execute and cause to be execute necessary programs and to take care of and manage all the activities of the Board for achieving its objectives.

The committee consisting chairman from government and vice-chairman from private sector \ tourism entrepreneurs have following members:

- a) Secretary, ministry of tourism and civil aviation – chairman.
- b) A member selected by the Board members from among the members nominated by private sector – vice chairman
- c) Joint secretary, ministry of finance – member
- d) Director General, Department of Immigration – member
- e) One officer, at least of graduated first class nominated by Nepal government from among other ministers related with tourism development – member
- f) Director General, Civil Aviation Authority of Nepal – member
- g) Five Individuals nominated by Nepal government among the tourism entrepreneurs involved in tourism promotion activities and from among the experts on tourism, natural and cultural heritage – member
- h) Chief executive officer – member.

4.5 Resource Allocation

4.5.1 Plan Wise Allocation of Resources

The Government of Nepal has given some place for tourism development from the first five years plan to the current tenth plan. The outlay allocated for tourism development has increasing trend from 1.0 million in first plan (1956-61) to 1979.0 million in tenth plan but the percentage of total outlay allocated to tourism has fluctuating trend. It was 0.30 percent of total outlay in first plan (1956-61) and increased to 0.33 percent in second plan (1962-65). Thereafter it declined to 0.29 percent in third plan and further 0.18 percent in fifth plan. In similar way it increased to 1.10 percent of total tenth plan outlay.

TABLE NO. 1**Allocation of Resource in Various Plans (Rs. in million)**

Plan Period	Total Plan Outlay	Tourism Outlay	Percentage share of tourism in total outlay	Plan wise growth rate of tourism outlay
First plan (1956-61)	330	1.0	0.30	-
Second Plan (1962-65)	600	2.0	0.33	100
Third Plan (1965-70)	1740	5.0	0.29	150
Fourth Plan (1970-75)	2570	5.0	0.19	0.0
Fifth Plan (1975-80)	11404	20.0	0.18	300
Sixth Plan (1980-85)	21750	60.0	0.28	200
Seventh Plan (1985-90)	29000	74.0	0.26	24
Eight Plan (1992-97)	113479	1088.0	0.96	1370
Ninth Plan (1997-2002)	189580	1707	0.90	57
Tenth Plan (2002-07)	178350	1979	1.10	15.93

Source: Various Development Plans, NPC, GOV. /N

On the other hand, the plan wise growth rate of tourism outlay in second plan was 100 percent i.e. in second plan, there was double amount of tourism outlay in comparison to the first plan. But the highest growth rate of tourism outlay was in Eight Five Year Plan with 1370 percent increase in tourism outlay in comparison to the previous plan period. Now, in current Tenth Five Year Plan the share of tourism outlay is 1979.0 million rupees which is 1.10 percent of total tenth plan outlay. But in the current condition it is very necessary to improve this share further to develop the tourism sector for the larges benefits in the economy.

4.6 Tourist Inflow in Nepal

Only from initiation the First Plan (1956-61) the government started to invest in tourism sector and only after that period the inflow of tourists started to increase.

This shows that the investment in this sector has positive impact on tourist arrival as well as economic development of Nepal through increasing tourism activities and foreign exchange earnings.

TABLE NO. 2
Tourist Arrivals and Average Length of Stay (1985-2010)

Year	Total No. Of Tourist	Arrival Growth Rate	Average Length of Stay
1987	180989	-	11.3
1988	223331	23.39	11.16
1989	248080	11.08	11.98
1990	265943	7.2	12
1991	239945	-9.78	12
1992	254885	6.23	12
1993	292995	15	9.25
1994	334353	14.1	10.14
1995	293567	-12.2	11.94
1996	326531	11.2	10
1997	363395	11.3	11.27
1998	393613	8.3	13.5
1999	421857	7.2	10.49
2000	463684	9.9	10.76
2001	491504	6	12.28
2002	463646	-5.7	11.88
2003	361237	-22.1	11.93
2004	372468	-23.7	7.92
2005	338132	22.7	9.6
2006	385297	13.9	13.52
2007	375398	-2.6	9.09
2008	383926	2.3	10.20
2009	425277	10	11.96
2010	546591	28.53	11.78

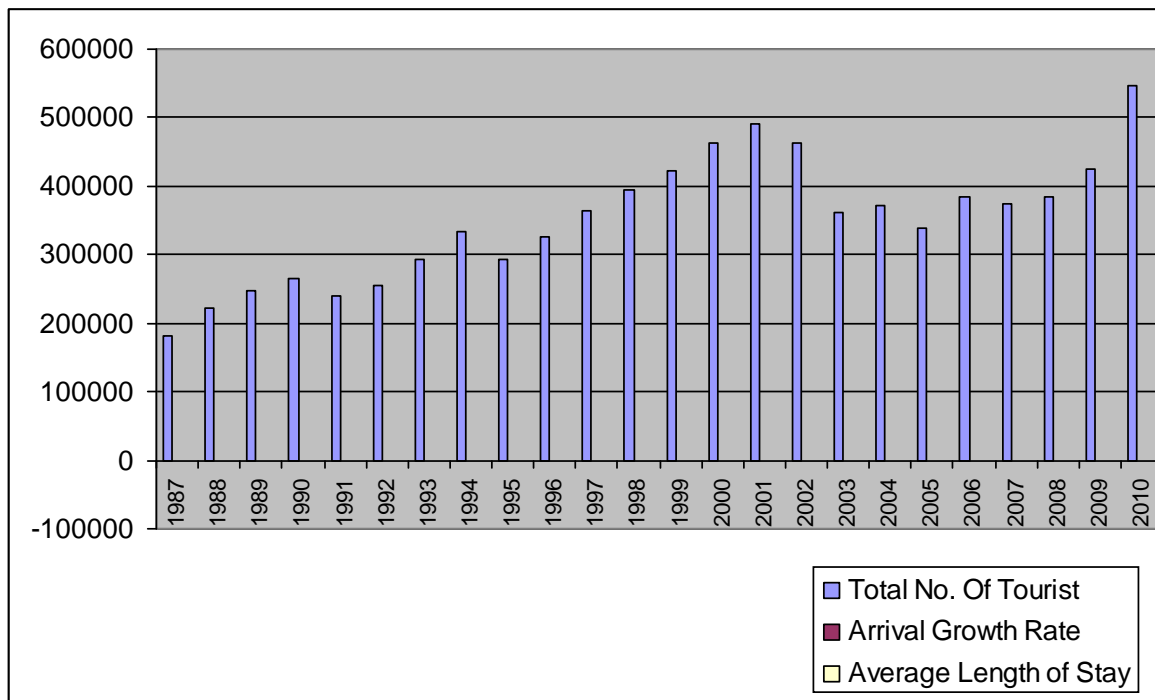
Source: Economic Survey-1995 and Nepal Tourism Statistics 2010.

The growth rate of tourist arrival is positive in all the years except in 1991, 1995, 2002, 2003, 2004 and 2007 due to various causes including terrorism. The total arrivals increased to 372468 in 2004 while in 1992 it was only 254885. There was rapid arrival growth till the year 1994. In 1995 it decreased by -12.20 percent and reached 293567 numbers. After the year 1995 it increased but with low growth ratio. After the tourism promotional program 'visit Nepal 1998', the tourist arrival growth rate increased to 8.3 percent in 2000 with 491504 number of tourist. After this, the tourism sector faced a critical condition. In the year 2003, 2003, and 2004 the arrival largely decreased with -5.7 percent, and -23.7 percent respectively. But after the year 2004, there was positive sign in this sector with growth rate 22.7 percent in 2005 and 13.9 percent in 2006 and 2007 is not good for tourism static due to extreme level of internal conflict the arrival decrease by -2.6 percent and average length of stay also decrease from 13.51 to 9.09, year 2008 and 2009

there were positive ray in tourism sector by increasing in arrival by 2.3 percent and 37.2 percent and latest year 2010 is able to achieve year 2009's ray so it is increase by 28.53 percent.

CHART NO.1

Total Number of Tourist Arrival / Year Total No. of Tourist



Total No. of Tourist Arrival

Similarly the table represents annual average length of stay of tourists, which fluctuate between 9 and 13 days. In 1987 average length of stay was 11.30 days which gradually increased up to 12.00 days in 1992. After this in 1993 it recorded only 9.25 days. But in 1998 it increased to 13.50 days. Similarly, with such fluctuating tread the average length of stay in 2004 recorded 7.92 days with 23.7 percent decrease in tourists' arrival in comparison to the previous year. But with the help of DNC it increased to 9.60 days in 2005 and 13.52 days in 2006, which is also the highest record till now. Year 2007 has average growth rate in tourist arrival is negative and length of stay is 9.09. Year 2008 and 2009 is good for tourism statistic in year 2008 average growth rate in tourist arrival is 2.3 percent and length of stay is 10.20 days, year 2009 tourist arrival percentage dramatically increased 2.3 percent to 10 percent, but in the year 2010 average tourist arrival growth rate is increased to 28.53 percent and average length of stay is slightly decreased. It can be observed that the average length of stay between the years 1986 to 2007 is 11.16 days.

There is close relationship between the length of stay of tourist and economic benefit to the country. Similarly the foreign exchange earnings also depend upon how long tourists stay in Nepal. The length of stay depends on the

attraction of our diversified cultural, natural heritages, tourism sites and accommodation provided to them during their stay. For this there should be an improvement on the facilities such as transportation, communication, visa regulation, diversified tourist package etc. should be explored and developed.

TABLE NO. 3
4.6.1 Tourist Arrival by Purpose of Visit from Major Nationalities, year 2010

Nationality	Holidays	Trekking/ Mountaineering	Business	Pilgrimage	Official	conference	Rafting	Others	Not Specified	Total
Australia	4455	3717	363	800	846	96	40	3325	216	13858
Austria	1095	1019	92	137	139	26	5	721	308	3542
Canada	2862	1611	245	457	545	59	6	2121	228	8134
Denmark	1037	908	150	150	237	19	9	1165	174	3849
France	7503	7348	317	771	458	49	32	4616	1313	22407
Germany	4873	6352	577	651	672	280	12	4016	1123	18556
India	23552	921	8869	6210	15244	3048	11	22504	10820	91179
Italy	3025	1985	195	140	388	31	5	1653	494	7916
Japan	10977	4091	1128	670	2428	112	2	3301	674	23383
Netherland	2954	3130	232	1102	479	23	9	2617	354	10900
Spain	5173	2806	262	507	212	23	55	3617	1305	13960
Switzerland	1352	1574	138	216	347	32	3	1325	302	5289
Sri lanka	5107	18894	567	9300	898	205	0	2856	90	37917
U.S.A.	11083	4035	1356	1200	3065	187	15	7997	1313	0
U.K.	11879	7071	1034	1195	2872	174	18	7586	1797	30251
Others	51255	39360	7514	21640	14214	2574	65	31085	9018	33626
Total	148182	104822	23039	45146	43044	6938	287	100505	29529	176725

Source: Nepal Tourism Statistics 2002 and 2010, MOCTCA.

The table 1.4 shows the tourist arrival by the purpose of visit from major Nationalities in 2010. The arrival also represents the interest of nationals of these countries such as the Australians have the interest in holiday/pleasure, trekking and Mountaineering. Similarly the national of Austria, Canada, France, Germany etc are interested in holiday pleasure, trekking and Mountaineering. Regarding the interest, other countries, especially Asian, have focused on pilgrimage and others as well as holiday pleasure and trekking & Mountaineering. Thus the marketing of NTB has to be different in different countries on the basis of their interest. The data have shown that different national has different types of purpose or motives to visit Nepal. The Srilankans are mainly used to visit Nepal with the pilgrimage purpose. Similarly, Spanish give importance on holiday pleasure so the marketing objective should be different in different countries to increase tourist arrival and their length of stay.

TABLE NO 4

4.6.2 Average Length of stay

Nationality	No. Tourist's Days	Number of Departure with specified length of stay	Same Day Visitors	Average Length of Stay
Australia	278697	13608	371	20.48
Austria	61578	3711	70	16.59
Canada	158524	8263	284	19.18
Denmark	66397	3930	70	16.89
France	364000	22401	663	16.25
Germany	340674	19285	528	17.67
India	639456	92710	-	6.90
Italy	106284	8283	141	12.83
Japan	223786	22220	1052	10.07
Netherlands	175830	10214	857	17.21
Spain	138526	13377	458	10.36
Switzerland	97104	5281	176	18.39
Sri Lanka	72597	16902	20409	4.30
U.K.	520522	32959	1045	15.79
U.S.A.	427757	29610	685	14.45
Others	1854052	165349	17415	11.21
Not Stated	77504	7544	-	10.27
Total	5603318	475647	44224	11.78

Source:Nepal tourism statistic 2010/MOCTCA

4.7 Marketing Tools used by NTB for Destination Promotion:

Since its inception in 2000, NTB has been using different strategies in order to promote 'Nepal' as an attractive tourism destination. It has been using various marketing tools so as to compete with other competitors in global tourism market. Based on its annual operational plans which are prepared annually, Nepal Tourism Board uses following marketing tools for destination marketing:

- I. Participation in Travel Trade Fair.
- II. Advertisement/Sales and Promotion Campaign.
- III. Familiarization (FAM) Trips.
- IV. Publicity Materials Publications.
- V. Press Conferences.

I. Participation in Travel Trade Fair

NTB has been participating jointly with private travel trade industry partners in different Travel Fairs organized in different countries. Travel Trade Fairs are important platform for NTOs and travel industries for direct approach to

consumers. Though regarded it as conventional marketing tool, it has been really important to use such Travel Trade Fairs to position Nepal as a destination among potential and existing FITs and tour agents.

II. Advertisement/Sales Mission/Promotion Campaign

Very often NTB launches tourism promotional campaigns and sales missions in major tourism market along with tourism organization like TAAN, NATTA, NATO as well as with private travel companies, annually 2/3 sales mission are carried out by NTB in main tourism markets.

III. Familiarization (FAM) Trips

Regarded as most cost effective tool of promotion Familiarization Trips have a significant role in Nepalese tourism marketing. As NTB has very limited and small budget for marketing as compared to competitors, inviting international media persons for covering destination publicity is very much effective. A group of media persons (electronic and print media), travel writers are chosen from major markets and are invited to Nepal where they are taken to different places of tourism attractions in co-operation with different airlines, hotels and travel companies. Later, they make destination coverage in the form of news, articles, video-audio travel program and circulate or broadcast in different means of media in their country. It gives wide coverage and publicity of Nepalese tourism attraction in those markets.

IV. Press Conferences

It is very important to have good media relations while promoting destinations. So, NTB organizes press conferences of different media and tours operators in major tourism markets. It specially takes place before the sales mission and promotion campaign. Press conferences are jointly organized with MOCTCA, Tourism Organization and Tourism industry partners.

v. Publication of Publicity Material and Website

Information and communication is very important for visitors about the destinations where they are traveling. So, NTB has been producing different kinds of publicity materials both print and electronic. Brochures, Leaflets, Booklets, Maps are in printed form where as CD Rom, DVD, VCD, Videos, Promos are of electronic versions. A website www.welcomenepal.com is there as a means of world wide wave publicity which is very effective and indispensable in e-marketing.

VI. Brand promotion:

New tourism brand with the slogan '*Unleash yourself*', tagline '*Naturally Nepal*' and sub tag-line '*Once is not enough*' was introduced by Nepal Tourism Board (NTB) in early 2006. With a lot of consumer research and trade consultation process the brand was being introduced. The basic thrust of brand

development was to develop BRAND NEPAL as an international tourist destination and regain consumer confidence in the international market by concentration on marketing the experiential product clusters. *'Naturally Nepal'* is a simple expression that repackages brand Nepal in a positive light. *'Once is not enough'* not only accurately captures the tourists' emotions at the airport's departure gate but also serves as a decision making tool that enables the Nepali tourist industry-individually and collectively to focus on customer retention rather than acquisition.

4.8 Marketing Budget Allocation by NTB (2010)

The programs and activities of F/Y 2010 have been formulated in accordance to the need and requirement to fulfill the goals and objectives set by the NTB, the suggestions of private sectors and other partners of tourism. The basic framework of the budget was presented to the tourism stakeholders and their feedback has been incorporated in the budget.

The total expenditure for the F/Y 2010 is estimated to be Rs. 234 million. The administrative and capital costs are estimated at Rs. 42.1 million, Public Relation and Publicity related expenditure at Rs. 42.5 million, Tourism Marketing and Promotion expenditure at Rs. 72.5 million, TP and RD expenditure at Rs. 44.5 million, Research, Planning and Monitoring (RP & M) expenditure at Rs. 9.5 million. The budget of Rs. 6.5 million has also been allocated for programs and activities to be implemented through regional office of Nepal Tourism Board in Pokhara.

4.9 Tourism Marketing and Promotion

The major responsibility of Tourism marketing and Promotion Department is to plan and implement the integrated programme of international marketing and promotion. The Department also coordinates with other Departments of NTB such as public relation and publicity, Tourism Product and Resources Development, Research, Monitoring and planning and Corporate services to effectively plan the marketing strategy and programs. The major promotional activities include participation travel trade exhibition/marts, organizing Sales missions/Road show, Media and Tour Operators Meet Press Meet etc, joint promotions with stakeholders in major generating and upcoming markets.

The goal of NTB's marketing and promotional programs basically lies in enhancing visitors' number and increasing their average length of stay and spends in Nepal. With the growing realization for focused and targeted marketing for better results, NTB has been making certain strategic shifts in its marketing approaches since last couple of years. Significance of the markets selected and targeted is made basically in relation to the travel trend patterns of the major generating markets and to the visible returns from those markets and to the visible returns from those markets vis a vis marketing investment.

4.9.1 Long Term Objective

1. 1. To expand the overall volume and value international markets of tourism for Nepal by concentrating inherent product strengths, air accessibility and other competitive areas
2. 2. To position Nepal as a holiday destination for weekend breaks, lifetime experiences and amazing adventures with special interest product comprising of nature, culture and adventure.
3. 3. To improve the spatial distribution of visitors across the country at the same time addressing the seasonality issue and to foster the growth of new tourism areas.
4. 4. To increase the average length of stay as well as the spend of the international visitors.

4.9.2 Short term objective

1. Communicate effectively with the markets to rebuild destination image
2. Continue working on Confidence Building Measures.
3. Position/ establish destination Brand in all international markets
4. Focus promoting Niche tourism products and sustainable tourism products
5. Liaise with the concerned authorities and stakeholders to increase Air Accessibility/ Charter flights, air seats capacity
6. Increase interaction / network with the international travel trade and widen the database of Nepal Selling Tour Operators in major markets
7. Engage into direct promotion for consumers
8. Launch new promotional campaigns such as Visit Pokhara Year, Visit Nepal Year, send home a friend, etc

4.9.3 Strategies:

1. Marketing Strategy will emphasize promoting the three major segments of Nepal Tourism Brand: a) Weekend Breaks b) Amazing adventures c) Lifetime experience
2. Based on the volume generated/tourist potential the markets will be segmented into Conventional, Neighboring, Emerging and New markets
3. Develop marketing partnership with Online Carriers, Tour Operators and Corporate Houses from all primary and secondary markets.
4. Strategic partnership with associations, marketing bodies, regional tourism wings and other famous.
5. Help attract major international events to Nepal for further growth of Nepalese tourism.
6. Develop strategic promotions for emerging potential markets.
7. Establish strong network in major tourist generating markets by direct physical representation.

4.9.4 Programs /Activities

Participation in International Travel and Tourism Fairs / Marts in major generating markets:

NTB will organize its participation in international Travel Trade Fairs / Marts in partnership with Nepalese private travel trade sector in the conventional, neighboring, emerging and new markets. NTB will focus its participation in mega international travel tourism fairs: ITB-Berlin, JATA-Tokyo, CITM-China, TTF- India, MITF-Malaysia, MATKA-Finland, KOTFA-S.Korea and Fair: WTM-London. NTB will collaborate with Nepalese Tourism Associations to participate in the tourism Associations to participate in the tourism faire like: FITUR-Spain and BIT-Italy NTB will also focus on optimizing the trade and mass media (both print and electronic) contacts during fairs so as to portray Nepal as a premier holiday destination internationally.

Target Group:

International Travel Trade professionals keen to sell Nepal, potential Travelers to Nepal-Consumers, Airlines industry and media professionals etc.

4.10 Profile of Tourism Source Markets of Nepal

4.10.1 European Market

In line with the global trend, Europe fared much better than expected in 2008, 4.9 percent against an initial 3.25 percent forecast with total accounting 486 million tourists. This increase is impressive as it is an additional 23.5 million arrivals. Majority of European countries have an advanced economy, which combines high income per head with a fairly even income distribution.

Nepal received 1,43,630 tourists from Western European and 16,754 from Eastern Europe in 2008 which represents 26.75 percent and 3.25 percent of increment respectively over the same period previous year. In 2008, UK was the biggest European source market with 32,767 tourists followed by Germany(21,323), France (20,895), Spain(15,872), Italy(11,545) and the Netherlands (10,695). Most of the Italian and Spanish tourists visit Nepal during the lean season.

Europeans have huge interest in adventure, culture, nature and heritage. They endorse Nepal as a destination for Adventure Holidays and Life time Experiences. There are also special interest visitors whose range from horticulture to yoga.

Half of the tourist traffic Nepal receives is from Europe who stay for more than 15 days and spend an average of US\$53 per day. Hence, in terms of average length of stay and average spend the Europe market is very significant for Nepal.

Through there are no longer direct flights from European cities to Nepal, Gulf Air, Qatar Airways, Etihad Airways have excellent network of connection with Europe via Middle East cities. In addition, Jet Airways, Air India, Biman Bangladesh, Srilanka Air, Silk Air, Dragon Air and Thai Airways also offer good connection.

4.10.2 Neighboring Market

A) China:

Population: 1.3 billion

Outbound: 40.9 billion

Economic Growth Rate: 11.40 percent

Major Tourist Generating Regions: Beijing, Shanghai, Guangzhou, Shenzhen, Chengdu, Hangzhou, Xian, Wuhan, Changqing, Nanjing etc.

Top preferred destination: Hongkong, Macau, Japan, Korea, Russia, Thailand, USA, Vietnam, Singapore, Malaysia etc.

Visitors to Nepal in F/Y 2065/66: 14825

Target Growth Rate in F/Y 2066/67: 10 percent

Target visitors in F/Y 2066/67: 16307

People's Republic of China jumped from 36.33 million annual overseas visitors to 40.25 million in 2009. Strong domestic demand and robust double digit economic growth are attributed for this phenomenal growth. The UNWTO has predicted that the market will continue to grow and 100 million Chinese visitors will be globetroing by 2020.

Overall marketing objectives for China:

1. To build awareness about Nepal as a value for money tourism destination
2. To encourage increased access to Nepal from china (principally increased access from Hong Kong and Shanghai and opening up direct access from Beijing).
3. To foster marketing partnership with carriers and china based travel agencies serving the market and support joint activity

Short term action for China:

1. To attain the CITM travel trade fair
2. To continue building of Nepal's profile in china, particularly amongst the travel trade
3. To invite press familiarization visits in partnership with china southern and NAC
4. To introduce an e-newsletter for Chinese travel trade
5. To position new tourism brand in the market

B) India

Population: 1.12 billion

Outbound: 8 million

Economic Growth Rate: 9.2 percent

Major Tourist Generating Regions: Delhi, Mumbai, Kolkata, Bangalore etc.

Top Preferred Destination: Singapore, Europe, UK, USA, The Far East, Malaysia, Dubai, Australia etc.

Visitors to Nepal in : 90,106

Target Growth Rate in F/Y 2066/67: 1 percent

Target Visitors in F/Y 2066/67: 95000

India's economic is the 12th largest in the world measured in nominal US dollars, but raises to fourth largest when measured at purchasing power parity exchange rates. The large public sector co-exists with a sizeable and diversified private sector.

With Growing disposable incomes, increasing number of Indians are traveling abroad for leisure and/or business. Asian countries are their most popular destinations. According to recent survey, Malaysia displaced Australia among last year preferred by Indian travelers.

Nepal is the most popular country in the case of pilgrim travelers of India.

The Board's long term objectives in India are:

1. To build awareness on Nepal as a convenient easily, accessible, familiar, beautiful, welcoming and value for money for money leisure tourism destination with a pleasant climate.
2. To substantially improve air access from India and champion the development of low cost, frequent service shuttle air corridor between Delhi and Katmandu.
3. To build up a network of trained Nepal specialists tour operators in India who will actively market Nepal's products
4. To promote Nepal as a key destination for pilgrimage plus leisure and build relationship with specialists tour operators offering either Buddhist or Hindu packages
5. To stimulate group business through specialists tour operators (Casinos, soft adventure, sport, well being, MICE)
6. To target overseas long stay FIT visitors in India or planning to visit India and stimulate them to include Nepal, especially NRIs
7. To develop a Nepal destination website (not the NTB website) and target India's rapidly growing PC user base

Short Term Action for India:

1. To target a 20% growth in Indian arrivals.
2. To open a new NTB office in India to affectively top the market and launch an India focused campaign

3. To mount a high profile campaign through journalists awareness visits
4. To continue to promote pilgrimage plus leisure packages expanding the range of holidays options made available and to expand the number of partners involved, both in Nepal (product suppliers) and India (specialists tour operators and carriers)
5. To plan and launch a travel agents, online training scheme, so as to create a network of Nepal specialist travel agents in India, and run familiarization to Nepal with those agents who complete the course in partnership with airlines partners
6. To mount a small but focused poster hoarding campaign advertising Nepal at key sites likely to be visited by overseas tourists to India

C) Srilanka

Population: 19.92 million
 Economic Growth Rate: 6.3 percent
 Major Tourist Generating Regions: Colombo
 Visitors to Nepal in F/Y 2065/66: 1372
 Target Growth Rate in F/Y 2066/67: 27 percent
 Target Visitors in F/Y 2066/67: 1510

With its large Buddhist population, Srilanka market has remained a potential tourist generating market for Nepal which can be developed into a volume market. Although Nepal is not directly connected with Srilanka by air, it is still receiving a good number of Srilanka visitors via land route, predominantly Srilanka Buddhist pilgrims visiting Lumbini.

D) Bangladesh:

Population: 159 million
 Economic Growth Rate: 7 percent
 Visitors to Nepal in F/Y 2065/66: 9607
 Target Growth Rate in F/Y 2066/67: 40 percent
 Target Visitors in F/Y 2066/67: 13449

With economic growth rate averaging 7 percent and direct trade link with Bangladesh and air connection between Nepal and Bangladesh Nepal has taken great ambition with Bangladesh in the numbers of visitors for F/Y 2066/67.

4.10.3 Emerging and New Market (South East Asia)

NTB has been targeting South East Asia as emerging market with long term potential. Direct connectivity from these sectors to the capital has kept the steady growth of passengers growing from this region. The economic growth of these countries has been highly encouraging for the past decade. Though year 2009 witnessed a nominal growth in the arrivals, arrivals from these emerging markets have shown a tremendous improvement when compared to the figure of last three years.

South East Asia enjoys the benefit of having direct and regular connectivity to and from the respective capitals. With progressive economy, product appeal and good accessibility, the South East Asian market is likely to become an important value market for Nepal in next few years. Considering the increase in arrival especially from Thailand and Singapore, a much stronger growth is expected from this region.

In addition, commencement of skill Air to connect directly to Singapore is definitely going to enhance the tourist flow from this region.

A nominal growth of 1 percent in tourist arrivals from both Malaysia and Thailand and 15 percent from Singapore is expected in fiscal year 2066/67.

A) Japan:

Population: 26 million

Outland: 17.5 million

Economic Growth Rate: 2.1 percent

Major Tourist Generating Areas: Tokyo, Osaka, Chiba, Nara etc.

Top Preferred Destinations: China, Korea, Hawaii, US mainland,
Hongkong

Visitors to Nepal in F/Y 2065/66: 20579

Target Growth Rate in F/Y 2066/67: 1 percent

Target Visitors in F/Y 2066/67: 20785

Over 17 million overseas holidays are taken annually in Japan and this is expected to reach 20 million by 2010 according to Japanese Association of Travel Agent. Japanese visitor arrivals to Nepal in 2008 increased by more than 21 percent. For the past several years, Japan stands as one of the primary value markets for Nepal.

There has been increasing demand for adventure travel to Nepal as well as travel by Buddhist pilgrim segments. Besides, Nature, adventure and culture are the key interest trigger for Japanese to visit Nepal. Promotional tools like participation at travel fare, hosting of farm Trips to the media and travel trade will be used to enhance the image of Nepal amongst the Japanese visitors who believe in 'safety first' maximum while traveling.

Due to Nepal Airlines pull out from Kathmandu. Osaka sector, the chances of substantial increment in tourist arrivals are low in the current fiscal year. Australia represents the value market for Nepal. More than 5.4 million Australians traveled out of the country in 2008 making it a substantial share to the Asian tourist inbound movement.

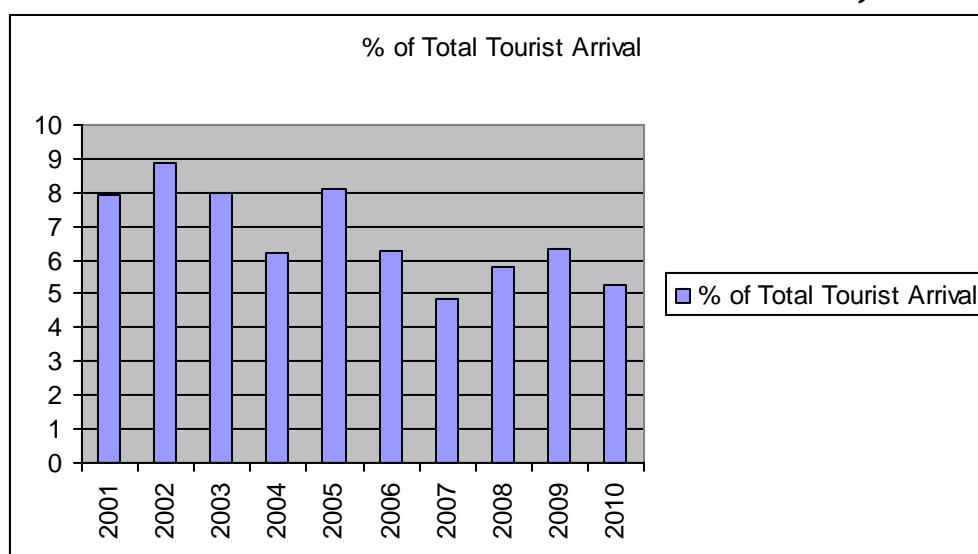
TABLE NO.5
Tourist arrival from Japan

Year	No.	% of Total Tourist Arrival
2001	38893	7.91
2002	41070	8.86
2003	28830	7.98
2004	23223	6.23
2005	27412	8.11
2006	24231	6.29
2007	18239	4.86
2008	22242	5.79
2009	25058	6.36
2010	28783	5.27

According to above mentioned one decade table, Japan is playing vital role in our tourism market but, promotional activities are not satisfied because after year 2002 A. D. portion of Japanese tourist is degrading respectively in total portion of tourist arrival. In year 2001 total tourist arrival from Japan is 38893 and portion of total tourist arrival is 7.91 percent. Year 2002 has the highest record of tourist arrival from Japan to Nepal which is 41070 and portion of total tourist arrival from Japan is 8.86 percent. Than years 2003, 2004 and 2005 have almost equal rate of total tourist arrival from Japan. After 2006 tourist arrival from Japan is fluctuation in number and portion of Japanese tourists arrival is degrading in 2010.

We can present above data in figure hence.

CHART NO. 2: TOURIST ARRIVALS FROM JAPAN



Overall Marketing Objectives for Japan

- To create awareness of Nepal as a culturally rich destination suitable for especial interest, groups educational groups and retired people to visit
- To create awareness of trekking in Nepal amongst educational and active retired groups
- To assist selected specialists tour operators in Japan who will actively market Nepal's product through agents, familiarization visits
- To improve access from Japan, including linkages via china
- To stimulate repeat visitation

Short Term Actions for Japan

- To identify key Japanese tour companies and special tour and seminars groups who will respond to Nepal's product offer
- To organize selected journalists familiarization and tour operators familiarization visits to Nepal, in partnership with both NAC and Thai airways
- To make the most of JATA world tourism congress and travel fair 2008 to highlight the unique cultural and natural products of Nepal

B) Thailand:

Population: 64 million

Economic Growth Rate: 4.8 percent

Top preferred destination: Malaysia, Laos, China, Singapore,
Hong Kong

Visitors to Nepal in F/Y 2065/66: 5109

Target Growth Rate in F/Y 2066/67: 1 percent

Target Visitors in F/Y 2066/67: 5161

Economic growth is forecasted to grow from 4.5 percent to 5.5 percent in 2010. The increase in global oil prices which is leading to a corresponding increase in food prices and cost of living will have negative impact on the purchasing power of the Thais.

China, South Korea, Singapore, Malaysia, Australia, Lao PDR and Hong Kong are among the most preferred destinations for the Thais. Of late, destinations like Switzerland, Japan and New Zealand are vying to get the share of growing Thai outbound with attractive travel packages for the Thais.

Nepal observed 46 percent growth in the Thai visitors in 2009 in comparison in 2008. Kathmandu is well connected with Bangkok by Nepal Airlines and Thai Airways International; making Nepal an easily accessible destination for the third country as well Lumbini and Janakpur are particularly appealing to the Thai travelers.

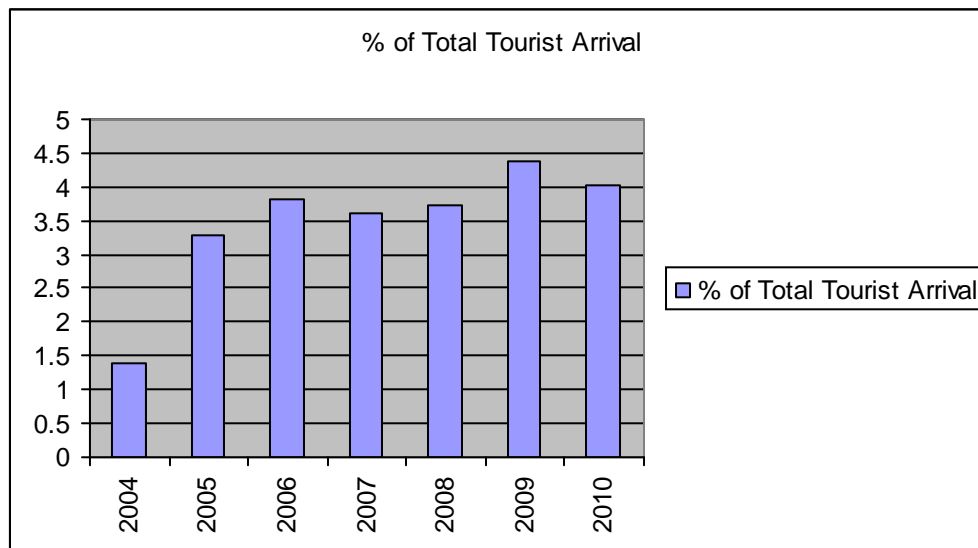
Table No.6
Tourist arrival from Thailand

Year	No.	% of total tourist arrival
2004	5166	1.39
2005	11129	3.29
2006	14684	3.81
2007	13508	3.60
2008	14332	3.73
2009	18689	4.39
2010	20986	4.02

According to above mentioned table, we can analyze the tourist arrival from Thailand to Nepal, since year 2004 to 2010. In year 2004 total tourist arrival from Thailand is 5166 and it is the portion of total tourist arrival's only 1.39 percent. Year 2005 total tourist arrival from Thailand is dramatically increased which is 11129 and its 3.29 percent of total tourist arrival. Since year 2006, 2007 and 2008 has about equal percentage of total tourist arrival and number is 14684, 13508 and 14332 respectively. In year 2009 total tourist arrival from Thailand is 18698. Year 2010 is slightly decreased than previous year which is 20986 and coverage of total tourist arrival is only 4.02 percent.

We can present above data in chart 3 hence.

CHART NO.3: TOURIST ARRIVALS FROM THAILAND



According to above table we can conclude that Thailand is very emerging tourist market for Nepal.

C) South Korea:

Population: 48.4million

Outbound: 8.8 million

Economical Growth Rate: 5 percent

Major Tourist Generating Regions: Seoul, Jeju, Busan

Visitors to Nepal in F/Y 2065/66: 13078

Target Growth Rate in F/Y 2066/67: 5 percent

Target Visitors in F/Y 2066/67: 13732

With 8.8 million overseas visitors per annum, Republic of Korea has emerged as an extremely promising market for Nepal. As the size and growth of the outbound market is commensurate with the economic growth of the country, the Korean outbound is simultaneously increasing. The distinct product appeal of Korean visitors, which defies the sun, sea and sand axiom could be strength for Nepal, which lacks all three so called vital components of the leisure tourism. Lumbini and other Buddhist population of the country.

Despite economic slump, the number of Korean travelers showed 3.8 percent of growth rate in May 2010. The statistics also shows that 4 percent more men and 4.6 percent more women were present in the make up of Korean outbound travelers. In the age groups, teens increased the most by 11 percent followed by travelers in their 20's(6.3 percent), 7.4 percent for people in thirties and 1.6 percent of the over forties. These growth rates show individual travelers travel abroad.

Visitors in 2010. This is largely due to Korean Air's direct flight to Nepal, which commenced in November 2007.

Table No.7
Tourist arrival from South Korea

Year	No.	% of total tourist arrival
2004	8639	2.32
2005	13200	3.90
2006	10827	2.81
2007	10300	2.74
2008	12413	3.23
2009	19929	4.69
2010	21249	3.89

According to above mention table South Korea is playing pivotal role in the tourism business of Nepal. Year 2004 has total tourist from South Korea 8632 and portion of total tourist arrival's is 2.32 percent. In year 2005 tourist arrival from Korea is highly increased than previous year by more than about 4500, in year 2006 tourist number from South Korea is highly decrease which is about 2500 and 3000 less than previous year 2005 in 2006 and 2007 respectively. And percentage portion of tourist arrival is also decrease. Since year 2008 tourist arrival from Korea is in positive way which is 12413 and 19929 respectively in year 2008 and 2009. Year 2010 is not good with comparison of tourist arrival in previous year 2010.

Above mentioned statistics we can present in figure as well.

CHART NO.4: TOURIST ARRIVAL FROM SOUTH KOREA



Long Term Objectives in the South Korean market:

- To create awareness of Nepal as a quality, value for money tourism destination and the birthplace of Lord Buddha;
- To foster marketing partnership with all carriers serving the market, and their partner travel agents.
- To develop a Nepal destination website (not the NTB website) in Korean mini guide.

Short Term Action in South Korea

- To facilitate visits to Nepal by journalists of the respective countries who can offer good coverage
- To influence the South Korean consumer and trade to visit Nepal taking part in the Korean travel trade fair KOFTA
- To position the new tourism brand of Nepal in the South Korean market.

D) Malaysia

Population: 27 million

Economic Growth Rate: 6.3 million

Visitors to Nepal in F/Y 2065/66: 3861

Target Growth Rate in F/Y 2066/67: 1 percent

Target Visitors in F/Y2066/67: 3900

The general economic and outbound travel market remains largely unchanged; however rising inflation will leave most of the Malaysia to tighten their purse strings and may affect outbound travel. The strengthening of the Ringgit against the USD has a mixed impact on travel overseas.

The Malaysian economy is expected to grow by 6 percent this year. The success of low cost carriers like Jetstar and AirAsiaX, will also give a push to the Malaysia outbound which generates more than 6 million visitors to the destination to the destinations in Asia and Pacific region alone.

Nepal observed 18.5 percent of growth in the arrivals from Malaysia in 2010.

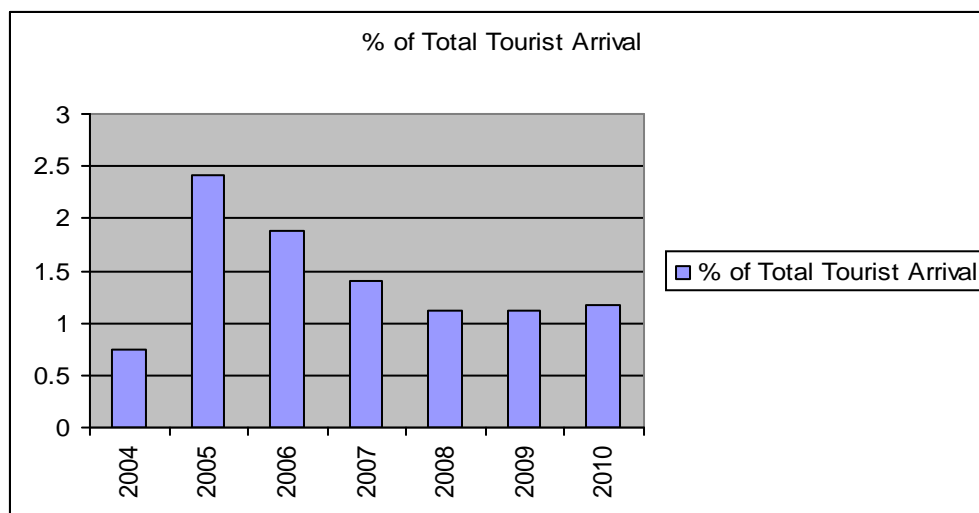
Table No.8
Tourist arrival from Malaysia

Year	No.	% of total tourist arrival
2004	2762	0.74
2005	8197	2.42
2006	7266	1.89
2007	5269	1.40
2008	4245	1.11
2009	4745	1.12
2010	6398	1.17

According to above mentioned table, Malaysia is a good target market for tourism to us because it is highly growing and many Nepalese workers are working there due to that many Malayan may be our tourist in the future. In the table year 2004 tourist arrival from Malaysia is 2762 and in year 2005 it highly increased in figure which is 8197 and portion of total tourist arrival also 0.74 percent to 2.42 percent. Year 2006 isn't good as year 2005 in this year tourist arrival decrease by about 1000. Since year 2007 tourist arrival figure of Malaysia is constantly decrease and average tourist arrival is also only one percent of total tourist arrival but in the year 2010 it is slightly increased and total tourist arrival rate reached up to 1.17.

Tourist arrival from Malaysia we can present in bar diagram as well.

CHART NO.5: TOURIST ARRIVAL FROM MALYSIA



Long Term Objectives are:

-) To create awareness of Nepal as a quality, Value for money tourism destination;
-) To foster marketing partnership with all carriers serving the market, and their partner travel agents.
-) To stimulate group business through specialist tour operators (golf, casinos, pilgrimage, MICE).
-) To build up a network of trained Nepal-specialist tour operators in Malaysia who will actively market Nepal.

Short Term Action for Malaysia

-) To target Malaysian journalists of popular print & electronic media, in partnership with online carriers to visit Nepal so that they will write promotional features on specific aspects of Nepal's tourism product relevant to the Malaysian market.
-) To target top travel agents and tour operators to come to Nepal in 2007/08 in partnership with both online carriers.
-) • To position the new tourism brand in the Malaysian market.

E) Singapore:

Population: 3.5 million

Outbound: 6 Million

Economic Growth Rate: 7.70 percent

Visitors to Nepal in F/Y 2065/66: 3383

Target Growth Rate in F/Y 2066/67: 15 percent

Target Visitors in F/Y 2066/67: 3890

The Singapore economy rebounded in the first quarter of 2010 following a weak final quarter of 2009. The dampening of the US economy is having indirect impacts on profits and consumer demand. The outbound travel market is therefore forecast to soften in response to the above and rising inflation. However, Singapore's economic growth accelerated 14.6 percent on a quarter of by quarter basis for the first quarter of 2009 as opposed to a -4.8 percent decline in the last quarter of 2008.

Travel agents report a general slowdown in outbound activities suggesting a level of consumer caution shown as a response to the turbulent global credit conditions. Airlines including Singapore Airlines are forecasting in outbound travel for second half of 2009 mainly driven by rising global oil price.

Nepal observed 34 percent growth in the arrival figure from Singapore in 2008 in comparison to the arrival in 2007. Enhanced connectivity between Kathmandu and Singapore in the fiscal year 2066/67.

Table No.9
Tourist Arrival from Singapore

Year	Number	% of total tourist arrival
2004	2193	0.59
2005	3165	0.94
2006	3164	0.82
2007	3075	0.82
2008	3299	0.86
2009	4205	0.99
2010	5531	1.01

According to above mentioned table we can analyze the tourist arrival to Nepal in different years. In year 2004 tourist arrival from Singapore is 2193 which captured the 0.59 percent of total tourist arrival. In year 2004 it is slightly increased and figure is able to reach 3165, but it is not repeated in year 2005 because there is one tourist less than previous tourist arrival figure. Since year 2006 to year 2007 there is little bit positive change in the figure of tourist arrival which is constantly increased in tourist arrival respectively in each year. Latest year 2010 figure of tourist arrival is 5031 and percentage captured by Singapore in total tourist arrival is one percent.

Above table gives higher chance to increase in tourist arrival from Singapore coz we have direct air link and Singapore is a country which has higher growth rate and good market share in international market.

CHART NO.6: TOURIST ARRIVAL FROM SINGAPORE

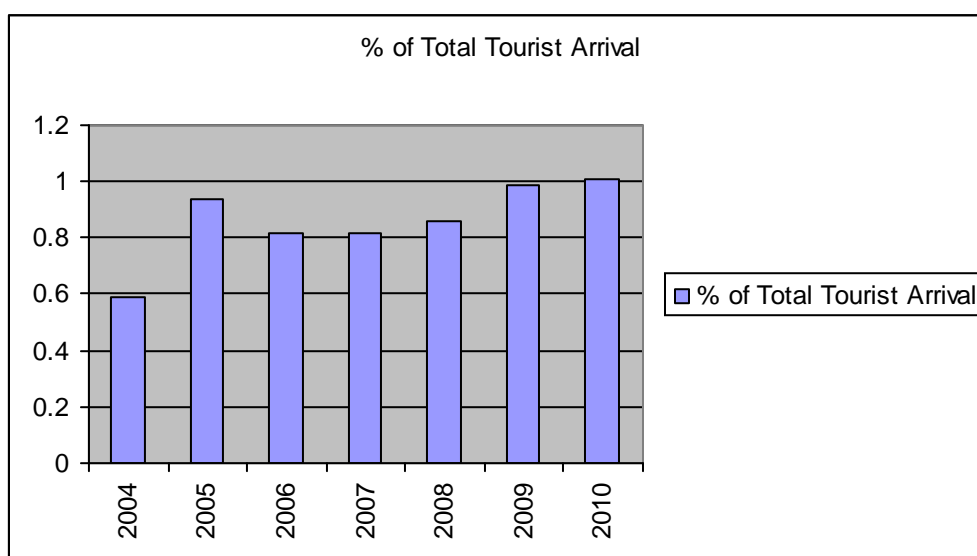
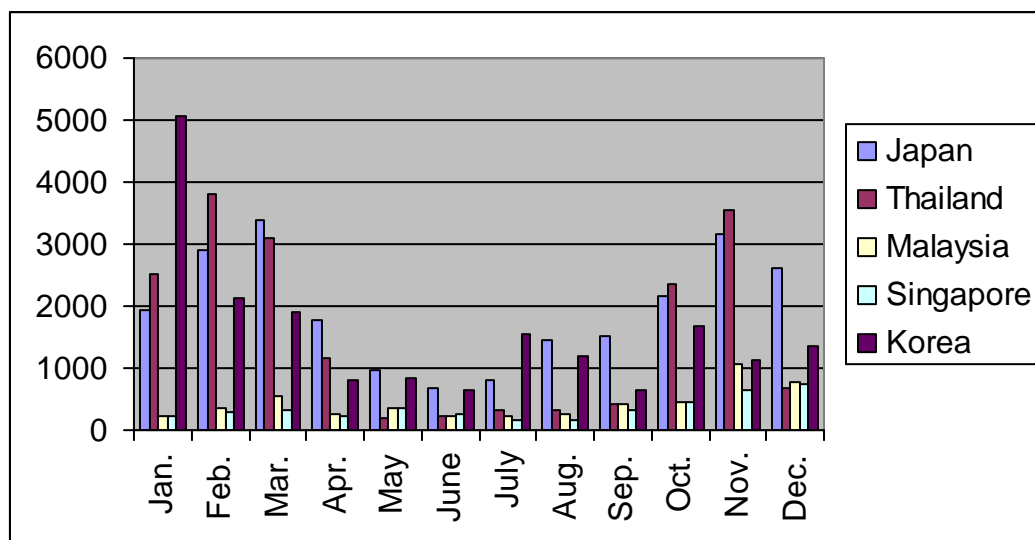


Table No.10**Monthly Tourist Arrival by Listed Asian country in year 2009**

Country	Total	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.
Japan	23383	1934	2911	3394	1773	971	662	818	1453	1526	2172	3149	2620
Thailand	18689	2506	3801	3081	1164	203	241	335	333	434	2364	3556	671
Malaysia	5173	219	362	536	261	357	234	237	266	426	438	1071	766
Singapore	4120	211	292	326	212	339	261	172	165	331	436	646	729
Korea	1883	5055	2133	1904	795	825	636	1562	1185	645	1674	1129	1340

According to above mentioned data, we can analyze October, November, December, January and February is the tourist season month in the year. Japan and Thailand are playing pivotal role in the sector of tourism business's market share in Nepal. In the case of Japanese tourist even in the off season month like July and August Tourist inflow seems very high it may be the interest of high Mountain Expedition.

In the case of tourist arrival number, Japan lies in high rank which is 2338 and Thailand comes in second and its 18689. Malaysia, Singapore and South Korea fall gradually. Except Japan, other listed countries are developing countries and their economic growth is also very high.

CHART NO 7**4.11. Analysis of Primary Data****Profile of the Respondents:**

The profile of the respondents who were interviewed in the course of this study is presented hereunder.

Nationality:

During the study, altogether 80 tourists were interviewed and had filled questionnaire among which following are the percentage of the nationality on the basis of region:

Region	%
Europe	42.8
Asia & Pacific	31.42
America	11.42
India	14.28

Source: Economic survey 2010

Sex:

Among all the respondents 71.24% were male and 28.37% were females.

Age:

The number of respondents by age group was as follows:

Age group	%
20-30	34.28
30-55	51.42
55 & above	14.28

Source: field survey 2010

Frequency of Visit:

Among the respondents 60 percent were 1st time visitors and 40 percent were repeated visitors. Among the repeated visitors, 28.57% were 2nd time visitor, 50% 3rd time visitor and rest have visited Nepal more than 3 times.

Occupation of Visitors:

Among the total tourists interviewed, 54.28 percent were service holder, 14.57 percent were business man, 20 percent were students, and 11.42 percent were retired and housewives.

Purpose of Visit:

According to purpose of visit, following is the percentage of the respondents:

Purpose of visit	No.	%
Pleasure & sightseeing	42	60
Trekking	28	40
Mountaineering	20	28.57
Business	4	5.7
Others	4	5.7

Source: field survey 2010

Features of Tours:

All the respondents were asked about their mode of travel, tours and places visited and budget spent during their visit; following are the findings about the same; About 48.57 percent of tourists visiting Nepal came alone on self guided tours whereas 51.42 percent tourists visited with friends and families who came on organized tours.

Similarly, among the respondents, 14.59 percent of tourists come by land via India whereas 85.43 percent have used air transport to reach Nepal. While visiting inside Nepal almost 90 percent tourists had used land transport for their convenience.

Tour Program and spending in Nepal:

Regarding the tour program of the tourists, respondents who were asked about the same, about 65 percent gave emphasis on sightseeing around Kathmandu and Pokhara. Likewise 40 percent of respondents enjoyed their visit by doing trekking in mountains whereas 28.57 percent of tourists went for mountaineering expeditions.

Tourists coming for official purposes preferred sightseeing of Kathmandu, Pokhara and Chitwan while tourists coming for study preferred to go for trekking as well as sightseeing in and outside Kathmandu. Whoever in the tourists group, everyone enjoyed the cultural richness of the Kathmandu and Bhaktapur city. All the respondents were asked about the spending they did during their stay, the findings of the same is as follows;

Length of stay	%	Spending(US\$)
Less than 10 days	12.85	200-500
More than 10 days	21.42	500-1000
More than 30 days	15.71	1200-2500

Source: field survey 2010

Most of the tourists who come from Western countries include Nepal in their travel package while they make itineraries. They also visit India, Tibet, and Thailand while visiting Nepal.

Analysis of visitors' perception on services & facilities and their ratings;

Regarding the services and facilities they had used during their stay in Nepal, respondents were asked about their opinion. They expressed their level of satisfaction as follows:

RatingsFeature	Good (%)	Satisfactory (%)	Unsatisfactory (%)
Sightseeing tours	55	45	-
Accommodation	47.5	47.5	5
Shopping facilities	35	55	10
Entertainment activities	45	48.75	6.25
Food & drinks	41.25	58.75	-
Transportation	20	61.25	18.75
Tourists info offices	37.5	45	17.5
Immigration facilities	21.85	52.5	26.25
Airlines	27.5	55	17.5
Agency Service	30	61.25	8.75

Source: field survey 2010

Regarding the need for improvement, the respondents mostly emphasis on cleanliness and transportation facilities. They found polluted and littered soundings and transportation difficulties.

Similarly, all the respondents were inquired about present safety and security situation, they mentioned the overall safety and security situation in the country is better than heard. There was no problem with security matters. However, the harassment in airport, Thamel, in bus park still exist which they said should be improved.

Motivating Factors and Source of Information about Nepal

All the respondents were asked to assess and evaluate promotional efforts undertaken by Nepal to develop tourism on the basis of views and expressions of the visitors.

Source of Information

Respondents when asked about the factors that influenced them to visit Nepal, as a response, 50 percent of tourists said that their friends and relatives were main source of information which led them to visit Nepal.

Likewise 15 percent tourists mentioned that their experience of prior visit had inspired them to visit Nepal again. 12.5 percent of tourists said that website related with Nepalese tourism was the main source of information to visit Nepal. Another 12.5 percent of tourist mentioned that they got information about Nepal from guide books and magazines and inspired to visit Nepal. 10 percent respondents said they got idea of visiting Nepal from travel agents and tour companies.

Publicity Material

Among the respondents when asked about whether they have seen tourism publicity material on Nepal only 42.5 percent said that they have seen it, but most of them had gone through this promoting material only after entering Nepal. Among them 57.5 percent mentioned the publicity material was good and 42.5 percent said it was satisfactory.

4.12. Major findings

- a) Tourism companies, tourists, tourism experts had expressed mixed responses toward current situation of Nepalese tourism. They were asked about tourism assets and attractions, product qualities and features, promotion and publicity, marketing efforts of NTB.
- b) Tourists coming from different countries expressed satisfaction toward the Nepalese tourism product attractions Nepal's tourism is widely known for pleasure and sightseeing. Adventure tourism is popular among the tourists. Nature and wild lives holds another major attraction. The facilities and services that are available in tourism markets are satisfactory for tourists. Whereas facilities like transportation and airlines services needs serious concern for improvement.
- c) Most of tourists who visit Nepal get information from their friends and relatives. The publicity of 'word of mouth' is widely used. The information through media and publicity material is less. There should be extensive promotion through various means. There is need for professional marketing efforts needed to target different segments in order to enhance promotion. There are problems in environment as perceived by tourists which is very important to be addressed. Measures for environment conservation and pollution control should be taken.
- d) As far as marketing efforts of government/NTB is concerned, the private sector and tourism professionals are not satisfied with marketing efforts initiated by government. NTB's role is very crucial in promotion of tourism but it has many constraints. However, NTB is doing its best by optimum utilizing its resources. The time is very important that government needs to take active role in marketing by considering tourism industry as major contributor in national economy. Appropriate policy and strategies should be formulated in national level to address tourism industry.
- e) To sum up, Nepalese tourism industry in the country is not so poor as perceived by organization. However, it needs to be promoted by making effective marketing and promotional strategies. Target market should be given more importance. The regional tourism promotion would give higher benefit. So, market like India, China and East Asia should be

focused for promotion. The problems and weakness should be addressed efficiently and Nepal's tourism potentials should be explored and exploited by designing appropriate strategies and program with visionary approaches and its practical implications.

- f) Nepal is the destination for the tourist due to the preservation of culture and natural environment, improvement of international air connection with different countries and peace and stability.
- g) For the promotion of tourism, many factors like airlines, transportation facilities, international publicity has played the vital role.
- h) Uniqueness of the tourism product and its location are most important factors for the promotion of tourism market.
- i) Poor presentation of product and lack of competitiveness of tourism products are major weakness.
- j) Government has played the role of promoter to promote the country as a tourist destination through international fair/exhibition through NTO, publicity, destination promotion and organizing special events.
- k) In international tourism market Nepal is positioned as adventure tourism destination, culture tourism destination, pleasure tourism based industry and nature tourism destination.
- l) NTB as public private institution is promoting Nepal by various means. As global competition is very strong, National Tourism Organization is applying various measures to cope up with that competition among the various constraints. Though its marketing efforts are not highly satisfactory, it is somehow able to position Nepal as tourism destination in international market

Chapter-Five

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Nepal, though a small in territory, it is well known as land of mighty mountains with iconic Mt. Everest. Endowed with beautiful landscapes, natural beauties and cultural attractions, Nepal is famous destination for international travelers through tourism started only after sixties. Nepal within two decades became successful to have its significant position in world tourism scenario. Tourism in Nepal became a strong contributor in national economy after it boomed in eighties. It has become important foreign export being major source of foreign exchange. Apart from this, it has been contributing in creating direct and indirect employment opportunities.

Realizing the importance of tourism sector to uplift national economy, Nepal government has formulated various policies, plans and strategies to develop tourism as sustainable industry. Tourism master plan 1972 was an important step in policy formulation Nepal Tourism Board (NTB) was established in 1999 with the principle of public private partnership approach. Since then, NTB has been marketing 'Nepal' as an enchanting holiday destination in world tourism market. It has adopted various strategies and undertaken different activities in order to promote Nepal as a must visit destination.

Within its eight yrs time, NTB has gone through very tough time. It was very challenging time to undertake its marketing and promotional activities amidst growing competition in international tourism market. The internal insurgency was completely unfavorable for international visitors. Country has experienced a sharp decline in tourist arrival. The concept of regional tourism is being developing. Country like India, China, and Malaysia are benefiting by flow of tourist from major Asian countries itself. So, keeping this view as very important, this study is being proposed in order to analyze the marketing and promotional activities carried out by NTB in there regional Asian markets. Similarly, the objective of this study is also to recommend suitable strategies to promote 'Nepal' in major Asian Markets.

Tourism related data are collected from primary as well as secondary sources. Tourists, tourism companies and NTB are the major sources of primary data. Questionnaire are designed to receive the responses of tourists and tourism entrepreneurs regarding tourism marketing activities, tourists preferences and needs etc.

A thoroughly reviewed previous literature related with tourism has given guidelines to carry out this study in more relevant way with respect to tourism practices by tourism organization both private and public.

The marketing and promotional activities functioned by NTB is analyzed since 1999. The tourist arrival trend is analyzed with special focus on arrival of tourists from major Asian markets.

5.2 Conclusion

Nepal has greater potentialities in tourism. Tourism has been established as promising industry, which is the important contributor to national economy. Tourism has greater role in Nepal to provide direct and indirect employment opportunities to major chunk of people living in urban and major touristic cities. In the more recent days, it is regarded as driving tool to alleviate rural poverty by involving rural people in direct and indirect tourism businesses.

As far as Nepalese tourism marketing is concerned, the word of mouth publicity had played very important role. Natural and cultural attractions are the comparative advantages of Nepalese tourism. Keeping in view, the need of public private partnership in marketing and promotion of Nepalese tourism, Nepal Tourism Board was established. With important coordination and support of private travel trade sector, NTB has been marketing Nepal as an important destination in the global tourism market. It is very important to note here that with a very limited budget for marketing and promotion, it is very tough to compete with other tourism destinations of the world like India, Thailand, and Malaysia etc.

The recent global tourism trend has shown that the share of regional tourism is very important and encouraging. This concept is more important for country like Nepal. Owing to budget constraints to carry out marketing programs in European market, NTB is focusing its marketing and promotional activities in major Asian markets. India, Japan, Thailand are important tourists market for Nepal. Like wise, there is greater potential in China, Bangladesh, Sri-lanka. So, NTB has been organizing different marketing programs like travel trade shows, Familiarization trip to media and travel agents, press conferences and food festivals in order to attract more visitors from those countries. In order to woo visitors from neighboring countries, Nepal has waived visa for national of South Asia and provided parity for entry to National parks and historical sites. It is also worth recalling here that all the 15 International Airlines flying into Kathmandu are connecting Nepal with various parts of Asia like India, China, Pakistan, Bangladesh, Middle-east and various countries of South-east Asia. Though national flag carrier is in ailing condition, new foreign airlines are interested to fly to Nepal, which has created a good hope for future. Recent trends of tourists' arrival from these countries are also encouraging. A number of 2, 30,828 tourists from Asian countries have visited Nepal in the year 2005 which is 60% of total tourists arrivals.

There is need of close coordination between private sector and NTB. NTB should formulate new and cost effective marketing action plans. Promotional programs for adventure-tourism, pilgrimage-tourism, eco-tourism, MICE-tourism should be carried out in Niche markets by developing special packages. Though the landing fees, parking fees, navigation fee and handling charges and aviation fuels are costing dear, though there are conflicts, environmental hazards and high competition amongst inbound destination,

Nepal's unique attraction has been a great asset for visitors from across the continents.

With this prospect in perspective, if proper policy guidelines are streamlined and a strong network and cooperation is built on Public-Private partnership approach, the future of regional tourism is high on the agenda and the prospect of the regional tourism is sure to gather momentum in the case of Nepal as it has been in Europe and America.

5.3 Recommendations

- i. The recent travel trend in the area of pilgrimage, MICE and sports is encouraging though adventure, culture and nature are the major attractions of Nepal to international visitors. It is required to give attention to promote and develop these areas. Experts viewed that Nepal has been overexposed as a country of mountains, but, according to them time has come to reposition on a new products. So, appropriate positioning as per the strength and demand of our product and the competitive situation of the industry should be made.
- ii. Both, the government and the local people should give due emphasis to conserve our cultural and natural assets. The tourism products we have are not properly conserved, so their condition is degrading. These products should be maintained and preserved properly for the sustainable growth of industry.
- iii. Nepal needs to offer multiple package programs to attract more tourists in the country. While designing package, different combination can be included to suit different purpose visitors as well as different age and sex group of visitors. Alternation in packages may be made on the basis of products or by including products and services.
- iv. Uncertainty of air seat capacity, especially of Nepal Airlines, is the major constraint for tourism development in Nepal which has jeopardized schedules and affected visitors. Response of tourism organizations and experts showed that primary attention should be given to improve air seat capacity. The most noted problem for this was NAC. Nepal Airlines should increase its air seat capacity and solve its problems on a long term basis otherwise private airlines should be allowed to operate immediately even in those routes where NA operates. So far, private airlines are not allowed to operate in such routes. Secondly the government should give significant emphasis to approach more international airlines to come to Nepal or fly via Nepal. Moreover, emphasis should be given to increase air seat capacity by ensuring more international flights connecting with major tourist originating cities of the world.

- v. At present Tribhuvan International Airport (TIA) is the only international airport of Nepal. Big aircrafts cannot come here so it does not seem to have made it financially attractive to international carriers to come to Nepal. There also seemed to be limited feasibility for expansion of TIA. Likewise, present service and facilities also are limited at TIA. Therefore, an alternative international airport should be developed in the Terai region at a location which will be technically and economically should and viable from market perspectives. This should help to enhance international connection and make Nepal a hub for international flights making it a noted tourist destination.
- vi. For easy accessibility of tourists to various places of tourist interests in the country, the government should give due attention to developing and improving road transportation. In Nepal there is limited access and the available roads are also not maintained properly. For access to new areas, roads should be constructed in strategic ways which would improve access as well as not alter the trekking routes. Similarly, regular maintenance or roads is also necessary at least in the tourist frequented areas. A proportion of tourism revenue may be allocated for this purpose.
- vii. One of the main problems faced by Nepalese tourism is the deteriorating conditions of the environment. We need to focus on environment issues especially pollution in Kathmandu Valley, major trekking routes and tourist places. In Kathmandu solid waste lying scattered and rubbish are not collected on time and cleansed. These have provided to be eye sores to everybody including the visitors. Besides, they pose serious health hazards. Tourists have expressed serious concern about it and other respondents also have given great emphasis to this aspect. For this, solid waste situation in Kathmandu must be improved or Nepal may well forget about the tourism industry. Pollution should be controlled by enforcing standards to vehicles, industries and other sources of pollution at the valley level in Kathmandu and not on a pocket or compartment basis. Attention should also be given to decongest especially tourist areas.
- viii. The analysis clearly showed that Nepal has not given due attention towards the promotion of tourism. It does not seem to have been able to market tourism properly. Despite proving to be a market leader in many areas in the South Asia, its market share is limited. Professional approach should be incorporated in marketing Nepal and its products.

- ix. Tourism marketing should be done jointly by the government and the private sector to promote destination, promote products and to counter poor or bad publicity abroad whenever such cases happen. Such publicity has occurred on number of occasion. One sector should not wait or look at other sector to do the job. Both these should join hands and promote Nepal on a continuous manner.
- x. Nepalese Embassies and consulate offices abroad can be the best media to provide information about Nepal. By mobilizing these agencies through qualified staff oriented towards marketing and promotion of tourism, Nepal can be promoted effectively. Thus, Nepalese Embassies and consulate offices abroad must be mobilized effectively as a market outlet of Nepal.
- xi. Most tourists come to Nepal through the suggestion of friends/relatives and personal contacts. We must continue to promote such visitors. However, Nepal also should target the visitors who are motivated by promotion and publicity. It may not be necessary to reiterate that promotion is the most powerful tool of marketing. To attract more visitors, continuous and sustained promotion through appropriate media at existing market and potential markets is needed it will help to attract those visitors who are motivated by promotion. Thus, Nepal will be able to get both types of visitors those who visit by good word of mouth well as those who select tour by promotions.
- xii. Nepal must target its markets according to strengths and prospects. The leading market segments for Nepal may be India, Western Europe, Japan, USA and Australia. The SAARC, ASEAN and East Asia also may be promising segments for future. So, all marketing and promotional efforts must be done on the basis of these identified target markets. All marketing efforts must be done by prioritizing on the basis of the existing and potential market strengths.
- xiii. In Nepal, the government has been giving attention to develop the tourism sector. But, in view of the importance of the sector, the allocation of development and promotional budget is very low. Due to the lack of budget, tourism promotion is not being done Properly. Greater allocation of development as well as promotional budget is needed in this sector. In order to gear up promotion of tourism, the private sector also should spend more allocating separate budget for its marketing.
- xiv. Nepal must make an annual tourism promotion and marketing plan. Target markets and segments should be identified on the basis of continuous market analysis and analysis of the competitive situation. Prioritization should be made on the basis of our product

strength, market trend and need and strategies of other competitors. Suitable strategies and promotional program should be developed on such basis. Proper budgeting and resource allocation and continuous monitoring and feedback are also necessary to realize defined targets. In this way, professional promotion and marketing can be institutionalized.

- xv. Services provided by the government like immigration, custom etc., are very important to promote the tourism industry and these services affect the visitors. These services were not rated satisfactory by the tourists. All three groups (tourists, organizations and experts) also identified the lacunae in the area. It reveals that there is a significant need to improve the process and service of immigration and customs in Nepal and the government must extend immediate attention to improve the situation.
- xvi. To broaden the market in Asian countries NTB should hire professional PR agencies in major market like Bangkok, Kualalampur. So that PR can be utilized to build develop the networks of travel trade who sell Nepal. Through professional PR, marketing and promotional programs can be organized time and again. There should be special provision in immigration rules so that foreign older people could stay longer in Nepal. Special visa provision should be there for such person. Large group of older people especially from East Asia want to travel Nepal who want to stay for longer period.
- xvii. Special campaign should be organized in main university and colleges of Asian countries in order to promote Nepal as a destination for study. Different aspects of Nepal like eco tourism, protected area management, mountain region and natural recourses should be focused among the foreign students, so that they choose Nepal for their research and study program.
- xviii. NTB government and private sector jointly should start a promotion campaign of '*send home a friend*' concept.. Lots of Nepalese are going in other Asian countries for work, so if those all departing Nepali nationals could be taught about this concept, they can send lots of foreign friends to Nepal.
- xix. Political parties should think very sensitively towards creating peaceful and strike free Nepal in order to improve Nepal's image abroad. All types of political demonstrations, strikes, *bandhs*, and vandalism should not exist. Political demands should be raised and addressed peacefully without creating any question mark on safety and security situation of Nepal.

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APPENDICES:

Appendix-1

Status of air connectivity between Kathmandu and other major Asian cities in 2006/07

Airlines	Sector
Nepal Airlines	Kathmandu-Delhi-Kathmandu
	Kathmandu-Kuala Lumpur-Kathmandu
	Kathmandu-Osaka-Kathmandu
	Kathmandu=Dubai-Kathmandu
	Kathmandu-Bangkok-Kathmandu
Indian Airlines	Delhi-Kathmandu-Delhi
	Kolkatta-Kathmandu-Kolkata
	Varanasi-Kathmandu-Kathmandu
Jet Airways	Delhi-Kathmandu-Delhi
Air sahara	Delhi-Kathmandu-Delhi
Air China	Lhasa-Kathmandu-Lhasa
China Southern Airlines	Gwangzhau-Kathmandu-Gwangzhau
Biman Bangladesh	Dhaka-Kathmandu-Dhaka
GMG Airlines	Dhaka-Kathmandu-Dhaka
Thai Airways	Bangkok-Kathmandu-Bangkok
Air Arabia	Abu Dhabi-Kathmandu-Abu Dhabi
Korean Air	Seoul-Kathmandu-Seoul
Pakistan Int'l Airlines	Karachi-Kathmandu-Karachi
Qatar Air	Doha-Kathmandu-Doha
Gulf Air	Baharain-Kathmandu-Baharain
Druk Air	Delhi-Kathmandu-Delhi

Source: Tribhuvan International airport (TIA)

Appendix -2

Questionnaires

Questionnaire for Tourism Professional:

1. How do you assess the present situation of Nepalese Tourism?
2. What sort of change have you noticed in Nepalese tourism since 90's?
3. What are the main important factors that influence tourism development of the country?
4. How can we receive higher benefits from tourism in the day's ahead?
5. How do you evaluate the marketing efforts being done by government/NTB/concerned sector to promote Nepalese tourism?
6. What is your view about the policies, plans, strategies designed by government to develop tourism sector?
7. How have been we marketing tourism? What weakness and threat do you feel & how can we make it more effective and result-oriented?
8. What type of market segmentation is required to match the developing?

Questionnaire for Tourists:

1. Where did you come from? (Nationality)
2. Your Sex: Male _____ Female _____
3. What's your age: 20 – 30
i) 30 – 55 ii) 55 and above
4. Have you visited Nepal alone or with group?
5. Mention your frequency of visit in Nepal.
i) 1st ii) 2nd iii) 3rd
6. What's your occupation?
i) Student ii) Service-holder iii) Businessman
7. What was your mode of transport while coming to Nepal?
8. How long you stay in Nepal?
_____ Days/Months
9. Did/Do you visit other countries on this journey? (Exclude country in transit).
Yes _____ No _____
If Yes which country.....
10. What was your purpose of visit to Nepal?
a) Pleasure & Sightseeing b) Business
c) Mountaineering d) Official
e) Trekking f) If other Specify
11. Which place did you visited during your stay in Nepal?
12. How much money you spent during your visit?
13. How did you find the services & facilities provided during your visit in Nepal?
14. In which sector you felt need improvement immediately?
15. What were the main sources of information that influenced your decision to come to Nepal?
i) Friends/Relatives ii) Tourist office
iii) Travel agents Prior visit iv) Magazine Trade fairs
iv) Website Guide Book v) Television/Radio
16. Did you go through any publicity materials relating Nepalese tourism published by Nepal Tourism Board, Nepal Airlines, Travel & Trekking Agencies?

If Yes Where?

i) In Nepal ii) In own Country iii) Any other country

18. How do you rate these publicity materials?

i) Very good ii) Satisfactory

iii) Very poor v) Good Needs Improvement

19. Which of the following features were the most important to you?

a) Climate b) Friendly people c) Mountains

d) Culture & Architecture e) Value for money

20. How do you evaluate safety & security situation in Nepal?

a) Good b) Satisfactory c) Unsatisfactory d) Very Poor

21. What type of environmental effects did you find due to tourism in Nepal?

Please Specify:- _____

22. How do you rate your visit to Nepal on the following aspects?

A. Sightseeing Tours:-

a) Good b) Satisfactory c) Unsatisfactory

B. Accommodation:-

a) Good b) Satisfactory c) Unsatisfactory

C. Shopping Facilities:-

a) Good b) Satisfactory c) Unsatisfactory

D. Food & Drinks:-

a) Good b) Satisfactory c) Unsatisfactory

E. Entertainment Activities:-

a) Good b) Satisfactory c) Unsatisfactory

F. Transportation:-

a) Good b) Satisfactory c) Unsatisfactory

G. Tourist Info Offices:-

a) Good b) Satisfactory c) Unsatisfactory

H. Immigration Formalities:-

a) Good b) Satisfactory c) Unsatisfactory

I. Airlines:-

a) Good b) Satisfactory c) Unsatisfactory

J. Agency Service:-

a) Good b) Satisfactory c) Unsatisfactory

23. What are your suggestions to improve tourism in Nepal?

Questionnaire for Tourism Organization:

A) How do you take ' Naturally Nepal, once is not enough ' brand in terms of developing perfect destination brand image in the global tourism market? What should be done to promote it further?

1. Name of Organization :

2. Year of establishment :

3. Address :

4. Type of Business :

- a. Travel b. Trekking c. Mountaineering
- d. Rafting e. Hotel f. Airline
- g. Guest House h. Other (please specify)

5. What should we do to develop Nepal as an international destination?

- a. _____ b. _____

6. In which area or areas we should give more attention for the promotion of tourism?

- a. Accommodation b. Transportation c. Immigration d. Airlines
- e. Agency Services (Travel, Trekking) f. Customs g. Government

7. Who is responsible for tourism marketing & promotion?

- a. Government b. NTB c. Private tourism sector
- d. All

8. Where Nepal's marketing efforts should be concentrated at?

- a. National Level b. Int'l level c. Specific target market level
- d. Potential new market e. Any other (Please Specify)

9. What types of marketing efforts is needed?

- a. Destination promotion b. Media promotion
- c. Personalized promotion d. Any other (Please Specify)

10. What kind of product development should Nepal do?

- a. Preserve and present our product as it is
- b. Modify product to suit target market
- c. Combine product features
- d. Develop new products
- e. Any other

11. In which market segment do you concentrate?

- a) Specific country or region
- | | | | |
|-----------------|-----------------|-------------|------------|
| i. Germany | ii. Spain | iii. Italy | iv. Japan |
| v. India | vi. Netherlands | vii. France | viii. UK |
| ix. Switzerland | x. Australia | xi. USA | xii. Other |

b) Purpose-wise target

- | | | | |
|---------------------|----------------|-----------------|--------------|
| i. Holiday/pleasure | ii. Adventure | iii. Pilgrimage | iv. Business |
| v. Official | vi. Conference | vii. Others | |

c) Age wise :

- | | | |
|--------|-------------|------------|
| i. Old | ii. Matured | iii. Young |
|--------|-------------|------------|

d) Income group wise :

- | | | |
|----------------|---------------------|-----------------|
| i. High income | ii. Moderate income | iii. Low income |
|----------------|---------------------|-----------------|

12. What are the competitors' strength and weaknesses in tourism marketing?

Strength

- | | | |
|-------------------|-------------------------|-----------------------------------|
| a. Large Access | b. Timely Access | c. Capability to reach new access |
| d. Broad coverage | e. Any others (specify) | |

Weakness

- | | |
|-------------------------|------------------------------|
| a. Poor Access | b. Inability to reach market |
| c. Reliance on others | d. Limited or no coverage |
| e. Any others (specify) | |

13. How do you compare Nepal's marketing efforts with other competing countries?

- | | | |
|------------------------------------|-------------------|-----------------|
| a. Highly satisfactory | b. Competitive | c. Satisfactory |
| d. Poor | e. Extremely poor | |
| f. Give reason for your assessment | | |

14. Where should Nepal position in the international market?

(Please tick as many as relevant)

- i) a. Pleasure tourism
 b. Adventure tourism
 c. Low spending tourists
 d. Nature tourism
 e. Mix of above
 f. Any other (Please verify)

- ii) a. High spending tourists
- b. Medium spending tourists
- c. Culture tourism
- d. Mix of above
- e. Any other (Please verify)

15. What are the strengths of our present product?

(Please tick as many as relevant)

- a. Uniqueness b. Mass appeal c. Repeat value d. Emotional value
- e. Sense of Achievement f. Competitive
- g. Price h. Access i. Location
- j. Other (Please verify)

16. What are the weaknesses of our present product?

(Please tick as many as relevant)

- a. Poor preservation b. Congestion c. No mass appeal
- d. No repeat value e. Lack of competitiveness
- f. Limited products g. Poor presentation h. Any others (Please verify)

17. How do you rate the pricing strategy of tourism service in Nepal?

- a. Highly satisfactory b. Satisfactory c. So so
- d. Less satisfactory e. Unsatisfactory

18. How do you rate the level of competition in tourism business in Nepal?

- a. Highly satisfactory b. Satisfactory c. So so
- d. Less satisfactory e. Unsatisfactory

19. What efforts are being initiated by the government to promote Nepal as a tourist destination? (Please tick as many as relevant)

- a. Destination promotion b. Creation of infrastructure
- c. Development product d. Publicity
- e. Special events f. Facilitating tourism industry
- g. Participation in fairs/exhibition h. Any other

20. What do you think about the marketing effort being done at present by the government?

- a. Highly satisfactory b. Satisfactory c. So so
- d. Less satisfactory e. Unsatisfactory

21. Please mention their shortcoming and strengths?

22. What new efforts should be initiated by the government?

23. In which area of marketing government should concentrate and in which area should the private sector concentrate?

Private Public Both

- a. Product or service promotion b. Destination promotion
- c. Tackle competition (international)
- d. Correcting damaging reports/publicity

24. How often do you promote your service? (in one year)

Advertisement Campaigns Others

In the country:

Outside the country:

25. What factors determine your marketing efforts?

- a. capacity utilization b. budget c. tourist arrival trend
- d. any other (please verify) e. competitions performance

26. Do you allocate promotion budget?

27. Which marketing or advertising agencies you rely upon?

- a. National b. International c. Both
- d. None

28. Are you satisfied with marketing organizations/advertising agencies?

- a. Highly satisfactory b. Satisfactory c. So so
- d. Less satisfactory e. Unsatisfactory

29. How do you evaluate your marketing efforts

- a. Highly satisfactory b. Satisfactory c. So so d. Less satisfactory
- e. Unsatisfactory

30. How do you develop your promotional packages/strategies?

(Please tick as many as relevant)

- a. Assessing the market
- b. Assessing the views reactions of consumers
- c. Assessing competitor's strategies
- d. Assessing international market trend
- e. In consultation with link agencies
- f. In consultation with experts
- g. Any other (please specify)

31. What results have you attained from these efforts :

- a. Increased sale b. Performance improvement
- c. Improved image d. No change in Business
- e. Better market access
- f. Any other (Please specify)