

CHAPTER-1

INTRODUCTION

1.1 Background of study:

For the development of any country, Industrial growth is the most essential requirement. If we look forward toward the developed countries, we can easily conclude that Industrial growth are at the bases behind all the developments. There is no doubt to mention that most of the industries are based on science and technology.

Present world is the advancement of science and technology. There are different scientific techniques which gives changes in our lives. Due to the advancement of science and technology different products are manufactured with the best quality and so it becomes more complex in marketing management also. Development in information and communication technology, electronic media and modern-technology has opened up many new opportunities for marketing. Technological innovation accelerates the marketing process. Production and marketing are considered as the two most important economic activities of any economically developed as well as developing country or community. It is regarded that marketing is the accelerator of economic growth.

Modern marketing is a union of various activities in which varieties and quality of goods are determined. It also pays due attention to the interest and satisfaction of the consumer. So marketing plays a vital role in the modern society manufactures and the consumers also. In fact it stands as a milestone of a country's national economy.

Marketing research is the function which links the consumer, customer and public to the marketer through information. Information are used to identify and define marketing opportunities and problems; generate, refine and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues; designs the method for collecting information; manages and implements the data collection process; analyses the results; and communicates the findings and their implications.

There is no written record of the beginning of the marketing research activities in business and social organizations. Charles C. Perlin was probably

the first person to start a marketing research department in his publishing company- the Curtis Publication as early as 1910. During the first quarter of the 20th century, marketing research picked up momentum in USA as many large organizations established their Marketing research departments. Du Pont, General electric and Kellogg were the first to begin marketing research in the corporate sector **(Jeffrey Pope, Practical Marketing Research, American Management Association, NY. 1981,p.6).**

In Nepal, Marketing research was started first in the social marketing sector by Nepal Contraceptive Retail Sales (CRS) company in the marketing of contraceptives. Among business organizations, Surya Tobacco Pvt. Ltd. was the pioneer in the adoption of marketing research methods. Currently, many bilateral and multilateral international agencies and INGOs use marketing research for social marketing. Several manufacturers of beer, instant noodles, liquor regularly conduct marketing research activities **(Koirala, KD, Marketing Research, Buddha Academic Publishers and Distributors Pvt. Ltd., Ktm, 2002, p.4).**

Now a days, there is a trend of globalization. It is signaling that in coming near future, the trade is being a single home around the world. The legal provisions toward the business is making homogeneous in the country wise and all over the world i.e. competition net intellectual property right act, certification of origin, standardization and so on. To create a fair competitive market, subsidies and quotas provided by the government will be totally eliminated gradually within certain years. All the government handled businesses will be privatized and all the trade boundaries will be liberalized which makes free movement of product as well as resources and technologies. To eliminate all trade barriers and to monitor the world trade an umbrella organization has established almost 14 years ago named World Trade Organization (WTO), which is very democratic, participative and fair. Almost about 75% countries of the world has got membership of WTO yet and other remaining countries are also in process to get membership that means one day will come that all the countries will be in the WTO regime. Still there are so many trade restrictions but each and every conference of regional groups and international organizations are seeking how to liberalize the trade more and more as soon as possible.

Due to the globalize trend of world trade and business, tough competitive situation or environment is creating day by day whether it is in

domestic market or in international market. No business organization can be isolated from influences of globalization. It is providing more and more opportunities as well as challenges. In this condition, business organizations have to conduct their activities strategically strong. A company can increase its market in any other part of the world by setting or installing industries and by selling the product easily. So, the manufacturing companies are producing the several parts of product in several countries and assemble it in several countries to reduce cost and to improve the quality.

Now a day's consumer's view towards any product is quite different than previous time they give first priority to cost and quality, they generally do not consider where the product is produced and where from imported. Consumers are very reluctant to pay more for a quality product. Consumer may easily move from one product to another if they meet their priority. So, companies especially manufacturer are employing their several tactic and tools to make attention about their product and attract the consumer. Vast competition among the manufacturers is happening in the field of marketing.

Advertising plays crucial role in the promotion of business organization. An advertisement is an announcement to the public for a product, service or idea through a medium to which the public has access. The medium may be printed material (such as news papers, banners etc.), electronics (Radio, TV etc.) or any other. An advertisement is usually paid for by an advertiser at rates fixed or negotiated with the media. It is a form of persuasive communication with the public, the communication is usually one sided, in one direction from the advertiser to the public.

Advertisement, personal selling, publicity, trade fairs etc. are techniques, commonly used by all companies and it boosts up or hardly excited to consumers to consume the product and try a new product. It is because these techniques and tools make noise around people day-to-day life. It can make change the consumer's habits to consume product and it automatically increase in sales and sales activities. Product sale is an important aspect of marketing activities. Manufacturer's main aim is to increasing sales; increase market share and improvement of market position. Market position constitutes overall view of consumers/retailers towards a particular company, products, price, package, advertisement, delivery, extra benefits and market share occupied by the product/company.

Manufacturers are using sales promotion/consumer promotion techniques as early as 19th century therefore it is not a new technique. Recently, manufactures are attracting to the consumers by giving other extra monetary benefits attached with the purchase of the product. Buying behavior of consumers is changing; they are making attention towards extra-attached benefits while buying a product. So, companies are providing different extra benefits to the consumers like, buy one get one free, other prizes, scratch card, coupon etc. Manufacturers don't want to hold more finished goods as inventory which increases cost also, so they attach a product with other which becomes tools to increase fastest sales.

Advertisement, purchase behavior, sales promotion etc. are the most considerable factors to increase market size which is each and every company's goal. Without advertisement, a company can not sale the product in the market. So advertisement has become one of the most important part of business. It can remind to each person's mind about the firm's and its products.

There are various advertising media options available to the advertiser like press media, Radio/F.M., Television, Film, Posters, Hoardings, Sky writing, Booklets, Catalogues, Window display etc. Spending amount for advertising and incremental sales have a positive relationship. Therefore every company spends significant amount of money in advertising and naturally sales will be increased as well as market position will be well.

In context of Nepal, most of people are in under the poverty line and most of the part of country is rural area. Being a country with rural markets, Nepal is far from modernized system. "Nepal is still following a traditional style of business and is not able to reach a high professional level. We need more human resources and business expertise in areas such as management, accounting and auditing. At the moment, Nepal is in a transition stage where industries are trying to take a big leap from traditional to modern style of handling business. However, the process is very slow and the major factor that is posing a hindrance in development of all sectors is corruption in public service, which needs to be curbed (**Khetan Rajendra**, "The Boss" p.22, June 2003).

Marketing and sales activities had started in Nepal relatively very late as compared to other countries. Nepalese consumers have habit to use

imported goods since very long period due to non availability of products manufactured in Nepal. After democracy in B.S. 2046, some well-known multinational companies had come in the country and began to produce their products in international standard. It contributes to develop marketing activities. Various communication media has been developing and advertising activities also becoming a part of business in the country now a day. There are so many brands in product and domestic industries also making attention to improve market position by spending significant amount in advertisement, product differentiation and product lines. The domestic industries are facing competition with international products and multinational companies.

In context of modern medicines (pharmaceutical products), there is no long history of manufacturing of such products in Nepal. Initially, Nepal is fully dependent on the imported medicines from other countries. Royal Drugs Limited was established in Kathmandu by the government and serve the country to some extent for many years. Later, Private forms took interest in pharma business.

Pharma business is a high technology based business. It requires lot of knowledge in manufacturing and marketing too as it directly involves with life. The major customer for the pharma business houses are the highly skilled and respected member of the society- the DOCTOR. So the major duty of pharma houses are to convince the doctors regarding the quality of their products. In the beginning, it was very difficult to convince the doctor about the quality of medicines manufactured in Nepal. Even the patients have no much believe regarding the quality of medicines manufactured in Nepal. At that time, it was very challenging to invest in pharma business. Nepal Pharmaceuticals Lab. Pvt. Ltd. (NPL) was established by a team of young entrepreneurs at that crucial moment in the year 2042 B.S. Right now, there are more than 40 pharma manufacturing units in the country. Majority of the pharma houses are based in kathmandu and Birgunj area. Kathmandu is the capital of Nepal. Birgunj is considered as Economical capital of the country. In Birgunj area, there are some pharmaceutical companies like Nepal Pharmaceuticals, Quest Pharmaceuticals, National Health Care, Apex Pharmaceuticals, GD Pharmaceuticals, Magnus Pharmaceuticals, Arya Pharmaceuticals, Concept Pharmaceuticals, Genetica Laboratories, Shree Ram Pharmaceuticals etc. Some Ayurvedic manufacturing units like Fleur Himalayan , Bhaskar Herbaceuticals etc. are also situated in Birgunj area. So, it can be said that Birgunj area is very rich in pharmaceutical houses. Some of the other pharmaceutical industries of Nepal are Deurali Janta

Pharmaceuticals, Lomus Pharmaceuticals, Ohm Pharmaceuticals, SR Drugs, Omnica labs, Time Pharmaceuticals, Panas pharmaceuticals etc. These are situated outside Birgunj.

There are some good hospitals in Birgunj area. There are lot of pharma businesses in Birgunj. There are many dealers for different pharma houses and lot of retail outlets in Birgunj. Even today, though the market share of Nepalese pharma houses are increasing every year- we are still dependent significantly on the imported medicines. Majority of the import are from our neighboring country- India. India is moving very fast in pharma field globally.

Present scenario (position) of Nepalese pharmaceutical houses especially NPL (Nepal Pharmaceuticals Lab.) in Birgunj municipality is the main study of this research work. Packaging, Quality, price, delivery, advertisement, buyers or consumers view towards the Nepalese pharmaceutical products are the major subject factor of this study.

Brief Profile of Nepal Pharmaceuticals Lab. Pvt. Ltd. (NPL):

26 years ago, when there was virtually no domestic pharmaceutical company of significance to compete and the Nepalese market had been flooded with Foreign companies (mainly Indian and India based multinational companies), a team of young people ventured to take the responsibility to develop national pharmaceutical technology which later came in the form of Nepal Pharmaceuticals Laboratory Pvt. Ltd. with its own Quality control Laboratory.

Since the inception of NPL in 2042 B.s., it has been heading in the direction of steady growth. Over the last 26 years, it has been working hard with an aim of serving the people with Quality drugs.

NPL started out manufacturing products that were no different than other companies in terms of drug molecules. It has come out as a pioneer, over the years, by constantly introducing newer therapeutic agents available, yet new to Nepalese manufacturers. NPL now has a wide range of products (more than 250 products) to cover a broad range of ailments. LAPEN, a division of NPL gives special focus to cardiac, diabetic and psychotropic products. NPL launched its products in the Indian market few years back, a small yet remarkable contribution in the area of global integration. NPL also has a veterinary division to serve the animal health sector with equal enthusiasm.

NPL always believes that its greatest assets are its people and is committed to develop every Nplite professionally, academically and personally. In a short span of 26 years, it has carved out a significant position in the Nepalese Pharmaceutical companies. Today, NPL has over 300 people working for it as company family members. With its team effort, it's been able to win the confidence of its stake holders in quality and efficacy.

NPL believes that the growth and development of the Nepalese pharma industry will not only elevate national technology but also help medical research and related activities. A highly professional organization, NPL has different departments, which look after the various aspects of the company. Each department contributes its utmost towards achieving the company's goal and to serve the humanity.

NPL's manufacturing plant at Jeetpur, Birgunj, is away from human crowded with non-polluting facilities giving consideration to environmental effect of industrialization. The modern plant run by competent and qualified technicians, is updated periodically to keep up with the latest trends.

NPL is in the process of the automization of the plant and has automated liquid section to minimize human touch and process time. NPL is endowed with distinct departments of R & D, QC, QA and production to ensure the quality drugs. The physical, technical and intangible facilities it has, comply with WHO GMP. NPL has professional marketing forces. The Market Planning Department (MPD) has been set up to integrate the entire institution, especially R & D with the marketing department. In the rapidly changing scenario of the world of medicine, MPD is always working hard to develop the marketing forces and keeping up scientific information to disseminate to medical practitioners.

NPL is a WHO-GMP certified company and awarded 3 times with FNCCI national excellence award, NICCI Excellence award and this year with FNCCI Service Class Certificate. NPL is the first company to manufacture sustained/controlled/delayed release tablets and pellets in Nepal. It's also the first Nepalese company to manufacture cardiovascular, psychotropic, antidiabetic products and to manufacture veterinary medicines. It's the company with the most sophisticated R & D and QC departments in Nepal. Recently, NPL has been awarded as the BEST PHARMACEUTICAL COMPANY OF NEPAL by the "HEALTH" magazine.

NPL has been able to avail its products almost through out Nepal. With a view to develop the analytical as well as formulation development facilities in Nepal in the most competitive price, the same group of NPL management has opened a highly sophisticated laboratory in Nepal as NEPAL RESEARCH FOUNDATION in Birgunj.

1.2 Significance of the study:

Proper information is the major materials of any management to formulate policies, strategies and decision-making. Marketing management is also not exception for it. Day to day, various incidences, new challenges and opportunities are occurring in the field of marketing. Consumers may change their consume pattern in any time especially if there are any problems such as Quality, Price, Availability in the market (delivery) etc. To attract new consumers and to make loyal existing regular consumers the marketing management has to make several policies, strategies and decisions. So, information from field of market through marketing research play crucial role in the marketing management.

Marketing research provides the firm with important customer feed back and understand the dynamics of the market place. Today, business decisions are increasingly based on the market-place reality than intuitions. The increase in marketing research activities reflects a transition from intuitive to scientific problem solving methods.

Marketing research is a direct result of the adoption of the marketing concept by organizations. Marketing concept calls for a more accurate understanding of the buyer's needs and preferences and delivery of the most want-satisfying goods and services to the present and potential buyers. Competitive environment of the market has forced most business organizations to give up the "rule of thumb" and "trial and error" approaches to doing business and encouraged them to adopt marketing research for a better understanding of buyers, competitors and the micro and macro environmental forces.

The present position of different pharma companies will be revealed after this study. This study will be helpful for all the Nepalese company to look into their strength and weakness in the market of Birgunj area.

In context of Nepal, there is poor decision making system and management when compared with our neighboring giant companies. Due to lack of expertise in management sector, very few experts and managers can be seen in big corporate level business houses. So, researcher has chosen the topic to study practical based. Nepalese market and consumer behavior toward the products manufactured by Nepalese Pharmaceutical companies is crucial to understand by the producer of such kinds of product as well as

marketer. Pharma marketing also requires lot of efforts as it directly deals with life. The researcher has tried to find out the fact situation accrued in the market by paying preference to current market position of Nepalese pharmaceutical products with special reference to the products manufactured by NPL. This study will be useful not only to the companies which are under study, but for all the companies which are seeking their place in Birgunj market. The study will be useful for all other firms which are interested to be involved in pharma marketing in Birgunj area.

1.3 Statement of problem:

With more than 30years of history, the pharmaceutical industry in Nepal has come a long way from its crude incipient days, which saw even the domestic medical fraternity turning their back towards the drugs produced by its pharma manufacturers, to a prominent player, who produces well accepted quality drugs for a number of diseases prevalent in the region.

The Nepalese government's first ever serious effort towards developing pharmaceutical industry came in 1972 establishing Nepal Drugs Ltd. (previously Royal Drugs Ltd.) as a public enterprise. After the launch of companies like Nepal Pharmaceuticals Lab. Pvt. Ltd. And Simca Laboratories Pvt. Ltd., the Nepalese pharmaceutical industry acquired a new horizon. A study revealed that about 65% of medicines consumption was met through import by public and private sector, while 35% of medicines consumption was met through domestic companies.

The pharmaceutical market in Nepal is mainly based on Doctor's prescription however the dominance of retail chemists can not be denied. The competition among the manufacturers are increasing day be day.

In this situation, the companies are spending significant amount in different types of promotional activities. Some companies are focusing on the retail counter by giving significant bonus, different kinds of gifts and discount while others are spending lot to satisfy the doctors. Medical representatives are the sales representatives for pharma markets. Electronic advertisement is generally not acceptable in Nepal for the advertisement of medicines particularly the modern medicines (allopathic medicines), so such advertisements don't appear in the media. Advertisements in printed form such as diary, calendar etc. are however prevalent in the market. The manufacturers are seeking to mention their market position, technical strengths, range of products etc in their web site, so informations are available

readily regarding the companies which have their web site. Market position refers market size occupied by the manufacturing company, distribution channels, retailer's perception, customer's views towards company and its product etc.

If we consider above object, following problems are for discussion of the study.

1. What is the selling position of Nepalese pharmaceutical products in Birgunj?
2. What is customer's view about the NPL products and other Nepalese company's products i.e. price/pack/delivery/quality?
3. What is the retailer's view regarding promotional activities of NPL and other Nepalese company?
4. What is the overall marketing situation of NPL products?

1.4 Objectives of the study:

The objectives of this study are as follows:

1. To identify the selling position of Nepalese pharmaceutical products in Birgunj market.
2. To find out the customer's view about the NPL products and other Nepalese company's products i.e. price, pack, delivery and quality.
3. To find out retailers view regarding promotional activities of NPL and other Nepalese company.
4. To find out the overall marketing situation of NPL in Birgunj.

1.5 Limitation of the study:

Following are some of the limitations for this study:-

1. This study will be done in Birgunj municipality only.
2. Most of data for this study will be obtained through questionnaire, interview. So most data will be primary. Data will be based on sample survey conducted in Birgunj.
3. The study is fully based on personal financial resources and it is to be conducted and submitted within a time constraint.
4. The response of the respondents may be a major limiting factor of the study.

1.6 Rationale for selection of Birgunj City:

Birgunj is the head quarter of Narayani zone and Parsa district. It is some times called as the business capital of Nepal. Lot of Industries is in

operation in this part of Nepal. Among different types of industries, lot of pharma industries is also in this area. Some of the pharma industries are highly reputed in Nepal and producing quality medicine for long time. Some of such industries are like Nepal Pharmaceuticals, National Health care, Quest pharmaceuticals and others. There are considerable numbers of private hospitals in addition to a government zonal hospital. A well established medical college is also situated in Birgunj. For all these, there are lots of markets for medicines. The stockiest from Birgunj are supplying medicines of different local as well as multi national companies through out Nepal in addition to the local market and marketing in neighboring districts like Bara, Rautahat, Sarlahi, Makwanpur etc. Birgunj is located in border of Nepal adjoining Raxaul of Bihar, India. Birgunj is also called as gateway of Nepal. Despite of all these facts, literally very less or no research studies have been done on Current market scenario of Nepalese Pharmaceutical Industries in Birgunj. So I have chose this area for my research work.

1.7 Organization of the study:

This research work will be divided into following chapters :-

1. **Introduction:-** This chapter provides general introduction of marketing, history of marketing research and current market situation of pharmaceutical products manufactured in Nepal. It also involves a brief profile of Nepal Pharmaceuticals Lab. Pvt. Ltd. Significance / objectives / Limitation of the study; statement of the problem is also included in Introduction chapter.
2. **Literature Review:-** This chapter provides information of different issues of marketing and marketing research. These informations are collected from different books, journal, reports, and research paper. Internet is also used to collect different informations.
3. **Research methodology:-** Third chapter includes research methodology. Sampling method, data collection method are also mentioned under this heading.
4. **Data presentation and interpretation:-** All the collected data are presented in tabular form and graphic presentation as Bar diagram, Pie chart etc.
5. **Summary, Conclusion and recommendation:-** The last chapter contains summary and conclusions of major findings and recommendation to Nepalese pharmaceutical manufacturers .

CHAPTER-2

LITERATURE REVIEW

This is the age of marketing. All types of organizations need marketing to achieve their goals. Marketing has gained a great deal of strategic importance in modern organizations. It is changing fast. It is also getting complex and challenging. Marketing activities are part of every day life.

To the general public, marketing is selling products through advertising and sales promotion. However, advertising and sales promotion represent only part of marketing. Marketing consists of creating, promoting and delivering products to satisfy human and social needs. Above all, it creates satisfying solutions to customer needs. It not only satisfies customers but also delights them. It creates value for customers.

Marketing is demand management. It stimulates demand for products. It helps organizations to find out what their customers need and want. It also helps to decide what products should be offered to satisfy their needs and wants.

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

Marketing is the process of choosing markets to be in, **products** to offer, **prices** to charge, **distributors** to use, and **messages** to send. Organizations must create and manage an effective blend of marketing mix that satisfies customer needs and wants in a target market.

The meaning and practices of marketing is modifying day by day. New and novel practices are practicing in the field of marketing with several tools and tactics. It is not sufficient that what is producing with the view to sell in current situation. Rather a clear understanding of social aspects, market place and more specifically the consumer behavior is significant very much. Due to changing behavior of consumer and competition, a company has to pay attention not only in the sale and adornment but also at the consumer attribute, buying behavior, packaging and pricing policy. So it is clearly seeing that marketing in today's business is facing more complexity.

If we talk about market position there is something comes in our mind that the effectiveness of sales promotion, advertisement, pricing and product attribute. Features are persuading to buy a specific product to the buyer and to sale the seller or the percentage occupied by a product in the overall market. So the market position deals with the overall effort and achievement in the field of marketing.

2.1 Meaning of Marketing Position:

There may be a number of products in the market to sale for the same purpose. Such products consumed by consumers may give priority to a specific product among the crowd of products due to several reasons. To keep first priority in mind of consumer, companies make effort in different way.

Influence of the major marketing factors help directly or indirectly to increase or decrease the sales to some extent, personal selling and publicity also one of the helpful components to increase sales but it is not possible for all kinds of products due to cost, time and regulations in some cases. Advertisement helps in the personal selling. Sales promotion is a short term strategy which encourages to consumer for use once or tries once the product by offering different prices or something extra incentives. It makes change the mind of potential consumers and come to try the product. Due to this, sales promotion helps to maintain a sound market position of the product. Price is one of the most important factors in the marketing and to increase / decrease sales volume. Price must be affordable by various categories consumers. Product differentiation and product line can help to change price discrimination. Placement of product at right time in right place is one of the most important components of marketing. It helps to consume the product regular so frequent distribution channels must be maintained to achieve sound market position. To make regular brand awareness in marketing, advertisement is making significant role to market a product.

Pharmaceuticals are indispensable to health systems; by complementing other types of health care services they can reduce mortality and morbidity rates and enhance quality of life. Therefore, access to health care and essential medicines is increasingly being viewed as a fundamental human right (WHO 2009). Yet the ability of pharmaceuticals to save lives, reduce suffering and improve health depends on their being of good quality, safe, available, affordable and properly used. It is estimated that one third of

the global population do not have regular access to essential medicine. Furthermore, one third of developing countries either have no regulatory authority or only limited capacity to regulate the medicines market (WHO 2009).

The pharmaceutical market is highly vulnerable to corruption and unethical practices (WHO 2009; WHO 2006), due in part to the high market value of pharmaceutical products. Moreover, the stakeholders involved are numerous, diverse and have different objectives. They include manufacturers, wholesalers, retailers, prescribers, sales representatives, regulators, policy makers and researchers.

The pharmaceutical industry applies a large proportion of its resources to marketing and advertising operations (Petryna and Kleinman 2006). One central issue in the debate about the pharmaceutical industry has been whether it is primarily driven by innovation or marketing. Information about promotional expenditures of the pharmaceutical companies is rarely available and is questioned by the public health expert and Consumer Rights Activists. A majority of critics of the pharmaceutical policy in developing countries seem to favor a drastic regulation of health services, including pharmaceuticals (Van der Geest 1984). Their basic idea is that the profit maximization is by definition pathogenic because it puts profit before people. The structure of relations between manufacturers and the supply chain (the importer, wholesaler and retailer), between manufacturer and prescriber, involves something more like reciprocal access to guarded resources (Lakoff 2006). Prescription drug promotion practices that involve giving financial grants and valuable items to doctors and retailers are common in Nepal (Subedi 2001; GAPN 2007; Thapa 2007). The Government of Nepal, Department of Drug Administration (DDA), has developed and released Guidelines on Ethical Promotion of Medicine-2007 with the objective to enhance ethical promotion of medicine to support and encourage the improvement of health care through the rational use of medicine and discourage unethical practices. The guidelines, however, could not properly be implemented due to the conflict of interests among various stakeholders. In a complex system such as pharmaceutical trade, there are so many vested interests and players blame to another groups but not reflect critically on one's own practice (Harper and Jeffery 2009).

Advertising is not only one that makes to aware consumers. There are so many other tools but it is more costly as well as more effective and it pushes to buy the product to consumers while they are conformed or in confusion. Sales promotion seeks to show or once by consumer where advertising is indirectly hitting to potential consumer through public media regularly in mind. It is a long term strategy of creating brand awareness whereas promotional campaigns boost up sale of a product. Combine effort of sales promotion and advertising well increase sales in present as well as in future. Now a day's sales promotion campaign and advertising is going on with combining. There are many components, which directly affect the market position and sales. We can clarify these components in the following points.

2.2 Product

A product is any thing offered to satisfy customer needs. It includes a mix of design, quality, variety, features, branding, packaging, services and warranties. The products must be transferable and payable. So a product may be a goods, services, ideas, experiences, places, informations or technology. Consumers are purchasing for need satisfaction in the form of the benefit they expect to receive from the product.

Now we are talking about the consumer products which are not the purpose of business. Such products are indented for use by household consumer. In contest of consumer's products, brand plays vital role in consumption. Brand is not anything itself but it represents the entire attributes of the product so a consumer attracted by the brand name. Brand is one of the names, which helps to make and show something different from other product among the products having similar attributes. Consequently, some products are in the market that has very much popularity and image that consumers or people fill proud in the society by using such brands.

On the globalization perspective, "Products which are easily marketed in domestic markets may not be marketed in international market. More specifically, products, which are easily marketed in US market, may not be marketed in Asian or Nepalese market. In order to match products to the international markets, the marketers need to spend a lot of time, effort and money in planning and development of products in a systematic manner." (**Dr. Shyam Shrestha, 2005, P-119**).

Increasing of the global market area, companies should make branding strategy whether sell all over the world with the same brand name or separate brand name for separate market through distributors.

The scenario of pharma market is some what different from other markets. Brand name matters in pharma market too. For pharma market, manufacturing company's image also plays very important role in the marketing. It is very well known that the major customer of pharma market is the highly respectable member of the society- the DOCTOR. So unless doctors are convinced about the quality of any product- they will not prescribe it and there will be no future for such products and the manufacturing company. Some multi national company's names are very popular in pharma market such as Merck, Pfizer, Ranbaxy etc.

Unlike other consumable products, pharma marketing are highly regulated through out the world. It is not that much easy to export or import medicines from any country. There are different types of Quality certifications. A manufacturing company must have such certificates to export or to market. If a company has to sell its products in US market, it must be certified with USFDA. A general measures of certification applicable in Nepal is GMP (Good Manufacturing Practice) certification. WHO has issued some guide lines for GMP certification. Some national certifications are also there. Even in Nepal- the regulation is becoming stricter and stricter. DDA (dept. of Drug Administration) is the government body to regulate all the pharma activities in the country. According to Drug Bulletin of Nepal (Vol. 22, No. 1), there are altogether 17 domestic pharma companies awarded with WHO-GMP certificate. The foreign companies also must have GMP certificate to export medicines to Nepal. So, it can be concluded that to market a pharma products in Nepal, manufacturers must have GMP certificate. The brand image of any product is a secondary thing. The brand of an established manufacturer is observed to occupy distinct positions in the market. Doctors used to prescribe such branded medicines without any hesitation.

A branded product of today's market may not remain branded all the time. So for any company to remain in the market, new product development must be a continuous process. This is particularly significant for pharma products. Due to ever increasing types of disease and complication in the simple diseases, scope of new products are even more in pharma products. So, organizations must develop new products. Changes in technology, competition, customer needs and preferences, and environmental forces

necessitate new product development. The requirements for organizational growth and the trend towards shortened product life cycles reinforce such necessity. New product development is the source of the organization's future survival and growth. It should be a continuous process to maintain competitive edge.

Unlike other products, introducing a new pharma product (medicines) into the market requires lot of R and D work. Pharma R and D is very much expensive. The discovery of a new molecule for its use as medicines requires lot of efforts. Till date, there is no such R and D centre in Nepal. Different companies have R and D dept., but they are limited to the formulation stage only. Generally, Nepalese Pharma Company used to formulate medicines of similar composition with those that are in the Nepalese market and have good market share. Such products are developed in Nepal and marketed. Even in India, there are very less R and D centre which are doing research at molecular level. In Nepal, Nepal Research Foundation (NRF) has been established with such objective. In future, NRF may enter in this field of research in addition to various other researches related with life science. NRF has been established by the same group of management who are associated with one of the best pharmaceutical company of Nepal- Nepal Pharmaceuticals laboratory Pvt. Ltd. Which is popularly known as NPL. Right now, NPL has its own Formulation R and D department taking care of the new formulation development for the company.

How brands influence people?

Branding constitutes an important part of product mix. It is used to identify the seller or maker of the product. Building brands require a great deal of time, money, promotion and packaging. Brands suggest product difference to customers. They convey attributes, image, values and benefits.

Branding has many advantages to the organization, to the customer and to the society. Today, hardly any thing goes unbranded. Branding is also costly in terms of advertising, sales promotion and legal protection. The nature of product can prevent branding. There is growing movements toward "no branding". Products are sold in the market under their generic names- Baby shampoo, Straw berry jam etc.

Branding is very prominent in pharma market also. The branded product from the branded company occupies significant position in the market.

Polybion syrup (Vitamin B complex syrup) is a branded product for long time manufactured by one of the best multinational pharma company MERCK. The product of Nepalese manufacturer is also occupying significant position in domestic market such as Brucet tablet, Amlod tablets of NPL. For some of the chronic diseases such as Diabetes and cardiac problems- Doctors and patients both are brand specific. They feel secure with the same brand of medicines they are using.

Some of companies and products are attractive to people who intuitively feel comfortable with them, because they see these brands as extensions of themselves, a good fit to their personality, lifestyle, aspiration and behavior. Brands influence consumer decisions to buy in any of the above ways, or through combination of them, sometimes with tremendous persuasive appeal. Sometimes manufacturers are identified with their branded products. Such manufacturers get benefit even on other products for their market leader products.

People prefer to buy brands

Brands are also successful because people prefer them to ordinary products. Today's world is characterized by more complex technology, and this can be extremely confusing to people who are not technology minded. Brands can play an important role here by providing simplicity and reassurance; offering a quick, clear guide to a variety of competitive products and helping consumers reach better quicker decisions. (**Paul. Temporal.** June 2003, P-44)

Doctors are also brand specific, company specific for different reasons. They feel confident with certain brands and they used to prescribe the same to their patient. Manufacturer used to be very keen to keep the best image of their branded products in the market.

2.3 Pricing

Price has a strategic role in marketing. It is the major determinant of customer choice. It is the only marketing elements that directly produce revenue. It determines the profit and losses. Price is what customers pay for what they get. It is the amount of money that customers pay for the product. It is the value of what is exchanged.

Pricing is also one of the important components of marketing. Pricing strategy and pricing policy plays significant role to create a sound market

position for the product. A company may follow different pricing methods. Price may determine on the basis of various factors i.e. cost, nature of the product, season, competition, rules of the government, geographic and so on. Pricing of the fast moving consumer goods products is sensitive very much. Most of the fast moving consumer goods products have to face tough competition from the different factors. To charge price, a company should understand consumers buying behavior, economic growth of the country, social aspects etc.

In the contest of Nepalese consumers and Nepalese marketers/ companies, we can see now that the prices charged for the any fast moving consumer goods / products on the basis of buying behavior as well as purchasing capacity of economic growth condition. Consumers are not mentioning weight of a packet of products like toothpaste, instants noodles, Coke, Pepsi and so on, but how much the price for a unit. Companies always fix the prices. Whether price of the goods or products is increasing but companies are introducing small packets for easy pronounceable price as well as low price on the view of consumers. Such pricing strategy follows by Coke, Pepsi, instant noodles and so on like Pouched Pepsi for Rs13, small packets of instant noodles for Rs5, Purnima pack of fair and lovely for Rs10, Rs1 or Rs2 for a shampoo pack.

“The contemplated price must be consistent with company pricing policies. Many companies set up a pricing department to develop pricing policies and establish or approved pricing decisions. Their aim is to ensure that the sales people quote the price that is reasonable to a customer and profitable to the company.” **(Kishor Raj Aryal P.14)**

“Most companies will modify their basic price to reward customer for such acts as early payment, volume, purchase and off season buying. Description of these price adjustments called discount and allowances follow. Before we begin however a word of warning is in order. Many companies are so ready to grant discount, allowances and special terms to their dealer and customer that they may fail to realize how little profit may be left. Companies should measure the cost of granting each discount or allowances against its impact on making on the sale. They should establish better policies as to what should be granted to customer are bidding for their business.” **(Michel V Marnal Robert I Rostello P. 82/94)**

Pricing of a medicine also need to be considered very seriously. Price of the products already in the market must be considered. In some cases, even the regulation decides the Maximum Retail Price of certain products. Some unethical practices in the marketing of pharma products such as gift, bonus etc. is significant in Nepalese market. These have resulted in the high price of the medicine and all these costs are borned by the buyer at consumer level.

2.4 Promotion

Promotion includes all the activities undertaken to communicate and promote its products to the target market. It is a highly visible element in the marketing mix. It tells the target customers about product, price and place. It is also known as marketing communication. The components of promotion mix consist of advertising, sales promotion, personal selling, publicity and public relation. All the promotion activities have been conducted to communicate with the firm's audiences to achieve certain goals. The situation of the company, product nature, consumer behavior, etc. may play role to pay priority for a company's which element of promotion is most important. It is to substantially change the product mix in the short run. However, organizations can control and change price mix and promotion mix in the short run to meet the challenges of the changing environment.

2.4.1 Advertising

Advertising is directed at cognitive and emotional responses: building brand awareness & brand attitude overtime." Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by and identified sponsor targeted at mass community at a single effort. Advertising is one of the most important promotional tools that companies see to direct persuasive communications to target buyers and publics. Advertising is used to achieve various marketing goals of the firm. Some of these objectives include such as,

- To improve brand image or brand awareness;
- To inform and persuade the target audience;
- To achieve a desired sales level and improve company's profitability;
- To successfully launch the new product to the market;
- To support the personal selling;
- To win the competition:

Advertising may be done through various means or Medias such as: print Medias; audio advertising (Radios); visual advertising (Film slides); audio- visuals (Film, televisions, etc); displays (window display, sky display, hoarding boards, electric neon, etc. However, an effective advertisement is one, which can change the target audiences' attitudes in favor of the firm's offer. To achieve any attitudinal change, advertisement should possess several requirements; such as attract attention of target customers towards the company's offer, understand the target audience properly and convince the target customers effectively. (Dr. Shyam Shrestha, P 162&163)

In reality, consumers do not believe to a product, which is not seen in advertisement and cannot make decision to buy. Advertising becomes life partner of a product for marketing. Advertising cost is higher than production cost of some product. It seems that advertising is being strong components in promotion very much.

Now a day, stars from different field such as sports, music, movies etc. are being used in advertising to attract consumer. However, there is controversial analysis whether it is effective or not but most of companies has been introducing them as a brand ambassador also.

Advertisement by a pharma company differs from the advertisement by the consumer goods manufacturing company. Regulation doesn't allow the company to utilize media directly as a advertising tools. However the company can sponsor some program in electronic media like TV. The pharma company can show their infra structure, their dedication towards quality in the media. Directly they can not advertise for their product in the media. It is because, literally a patient shouldn't buy medicines on their own, they have to follow the doctor's prescription. So, Pharma Company generally focuses their advertisement in some form to the doctors which in turn, if satisfied prescribes the medicine. Medical representatives (MR) are being used by the pharma companies to transfer the product information to the doctors. The OTC (Over The counter) drugs may be sold directly from the retail counter. But in this case, retailer has to explain the necessary formalities to the buyer. MR also convinces the retailer about the quality of their products.

2.4.2 Sales Promotion

Sales promotion is directed towards drawing an immediate response. This mode of marketing is efficient in attracting the attention of the consumer/potential customer.

According to American Marketing Association, "Sales promotion consists of those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as display, shows and expositions, demonstrations and various non recurrent selling efforts not in the ordinary routine."

Sales promotion is also an important promotional tool. It is used to coordinate and supplement the advertising and personal selling programs. It is a program of limited duration that encourages sales by attraction of the price on perceived value of product.

"Sales promotion is some times described as the bridge between advertisement and sales." says Frank Selkins in his book "Advertising Today."

According to Dr. Kundan Datt Koirala "It is (consumer promotion) often used to retaliate against a competitor's sales promotions or to reduce a seasonal decline in sales. Consumer promotion is either aimed at reaching the consumer at his home or place of business or in the store."

According to Phillip Kotler "Sales promotion consist of a diverse collection of incentive tools, mostly short term, design to stimulate quicker or greater purchase of a particular product by consumer or the trader."

To motivate middle channels between producer and consumer and customer/ real consumer to sale or to consumer at least once, various tactics company's are introducing day by day such as giving extra margined/percentage discount to the sellers, buy two get one free for the consumers, display on retail sales stores and so on. Such kinds of promotional activities are introduced on the occasion of different festivals like New Year offer.

In case of Nepalese market, promotional tactics has been seeing but some extent, some sales stores are offering discount such as 50% off, buy one get one free etc. are not really discount. It is because; there is not identifiable price of the product. Such kind of practices can be seen on fashionable readymade clothes, which is making wrong impact on consumers mind towards sales promotion activities.

In case of medicines, various unethical practices are quite significant in Nepal. Manufacturers are offering big discount, long term credit to the retailers. Different types of gift packs for the doctors, retailers. Some companies even sponsor training program, tour package, picnic, party in 5 star hotels for the doctors. TV, freeze, washing machines etc. are also very common gift items. In medicines, consumers didn't get any offer or discount from any where, they have to pay MRP printed on the packet of medicines. For all such types of practices in Nepal, the cost of medicines is higher and in some cases the quality of the medicines are also at risk.

This types of sales promotional activities directly accelerates the sales of a company at least till such offers are there. To run in long term, the product must have quality.

2.4.3 Public Relation

Public relation is media attention without paying for it, usually generated through a product champion and involvement in stories, which are relevant, and of interest to news media. It gives an impression of objectivity since it is unpaid for. Marketer engage in public relation in order to develop a favorable of their organizations and products in the eyes of the public, so major objectives of public relation are to build awareness, to build credibility, to stimulates sales free and dealer, to hold down promotion cost and so on.

"Public relation has become an important marketing tool these days. The basic philosophy of public relation is that if the image of the company is poor in society, no other marketing efforts including quality product and service can satisfy the customers. In order to gain good image in society, a company must establish a good relation with the publics. Publics are several groups of society, including customers, stockholders, staffs or employees, dealers, the press, the financial community and the general community. A company must have good relations with these groups, if it really wants to promote its sales and develop an established market for its product and services. Public relation is defined as a social philosophy of management expressed in policies and practices, which, through sensitive interpretation of events based upon two- way communication with its publics, strives to secure mutual understanding and goodwill." (Dr. Shyam Shrestha, P.168)

Now days, building public relation by organization in society are vital marketing tools to promote the product and to establish brand loyalty.

2.4.4 Publicity

Publicity means of promoting the mass market and similar to advertising except that it is free, is found in the additional portion of the news media and pertains to newsworthy events. The most common type of publicity is news release (also known as press release), photographs and feature stories. Promotion can be directed towards final consumer's middlemen or companies' own employees.

“Public relations and publicity are the last two promotional methods. Public relations are the broad, overall promotional vehicle for improving or maintaining an organization's image and its favorable relationship with its publics. Publicity, a part of public relations is any promotional communication regarding an organization and / or its products that are not paid for by company benefiting from it. Typically there two activities are handled in a department separate from the marketing department is a firm.” **B. S. Rathor,** p.91&92)

If a company gets a quality award and it is published in news papers, broadcasted in electronic media (e.g TV), it could be a significant promotional tools. This is quite applicable to all types of industries including pharma company. Recently, NPL has been awarded by the national magazine HEALTH as the Best pharmaceutical company of Nepal and is published in different news papers, broadcasted in TV. The company's good image became publicly now and hence its sales will definitely be promoted significantly in the market.

2.5 Distribution

Distribution decisions are among the most critical decisions facing marketers. Distribution is the means for getting the product to the target market. It involves marketing channels and physical distribution. Marketing channels make the product available to the customers. Physical distribution makes the product accessible to the channel members and customers.

Distribution includes the various activities undertaken to make the product accessible and available to target customers in right time and place. Components of distribution consist of channels (direct or middlemen wholesaler, retailers etc.), physical distribution activities such as order processing, warehousing and location, material handling, inventory management, transportation.

According to Dr. K. D. Koirala “Distribution is concerned with all business activities revolving around the problem of getting the product from the place of manufacturing to the final consumer. Distribution deals with two aspects of product movement: marketing channels and distribution logistics. Marketing channels or channels of distribution is the system of relationship among the various persons and institutions involved in the process of movement and ownership of products and facilitating exchanges. Distribution logistic is concerned with the physical movement of products.”

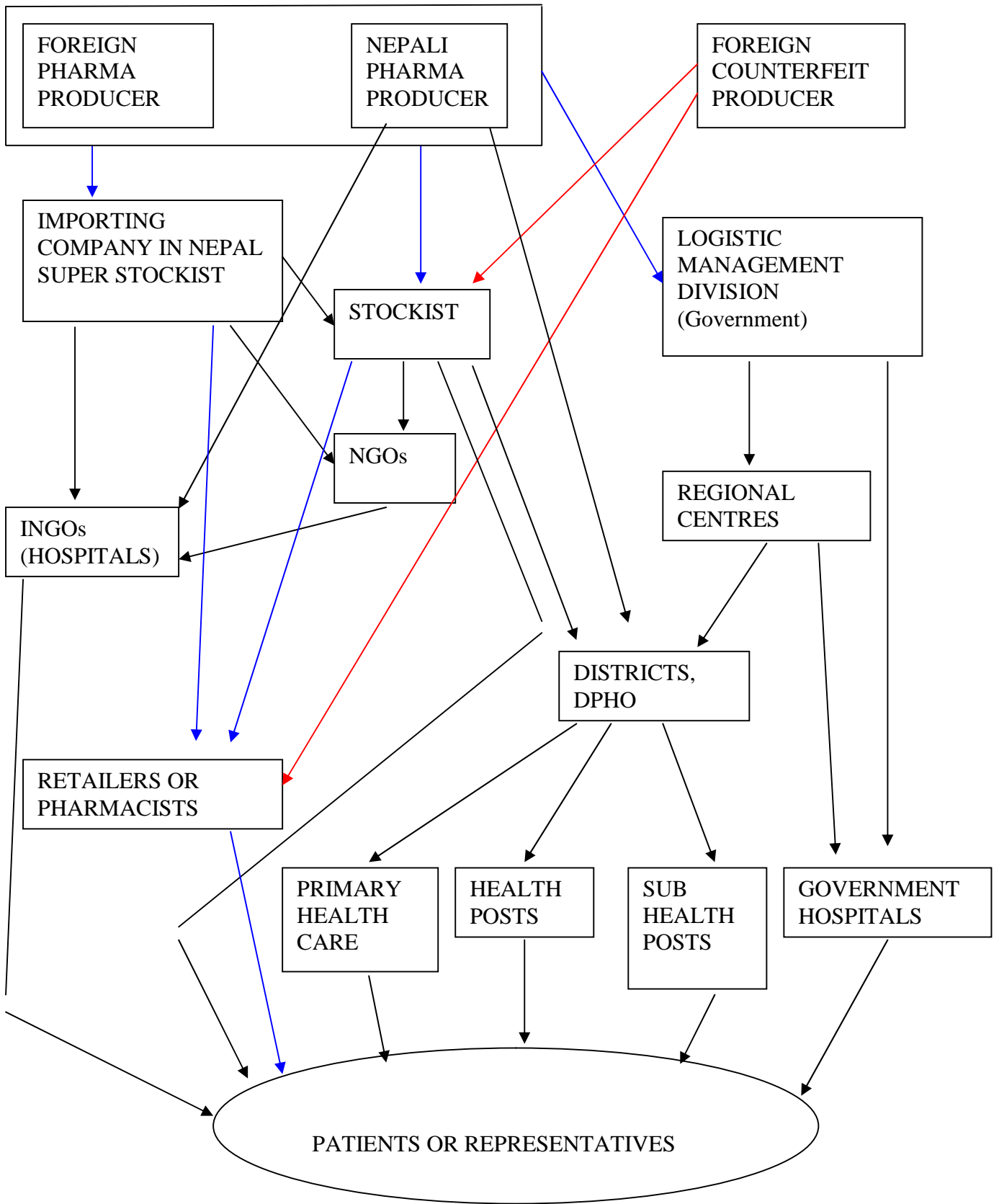
According to William J. Staton, “A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product moves from producer to ultimate consumer or business user.” The distribution channel includes several individuals and institutions such as producers, suppliers, industrial users, brokers, agents, wholesalers, retailers and consumers. It also consist several flows in the system which is forward flows and backward flows. The forward flows more from producers to the market. There are three forward flows: product flow, communication flow and ownership flow. The backward flow is money from sales, orders for products and market information.

For the distribution of consumer products, we can introduce four options channels design such as producer may distribute directly to final users, the producer may use retailers to reach consumers, the producer may reach consumers through wholesalers and retailers and producer may go through agents and retailers.

In case of medicines, it reaches consumers (patients) from company to Stockist to retailer through various channels. Medical representatives play crucial role in suggesting the proper channel of medicine distribution.

General routes of distribution pattern of medicines in Nepal are presented below:

Patterns of Distribution of Drugs in Nepal:



2.6 Historical background

The distribution of imported medicines in Nepal started much earlier than the manufacturing of allopathic medicine in Nepal. It is only after 1950s that it was attempted to start manufacturing allopathic medicine in Nepal. The geographical market integration of the country brought by the construction of the east-west highway and other link roads paved the way for opening of scope for pharmaceutical companies. By the end of July 2008, there were 42 allopathic medicine manufacturer and repacking companies, out of which 12 were WHO-GMP certified. A total of 4970 foreign and 2768 domestic pharmaceutical products are authorized for marketing in Nepal. This market has ample opportunity with a growth rate of 16.1% per annum and a market share of approximately 35% in the present context (Gorkhali 2008).

The Nepalese government's first-ever serious effort towards developing pharmaceutical industry came in 1972 establishing Nepal Drugs Ltd (formally Royal Drugs Ltd) as a public enterprise. A few other companies were also launched in that period, but because of unprofessional approach and poor technical infrastructures, they could not compete with the Indian or multinational pharma companies.

The Drug Act of 1978 was promulgated in Nepal to prohibit the misuse or abuse of allied pharmaceutical materials as well as the false or misleading information relating to efficacy and use of drugs and to regulate and control the production, marketing, distribution, export-import, storage and utilization of those drugs which are not safe for the use of the people, efficacious and of standard quality. In accordance with objectives of the National Health Policy 1991, the National Drug Policy 1995 has been implemented.

In 1986, eight years after the Drug Act, the Government of Nepal published the National List of Essential Drugs based on the country's disease pattern as well as the relative merit of selected drugs in terms of cost, safety, and efficacy. Further, this step was taken in response to the request of WHO to all member countries to have a list of essential drugs as per the country's need. This list was revised in 1992, 1997 and 2002 respectively. Similarly, Standards for Pharmaceutical Regulation and Care was prepared and implemented in 2002 to measure performance and to meet the requirement of people by ensuring quality in the services provided by applying indicators for monitoring. This document adapted the WHO/SEARO framework for developing health care standards. The major focus has been given to quality characteristics and standards for drug regulatory control, drug supply and

management, rational drug use and safe disposal. This framework highlighted the principles for regularly controlling pharmaceutical sales promotion and advertisement by measuring the level of promotional activities, and to prevent and monitor perverse incentives for prescribers and dispensers.

Following the WHO Conference of Experts on the Rational Use of Drugs held in Nairobi in November 1985, WHO prepared a revised drug strategy which was endorsed by the Thirty-third World Health Assembly in May 1986. This strategy included, among other components, the establishment of ethical criteria for drug promotion based on the updating and extension of the ethical and scientific criteria established in 1968 by the Twenty-first World Health Assembly. The criteria that follow were prepared in compliance with the above on the basis of a draft elaborated by an international group of experts. The main objective of developing ethical criteria for medicinal drug promotion was to support and encourage the improvement of health care through the rational use of medicinal drugs.

These criteria constitute general principles for ethical standards which could be adapted by governments to national circumstances as appropriate to their political, economic, cultural, social, educational, scientific and technical situation, laws and regulations, disease profile, therapeutic traditions and the level of development of their health system. They apply to prescription and non-prescription medicinal drugs ("over-the-counter drugs"). They also apply generally to traditional medicines as appropriate, and to any other product promoted as a medicine. It was also clearly mentioned that the criteria could be used by people in all walks of life; by governments; the pharmaceutical industry (manufacturers and distributors); the promotion industry (advertising agencies, market research organizations, etc.); health personnel involved in the prescription, dispensing, supply and distribution of drugs; universities and other teaching institutions; professional associations; patients' and consumer groups; and the professional and general media (including publishers and editors of medical journals and related publications).

Nepal being a small market with prospects for good scope in replacing imports has resulted in the development of industries, and the concept of bonus and special incentives has played a major role on promotional practices.. This has also resulted in some unethical practices by most of the companies, including Indian companies. At this juncture DDA proposed a study about the current promotional practices of the pharmaceutical companies in Nepal, a study that was supported by WHO. The main objective

of the study was to identify the current promotional practices of pharmaceutical products available in Nepal and assess the existing practices in context of WHO criteria for medicinal drug promotion and its compliance for ethical promotion.

Although the term promotion refers to all informational and persuasive activities by manufacturers and distributors, the effect of which is to induce the prescription, supply, purchase and/or use of medicine, the authority of DDA mentions that the commonly used unethical practice is to provide expensive gift, either in form of cash or kind to the prescriber, sponsoring pleasure trips abroad, and in form of free medicine to the retailers.

45 nos. of pharmaceutical companies are producing modern medicines (Allopathy) and 8 are producing Veterinary medicines in Nepal. Similarly, the total no. of ayurvedic/herbal medicines manufacturing companies are 39. Some highly reputed domestic pharma companies are situated in Birgunj area. According to Drug Bulletin of Nepal (Vol. 22, No.1), the total number of GMP certified companies are 17. These are as follows:

1. National health care Pvt. Ltd.
2. Deurali Janta Pharmaceuticals Pvt. Ltd.
3. Nepal Pharmaceuticals Lab. Pvt. Ltd. (NPL)
4. Omnica Laboratories Pvt. Ltd.
5. Quest Pharmaceuticals Pvt. Ltd.
6. Vijay Deep Laboratories Pvt. Ltd.
7. SR Drugs Laboratories Pvt. Ltd.
8. CTL Pharmaceuticals Pvt. Ltd.
9. Lomus Pharmaceuticals Pvt. Ltd.
10. Pharmaco Industries Pvt. Ltd.
11. Universal (Elder) Pharmaceuticals (Nepal) Pvt. Ltd.
12. Time Pharmaceuticals Pvt. Ltd.
13. Arya Pharmaceuticals Pvt. Ltd.
14. Sumy Pharmaceuticals Pvt. Ltd.
15. Apex Pharmaceuticals Pvt. Ltd.
16. Asian Pharmaceuticals Pvt. Ltd.
17. Curex pharmaceuticals Pvt. Ltd.

The total number of Registered Pharmacy Outlets according to Drug Bulletin of Nepal (Vol. 22, No.1) in Parsa district are as mentioned below:

Medicine category	Wholesalers	Retailers
1. Allopathy	158	181
2. Veterinary	34	38
3. Ayurved	15	24
4. Homeo	0	0
5. Unani	0	0
Total	207	243

Majority of the registered pharmacy outlets of Parsa district are in Birgunj municipality. Branch office of DDA is also situated in Birgunj and monitor the overall pharmacy activities in this area.

2.7 Review of Previous research works

There has been little research work on pharma marketing in Nepal. Some of these are mentioned below:

2.7.1 Drug Bulletin of Nepal (Vol. 18, No.1)

Quantification of Drug Consumption in Nepal:

A study on quantification of drug consumption in Nepal for modern, veterinary, Ayurvedic/Unani and homeopathy drug for the fiscal year 2061/62 (2004/05) was conducted by Pharmaceutical Horizon of Nepal for DDA, Ministry of Health and Population, Government of Nepal. Previous four studies regarding the quantification of drug in Nepal in 1979, 1988, 1992 and 2000 were conducted for human use only. In 1979 and 1988, the import of drugs for human use were estimated to be worth Rs.114.6 and Rs.385 millions respectively. Similarly, another study conducted in 1992 and 2000 showed the total consumption of drugs to be Rs.1532 and Rs.5907 millions respectively

2.7.2 Report on Quantification of Drug consumption in Nepal, 2006 (submitted to DDA by Pharmaceutical Horizon of Nepal)

The study shows the consumption of allopathic drugs in the fiscal year 2061/62 (2004/05) has been Rs. 10659 millions. The annual increment of allopathic drugs consumption has been 16.1%. Thirty-two percent of allopathic drugs consumption is met by national industries. Considering the commercial sector only, 64.6% is the share of import and 35.4% is the share of domestic production of the allopathic medicine.

2.7.3 Report on Consumption of Antibiotics and other medicines in Nepal, 2007 (submitted to DDA by Pharmaceutical Horizon of Nepal)

The study shows the consumption of allopathic drugs in the fiscal year 2062/63 (2005/06) has been Rs. 9 billion 61 million, of which about 30% is shared by antibiotics. Study result for fiscal year 2061/62 (2004/05) showed the consumption to be Rs. 10 billion, 659 million. The study shows the decrease of consumption by 15 percent.

CHAPTER-3

RESEARCH METHODOLOGY

3.1 Introduction

Human nature is always curious to learn, understand and investigate the phenomenon raising the questions like how, what, why when etc. This is the mother of knowledge. The method, which man employs for obtaining the knowledge of whatever the unknown, can be termed as Research. Thus research plays a vital role for human nature of inquisitiveness. Research is really a method of critical thinking by defining and redefining problems, formulating hypothesis or suggesting solution, collecting, organizing and interpreting data, making deductions and conclusions to determine whether they fit the formulated hypothesis. Thus research is the process of a systematic and in depth study of search of any particular topic, subject or area of investigation in different ways for relevant data.

Research methodology is a scientific technique or art of inquiry in order to collect necessary data or information. It produces knowledge systematically and scientifically.

“Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how the research is done scientifically. In it, we study the various steps that are generally adopted by a researcher in studying his research problem along with the logic behind them. It is necessary for the researcher to know not only the research methods / techniques but also the methodology. When we talk of research methodology we not only talk of the research methods but also consider the logic behind the method we use in the contest of our research study and explain why we are using the particular method or technique and why we are not using others so that research results are capable of being evaluated either by the researcher himself or by others. (C. R. Kothari, 2000, P.10 &11)

“Research methodology is a way to solve the problems. Market research specifies the information required to address these issues, designs the methods of collecting information, manages and implements and data collection process, analyzed the results and communicate the findings and their implications.

In the context of marketing,” Marketing is the principal revenue generating activity while other is revenue consuming. Marketing research

deals with the production and distribution problems, marketing institutions, marketing policies and practices. It is better established than production research part because of not closely interwoven with technology. It covers the issues like production planning, development, pricing, promotion and distribution.” (P. R. Joshi, 2002, P.17)

All above mentioned views deals that the research methodology covers the objectivity, reliability and validity of study.

3.2 Research Design

This research is basically exploratory in nature. The main aim of this study is to find out the present market scenario of Nepalese pharmaceutical company industries in Birgunj especially with reference to NPL Pvt. Ltd.

To fulfill this purpose, related information from different aspects is collected through the structured questionnaire from customers and retailers. For the study, the Field survey research design is adopted to collect raw data and descriptive type of survey research design has been followed to evaluate and analyze the study.

3.3 Nature and Sources of Data

Most of the data used in this study are primary in nature as it has been collected by direct interview with the concerned. All the primary data were collected from pharmacy outlets and customers and some information are taken from the concerned company. Web site of the companies are also used to collect some data. The sample size is categorized in different professions, age groups, educational background, and sex and so on.

3.4 Data Collection Procedure

The questionnaire developed in structured form for different aspects according to objectives of the study and marketing complications are applicable to different aspect of marketing practices. Two different sets of questionnaires were prepared for the customers and retailers. The questionnaire distributed through personal contact one by one and requested the respondents to fill it and researcher also filled the questionnaire by personal interview with retailers who were selling medicines directly to the customers. The researchers directly filled some questionnaires answered by the respondents.

3.5 Population

The population of the study includes customers and pharmacy outlets of Birgunj Municipality.

3.6 Sampling

As it is impossible to include the total population in the study. So out of total population 300 customers, 100 pharmacy shops were surveyed randomly. The samples are based on sampling in different areas of Birgunj municipality.

Table-3.1
Sampling for data collection

S. N.	Area	Sample size for Customers	Sample size for shops
1.	Gandak to powerhouse	30	8
2.	By Pass Road	15	5
3.	Power house to Ghantaghar	75	6
4.	Ghantaghar to national medical college	35	11
5.	Ghantaghar to Ranighat	25	6
6.	Ghantaghar to Birta	45	20
7.	Birta to chhapkaiya	35	20
8.	Others	40	24
	Total	300	100

(Source: Field Survey)

3.7 Data Processing and Analysis

All the questionnaires were distributed and collected by the researcher himself so there was not more delay in collection of responses from the respondents, which were distributed among them. Every questionnaire was thoroughly checked after the collection and was found correct in style of fillings. The respondents were not ready to fill their responses for some questions. Customers were not comfortable to fill their monthly income, so there are lesser responses for this question. Some of the retailers were not ready to mention their name, name of shop etc. Some respondents also not liked to fill their age. The responses of the questionnaires were segregated

appropriately with the help of tally marks (statistical tools) under the respective headings and the total responses were counted. The total responses were presented appropriately in tabular forms. The presentation of the data was made user friendly with the help of different types of graphs. Necessary adjustment has made for attaining the objective of the study.

CHAPTER-FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Current medicine consumption & market Scenario

Due to rapid growth of population, the demand of basic needs of human being like food, shelter and cloths are increasing day by day. At the same time, urbanization is also in increasing trend as well as other needs like cosmetics goods, luxurious goods, home appliance goods etc. Due to change in food habits and living styles, number of diseases has been increasing day by day and so different types of medicines are also available in the market. Ayurvedic, allopathic, homeopathic etc. are the different types of medicinal range being used for different types of diseases. Of these, the mostly used category of medicines belongs to allopathic group, also called Modern medicines. The requirements and consumption of medicines are increasing day by day due to different factors like Increase in population, increase in number and types of diseases, improvements in the diagnostic techniques. The diseases, which were considered untreatable are now easily treated due to the availability of newer types of medicines. Lot of researches are going on in pharma field. In Nepal also, though it was started late, now there are some pharmaceutical companies which are manufacturing medicines of good quality. Some of the Nepalese companies are already awarded with quality certificates like GMP certificate and has been made mandatory for all allopathic medicines manufacturing industries of Nepal. Apex, Asian, Deurali Janta, Lomus, National Health Care (NHC), Nepal Pharmaceuticals Lab. (NPL), Omnica, Quest etc. are some of the prominent players of Nepalese Pharma industries. All these industries are already awarded with WHO GMP certificate.

4.2 Market Position Study

To conduct the study in Birgunj Municipality, researcher developed two types of separate questionnaires for customer behavior survey and retailer survey. The responses collected from 300 real customers and 100 shopkeepers in Birgunj Municipality. Researcher has always tried to reach more accuracy; questionnaires were distributed randomly in different

categories of customers on the basis of sex, age, profession etc. that can represent the population for randomly selected samples.

Collected responses are converted in several tabular forms and analyzed in different aspects, which the study needs.

4.3 Customer Behavior

Customers are always the most important for marketer. To understand customer habit towards the purchase of medicines, 300 questionnaires were distributed to different types of customers and returned back all. The following tables give the details.

4.3.1 Detail of Customers

Table-4.1
No of Response received

Place	Response received	Percentage
Birgunj Municipality	300	100
Total	300	100

(Source: field survey)

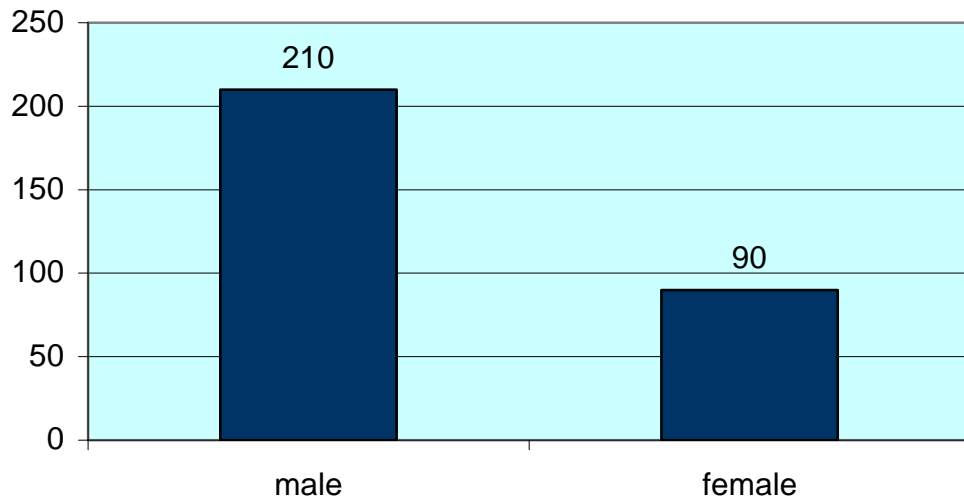
Different categories of customers were selected randomly such as students, job holders, businessman and others like those attending hospitals, private clinics, retail pharmacy shops, housewives etc. The questions were given to individual customers of different category and the responses were either filled by the respondents or by the researcher i.e me. All the distributed questionnaires were received with answers i.e. 100 percent received. Some of the customers chose multiple options in some case, so the total number of responses in some cases are more than the total number of respondents.

Table-4.2
No of Male / female respondents

Sex	Respondents	Percentage
Female	90	30
Male	210	70
Total	300	100

(Source: field survey)

Figure-4.1
No of Male / female respondents



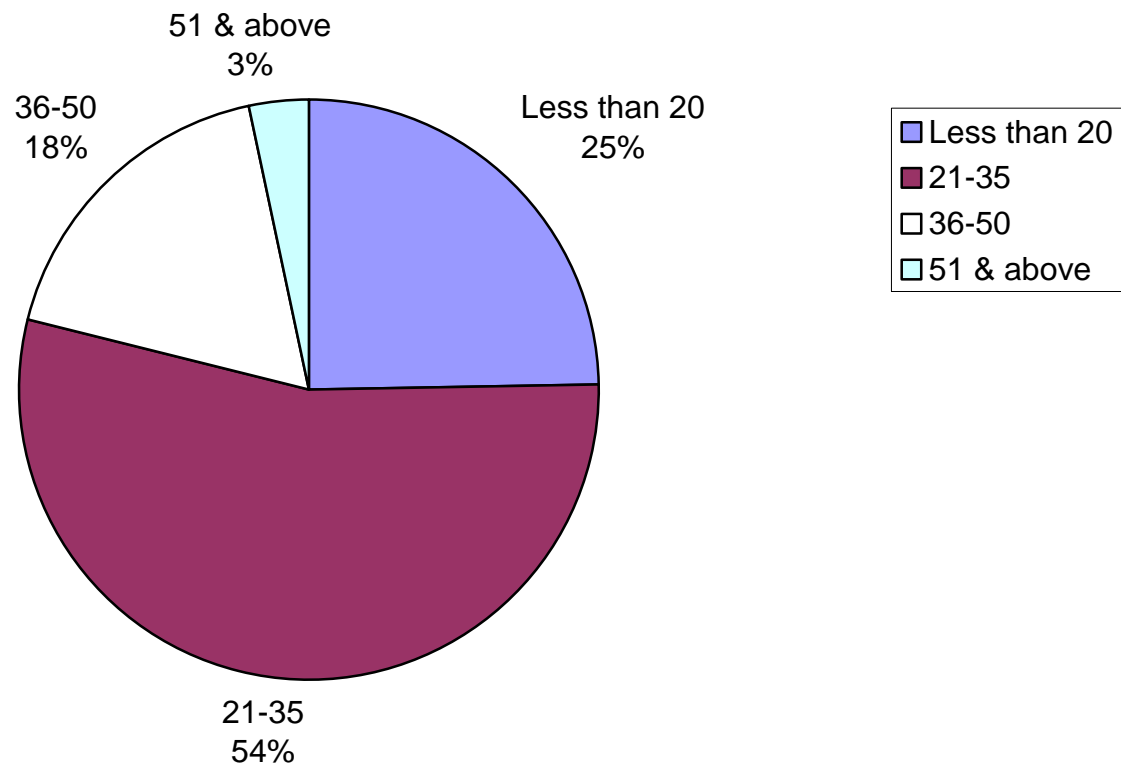
As the questionnaires were distributed to both male and female, responses received from both male and females. Comparatively numbers of male respondents are more than female. This is because, generally more male customers are observed in the market in buying of medicines in retail counter. Also, more male respondents were observed among students, job holders and businessman. Researcher distributed the questionnaires to comparatively lesser number of housewives because they generally don't attend the retail pharmacy shops for medicine purchase.

Table-4.3
Customer's age group in years

Age group	No of Responses	Percentage
Less than 20	69	25
21-35	152	54
36-50	50	18
51 & above	9	3
Total	280	100

(Source: field survey)

Figure-4.2
Customer's age group in years



Most of the samples were taken from age groups 21-35 years. These age groups represent most of customer's behavioral determinants. It can also be said that the customers are generally of 21-35 years of age. The total no. of responses are lesser than the total number of respondents because some of the respondents didn't respond for their ages.

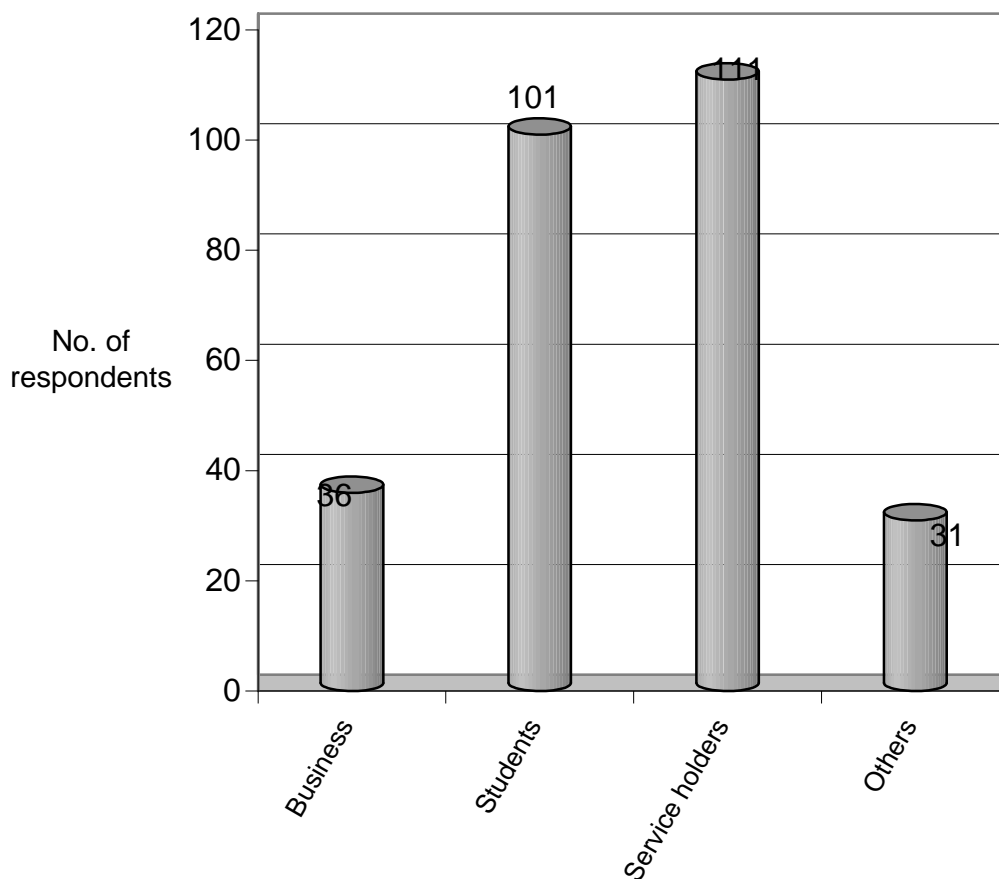
Table-4.4
Profession of the customers

Profession	No. of Responses	Percentage
Business	36	13
Students	101	36
Service holders	111	40
Others	31	11

Total	279	100
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(Source: field survey)

Figure-4.3
Profession of the customers



Among the respondents, 40 percent are service holders. 36 percentage of respondents are students, 13 percent respondents are involved in their own business and the remaining are involved in miscellaneous profession.

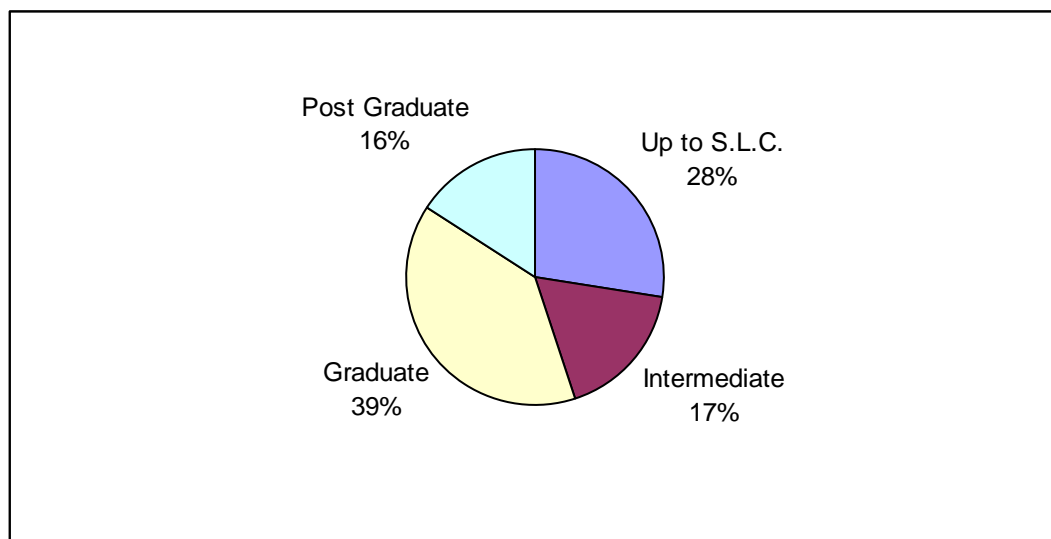
Table-4.5
Education level of respondents

Academic level	No. of Respondents	Percentage
Up to S.L.C.	76	28
Intermediate	48	17

Graduate	108	39
Post Graduate	44	16
Total	276	100

(Source: field survey)

Figure-4.4
Education level of respondents



Most of the respondents are graduate in education level. To collect accurate response frequently such level of respondents were found very interesting and easy. For this particular research, it was comparatively difficult with lesser educated respondents. Some respondents didn't respond for their education level, so the total number of responses are lesser than total number of respondents involved for this research.

Table-4.6
Respondent's family size

Member of family	No. of responses	Percentage
1-4	92	37
5-8	110	44
9 & above	48	19
Total	250	100

(Source: field survey)

Figure-4.5
Respondent's family size

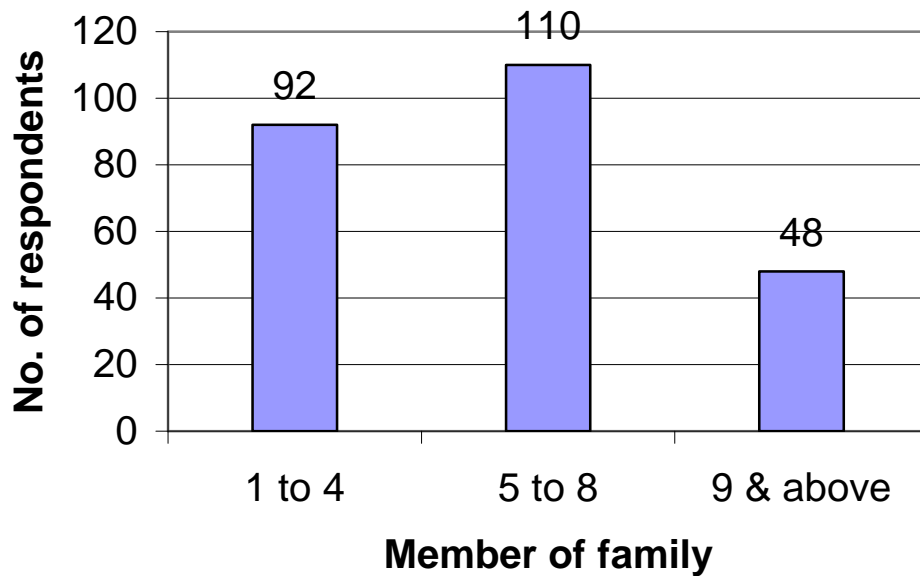


Table no. 4.6 and above figure indicates that 44 percent respondents have 5-9 members in their family. It means maximum respondents were from member with 5-9. 37% of the respondents belongs to the family with 1-4 members and above 9 member's family size is not much significant in comparison to the smaller family. In this case also, all the respondents have not responded appropriately for their family size.

Table-4.7
Monthly income of respondents

Income (Rs)	No. of Respondents	Percentage
Upto 5000	42	22
5000- 10000	51	27
10000- 15000	28	15
15000- 25000	54	29
Above 25000	13	7

Total	188	100
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(Source: primary data)

Figure-4.6
Monthly family income of respondents

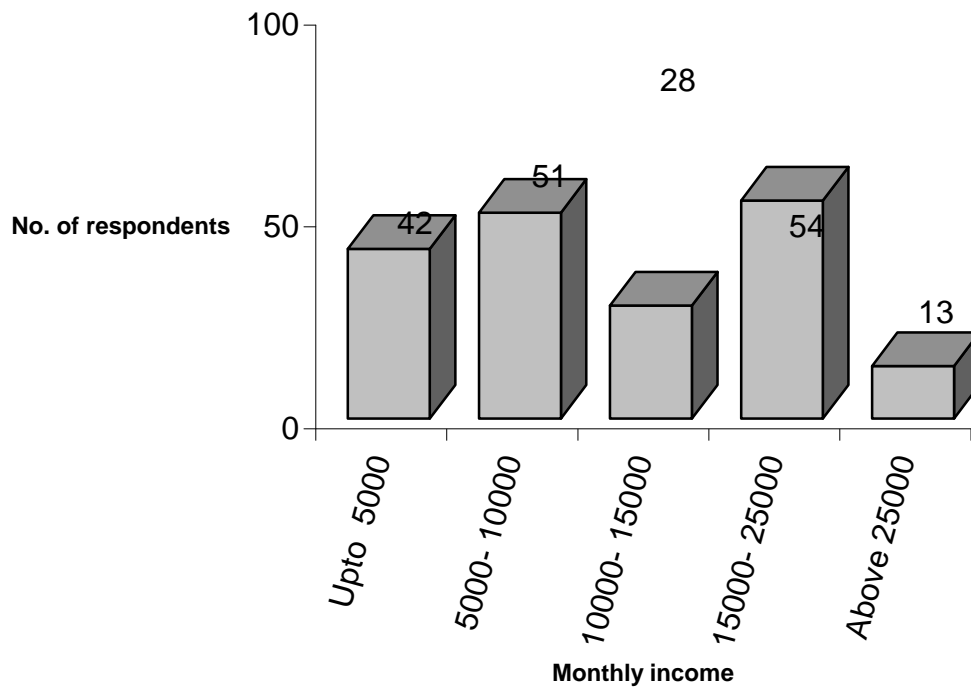


Table no. 4.7 and figure no.4.6 shows that the most of respondents have their monthly family income lies between Rs.15000 to Rs.25000 and 5000-10000. Highest income level of respondents is few. Most of respondents don't like to show their actual income due to different reasons . For this reason, out of 300 respondents, only 188 respondents have responded about their monthly income.

4.3.2 Buying behavior of customers

Consumers buying habit is a significant determinants to determine market situation. There are different factors to determine the purchase of

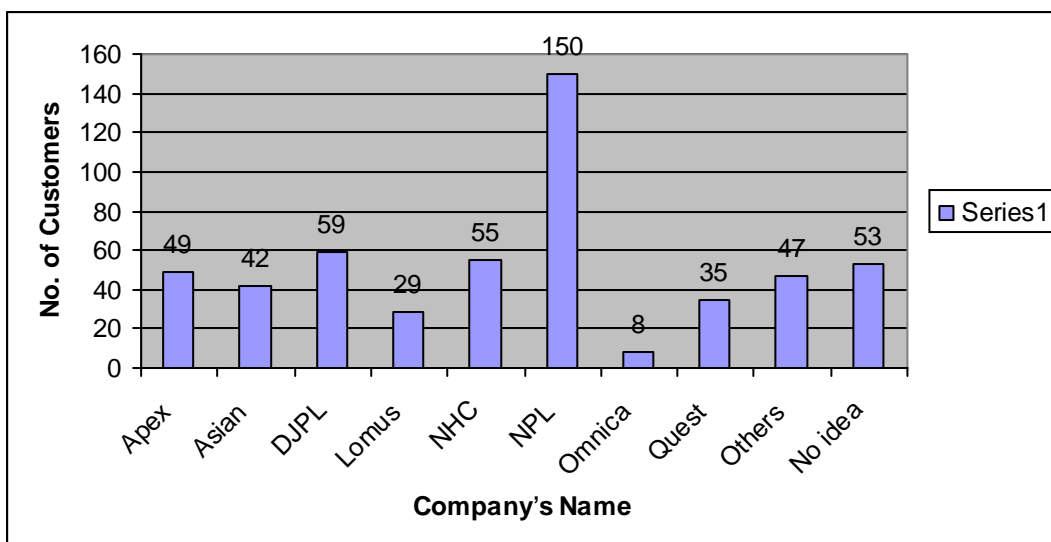
medicines by the customers. To explore the hidden matter, researcher kindly asked to respondents with his structured questionnaire. The researcher has a feeling that with the study of all the responses from the customers to different questionnaires, the present market scenario of Nepalese pharmaceutical companies will be explored. The following details obtained from respondents as:

Table-4.8
Companies whose products customers usually buy

Company name	Respondents	Percentage
Apex	49	9
Asian	42	8
DJPL	59	11
Lomus	29	6
NHC	55	10
NPL	150	28
Omnica	8	2
Quest	35	7
Others	47	9
No idea	53	10
Total	527	100

(Source: field survey)

Figure-4.7
Companies whose products customers usually buy



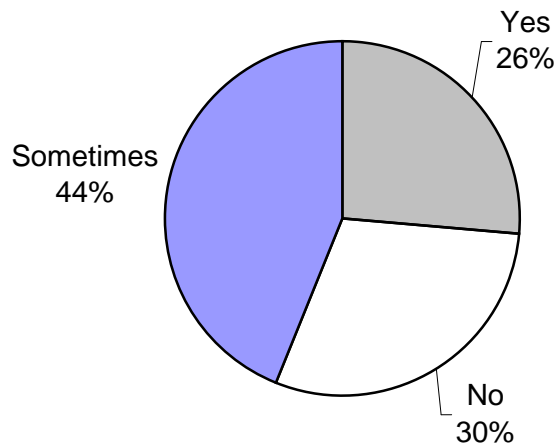
Above mentioned responses on the table no.4.8 and figure no.4.7 shows that the products of NPL are bought most by the customers. There are some customers that have no idea about the company's name whose products they usually buy. This indicates that even today all the customers are not very conscious about the manufacturing company. They just bought the products as recommended by the doctor or the retailer. Least customers have responded for the products of Omnica pharmaceuticals in Birgunj market. The products of Apex, DJPL, NHC and others are also purchased by the customers. The total no. of responses in this case are more than the total number of respondents which indicates that many customers have multiple choices as they use to buy the products manufactured by different companies.

Table-4.9
Purchase of medicine without going to a doctor

Response	Response	Percentage
Yes	80	26
No	91	30
Sometimes	133	44
Total	304	100

(Source: field survey)

Figure-4.8
Purchase of medicines without going to a doctor



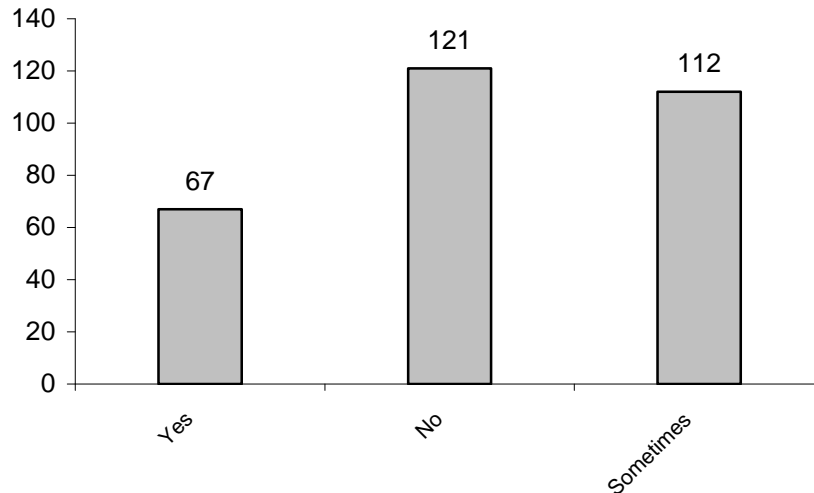
The responses show that there are many customers (about 70%) who buy medicines without going to a doctor regularly or sometimes. This indicates there is still a lot of scope to educate the customers to visit the doctor to buy medicines. It is to be understood that medicines shouldn't be purchased like consumer goods though there are some categories of medicines that can be purchased from the retailer without a prescription.

Table-4.10
Acceptance of substitute medicine against doctor's prescription

Response	Respondents	Percentage
Yes	67	22
No	121	40
Sometimes	112	38
Total	300	100

(Source: field survey)

Figure-4.9
Acceptance of substitute medicines against doctor's prescription



Presentations of above responses show that 40% of respondents do not accept any substitute medicines against doctor's prescription. 38% of respondents accept the substitute medicines sometimes. It indicates the marketing of pharmaceutical products depends on the prescription of the doctors and also on the convincing behaviors of retailers to the customers. Pharma manufacturing companies must consider the impact of both doctors and retailers to occupy a significant position in the market.

Table-4.11

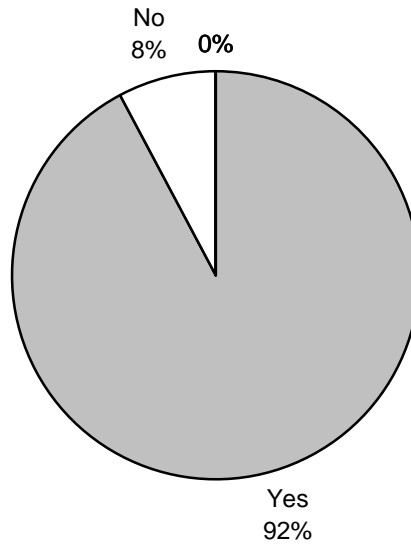
No. of customers who have heard the name of NPL

Response	Respondents	Percentage
Yes	277	92
No	23	8
Total	300	100

(Source: field survey)

Figure-4.10

No. of customers who have heard name of NPL



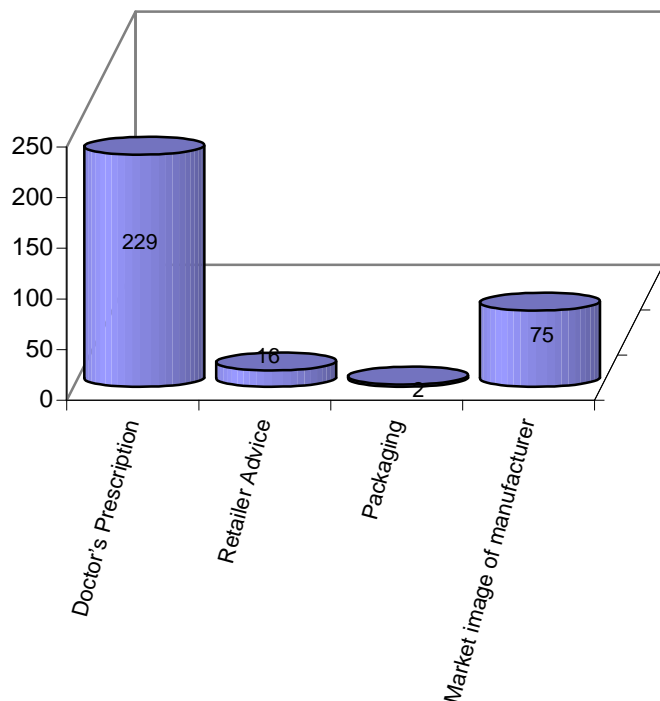
Above table and figure shows that 92% of the respondents have heard the name of NPL. So it can be said that, the name of the company (NPL) is quite known to the general public of Birgunj.

Table-4.12
Factors that customers consider while buying medicines

Factors	No. of response	Percentage
Doctor's Prescription	229	71.1
Retailer Advice	16	5.3
Packaging	2	0.66
Market image of manufacturer	75	25
Total	322	100

(Source: field survey)

Figure-4.11
Factors that customers consider while buying medicines



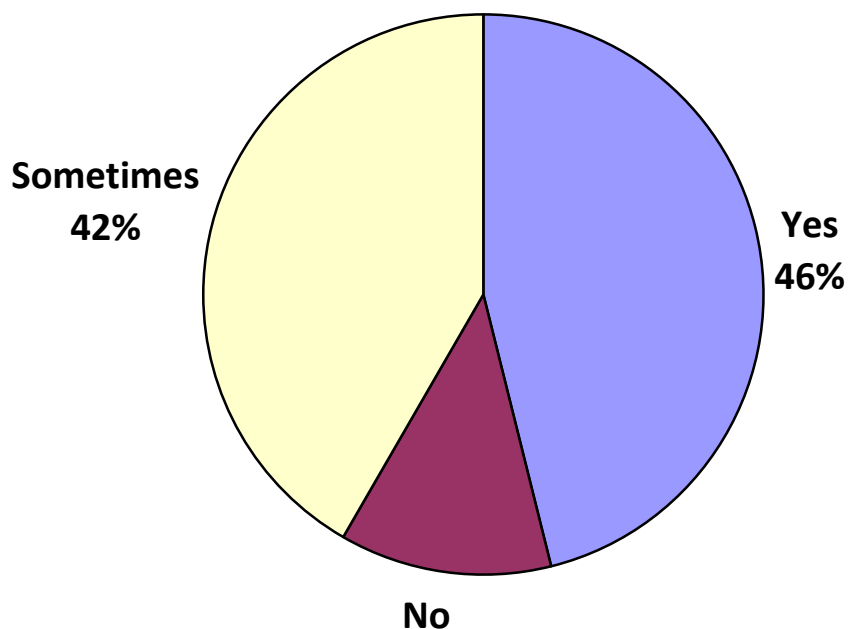
From the above table it can be concluded that majority of customers consider Doctor's prescription as the major factor while buying medicines. About 25% customers also consider the Market image of manufacturing company while purchasing the medicines. So the pharma companies in addition to attract the doctors, they should also enhance their market image in the market which is possible only by the quality products and services. Packaging is not the considerable factors to attract the customer.

Table-4.13
Availability of prescribed/required medicines

Availability	No. of respondents	Percentage
Yes	138	46
No	37	12
Sometimes	125	42
Total	300	100

(Source: field survey)

Figure-4.12
Availability of Prescribed/required medicines



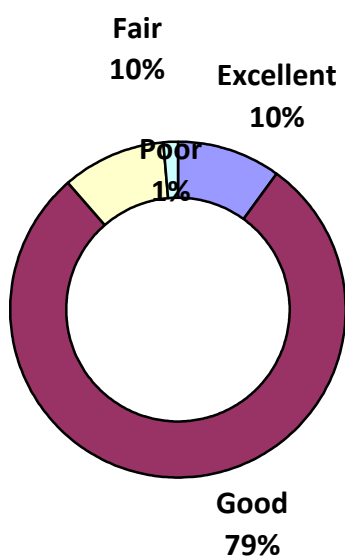
Above table and figure shows that 46% of the customers get the required medicines easily in Birgunj. 42% customers claims that they get required medicines sometimes in Birgunj. Only 12% of the respondents claim that they don't get the required medicines. So, it can be said that the required medicines are available in Birgunj to the big extent.

Table-4.14
Quality of Medicines manufactured in Nepal

Quality	No. of respondents	Percentage
Excellent	30	10
Good	236	79
Fair	30	1
Poor	4	10
Total	300	100

(Source: field survey)

Figure-4.13
Quality of Medicines manufactured in Nepal



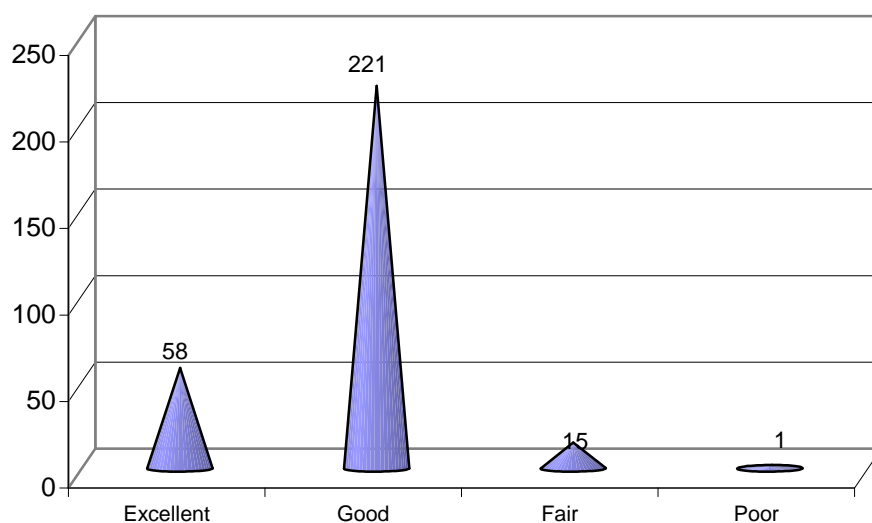
The above data shows that 79% of the respondents consider that the quality of the medicines manufactured in Nepal are good. 10% assumes the quality of medicines manufactured in Nepal as Excellent and fair. Only 1% considers that the quality of medicines manufactured in Nepal is poor. So, overall it can be said that the quality of medicines manufactured in Nepal is good.

Table-4.15
Quality of Medicines manufactured by NPL

Quality	No. of response	Percentage
Excellent	58	19.6
Good	221	74.9
Fair	15	5.1
Poor	1	0.3
Total	295	100

(Source: field survey)

Figure-4.14
Quality of Medicines manufactured by NPL



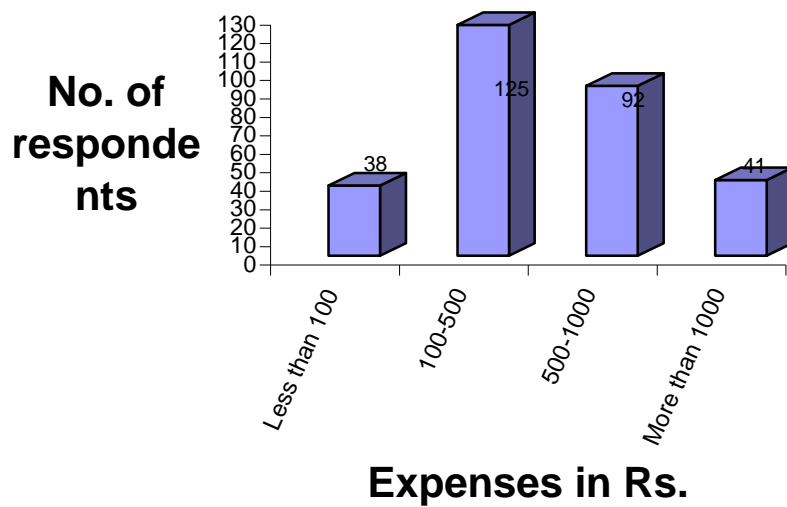
Above responses indicates that most of consumers (about 75%) considers the quality of medicines manufactured by NPL as Good. 19.6% of the respondents considers the quality of medicines manufactured by NPL as excellent which is more than the response for the Nepalese pharmaceutical company in general by the respondents. It means that NPL has good image in the market.

Table-4.16
Monthly expenditure on Medicine in a family

Expenses (Rs.)	No. of Respondents	Percentage
Less than 100	38	12.8
100-500	125	42.2
500-1000	92	31.1
More than 1000	41	13.8
Total	296	100

(Source: field survey)

Figure-4.15
Monthly expenditure on Medicine in a family



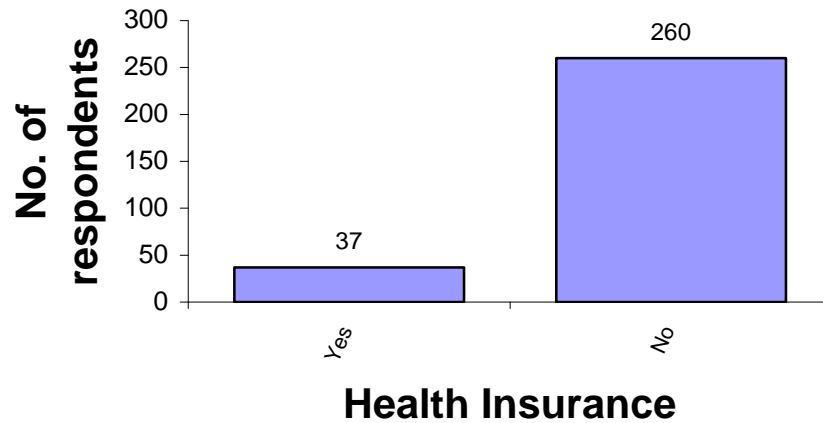
Above table and figure indicates that majority of respondents expense Rs. 100-500 per month in purchasing the medicines.

Table-4.17
Health Insurance by customers

Response	No. of respondents	Percentage
Yes	37	12.4%
No	260	87.6%
Total	297	100%

(Source: field survey)

Figure-4.16
Health insurance by customers



Above table and figure shows that the the respondents (customers) are not conscious about the health insurance. Only about 12% of the respondents have Health insurance. The insurance companies need to convince the general public in Birgunj municipality for health insurance. There is big opportunity for the health insurance companies to grab the opportunities. Also, in present changing scenario, the general public will be more benefited with health insurance than other insurances. Health are of the prime concern for all.

4.4 Retail sellers / shopkeeper's behavior:

Shopkeepers are nearest mediator with consumers for any fast moving consumers' goods manufacturers. Their behaviors and attitude towards a brand have significant effect on sales. So their preference towards a brand helps to determine sales of a product. Brand image is important for any type of products including medicines. During the survey, the researcher observed that some customers were well known with the brand but not aware of the manufacturing company. Though Doctors are the major customer of pharma products as they prescribe the medicines for the patients. The real customers use to buy the products (medicines) mainly based on the doctor's prescription. Even with this situation, retailer pharmacy shops can play major roles to increase the revenue of any pharma manufacturing company. Here, researcher includes a study due to importance of their behavior with medicines brand and also with the market image of the pharma companies. Researcher developed 100 questionnaires for retail sales survey and responses are obtained as follows.

Table-4.18

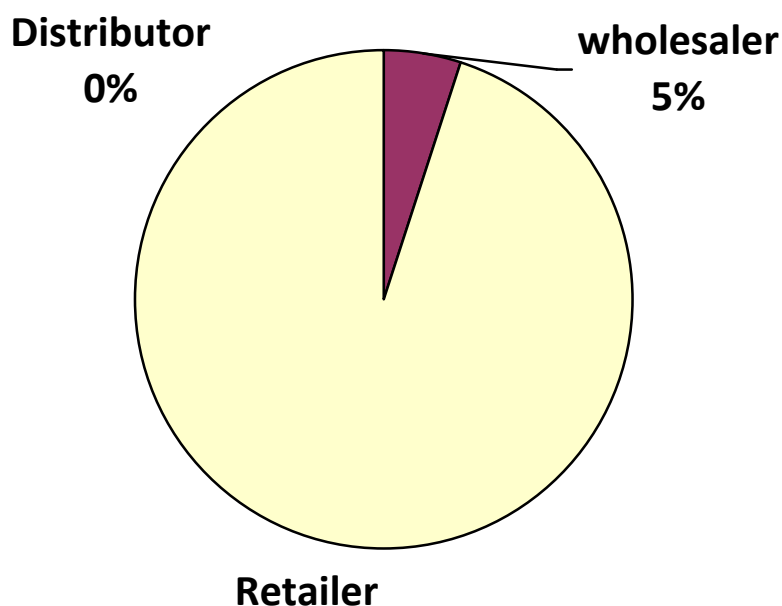
Category of shops surveyed

Type of shops	No. of shops	Percentage
Distributors	0	0
Wholesalers	5	5
Retailer	95	95
Total	100	100

(Source: field survey)

Figure-4.17

Category of shops surveyed



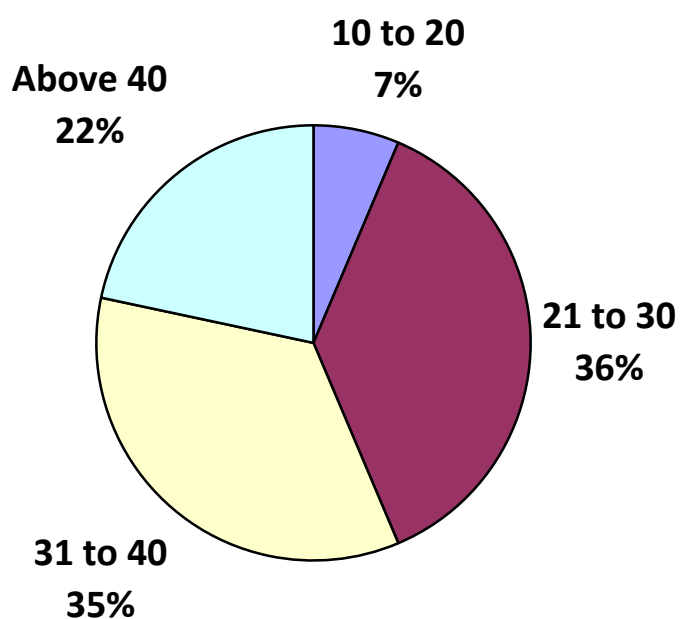
Above table and figure signal that medicine is being sold by retail pharmacy outlet stores in large scale. This categories show that 95 percent represents retailers, 5 percent represent wholesaler, Distributors were not surveyed as that is not under the scope of the study. The questionnaires were also developed for retailers only.

Table-4.19
Shopkeeper's age group in years

Age group	No of Respondents	Percentage
10- 20	6	7
21-30	34	36
31-40	32	35
Above 40	20	22
Total	92	100

(Source: field survey)

Figure-4.18
Shopkeeper's age group in years



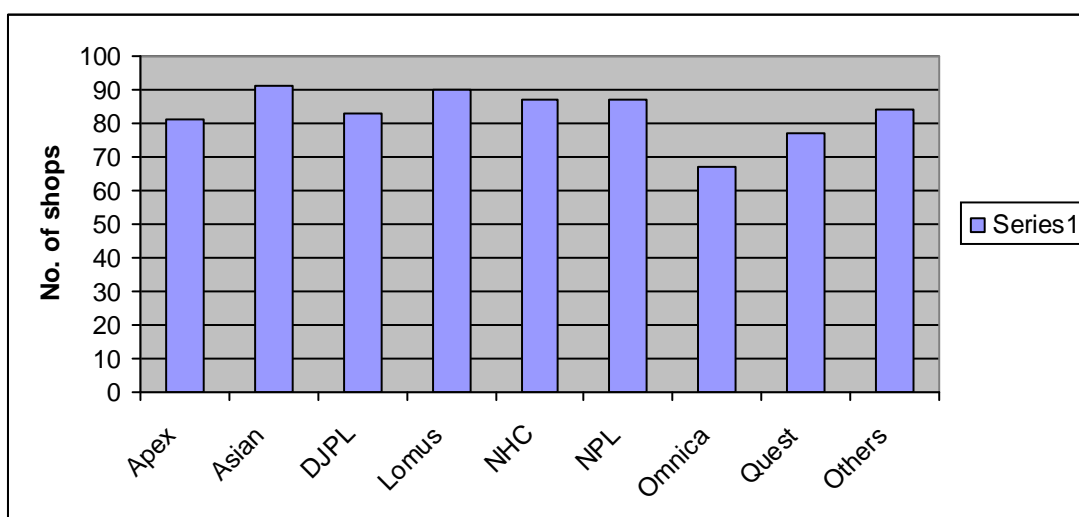
Above table and figure indicates that majority of shopkeepers dealing at the pharmacy outlets belong to the age group from 21 to 30 and 31 to 40 years..

Table-4.20
No. of shops stocking the products of different manufacturers

Brand name	No. of shops	Percentage
Apex	81	81
Asian	91	91
DJPL	83	83
Lomus	90	90
NHC	87	87
NPL	87	87
Omnica	67	67
Quest	77	77
Others	84	84

(Source: field survey)

Figure-4.19
No. of shops stocking the products of different manufacturers



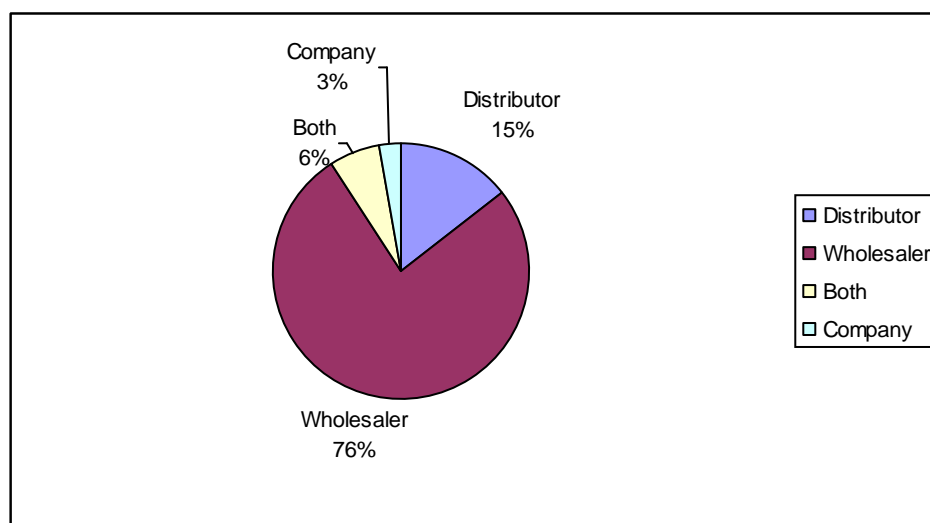
All the surveyed retail outlets were observed stocking and selling products (medicines) of different manufacturer. It indicates that variety of medicines are available in the market of Birgunj manufactured by different Nepalese and foreign companies.

Table-4.21
Shopkeeper's buying behavior

Source of buying	No. of responses	Percentage
Distributor	16	15
Wholesaler	84	76
Both	7	6
Company	3	3
Total	110	100

(Source: field survey)

Figure-4.20
Shopkeeper's buying behavior



Above table and figure shows that 76% of retailers are buying medicines from wholesalers. The contribution of other sources are very less for pharma retailers which indicates that pharma business is comparatively more regularized and the retailers has to buy from wholesalers.

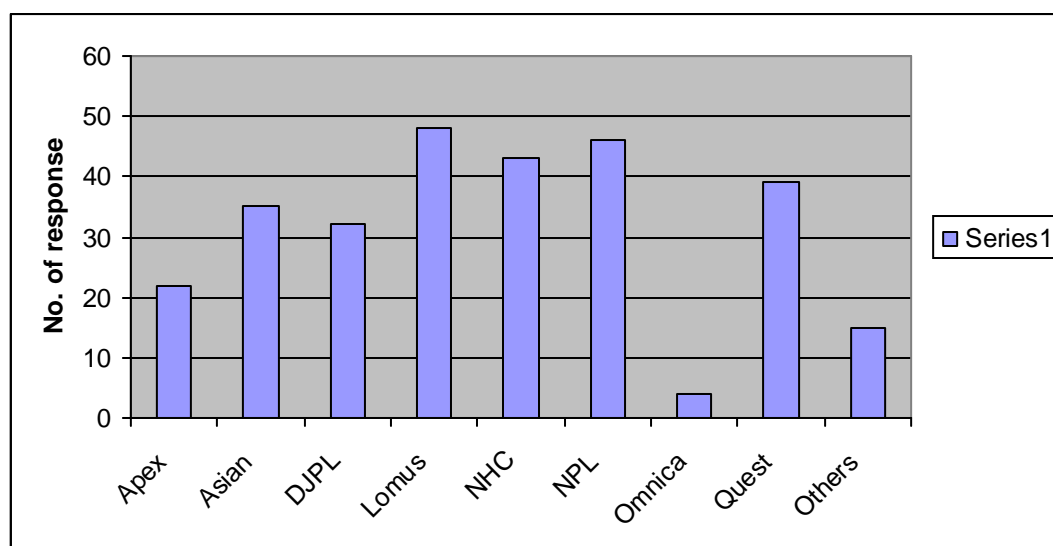
Table-4.22
Which company's products have more sales from your shop?

Company's name	No. of responses	Percentage
Apex	22	7.7
Asian	35	12.3
DJPL	32	11.2
Lomus	48	16.9
NHC	43	15.1
NPL	46	16.2
Omnica	4	1.4
Quest	39	13.7
Others	15	5.3
Total	284	100

(Source: field survey)

Figure-4.21

Which company's products have more sales from your shop?



The above table and figure shows that the products of Lomus, NPL and NHC are sold comparatively more in Birgunj market. In view of retailers, the product of Omnica pharmaceuticals are sold less in Birgunj market.

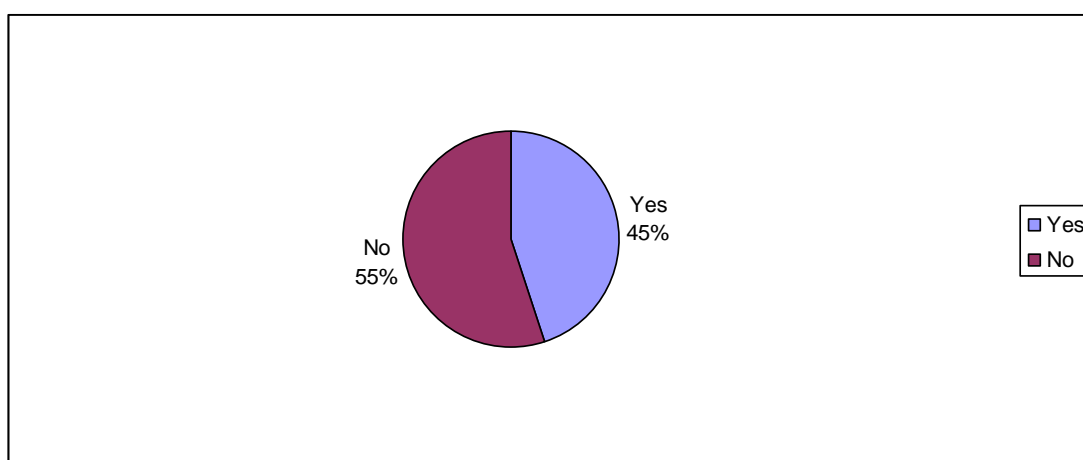
Table-4.23

Convincing behavior of shopkeepers

Convince	No. of shopkeepers	Percentage
Yes	45	45
No	55	55
Total	100	100

(Source: field survey)

Figure-4.22
Convincing behavior of shopkeepers



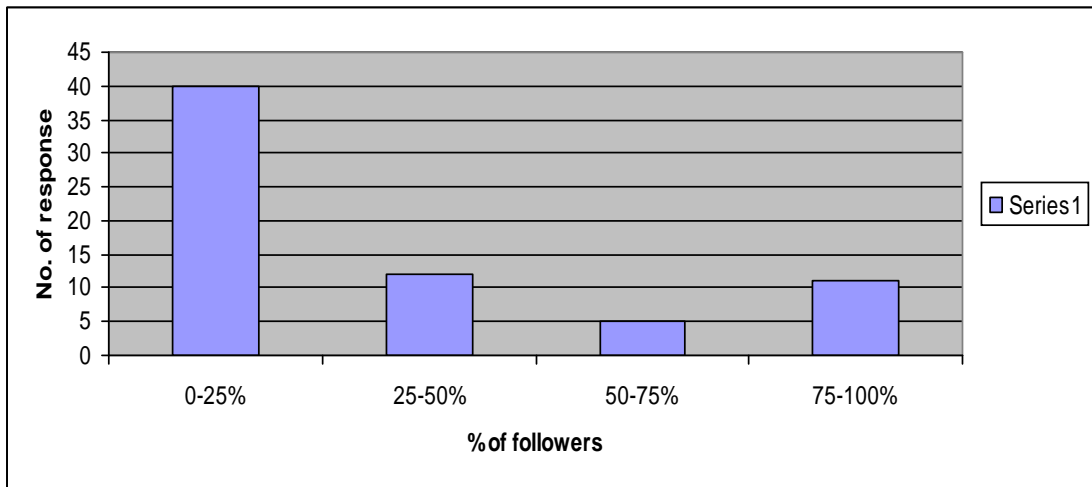
The above table and figure shows that 55% of retailers convinces the customers for substitute products. 45% of the retailers don't convince for the substitute products. During the survey it was informed to the researcher that some of the customer also demands for the substitute products against doctor's prescription.

Table-4.24
No of Followers of shopkeeper's advice

Followers	No. of shopkeepers	Percentage
0-25%	40	58.8
25-50%	12	17.6
50-75%	5	7.4
75-100%	11	16.2
Total	68	100

(Source: field survey)

Figure-4.23
No of Followers of shopkeeper's advice



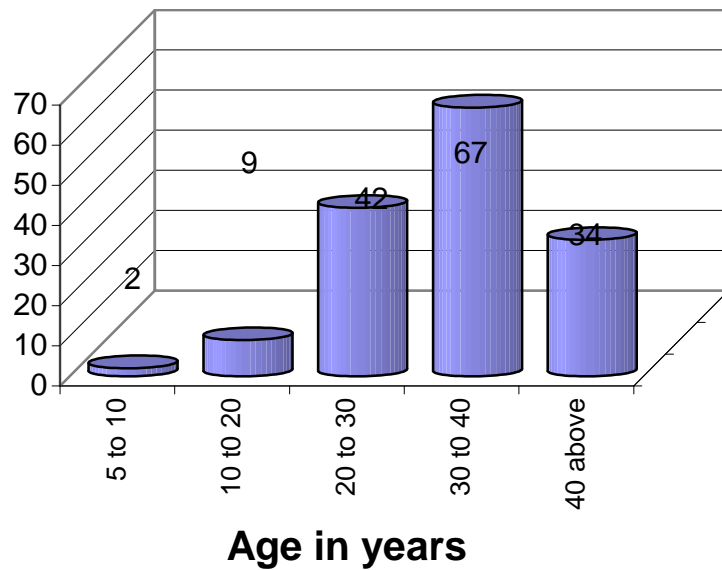
The above table and figure shows that only 0-25% of customers follows the retailers advice for substitute products. So, it can be said that doctors are the major customer for pharma companies as most of the sales depend upon their prescription.

Table-4.25
Age groups who come to buy medicines

Age group	No of responses	Percentage
5-10	2	1.3
10-20	9	5.8
20-30	42	27.3
30-40	67	43.5
40 above	34	22.1
Total	154	100

(Source: field survey)

Figure-4.24
Age groups who come to buy medicines



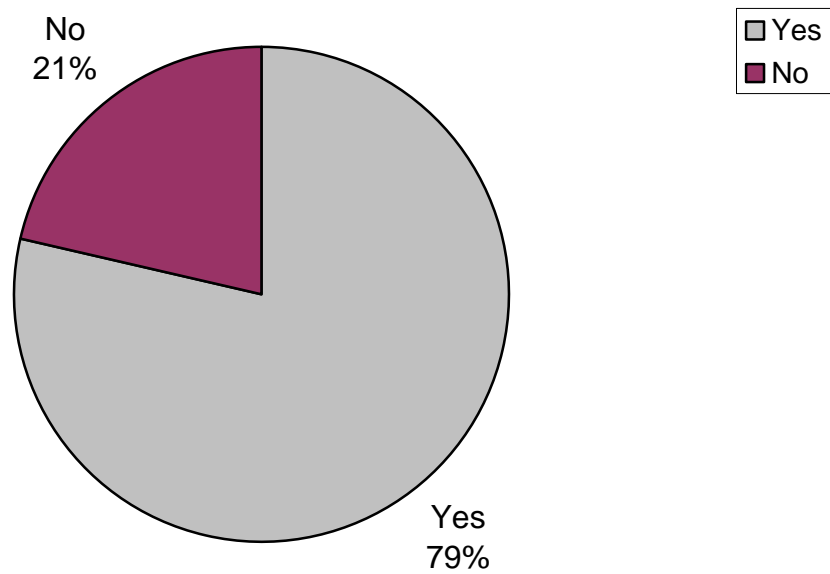
The researcher has studied the age group of customer who usually buy medicines from the retail counter. In this study, it was observed that 30-40 years age group customers mostly buy the medicines. The total number of responses are more than the total number of shops observed because the retailers has chosen multiple options.

Table-4.26
Noticing promotional activities of different company

Response	No of responses	Percentage
Yes	74	78.7
No	20	21.3
Total	94	100

(Source: field survey)

Figure-4.25
Noticing promotional activities of different company



Above table and figure shows that 79 percentages of the retailers noticed the promotional activities of different pharma companies and 21 percentages of the retailers did not notice the promotional activities of different pharma companies.

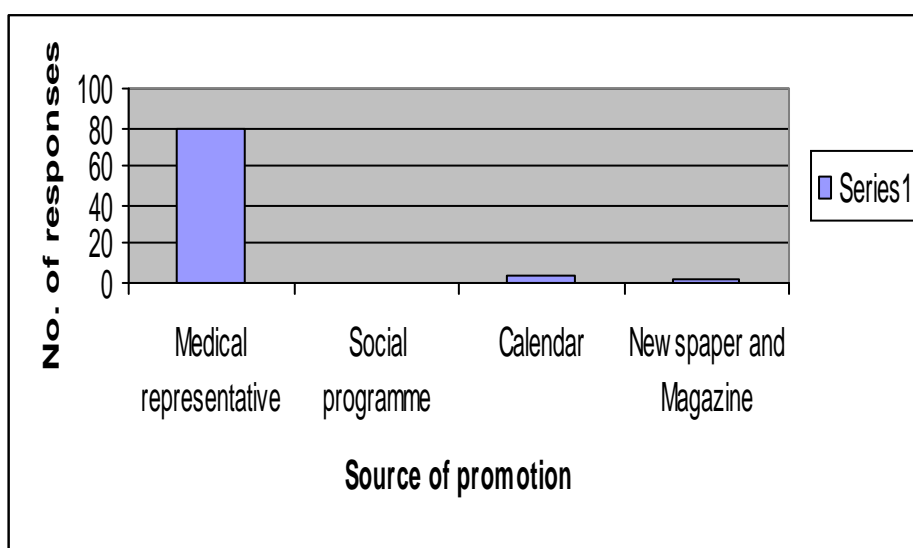
Table-4.27
Promotional activities observed by retailers

Media	No. of Responses	Percentage
Medical representative	79	94
Social programme	0	0
Calendar	3	3.6
Newspaper and Magazine	2	2.4
Total	84	100

(Source: field survey)

Figure-4.26

Promotional activities observed by retailers



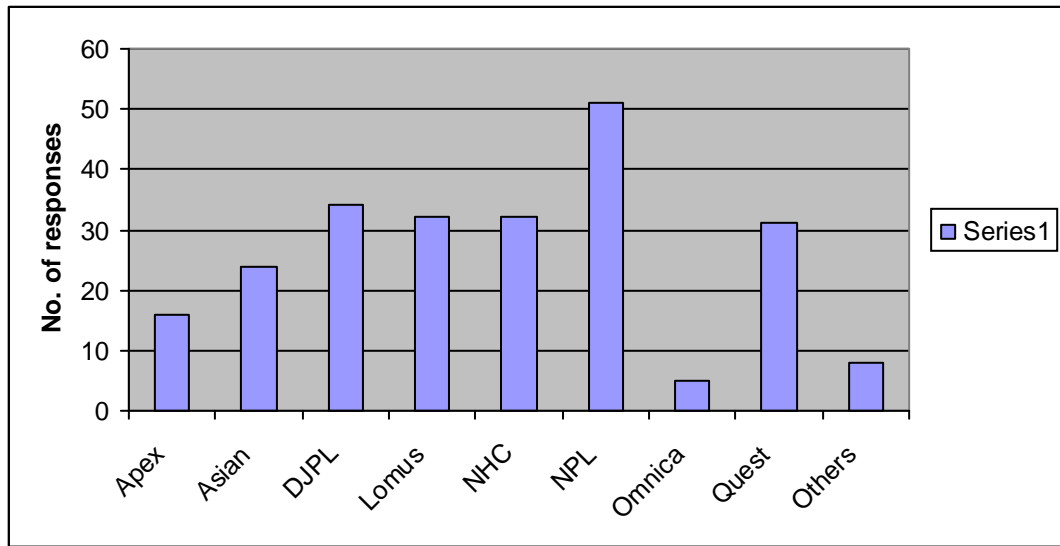
Above table and figure shows that Medical representatives are the most prominent source of sales promotion. Electronic advertisement is regulated by the government. So all the pharma manufacturers need to adapt Medical representatives for their sales promotion. More convincing is needed to market medicines as it directly deals with lives.

Table-4.28
The best company in view of retailers

Company's name	No. of responses	Percentage
Apex	16	6.8
Asian	24	10.3
DJPL	34	14.6
Lomus	32	13.7
NHC	32	13.7
NPL	51	21.9
Omnica	5	2.1
Quest	31	13.3
Others	8	3.4
Total	233	100

(Source: field survey)

Figure-4.27
The best company in view of retailers



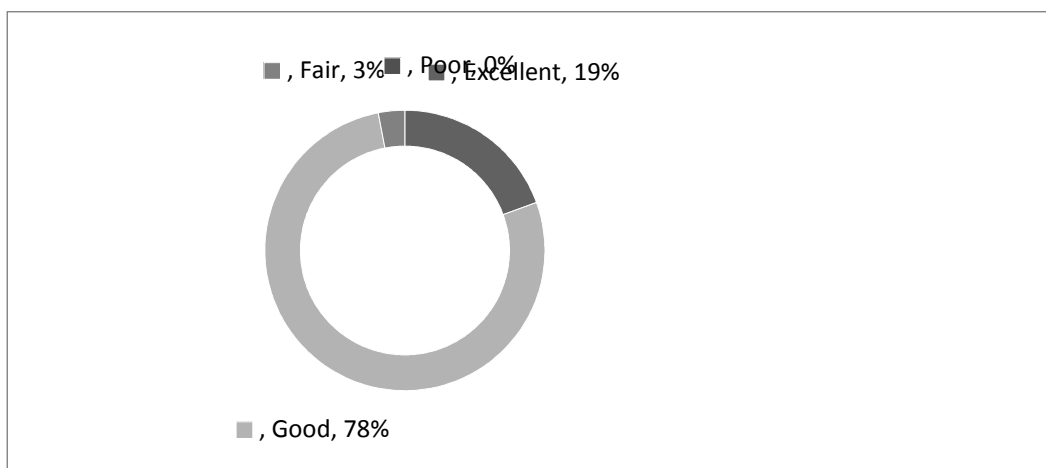
Above table and figure show that NPL is the best company in view of retailers in Birgunj. DJPL, Lomus, NHC and Quest also has good image in view of retailers. The total number of responses are more than the number of shops surveyed. This is because of the multiple options chosen by the respondents.

Table- 4.29
Quality of Medicines manufactured in Nepal

Response	No of shopkeepers	Percentage
Excellent	19	19.4
Good	76	77.5
Fair	3	3.1
Poor	0	0
Total	98	100

(Source: primary data)

Figure-4.28
Quality of Medicines manufactured in Nepal



Above table and figure indicates that most of retailers (77.5%) considers that the quality of medicines manufactured in Nepal are good. About 19.4% of retailers consider the quality of medicines manufactured in Nepal is excellent.

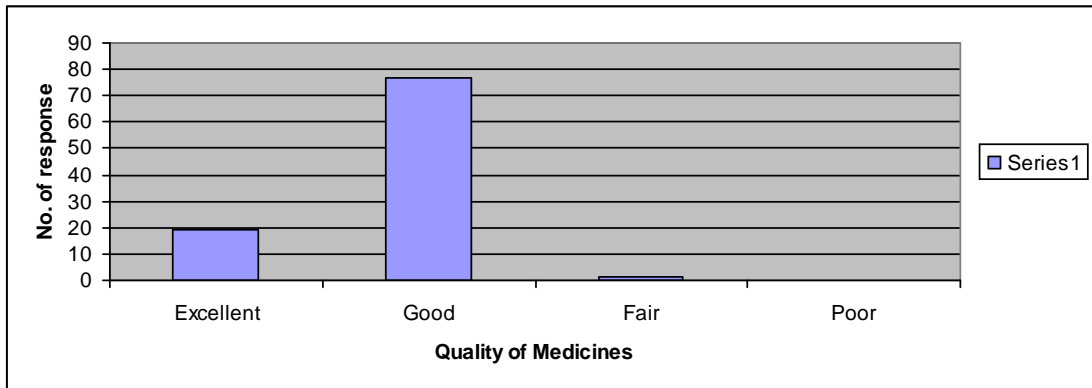
Table- 4.30
Quality of Medicines manufactured by NPL

Response	No of responses	Percentage
Excellent	19	19.6
Good	77	79.4
Fair	1	1.0
Poor	0	0
Total	97	100

(Source: primary data)

Figure-4.29

Quality of Medicines manufactured by NPL



Above table and figure shows that 79.4% of the retailers considers that the product manufactured by NPL is good. 19.6% of retailers considers the quality of medicines manufactured by NPL as excellent.

Table-4.31

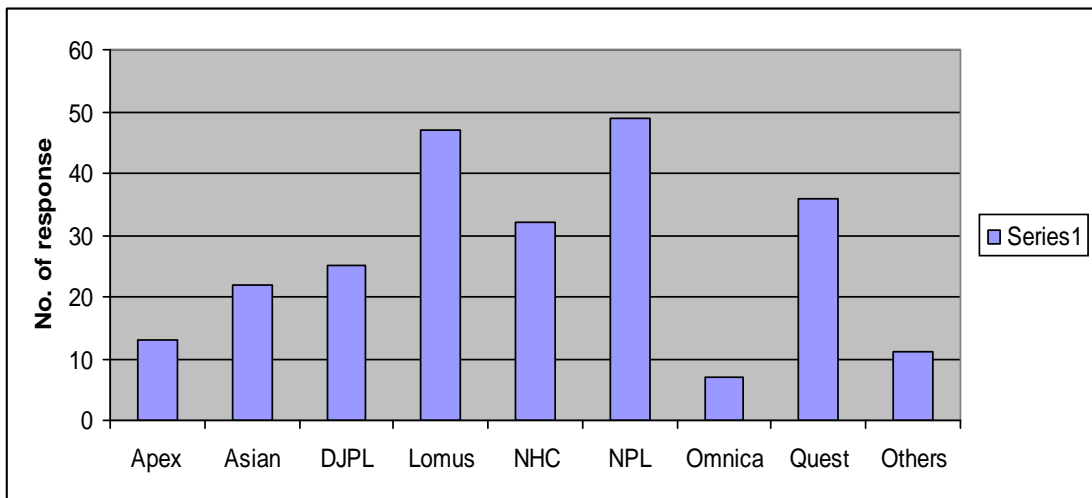
Which Nepalese companies are prescribed more by the doctor?

Company's name	No. of responses	Percentage
Apex	13	5.4
Asian	22	9.1
DJPL	25	10.3
Lomus	47	19.4
NHC	32	13.2
NPL	49	20.2
Omnicar	7	2.9
Quest	36	14.9
Others	11	4.5
Total	242	100

(Source: field survey)

Figure-4.30

Which Nepalese company's products are prescribed more by the doctors?



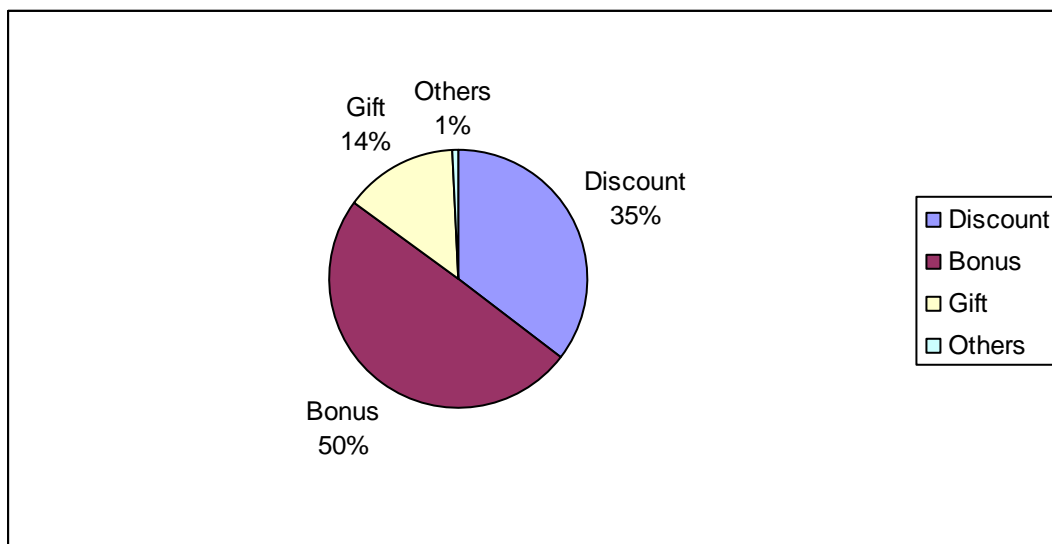
From the above table and figure, it can be concluded that the products of NPL and Lomus are prescribed more by the doctors in birgunj. Quest and NHC is also prescribed significantly by the docotors.

Table- 4.32
Best sales promotion offer in view of retailers

Promotion offer	No of shopkeepers	Percentage
Discount	42	35.3
Bonus	59	49.6
Gift	17	14.3
Others	1	0.8
Total	119	100

(Source: primary data)

Figure-4.31
Best sales promotion offer in view of retailers



Above table and figure shows that about 50% of the retailer considers Bonus as the best promotion offer of the company. 35% considers Discount as the good promotion offer. During the survey, it was observed by the researcher that most of the retailers don't like the gift as it is target based i.e. after selling products of certain value, they get respective gifts which gives some sort of pressures to the retailers.

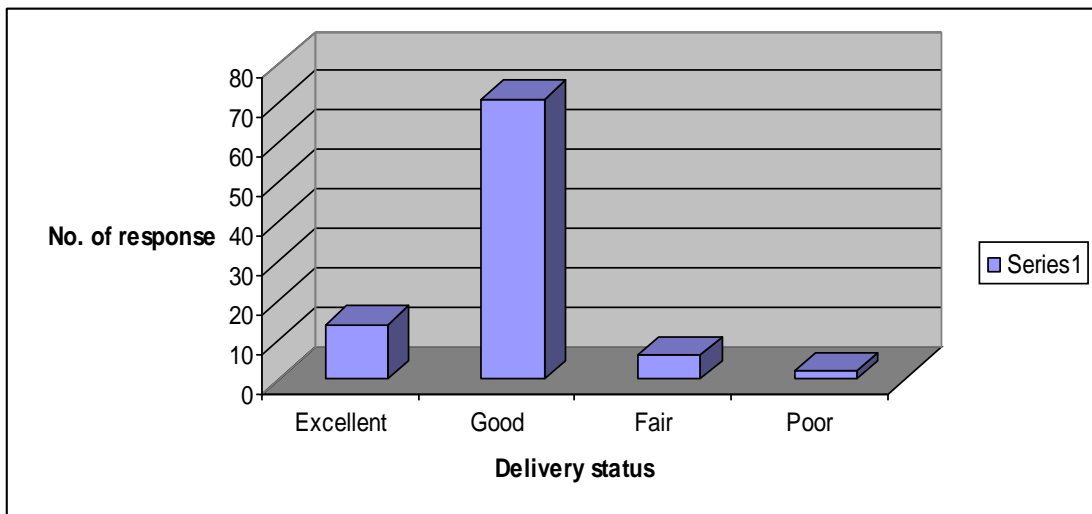
Table- 4.33
Delivery status of NPL

Delivery status	No of responses	Percentage
Excellent	14	15.1
Good	71	76.3
Fair	6	6.4
Poor	2	2.1
Total	93	100

(Source: primary data)

Figure-4.32

Delivery status of NPL



The above table and figure shows that 76.3% of the retailers consider the delivery status of NPL as good. So it can be said that the overall delivery of NPL is good.

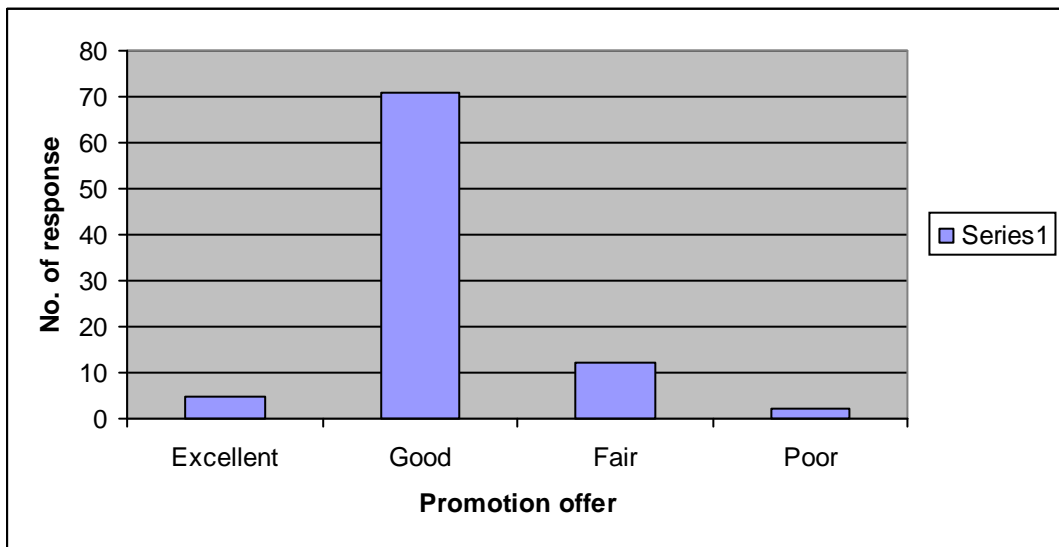
Table- 4.34
Sales promotion offer of NPL

Sales promotion offer	No of shopkeepers	Percentage
Excellent	5	5.5
Good	71	78.9
Fair	12	13.3
Poor	2	2.2
Total	90	100

(Source: primary data)

Figure-4.33

Sales promotion offer of NPL



From the above table and figure it is clear that 78.9% of the retailers in Birgunj considers the sales promotion offer of NPL as good.

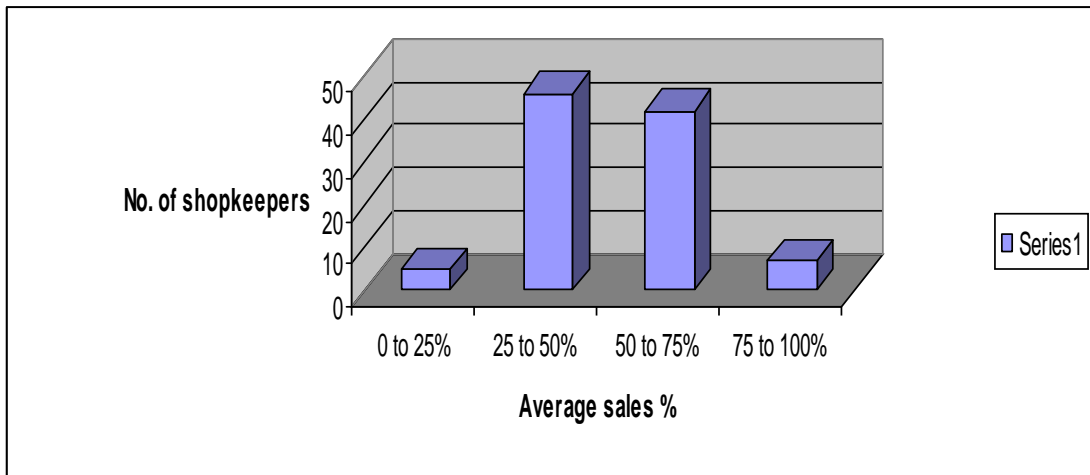
Table- 4.35
Average sales percentage of Nepalese Medicines

Average sales percentage	No of shopkeepers	Percentage
0 to 25%	5	5
25 to 50%	46	46
50 to 75%	42	42
75 to 100%	7	7
Total	100	100

(Source: primary data)

Figure-4.34

Average sales percentage of Nepalese Medicines



From Table no. 4.35 and Fig. no. 4.34, it is clear that 46% of retailers claims the sales of Nepales medicines in the range of 25-50% and 42% of the retailers claims for a sale of 50-75% of medicines manufactured by Nepalese companies in Birgunj.

4.5 Major findings of the study

On the basis of presentation and analysis of the field survey and subsequent analysis, the study has following outcomes.

1. A total of 300 respondents were given the questionnaire and the responses were collected for further analysis.
2. 210 male and 90 female participated in this study. It means, 70% of male and 30% females participated in this study. It can be concluded that majority of male populations are more involved in the purchase of medicine in Birgunj.
3. The people have age of 21-35 years have participated more in this research work.
4. Service holders and students have participated more in this study. It also represents the groups mostly used in the purchase of medicines.
5. The participants of the study are mostly educated upto Graduate level.
6. The family size of most of the respondents are having 5-8 members which indicates that there is still more combined family in Birgunj.
7. The monthly income of most of the respondents are between 5000-10000 and 15000-25000. The respondents are not very comfortable to mention their monthly income.

8. At the customer level, it was observed that most of the customers buy medicines manufactured by NPL in comparison to the products of other Nepalese companies although all the companies under study has some market share in view of retailers.
9. Though it is appropriate to purchase medicine with doctor's prescription. During the study with 300 participants, it was observed that at least 44% of the respondents some time buy medicines without going to a doctor. There are comparatively lesser number of respondents who don't buy medicines without going to a doctor.
10. Majority of customers of Birgunj accepts substitute medicines at least sometimes.
11. Majority of respondents have heard the name of NPL in Birgunj.
12. In Birgunj, Doctor's prescription is still the major source of medicines sale in Birgunj.
13. The survey reveals that majority of required medicines are available in Birgunj.
14. The quality of medicines manufactured in Nepal is good. So, the future of pharma industry in Nepal is good.
15. The quality of medicines manufactured by NPL is also good in view of retailers. More customers believe the quality of medicine manufactured by NPL is excellent in comparison to other Nepalese company.
16. Majority of respondents have monthly expenses in purchase of medicines ranges from 100 to 1000 rupees.
17. The people of Birgunj area are not much conscious about Health insurance.
18. Retail counters are dominant sellers of medicines.
19. About 70% of the shopkeepers at retailers belong to the age between 21 to 40 years.
20. All the shops surveyed were observed to store the products of many companies including those under this study for sale. This reveals that there is lot of versatility in the nature and category of medicines required by the customers.
21. Majority of retailers buy medicines from Whole salers.
22. The products of Lomus, NPL, NHC and Quest are sold more at the retail counters of NPL.
23. There is no drastic variation in the convincing behaviour of retailers for the substitute products. However the followers of retailers advice are very less.
24. The young people of the age between 20 to 40 years are mostly involved in the purchase of medicines.

25. About 70% of the retailers have noticed the promotional activities of pharma companies mostly through Medical representative.
26. NPL is the best company in view of retailers of Birgunj out of the surveyed company. DJPL, Lomus, NHC and Quest also has good reputation among the retailers of Birgunj.
27. About 75% of retailers considers the quality of medicines manufactured in Nepal and also by NPL as GOOD. About 20% of retailers assumes the quality of medicines manufactured in Nepal as EXCELLENT.
28. The products of NPL and Lomus are prescribed more by the doctor in view of retailers. Quest and NHC products are also prescribed significantly by the doctors in Birgunj in view of retailers.
29. Discount and bonus are most preferred by the retailers as the promotional measures given by the companies.
30. Majority of retailers considers the delivery status and sales promotion offer of NPL are GOOD.
31. Nepalese products are sold more at the retail counter in Birgunj. The sales percentage are more than 50% now which is a very good sign for the future of Nepalese pharma companies.

CHAPTER- FIVE

SUMMARY, CONCLUSION AND RECOMENDATION

5.1 Summary:

Research on marketing is fruitful to marketer for each step of marketing activities. Though competition and responsibility towards society are the two factors a marketer has to face in day to day activities. Marketing management or a marketer has to understand exactly whether the company stands up in the overall market position and what will do for future to make further steps ahead.

Due to the current living styles, medicines are also very fast moving products in the market these days. The need of medicines are so urgent in the market that it is hard to pass a single day with all the medicines shops closed. It is highly regulated business through out the world. Medicine shops are not closed even in the strike as every body understands its importance.

Different multinational companies are also marketing their products in Nepal through different means. Nepalese pharma business are moving very fast positively. It can be a major source of getting foreign money if it can be exported to other countries. Pharma business are suitable for country like Nepal.

The researcher has conducted the research to find out the present market scenario of Nepalese pharma industries in Birgunj with respect to NPL. Customers and retailers are the main sources of data for the study. Questionnaires were distributed to the customers and retailers and data were collected. All the responses were analysed by percentile method and presented in tabular and graphic form.

The study indicates that the overall demand of Nepalese medicines are increasing day by day. The customers and retailers are getting more confidence on the quality of medicines manufactured in Nepal. The customers of birgunj are very confident with the quality of medicines manufactured by NPL.

Most of the consumers are not loyal for any specific company or brand; therefore cash prizes are generally effective for toothpastes as promotional tools.

5.2 Conclusions:

From the major finding of the study, following conclusions can be made:

1. Students, Businessman and service holders are the major customer of medicines.
2. Although most of the customers are loyal towards the medicines manufactured by NPL, most of the customers consider doctor's prescription as the major determinant of medicines sales.
3. Electronic advertisement is not legal in Nepal for medicines. Medical representatives are major sources of sales promotion observed by the retailers.
4. The retailers also consider Discount and Bonus as the major sales promotional tools.
5. The quality of medicines manufactured in Nepal and by NPL are good in view of customers and retailers. So there is good future for all those involved in pharma business.
6. The people of Birgunj are not conscious for the health insurance.
7. Doctors are also getting confidence with Nepalese medicines and they are prescribing Nepalese products without much hesitations.

5.3 Recommendations

Achieving sound market position is priority of any organization. Medicines market is also highly competitive and Nepalese pharma companies has to compete with multinational giants. Nepalese companies are comparatively scarce with proper back up of technology both in manufacturing and marketing. So government also need to consider the consequences of pharma market very seriously.

As Medical representatives are still the major source of sales promotion. Those companies which are lacking such resources need to adapt it soon to increase their sales. As many retailers are more keen toward discount and bonus rather than gift- pharma companies may focus in this regard. In reseracher's view- such practice of discount and bonus are not

good for medicines. It only benefits the retailers and the company. The real customer didn't get any such benefit with any such promotional activities. The government needs to control such activities so that the quality of medicines is not compromised and the real customers get the required medicines in reasonable cost.

On the basis of above study, following recommendations have been made:

1. Customers are very keen about the quality of products. The manufacturer must assure the best quality of medicines. There can not be second grade medicines as it directly deals with life.
2. The pharma companies must assure proper delivery of products because for some disease- the medicines are needed for the whole life. Some patients are also brand specific. So the company must assure the best quality medicines and proper supply to the retail outlets.
3. To preserve their customers every company should research the market regularly. To make new customers they should bring different kind of activity like attractive social program, Health awareness program, attractive scheme etc.
4. In Nepal, there is still lot of scope in pharma marketing, so the new investors may invest in pharma business. But the investor must know that pharma business is high technology knowledge based business and require lot of investments.

This study is emphasis on Nepal Pharmaceuticals lab. Pvt. Ltd.. So some recommendations to the NPL are as follows:

1. Although NPL is the best company in view of customers and retailers- the general customer buys the products more comfortably if it is prescribed by the doctor. So the company must consider this point seriously and must educate their MR to convince the doctors appropriately.
2. The general opinion about the quality of medicines manufactured by NPL is good. The company needs to give special attention to all the stake holders such that the stake holders assume it as the best company and its products as EXCELLENT not just Good.
3. The company must proceed positively for export of its products. It will be better for the company and for the nation too. The company needs to strengthen their human resources positively.

4. The company may organize social health program and may educate the people for health insurance. With health insurance, the customers will be more reluctant to invest money for their health. This way, indirectly the business of the company will also increase.
5. It should maintain and improve its quality to maintain its selling position. Since the marketing is more competitive in Birgunj. All the companies are struggling to occupy the best position in Birgunj, the business capital of Nepal.
6. The share of Nepalese medicines is not yet near 100%. So there is lot of scope for marketing in Birgunj for medicines. The company, NPL should consider this fact very seriously and should instruct their marketing forces in this regard.

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5. What do you consider when you buy medicines?
- a) Doctor's prescription
 - b) Retailer's advice
 - c) packaging
 - d) Market image of manufacturer
6. Do you get prescribed/required medicines easily which you want?
- a) Yes
 - b) No
 - c) Sometimes
7. What is your opinion regarding the quality of medicines manufactured in Nepal?
- a) Excellent
 - b) Good
 - c) Fair
 - d) Poor
8. What is your opinion regarding the quality of medicines manufactured by Nepal Pharmaceuticals Lab. (NPL)?
- a) Excellent
 - b) Good
 - c) Fair
 - d) Poor
9. How much do you spend on an average in purchasing of medicines per month ?
- a) Less than 100
 - b) Rs 100-500
 - c) Rs 500-1000
 - d) More than 1000
10. Do you have health insurance?
- a) Yes
 - b) No

Thanks

Appendix-2
Questionnaire for retailers' survey

Dear respondents,

I am a student of MBS from Tribhuvan University and going to conduct a survey for partial fulfillment of master's level. So, I request you to take a few minutes time, I assure you that all your response will be kept confidentially and will be used only for my study.

Name: _____ **Age:** _____

Name of shop:

Questions:

1. In which category does your shop exist?

- a) Wholesaler b) Retailer c) Others

2. Which company's products are you stocking in your shop for sale?

- a) Apex b) Asian c) Deurali-Janta d)
Lomus e) National Healthcare f) Nepal Pharma (NPL) g)
Omnicia h) Quest i) Others

3. Where do you buy medicines from?

- a) Distributor b) wholesaler c) both
d) Company

4. Which company's products have more sales from your shop?

12. What is your opinion regarding the quality of medicines manufactured by Nepal Pharmaceuticals Lab. (NPL)?

- a) Excellent
- b) Good
- c) Fair
- d) Poor

13. Which Nepalese company's products are prescribed more by the doctor?

- a) Apex
- b) Asian
- c) Deurali-Janta
- d) Lomus
- e) National Healthcare
- f) Nepal Pharma (NPL)
- g) Omnica
- h) Quest
- i) Others

14. In your opinion, what is the best sales promotion offer?

- a) Discount
- b) Bonus
- c) Gift
- d) Others (please specify)

15. What is your opinion about the delivery status of Nepal Pharmaceuticals Lab. (NPL)?

- a) Excellent
- b) Good
- c) Fair
- d) Poor

16. What about the sales promotion offer of Nepal Pharmaceuticals Lab. (NPL)?

- a) Excellent
- b) Good
- c) Fair
- d) Poor

17. What will be the sales percentage of Nepalese medicine on an average from your shop?

- a) 0-25
- b) 25-50
- c) 50-75
- d) 75-100

Thanks