

Potentiality of Tourism Market in Nepal To Grow Nepalese Economy

INTRODUCTION

1.1 Background

The geographical location of Nepal, it is Located north of the Indian Subcontinent and spread in an area of 147,181 sq. Km, Nepal is a small, sovereign and independent republic democracy country . With its landlocked ness, Nepal is blessed with snow-capped mountains, which had made it geographically impressive. A world known icon Mt. Everest with an altitude of 8,848 m. had placed Nepal in front of the world in terms of natural beauty surpassing the rest. Nepal lies in the northern hemisphere of the earth and it is a Himalayan Country of south Asia extending at the range of Tibetan It lies between 80o 4' to 88 o 12' east longitude and 26 o 22' to 30 o 27' north latitude. Having length of 885 Km. east west and width of 193 Km. north south, it is situating in between two big nations, China in north and India in south (CBS). The whole country has been dived into three regions: Mountainous, Hilly and Terai. The mountain region covers 15%, hilly 68% and Terai region 17% of the total area of the country. Administratively it is dived into 14 zones and 75 districts.

Though being small country, it has diverse climate from sub-tropical desert to mountain tundra with every form of landscape and vegetation. Nepal is a country of numerous festivals and significant aspect of cultural life of Nepalese people. As multi- lingual people inhabited in the country, it is culturally rich with diverse religious customs, life styles, festivals, food habits, clothing's and languages of various ethnic variations. Though culturally diverse, there always exists perfect harmony within the people. In terms of development, Nepal is one of the least developed countries of the world with a per capita income of US \$ 473 Economic Survey, 2008/9). With a total population 2, 75, 04,280(Male 13,790,635& Female 13,713,444) Sources of Central Bureau of statistics, national planning Commission Government of Nepal 2009) more than 80 caste/ethnic groups are accommodated in the country. 30.8% of these people still subsist below poverty line. The literacy rate in Nepal is 54 % and the average life expectancy rate total 64.1 years (Male 63.6 years and female 64.5 years). Although there are 25 lakh landless farmers in Nepal, the main production is base in agriculture. Our main crops of production are paddy, maize, wheat and other cash crops. According to the economic survey published by GON on 2008/09 the economic growth rate is 2.5 % and population growth rate is 2.25 % in Nepal. The majority of population lives in rural areas. The major economic activity is agriculture and the rest includes manufacturing, trade, commerce and services. The economy is agro-based and above 60% of national income is generated from this sector. However, the dependency in

monsoon and use of traditional means of production are the major constraints of agriculture. Thus, agriculture is incapable of accelerating desired level of economic development due to the several bottlenecks.

The main sources of foreign currency earning are merchandise exports, tourism services from abroad. In general, Nepalese economy has characterized by slow growth, mass poverty and large-scale deprivations. However, a development effort has been initiated but the results have not been encouraging in many sectors. Thus, it is essential to have a clear vision of future destination, which would encourage utilization of potentials with competitive advantages like hydropower, agro-industry, tourism and other sectors. In recent years, tourism development and its marketing is regarded as the world's largest and fastest growing industry. It has been playing a vital role in the socio-economic sectors of the most of the developed as well as developing countries of the globe. So, most of the nations are attracted to this industry and trying their best to strengthen economic life by promoting tourism in the country. Tourism has identified as an important source of foreign exchange earnings; as an industry, it is creating employment opportunities and generating economic growth of the country. Considering the historical background, geographical situation and socio-cultural wealth there are enormous tourist potentialities in Nepal and the tourism industry has been playing a significant role in the country's economy. People from both East and West are attracted to visit Nepal due to having all important ingredients for tourism development. Nepal's natural attractions, resulting from physical, historical, cultural monuments and temples, art treasures and festivals and its wildlife are the best attractions for the foreign visitors. Nepal's Himalayas and their scenic beauty are also the prominent attractions to the visitors. Nepal is the country of Mount Everest, the land of Yeti, and the land of Buddha. Its various snow-peaked mountains, rivers and lakes; climate and mysterious charms are inviting the visitors of the world. Cultural, religious and natural resources are the three major attractions of Nepal, which have eight cultural, and two natural World Heritages sites. It offers nature based tourism activities like trekking, mountaineering, rafting and wildlife sanctuaries as well as culture and people based and man-made attractions. Considering all these potentialities, there is adequate prospect to develop tourism in the country. Tourism is a multi-faceted industry, which promotes cottage industries, trade and other services sectors. Tourism market is an economic market. It directly involves with the cells of goods and beauty of natural resources. It has also regarded as a labor-intensive industry and it provides good employment opportunities at different levels. Tourism is one of the main sources of foreign exchange earnings for Nepal. Overall, tourism plays a vital role in the process of national development, which is a boon to a country like Nepal with other limited resources.

1.1.1 Development of Tourism in Nepal

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

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

i) First Phase of History of Tourism before 1950

The ancient history of Nepal is the history of Kathmandu valley and the ancient history of tourism has related to the Kathmandu valley. The Kathmandu valley took birth when a visitor name Manjushree came here from China, cut the edge of the hill in Chovar with a sword and emptied the water of the lake. After this in 249 BC, emperor Ashok of India visited Nepal as a pilgrim and erected a Monastery entitled 'Charumati Bihar', and also four Buddhist stupas in the four corners of Patan. During the Lichhavi period, most of the foreigners visited Nepal as pilgrims. At this period, the great emperor of Tibet named Shrangchong Gampo visited Kathmandu. He met King Anshuvarma and married his daughter, the Nepalese princess Bhrikuti. The Chinese visitor Huan Tsang described in his travel accounts about the Kailaskut Bhawan and Mangriha of Lichhavi dynasty. Similarly, around 6th century, in the Kirati Regime, some foreigners visited Nepal as pilgrims in Malla Regime there was a significant development in art and culture, and then rulers of Nepal were more or less interested in greeting travelers who entered into the kingdom of Nepal as pilgrims. Krishna Mandir of Patan, 55 windows palace of Bhaktapur, Pashupati Temple, Swayambhu and Stupas of Buddhist built during this period.

After the unification, the rulers of Nepal had not made any attempt to develop tourism in Nepal on the contrary the policy of the government was not let tourist enter into Nepal, except in some special cases. In the Rana's regime for 104 years the policy of the government was not favorable for tourism development. Only during the great festival of Shivaratri, permission gives to

Indians to enter into Nepal as pilgrims. Until 1950, only 100 foreigners visited Nepal (Pokhrel & Karki, 2055). The restrictions on tourists to enter into Nepal during the Rana regime of 104 years adversely affected tourism in Nepal. As a result, there was a lack of foreign exchange earnings from tourism for the development of infrastructure in the country.

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

A great political change took place in 1951 in Nepal. The Rana government was overthrown from power and Nepal got a new birth i.e. democracy was brought in the country. Thereafter, a range of development in the country, internal as well as external communication and transportation tasks began to start. Many foreign countries started to help for the development of Nepal. In actual sense, the promotion of tourism started more or less only in the beginning of 1960s. The then government attempted to the development of tourism with liberal tourism policy relatively than they are before. In 1965, John Copman, who was running 'Tree Top' in Africa, came to Nepal and being impressed with dense forest and wild animals started 'Tiger Top', first Jungle Resort. Similarly, James Robert, Ex-British Army-man who was in British India came in contact with Nepalese Gorkha soldiers and with their links came to Nepal and introduced trekking tourism by opening company named 'Mountain Travel' in 1965, which still runs to this days. In addition, Edmund Hillary introduced and promoted mountaineering in Nepal.

In 1953, Tenjing Sherpa and Sir Edmund Hillary succeed in climbing the world's highest peak Mt. Everest. After getting membership to the UNO in 1955, Nepal gradually became the world. In the auspicious occasion of the coronation of His Majesty King Mahendra in 1956, government head and diplomat from different countries of the world visited Nepal. After these travelers, political and commercial delegation began entering in Nepal. Diplomatic, cultural and economic relationship with different countries was set up, with increasing diplomatic relationship with different organizations like UNO, WHO, UNESCO, FAO etc. A congenial atmosphere has created in Nepal for tourism development.

A new era of Nepalese tourism started in November 1957 when a 'Tourism Development Board' established under the leadership of minister for trade and Industry. In 1958, this 'Tourism Development Board' has transferred to Ministry of public works, Transportation and Communication. In 1959, this has attached to the 'Department of Construction and Communication Works', and directorate of tourism were opened. Similarly, 'Tourism Information Center' was established this year. The such organizational development process in 1961, the government decided to established Department of Tourism' with the establishment of this department, the country got an opportunity to obtain membership of various international tourism development institutions such as International Union of Official Travel Organization (IUOTO), South

Asian Travel Commission (SATC), The Pacific Area Travel Association (PATA), and American Society of Travel Agent (ASTA).

In 1970, Nepal Tourism Development Committee has constituted under the leadership of the prince late Himalaya Bir Bikram Shah. In 1972, the committee published 'Nepal Tourism Master Plan' with technical assistance from the government of Federal Republic of Germany. The master plan had been prepared for further development in the field of tourism, tourism started to be considered as an industry and for its development efforts there have been made distributed posters, booklets to international organization and to provide sufficient hotel facilities and transportation facilities to tourists. As a result, there was 41-fold increase in tourists visiting Nepal, for example, 6179 tourists in 1962.

iii) Third Phase: After 1990

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

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

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

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

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

1.1.2 Policies and Programs under Globalization in Nepal

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

(Upadhyaya, 2003: 194)

- Formation of Tourism council (1992)
- National Civil Aviation policy (1993)
- Tourism policy (1995)
- Visit Nepal year (1998)
- Formation of Nepal tourism Board (NTB) in 1999.
- Destination Nepal 2002-2003.

A. Tourism Council (1992)

Tourism Council is an apex body for tourism ministries and department, is an attempt to integrated and consolidated development of tourism. Prime Minister chairs this apex body, which have 30 members. It expected that this apex body would help to remove obstacles during the process of implementation, provide correct directives and formulate policies by bringing about coordination among different ministries and departments for the sake of the development of tourism industry. However, the major for the tourism council is that it does not enjoy the executive power and attention to implement its well intention and well planned programs. If this problem removed, it provides to be of immense help for galvanizing the tourism sector Vis-à-vis the Nepalese economy.

B. National Civil Aviation Policy (1993)

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

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

C. Tourism Policy (1995)

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

D. Visit Nepal year (VNY) 1998

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

Some major objectives of VNY '98 were:

- To raise the image of Nepal throughout the world.
- To protect and conserve the natural and cultural centers in integrated form.
- To diversify the tourism product.
- To develop Nepal as one of the important tourist destination.
- To raise the public awareness about tourism.
- To distribute the fruits of tourism up to the grass root.
- To increase the volume of domestic tourism.
- To increase the length of tourist to 13 days and their expenditure to USD 50.
- To improve the quality of tourism.
- To welcome five Lakh tourists.

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

E. Destination Nepal Campaign (DNC) 2002-2004

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

- To promote public awareness among people about tourism.
- To promote and maintain Nepal as a reliable attractive and secured destination.

With wide international publicity, Nepal has started to pay more attention to this industry. However, it does not seem that proper program, planning has been made, and the industry may not be professionally managed as is needed for the sector's proper development. Besides, it is true potentiality can be realized only

by proper marketing strategies and in this respect; Nepal does not seem to have extended adequate attention. Nepal has ample opportunities to develop international tourism as it consists of rich natural resources, beautiful landscapes and bio as well as cultural diversities. Thus, tourism can be a good source of income for developing country like Nepal. Keeping in view of those facts, Nepal government has taken important steps and made long-term plans, policies and strategies for development of tourism in Nepal. In this context, Nepal Tourism Board Act 2053 B.S. was passed by both the houses of the parliament in December 1996, and obtained the Royal Seal in February 1997. The Board designed as a partnership between then Nepal Govt. and the private sector travel industry of Nepal has been empowered to work as a National Tourism Organization commencing on 31st of December 1998. The Board has certain statutory responsibilities assigned by the Nepal Tourism Board Act, 2053 as mentioned below:

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

Putting all those objectives in strong consideration, NTB has designed its overall organizational structure in such a way that collective actions of each unit emphasizes in overall marketing & promotion of its diversified potential as well as existing tourism products. Nepal Tourism Board had prepared its Tourism Marketing Strategy for Nepal and its three main objectives are as follows:

- To recover and expand the overall volume and value of tourism to Nepal by concentrating on inherent products strengths
- To reposition Nepal firmly as a varied and multi-faceted destination with world class cultural and special interest products.
- To improve the seasonal and spatial distribution of visitors and faster the growth of new tourism areas.

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

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

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

- Culture tradition and people
- Cities and leisure
- Outdoors, trekking and adventure
- Religion and pilgrimage
- Nature and wildlife

1.2 Statement of Problem

In economic arena of Nepal, tourism plays a very important role. Tourism is one of the main sources of foreign exchange earnings. Natural and cultural attractions are main assets of tourism in Nepal. Due to such attraction, the potentiality of tourism is very high in Nepal. However, this potentiality is not been exploited properly. "Although Nepal's tourism potential is vast but factors such as limited air access, poor infrastructure and lack of appropriate marketing strategy have resulted in limited growth" (Bhatta, 1997: 4). Though tourist arrival is growing due course of time, Nepal is far behind in world tourism as compare to the other countries of south Asia (Anand & Bajracharya, 1985: 3). Nepal tourism board, national tourism organization is undertaking different marketing program. In different country segment but due to very limited marketing & promotional budget, it is not being effective. NTB's marketing program has to compete with competitor like India, Thailand, Malaysia who spend huge amount of money for marketing and promotion. Asian countries have increasing outbound tourism by which Nepal can benefit a lot. However, Nepal lacks appropriate and conducive tourism policies and strategies. There is always big problem of air-seats and air connectivity. Consumer research based marketing strategies are yet to be developed. Decade long insurgency inside the country had made negative publicity of the country

Consequently, tourist arrival has gone down despite the continuous effort of Nepal tourism Board and private sector of promoting Nepal. The travel trend has shown that Nepal's major tourism market is Europe & USA. The tourist arrival from these market holds negligible percentage if its compared to tourist arrival figure from same market to other Asian countries like India, China, Malaysia, Thailand, Singapore, Sri-Lanka. This unbalance travel trend signifies that Nepal's tourism promotion and marketing efforts is not effective and well enough to meet the competition with above mentioned tourism

estimations. The major problem behind this is not having enough budgets for effective market & promotion. China, Japan, Korea, Singapore are now established as big economic powers in world economy. In the meantime, we are not able to attract more tourists from these big nations. Keeping the problem of enough budgets in shade, the major problem is of enough air services to and from these countries. We have not direct and enough air link with these countries. Now the first republican government is planning to buy five Boeing Air jets. We have hoped we can facilitate enough air services after the services of these aeroplanes. If we summarize the problem that has been faced by NTB and Nepalese travel industry, we can point out as follows:

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

1.2.1 Tourism marketing and economic development

Nepal is a land locked country. We do not have shipping access with the rest of the world. We do not have piles of mines. We do not have remarkable and income generating exportable goods. Although we have hydro-electricity potentiality of 83 thousand Mega Watts, we are not being able to exploit it. There is high level of politics within the phenomena of this exploitation. Therefore, it has become a dream only for us to exploit this potentiality. The next potentiality to grow our economy remains in tourism marketing. We have natural beauty. We can attract thousands of tourists from abroad to see our natural beauty. Through this tourist trade, we can generate employment, we can promote hotel business, and we can sell our gift products and so on. In many ways tourist marketing in Nepal can help us to grow our economy.

1.3 Importance of the study

Tourism has been considered as one of the most important aspect of Nepalese economy. Nepal government is committed for the overall development of tourism sector. Due to the globalization process, any part of world has become very closely accessible. People's desire has been increasing day by day because of information explosion. One can get any type of information of the world within a minute. In such situation, if we can draw the attention of the world towards Nepal we can have so many visits of tourists from abroad. The visits of tourists in Nepal can help us to grow Nepalese economy by running our hotels, selling goods, traveling and trekking, etc. They can come to see the natural beauty of Nepal if we can provide them good services and make available of gift goods of good quality. Therefore, the study on potentiality of tourism market in Nepal will help us to find the new ways to develop the good services

for tourists, to increase the production of tourist's goods of good quality, to improve the hospitality in hotels and markets, improve the quality of Hotels, to maintain the beauty of side seen parks, roads etc. Ultimately, the increase in visits of tourists in Nepal will give us opportunity to earn foreign currency, generate new employment opportunities, produce goods and services and exchange the cultures, which helps us to grow economy. It also teaches us how we can make our promotional and marketing efforts more effective in world tourism market. We have the encouraging past record as an example of tourist inflow in Nepal as follows:

Visitor's arrival by nationality (By Air Only)

Country of nationality	January-December		% Change	Remarks:
	2009	2010		
Asia (SAARC)	149597	191246	27.84%	This is transitional period in Nepal. The 19.2 % increase in tourist's arrival even in this period is encouraging.
Asia (Other)	125172	107666	-14.00%	
Europe	142795	167961	17.62%	
Oceania	29508	34504	16.93%	
Americas	32043	37143	15.92%	
Others	49126	63805	29.88%	
Total	528241	602867	19.20%	

Source: Immigration Office, TIA

1.4 Objectives of the Study

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

- 1) To analysis the travel trends figure in tourism markets.
- 2) To assess contribution of tourism sector in Nepalese economy.

1.5 Methodology

To accomplish the stated objectives of this study, following methodology has been adopted.

Research Question and Design

Data in this study will be analyzed keeping in mind with the following research questions:

- What is the general situation of tourist inflow into Nepal?

- What percentage of total tourist arrive increase yearly?
- What are the promotional measures taken by NTB in order to promote Tourism Market in Nepal?
- What is the 'Information Level' of tourists coming to Nepal from abroad?
- How can we make our promotional & marketing efforts more effective in world Market ?

The study will be almost desk research as its main objective is to find out marketing & promotional efforts of Nepal Tourism Board. However, some summarized finding of random survey among tourist coming from major nations will presented. Desk research will be use to seek, review and analyze secondary information, existing studies on tourism and relevant tourism statistics

Nature and Sources of Data

The study entitled "Potentiality of Tourism marketing in Nepal" is basically based on secondary data. Primary data also used to know the tourist's perception & information level. Secondary data and information were collect from following sources:

1. Nepal Tourism Board
2. Ministry of Culture, Tourism and Civil aviation
3. Central Bureau of Statistics
4. National planning commission
5. UN World Tourism Organization
6. World Travel and Tourism Council
7. Ministry of Finance
8. Nepal Rastra Bank
9. Articles and other publication
10. Official records

The source of primary data was NTB, hotels, travel agencies, and trekking agencies, rafting agencies, tourism exports. Primary data were collected using questionnaire. Questionnaires were designed to gather information related to tourism marketing & promotion program, information dissemination, and tourism product development and pricing. Tourism organization/professional/experts/ NTB were given questionnaire and acquired information.

1.6 Limitation of the Study

- The study will be focusing in the general assessment of marketing and promotional trends of Nepalese Tourism Board in context to growing world tourism Market. The study will cover assessment of travel trend from 1999-2010 (11 years) after the establishment of NTB.

- The marketing & promotion campaign of private travel trade industries will not be included although the production and services provided to satisfy the needs of tourists could be counted.
- The study will be using secondary data from NTB and information extensively because of impossibility of surveying all market in the field by visiting out countries.
- The study will focus on the promotion of tourism market to grow Nepalese economy by promoting the production and services in tourism sector.

1.7 Organization of the Study

This research document is organized into five chapters: **Chapter 1** consists of short introduction of Nepal and development history of tourism in Nepal, economic viability, problem identification, significance of the study, and objectives of study with research methodology. **Chapter 2** provides extensive research reviews, which includes concept of tourism marketing, reviews of books, journals, articles that describes about tourism and tourism marketing with special reference to Nepal. **Chapter 3** deals with research methodology, tools and techniques used to analyze and interpret the findings. Similarly, **Chapter 4** is about the analysis and presentations of the findings based on primary as well as secondary data that we taken from various sources. The last part, **Chapter 5** provides summary of the whole research work, recommendations for development based on the major findings and the conclusion.

CHAPTER-II

LITERATURE REVIEW

2.1 Concept of Marketing

Marketing has gained a great deal of strategic importance in modern organization. Marketing stimulates demand for products. It helps organizations to find out what their customer need and want. It also helps to decide what products should be offered to satisfy their needs and wants. Marketing's task is to design a product/service combination that provides real value to targeted customers. There have been various attempts to define 'Marketing' but so far no universally accepted definition has been devised. This is perhaps because 'marketing' as a comprehensive management function is a recent concept which effectively only started to be applied in the early 1950s.

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

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

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

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

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

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

2.2 Concept of Tourism

Simply we mean by the word tourism, the income generated by arrival of tourists in the country. However, the literal concept of the word tourism is different. The word 'Tourism' is related to 'tour', which is derived from a Latin word 'Tornos'. Tornos means a tool for describing a circle or turner's wheel. This is a word of compass or rather a pin at the end of the stretched string used to describe a circle. It is from this word 'Tornos' that notion of a 'round tour' or a 'package tour' has come which is very of the essence of tourism. It was late as 1643 the term was first used in the sense of going round or traveling from places around an excursion, a journey including visiting a number of places in circuit or sequence, circuitous journey, travel of principle places of a country or region (Negi, 1990:21).

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

2.3 Marketing in Nepal

The marketing philosophy has not well adopted by most organization in Nepal. The industrial sector is in a developing stage. Although the role of services and production has been growing in the recent years, marketing has remained fragmented due to topographical diversity, poor transport and communication facilities. Although public sector remains dominant in Nepalese economy, the private is developing. The advent of global companies had resulted in the transfer of basic marketing skills, capital and technology. It is high time for Nepalese enterprises to adopt modern marketing than to concentrate on traditional production and selling concept. If we see the modern marketing approach in tourism sector in Nepal we can find NTB most recently has done the research on products, resource development, monitoring, planning and corporate services to effectively plan the marketing strategies and programs. This view of concept is gradually emerging as a part of the management philosophy for meeting the marketing challenges of 21st century. If we can extend the facilities for tourists in many ways such as suitable Hotels, transportation, suffer parks, guides, tourist's gift goods, update of information, proper security etc we can have so many potentialities of tourism market in Nepal. One who serves well can survive better. If we can exploit the natural gift, we can have so much of potentially in tourism marketing. Therefore, we can recommend here to the Nepal government that let we work through NTB to extend better services to the tourists.

2.4 Tourism Defined

Tourism has defined in different ways by various authors and concerned organizations and yet there is not universally accepted definition of tourism.

Hermann V. Schullaid, an Australian economist gave one of the earliest definitions of tourism in 1910. According to Schullaid, tourism is "the sum total of the operators, mainly of an economic nature, which directly relates to the entry, stay and movement of foreigners inside and outside or certain country, city or region" (Satyal, 1988: 7).

R.de Meyer has defined tourism as, "A collective term for human movement and its attendant activities caused by the exteriorization and fulfillment of the desire to escape that is more or less latent in everybody" (Chatt Upadhyay, 1995: 7). This definition received the first prize by Academic International de Tourism at Monte Carlo in 1952.

However, this definition does not seem to be broad enough. Another definition of tourism given by the Swiss professors Waiter Hunziker and Kuet Krapf, in 1942, is more phenomenon arising from the travel and stay of strangers, provided the stay does not imply the establishment of permanent residence and is not connected with a remunerated activity" (Bhatia, 1994: 38).

The tourism society in Britain had also attempted to classify the concept and it 1976 defined tourism as: "Tourism is the temporary short-term movement

of people to destinations outside the places where they normally live and work and their activities during the stay at these destinations; it includes movement for all purpose, as well as day visits or excursions" (Bhatia, 1994: 38), most widely used and popular definition of tourism is one prepared by the United Nations conference on International Travel and Tourism held in Rome in 1963. International Union of Official Travel Organizations (IUOTO) recommended this definition in 1908. Again, in 1993, the United Nations Statistical Commission adopted Rome definitions of tourism in revised form prepared by World Tourism Organization (WTO) as a follow up to the Ottawa International Conference on Travel and Tourism Statistics, jointly organized by WTO and the Government of Canada in June 1991. In this definition WTO has developed a schematic breakdown of all travelers. A traveler is defined as "any person on a trip between two or more countries or two or more localities within his/her country of usual residence" (WTO, Framework for the collection and publication of Tourism Statistics: 4).

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

The League of Nations defined in 1937 the term foreign tourist as; "Any person visiting a country, other than that in which he/she usually resides for a period of at least 24 hours." But revised definition given at the UN conference on International Travel and Tourism, held in Rome in 1965 which described as: "Any person visiting a country other than that in which he has his usual place of residence, for any region other than following an occupation remunerated from within the country Visited"

The most popular and widely accepted definition of tourism given by the World Tourism Organization (WTO) conference in Ottawa in 1991 is; "The activities of a person traveling to a place outside his/her environment for less than a specified period of time and whose main purpose of travel is other than the exercise of an activity remunerated from within the place visited."

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

2.5 Tourism Marketing

In the present day context marketing has become one of the important as well as challenging jobs of any business organization. For the success of any business activities, proper marketing system is need. Marketing denotes the business activities that direct the flow of goods and services from producers to the consumers or users in other words. It is the process of exchange between seller and buyer. Tourism marketing is define as the systematic and coordinated efforts exerted by the national tourist organizations and tourists enterprises at international, national and local levels to optimize the satisfaction of tourists, groups and individuals in view of the sustained tourism growth (Bhatia, 1994: 142).

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

The challenge of marketing goes beyond the success of business. It must also serve the goals of society. It must act in concert with broad public interest. For marketing, does not end with the buy-sell transaction – its responsibilities extend well beyond making profits? Marketing shares in the problems and goals of society and its contributions extended well beyond the formal boundaries of the firm (Lazer, 1978: 1).

Tourism being the fastest growing and most competitive industry in the world it should be marketed properly. "Tourism needs to be marketed, just as any other product, indeed move so, because it is an industry in which the customer still has an immense variety of choice. There are a number of destinations competing with each other to get a bigger and bigger share of the market" (Bhatia, 1994: 137).

Hence, tourism marketing is regarded as a central point of whole tourism activities. Today all direct and indirect promotional activities to sell destinations are related to tourism marketing and it affects all the operations of tourism (Negi, 1990: 387).

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

There is a need of tourism marketing with proper planning and sound policies. "Its complexity lies in the fact that tourism promotion in its various forms has to be directed at large number of people in various lands of different socioeconomic structures, having different needs, tastes, attitudes, expectations and behavior pattern. It is only through the efficient marketing strategy that will help understand people's tastes and preferences for travel. And hence need for marketing in tourism" (Bhatia, 1994: 141). However, tourism industry does not seem to apply marketing approach for its promotion and development adequately (Anand and Bajracharya, 1985: 1). Because of the competitive global scenario and the ever-expanding tourism industry, the marketing of the tourism products need greater attention. There are countless tourist destinations worldwide and to develop tourism, every country tries to capitalize on its cultural, religious and natural heritage in addition to the various forms of entertainment packages. Only those countries, which have devised aggressive marketing strategy, have been able to attract a greater number of tourists. Thus, tourism being a high publicity product effective marketing is necessary for the successful running of tourism industry. Adequate budget, financial and technological resources are needed for effective tourism marketing. However, "we understand very limited marketing activities while other countries with more resources are spending huge amount of money on aggressive marketing of their destination (Pokherel, 1995: 24). In this regard, Hotel Association of Nepal President Yogendra Shakya commented saying "we have alone practically nothing as far as promotion is concerned. The Ministry of Tourism has no budget for promotion" (Spotlight, 1994). Government also should take necessary initiative for the publicity of tourism abroad. In Nepal, even one five star rated hotel spend Rs 30 million annually for the publicity at international level due to the lack of budget Government is not able to make sufficient publicity even in Visit Nepal year also (Aajako Samacharpatra, 1997). "We have achieved 'word of mouth' publicity in Europe and India both by travelers as well as tour operators. As the government budget is not large enough to tackle all markets, especially since we are trying to carry consumer oriented

marketing. I suggest we concentrate on Fam tours for tour and travel operators and travel trade journalist from Japan. Luring film and TV producers should be our strategy for inexpensive but wide publicity" (Shakya, 1995).

The Lacunai in promotional efforts in Nepal is further indicated by the fact that "the expenditure made in publicity is too poor and not more effective in both quality and quantity. The Ministry of Tourism published brochures and booklets about tourism only in few languages and that in limited copies. There is lack of advertisement in the foreign papers; in such a situation most of the visitors are unknown about Nepal" (Shrestha, 1981: 65). Nepal lacks the most essential market information focused on its products, while the most irrelevant material is produced at considerable cost and dubious impact. Fair participation, in the absence of proper information material to flow up interest, poorly staged as it often is, appears less than effective and probably a waste of money. At the same time, there is an urgent need for Nepal to work against increasingly critical world media coverage on ill effects especially on mountain tourism. By inviting journalists, Nepal should convey the fact that it is taking serious steps towards improving matters, but needs help to do so " (Ministry of Tourism, 1984: 102). It is interesting to note the comment about the situation of Nepalese tourism marketing made by Shakya. (Spotlight, 1994) According to him, "Nepalese tourism has been marketed mainly through travel agents and tour operators abroad. We have never been able to go to the consumer. It is simply beyond our reach to advertise in, say Newsweek, which could take our entire promotional fund. There is also a growing trend of undercutting. If we have US\$ 100 as the rack rate, we give as much as 50 percent to the tour operators. That has been our marketing strategy because we depend so much on tour operators".

Another serious challenge faced by tourism sector is the level of competition because it is a very competitive business. Here it will be interesting to quote the slaying of (Alwis, 1997: 8) "My friend in the travel industry in Nepal, talk of the glorious days, barely a decade ago, when a trekking tour was sold to visitors for US \$ 85per day on the average. They now lament, that it is sold for only US \$ 19 per day on the average. In view of Always this certainly in not the result of the lack of demand for Nepal's unique tourism potential or a lack of adequate number of 'up market' visitors out there in the market place. It is in the opinion of most the result of unhealthy competition between the travel agents, the hoteliers, the tour operators (trekking, rafting and other), the protection of the sky and the like. They also claim that it is the lack of specialization, lack of product quality improvement, diversification of product and inadequate delivery of quality service". In this respect "the government of Nepal should have clear policy to discourage cut-throat competition in the hotel industry and thereby attract quality tourists" (Sandhu, 1996: 36). Moreover, many Americans and Europeans complain about the pollution and environmental degradation of Kathmandu. Due to this

Kathmandu is sending wrong message about Nepal. We should try our best to solve the problems of pollution and environment (Sandhu, 1996: 35). "Negative reports on Kathmandu have adversely affected the tourism industry and Nepal's image" (Choegyal, 1994: 28). Regarding negative reporting done by some national and international media certainly it has done much harm in the tourism sector of Nepal. For this, a planned approach is needed to counter the negative effects and organizing large-scale promotional campaigns could regain our lost reputation (Rajbhandari, 1994: 26). In this context Mishra (1994: 24) says "'Say Goodbye to Shangri-La' was published in Newsweek of 4th October 1993 issue. It has definitely affected the tourism especially qualitative tourist. However, in my opinion, the correct information about Kathmandu Valley came in time and we should take it in a positive way instead of being defensive. Had it not been published in such a renowned journal, it would not have been grave concern to all conscious people of Nepal and abroad."

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

For the promotion of quality tourism in the country, infrastructure and services should be improved properly (Sandhu, 1996: 36). "For most countries, including Nepal, one of the most essential conditions for the successful promotion and development of tourism is the existence of adequate infrastructure and qualified human resources" (Frangialli, 1996: 13). Alwis (1997: 8) says, "All good marketing begins with the customers and ends with the customers. All good tourism marketing therefore, should begin with the visitor (tourist) and see through to the end, that we have met all reasonable expectations of that visitor. We must ensure that he or she returns with as much as a positive feeling as possible, about Nepal and its people." In fact, the good image and memories of tourists are more beneficial for the country than the promotional activities like, international advertisement, brochures, newspaper article etc., So far Nepal is concerned as a tourist destination it offers a unique product and unparalleled opportunities for marketers who want to take on the challenge. It just means that both Nepalese operators and their partners in Asia need to work harder and be innovative if they are to achieve yields that Nepal's tourism operations deserve (Alwis, 1996: 29). For Nepal "USA, Australia and the Pacific and other European countries, especially the Scandinavian countries are very potential future markets. South East Asia is emerging to be an economic giant. But as our

marketing resources are not so big, we have to select only a few countries" (Shakya, 1995).

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

2.6 Review of Studies

Since the perception of the promotion of tourist industry in Nepal, several studies have been made to promote this sector and grow economy through it. In this section, an attempt is made to review of previous studies on tourism with special reference to Nepal. There was no plan and policy regarding tourism in Nepal until 1950s. For the first time the written study on tourism was made in the late 1950s. In Nepal, "General plan for the Organization of Tourism in Nepal" prepared by French national George Lebrec, in 1959, was the first tourism plan, which was prepared by the help of the French Government. In this plan, Lebrec has recommended to make brochures, posters, postage stamps depicting the Himalayan peaks, Flora and Fauna and to the use of films and documentaries prepared by the mountaineering expedition for promoting tourism in Nepal and the establishment of separate Nepal Tourism Officers. Later, George Lebrec visited Nepal in 1964 and 1966 and prepared two reports on tourism entitled "Report on the Development of Tourism" and "Report on Tourism in Nepal" respectively. In these reports, Lebrec had recommended that tourism in Nepal had started growing at a faster pace (Pokherel).

In 1972, with an aim to run tourism in a planned way and formulating policy the Nepal Tourism Master Plan (1972), a detailed and comprehensive document about Nepalese tourism, was prepared with a joint co-operation of Bundesstelle Fur Entwicklungshilfe of Germany and Nepal Government of Nepal. This Master Plan defined the tourism development programs and projects for ten years. The plan also included marketing programs to be adopted and the market segments of Nepalese tourism were identified as organized sightseeing, independent "Nepal style" tourism, trekking and pilgrimage. The primary markets for Nepal were identified as USA, France, Scandinavia and Australia as secondary target market. In the Master Plan Kathmandu was seen as continuing to be the principal center of tourism

activities in Nepal and to lengthen the average length of stay, tourists measures can be done by creating resort areas and the provision of recreational attractions suited to the needs of international tourism and opening up the country's attractions suited to the needs of international tourism and opening up the country's attractions by round tours operated from Kathmandu with intermediate stops and short stays in selected sites. Furthermore, the plan has emphasized for development outside Kathmandu such as the development of Pokhara, Chitwan, National Park, development of national parks at Langtang, Annapurna and Dhaulagiri and Khumbu. The development of pilgrimage centres at Lumbini, Muktinath, Barahchetra and Janakpur was also envisaged. The Master Plan had recommended for the establishment of a Ministry of Tourism and Culture embracing functions then found within the Department of Tourism, the Department of Archaeology, the Department of Culture, the Department of Forestry, the Ministry of Foreign Affairs and the Immigration Office.

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

- As the stay of tourists cannot be prolonged for now the number of international visitors should be increased substantially.
- Images of secondary destinations like Pokhara, Lumbini and Chitwan should be built up.
- Nepal should become a gateway for South and South-East Asia.
- Nepal should become the starting point of any Asian tour, as it is the cradle of a religion and culture that influenced the history and life of the major parts of Asia.

In his report, Susnik has suggested for the formation of Nepal Tourism Marketing Committee as well as Nepal Tourism Infrastructure Committee with representation of private sector and the Department of Tourism be recognized into Nepal Tourist Office which should concentrate on the marketing and promotional activities abroad with independent operational budget. National Tourism Promotion Committee of 1981 prepared 'National Tourism Promotion Report 1983'. Suggestions were also provided on marketing strategies and plans for tourism. It reemphasized the need for promoting Nepal Style Tourism as mentioned in the Nepal Tourism Master Plan which would include sightseeing, trekking and wildlife adventure and which would promote Nepal as a primary destination. The major suggestions given in this report are to develop resorts in the mid mountains to encourage tourists from India during the hot Indian summer season, promotion in Europe be stepped up. Special programs be designed for Buddhist pilgrims from Asian countries and that similar pilgrimage packages be designed for Hindu pilgrims from India, depute a person in the Embassies of Nepal for promoting tourism, participate in various important trade fairs to promote convention tourism.

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

'Nepal Tourism Master Plan Review' (1984) is a review study and it has suggested action program for implementation for the promotion of tourism in Nepal. This study contains three parts. In part one, a background to be 1972 Tourism Master Plan, its contents and intents, and its practical use and operation together with a comprehensive review of past developments in key areas of tourism. Part 2 sets forth an updated set of policy objectives and a market development concept for the five years and part three provides action-oriented recommendations. According to this review report, there is no need for a new comprehensive master plan in tourism. The 1972 Master Plan is relevant in its long-term policy contents, and most of its basic conceptual assumptions has fully verified. This study focuses on a pragmatic policy framework essential to solving priority issues of tourism. This study observed that active market promotion was the most important factor for the tourism development in Nepal. This study, therefore, suggested to various destinations oriented marketing programs. The major programs include:

- developing a systematic concept of promotional material,
- determining the quality standard for each individual product,
- producing a Travel Agents manual containing comprehensive up to date information regarding tourism in Nepal,
- establishing representative offices in Western Europe, USA and Japan,
- participating in selected tourism trade fairs,
- offering familiarization tours to agents and journalists,
- establishing a Nepali-style tour package,
- directing sales to tour operators from the country of origin without middleman from India, the continuity of demand
- expanding the trekking possibilities.

The conclusion and action-oriented recommendations of this study focused on improving the capability of the Ministry of Tourism to assume its responsibilities in tourism, institutionally, administratively and technically. Nepal Rastra Bank (1989) carried out an econometric study with an objective to study and estimate the level and patterns of tourist expenditure in Nepal, to estimate the value-added and imports contents and thereby not foreign exchange earnings from tourism in Nepal, and to estimate income and employment generation in the tourism sector of Nepal. In this study, regressions were run on the time-series data as well as cross-sectional data for the period

1974-1987. The major findings of the study included tourism demand to be income inelastic in dependent variables, tourist expenditure and number of tourists, for the total time-series analysis for the period 1974-1987. Tourist expenditure was found to be highly sensitive with respect to exchange rates, but the sensitivity of tourist arrivals to his variable was less. Country-wise time series regression for 14 countries gave mixed results. Among tourism sub-sectors (when direct, indirect and induced effects were combined), the ratio of import content for hotel was estimated at 53.45 percent, travel agencies 74.51 percent, trekking agencies 54.04 percent and airlines 67.05 percent. The ratio of direct import content when the indirect and induced effects were taken out was estimated at 35.45 percent for hotels, 15.12 percent for travel agencies, 10.79 percent for trekking agencies and 57.60 percent for airlines. The value added for the tourism sector i.e., total payment to domestic factors including payments to intermediate and final inputs. (When direct, indirect, and induced effects were combined) was estimated at 37.74 percent as compared to 44.66 percent for tourism related sector and 42.82 percent for the overall sector (Nepal Rastra Bank, 1989: v). This study estimated the average per capita per day tourist expenditure (Rs. 747), the average length of tourist stay (9.3 nights), and the employment in the tourism sector. The study suggested liberalizing exchange, emphasizing trekking tourism, doing aggressive marketing, expanding both international and national air services, developing integrated tourism development policy, and establishing a full-fledged apex body.

'Nepal Tourism Marketing Program' (1990), a specific study, made on tourism marketing, funded by Asian Development Bank, included some valuable suggestions on marketing. The main suggestions were:

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

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

proceedings with an emphasis on marketing of Nepalese Tourism. The basic tasks of 'Nepal Tourism Development Programme' (1990) were:

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

'Nepal Tourism Development Programmer' consists of four reports. Product development program and marketing strategies have been defined in this study.

For both trekking tourism and sightseeing tourism the essence of the strategy is to establish Nepal as a premium product able to command the price of a premium product. The main marketing strategies initiatives for Nepal mentioned in the report were:

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

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

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

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

- Domestic Air Transport;
- Urban Tourism (Kathmandu);
- Infrastructure in Pokhara;
- Institutional Development; and
- Tourism Manpower Development and Training.

Tuladhar (1993), in his doctoral work, aimed to study the development of International Tourism in Nepal from the view of resources, the level of its explorations, utilizations and possibilities of its improvement. This study has

been done against the background of the overall conditions and its development including natural and anthropological resources, economic development of the country, tourists' demands, and tourist supply. To achieve the objectives of this study, a systematic method of investigation in the theoretical scheme was used. His major findings included the use of dispersion as a basic for the balancing of prognoses may promote foreign visitor's quality and the possibilities for attempt and contribution for the future development of international tourism in Nepal should work out alternative prognostic situations in unison with the extracted priority of the tourist supply and direction for their improvement. Tuladhar has given various suggestions in his study like to promote charter flights with Nepal Airlines Corporation by tour operators assuring the low travel cost, increasing expenditure for advertisement and publicity for the stimulation for the tourist travel to Nepal, to provide more cultural shows and other types of suitable entertainment, to increase the length of stay of tourists and to increase their expenditure, to establish summer resorts like suitable tourist hotels and villas on the banks of lakes and rivers, to develop the national concept and to develop human resources by emphasizing on tourism education.

Pradhananga (1993), analyses the changing pattern of tourist's consumption and its economic impacts on employment, exports and national revenue were made. The basic objectives of the study were to examine the consumption pattern of tourist, to analyze the use of local resources in tourist consumption and their effects on employment, to probe into capacity utilizations of hotels in relation to the tourist's number and length of stay and to examine the change in government revenue resulting from the tourist export. This study dealt with different tourism aspects i.e., hotels and lodges, airline, travel agencies, trekking agencies, carpet and garment industries and transport agencies working in Nepal. According to him leakage of foreign exchange earnings, high import contents, and seasonal fluctuations in demand for tourism and over dependence on seasonality factor have been the major weaknesses in the tourism industry. He suggested that different tourism related policies and sectors like infrastructure, open-sky policy, planning of new tourism project, opening of a new destination in the country, tourism marketing strategy, management of travel agencies, full capacity utilization of hotels etc., should be planned properly.

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

- Sight Seeing Tourism
- Trekking Tourism
- 'Nepalese Style' Tourism
- Recreational Tourism, Primarily from India
- International pilgrimage Tourism

Kathmandu has seen to be center of the tourism activities. The priority was placed on the development of pilgrimage center at Lumbini, Muktinath, Barahachhetra and Janakpur. Similarly, the development of national parks in the Langtan Area, Khumbu, Annapurna and the Dhaulagiri was suggested for the promotion of adventurous mountain tourism. To increase the duration of stay, sightseeing tours form east (i.e. circular tours to Kathmandu, Namche Bazaar, Janakpur and Chitwan) to west (i.e. Gorkha, Pokhara, Tansen, Lumbini and Chitwan Circuit) of the valley and the development of resorts area with the appropriate recreational facilities were recommended. On the institutional front, the masters plan of tourism and culture as an authoritative body for overall planning, promotion and development of tourism. It was suggested that the functions distributed among them existing organization of the department of tourism, department of archaeology, department of forestry, department of immigration, and ministry of foreign affair to be brought under the proposed ministry. It was also suggested that ecological surveys and measures for the conservation and promotion of the traditional music, dance customs, and festivals, to be carried out.

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

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

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

Shrestha (1999), in her PhD thesis entitled "Tourism in Nepal: Problems and Prospects" mainly aimed to concern with the problems and prospects of tourism in Nepal. Her study identify the basic problems of tourism on the basis of its contribution to national economy status of tourism infrastructures, review of the planning and policies of the government exports in the sample, and also analyzed the trend of foreign exchange earnings and share of tourism receipts to gross domestic product. She has pointed out that Nepal has not been able to introduce and diversify new tourism products. On the other hand, the experts are of the opinion that the problem of the air accessibility, lack of proper marketing and promotional strategy, pollution, lack of required infrastructure, lack of co-ordination, frequent, frequent change in government as well as lack of political commitment are the short coming of tourism industry in Nepal. Despite of the various problems, she added, the prospects of tourism are bright in Nepalese economy in generating employment, contributing to national GDP and also for over all development of the economy. Shrestha found that the role of tourism in economic development is significant in Nepal. The net earnings from tourism are greater than some other sectors. The share of tourism in terms of GDP came down to 3.2 percent in 1997, which was 4.1 percent in 1993/94. But the convertible foreign exchange increased by 10.74 percent during the period 1974/75 – 1996/97. Despite these facts, tourism is one

of the main contributors of convertible foreign currency sharing 16 percent of total exchange earning in 1996/97.

Pradhananga (2000), in his book 'Tourists' Consumption Pattern and its Economic Impact in Nepal' had presented the changing pattern of tourists' employment and national revenue. The study has analyzed the direct, indirect and induced effect of tourist expenditure on Nepalese economy as well as has examined both forward and backward linkage of tourism, impacts of goods and services, and employment generation. The study has shown that the tourism sector contributed 37.99 percent as direct expenditure and the benefits of tourist money mainly went to hoteliers, travel and trekking agencies and airlines. The direct import content was 33.49 percent in tourism sector, 17.34 percent in tourism related sectors and 8.94 percent in non-tourism sector, the study has added, thus an increase in imports. This also mentioned that the revenue at current price increased to Rs. 314.97 million in 1987/88 from 34.91 million in 1974/75. The analysis has also shown the impact of tourist expenditure on employment. The direct employment opportunities generated were 12.41 percent in tourism sector, 32.88 percent in tourism related sectors and 54.71 percent in non-tourism sector. Upadhyaya (2003), in his Ph. D. dissertation entitled "Tourism as a Leading Sector in Economic Development of Nepal", he has said that many countries have made efforts to promote tourism as a means of economic development. This development in various countries remains confirmed to local and regional level or helped the national economy as a whole. It is because tourism is considered as an inexhaustible industry that has potential to improve further as the tourism industry is developed gradually. As W. W. Rostow has made it clear that in the process of economic development of a backward country, some sectors must play the role of a leading sector. So that not only the sector(s), in question, grow rapidly but also have the capacity to move other sector of the economy forward. This process leads the entire economy on higher growth path. He has depicted the fact that the tourism sector has been improving its significance in the economy. It has been improving its significance in the economy. It has been estimated that the activities related to tourism sector has stringing decrement effect on the other activities of the economy. Beside foreign exchange earnings, it is equally important to employment. Further, he argued that, no doubt, Nepalese economy is moving faster and faster on the path of globalization. Although tourism is important for a developing country like Nepal, there is a dearth of literature relating to marketing and promotion of tourism. . In view of the importance of marketing and need for Nepal to go for extensive promotion, the present study about the marketing strategies taken by Nepal Tourism Board has been initiated.

2.7 Review of Thesis works:

Hirachan Bijay Lal (2003), in his Master's thesis entitled 'A study on e-marketing used by Travel agencies' has presented the effectiveness of e

marketing used by travel agencies to promote tourism industry. In order to find the perception of travel agencies regarding e- marketing prospect practiced in tourism sectors. The writer has taken following objectives into consideration.

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

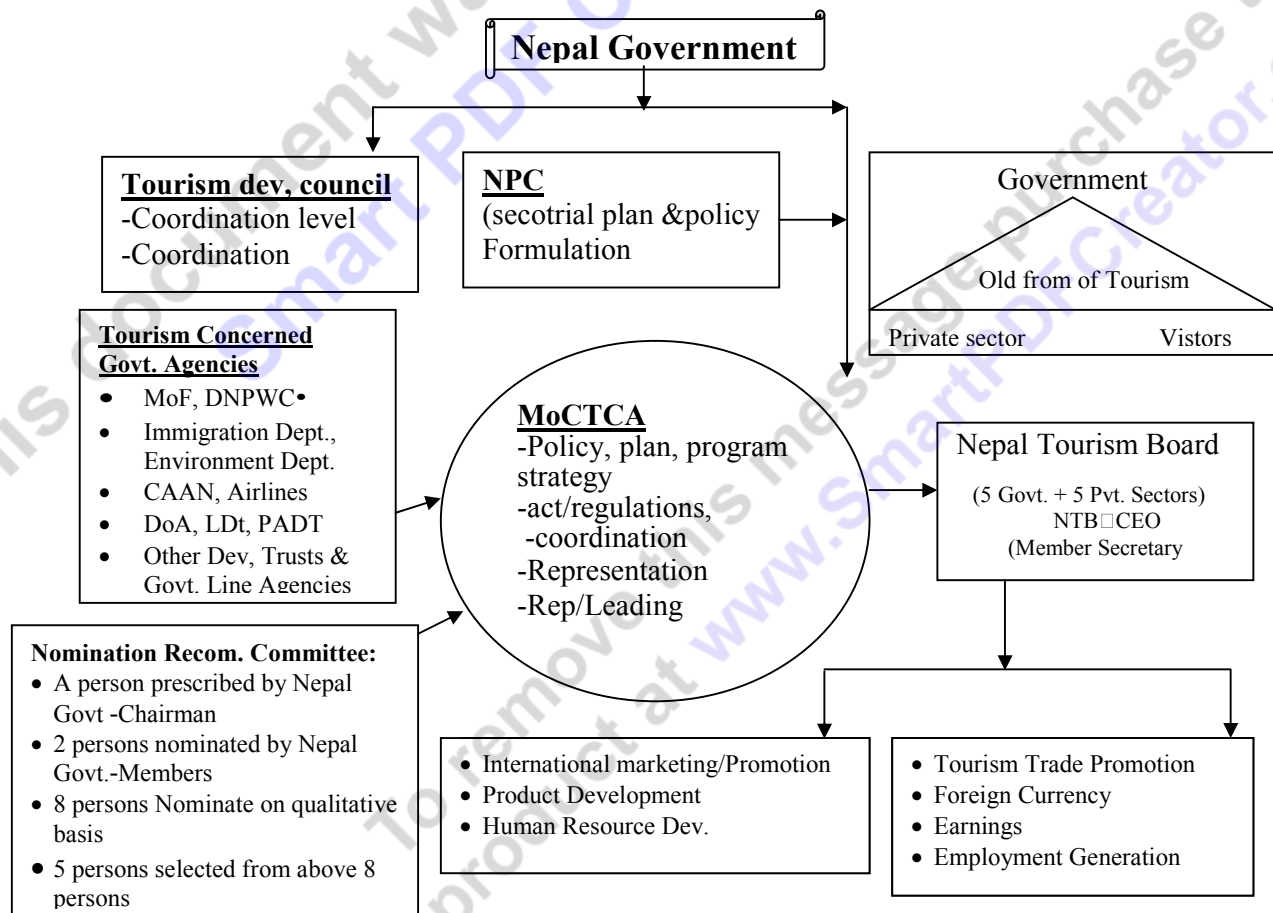
In his study, to determine the objective of research Hirachan had conducted a field survey, in which 25 were complete out of 30 responses. The majority of the survey respondents reported that the current situation of travel and tourism is poor (80%), only 12% respondents seems satisfied with the current situation of travel and tourism industry of Nepal. There was comparative view about the region from where most tourists used to come. 56% respondents believed from Europe and 40% believed to be from Asia. As regards to the promotion medium, which the respondents' prefer, it seems that 56% prefer personal contact for promotion whereas 28%, 24% and 4% respondents respectively prefer website, e marketing and magazines. Similarly, the study has presented that most travel agencies (84%) do have websites published on web, whereas only (16%) do not have websites and reason for having websites is for promotion (71.42%) respondents responded but 28.57% responded kept websites for providing information. In the same ground 71.42% respondent rated their website is performing below expectation where as 28.57% respondent's believe they got what they have expected from website out of total respondent's majority of respondents (72%) had an idea about e-marketing and 56.52% of respondents were using search engine submission and only 4.34% were using tourism related directories a marketing promotional tools. About the contribution made by Internet on tourism sector, majority of the respondents (88%) were satisfied by the contribution made by Internet for promoting tourism in Nepal. Finally, he concludes that most of the travel agencies know the importance of internet as marketing tools, because most of them have a website and using e-mail on regular basis but due to lack of knowledge, fund and ignorance they are not utilizing e marketing in professional way. If the correct methods of promotion are used on Internet to popularize travel agencies sites definitely, it will contribute to promote tourism sector in Nepal to great extent.

2.8 Review of News articles:

Structure of Public Private Partnership for Tourism Development in Nepal

Tourism is one of the leading industries in Nepal and it was growing by 6-8 percent in average per annual until 1999. However, the development of tourism only for the government side would be helpless. There must be public private partnership for the development of tourism sector. Dr. Upadhyay R. P., a tourism expert, has said that the main objective of tourism should be to active maximum social welfare, so for that we have to promote distributive justice; they must include people from the entire sector. The planning should be pro-poor, pro-country and it should serve everybody in this scenario, Nepal tourism Board, an autonomous promotional institution to develop public and private partnership for tourism development, established in the country. The current existing external intuitional and structural linkage and dependency of tourism development in Nepal presented below:

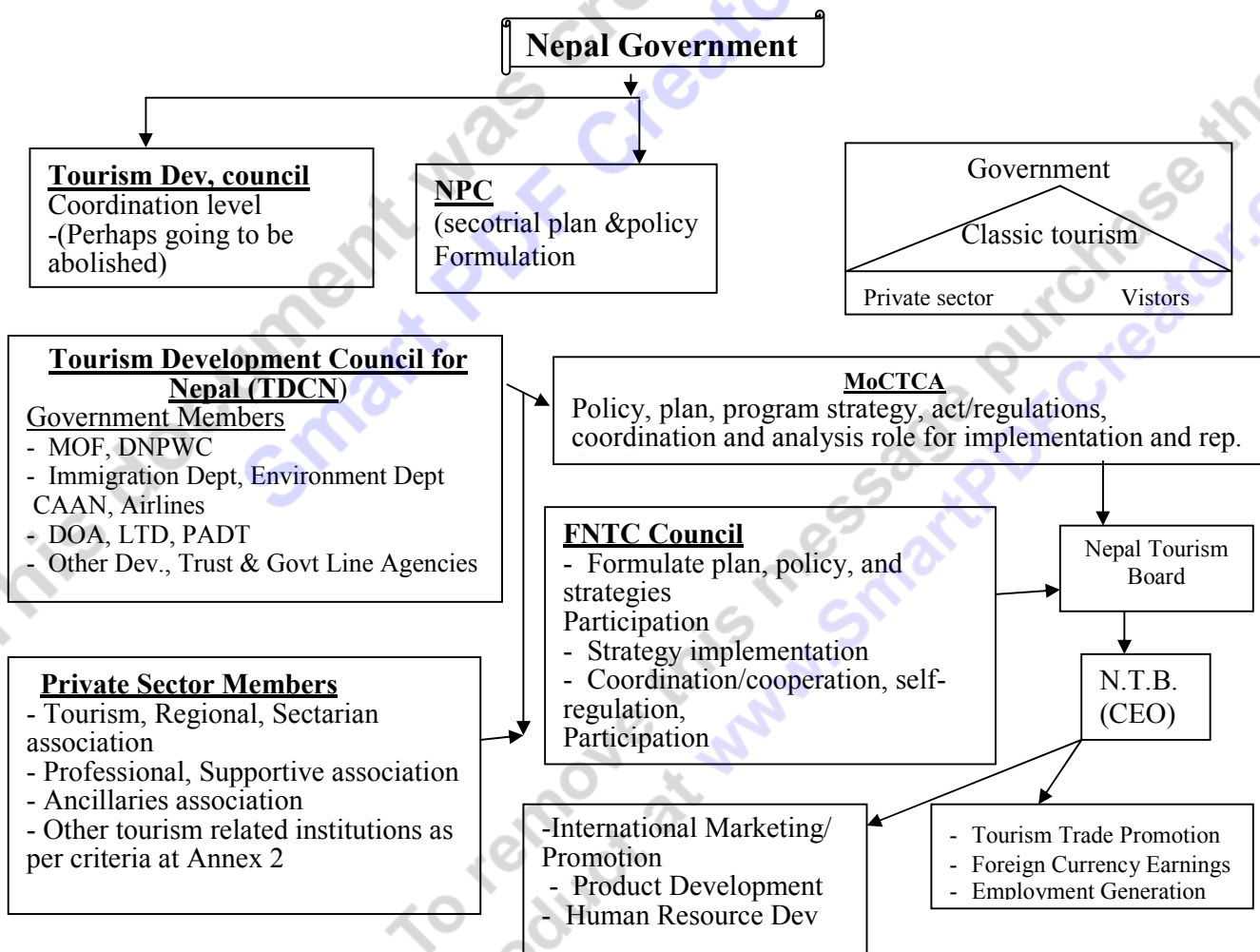
Current Structure of Public Private Partnership for Tourism Promotion in Nepal



Source: NTTR, 2006, Vol.IX, No.38

In The globalization context the existing tourism development structure of Nepal is inadequate and being ineffective. The main cause of being such is due to the political influences, government dependency, political instability etc. Thus, it needs a concept of restructure of structural linkage and dependency of tourism viewing such thing, a need of an aggregate apex body of tourism council is realized to amalgam the tourism concerns and the entrepreneurs relating to tourism. An imaginary external structural linkage and dependency of tourism development in Nepal is presented below, which is under discussion.

Imaginary external structural linkage and dependency of Tourism Development in Nepal under discussion

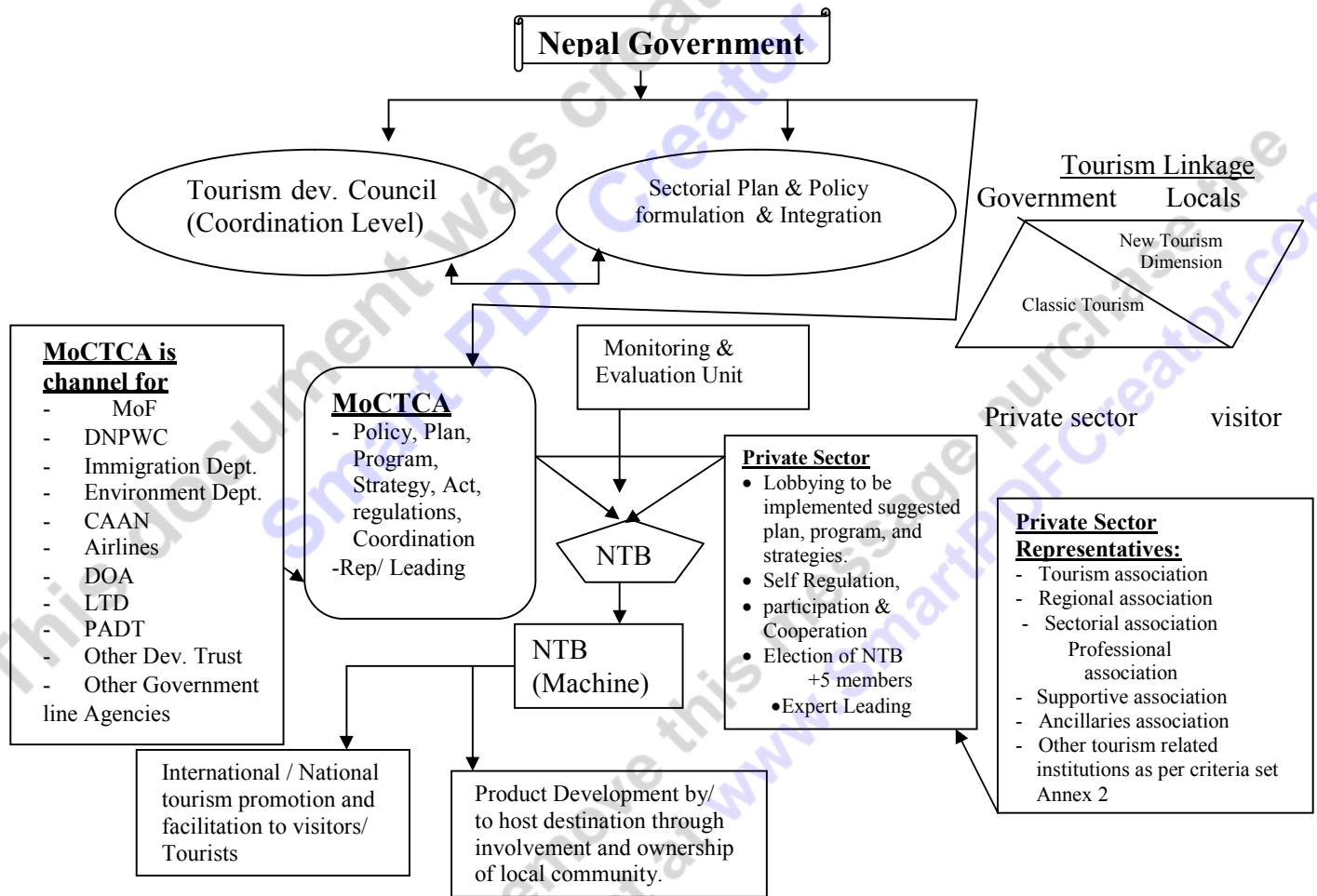


Source: NTTR, 2006, Vol. IX, No 38

Dr. Tuladhar, Gyanendra Ratna has presented an imaginary external structural linkage and dependency of private sector for a real term of sustainable tourism development in Nepal. He has said that if tourism is to be pushed in dynamism,

a private sectors (with any appropriate name) should be chartered by the government, considering four party tourism linkages with a status of independent, self-regulated and a strong tackled lobbying agency to the government as well as the private sectors for overall betterment of tourism. His imaginary external structural linkage and dependency of private sector has been represented as follows:

Dynamic External Structural Linkage and Independency for Sustainable Tourism Developing in Nepal



Source: NTTR, 2006, Vol. IX, No 38

Similarly, Upadhaya Dr. R.P. in his another article headed 'Outlook on development of Nepalese tourism' published on NTTR, Sept 18-24, 2006, has explained the role of NTB to develop Nepalese tourism as follows: Since the political situation is changing, NTB should focus more in the promotion of the country, which can only be possible with the help of stakeholders. Role of

government cannot be denied and therefore it is the time for the ministry and the line agencies to take corrective measures. They should be sincere and work towards developing tourism-the only sector with benefits. Since the main objective of tourism is human welfare and prosperity, the government should promote distributive justice, which can result in mass participation. Government should sincerely work towards the promotion of rural tourism by conducting a high-level national survey and exploring new destinations like Sirubari with receptive capacity and which is easily accessible from the main tourists generating outlets.

At present, Nepal is on media highlights, so this is the right time to cache. NTB instead of going and attending promotional activities in different countries can focus on developing the information technology (IT) section of the board by creating attractive websites with updated news and information on destinations of Nepal. Similarly, Nepal government is playing the role of facilitator, motivator and regulator since ninth plan (1997-2002). National tourism policy of 1995 has emphasized/assigned the above role to the government. However, due to the following reasons, the role of the government should be an incentive provider as to compete with the growing competitors like India, Bhutan, Srilanka and Maldives, and also to develop and diversify the tourism products by creating new tourism destination and to endure the present critical situation. He concluded that proper attention would be paid towards the several natural and cultural sites that possess great tourism potentiality. Sincere efforts are needed to reduce visitor's concentration in Kathmandu and diversify tourism to locations that hold tourism potential. To reduce visitor's concentration in limited areas, the villages in hinterland should be linked with the main trekking routes whenever possible. This can help spread tourism benefits. At the same time, we have to see the other aspects of tourism development very carefully to improve this sector. The struggle against deep routed corruption is a long-term complicated task where we must constantly ring the alarm. We also must punish corruption and build an honest, clean and healthy tourism industry. Every level of party organization must strengthen supervision, administration of party cadres by deepening the anti corruption struggle. Likewise, we have to ensure the security of tourists because the crime is in increasing trend in Nepal, we must check and control it.

Bhandari K (2000), in his article 'Tourism in the New Millennium' posted on 'The independent' has written that Nepal government attaches priority to tourism even though this sector has not been able to receive higher share in government spending due to certain other obligations in basic need areas. A major problem with the Nepalese private sector is that it is small, disorganized and is limited in its capacity to raise resources and invest in the form of equity. The savings/investment rates are low. There is limited exposure to international trends. The culture of state intervention still prevails and is generally accepted.

Similarly, he has added that tourism considered a major component of the Nepalese economy, has so far, been concentrated in a few major locations, and confined to a few major products. We have not been able to add more places of interest to the tourist, so he has claimed for need of the future action. His suggestions are: Despite our immense potentiality, we are unable to exploit the economic benefits proportionate to this, due to poor infrastructure, meager investment and irrational marketing. However, spreading tourism to new places with more activities is of utmost necessity, with the increase of competition among the South Asian countries.

Various policy measures need to be initiated to attract investments in new areas with potentials. These policy measures can be introduced after detailed consultations with the entire travel trade sector and with the mobilization of newly formed Nepal Tourism Board (NTB). In addition, this helps the Board to plan marketing of these zones in advance, which also helps in the marketing budget of the individual private sector in those regions. Their needs to be various reforms carried out in the aviation policy so as to make favorable condition for the airlines to open up in new sectors. The various social and tourist routes need to be redefined. Distinction between commercial and remote routes within social routes is required. Convenient facilities of Hotels and services, availability of tourist goods and guides, availability of exchange counters for currency, transportation facilities, availability of proper information, good security measures are also the major issues to be considered when formulating the policies to develop tourist industry. Nepal Tourism Board should be very clear in its marketing strategies. Advertisements should be well connected with the events taking place in the country, efforts should be initiated to make documentaries, and they should be telecast through various international channels. Finally, a very strong research base will certainly help in effective planning. Various studies have been undertaken mostly however, confining to enquire the economic impact. Although tourism is important for a developing country like Nepal, there is a dearth of literature relating to marketing and promotion of tourism. In view of the importance of tourism marketing in Nepal, need to go for extensive promotion of good production and services in respect to this sector. Thus, the present study about the potentiality of tourism market in Nepal to grow Nepalese economy by promoting production and services is very crucial and foresee to bring new strategies to face many new challenges. So far, the marketing strategies initiate by Nepal Tourism Board has been seen as encouraging but is not sufficient.

CHAPTER – III

RESEARCH METHODOLOGY

The work, which we are going to do, is a research work. Research itself is an investigation undertaken in order to discover new facts or get additional information, which could be use to take new strategy to go ahead in any work. The methodology applied in the research work called research methodology. Research methodology is the most important aspect of research work. Reliable and relevant study can made possible only by applying scientific method. Hence, the primary purpose of this chapter is to discuss and design the framework for the research. Different procedures have been followed in the process of this work.

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

3.1 Selection of Study Area/Topic

As the area of study is concerned, the overall marketing and promotion activities of National tourism organization, Nepal Tourism Board was selected as main topic of study. As Nepal Tourism Board is the main actor of marketing and promotion of Nepalese tourism, the operational model of such activities were studied. Mainly, how Nepal Tourism Board is carrying out its marketing and promotional programs in main markets, how is the tourist arrival from abroad, how is the internal environment managed for tourists, these aspects were being studied. The present tourism activities lie in different regional markets, so the concentration on the study is very significant.

3.2 Nature and source of Data

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

3.3 Methods Used in Collection of Primary Data

For the purpose of primary data collection, field survey conducted in February/March 2010. During the survey, altogether 50 respondents were surveyed. Among them, 35 were tourists from different countries and 15 were travel trade companies (trekking and tours). The survey was completed through random sampling for tours and travel companies. Apart from that, tourism professionals and experts were interviewed and their perception and opinion about present tourism scenario and marketing activities were collected and later used while preparing recommendations. All the information were analyzed and presented

3.4 Tools and Techniques Used in Data Analysis

There are several scientific technique used to fulfill the requirement of the study in the field. The primary data were collected during the fieldwork through interview and questionnaire with different people such as tourists, tours business people, tourism professional and experts. Information collected from questionnaire were transformed and tabulated. Information were grouped, sub-grouped and classified as necessary. The systematic analyses have been done using quantitative as well as qualitative techniques. Simple statistical data tools such as percentage, weighted average etc. had been used to analyze the data and table charts, diagrams; pie charts were used for the presentation. The study is mainly descriptive and the analysis of the result is described logically.

CHAPTER - IV

DATA ANALYSIS AND PRESENTATION

4.1 INTRODUCTION OF NEPAL TOURISM BOARD (NTB)

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

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

NTB is promoting tourism in the domestic and international market and is working towards repositioning the image of the country. It aims to regulate product development activities in future. Fund for NTB is collected in the form of tourist service fee from departing foreigners (passengers) at the Nepal International Airport (NIA) keeping it financially independent. The Board being a statutory institution has statutory duties assigned to it. Nepal government has also established a defined funding mechanism to finance the promotional efforts of the board. The board is established to work as a professional and dynamic NTB to address the pressing need by designing specific brand image for Nepal as a travel destination and supports the same by self-sustained promotional campaigns. The new tourism brand i.e. marketing slogan of Nepal is “Unleash yourself.....Naturally Nepal, once is not enough.”

4.1.1. Objectives of NTB

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

‘The Nepal tourism Board Act, 2053’ has set up its objectives as followings:

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

4.1.2. Roles and responsibilities of Nepal Tourism Board.

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

1. To develop and introduce Nepal as an attractive tourist destination in the international marketplace.
2. To promote the tourism industry in the country while working for the conservation of natural, environmental and cultural resources.
3. To work towards increasing the gross domestic product and foreign exchange income by means of promoting the tourism industry. To work towards increasing employment opportunities in the same industry.

4. To develop Nepal as a secure, dependable as well as attractive travel destination by establishing a respectable image of Nepal in international travel trade community.
5. To work towards providing quality, service to the tourist visiting Nepal.
6. To study the bottlenecks against the same by means of conducting research and implementing the results of such research in order to do away with these bottlenecks.
7. To promote and develop institutions for the promotion of tourism industry.

4.1.3 Organizational structure of NTB.

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

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

4.2 Resource Allocation Plan Wise Allocation of Resources

Table -1

Allocation of Resource in Various Plans (Rs. in millions)

Plan Period	Total Plan Outlay	Tourism Outlay	Percentage share of tourism in total outlay	Plan wise growth rate of tourism outlay
First Plan(1956-61)	330	1.0	0.30	-
Second Plan(1962-65)	600	2.0	0.33	100
Third Plan(1965-1970)	1,740	5.0	0.29	150
Fourth Plan(1970-75)	2,570	5.0	0.19	0.0
Fifth Plan(1975-80)	11,404	20.0	0.18	300
Sixth Plan(1980-85)	21,750	60.0	0.28	200
Seventh Plan(1985-90)	29,000	74.0	0.26	24
Eighth Plan(1992-97)	1,13,479	1,088	0.96	1370
Ninth Plan(1997-2002)	1,89,580	1,707	0.90	57
Tenth Plan(2002-07)	1,78,350	1,979	1.10	15.93
Eleventh Plan(2007-10)	2,80,301	1,970	-0.70	-0.45

Source: Various Development Plans, NPC, and Nepal Govt., 2010

The GON has given some places for tourism development from the first five years plan to the current eleventh plan (3 Year's Interim Plan). The outlay allocated for tourism development has increasing trend from 1.0 million in first plan (1956-61) to 1979.0 million in tenth plan but the percentage of total outlay allocated to tourism has fluctuating trend (Table-1). It was 0.30 percent of total outlay in first plan (1956-61) and increased to, 0.33 percent in second plan (1962-65). Thereafter it declined to 0.29 percent in third plan and further 0.18 percent in fifth plan. In similar way, it increased to 1.10 percent of total in tenth plan outlay. On the other hand, the plan wise growth rate of tourism outlay in second plan was 100 percent i.e. in second plan; there was double amount of tourism outlay in comparison to the first plan. However, the highest growth rate of tourism outlay was in Eight Five Year Plan with 1370 percent increase in tourism outlay in comparison to the previous plan period. In Tenth Five Year Plan, the share of tourism outlay is 1979.0 million rupees, which is 1.10 percent of total tenth plan outlay. In the Eleventh Plan, it has framed as 3 Year's Interim Plan irrespective of previous 5-year's Plan. That is the reason the tourism outlay and the growth rate of tourism outlay has decreased by 0.70 and 0.45 percent respectively in the eleventh interim plan in comparison to tenth plan. However, in the current condition it is very necessary to improve this share further to develop the tourism sector for the largest benefits in the economy.

4.3 Tourist Inflow in Nepal

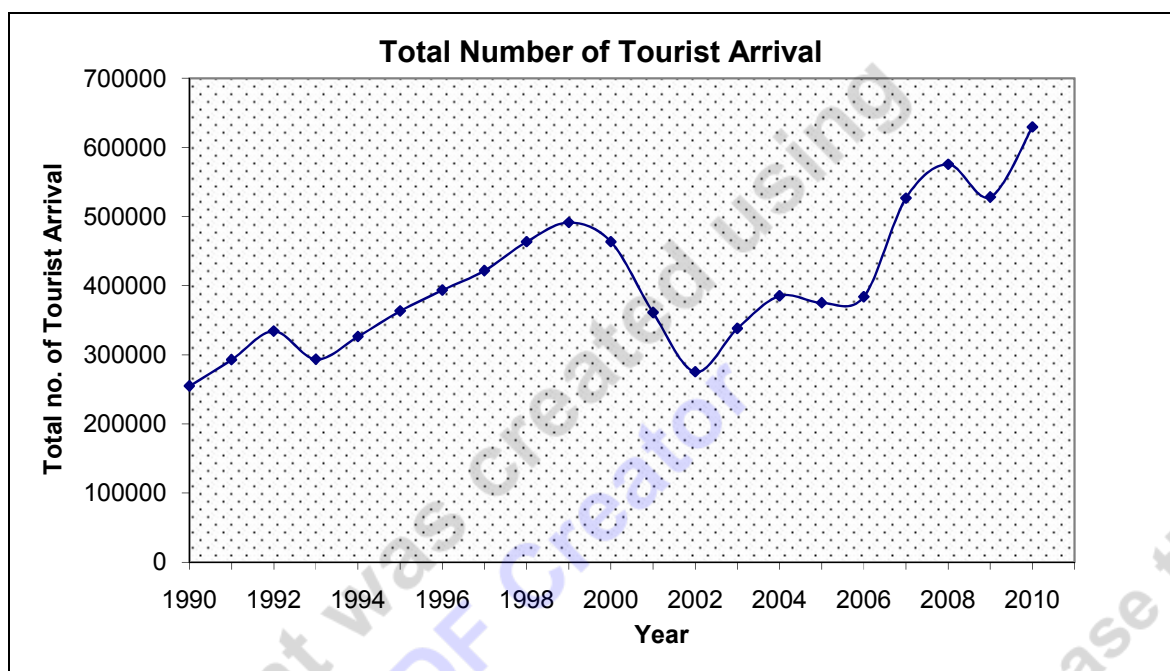
Table- 2
Tourist Arrivals and Average Length of Stay (1985-2010)

Year	Total No. Of Tourist	Average Growth Rate	Average Length of Stay
1985	180989	-	11.3
1986	223331	23.39	11.16
1987	248080	11.08	11.98
1988	265943	7.2	12.00
1989	239945	-9.78	12.00
1990	254885	6.23	12.00
1991	292995	15.0	9.25
1992	334353	14.1	10.14
1993	293567	-12.2	11.94
1994	326531	11.2	10.00
1995	363395	11.3	11.27
1996	393613	8.3	13.5
1997	421857	7.2	10.49
1998	463684	9.9	10.76
1999	491504	6.0	12.28
2000	463646	-5.7	11.88
2001	361237	-22.1	11.93
2002	275468	-23.7	7.92
2003	338132	22.7	9.60
2004	385297	13.9	13.52
2005	375398	-2.6	9.09
2006	383926	2.3	9.50
2007	526705	37.2	10.02
2008	575696	39.5	12.02
2009	528241	-8.17	11.06
2010	602867	19.2	12.50

Source: Economic Survey-1995 and Nepal Tourism Statistics 2010

Only from the initiation of First Plan (1956-61), the government started to invest in tourism sector and only after that period, the inflow of tourists started to increase. This shows that the investment in this sector has positive impact on tourist arrival as well as economic development of Nepal increasing tourism activities and foreign exchange earnings. The Table-2 has shown the arrival of tourists in Nepal since 1985. From this table we find the average growth rate of tourist's arrival is increasing except in some years, which is affected by internal conflict

Chart-1 TOURIST ARRIVALS (1990-2010)



The growth rate of tourist arrival is positive in all the years except in 1993, 2000, 2001 and 2003 due to various causes including terrorism. The total arrivals increased to 338132 in 2003 while in 1990 it was only 250,000. There was rapid arrival growth until the year 1992. In 1993, it decreased by -12.20 percent and reached 293567 numbers. After the year 1993 it increased but with low growth ratio. After the tourism promotional program 'visit Nepal 1998', the tourist arrival growth rate increased by 9.9 percent in 1998 with 491504 number of tourist. After this, the tourism sector faced a critical condition. In the year 2000, 2001, and 2002 the arrival largely decreased with -5.7 percent, and - 23.7 percent respectively. However, after the year 2002, there was positive sign in this sector with growth rate 22.7 percent in 2003 and 13.9 percent in 2004. Although Nepal is considered in abroad as a country of natural beauty but the arrival of tourists declined in 2000, 2001, 2002 and 2005 due to the climax effects of conflict. However, it increased again by 37.2 % in 2007 and reached the numbers of tourists arrived as 526705. After the years 2008 rapidly increase growth rate by 39.5 percent and no. of tourist arrive 575696. In 2009 tourist growth rate is decrease by (8.17) percent of 528241 numbers. However, after the year, 2010 there was positive sign in this sector with growth rate increase by 19.2 percent and no. of tourist arrived as 629665, when the conflict was over.

Similarly the table represents annual average length of stay of tourists, which fluctuate between 9 and 13 days. In 1985, average length of stay was 11.30 days, which gradually increased up to 12.00 days in 1990. After this in 1991, it recorded only 9.25 days. However, in 1996 it increased to 13.50 days. Similarly,

with such fluctuating trend the average length of stay in 2002 recorded 7.92 days with 23.7 percent decrease in tourists' arrival in comparison to the previous year. However, with the help of DNC it increased to 9.60 days in 2003 and 13.52 days in 2004, After 2005 average length of stay was decreased 9.09 days which gradually increase on 2006 to 2008. In 2009 average length of stay was snidely decrease by 11.06. In 2010, average length of stay is increase by 12.5 days, which is the highest record of average length of stay in 2004. It can observe that the average length of stay between the years 1985 to 2010 is 11.24 days. There is close relationship between the length of stay of tourist and economic benefit to the country. Similarly, the foreign exchange earnings also depend upon how long tourists stay in Nepal. The length of stay depends on the attraction of our diversified cultural, natural heritages, tourism sites and accommodation provided to them during their stay. For this there should be an improvement on the facilities such as transportation, communication, visa regulation, diversified tourist package etc. should be explored and developed.

4.3.1 Tourist Arrival by Continents: -

Table-3

TOURIST ARRIVALS BY CONTINENT (1962-2010)

Year	North America	Central & South America	West. Europe	East. Europe	Africa	Asia	Australia & Pacific	Others	Not Specified	Total
1962	3,724	54	1980	22	8	250	117	24	.	6,179
%	60.3	0.9	32.0	0.4	0.1	4.0	1.9	0.4	0.4	100.0
1970	15,992	584	22346	440	100	3841	2667	0	0	45,970
%	34.8	1.3	48.6	1.0	0.2	8.4	5.8	0.0	0.0	100.0
1974	17161	844	40455	960	184	24782	5405	47	47	89,838
%	19.1	0.9	45.0	1.1	0.2	27.6	6.0	0.1	0.1	100.0
1978	23,545	1,927	66876	1522	475	52438	9214	126	126	1,56,123
%	15.1	1.2	42.8	1.0	0.3	33.6	5.9	0.1	0.1	100.0
1982	20,012	1,754	68696	1414	768	73817	8424	563	563	1,75,448
%	11.4	1.0	39.2	0.8	0.4	42.1	4.8	0.3	0.3	100.0
%	12.5	0.8	39.3	1.2	0.2	38.0	6.0	3.0	3.0	100.0
1990	26,343	1,872	110750	3275	611	98320	13108	606	606	2,54,885
%	10.3	0.7	43.5	1.3	0.2	38.6	5.1	0.2	0.2	100.0
1991	24,027	2,202	110425	3126	956	140025	10476	1758	1758	2,92,995
%	8.2	0.8	37.8	1.1	0.3	47.8	3.6	0.6	0.6	100.0
1992	27,356	2,727	132555	2553	1263	156312	10893	694	694	3,34,353
%	8.2	0.8	39.7	0.8	0.4	46.8	3.3	0.2	0.2	100.0
1993	25,283	2,612	122064	3016	985	128812	9806	989	989	2,93,567
%	8.6	0.9	41.6	1.0	0.3	43.9	3.3	0.3	0.3	100.0

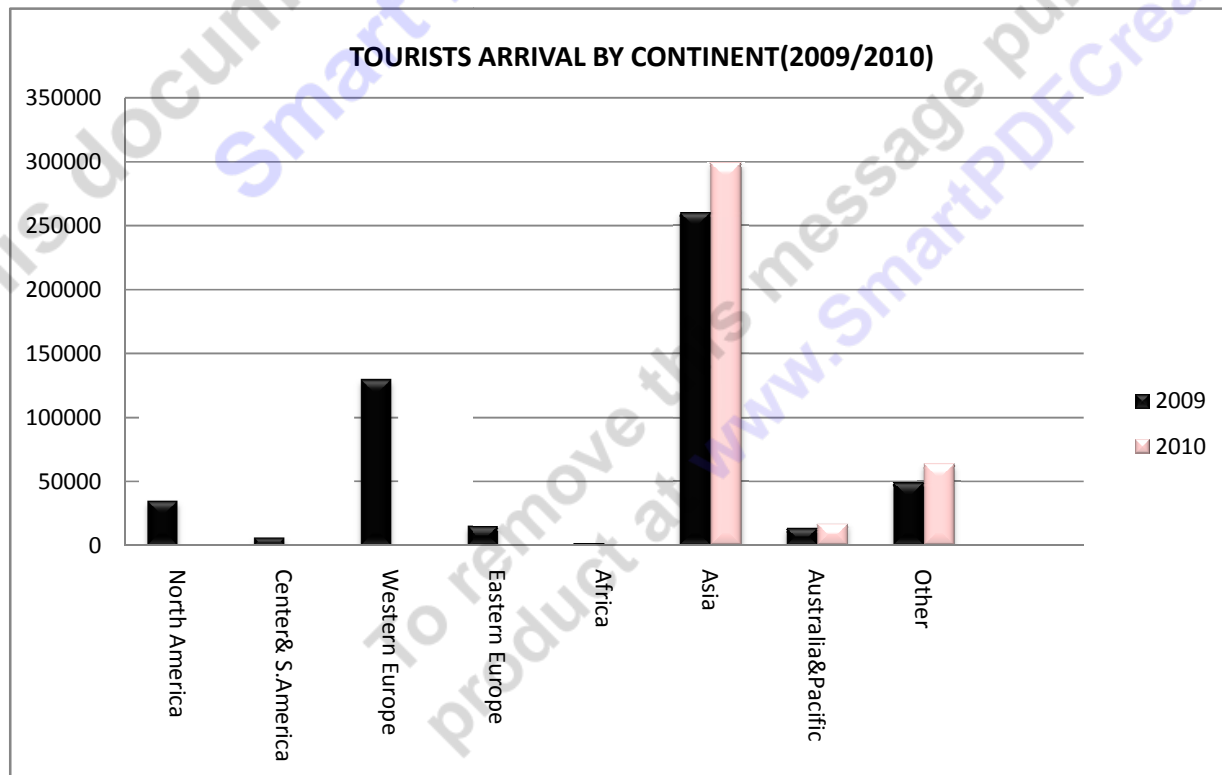
1994	26,078	3,083	132518	2664	915	150982	9905	386	386	3,26,531
%	8.0	0.9	40.6	0.8	0.3	46.2	3.0	0.1	0.1	100.0
1995	29,702	3,049	133809	3860	1073	180377	11499	26	26	3,63,395
%	8.2	0.8	36.8	1.1	0.3	49.6	3.2	0.0	0.0	100.0
1996	30,635	4,230	132787	6114	1775	205809	12233	30	30	3,93,613
%	7.8	1.1	33.7	1.6	0.5	52.3	3.1	0.0	0.0	100.0
1997	36,301	4,554	137028	6416	1645	222849	13047	17	17	4,21,857
%	8.6	1.1	32.4	1.5	0.4	52.8	3.1	0.0	0.0	100.0
1998	43,038	5,937	151070	6741	1795	240460	14635	8	8	4,63,684
%	9.3	1.3	32.5	1.5	0.4	51.9	3.2	0.0	0.0	100.0
1999	46,910	6,096	164913	6723	1857	249793	15207	5	5	4,91,504
%	9.5	1.2	33.5	1.4	0.4	50.8	3.1	0.0	0.0	100.0
2000	46,032	6,076	159325	6992	2040	224532	15641	8	8	4,63,646
%	10.6	1.3	34.3	1.5	0.4	48.4	3.4	0.0	0.0	100.0
2001	39,120	4,634	131661	6201	1596	164989	13036	-	-	3,61,237
%	10.8	1.3	36.4	1.7	0.4	45.7	3.6	0.0	0.0	100.0
2002	21,265	2793	87912	5276	1132	148670	8420	-	-	2,75,468
%	7.7	1.0	31.8	1.9	0.4	54.0	3.1	0.0	0.0	100.0
2003	22,992	2,262	95162	6451	1612	200045	9608	-	-	3,38,132
%	6.8	0.7	28.1	1.9	0.5	59.2	2.8	0.0	0.0	100.0
2004	25,505	4,373	116505	7661	1161	218387	10947	-	-	3,84,529
%	6.6	1.1	30.2	2.0	0.3	56.7	3.0	0.0	0.0	100.0
2005	22,853	3,559	98,046	8,263	1,302	2,30,282	8,317	-	-	3,72,622
%	6.1	0.9	26.1	2.2	0.3	61.3	2.9	0.0	0.0	100.0
2006	24,566	4,764	97,278	10,613	1,125	2,31,812	9,763	-	-	3,79,921
%	4.7	0.9	18.5	2.0	0.2	44.8	1.9	0.0	0.0	100.0
2007	37,182	6,486	1,40,630	16,634	1,350	3,04,225	14,506	2,177	0.0	5,23,190
%	7.1	1.2	26.7	3.9	0.3	57.8	2.8	0.4		100.0
2008	35874	6186	134587	14566	1230	255682	14707	37445	0.0	500,277
%	7.17	1.24	26.9	2.91	0.25	51.1	2.94	7.49		100.0
2009	35084	5984	129844	14847	1341	260269	13461	49126	0.0	509,956
%	6.88	1.17	25.46	2.92	0.26	51.04	2.64	9.63		100.0
2010*	39088	7245	137164	15868	1945	318912	18838	63,807	0.0	602867
%	6.00	1.2	23.26	2.63	0.32	52.89	3.12	10.58		100.0
Year	North America	Central & South America	West. Europe	East. Europe	Africa	Asia	Australia & Pacific	Others	Not Specified	Total

*Provisional

Source: Nepal Tourism Statistics, 2010

The above table shows the tourist arrival from different continents such as Asia, North America, South America, Western Europe, Eastern Europe, Africa, Australia and Pacific. In 1990, the major share of tourist arrival was of Western Europe (43.5%) and Asia (38.6%) as shown in Table-3. But in 1962 the highest share was of North America (60.3%) and, 32.0 percent from Western Europe and 4.0 percent from Asia. The arrival from Western Europe has average share to the total arrival i.e. 43.5% in 1990 to 26.1 percent in 2005, where as the arrival share of North America has been declining 60.3 percent in 1962 with 3rd position (the lowest share) and 61.3 percent with first position (the highest share). This may be due to the economic co-operation with Asian countries as well as neighborhood and religious and cultural similarities. If we see the trend after 2000, the share of Asian countries is highest; the second highest share is of Western Europe and third is of North America. In 2010, the share of Asia, Western Europe, North America, Central & South America, Eastern Europe, Australia & Pacific and Africa were 51.5, 23.26, 6.0, 1.2, 2.23, and 3.23 percent respectively whereas the total tourist arrival was 602867. The share of tourist's arrival from Asia is 51.5 % in 2007, which is highest, and the second position is of Western Europe as 23.26 % as shown in the table.

Chart-2 ,Tourists arrival by continent (2009/2010)



Source: Nepal Tourism Statistics, 2010

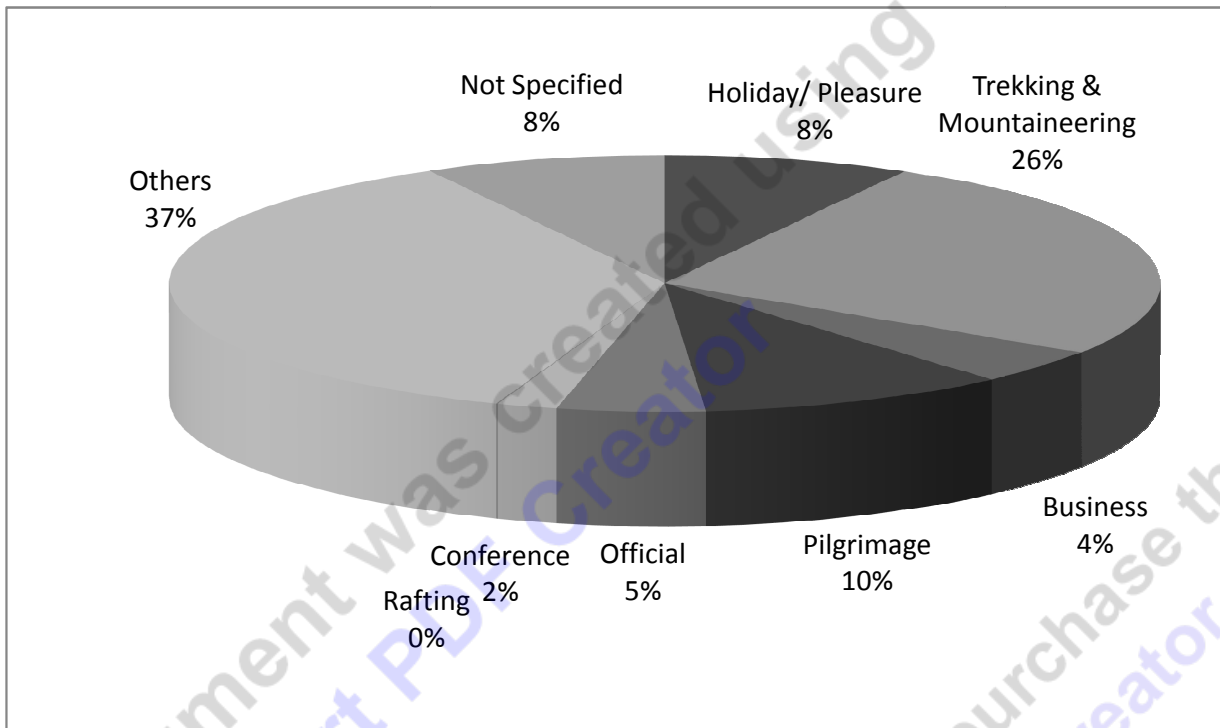
4.3.2 Table No-4
Tourist arrival by purpose of visit from major Nationalities, 2009

Nationality	Holiday/ Pleasure	Trekking & Mountaineering	Business	Pilgrimage	Official	Conference	Rafting	Others	Not Specified	Total
Australia	836	5,053	511	625	411	317	6	7,136	565	15,461
Austria	94	1,310	86	125	123	15	-	1,297	266	3,245
Canada	912	2,146	249	483	313	102	9	4,081	670	8,965
Denmark	176	1621	155	221	196	49	4	1,829	213	4,464
France	892	8,327	400	819	295	135	6	9,617	1,663	22,154
Germany	735	6,903	612	682	614	258	8	8,236	1,198	19,245
India	4,596	7,796	8,835	12,406	10,234	3,919	44	34,913	11,141	93,884
Italy	345	1884	216	157	159	141	4	4,479	597	7,982
Japan	4,107	4,427	1,101	693	930	243	3	9,847	1,094	22,445
Netherland	479	3,873	284	732	309	68	3	4,806	593	11,147
Spain	659	2,905	125	337	62	39	7	7,769	1,103	13,006
Switzerland	158	1929	128	187	227	52	3	2,251	346	5,281
Srilanka	68	23,336	505	8,374	711	346	-	2,908	114	36,362
U.S.A	2,465	5,789	1,238	1,554	1,370	366	37	16,438	2,786	32,043
U.K.	1,714	10,412	1,062	1,270	1,355	379	66	16,142	2,982	35,382
Belgium	185	1,258	91	100	123	52	1	2,659	363	4,832
Bangladesh	4,537	2,055	548	185	1,410	765	5	3,858	2,022	15,385
China	4,080	8,910	1,932	3,406	1,119	433	19	10,258	2,113	32,272
Israel	436	2,,022	208	160	125	30	-	2,108	790	5,879
SouthKorea	5,273	3,862	1,047	1,069	387	190	2	3,333	982	16,145
Singapore	143	773	268	554	41	87	7	3,218	253	5,344
Thailand	1,060	9,404	348	9,969	368	182	1	5,580	485	27,397
Others	7,040	16,934	2,809	7,434	3,707	1,817	50	24,085	7,759	71,635
Total	40,992	1,32,929	22,758	51,542	24,518	9,985	285	1,86,849	40,098	5,09,969

Source: Nepal Tourism Statistics 2009, MOCTCA.

Tourist's arrival by purpose of visit 2009

Chart-3



Source: Nepal Tourism Statistics 2009.

The table-4 shows the tourist arrival by the purpose of visit from major Nationalities in 2009. The arrival also represents the interest of nationals of these countries such as the Australians have the interest in holiday/pleasure, trekking and Mountaineering. Similarly, the national of Austria, Canada, Denmark, France, Germany, Italy etc are interested in holiday pleasure, trekking and Mountaineering. Regarding the interest, other countries, especially Asian has interested on pilgrimage and others such as holiday pleasure and trekking & Mountaineering. Mostly the tourists from India use to visit Nepal for Business Purpose. Thus, the marketing area of tourism to be explored by NTB has in different countries based on their interest. The data has shown that different nationals have different types of purpose or motives to visit Nepal. The Srilankans are mainly used to visit Nepal with the pilgrimage purpose. Similarly, Spanish give importance on holiday pleasure. Therefore, the marketing objective for tourism development should be different in different countries to increase tourist arrivals and their length of stay.

4.3.3 Average Length of stay

Table-5

ACTUAL LENGTH OF STAY BY MAJOR NATIONALITY, 2009

Nationality	No.of tourist's Days	Same Day Visitors	No: of Departure with specified length of stay	Average Length of Stay
Australia	2,77,268	448	15,222	18.21
Austria	51,834	74	3,272	15.84
Canada	1,51,910	311	9,056	16.77
Denmark	69,334	125	4,822	14.38
France	3,31,471	735	22,486	14.74
Germany	3,09,343	477	19,540	15.83
India	9,34,908	-	1,02,126	9.15
Italy	97,945	162	8,033	12.19
Japan	2,80,234	829	23,226	12.07
Netherlands	1,57,142	893	11,292	13.92
Spain	1,33,265	541	12,840	10.38
Sri-Lanka	2,57,559	15,259	37,201	6.92
Switzerland	87,447	69	5,578	15.68
U.K.	4,98,522	1,018	35,390	14.09
U.S.A.	4,35,545	666	32,419	13.43
Others	19,78,705	17,081	1,92,210	10.29
Not stated	60,054	-	5,471	10.98
Total	61,12,486	38,688	5,40,184	11.32

Source: Nepal Tourism Statistics 2009

From the data of Table-5, the highest No. of Tourist's Days in 2009 is of Indian nationals as 9, 34,908 days, second is of British nationals as 4,98,522 days and the third is of Americans as 4,35,545 days. However, the highest length of stay in average is of Australian tourists as 16.25 days, second is U. K as 16.23 days and the third is Denmark as 18.21 days. However, the length of stay of Sri-Lankan tourists in average is very short that is 6.92 days only. Due to being the highest number of tourist's arrival from India, the days of stay of Indian tourists has been as highest although the average length of stay is very short. From the above-mentioned data we can see the future prospects very positive from European and American tourists if we could be able to extend and explore areas and destinations of tourism marketing.

4.4 Marketing Tools used by NTB for Destination promotion:

Since its inception in 1998, NTB has been using different strategies in order to promote 'Nepal' as an attractive tourism destination. It has been using various marketing tools to compete with other competitors in global tourism market. Based on its annual operational plans, which are prepared annually Nepal Tourism Board uses following marketing tools for destination marketing:

1. Participation in Travel Trade Fair.
2. Advertisement/Sales and Promotion Campaign.
3. Familiarization (FAM) Trips.
4. Press Conferences.
5. Publicity Materials Publications
6. Brand promotion.

1. Participation in Travel Trade Fair

NTB has been participating jointly with private travel trade industry partners in different Travel Fairs organized in different countries. Travel Trade Fairs are important platform for Nepal Tourism Organizations (NTOs) and travel industries for direct approach to consumers. Though regarded it as conventional marketing tool, it has been important to use such Travel Trade Fairs to present Nepal as a destination among potential and existing FITs and tour agents. Following tables show the different travel trade fair where NTB has participated:

1999	2000
TTF, India	Vakantibeur- Netherlands, IITM- India , FITTUR- Spain
ITB, Germany	TTF, India
ITE, Korea	ATM, Dubai, ATTHE Tour Expo
Kwanangdo, Korea	WTM, London, JATA
JATA-Japan, WTM- London Tourism Fair, Czech Republic Arabian Travel Mart, Dubai ITE, Hong Kong	ITB, Germany CITM, (China) BIT, (Italy)
2001	2002
TTF, India	TTF, India
ATM, Dubai	ITB, Germany
ITM, China	Vakantibeur,
WTM, London	PATA Mart, Singapore
ITB, Germany	FITTUR, Spain

2003	2004
TTF, India ITB, Germany WTM, London	TTF, India ITB, CMT, Germany WTM, London
Vakantieur, Netherlands	Vakantieur
JATA ITE, Hong Kong CITM, China	JATA IITM, India ATM, Dubai
IITM, India Tourism Mart Srilanka SATTE, India	CITM, China PATA Travel Mart, Thailand MITF, MATTA, Malaysia

2005	2006
TTF, India	TTF, India
ITB, Germany WTM, London Vakantieur	ITB, Germany WTM, London Vakantieur
JATA	JATA
CMT, Germany CITM, China MITF, Malaysia Nepal promotion in Qatar SATTE, India AICHIE World Expo, Japan Dhaka Travel Mart PATA Travel Mart, Malaysia	CMT, Germany PATA Mart, Hongkong SATTE, India ATTA, World Summit USA DTM, Bangladesh World Travel Fair, Shanghai MITF, Malaysia CITM, China

2007	2008
ITB, Berlin	TTF, India
TTF, India	ITB, Berlin
MITT, Moscow Travel Mart, Bangladesh NATURIVA, Madrid Spain International Evenings, Kolkata	JATA-Tokyo CITM-China MITF-Malaysia MATKA-Finland
WTM, London	KOTFA-S.Korea
	BIT-Italy ATOAI-India Vakantiebusers, Holland
	CMT, Germany

	PATA Travel Mart-India World Travel Market, UK Fitur, Spain
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2009	2010
TTF, India ITB, Germany	TTF, India, Kolkata and Chennai ITB, Germany
WTM, London	WTM, London
Vakantieur JATA CMT, Germany	FITUR, Madrid JATA CMT, Germany
CITM, China	PATA Mart, Hongkong
MITF, Malaysia Nepal promotion in Qatar SATTE, India	BTTF Bangladesh, Dhaka ATTA, World Summit USA GITF Guangzhou, China.

Source: NTB marketing dept. 2010

2. Advertisement/Sales Mission/Promotion Campaign

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

Sales mission & Promotion Campaign: -

Discover India, India –	1999
Joint Campaign with Necon Air –	2000
Nepal Day Program, India –	2000
West Europe Road Show – Europe-	2000
Japan Sales Mission –	2001
US Road Show, USA –	2001
NTB/NAC Joint Promotion Campaign –	2002
Border town Promotion, Sikkim –	2002
NTB sales mission to China- HKG-	2002
Pilgrimage destination promotion, India-	2003
Nepal Evening in Paris –	2003
Nepal Mart, India –	2003
Special India Promotion Campaign –	2004
Sales Mission, China –	2004
Pashupati Darshan package, India-	2004
South East Asian Road Show, (Thailand, Malaysia)	2005
Nepal Promotion in Doha, Qatar –	2005
Nepal Week Program, Singapore –	2005

Nepal Promotion, Beijing, Bangkok –	2006
South India Sales Mission –	2006
India road show-	2007
China sales mission-	2007
India sales mission-	2008
China sales mission-	2008
Australia sales mission-	2008
South-east Asia Sales mission-	2009
China sales mission-	2009
Thailand, sales mission-	2009
China sales mission-	2010
Australia sales mission-	2010
Qatar sales mission-	2010
India sales mission-	2010
India sales mission-	2011
S. Korea Sales Mission -	2011

After the 12 point peace agreement between 7 political parties and NCP (Maoist) the people's movement II got success to over through age-old Royal Regime and converted the country into a republican state. Since then a coalition government was run with NCP (Maoist). Since the inception of the coalition government, the peaceful environment in the country started to be building up. Then NTB started to release press statements to welcome tourists in Nepal. Some of the statements are given below.

Nepal Tourism Board

Press Release June 2010

Welcome to Naturally Nepal

The new Nepal is pacing towards peace and stability after witnessing the historic people's movement and after signing the Peace Accord last year. A new hope has emerged amongst the travel trade fraternity for the upcoming holiday season. With the normalcy and stability restored, tourism in Nepal is sure to boom ahead.

Recently, numerous international airlines have initiated for further added flight frequencies, and some new ones have started fresh flight operations to this beautiful land of Mt. Everest and Lord Buddha. The positive trend in international visitors' arrival figure to Nepal continued on a sharp upward curve with a staggering growth of 78.8 % in 2010. This is a record high growth by air route in the month of April since 2002. Asian countries (Japan, China, Malaysia, Singapore, S. Korea, Taiwan, and Thailand) have contributed a substantial growth of 137.4%. Among the Chinese travelers, the number of arrival to Nepal is increased by 267%. There is around 95% advance booking of all

international airlines flying to Kathmandu and so is the scenario with travel agencies selling tour packages for Nepal. Air China is flying in Chengdu-Kathmandu sector 4 times in a week and China Southern Airlines is already flying in Guangzhou- Kathmandu route twice a week.....

Source: NTB marketing dept., 2010

3. Familiarization (FAM) Trips

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

4. Press Conferences

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

PRESS CONFERENCE:-

Press Meet, India –	2001
Joint PC, Jet Airways – India-	2004
Press Conference, Bangalore, India –	2004
Press Conference, London, Paris –	2004
Press Conference, China –	2004
Tour Operator Meet – Bangladesh –	2004
Press Conference, India –	2005
Press Conference /Photo Exhibition, China –	2005
Press Conference, TTF, Kolkata -	2006
Press Meet, Paris, Europe -	2007
Press Conference, China -	2009
Press Meet, Paris, India -	2010
Press Conference China, Shanghai	2010
Press Meet, ITB Asia, Singapore -	2010

5. Publication of Publicity Material and Website

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



Source: NTB PR & P dept.

6. Brand promotion:

New tourism brand with the slogan 'Unleash yourself', tagline 'Naturally Nepal' and sub tag-line 'Once is not enough' was introduced by Nepal Tourism Board (NTB) in early 2009. With a lot of consumer research and trade consultation process the brand was being introduced. The basic thrust of brand development was to develop BRAND NEPAL as an international tourist destination and regain consumer confidence in the international market by concentration on marketing the experiential product clusters.' Naturally Nepal' is a simple expression that repackages brand Nepal in a positive light.'Once is not enough' not only accurately captures the tourists' emotions at the airport's departure gate but also serves as a decision making tool that enables Nepali tourist industry-individually and collectively to focus on customer retention rather than acquisition.

4.5 Marketing budget allocation by NTB

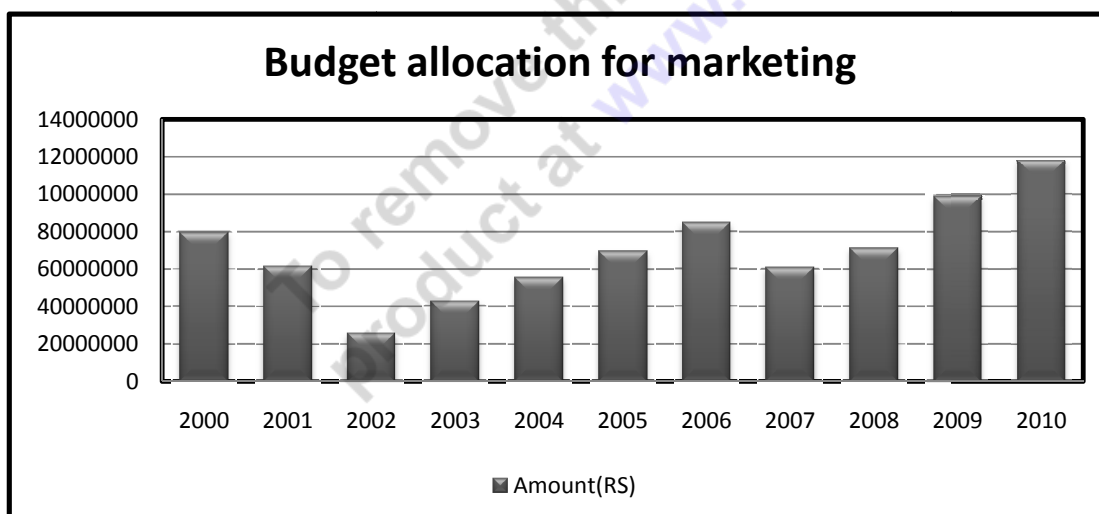
Table-6

Year	Amount (Rs.)	% Change in budget
2000	7,99,07,500	0.00
2001	6,17,98,380	-22.66
2002	2,59,74,113	-57.97
2003	4,27,31,570	83.55
2004	5,54,49,000	29.76
2005	6,98,50,251	25.97
2006	8,49,39,531	21.60
2007	6,10,23,321	-28.16
2008	7,14,00,000	17.00
2009	9,91,31,000	38.00
2010	11,82,68,000	19.00

Source: NTB Operational plan 2000-2010

According to table-6 we find, the allocation of marketing budget by NTB has been increase by 83.55 %, 29.76 %, 25.97 % and 21.60 % in 2003 to 2006 respectively. But due to the effect of conflict it has been decreased by 28.16 %. After the 12 point agreement between 7 political parties and NCP (Maoist) peoples movement-II got success to convert the country into a republican state. Then after the end of Kingship, the coalition government formed and the peace environment built up in Nepal. Because of peace environment, the NTB saw the future of tourism marketing and raised the budget for marketing by 17 %, 38% and 19% in 2008, 2009 and 2010 respectively .and Budget allocation chart is below

Chart-4 Budget allocation for marketing



4.6 FOREIGN EXCHANGE EARNINGS FROM TOURISM

Table-7
FOREIGN EXCHANGE EARNINGS FROM TOURISM (2001/02-2010/11)

Year	Total Foreign Exchange Earnings From Tourism (Rs. in millions)	As % of Total Value Of Merchandise Exports	As % of Total Value of Exports of Goods & Non Factor Services	As % of Total Foreign Exchange Earnings	As % of GDP
2001/02	8,654.3	14.9	10.6	6.1	2.1
2002/03	11,747.7	23.1	15.2	8.2	2.6
2003/04	18,147.4	32.9	20.3	11.4	3.7
2004/05	10,464.0	17.5	12.2	6.1	1.8
2005/06	9,556.0	15.5	10.9	4.6	1.5
2006/07	10164.0	17.5	12.2	4.7	1.8
2007/08	18653.0	30.1	17.9	5.5	2.3
2008/09	27960.0	40.8	22.8	6.5	2.8
2009/10	28139.0	44.5	24.6	8.1	2.4
2010/11 *	13510.0	39.3	22.5	7.5	-

*First six Months

Source: Nepal Rastra Bank 2010

We need adequate foreign currency to go ahead with the development works. We need foreign currency to maintain the balance of payment positive in trade. The tourism sector is the most important sector to earn foreign currency. We can see the position of foreign exchange earnings from tourism in Table-8. According to the table the share of tourism in total foreign exchange earnings is 6.1%, 8.2%, 11.4%, 6.1%, 4.6%, 4.7%, 5.5%, 6.5%, 8.1% and 7.5% in 2001/02 to 2010/11 are respectively. Likewise, the share of earnings from tourism in gross domestic product (GDP) is 2.1%, 2.6%, 3.7%, 1.8%, 1.5%, 1.8%, 2.3%, 2.8%, and 2.4% in 2001/02 to 2009/10 respectively. The presented data of 2010/11 in Table-8 represents only the data of six months of the fiscal year.

4.7 Quantitative Targets and Achievements in Tourism and Civil Aviation

Table-8

Quantitative Targets and Achievements in Tourism and Civil Aviation

S.N.	Description	FY 2008/09	Target of FY 2009/10	Achievement of FY 2009/10
1.	Tourist Arrival (in thousands)	500	700	508
2.	Duration of Stay (in days)	11.78	11.32	12.67
3.	Foreign Exchange Earning (US\$ in Millions)	148	377	329.9
4.	Per day Expense Per tourist (in US\$)	73.0	65.3	43.2
5.	Contribution on GDP (in Percent)	2.8	-	2.4
6.	Direct Employment (in Thousands)	83	100	0
7.	International Airlines Services having regular Flights to Nepal (in No.)	23	27	25
8.	Number of International Air Passengers	374,661	379,322	448,800

Source: Ministry of Culture, Tourism & Civil Aviation, 2010

We have encouraging achievements in tourist's arrival in 2008/09 and 2009/10 as 500,277 and 509,956 respectively. On this encouraging basis of data shown in table-9, the government has targeted to increase the number of arrival of tourists to 7,00,000 in fiscal year 2009/10. Likewise the foreign currency earnings is targeted to raise to 500 million US\$ in 2009/10. Similarly the contribution on GDP from tourism sector in 2009/10 is targeted to raise 2.4%.

4.8 ANALYSIS OF PRIMARY DATA:

Profile of the Respondents:

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

Nationality:

During the study, altogether 50 tourists were interviewed and had filled questionnaire among which following are the percentage of the nationality based on region:

Region	%
Europe	32.8
America	11.42
Asia	34.28
Other	21.5

Source: field survey 2010

Sex:

Among all the respondents, 72% were male and 28% were females.

Age:

The number of respondents by age group was as follows:

Age group	%
20-30	38.28
30-55	49.44
55 & above	12.28

Source: field survey 2010

Frequency of Visit:

Among the respondents, 65 % were first time visitors and 35 % were repeated visitors. Among the repeated visitors, 34 % were second time visitor, 51% third time visitor and rest have visited Nepal more than 3 times.

Occupation of Visitors:

Among the total tourists interviewed, 55 percent were service holder, 15 percent were businessperson, 20 percent were students, and 10 percent were retired and homemakers.

Service Holder	55%
Business person	15%
Student	20%
Retired and house makers	10%

Source: field survey 2010

Purpose of Visit:

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

Purpose of visit	No.	%
Pleasure & sightseeing	25	50
Trekking	12	24
Mountaineering	10	20
Business	1	2
Others	2	4

Source: field survey 2010

Features of Tours:

All the respondents were asked about their mode of travel, tours and places visited and budget spent during their visit; following are the findings about the same; about 50 percent of tourists visiting Nepal came alone on self-guided tours whereas 50 percent tourists visited with friends and families who came on organized tours. Similarly, among the respondents, 15 percent of tourists come by land via India whereas 85 Percent have used air transport to reach Nepal. While visiting inside Nepal almost 90 percent tourists had used land transport for their convenience.

Tour Program and spending in Nepal:

Regarding the tour program of the tourists, respondents who were asked about the same, about 65 percent gave emphasis on sightseeing around Kathmandu and Pokhara. Likewise 40 percent of respondents enjoyed their visit by doing trekking in mountains whereas 28.57 percent of tourists went for mountaineering expeditions. Tourists coming for official purposes preferred sightseeing of Kathmandu, Pokhara and Chit wan while tourists coming for study preferred to go for trekking as well as sightseeing in and outside Kathmandu. Whoever in the tourists group, everyone enjoyed the cultural richness of the Kathmandu and Bhaktapur city. All the respondents were asked about the spending they did during their stay, the findings of the same are as follows;

Length of Stay	%	Spending (US\$)
Less than 10 days	12.85	300-700
More than 10 days	21.42	700-1500
More than 30 days	15.71	1600-3000

Source: field survey 2010

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

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

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

Ratings Feature	Good (%)	Satisfactory (%)	Unsatisfactory (%)
Sightseeing tours	55	45	-
Accommodation	45	50	5
Shopping facilities	40	50	10
Entertainment activities	45	49	6
Food & drinks	40	60	-
Transportation	15	65	20
Tourists info offices	38	45	17
Immigration facilities	20	55	25
Airlines	25	65	20
Agency Service	30	65	5

Source: field survey 2010

Regarding the need for improvement, the respondents mostly emphasis on cleanliness and transportation facilities. They found polluted and littered soundings and transportation difficulties. Similarly, all the respondents were inquired about present safety and security situation, they mentioned the overall safety and security situation in the country is better than heard. There was no problem with security matters. However, the harassment in airport, in bus park still exist which they said should be improved.

Motivating Factors and Source of Information about Nepal

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

Source of Information

Respondents when asked about the factors that influenced them to visit Nepal, as a response, 50 percent of tourists said that their friends and relatives were main source of information, which led them to visit Nepal. Likewise, 15 percent tourists mentioned that their experience of prior visit had inspired them to visit Nepal again. 12.5 percent of tourists said that website related with Nepalese

tourism was the main source of information to visit Nepal. Another 12.5 percent of tourist mentioned that they got information about Nepal from guidebooks and magazines and inspired to visit Nepal. 10 percent respondents said they got idea of visiting Nepal from travel agents and tour companies.

Publicity Material

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

Marketing Nepal as an international destination

Positioning Nepal in International tourism market in order to more tourists to visit Nepal. It's very challenging task as Nepalese tourism stakeholders possess very limited means and resources. Tourism related institutions and companies were asked about the requirements for development of Nepal as international destination. As a responses are as follows:

Preservations of culture and natural environment	33.33%
Publicity of product in proper way	20.83%
Improvement of international air connection	16.60%
Peace and stability	29.16%

Source: field survey 2010

Attention to be given

For the promotion of tourism, many factors are very important. Nepal has to do lot of improvement in many sectors. Respondents were inquired about the factors that should be given important attentions, they responded in such a way. Among the respondents, 58.3 percent have said the airlines and our connectivity should be given top priority. More airlines should be invited along with reconstruction of national flag carrier. Similarly, 28.5 percent have mentioned that international publicity is main important task to be done for promotion. Another 12.5 percent have stated that we need to give attention toward the development of transportation facility. Rest 8.33 percent has said that the peace and stability should be maintained inside the country for promotion of tourism.

Products and Features (Strength and Weakness of Present Product)

Strength

Uniqueness	37 %
Mass Appeal	-
Repeat Value	-

Emotional value	-
Sense of Achievement	8 %
competitive	2%
Price	33%
Access	-
Location	20 %

Source: field survey 2010

The respondents were asked about present strengths of products. About 37 percent had mentioned that uniqueness of the product is main strength. Likewise, 33 percent companies consider the price factor is the important strength 20 percent. Competitive 2 percent said that location of the product is important strength. 8 percent companies mentioned that the factor of sense of achievement for the clients is another main strength of the product.

Weaknesses

About the weaknesses of the tourism product, the higher number of respondents 30 percent mentioned that poor presentation of tourism product is major weakness. Another 25 percent companies said that poor preservation of our product is main weakness. 16 percent respondents considered lack of competitiveness is another weakness. 15 percent thought limitation of our product as weakness. 10 percent companies said that of congestion. And 4 percent said that no repeat value.

Poor preservation	25%
Congestion	10%
No mass Appeal	-
No Repeat Value	4%
Lack of Competitiveness	16%
Limited Products	15%
Poor Presentation	30%

Source: field survey 2010

Product Development

The respondents were asked about the kind of product development that Nepal should do. As a response, majority of respondents 40 percent said there is need to develop new product 25 percent said modify some products to suit target market. Similarly, 25 percent said we need to preserve and present original product. 10 percent mentioned there is need to combine product features to attract various types of tourists.

Product Development Needs

Develop new products	40%
Modify product to suit target market	25%
Preserve and present product originally	25%
Combine product features	10%

Source: field survey 2010

Marketing efforts:

Regarding the marketing efforts needed, the majority of the respondents 35 percent mentioned that there is need for destination promotion. Likewise, 40 percent respondents said to carry out media promotion. 25 Percent suggested that personalized promotion is needed.

Types of marketing efforts:

Destination promotion	35%
Media promotion	40%
Personalized promotion	25%

Source: field survey 2010

Concentration of Marketing Efforts:

All the respondents said when asked about marketing efforts, 55 percent expressed that Nepal's marketing efforts should be concentrated at international level. 20 percent said that promotion in target market is necessary. 11 percent mentioned marketing should be concentrated in potential new market. Rest 14 percent said marketing should be national level also.

Concentration Marketing Efforts

Promotion in International level	55%
Target market	20%
Potential new market	11%
Promotion in national level	14%

Source: field survey 2010

Positioning of Nepal in International Market:

Regarding the market positioning of Nepalese tourism in international market 69.5 percent mentioned Nepal should be positioned as Adventure tourism destination in the international market. Similarly, 58.45 percent said Nepal should be positioned as nature tourism destination, 55.89 percent said as cultural tourism destination, 54.44 percent mentioned Nepal should be positioned as pleasured tourism based industry. 35.5 per cent said there should be mixed tourism including all features to be positioned in international market.

Adventure tourism destination	69.5
Nature tourism destination	58.45%
Cultural tourism destination	45.83%
Pleasure tourism destination	54.44%
Mixed tourism destination	35.5%

Source: field survey 2010

Efforts Initiated by the Government to Promote Nepalese Tourism

It is a major role of government to promote the country as a tourist destination. Respondents were asked about the efforts done by government to promote Nepal in international tourism market. 35 percent said government is promoting Nepal through international fair/exhibition through NTO, followed by publicity 30 percent, destination promotion, 25 percent, organizing special events, and 10 percent development of new products.

International fair/exhibition	35%
Publicity	30%
Destination promotion	25%
Organizing special events	10%

Source: field survey 2010

Marketing Efforts of Government/NTB

Respondents opined that, NTB as public private institution is promoting Nepal by various means. As global competition is very strong, National Tourism Organization is applying are measures to cope up with that competition among the various constraints. Though its marketing efforts are not highly satisfactory, it is somehow able to position Nepal as tourism destination international market. 60 percent said marketing efforts satisfactory, 25 percent said less satisfactory. Rest 10 percent mentioned not satisfactory.

Satisfactory	50%
Less satisfactory	25%
Not satisfactory	10%
Promotion in national level	15%

Source: field survey 2010

Analysis of Perception of Different Groups

Tourism companies, tourists, tourism experts had expressed mixed responses toward current situation of Nepalese Tourism Market. They were asked about tourism assets and attractions, product qualities and features, promotion and publicity, marketing efforts of NTB.

Tourists coming from different countries expressed satisfaction toward the Nepalese tourism product attractions. Nepal's tourism is widely known for pleasure and sightseeing. Adventure tourism is popular among the tourists. Nature and wild lives holds another major attraction. The facilities and services that are available in tourism markets are satisfactory for tourists. Whereas facilities like transportation and airlines services needs serious concern for improvement.

Most of tourists who visit Nepal get information from their friends and relatives. The publicity of 'word of mouth' is widely used. The information through media and publicity material is less. There should be extensive promotion through various means. There is need for professional marketing efforts needed to target different segments in order to enhance promotion.

There are problems in environment as perceived by tourists, which is very important to be addressed. Measures for environment conservation and pollution control should be taken. As far as marketing efforts of government/NTB is concerned, the private sector and tourism professionals are not satisfied with marketing efforts initiated by government. NTB's role is very crucial in promotion of tourism but it has many constraints. However, NTB is doing its best by optimum utilizing its resources. The time is very important that government needs to take active role in marketing by considering tourism industry as major contributor in national economy. Appropriate policy and strategies should be formulated in national level to address tourism industry.

To sum up, Nepalese tourism industry in the country is not so poor as perceived by organization. However, it needs to be promoted by making effective marketing and promotional strategies to grow economy through tourist industry. Target market should be given more importance. The regional tourism promotion would give higher benefit. So, market like India, China and East Asia should be focused for promotion. The problems and weakness should be addressed efficiently and Nepal's tourism potentials should be explored and exploited by designing appropriate strategies and program with visionary approaches and its practical implications.

4.9 Major Finding

On the basis of comprehensive analysis of the data the study has following finding:

- 1) The current condition of total tourist plan outlay has decreased by 0.45 percent in eleven plan.
- 2) Tourist arrivals and average growth rate decreased by 8.17 percent in 2009 after that 19.2 percent increased tourist arrives in comparison of previous year.
- 3) Allocation of marketing tourism budget by Nepal Tourism Board has increase by 38% and 19% in 2009 and 2010; it has positive impact of tourism sector in Nepalese economy.
- 4) Highest tourist arrivals continents from Asia and second position is Europe were 52.89 and 25.89 percent respectively, in the year 2010, the major nationality of tourist arrive by India, Srilanka, P.R. of China, U. K and U.S.A. were found process .
- 5) Holiday pleasure were increased trekking mountaineering were increased, business were increased pilgrimage were also increased official were decrease conference were increased and other were increased in totality.
- 6) Tourism sector is a most crucial sector to earn foreign currency and we can found the positive sign of foreign exchange earnings in 8.1 and 7.5 percent in 2009/10 to 2010/11(six month of fiscal year)
- 7) Earning from tourism sector in Gross domestic product (GDP) 2.3,2.8 and 2.4 percent of last three fiscal years.
- 8) Nepal tourist board is continue participating jointly with private travel tread industry partners in difference travel tread fair like TTF India, ITB Germany, WTM London, GITF China, in 2010.
- 9) The highest no. of tourism's days in 2009 is Indian national as 9,34,908 days second is British nationals as 498,522 days and third is Americans as 4,35,545 days, the indicate that Nepalese tourism sector is incensement.
- 10) Now, twenty-five international airlines services regularly in Nepal.
- 11) The value of Lord Buddha, Mt. Everest, ancient monuments, Himalayas, culture and natural beauty of Nepal would be more publicized in abroad.
- 12) The increasing trend of the arrivals of tourists in Nepal is a positive indicator to extend the investment in production and services.

- 13) The study of nationality 34.28% were Asian region, 32.8% were Europe, 11.42% American region & 21.5% other region 72 % were males and 28% were females.
- 14) The analysis of primary data 72% were males and 28% were females. Age groups was 20 to 30, 30 to 55 and 55 to above age were 38.25, 49.44 and 12.28 percent respectively.
- 15) In primary data, 65% tourists were visits first time, 35% tourist were visit repeated.
- 16) The tourist data survey Visitor's occupation is service holder 55%, businessperson 15% student 20% and retired & house makers 10%.
- 17) About 1,50,000 people are directly employed in providing tourist services while about 3,50,000 peoples are indirectly involved in 2010.
- 18) Tourism sector is a most crucial sector to earn foreign currency and we can found the positive sign of foreign exchange earnings in 281399.0 and 13510.0 millions in 2009/10 to 2010/11(six month of fiscal year)

CHAPTER -V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Nepal is a land locked country. Therefore, it has to face very hard process to develop economy. We have to exploit a very few area of development resources. Among them the prominent areas are potential resources of hydropower, forests and manpower. Other sources are Himalayas, mountains, pilgrimage and cultures. The natural beauty is also the prominent source of income. We can exploit the beauty of nature to earn money by inviting tourists from abroad. We can develop our economy fastly through tourism industry. With this perspective we have decided to study the potentiality of tourism market in Nepal to grow economy by developing production and services. Nepal, though a small in territory, it is well known as land of mighty mountains with iconic Mt. Everest. Endowed with beautiful landscapes, natural beauties and cultural attractions, Nepal is famous destination for international travelers through tourism started only after sixties. Nepal within two decades became successful to have its significant position in world tourism scenario. Tourism in Nepal became a strong contributor in national economy after it boomed in eighties. It has become important source of foreign exchange earnings. Apart from this, it has been contributing in creating direct and indirect employment opportunities. Realizing the importance of tourism sector to uplift national economy, Nepal government has formulated various policies, plans and strategies to develop tourism as sustainable industry. Tourism master plan 1972 was an important step in policy formulation Nepal Tourism Board (NTB) was established in 1998 with the principle of public private partnership approach. Since then, NTB has been marketing

‘Nepal’ as an enchanting holiday destination in world tourism market. It has adopted various strategies and undertaken different activities in order to promote Nepal as a must visit destination. Within its eleven years time, NTB has gone through very tough time. It was very challenging time to undertake its marketing and promotional activities amidst growing competition in international tourism market. The internal insurgency was completely unfavorable for international visitors. Country has experienced a sharp decline in tourist arrival. The concept of regional tourism is being developing. Country like India, China, and Malaysia are benefiting by flow of tourist from major Asian countries itself. So, keeping this view as very important, this study is being proposed in order to analyze the marketing and promotional activities carried out by NTB in their regional Asian markets in particular and other countries in general. Similarly, the objective of this study is also to recommend suitable strategies to promote ‘Nepal’ in major markets of the world. Tourism related data are collected from primary as well as secondary sources. Tourists, tourism companies and NTB are the major

sources of primary data. Questionnaires are designed to receive the responses of tourists and tourism entrepreneurs regarding tourism marketing activities, tourists preferences and needs etc. A thoroughly reviewed previous literature related with tourism has given guidelines to carry out this study in more relevant way with respect to tourism practices by tourism organization both private and public. The marketing and promotional activities functioned by NTB is analyzed since 1998. The tourist arrival trend analyzed with special focus on arrival of tourists from major markets of the world. Here it is relevant to mention that Nepal government has announced the year 2011 as Tourism Year. NTY 2011 has a target to welcome one million tourists and to provide them facilities, additional investment in tourism infrastructure is needed. Various infrastructure developments will be done within Tribhuvan international Airport (TIA). With the Infrastructure development, discounts will be granted for landing and parking during the peak hours. NTB will also carry out different international promotional activities for the promotion of Nepal Tourism Year which includes Sales missions and road shows in tourist generating countries, FAM tour of international journalists in Nepal, high level delegation to different countries for interaction with travel trade and media. So the study, conclusion and recommendation on this topic will be helpful to develop tourist industry in Nepal.

5.2 Conclusion

Nepal has greater potentialities in tourism. Tourism has been established as promising industry, which is the important contributor to national economy. Tourism has greater role in Nepal to provide direct and indirect employment opportunities to major chunk of people living in urban and major touristic cities. In the more recent days, it is regarded as driving tool to alleviate rural poverty by involving rural people in direct and indirect tourism businesses. As far as Nepalese tourism marketing is concerned, the word of mouth publicity had played very important role. Natural and cultural attractions are the comparative advantages of Nepalese tourism. Keeping in view, the need of public private partnership in marketing and promotion of Nepalese tourism, Nepal Tourism Board was established. With important coordination and support of private travel trade sector, NTB has been marketing Nepal as an important destination in the global tourism market. It is very important to note here that with a very limited budget for marketing and promotion we have to get significant output. We can take the example of Thailand and Malaysia; they are rapidly developing their tourist industry. The recent global tourism trend has shown that the share of regional tourism is very important and encouraging. This concept is more important for country like Nepal. Owing to budget constraints to carry out marketing programs in European market, NTB is focusing its marketing and promotional activities in major Asian markets in particular and others in general. India, Japan, Thailand are important tourists market for Nepal.

Likewise, there is greater potential in China, Bangladesh, Sri-lanka also. So, NTB has been organizing different marketing programs like travel trade shows, Familiarization trip to media and travel agents, press conferences and food festivals in order to attract more visitors from those countries. In order to woo visitors from neighboring countries, Nepal has waived visa for national of South Asia and provided parity for entry to National parks and historical sites. It is also worth recalling here that all the 15 International Airlines flying into Katmandu are connecting Nepal with various parts of Asia and the world. We have the frequent flights in India, China, Pakistan, Bangladesh, Middle east and various countries of South-east Asia and few flights in some other countries. Though national flag carrier is in ailing condition, new foreign airlines are interested to fly to Nepal, which has created a good hope for future. Recent trends of tourists' arrival from these countries are also encouraging. That is the reason the present republican government has planned to buy four new Jet Air Planes. There is need of close coordination between private sector and NTB to have a good result in the tourists industry. NTB should formulate new and cost effective marketing action plans. Promotional programs for adventure-tourism, pilgrimage-tourism, eco-tourism, and MICE tourism should be carried out in Niche markets by developing special packages. Though the landing fees, parking fees, navigation fee and handling aviation fuels are costing dear, though there are conflicts, environmental hazards and high competition amongst inbound destination, Nepal's unique attraction has been a great asset for visitors from across the continents. With this prospect in perspective, if proper policy guidelines are streamlined and a strong network and cooperation is built on Public-Private partnership approach, the future of regional tourism is high on the agenda and the prospect of the regional tourism is sure to gather momentum in the case of Nepal as it has been in Europe and America.

5.3 Recommendations

The recent travel trend in the area of pilgrimage, MICE and sports is encouraging. However, adventure; culture and nature are the major attractions of Nepal to international visitors. It is required to give attention to promote and develop these areas. Experts viewed that Nepal has been overexposed as a country of mountains, but, according to them time has come to reposition on a new products. So, appropriate positioning as per the strength and demand of our product and the competitive situation of the industry should be made. Both, the government and the local people should give due emphasis to conserve our cultural and natural assets. The tourism products we have are not properly conserved, so their condition is degrading. These products should be maintained and preserved properly to facilitate the marketing for tourists and also for the sustainable growth of industry.

Nepal needs to offer multiple package programs to attract more tourists in the country. While designing package, different combination can be included to suit

different purpose visitors as well as different age and sex group of visitors. Alternation in packages may be made on the basis of products or by including products and services.

Uncertainty of air seat capacity, especially of Nepal Airlines, is the major constraint for tourism development in Nepal, which has jeopardized the schedules and affected visitors. Response of tourism organizations and experts showed that primary attention should be given to improve air seat capacity. The most noted problem for this is the poor management of Nepal Airlines Corporation (NAC). Nepal Airlines should increase its air seat capacity and solve its problems on a long-term basis otherwise private airlines should be allowed to operate immediately even in those routes where NAC operates. So far, private airlines are not allowed to operate in such routes. Secondly the government should give significant emphasis to approach more international airlines to come to Nepal or fly via Nepal. Moreover, emphasis should be given to increase air seat capacity by ensuring more international flights connecting with major tourist originating cities of the world.

At present Tribhuvan International Airport (TIA) is the only international airport of Nepal. Big aircrafts cannot come here so it does not seem to have made it financially attractive to international carriers to come to Nepal. There also seemed to be limited feasibility for expansion of TIA. Likewise, present service and facilities also are limited at TIA. Therefore, an alternative international airport should be developed in the Terai region at a location, which will be technically and economically viable from market perspectives. This should help to enhance international connection and make Nepal a hub for international flights making it a noted tourist destination.

For easy accessibility of tourists to various places of tourist interests in the country, the government should give due attention to developing and improving road transportation. In Nepal there is limited access and the available roads are also not maintained properly. For access to new areas, roads should be constructed in strategic ways, which would improve access as well as not alter the trekking routes. Similarly, regular maintenance of roads is also necessary at least in the tourist-frequented areas. A proportion of tourism revenue may be allocated for this purpose. One of the main problems faced by Nepalese tourism is the deteriorating condition of the environment. We need to focus on environment issues especially pollution in Kathmandu Valley, major trekking routes and tourist places. In Kathmandu solid waste lying scattered and rubbish are not collected in time and cleaned. These have provided to be eyesores to everybody including the visitors. Besides, they pose serious health hazards. Tourists have expressed serious concern about it and other respondents also have given great emphasis to this aspect. For this, solid waste situation in Kathmandu must be improved or Nepal may well forget about the tourism industry. Pollution should be controlled by enforcing standards to vehicles, industries and other sources of pollution at least at the valley level in Kathmandu and not on a pocket or

compartment basis. Attention should also be the analysis clearly showed that Nepal has not given due attention towards the promotion of tourism. It does not seem to have been able to market tourism properly. Despite proving to be a market leader in many areas in the South Asia, its market share is limited. Professional approach should be incorporated in marketing Nepal and its products.

TM The government and the private sector to promote destination, promote products and to counter poor or bad publicity abroad whenever such cases happen should do tourism marketing jointly. Such publicity has occurred on number of occasion. One sector should not wait or look at other sector to do the job. Both these should join hands and promote Nepal on a continuous manner.

Nepalese Embassies and consulate offices abroad can be the best media to provide information about Nepal. By mobilizing these agencies through qualified staff oriented towards marketing and promotion of tourism, Nepal can be promoted effectively. Thus, Nepalese Embassies and consulate offices abroad must be mobilized effectively as a market outlet of Nepal.

Most tourists come to Nepal through the suggestion of friends/relatives and personal contacts. We must continue to promote such visitors. However, Nepal also should target the visitors who are motivated by promotion and publicity. It may not be necessary to reiterate that promotion is the most powerful tool of marketing. To attract more visitors, continuous and sustained promotion through appropriate media at existing market and potential markets is needed it will help to attract those visitors who are motivated by promotion. Thus, Nepal will be able to get both types of visitors those who visit by good word of mouth well as those who select tour by promotions.

Nepal must target its markets according to strengths and prospects. The leading market segments for Nepal may be India, Western Europe, Japan, USA and Australia. The SAARC, ASEAN and East Asia also may be promising segments for future. So, all marketing and promotional efforts must be done on the basis of these identified target markets. Prioritizing on the basis of the existing and potential market strengths must do all marketing efforts.

In Nepal, the government has been giving attention to develop the tourism sector. But, in view of the importance of the sector, the allocation of development and promotional budget is very low. Due to the lack of budget, tourism promotion is not being done properly. Greater allocation of development as well as promotional budget is needed in this sector. In order to gear up promotion of tourism, the private sector also should spend more allocating separate budget for its marketing. Nepal must make an annual tourism promotion and marketing plan. Target markets and segments should be identified on the basis of continuous market analysis and analysis of the competitive situation. Prioritization should be made on the basis of our product strength, market trend and need and strategies of other competitors. Suitable strategies and promotional program should be developed on such basis. Proper budgeting and resource

allocation and continuous monitoring and feedback are also necessary to realize defined targets. In this way, professional promotion and marketing can be institutionalized. Services provided by the government like immigration, custom etc., are very important to promote the tourism industry and these services affect the visitors. The tourists did not rate these services satisfactory. All three groups (tourists, organizations and experts) should identify the lacunae in the area. It reveals that there is a significant need to improve the process and service of immigration and customs in Nepal and the government must extend immediate attention to improve the situation. To broaden the market especially in Asian countries NTB should hire professional PR agencies in major market like Bangkok, Kualalampur. So that PR can be utilized to build develop the networks of travel trade who sell Nepal. Through professional PR, marketing and promotional programs can be organized in time and again. There should be special provision in immigration rules so that foreign older people provision should be there for such person. Large group of older people especially from East Asia want to travel Nepal who want to stay for longer period.

Special campaign should be organized in main university and colleges of Asian countries in order to promote Nepal as a destination for study. Different aspects of Nepal like eco tourism, protected area management, mountain region and natural recourses should be focused among the foreign students, so that they choose Nepal for their research and study program. NTB, government and private sector jointly should start a promotion campaign of 'send home a friend' concept. Lots of Nepalese are going in Asian and other countries for work, so if those all departing Nepali nationals could be taught about this concept, they can send lots of foreign friends to Nepal.

Political parties should think very sensitively towards creating peaceful and strike Free Nepal in order to improve Nepal's image abroad. All types of political demonstrations, strikes, Bandh, and vandalism should not exist. Political demands should be raised and addressed peacefully without creating any question mark on safety and security situation of Nepal. Local transportation services should be maintained properly to facilitate tourists for easy access and misbehaviors of some Taxi Drivers should be controlled because some time they charge more fair than the actual charge of meters.

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QUESTIONNAIRES

Questionnaires for Tourism Professionals

- 1) How do you assess the present situation of Nepalese Tourism? .
- 2) What sort of change have you noticed in Nepalese tourism since 90's?
- 3) What are the main important factors of tourism development of the country?
- 4) What is your advice about the policies, plans, strategies designed by government to develop tourism sector?
- 5) How have been we marketing tourism? What weakness and threat do you feel & how can we make it more effective and result-oriented?
- 6) What type of market segmentation is required to match the developing global tourism demand and Nepalese tourism supply?
- 7) What type of promotional tools should we apply in the present competitive tourism market?
- 8) How do you take ' Naturally Nepal once is not enough ' brand in terms of developing perfect destination brand image in the global tourism market? What should be done to promote it further?
- 9) How can we receive higher benefits from tourism in the days ahead?
- 10) How do you evaluate the marketing efforts being done by government / NTB concerned sector to promote Nepalese tourism?
- 11) Have we priced Nepalese tourism products property? If not why? Suggest the improvements needed.

Questionnaire for Tourists:

1. Where did you come from? (Nationality)

2. Your Sex: Male _____ Female _____

3. What is your age: 20 – 30
30 – 55
55 and above

4. Have you visited Nepal alone or with group?

5. Mention your frequency of visit in Nepal.

a)1st b)2nd c)3rd

6. What's your occupation?

a) Student b) Service-holder c)Business man

7. What was your mode of transport while coming to Nepal?8. How long you stay in Nepal?

8.How long you stay in Nepal?

9. Did/Do you visit other countries on this journey? (Exclude country in transit).

a) Yes b) No

If Yes which country?

10. What was your purpose of visit to Nepal?

a)Pleasure & Sightseeing b)Business
c) Mountaineering d) Official
e)Trekking f)Other Specify

11. Which place did you visited during your stay in Nepal?

12. How much money you spent during your visit?

13. How did you find the services & facilities provided during your visit in Nepal?

14. In which sector you felt need improvement immediately?

15. What were the main sources of information that influenced your decision to come to Nepal?

- a) Friends/Relatives
- b) Tourist office
- c) Travel agent
- d) prior visit
- e) Magazine
- f) Trade fairs
- g) Website
- h) Guide Book Television/Radio

16. Did you go through any publicity materials relating Nepalese tourism published by Nepal Tourism Board, Nepal Airlines, Travel & Trekking Agencies?

17.If Yes Where?

- a)In Nepal
- b)In own Country
- c)Any other country

18. How do you rate these publicity materials?

- a) Very good
- b) Satisfactory
- c) Very poor
- d) Good
- f) Needs Improvement

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

- a) Climate
- b) Friendly people
- c) Mountains
- d) Culture & Architecture
- e) Value for money

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

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

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

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

A. Sightseeing Tours:-

- a) Good b) Satisfactory c) Unsatisfactory

B. Accommodation:-

- a) Good b) Satisfactory c) Unsatisfactory

C. Shopping Facilities:-

- a) Good b) Satisfactory c) Unsatisfactory

D. Food & Drinks:

- a) Good b) Satisfactory c) Unsatisfactory

E. Entertainment Activities:-

- a) Good b) Satisfactory c) Unsatisfactory

F. Transportation:-

- a) Good b) Satisfactory c) Unsatisfactory

G. Tourist Info Offices:-

- a) Good b) Satisfactory c) Unsatisfactory

H. Immigration Formalities:-

- a) Good b) Satisfactory c) Unsatisfactory

I. Airlines:-

- a) Good b) Satisfactory c) Unsatisfactory

J. Agency Service: -

- a) Good b) Satisfactory c) Unsatisfactory

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

Questionnaire for Tourism Organizations.

1. Name of Organization:

2. Year of establishment:

3. Address:

4. Type of Business:

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

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

- a. _____
- b. _____

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

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

7. Who is responsible for tourism marketing & promotion?

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

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

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

9. What types of marketing efforts is needed?

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

10. What kind of product development should Nepal do?

- a. Preserve and present our product, as it is
- b. Modify product to suit target market

- c. Combine product features
- e. Any other

d. Develop new products

11. In which market segment do you concentrate?

a. Specific country or region

- a) Germany
- b) France
- c) Spain
- d) UK
- e) Italy
- f) Switzerland
- g) Japan
- h) Australia
- i) India
- j) USA
- k) Netherlands
- l) Other

b. Purpose-wise target

- a) Holiday/pleasure
- b) Adventure
- c) Pilgrimage
- d) Business
- d) Official
- e) Conference

c. Age wise:

- a) Old
- b) Matured
- c) Young

d. Income group wise:

- a) High income
- b) Moderate income
- c) Low income

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

Strength

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

Weakness

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

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

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

14. Where should Nepal position in the international market? (Please tick as many as relevant)

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

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

15. What are the strengths of our present product? (Please tick as many as relevant)

- a. Uniqueness
- b. mass appeal
- c. Repeat value
- d. Emotional value
- e. Sense of Achievement
- f. Competitive
- g. Price
- h. Access

16. What are the weaknesses of our present product? (Please tick as many as relevant)

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

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

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

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

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

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

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

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

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

21. Please mention their shortcoming and strengths?

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

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

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

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

- | | Advertisement | Campaigns | others |
|---------------------|---------------|-----------|--------|
| In the country | : | | |
| Outside the country | : | | |

25. What factors determine your marketing efforts?

- | | |
|------------------------------|-----------------------------|
| a. Capacity utilization | b. Budget |
| c. Tourist arrival trend | d. Competitions performance |
| e. Any other (please verify) | |

26. Do you allocate promotion budget?

27. Which marketing or advertising agencies you rely upon ?

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

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

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

29. How do you evaluate your marketing efforts?

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

Please give reason for your answer

30. How do you develop your promotional packages/strategies? (Please tick as many as relevant)

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

31. What results have you attained from these efforts?

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

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