

# CHAPTER-I

## INTRODUCTION

### 1.1 Introduction of Marketing

To the general public, marketing is selling and buying of goods and services through advertising. However, selling and advertising are the parts of marketing. Marketing helps organization to find out what their customers want. It will also help to decide what products to make. It is carried on long after the customer has bought the product.

The activities just described, market intelligence, product development, pricing, distribution and promotion together constitute the essence of marketing. It is finding out what customers want and satisfying these wants better than other competitors.

Marketing can be defined in a simple manner as the activities done by the company to reach the product from the place of production to the place of consumption. Similarly, it means transfer of ownership of the product in exchange of something of value.

Globalization, technological change and intense competition characterize today's environment. Marketing success belongs to those who can deliver what customers are willing to purchase products to satisfy those needs and wants through successful marketing.

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of value with others (*Kotler,2003:5-7*).

Marketing is a total system of business activities designed to plan, price, promote and distribute want satisfying products to target markets to achieve organizational objectives (*Stantons,2002:8-11*).

The American Marketing Association defines marketing as, "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organizational objectives."

The definition has been widely accepted by academics and practitioners. However, it has been highlighted in recent studies that practitioners of marketing view customer satisfaction as the most important concept in a marketing definition while academics view exchange as the most important concept in a definition.

### **Definition of Advertisement**

Advertising is one of the important tools of promotion and it is also the most aspect of marketing programmer. The product offer benefits and distributors create place utility. Advertising is non-personal presentation of marketing message through various medias such as newspapers, magazines, cinemas, outdoor posters and signs, direct mail , radio, television catalogues etc.

Advertising is present everywhere. It is openly paid for by an identified sponsor. The message is put by an organization selling product or services. It has just tried to influence the behavior of the target audience.

The field of advertising is made up of the system of interacting organization and institutions, all of which play a role in the advertising process. At the core of this system are advertisers, the organizations that provide the financial resources that support advertising. Advertisers are private or public sector, organization that uses mass media to accomplish an organizational objective. It is the decision to invest resources in purchasing time or space in such mass media as T.V., radio, newspapers or magazines that basically distinguish advertisers from non advertisers. Advertisers make user of mass media.

Advertising is heavily focused on the analysis, planning, control and decision making activities of this core institution. The advertiser provides the overall managerial direction and financial support for the development of advertising and the purchase of media time and space, even though many other institutions are involved in the process. A focus point is the development of an advertising program or the plan for the advertiser. In cases where several different kinds of products or services are offered by the advertising organization, a separate program may be developed for each.

It consists of organization that put the advertising message through advertising agencies in different media. The organizations who advertise are called advertisers. They have their own advertising department who interacts with the advertising agencies which conceives and executes a campaign on their behalf. The advertising agency's creative department prepares the ad in collaboration with the production department. The production department may be provided different services by outsiders free lance individuals or suppliers firms.

Advertising is the foot on the accelerator, the hand on the throttle, the spur on the flank that keeps our economy surging forward (*Sarnoff, 1956:250-251*).

Advertising is one of the important forces which serve the public interest. It is a form of open communication between those who sell and those who buy. It is a form of advocacy open to any company or cause that wants to argue its case. The jury is the public. Every purchase is a vote (Burt Manning JWT).

### **Functions of Advertising**

Advertising has to perform a number of functions. They are

- ) Advertising informs the buyers about the existence of the product, its features, its benefits and its availability.
- ) Advertising offers and incentive to buy by making several direct offers like price – off or exchange of an old T.V on buying a new T.V .

- J Advertising provokes us to try the product and once tries reminds us about its benefits so that we can buy it time and again.
- J Advertising builds brands gives an image and personality to the brand and distinguishes them from competitor brands. Over a period of time it works along with other elements of marketing mix to create brand equity.
- J Advertising helps us to choose out of several brands available. It provides us reasons to buy a particular brand. In this contributes to our brand preference and brand loyalty.

### **1.1.1 Company Profiles**

#### **A. Introduction to Hyundai**

The Hyundai Motor Company, a division of the Hyundai Automotive Group, is South Korea's largest and the world's fifth largest Automaker in terms of units sold per year. (Car-reviews.automobile.com) its headquarters are in Seoul, South Korea. In Ulsan, South Korea, Hyundai operates the world's largest integrated automobile manufacturing facility, which is capable of producing 1.6 million units annually. The Hyundai logo, a slanted, stylized 'H,' is said to be symbolic of two people (the company and customer) shaking hands. Hyundai means "modernity" in Korean.

#### **Hyundai Motor History**

Chung Ju-Yung founded the Hyundai Engineering and Construction Company in 1947. Hyundai Motor Company was later established in 1967. The company's first model, the Cortina, was released in cooperation with Ford Motor Company in 1968. In 1975, the Pony, the first Korean car, was released, with styling by Giorgio Giugiaro of Ital Design and power train technology provided by Japan's Mitsubishi Motors. Exports began in the following year to Ecuador and soon thereafter to the Benelux countries. In 1991, the company succeeded in developing its first proprietary gasoline engine, the four-cylinder Alpha, and transmission, thus paving the way for technological independence.

In 1986, Hyundai began to sell cars in the United States, and the Excel was nominated "Best Product" by Fortune magazine, largely because of its affordability. The company

began to produce models with its own technology in 1988, beginning with the midsize Sonata.

In 1998, Hyundai began to overhaul its image in an attempt to establish itself as a world-class brand. Chung Ju Yung transferred leadership of Hyundai Motor to his son, Chung Mong Koo, in 1999. (Chung Mong Koo , Business Week). Hyundai parent company, Hyundai Motor Group, invested heavily in the quality, design, manufacturing, and long-term research of its vehicles. It added a 10-year or 100,000-mile (160,000 km) warranty to cars sold in the United States and launched an aggressive marketing campaign.

J.D. Power and Associates (2004), Hyundai was ranked second in "Initial Quality" in a survey/study. Hyundai is now one of the top 100 most valuable brands worldwide. Since 2002, Hyundai has also been one of the worldwide official sponsors of the FIFA World Cup.

In 2006, the South Korean government initiated an investigation of Chung Mong Koo's practices as head of Hyundai, suspecting him of corruption. On April 28, 2006, Chung was arrested, and charged for embezzlement of 100 billion won i.e.US\$106 million (New York Times/International Herald Tribune: 2006, April 28) with Hyundai Vice Chairman and CEO, Kim Dong-jin taking over as head of the company.

### **Hyundai Motor Business**

In 1998, after a shake-up in the Korean auto industry caused by overambitious expansion and the Asian financial crisis, Hyundai acquired rival Kia Motors. In 2000, the company established a strategic alliance with DaimlerChrysler and severed its partnership with the Hyundai Group. In 2001, the Daimler-Hyundai Truck Corporation was formed. In 2004, however, DaimlerChrysler divested its interest in the company by selling its 10.5 percent stake for \$900 million.

Hyundai has invested in manufacturing plants in the North America, China, India and Turkey as well as research and development centers in Europe, North America and Japan.

In 2004, Hyundai Motor Company had \$57.2 billion in sales in South Korea making it the country's second largest corporation, or chaebol. Worldwide sales in 2005 reached 2,533,695 units, an 11 percent increase over the previous year. Hyundai has set as its 2006 target worldwide sales of 2.7 million units (excluding exports of CKD kits).

Hyundai motor vehicles are sold in 193 countries through some 5,000 dealerships and showrooms. After a recent survey of global automotive sales by Automotive News, Hyundai is now the sixth largest automaker in the world, surpassing Nissan, Honda, and many other major brands, selling 3,715,096 units in 2005.

Hyundai Motor Company's brand power continues to rise as it was ranked 72<sup>nd</sup> in the 2007 Best Global Brands by Inter brand and Business Week survey. Brand value estimated at \$4.5 billion. Public perception of the Hyundai brand has been transformed as a result of dramatic improvements in the quality of Hyundai vehicles (*Interbrand and Business Week: 2007*).

## **B. Introduction to Hyundai Santro**

In December 10, 1996 Hyundai Motor India stalled the production plant near Chennai. The pilot production was started in May 27, 1998. In September 23, 1998, Hyundai Santro made its world debut in India. With the large appreciation and production of Hyundai Santro, Hyundai Motor India Limited became the second largest auto manufacture in India in just six months. In April 27, 2000, one hundred thousand of cars rolled out on the road in just 19 months. In June 26, 2002, three hundred thousand of cars are rolling out in 45 months. Till February 12, 2005, seven hundred thousand of cars are on the road of the world. And August 9th 2009, twelve hundred thousand of cars with varieties in model were manufactured due to the customers need and to compete in the world of business market. In our country Nepal Hyundai Santro is getting high demand Laxmi Intercontinental Private Limited, the sole authorized distributor of Hyundai motors from South Korea and India is proudly offering the product. Laxmi Intercontinental is selling Hyundai Santro since February 2009 in Nepalese market. Hyundai Santro is feasible in our country's road.

With price competition on one side and competitive technical features on the other, Korean automobiles are gradually claiming their stake in Nepali automobile market. Laxmi Intercontinental, the sole distributor of Hyundai motors from South Korea and India, has brought out 'Santro Zip Plus' under the brand name 'Hyundai'. The recent modified air ventilated product with 1086CC engine claims to be the most spacious car with a great versatility. The vehicle further incorporates advance safety engineering and is said to be powered by the new advanced Hyundai Epsilon engine. This Santro Zip Plus is the second generation of Hyundai Santro, before that there was first generation Santro which was called Santro Zip Drive. This Zip Drive was of 999 CC; "More power, more fun" is focused in this second generation modified with 1086CC, called Santro ZipPlus.

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Santro believes, it is featured according to the varieties of customers' taste, want and need. It is also called international tall boy design with sufficient head space. It currently has five different models according to its features and facility option and the price varies according to the models. The latest models available in the market are as follows:

- J Santro LE, the basic model of Santro which does not have A.C. in it.
- J Santro LE with A.C., the model which does contain A.C. in it.
- J Santo LP, this model contains both A.C. and power steering.
- J Santro LS, this is the semi option model.
- J Santro GS, it is the fully loaded, full option model.

All models of Santro are called ZipPlus. It claims that safety is not just a feature of the Hyundai Santro; it is an integral part of the total car design engineering so, every single

system in the car contributes to the making of Hyundai Santro one of the safest and the strongest vehicle in the market. In its safety features, it has dual-member side impact protection. A pair of ultra high strength steel strength steel members is built into the doors for additional protection against side impact occupants are protected by safety cell tested for safety on one of the most demanding test tracks in the world. Santro further claims to have the power-assisted brakes, the suspension, the high ground clearance and the uniquely responsive technology which guaranteed that its every feature is perfected to give the customers maximum driving comfort and fulfill all their needs. All Santro models come equipped with larger ventilated front disc brakes. These ventilated brakes discs, with in-built air vents along the circumference, dissipate the heat generated by braking, much faster than the conventional solid discs. The ventilated break disc cools down very fast, thus facilitating solid and dependable brake performance even under severe traffic conditions in cities and towns as well as enhancing the life of brake pads. With the power steering the effort required to turn the wheel is minimal. To its one of the strongest features, Santro is believed to have been designed as to fit in difficult parking lots and rush traffic hours in countries like Nepal.

The Hyundai Santro is powered by the Hyundai Epsilon engine, with is suppose to have better power than before. Employing advanced cylinder head design with dual inlet valves, tumble ports and pent roof combustion chamber, this engine produces power at considerable lower rpm compared to the other cars in its category. The Hyundai Santro comes from its 12V SOHC Epsilon engine is fired by a distributor less ignition system (DLI), developing @ 5500rpm and 9.1 kgm of torque @4000rpm. The DLI system does away with a distributor and high voltage spark-plug wires that wears away and needs periodic replacement, thereby reducing maintenance cost. Also the DLI allows for more precise control of spark timing resulting in improved fuel efficiency, reduced emission and increased power. The multi-point fuel injection system along with dual intake valve meters the exact amount of fuel that the engine needs, giving the level of fuel economy.



### C. Introduction to Laxmi Intercontinental P. Ltd.



Laxmi Intercontinental P. Ltd. started importing and selling Hyundai brands of vehicle in Nepal after the acquisition of distributorship in February 2009. The company's main aim was not only the sales of Hyundai vehicles but also to provide quality after sales service to its valued Hyundai Customers. In order to achieve this aim, it is currently operating with two showrooms in the heart of Kathmandu (Thapathali & New Baneshwor) and two well equipped after sales service and spare parts, one in New Baneshwor and another in Basundhara, northern part of Kathmandu.

Company's showrooms have been opened with the intention of providing customers an improved service in terms of quality, space and ambience. In these showrooms, customers would feel the different kind of buying experience.

Company's After Sales Service and Parts facilities follows the Hyundai's Global Auto Servicing offering the full range of after sales service facilities through its high tech equipments and well trained technicians.

In order to capitalize the growing automobile market outside the Kathmandu valley, it has already established eight sub dealers in various places outside Kathmandu like Pokhara,

Butwal, Bhairawa, Hetaunda, Birgunj, Damak and Birtamod and is planning to extend it to twelve in year 2010.

(Source : [www.laxmihyundai.com](http://www.laxmihyundai.com))

### **Laxmi Continental : Hyundai Service Center**

The sale of a vehicle is just the beginning of the relationship. To provide Hyundai owners with a first-class after-sales service, Laxmi Intercontinental has set up Service Centre. This exclusive Service Centre is authorized by Hyundai Motor Company, Korea and Hyundai Motor India. It is located at Basundhara, Kathmandu on a sprawling area of 2600 sq meters.

The service station is equipped with the latest hi-tech machinery and serviced by Hyundai trained engineers and technicians. All vehicles that come to the service station are always in excellent hands. Spare parts and accessories are never a problem, as the center keeps them well-stocked.

LXIPL Service Centre has also introduced the Mobile Service Unit. It is mobile in more ways than one. Firstly Hyundai owners experiencing car trouble can call this mobile number 9851047300 and a team of mobile technicians will respond to the call a fully equipped vehicle for on-the-spot repair and service facility.

### **Warranty**

This warranty is provided to the original and subsequent owner(s) of a Hyundai Vehicle originally distributed by LXIPL, which is originally sold by LXIPL and its authorized dealers in Nepal, and which is registered in Nepal and normally operated in Nepal.

- ) This warranty is generally transferable from the original owner (owner other than LXIPL and its authorized Dealers) to subsequent owners of the vehicle at any time ownership of the vehicle is transferred.
- ) The warranty period begins on the date the vehicle is delivered to the first retail buyer or put into use, whichever is earlier.

- ) The warranty coverage period is 36 months or 60,000 kms, whichever comes first, from the date of the delivery to the first retail buyer. The normal warranty shall exist for a period of 24 months or 40,000kms, whichever comes first, from the date of delivery. The warranty for remaining 12 months or 20,000kms, whichever comes first, is limited to engine and gear box only.
- ) This warranty covers any repairs or replacements needed to correct defects in material or workmanship of all parts and components of each new Hyundai Vehicle supplied by LXIPL and its authorized dealers which is confirmed as Mechanical / Electrical breakdown by LXIPL except for the exclusions or items listed under in clause no. 6
- ) The warranty does not cover followings:
  - ❖ Damage, failures or corrosion resulting from:
    - ) Accident, theft, fire, driving through water (including engine water ingestion).
    - ) Alteration, tampering or improper repair.
    - ) Installation of Non-genuine Hyundai Components.
    - ) Installation of Non-Hyundai approved accessories and components.
    - ) Improper installation of any Hyundai approved or aftermarket accessory or component.
    - ) Glass breakage, unless resulting from defects in material or workmanship.
    - ) Normal Wear and Tear, including paint scratches or similar paint or body damage.
    - ) Any repair carried out other than LXIPL's authorized Dealer /Service Center.
    - ) Slight irregularities not recognized as affecting quality or function of the vehicle or parts, such as slight noise or vibration, or items considered characteristic of vehicle.
    - ) Stone chipping, chemical fallout (acid rain), tree sap, salt, hail, wind-storm, lightening, flood or other environmental conditions.
    - ) Action of road elements ( sand, gravel, dust or road debris) which results in stone chipping of paints/ glass or damage of other parts.

- ) Lack of performance of proper maintenance services as outlined in the Hyundai Service Manual.
  - ) Use of improper or dirty fuel, fluids and lubricants.
  - ) This warranty does not cover Body paints, glass, interior/exterior trim, exhaust systems and normal wear and tear of other components.
  - ) This warranty does not cover repair of any vehicle or any part of a vehicle whose odometer mileage has been altered, or the odometer repaired or replaced and the actual vehicle mileage cannot be correctly and readily determined.
  - ) This warranty does not cover damage or failure in components of the vehicle if the vehicle has been used for any sort of competition, sport and rally, transport for hire of persons or goods, Taxi service or short or long term self drive hire or driving school or any commercial use.
  - ) This warranty does not cover incidental or consequential damages, including without limitation, loss of time, inconvenience, loss of use of vehicle or commercial loss.
  - ) This warranty does not cover normal maintenance services other than 12 free services, including without limitations, engine tune-up, Oil/fluid changes, cleaning and Polishing, minor adjustments, Injector cleaning, Engine decarburizing, Wheel alignment, Wheel Balancing, Headlight alignment, Tire rotation, Fastener retightening etc.
  - ) This warranty does not cover replacement of components as a result of normal wear and tear, such as spark plugs, belts, brake pad and linings, clutch disc / facing, filters, wiper blades, bulbs, fuses, horns etc.
  - ) This warranty does not cover leakage of A/C refrigerant.
  - ) This warranty is not applicable to Batteries, Tires and Tubes etc. These items equipped on Hyundai Vehicles are warranted directly by the respective manufacturers and not by LXIPL.
1. This warranty does not cover any electrical components beyond 1 year or 20,000 kms whichever comes first.
  2. Except as provided in clause no. 6, if any defect confirmed by LXIPL as Mechanical and /or Electrical breakdown as defined in this warranty, is found in the

vehicle within the stipulated terms and conditions, LXIPL dealer shall either repair or replace any part found to be defective with a new part or an equivalent at no cost to the owner for parts or labor. Such defective parts which have been replaced will become the property of LXIPL.

3. In order to maintain the validity of warranty, the vehicle owner is responsible for:  
Properly using, maintaining and caring for his/her vehicle as outlined in Hyundai Owner's Manual and Service Booklet.
  - ) Bringing the vehicle for frequent maintenance as mentioned in Owner's manual and Service Booklet, if the vehicle is subject to severe usage conditions, such as operation in extremely dusty, rough, more repeated short distance driving or heavy city traffic during hot weather.
  - ) Bringing vehicle to the authorized service center of LXIPL for regular maintenance and check up according to the stipulated kilometers and time period recommended in the Hyundai Owner's Manual and Service Booklet.
  - ) Maintaining copies of all maintenance records & receipts for review by LXIPL.
4. In case of Warranty Repairs & Claims, vehicle owner has to bring his/her vehicle to the authorized service center of LXIPL along with the Hyundai Owner's Manual, Service Booklet and Warranty Certificate.

### **Free Servicing**

Laxmi Intercontinental Pvt. Ltd. offers its valued customers 12 Free Servicing for the period of 36 months or 55,000 Kilometers, whichever occurs earlier. The free servicing schedules are follows:

<b>SERVICING</b>	<b>MILEAGE (Kms)</b>	<b>MONTH</b>
1	2000-2500	2
2	4500 -5000	4
3	9500-10000	7
4	14500-15000	10
5	19500-20000	13
6	24500-25000	16
7	29500-30000	19
8	34500-35000	22
9	39500-40000	25
10	44500-45000	28
11	49500-50000	32
12	54500-55000	36

### **Workshop**

**LXIPL** Service Center is equipped with all latest technology equipments which helps our trained mechanics to serve the customers to their satisfaction. From minor fitting to major accident repair, everything is done genuinely by our Hyundai trained technicians. With all covered maintenance floor the vehicle is cared and maintained so as to meet the Standard set by the Hyundai. Some of our facilities are:

Hi-Scan Pro: A computerized machine which can measure every parameters of engine and can check your engine for any defects.

- ) Wheel Alignment Machine
- ) Wheel Balancing Machine
- ) Injector Cleaner
- ) A/C Refrigerant Fill UP

- )] Digital Thermometer for A/C check up
- )] Digital Tire pressure checking machine
- )] Special Hyundai tools for repair and maintenance
- )] Dent & Paint Shop

Mobile Service: Service must not set with the sun, that's why LXIPL Mobile Service is ready to race to your assistance at any hour of the day because; at the steering wheel of a Hyundai you must sit with confidence. Once we receive your call we reach to you and our experienced and trained service technicians will take over. If it's a minor job he will set it right and you can zip away in a short while if not we will tow it to our LXIPL Service Center.

- )] Pick up & Drop Service
- )] Post follow up
- )] Booking

### **Privilege Card**

LXIPL extends its relation with customers through Privilege Card. Simply buying a Privilege Card makes them able to get 6 free servicing. Get more benefits by getting discounts on repair and maintenance work, spare parts, dent paint and accessories is their major intention behind it.

Repair and Maintenance 15% Dent & Paint 15% Spare Parts 10% 6 times free servicing  
Lubricant 5% Validity 18 months Rate NRs. 2,260.0

### **Spare Parts**

- )] Stock ready for the vehicle to be repaired with fill rate of about 90%.
- )] Bridgestone Tyres, Exide Batteries and accessories all available fewer than one roof in LXIPL Service Center.
- )] Listen to the experts and always use genuine spare parts for safety, durability and longer life of cars with minimum expenses.

## **Objective of LXIPL**

Unlimited optimism and the never-say-die attitude of Mr. Yung – the driving force behind Hyundai – saw the company expand rapidly from year to year and extended its business to the automobile, electronics and heavy industries. Today, the Hyundai Business Group comprises of subsidiaries manufacturing microchips to ships and almost everything in between.

From 1967 till today, Hyundai Motor Company has manufactured and exported 7.8 million cars to over 190 countries.

The objective of LXIPL is to be among the top automobile dealer, and judging by the quality of vehicles they are currently making, it should happen sooner than later. And their responsibility has gone up with the dealership appointment and they were committed to live up to the customers' expectation.

Laxmi Intercontinental, a subsidiary of Laxmi Group, has been appointed sole distributor of Hyundai Motor Company in Nepal.

GB Lee, representative, Hyundai, Korea, handed over the dealership certificate to Ganesh Bahadur Shrestha, chairman, Laxmi Group, amid a program.

Laxmi Intercontinental started importing and distributing Hyundai vehicles in 2009. It also operates 3S (sales, service and spares) facilities. It has dealers in major cities in the country, including Bhaktapur, Banepa, Pokhara, Birgunj, Narayanghat, Butwal, Bhairahawa, Dang, Nepalgunj, Biratnagar, Damak, Birtamod and Nepalgunj. (PR)

## **1.2 Focus of the Study**

The study will focus on the effectiveness of advertising and sales promotion of automobile cars. Today's' changing market is covered, handled and managed with the great help of today's' sophisticated marketing management and stunning sales promotion. The demands of automobile in the market have created a huge and tough competition among



the sellers in the market. Without a proper tool of marketing management, handling those challenges arose in the market is not possible. And this reality cannot be denied. So, we all can see a lot of different practices are being carried out by different sellers in order to survive in the market. Hence, acknowledging such fact, the biggest weapon of all the marketing management is the proper sales promotion in the right market at the right time. In its absence, any product without a doubt can land in the market but will gradually die.

As we have stepped in the twenty first century, the world is not a big place to live and to know anymore. The rising communication links have left a huge impact on every human being. People are very alert, aware and conscious about any product that they are going to acquire. When any selling efforts are done, the impact is not only national but globally recognized. So, making up a mind about advertising is not a tough job but it's the effective advertising policy that can actually win people's heart. So, coming up with a strong marketing promotional strategy actually to a great extend can overtake the market. It is as important to build strong and wealthy marketing strategy and policy as important to understand, win and retain the market for the product or service.

Considering all the facts mentioned above, we are going to concentrate our study on the effectiveness of advertising and sales promotion on the auto motive world. The study shall revolve around the advertising and promotional behavior of those business houses who are handling the automobile business in Nepal. So forth, the study will reveal how those business houses are able to attain and retain their market share in the country.

### **1.3 Statement of the Problem**

There is gradually changing in the lifestyle and demand of the people, in the import business of cars which is getting famous day by day. In this context, whether it is for public use or private use, the import business of the car is also enormously increasing. As same in our country Nepal also there are many large organisations and trading houses which are regularly importing and selling the cars. Due to the desires of people, there are several large organizations and trading houses which are doing the business of importing and selling of the car well here in our country. Amongst them, one of the well known and

well accepted brands in automotive world, 'the Hyundai Motors' is also doing business in Nepal.

As mentioned earlier, Laxmi Intercontinental Pvt. Ltd. has been offering the products and services globally which is well known automotive brand to the Nepalese people since 1999. At the same time, there are lots of other brands of cars which also seem to hold significant positions in the Nepalese market. Other cars viz. Maruti, Toyota, Tata, Nissan, Fiat, Daewoo, Kia, Daihatsu and many other brands of automobiles have their own cars suitable to our country's roads and people. That means there are sufficient line and brand of cars available, which is luring a huge competition in the existing market and leaving the customers with plenty of options and confusions to make a right decision in the market. Therefore, for any wise company, this time period taken by the customers, while analyzing the market, would be the best time to show the effectiveness of advertising and sales promotion.

The focus of our study is to find out and analyze how the different brands of cars in Nepal have been able to gain and retain their targeted & satisfactory share in the market and that we will be dealing with the special reference to Hyundai cars. In this context, some problem before us can be termed as the problem area in this study. Such as,

- ) Has Hyundai Santro Nepal been more market oriented and given more emphasis on better promotional strategies?
- ) Has it been able to maximize its sales and capture its share in the market?
- ) Has it been able to analyze the varieties of advertising and sales promotional effectiveness for the better product positioning?
- ) Has it been promoting its product most suitably all over the country?
- ) Has it been able to evaluate its marketing efforts?

#### **1.4 Objectives of the Study**

The basic objective of the study is to analyze the statement of the problem.

The specified objectives are:

- ) To evaluate the effectiveness of advertising and sales promotion for attaining and retaining the market concentrating on automobile business.
- ) To examine the brand awareness in customers for automobiles.
- ) To analyze the importance of sales promotion in building a company's reputation.
- ) To review market status of the Hyundai Motors.

### **1.5 Importance of the Study**

As the world is termed as a global village by the excess development of communication and the fast and easy means of transportation from one place to another, automobile has its own importance to fulfill the demand of the present condition. Therefore, researcher believes that the present study deserves some significance of its own kind in the field.

Automobile business is one of the businesses which are regularly using aggressive advertising sales promotional tools for their product. It is vivid that Nepalese market of automobiles is growing rapidly, at this situation advertising and sales promotion tools plays a very significant role to assist customers in their decision making process. In other word, coming up with new and fresh ideas of the promotional schemes, better advertising strategies, providing well information, place of availability and benefits of the product i.e. car along with brand awareness is very vital task of marketing to any business companies.

Hence, we are going to analyze the effectiveness and importance of advertising and sales promotion in today's sophisticated marketing management of today's automobile business and their role on building the brand image of the product. Therefore it makes sense to believe that the study will be significant and relevant in today's context.

### **1.6 Limitations of the Study**

The study is confined to the following limitations:

- ) The general study focuses on the effectiveness of advertising and sales promotion of the Hyundai Motors as stated in the title.
- ) Study of the other cars shall be done comparatively only to find out their share in the market.

- J The study will be made only to Hyundai Santro ZipPlus and its segment leaving all the other lines of the Hyundai Motors and others as well.
- J The research analysis and presentation shall be analytical and descriptive.

## **1.7 Organization of the Study**

The study on the advertising and sales promotion of cars in Nepal has been divided into five chapters viz. Introduction, Review of Literature, Research Methodology, Presentation and Analysis of Data and Summary, Conclusion & Recommendation.

### **Chapter I: Introduction**

It includes general background of the study, historical perspective of Hyundai Motors, overview of sample cars, statements of the problem, objectives of the study, significance of the study and limitations of the study.

### **Chapter II: Review of literature**

In this chapter, concepts and principles of advertising and sales promotions are presented. Related books, journals and past research works are reviewed.

### **Chapter III: Research Methodology**

The third chapter briefly explains about the research methodology that has been used to evaluate the sales and advertising of the hyundai motors under consideration. This chapter consists of research design, sample and population, source of data and financial as well as statistical tools and techniques to evaluate.

### **Chapter IV: Presentation and Analysis of Data**

The data required for the study has been presented analyzed and interpreted by using various financial and statistical tools and techniques to present the result relating to the study in a very lucid manner under this chapter.

## **Chapter V: Summary, Conclusion and Recommendation**

The fifth & final chapter deals with summary of the previous chapters. It also includes conclusions drawn up and recommendations made for the further improvement the area of the study.

## **CHAPTER - II**

### **REVIEW OF LITERATURE**

To identify problems, a brief summary of these are to be written down. For this purpose, abstracting and indexing of journals and bibliographies are the first work to be done, where a researcher has desideratum to search and study the relevant matters that are applicable for his/her subject of the study. This type of findings on the basis of above mentioned facts and the study is called Review of Literature.

Most often associated with science, marketing-oriented literature, such as a thesis, the literature review usually precedes a research proposal, methodology and results section. Its ultimate goal is to bring the reader up to date with current literature on a topic and forms the basis for another goal, such as the justification for future research in the area.

A good literature review is characterized by:

- ) A logical flow of ideas;
- ) Current and relevant references with consistent, appropriate referencing style;
- ) Proper use of terminology ;
- ) An unbiased and comprehensive view of the previous research on the topic.

A literature review uses as its database reports of primary or original scholarship, and does not report new primary scholarship itself. The primary reports used in the literature may be verbal, but in the vast majority of cases reports are written documents. The types of scholarship may be empirical, theoretical, critical/analytic, or methodological in nature. Second a literature review seeks to describe, summarize, evaluate, clarify and/or integrate the content of primary reports (*Cooper ,1988:375-376*).

In this chapter, the researcher has reviewed in two types. In the first conceptual review had been conducted and in the second review of articles, journals and thesis were been conducted.

## **2.1 Conceptual Review**

### **2.1.1 Introduction of Marketing Concept**

The marketing concept is being applied in every field of the society along with the business. Marketing is increasing its importance with the necessity in the world of business also. Today's market is sensing the hyper competition since the business is being operated in globalised economy. Its concept in the philosophy that the firms should need to analyze of customers and then make decisions to satisfy those needs in better way than the competition.

Marketing is typically seen as the task of creating, promoting and delivering goods and services to the consumers and businessmen. Marketers are skilled in stimulating demand for a company's products. Marketers are responsible for the demand management. Marketing managers seek to influence the level, timing and composition of demand to meet the organization's objectives. Marketing deals with identifying and meeting human and social needs. Marketing efforts help to achieve organizational goals. It helps organization to find out what their customers need and want which also helps to decide what product or service to offer so that the customer's need and want were be best satisfied. It is concerned with attaining and retaining customers and winning long term customer's loyalty.

To better understand the marketing concept, it is worthwhile to put it in perspective by reviewing other philosophies that once were predominant. While these alternative concepts prevailed during different historical time frames, they are not restricted to those periods and still practiced by some firms today.

When firms first began to adopt the marketing concept, they typically set up separate marketing departments whose objective it was to satisfy customers' needs. Often these departments were sales department with expanded responsibilities. While this departments were sales departments structure can be found in some companies today, many firms have structured themselves into marketing organizations having a company-wide customers focus. Since the entire organization exists to satisfy customer needs,

nobody can neglect a customer issue by declaring it a “marketing problem” – everybody must be concerned customer satisfaction.

The marketing concept relies upon marketing research to define market segments, their size and their needs. To satisfy those needs, the marketing team makes decision about the controllable parameters of the marketing mix. Different individuals and associations have tried to define marketing in their own terms. Some are as such:

According to the American Marketing Management 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 goals.”

Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating, offering and exchanging products of values with others (*Kotler,2003:245-246*).

“There will always, one can assume, be need for some selling but the aim of marketing is to make selling superfluous. The aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. All that should be needed then is to make the product or services available (*Drucker,1998:322-323*).

In marketing people are involved which have 10 types of entries; goods, services, experience, events, persons, places, properties, organization, information and ideas.

**Goods:** - Physical goods constitute the bulk of most countries, production and marketing effort. So, marketing people are busy in the marketing of tangible objects or products.

**Services:** - It includes the marketing of the services like airlines, hotels, barbers and beauticians, maintenance and repair people, professionals working within or for company's such as accountants, lawyers, engineers, doctors, software programmer and



management consultants. Today's many market offering consists of the variable mix of goods and services.

**Experience:** - By orchestrating several services and goods, a firm can create stage and market experience.

**Events:** - Marketers promote time-base events such as the Olympics, company anniversaries, major trade shows, sports events and artistic performance.

**Persons:** - Celebrity marketing is a major business today. It is advised that each person should become a "brand" by marketing themselves.

**Places:** - Places –cities, states, regions and whole nation – compete actively to attract tourists, factories, company headquarters and new residents.

**Properties:-** Properties are intangible rights of ownership of either real property (real state) or financial property (stocks and bonds). The marketing of the property involves here.

**Organization:-** Organizations actively work to build a strong, favorable image in the minds of their publics. Companies spend money on corporate identity ads.

**Information:-** Now a days, information can be produced and marketed as a product. Encyclopedias and most nonfiction books market information.

**Ideas:-** Every market includes a basic idea. Products or services are the platforms for delivering some idea or benefit.

Marketing is the art of selling products and at the same time it is the delivery of a higher standard of living to the society. Marketing thinking should start even before there is a product to offer. It is concerned with identifying existing needs and then converting them

into a product or service. Besides, even after the product has reached the customer or user, the marketing effort does not come to an end. There is a question follow through to ensure that the customer gets maximum satisfaction out of his purchase. After sale service is essential to keep the customer satisfied and become repetitive customer.

### **2.1.2 The Marketing Mix**

Marketing decisions generally fall into the following four controllable categories:

- ) Product
- ) Price
- ) Place (distribution)
- ) Promotion

The term “marketing mix” became popularized after Neil H. Borden published his 1964 article, the concept of the Marketing Mix. Borden began using the term in his teaching in the late 1940’s after James Culliton had described the marketing manager as “mixer of ingredients”. The ingredients in Border’s marketing mix included product planning, price, branding, distribution channels, personal selling, advertising, promotions, packaging, display, servicing, physical handling, and fact finding and analysis. E. Jerome McCarthy later grouped these ingredients into the four categories that today are know as the 4 P’s of marketing are as follows:

#### **2.1.2.1 Product Decisions**

The term “product” refers to tangible, physical product as well as services. Here are some examples of the product decision to be made:

- ) Brand name
- ) Functionality
- ) Styling
- ) Packaging
- ) Repairs and Support
- ) Warranty
- ) Accessories and Services

### **2.1.2.2 Price Decisions**

Some examples of pricing decision to be made include:

- ) Pricing strategy (skim, penetration, etc.)
- ) Suggested retail price
- ) Volume discounts and wholesale pricing
- ) Cash and early payment discounts
- ) Seasonal pricing
- ) Bundling
- ) Price flexibility
- ) Price discrimination

### **2.1.2.3 Distribution (Place) Decisions**

Distribution is about getting the products to the customer. Some examples of distribution decisions include:

- ) Distribution channels
- ) Market coverage (inclusive, selective, or exclusive distribution)
- ) Specific channels members
- ) Inventory management
- ) Warehousing
- ) Distribution centers
- ) Order processing
- ) Transportation
- ) Reverse logistics

### **2.1.2.4 Promotion Decisions**

In the context of the marketing mix, promotion represents the various aspects of marketing communication, that is, the communication of information about the product with the goal of generating a positive customer response. Marketing communication decisions include:

- J Promotional strategy (push, pull, etc.)
- J Advertising
- J Personal selling and sales force
- J Sales promotions
- J Public relations and publicity
- J Marketing communications budget

#### **2.1.2.5 Limitations of the Marketing Mix Framework**

The marketing mix framework was particularly useful in the early days of the marketing concept when physical products represented a larger portion of the economy. Today, with marketing more integrated into organization and with a wider variety of products markets, some authors have attempted to extend its usefulness by proposing a fifth P, such as packaging, people, process, etc. today however, the marketing mix most commonly remains based on the 4 P's. Despite its limitations and perhaps because of its simplicity, the use of this framework remains strong and many marketing textbook have been organized around it.

Among the four Ps of the marketing concept, we shall focus on the 'promotional concept' only in detail, leaving all the other three lines of the marketing concept, since our research study is based on it.

#### **2.1.2.6 Promotion**

As mentioned earlier, it is one of the four key aspects of the marketing mix. Promotion involves disseminating information about a product, product line, brand, or company. As defined in the Free Management Library (1997-2008), Promotion keeps the product in the minds of the customer and helps stimulate demand for the product. Promotion involves ongoing advertising and publicity (mention in the press). The ongoing activities of advertising, sales and public relations are often considered aspects of promotions.

Promotion includes all the activities the company undertakes to communicate and promote its products to the target market (*Kotler, 2003:345-346*).

Promotion is the element in an organization's marketing mix that serves to inform, persuade and remind the market of a product and/or the organization selling it, in hope of influencing the recipients' feelings, beliefs or behavior (*Stanton, 2002*).

Promotion is a part of marketing. Today the scope of marketing is growing so rapidly due to the expansion of the market. As market demand increase along with the changing test, new and new products are being introduced in the market. Due to the rough competition and sophisticated market the companies are bound to face new and ever changing marketing realities.

To sustain in the market whose taste and demand are frequently changing, promotion becomes the happening tools for modern age marketers. New prospective is attained by effective promotional practices in the marketing process. Again to prevent the existing customer switching to other brands, they must be reminded for the existence of the product the versatile promotional activities are being done. Promotion is the contributing and supporting component in the marketing mix. With the help of promotional activities, the firm communicates it's objectives with the customers.

Promotion is generally sub-divided in the textbooks into two parts:

Above the line promotion: Promotion in the media (e.g. TV, radio, newspapers, internet) in which the advertiser pays an advertising agency to place the ad.

Below the line promotion: All other promotion. Much of this is intended to be subtle enough that the consumer is unaware that promotion is taking place. E.g. (sponsorship, product placement, endorsements, sales promotion, merchandising, direct mail, personal selling, public relations, trade shows).

The specification of these four variables creates a promotional mix or promotional plan. A promotional mix specifies how much attention to pay to each of the four subcategories, and how much money to budget for each. A promotional plan can have a wide range of

objectives, including: sales increases, new product acceptance, creation of brand equity, positioning, competitive retaliations, or creation of a corporate image.

### **2.1.3 Promotion Mix**

There are four main aspects of the Promotional Mix. These consist of:

- a. Advertising: Any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor. It is used to develop attitudes, create awareness, and transmit information in order to gain a response from the target market. Examples: Print ads, radio, television, billboard, direct mail, brochures and catalogs, signs, in-store displays, posters, motion pictures, Web pages, banner ads, and emails.
- b. Sales Promotion: Incentives designed to stimulate the purchase or sale of a product, usually in the short term. Examples: Coupons, sweepstakes, contests, product samples, rebates, tie-ins, self-liquidating premiums, trade shows, trade-ins, and exhibitions.
- c. Personal Selling: A process of helping and persuading one or more prospects to purchase a good or service or to act on any idea through the use of an oral presentation. Examples: Sales presentations, sales meetings, sales training and incentive programs for intermediary salespeople, samples, and telemarketing. Can be face-to-face or via telephone.
- d. Public Relations: Non-paid non-personal stimulation of demand for a product, service, or business unit by planting significant news about it or a favorable presentation of it in the media. Examples: Newspaper and magazine articles/reports, TVs and radio presentations, charitable contributions, speeches, issue advertising, and seminars.
- e. Sponsorship: is sometimes added as a fifth aspect. Sponsorship is where an organization pays to be associated with a particular event, cause or image. Companies will sponsor sports events such as the Olympics or Formula One. The attributes of the event are then associated with the sponsoring organization.

As a part of promotion mix, advertising and sales promotion are one of the most effective tools in marketing. We shall further deal in detail with only these two aspects of the promotion mix while remaining focused to the title of our research study.

### **2.1.3.1 Advertising**

Advertising is a form of communication whose purpose is to inform potential customers about products and services and how to obtain and use them. Many advertisements are also designed to generate increased consumption of those products and services through the creation and reinforcement of brand image and brand loyalty. For these purposes advertisements often contain both factual information and persuasive messages. Every major medium is used to deliver these messages, including: television, radio, movies, magazines, newspapers, video games, the Internet, and billboards. Advertising is often placed by an advertising agency on behalf of a company.

Advertisements can also be seen on the seats of grocery carts, on the walls of an airport walkway, on the sides of buses, heard in telephone hold messages and in-store public address systems. Advertisements are usually placed anywhere an audience can easily and/or frequently access visuals and/or audio and print

Organizations which frequently spend large sums of money on advertising but do not strictly sell a product or service to the general public include: political parties, interest groups, religion-supporting organizations, and militaries looking for new recruits. Additionally, some non-profit organizations are not typical advertising clients and rely upon free channels, such as public service announcements.

Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services by identified sponsors (*American Marketing Association (AMA)*).

Advertising is the means by which we make know what we have to sell or what we have to buy (*Jeffkins,2002:422-423*).

Advertising is the no personal communication of information usually paid for and usually persuasive in nature about products, services or ideas by identified sponsors through the various media (*Bovee, 1992:333-334*).

Above definitions of advertising emphasized on the selling objectives of the company. It says that the advertising planning and implementation are done to secure more sales with less cost contribution. But unlike the salesman who sells in a face-to face or even voice-to-voice situation, advertising is just a broadcast fashion to numbers of prospect whose identity may or may not be know and who may be close at hand or distance.

#### **2.1.3.1.1 Types of Advertising**

Advertising generally can be broadly categorized into four different types: (*Wikipedia, 2009*)

##### **1. Media**

Commercial advertising media can include wall paintings, billboards, street furniture components, printed flyers and rack cards, radio, cinema and television ads, web banners, mobile telephone screens, shopping carts, web popup, skywriting, bus stop benches, human directional, magazines, newspapers, town criers, sides of buses or airplanes ("logo jets"), taxicab doors, roof mounts and passenger screens, musical stage shows, elastic bands on disposable diapers, stickers on apples in supermarkets, shopping cart handles, the opening section of streaming audio and video, posters, and the backs of event tickets and supermarket receipts. Any place an "identified" sponsor pays to deliver their message through a medium is advertising.

Another way to measure advertising effectiveness is known as ad tracking. This advertising research methodology measures shifts in target market perceptions about the brand and product or service. These shifts in perception are plotted against the consumers' levels of exposure to the company's advertisements and promotions. The purpose of Ad Tracking is generally to provide a measure of the combined effect of the



media weight or spending level, the effectiveness of the media buy or targeting, and the quality of the advertising executions or creative.

## **2. Covert advertising**

Covert advertising is when a product or brand is embedded in entertainment and media. For example, in a film, the main character can use an item or other of a definite brand, as in the movie 'Minority Report', where Tom Cruise's character John Anderton owns a phone with the 'Nokia' logo clearly written in the top corner, or his watch engraved with the 'Bulgari' logo. Another example of advertising in film is in 'I, Robot', where main character played by Will Smith mentions his 'Converse' shoes several times, calling them "classics," because the film is set far in the future.

## **3. Television Commercials**

The TV commercial is generally considered the most effective mass-market advertising format, as is reflected by the high prices TV networks charge for commercial airtime during popular TV events.

The majorities of television commercials feature a song or jingle that listeners soon relate to the product.

Virtual advertisements may be inserted into regular television programming through computer graphics. It is typically inserted into otherwise blank backdrops or used to replace local billboards that are not relevant to the remote broadcast audience. More controversially, virtual billboards may be inserted into the background where none existing in real-life. Virtual product placement is also possible.

## **4. Newer Media and Advertising Approaches**

Increasingly, other media are overtaking television because of a shift towards consumer's usage of the internet.

Advertising on the World Wide Web is a recent phenomenon. Prices of Web-based advertising space are dependent on the "relevance" of the surrounding web content and the traffic that the website receives.

E-mail advertising is another recent phenomenon. Unsolicited bulk E-mail advertising is known as "spam".

Some companies have proposed to place messages or corporate logos on the side of booster rockets and the International Space Station. Controversy exists on the effectiveness of subliminal advertising, and the pervasiveness of mass messages.

Unpaid advertising (also called word of mouth advertising), can provide good exposure at minimal cost. Personal recommendations ("bring a friend", "sell it"), spreading buzz, or achieving the feat of equating a brand with a common noun (in Nepal, "Wai Wai" = "noodle", "Coca-cola" = coke/ cold drinks, "Hoover" = "vacuum cleaner") — these are the pinnacles of any advertising campaign. However, some companies oppose the use of their brand name to label an object. Equating a brand with a common noun also risks turning that brand into a generalized trademark - turning it into a generic term which means that its legal protection as a trademark is lost.

SMS (Short Message Service) texts messages have taken advanced countries like Europe by storm and are breaking into Nepal. The benefit of SMS text messages is people can respond where they are, right now, stuck in traffic, sitting on the metro. The use of SMS text messages can also be a great way to get a viral (word-of-mouth) campaign off the ground to build own database of prospects. Interstitial advertisement is a form of advertisement which takes place while a page loads.

#### **2.1.3.1.2 Negative Effects of Advertising**

An extensively documented effect is the control and vetoing of free information by the advertisers. Any negative information on a company or its products or operations often results in pressures from the company to withdraw such information lines, threatening to cut their ads. This behavior makes the editors of the media self-censor content that might

upset their ad payers. The bigger the companies are, the bigger their relation becomes, maximizing control over a single piece of information.

Advertisers may try to minimize information about or from consumer groups, consumer-controlled purchasing initiatives (as joint purchase systems), or consumer-controlled quality information systems.

Another indirect effect of advertising is to modify the nature of the communication media where it is shown. Media that get most of their revenues from publicity try to make their medium a good place for communicating ads before anything else. The clearest example is television, where broadcasters try to make the public stay for a long time in a mental state that encourages spectators not to switch the channel during advertisements.

Programs that are low in mental stimulus, require light concentration and are varied are best for long sitting times. These also make for much easier emotional transition to ads, which are occasionally more entertaining than the regular shows. A simple way to understand objectives in television programming is to compare the content of programs paid for and chosen by the viewer with those on channels that get their income mainly from advertisements.

In several books, articles and videos, communication professor Sut Jhally has argued that pervasive commercial advertising, by constantly reinforcing a bogus association between consumption and happiness and by focusing on individual immediate needs, leads to a squandering of resources and stands in the way of a discussion of fundamental societal and long-term needs.

Evolution of Advertising: There was also the need and existence of advertising in the ancient period. The difference is that there were not the mass media at that time. It is said that the development of the advertising started with the civilization and started to communicate with each other.

Advertising by word of mouth is probably the earliest form of advertising because verbal skills were developed first. Advertising was given the commercial status the day man entered into the process of exchange.

Since the knowledge of advertising and art of printing were not developed, in early days advertising was passive and was in limited use. The earliest form were signboards and writing on the walls of prominent building. Shouting loudly about the price and description of the article to be sold was the only method of attracting public attention. The effect of the old type of advertising was not attracting and dynamic as it is today. With the publication of newspapers and development of the modern techniques in printing, advertising work got boost.

It is said the first printed advertisement in English appeared in the London in about 1473 by the writer William Cocks ton, which was tacked on church doors announcing a prayer book for sale. Similarly the first newspaper advertisement appeared on the back of London newspaper in 1650 offering a reward for the return on 12 stolen horses. Then illustrated advertisements appeared for coffee in 1652, chocolate in 1657 and tea 1658 and again the direction of the advertisement was limited.

During the 16<sup>th</sup> century newspaper was the longest form of carrying advertising and these newspaper were first published in the form of news letter. As published in C. N. Sontakki advertising, "The first newsletter was started in 1622 in England. The second half of the 16<sup>th</sup> century witnessed newspaper in the form of news book. It can be said that by the middle of the 17<sup>th</sup> century, there were special advertising periodicals. It has been recorded that excellent news books were published around 1675. By the end of 17<sup>th</sup> century newspapers were well established in England under carrying advertisements as a regular basis."

Modern advertising is a product of industrial revolution of the 18<sup>th</sup> century in 1760. Before transportation and communication were developed, means of public expression were limited. But the desire to broadcast ideas were analyzed there, although early

attempts to influence the action of his fellow go back to the beginning the off-recorded history (*Cooler's Encyclopedia, 1976*).

By the year 1920 advertising in America and England had been developed well and professionalized somehow. Another significant milestone in the field of advertising was noticed when advertising was introduced in broadcasting media though Macorny invented radio in 1895, broadcasting of advertising in radio had to wait another 25 years, so, the first radio advertisement had been broadcasted in 1920. Then in the same year first professional advertisement has been broadcasted from the KDKA radio station established in Petersburg (*AAAN 8<sup>th</sup> General Meeting, 2055 B.S.*)

Television was invented in the mid 19<sup>th</sup> century as the most powerful communication tools. In 1949, the first television commercial was telecasted in England. Television was working as the most powerful media for advertisement until few years back when the computer technology has not been reached to this stage. But today, in the developed country, internet advertisement has become even more popular and it can after some years probably could take the place of television medium. But again, television still more effective medium for advertisement than press and radio due to audio-visual facility.

Increasing attention and interest in this direction, gave rise to class of advertising who were specialized to advice about the technique of advertising to the businessman regarding their advertising programmers. Remarkably huge amount of money was spent in both the purchase of advertising space and developing suitable advertising materials. The progress was further accelerated by modernization of the newspaper with huge circulation, which created political and social consciousness among the people. Every available space, every form and every opportunity was used for advertising purpose. Illustrations were made to make it aesthetically pleasing.

As stated in NTV Introduction Card, "The age old principle of 'cavet emptor' prevailed among the consumer and hence the advertising was thought to be untruthful. People did not believe the advertising message. Buyers were cautious in buying the advertised

goods. To counteract this feeling, manufacturers highlighted brands to the consumers. So, 19<sup>th</sup> century saw the concept of brand advertising. This facilitated the development of magazines. Both weekly and monthly magazines started to catch the imagination of the people by popularizing the brands. This is the period that welcomed window and counter display exhibitions and trade fairs.”

Up to the First World War, the newspaper and magazines were considered as the principle media of advertising. During the period of Great Depression of 1930s, there were less business activities and it is known as the slump period. After the Second World War, there was a keen competition among the manufacturers. On one hand, it tried to generate internal economy and on the other hand, it tried to seek newer methods of developing markets. Many new forms involved with advertising came into existence during the period. Advertising was developed on systematic lines. Widespread use was made of modern photography and art printing. The most typical development was cinema slides and electric signs.

During the Second World War, people were informed of war developments through short films and thus, a new form of advertising was developed. Now film advertising has become popular and it has got a huge significance in developing countries like India, Burma, Pakistan and in Nepal as well (*Ahuja, 1995*).

Television has a powerful means of advertising from 1950, it has grown in its importance with its color presentation and it is going to rule advertising world. There are major indoor color advertising media. The outdoor advertising similarly has been developed in traveling displays, sky-writing, in addition to the earlier means like poster, printed displays and sandwiched-men (*Sontakki, 1998*).

Role of Advertising in Modern Business World: Advertising is primarily a mean by which sellers communicate to prospective buyers about the worth of their goods and services. Advertising is not a game, toy or racket. It is a basic tool of marketing for

stimulating demand and for influencing the level and character of the demand. It has economic, social and psychological functions (*Chunawalla and Sethia, 1997:423-424*).

### **1. Economic Function**

All that advertisement has to do is to sell a product or service. The function of advertisement is accomplished by communicating properly and effectively, by communicating to the right people, by communicating to the right message, put across through brilliant and persuasive language, making use of appeals through different human motives. Advertising inclines customers favorably to the products, it affects their attitude. So advertising performs the economic function by being an art of persuasion.

Advertising not only markets the products but also a corporate ethos, a corporate philosophy, by giving memorable corporate stories reaching deeper into the public psyche than a bare recitation of performance statistics.

### **2. Social Function**

Advertising has affected not the core cultural values but the subsidiary cultural values. For example, to get married is a core cultural value. Advertising cannot effectively change it by telling people that you do not marry. Yes, to marry late and not to an early age is a subsidiary cultural value. Advertising can definitely affect it. It can persuade people marry late.

Advertising is a mirror of the society in which it operates. It reflects the cultural values of that society. Successful advertising is consistent with the cultural values of a given society. Yes, it can transfer some cultural value of one society to another society at a given point of time. Its cross-cultural impact will depend upon the universalisation of appeal.

Advertising invests a new product with confidence-confidence about its function, quality, price and availability. Advertising promises a quality and, forces manufacturers to live up

to the promised quality. So advertisement brings about consumer welfare by two-fold method:

- ) By improving standard of living ;
- ) By improving product quality

Advertisements for social causes like cancer prevention, anti-dowry campaign, family planning etc. make us socially responsible.

Advertising protects the consumers by educating them and by forcing the manufacturers to maintain a quality and be fair.

### **3. Psychological Function**

Advertising is closely linked to consumer behavior. So, it effects the personality of the consumer, his concept of self, his attitudes, beliefs and opinions, his life-cycle and life-style etc. advertising appeals to our physiological and psychological motives of people. Its appeals may be rational or emotional.

The whole job of advertising is to perform certain communication jobs with greater speed, volume and economy that can be done by any other means. This pragmatic approach to advertising is fundamental, and must be accepted before any plans for measurement can be formulated.

Here are the roles of advertising or what advertising can actually do or why we indeed advertise, which offer a broader idea of the versatility and value of advertising.

- ) To announce a new product or services
- ) To expand the market to new buyers
- ) To announce a modification
- ) To announce a price exchange
- ) To announce a new pack
- ) To make a special offer
- ) To make a special offer
- ) To invite inquiries



- ) To sell direct
- ) To test a medium
- ) To announce the location of stockiest
- ) To obtain stockiest
- ) To education consumers
- ) To maintain sales
- ) To challenge competitors
- ) To remind
- ) To retrieve lost sales
- ) To please stockiest
- ) To please the sales force
- ) To recruit staff
- ) To attract investors
- ) To export
- ) To announce trading results

### **Advertising Effectiveness**

The effectiveness of advertising can be understood by the changing attitudes and behavior of the customers. Advertising has become the powerful device for increasing sales and at the same time, large sum of money are sent on it. In the face to mounting and advertising costs on one hand and a squeeze on profitability on the other hand, top managements are increasingly concerned about the cost benefit of advertising in the operation of a business.

This concern is understandable, for advertising is one of the few, if not only, item of expenditure in a company's balance sheet that can't be measured in terms of its specific contribution towards its sales and profitability. An advertising manager, ideally, should be able to do this; but in most of the cases, he can't. This apparent lack of accountability of advertising is increasingly becoming untenable today. Advertising, therefore, has to prove its contribution to the total marketing efforts like any other allocation of corporate resources, or else advertising expenditure will run the risk of being set arbitrary or even slashed drastically.

The value of advertising cannot determine unless its role and function are understood. The unaccountability of what advertising, in most cases arises from a lack of appreciation of what advertising can or cannot do.

Advertising should be viewed as a part of total marketing effort of a company. The glib answer to the question: why do companies advertise, is it to sell products? But in recent times, increasing number of advertising personal has been frankly saying that advertising personal has been frankly saying that advertising cannot actually sell product. Supporting this view, the association of national advertisers, U.S.A, defines advertising as a mass paid communication, the ultimate purpose of which is to impart information, develop attitude and induce action beneficial to the advertiser (which may lead to sale of a product or service). Advertising is in fact only one in the series of tools on the marketing communication mix-the other tools are personal selling, retailer recommendation special sales promotion, publicity etc, the job of advertising is to perform certain communication jobs with greater speed, volume and economy. (B.S Rathor: Himalayan Publishing House) If all promotional tools are coordinated with each other and implemented accordingly, it may sell the product too. The ultimate aim of advertising/promotion is often to help raise the level of immediate sales.

However the object that involves an increase in immediate sales in sent operational in nature in many case for two reasons. Advertising is only one of the many factors influencing sales and it is difficult to isolate its contribution to those sales. The other forces include price, distribution, packaging, product features, competitive action, and changing buyer needs and tastes. It is absolutely difficult to isolate the effect of advertising. Evaluating advertising only by impact on sales is not practical.

Advertising can be understood as the form of communication which aims at bringing about some change in the behavior of target audience, particularly the potential buyers or non-buyers towards the product or services advertised. A generally theoretical model seeks to identify a step-wise behavioral progression of non-buyers towards buying action.

This is the progression from awareness to comprehension, from comprehension to favorable attitude, from favorable attitude to conviction and finding actual purchased of the product concerned, which is presented in the diagram to answer how advertising convert from potential customer to actual one.

AWARENES

COMPREHENSION

FAVOURABLE ATTITUDE

CONVICTION

ACTUAL PURCHASED OF ADVERTISED PRODUCT

Shrestha (1997), it is open to question if this model represent what actually happened in the real life for one thing. Actual purchase occurs as a result of many factors and advertising is only one them. Sometimes advertising can do it's job and customer to the retail outlet, but if the distribution plan of the company is uneven and retail doesn't stock of the products, purchase may not result. Simply advertising stimulates the potential buyers to go to the stores to buy actual advertised products. In general, advertising is done in expectation of tangible gain such as favorable attitudes, better image of the firm and increased sales. To get the maximum result from promotion, all promotional tools have got unique characteristics and are complementary.

It is true that sometimes the effort of advertising can not be measured directly in terms of sales. Therefore, advertising objective could be stated in terms of communication goals, such as awareness of the product or adorability of attitudes towards it.

The advertising is only one part of the marketing mix. It alone can not sell the product. There are many other factors-product quality, price packaging and product. Therefore it is

rather difficult to establish a direct link between an advertisement and its effect on the sales of product.

As the Nepalese management is still in underdeveloped stage, Nepalese manufacturers are not in a position to spend much amount in the advertising research to judge the effectiveness of advertising on their products. Manufacturers feel investing in research in waste of money; instead it can be used for other promotional methods. So no manufacturer here can say definitely that how effective their advertising campaign and promotion are or what are the impact being seen in sales of their product due to promotion/advertising.

Advertising testing can be done either before (pre-testing) or after (post-testing) the advertising has run in the media to avoid costly mistakes, to predict the relative's strength of alternative advertising strategies and to increase their efficiency (*Chunawalla and Sethia, 1997:423-424*).

Testing cost more money to the advertisers and in our country spending of such huge amount on advertising testing is not practical through the amount spent on it will save them from making costly mistakes. Feedback in advertising, advertising research, is very useful, even it means some extra expenditure for the advertiser. It helps to find out how and why advertising fails to succeed.

#### **2.1.4 Sales Promotion**

Sales promotion is one of the four aspects of promotional mix . Advertising offers a reason to buy whereas; sales promotion offers an incentive to buy. Media and non-media marketing communication are employed for a pre-determined, limited time to increase consumer demand, stimulate market demand or improve product availability.

As defined by Marketing Teachers Ltd (2000-2008), “Sales promotion is any initiative undertaken by an organization to promote an increase in sales, usage or trial of a product or service (i.e. initiatives that are not covered by the other elements of the marketing

communications or promotions mix). Sales promotions are varied. Often they are original and creative, and hence a comprehensive list of all available techniques is virtually impossible (since original sales promotions are launched daily).”

Sales promotion refers to demand-stimulating devices design to supplement advertising and facilitate personal selling (*Stanton,2002:285-286*).

Sales promotions can be directed at the customer, sales staff, or distribution channel members (such as retailers). Sales promotions targeted at the consumer are called consumer sales promotions. Sales promotions targeted at retailers and wholesale are called trade sales promotions. Consumer sales promotion includes tools such as samples, coupons, cash refund offer, price off, premiums, prizes, patronage rewards, free trials, warranties, tie-in promotions, cross promotions point-of-purchase displays, and demonstrations. Trade promotion includes prices off, advertising and display allowances and free goods. Business and sales-force promotion includes trade show and conventions, contests for sales reps and specialties advertising those tools are used by most organizations, including nonprofit organizations (*Kotler, 2006:422-423*).

Some sale promotions, particularly ones with unusual methods, are considered gimmick by many. For example, toothbrushes are often given various gimmicks, such as bright colors, easy-grip handles, or color-changing bristles so they appear more exciting to consumers. This is often done when trying to appeal to children or excitable adults, who often get more excited about the gimmick than the product.

Sales promotion refers to short term incentives to stimulate demand. It is used to create a stronger and quicker purchase response. It can be directed at consumers, middlemen and sales personal. It supplements advertising and facilitates personal selling (*Agrawal, 2005:147-148*).

#### **2.1.4.1 Features of Sales Promotion**

- J Short term: the duration of sales promotion should be neither too short nor too long from launching to close. Generally, sales promotion lasts from seven days to three months.
- J Provides incentives: Sales promotion tools provide incentives to the buyers. The size of incentive should be attractive
- J Aims at quicker response: Sales promotion aims to produce quicker results in terms of faster sales and higher sales volume
- J Directed at target audience: The target of sales promotion can be consumers, trade channels and sales personal. Sales promotion tools differ according to the target category.

#### **2.1.4.2 Objectives of Sales Promotion**

##### **1. Consumer Promotion**

- J Encourage greater purchase and use of product.
- J Attract new customers by encouraging trial of new product, increasing impulse buying, increasing brand awareness etc.
- J Introduce new product by increasing samples of product in the package of existing products. The objective is to educate consumers rather than to increase sales.

##### **2. Trade Promotions**

- J Sales promotion persuades channel members to carry new brands and provide more shelf space. They also stimulate them to push the brand to the consumers.
- J Sales promotion persuades wholesalers and retailers to carry higher levels of inventory. It's also encourages off-season buying.
- J Sales promotion incentives attract new channel members to carry the product.
- J Sales promotion is used to offset incentives provided by competitors. This discourages brand switching.
- J Sales promotion induces retailers to make better display of the product in the store.

### 3. Sales force Promotion

- ) Sales promotion motivates sales force for greater effort to get order from existing and new customers. It also stimulates them to make off-season sales.
- ) Sales promotion supports the efforts of sales personnel to push new products.

Sales promotional tools may vary according to the target market. Following are the tools being used for sales promotion: (*Agrawal, 2001*)

#### Consumer promotion

- ) Free samples
- ) Coupons
- ) Rebates
- ) Premium/Gifts
- ) Price-off
- ) Contests/Prices
- ) Display/Demonstration

#### Trade Promotion

- ) Free goods
- ) Allowance
- ) Price-off
- ) Sales contest
- ) Gift item
- ) Credit facilities
- ) Trade show

#### Sales force promotion

- ) Sales contest
- ) Trade shows/conventions
- ) Gift items
- ) Promotional kits

) Bonus and commission

### **2.1.5 Advertising/Promotion Trend in Nepal**

It is not declared that from when did the advertising trend got started in Nepal. However, it is said that to convey king's addresses to the country from the very beginning, a media was used. It is assumed that after some time this trend became the media of advertising. Above mentioned trend was the advertising for the non-business advertisement began with the dealer business.

In 1908 B.S. the Prime Minister Junga Bahadur Rana had brought a press in his visit to England, which was called "Gidde Press". But further this press was used to print envelopes, tickets, and government bulletins only so; this press could not run the business in the field of advertisement. "Nepal Manoranjan Press" of Thahiti was the beginner press in the field of advertisement in Nepal. In 1919 B.S. advertisement of a book named "Mochasiddi" was printed in this press. This is said to be the first advertisement in the history of Nepal. In 1945 B.S. a book named "Gorkha Hashya Manjari" is published in "Bharat Jeevan press" of Banarash. In this book, an advertisement of monthly Nepali Magazine named "Gorkha Bharat Jeevan" was printed. In the history of Nepalese advertisement another advertisement was printed in 1956 B.S. in the last page of book named "Nalopakhyan" published by "pundit Kapildev Sharma" an advertisement of monthly magazine "Sudhasagar" was printed.

"Gorkhapatra" was started on printed on weekly basis from baisakh 24, 1958 B.S. In the first edition of "Gorkhapatra", in the editorship of pundit Nardev Motikrishna Sharma published by "Pashupati Printing Press", an advertisement was printed. Then after, different magazines in Nepali language appeared.

Since Chaitra 20, 2007 B.S., Nepal Radio which changed its name to Radio Nepal later started its transmission. After that time transmission of commercial advertisement started. Initially, "Ratna Recording Corporation" was providing the advertisement services and used to deposit the accumulated sum of money to Nepal Radio. Nowadays Radio Nepal has its own advertisement services.



From Shrawan 29, 2042 B.S., Nepal Television has started its rail transmission. It may be assumed that from that day television advertisement is started in Nepal. The time period of trial transmission of Nepal Television was up to Poush 14, 2042 B.S., from this day “Nepal Television Corporation” was formed and started its transmission regularly. Now “Nepal Television Corporation” is 15 years old and out of its total transmission time 9.5% of time is taken by advertisement. In this television 58% of national and 32% of foreign advertisement are transmitted. In these years of time, advertisement, in Nepal Television has obtained great deal of success.

Some multinational companies with foreign collaboration have good and attractive advertisement like the advertising of Coca-cola, Pepsi-cola, Liril, etc. In Nepal, a small percentage of the population own a television set because of their poor economic condition. It can be said that only the 39% of the total population can only watch the national program on NTV (*NTV Viewers Survey Record: 2051 B.S.*).

Cinema exhibition was started from 2006 B.S. in Nepal. It is not confirmed yet which was the first advertisement slide that was exhibited by cinema hall. But, it is assumed that the exhibition of advertisement slide started after establishment in 2007 B.S. It is assumed that first of all non-commercial advertisement slides was exhibited by cinema hall.

Nowadays, hoarding board, display board, wall advertisement, posters and Pam plating, making are the normal media of advertisement. Visiting cards, invitation cards are also the media of advertisement ( *Dahal, 2055:123-124*).

## **2.2 Review of Related Studies in Nepal**

### **2.2.1 Review of Related Articles and Journals**

An article entitled, “Advertising Business: Looking for Silver Lining” published in ‘Business Age, information and analysis’ has reflected the current scenario of current Nepalese advertising business as following:

The closure recently of three magazines belonging to Times Inc. – On, Asiaweek and Family Lift – is testimony to the advertising recession happening on a global level. It is therefore not surprising that the advertising business in Nepal is witnessing a downslide.

"In fact, our business has gone down by some 60 percent", relates Nirmal Raj Poudel, Chief Executive Officer (CEO) of Welcome Advertising Agency and Marketing Pvt. Ltd.

He traces the beginning of the negative trend in business to circumstances before the September 11 attacks in the United States. He further claims that, it actually all began with the pro-Maoist movement against use of liquor and the subsequent measures promised by the government to restrict liquor use.

Then came September 11, triggering a global economic slump. Back home, the imposition of state of emergency on November 26 only added to the economic woe, albeit the general people have felt a sense of security. In a statement given by states Nabin Lal Joshi, Media Director of Thompson Nepal Pvt. Ltd., "Prohibition of consumer fairs, musical programs, etc. has had definite negative impact on our business,"

Ranjit Acharya, Chief Executive Officer of Prisma Advertising Pvt. Ltd., echoes a similar view. As posted on nepalnews.com, he has added, "The state of emergency has come as a surprise and not everyone has been able to comprehend the situation." The people have therefore preferred to act conservatively and hold on to their savings rather than spend money, he states.

Bhaskar Raj Rajkarnikar, the President of Advertising Agency Association of Nepal (AAAN) and the Chairman and CEO of Ad Avenues Pvt. Ltd., relates that although this period is probably the worst faced by the Rs 2 billion advertising industry, the current situation has had little bearing on his own business. "Because a major chunk of my clients include insurance and noodle companies," he reasons. Agreeing that the advertising industry has been severely hit by production cuts affected by manufacturing

units, especially in the liquor sector, Rajkarnikar believes that failure on the part of the government to come up with a national advertising policy has much to do with the plight of the advertising agencies. Rajkarnikar also believes that classification of ad agencies have become necessary. "This is mandatory to flush out unhealthy competition in the business," states the AAAN president.

In addition to the article posted on Nepalnews.com, vol.4, by Nirjal Dhungana, Nabin Lal Joshi, Media Director of Thompson Nepal Pvt. Ltd. points out at the repercussions affected on advertisement business by some prominent publications in the form of 20 to 40 percent enhancement in their tariff for advertisement space. "For a certain amount of money. I am allotted smaller space now in comparison to last year," he states.

Sources within the Kantipur Publications Pvt. Ltd, however, relate that advertisers have been reluctant to advertise more out of fear from the tax department – than due to tariff hike. Data from the publication reveals that although the space bought by advertisers in the first five months of the on-going fiscal year has gone down as opposed to the same period last year, there is little to choose between the two corresponding periods in terms of financial transaction. If net turnover of the publication during the last fiscal year amounted to some Rs 24,50,00000, the net turnover from the first five months of the current FY runs into Rs 11,36,00000, reveals a source within Kantipur Publications.

Nonetheless, the reported job layoffs resorted to by most publications and the Kantipur daily, boasting of the largest readership in the country, now coming out with only 12 pages as projected to 16 pages earlier, is indicative of the fact that the economic slump in the print and advertising business in here to stay, at least for some time in the future.

Top ten ad agencies Ranked by Nepal Television on the basis of financial transaction during FY 2063/064.

1. Syncro Media (P) Ltd.
2. Thompson Nepal (P) Ltd.
3. Media Times (P) Ltd.
4. Echo Advertising Service (P) Ltd.

5. Crayons Electra Nepal (P) Ltd.
6. Welcome Advertising & Marketing (P) Ltd.
7. National Ad & Marketing (P) Ltd.
8. Dina Advertising Service (P) Ltd.
9. Trikon Advertising (P) Ltd.
10. Media Co-operative (P) Ltd.

Ad agencies ranked by the Kantipur Publications (P) Ltd. on the basis of financial transaction up to the five months this FY (2064/065).

1. CTC The Media People (P) Ltd.
2. Thompson Nepal (P) Ltd.
3. World Vision Ad (P) Ltd.
4. Media Team (P) Ltd.
5. Professional Advertising (P) Ltd.
6. Prisma Advertising (P) Ltd.
7. Trikon Advertising (P) Ltd.
8. Echo Advertising Service (P) Ltd.
9. Tufan Ad Agency (P) Ltd.
10. AN'S Creations (P) Ltd.

### **2.2.2 Review of Related Thesis**

There are some similar studies which had been conducted previously about advertising and sales promotion. The advertising research has very short history in Nepal. Professionalism and highly advanced marketing and advertising practices have not institutionalized here in Nepal. However, the Nepalese business environment is also influenced and the entrepreneurs have recognized the need of advertising. For this, some research studies are conducted on advertising and sales promotion.

**Baral (2002)**, is also done in advertising field. He conducted the study on the “*Communication Effect of Advertising and Brand Preferences of Instant Noodles*”. His study has been contributed to the evolution of communication of advertising and its

impact on brand selection in the case of consumer non-durable goods. The objective of the study was explore the effort and communication of product brand attributes and its likely impact on consumer brand selection regarding the instant noodles case as the basic product. Thus, his study specifically dealt with communicative aspect of advertising.

**Pant (2003)**, which entitled "*The study on Brand Loyalty*". This study is conducted and focused on to find out whether or not brand loyalty exists in the Nepalese consumer market while purchasing low involvement consumer products. Despite of this the objectives of the study are to analyze and overlook what is brand? What are correlates of brand loyalty and how far these correlates are decisive to make consumer brand loyalty in Nepalese market. What is the strategy further to be taken for making consumer brand loyal?

For this research work some consumer products are taken such as detergent soap, instant noodles, shaving blade, toothpaste and soft drinks. Through this study it found that consumer give high importance to brand names at movement of purchasing. They emphasize in brand. Brand awareness to the Nepalese consumers are found brand loyal. It is found that the factor such as sex, age, marital status, income, family size, store loyalty, specific deal, favorite brand of the other members of the family influence brand loyalty but the degree and direction of relationship varies across product. Major recommendation of the study are branding is necessary for the product benefits, qualities such as action or color, easy to pronounce, recognize and remember as well as distinctive. Brand loyalty is absolutely a great asset of company. For the achievement of the great asset the marketing strategy of the company into product, price, place and promotion should be sound and well defined.

**Shrestha (2004)**, has done one more attempt to advertising research. The study named "*The Role of Advertising in Brand Choice and Product Positioning*" has been conducted to find out role of advertising on brand choice of low involvement consumer goods. It is the study trying to show the importance of advertising on brand choice of low involvement products. The objective of this study was to find out if advertising plays any supportive role in brand choice decision, if the consumers brand choices for low

involvement, if there is an exist of other promotional tools which have more weight in brand choice decision than advertising.

**Bhatta (2005)**, entitled of the study is “*Sales Promotion and its effect on Sales: A Case Study of Beer Market of Nepal*”, the objectives of the study was to find out if the sales promotion does impact on sales of Beer, to find out which mode of sales promotion is more acceptable by the Nepalese consumers and which mode is more wisely used by the manufacturers as sales promotion tools, to find out the most suitable media to advertise about the sales promotion, to evaluate the effectiveness of sales promotional activities in the sales of beers in Nepal and to predict the sales of coming year if every factors remain same. Thus, this study specially dealt with most recent and widely used methods of promotion-sales promotion and its impact on product.

**Shrestha (2006)**, has also mentioned in his “*A Study on Brand Loyalty on Low Involvement Products*” that consumers of Kathmandu Valley give high importance to brand. Most of the consumers of Kathmandu Valley were found undividedly loyal in specific brand. His study also shows that greater percentage of consumer switch the brand due to advertisement and most of respondent are influenced by incentives for their brand choice also.

**Maharjan (2008)**, has also mentioned in her “*A Study on Advertising Effectiveness of Noodles Advertisement*”. To label as an effective advertisement both communication and sales effect must be effective. She also recommends to Noodles Company that sales as well as communication effectiveness should be focused.

The above are the remarkable research studies found in the subject of advertising and sales promotion through the Tribhuvan University Central Department of Management and Tribhuvan University Faculty of management, Shanker Dev Campus in marketing studies.

However, there are no previous research reports found on marketing studies of Nepal's automobile sector. Research has attempted to prepare and present this report with her fullest effort. All possible primary and secondary sources of data are collected, analyzed and presented here in suitable manner.

**Poudel (2009)**, the study named as "*Magazine and Paper Advertising in Nepal*" is focused on the objectives of identifying the existing position of advertising practices in Nepal. The other objectives of this study were to find out the existing pattern and blends of advertising and the constraints prevailing in advertising practices in Nepal. His study confined to the descriptive analysis of then situation of advertising business. It was natural to undertake such research on advertising field at that time as the advertising was still on infant stage of development. Thus, his study did not touch the creative aspect of advertising. The major finding of the study state that the advertising is the main method of promotion practiced in the country. Advertising in the company is handled by person at the senior level, when there is a separate advertising department in the company. Regarding to the services rendered by the advertising agencies, none can offer full service properly. A few agencies concentrating on producing interesting advertisement from the advertiser and other specialist services such as block market, printers, artists etc., publication media, radio and cinema are the most used media for commercial advertising. But there are few alternatives. The Gorkhpatra is the only medium with any signification circulation. The advertising programs are not well coordinated with the other elements of marketing and promotional strategy. The effects of advertising are generally not evaluated.

**Basnet (2011)**, on "*Advertising and Its Impact on Consumer Goods*" conducted a study. He conducted the research on the radio advertising and its lively impact on purchasing acts in consumer goods. In his study he had listed twenty different findings regarding the radio advertising and its impact on purchasing decision. The objective of this study were to study the availability and comparative cost of different forms of advertising in Nepal to find out the impact of radio advertising on consumer buying behavior and to study the

influence of radio advertising on sales of the advertised product. Thus his study is strictly confined to the impact of advertising on sales and consumer buying behavior.

### **2.3 Research Gap**

The research study about advertising and sales promotion in different fields has been carried out several times by several researchers previously. However, the research in the field of automobile business in Nepal is rare and has carried out only once in 2002 by Ms. Rita Rai. Ever since then, nobody has made an attempt for any further study in this field. In the scenario of Nepal, there has been a revolution in the automobile business compare to that of 2002. The previous research was carried out at the time when there were so few suppliers of vehicles in Nepal and the competition was not so tough at that time in the market. Today's market of automobile business in Nepal is huge and complex, the comparative study had to cover and consider a huge competing brands and dealers compared to that of the study done previously. Even though, the previous study was done on the advertising and sales promotion of Hyundai Santro Nepal but, due to small market at that time, it was basically focused and gave more information about Hyundai cars in the international market. The report was basically presented as Hyundai Santro India. the previous study seemed a bit unorganized, unsystematic leaving behind the major interesting section in the study such as, reports of articles and related journals, major findings of the study etc. therefore, it can be said that the scenario of Nepalese market was not well presented in terms of adverting status of Nepalese Market. In this fast changing market of today, with the development of technology in the developed countries, there has been a drastic change and development in the trend and fashion of advertising means and medias in Nepal too; which clearly indicates that in this study, especially in automotive business world, a lot of efforts had to be made to analyze as well as cover the bigger and newer markets that exists in Nepal compared to that in the year 2002.



# **CHAPTER - III**

## **RESEARCH METHODOLOGY**

### **3.1 Introduction**

Research methodology is a collective term for structured process of conducting research. Research methodology refers to the various sequential steps to be adopted by researcher in studying a problem with certain objectives in view. Therefore, this chapter deals with the method and techniques that were used in this study. Generally, research methodology focuses on the nature and sources of data, the model sample, selection and classification of variable, use of analytical and statistical tools etc. Therefore, research methodology means to an end but not end itself. Researcher approaches to certain conclusion using research methodology. Research Methodology is concerned with various methods and techniques which are used in the process of research studies. It includes wide range of methods, including quantitative techniques for data analysis and presentation.

The present study has its objective to analyses, examine and describe the application and effectiveness of marketing and sales promotion strategies and techniques. The research methodology will be followed to attain the basic objectives and goals of this research work.

Research Methodology includes the following

Concept which has its particular discipline or field of inquiry:

- ) A collection of theories, concepts or ideas;
- ) Comparative study of different approaches; and
- ) Critique of the individual methods

Marketing research involves specific inquires into specific marketing problems. It is basically problem oriented and based on systematic and careful planning and implementation. The purpose of marketing research is to generate information, which

helps to the business executive to take appropriate and timely decision. Marketing researcher provides the firm with important customer feed-back and understand the dynamics of the market place. Today, business decisions are increasingly based on the market-place than institutions. The increase in marketing research activities reflects a transition from intuitive problem solving methods.

### **3.2 Research Design**

The objective of the study is to evaluate effectiveness of advertising and sales promotion for attaining and retaining the market and to review the market status of Hyundai Motors and the research design is developed to fit the study. The research design of this study is descriptive as well as analytical. This is the study of practical use of marketing and sales promotion tools and their effectiveness, so the appropriate research designs are followed according to the requirement of the study. The present study has its objective to analyze, examine and describe the application and effectiveness of marketing and sales promotion strategies and techniques. This research methodology will be followed to attain the basis objectives and goals of this research work.

### **3.3 General Research Activities**

With the reference to research methodology the different research activities has been conducted by researcher. They are as follows.

#### **Population**

The term population or universe for research means all the member of any defined class of people event or objects.

A well-defined numbers of Santro car owners and executive and administrative level managers in Kathmandu has been taken as a research population by the researcher in this research study.

## **Sample**

A population in most studies usually consists of a large group of people. Because of its large size it is fairly difficult to collect detailed information from each member of the population. So, rather than accumulation information from each group, a sub-group is formed, this method is called sampling. In other words, Sampling is selecting certain number of respondent out of population.

In the research study, the whole administrative and manager level of marketing department has been taken as population whereas more than 10% of the population has been taken as sample which represents the population.

### **3.4 Sources of Data Collection**

Data and information has been collected by following two methods:

- ) Primary data and information
- ) Secondary data and information

#### **1. Primary data and Information**

While collecting primary data and information, the different methods have been adopted.

They were:-

- i. Observation method: observation method is more direct way to accumulate information from a particular field, area and event. It is one of the best ways for the researchers to get real information. By following this method, the researcher has frequently visited the organization, observed different departments giving a major concentration on the marketing department, observed different divisions and units of the departments.
- ii. Questionnaire method: During the course of the research study, different questionnaire have been designed or prepared as per the requirement of the research study. The list of questionnaire and their types are attached in the Appendix 'I' of the research study. The list of questionnaires has been distributed to the administrative and executive manager levels randomly to receive information from the different divisions of the marketing department.

- iii. Interview method: The interview is a method allowing the researcher to ask question which will enable him/her to answer research options, In order to get information for the introductory frame work of research study. Structured and unstructured interview has been conducted to the different employees of marketing department.

## **2. Secondary Data and Information**

Secondary data are actually the results and data collected by previous investigators. It provides the researchers with a considerable amount of useful information.

With reference to research study, the different secondary information has been collected from different sources. The different sources are- information and records kept by departments, divisions and units, published materials, books, booklets, journals, magazine, publication of Nepal automobile Dealers Association (NADA) and Department of Transport Management and similar previous dissertations and other publications.

## **3.5 Data Analysis Tools and Techniques**

Different tools and techniques have been used by researchers to present and analyze the existing marketing, advertising and sales system. Such tools consist of Graphs, tables and figures, charts and percentage which are used to analyze and present the collected data and information to make it more easily understood. Noble descriptive analysis and presentation will be made.

## **3.6 Method of Data Analysis**

The data collection from different sources are classified, tabulated and analyzed according to the needs of the study. Necessary tables are constructed to fit the data obtained from different sources. Average calculations, various percentages calculations are used for analysis.

## **CHAPTER - IV**

### **DATA PRESENTATION AND ANALYSIS**

This chapter focuses on the presentation and analysis of data obtained from research interviews. A description of the respondents who took part in the study will be given. The researcher will present the data from the customer's interview schedule. Data analysis will also be discussed. Data analysis in qualitative research is a challenging and highly creative process. It starts with data collection. The researcher is intimately involved with the respondents and the data are generated (*DeVos, 1998:334*). The data presentation and analysis are based on the primary and secondary sources of information.

#### **4.1 The Market of Hyundai Santro**

Hyundai Motors India's flagship car, Santro has become the market leader with a 42 percent market share in the small/compact cars segment in Nepal (*Hindu Group of Publication, financial Daily: Feb 12, 2003*). The Santro led the market followed by the Alto with a 30.5 per cent share, and the Indica 17 percent share.

Santro sales in Nepal are the highest among the foreign countries in the SAARC region. Santro with its outstanding performance in every category is quickly leaving other cars behind in the race to drive the nation forward in the new millennium (*www.nepalnews.com: May 03-09, 2000*).

The small/compact car segment in Nepal, estimated at about 1,000 cars daily, includes the Maruti Suzuki Alto, Zen, Daewoo Matiz, Daihatsu Cuore, Fiat Palio and Tata Indica.

The Hyundai Motor Company, part of the Hyundai Group was formed in 1967. It develop, built and exported its first car, the PONY in 1976 which immediately met with international acclaim and established Hyundai as one of the players in the world of automobile market. From 1967 till today, Hyundai Motor Company has manufactured and exported 7.8 million cars to over 190 countries.

Hyundai motor vehicles are sold in 193 countries through some 5,000 dealership and showrooms. After a recent survey of global automotive sales by Automotive News, Hyundai is now the sixth largest automaker in the world, surpassing Nissan, Honda, and many other major brands, selling 3,715,096 units in 2005.

Hyundai Motor India Limited was established in 1996 as a 100% subsidiary of Hyundai Motor Company, South Korea. It has made an initial investment of US \$614 million in a production plant near Chennai, South India. This plant has the capacity of producing 120,000 vehicles annually and targets 150,000 by 2003 (*Hyundai- the Second Coming: September 21<sup>st</sup> 2002*).

Laxmi Intercontinental P. Ltd., the authorized dealer for Hyundai Motor Company, South Korea and Hyundai Motor India Limited, formally launched Hyundai Santro.

Hyundai Santro Epsilon engine is one of the most advance 1100CC power plants, which gives more mileage because of the Multi Point Fuel Injection System. The Santro is made on the criteria of Euro-II pollution norms and Nepal Vehicle Mass Emission Standard 2056. The Santro made a tremendous success while being launched in India. In just nine months, Santro captured an amazing 10% of the huge India market (*Business Manager, 2000: 27*).

Thus first time Santro was launched on 28<sup>th</sup> April, 2000 and second time launched on 21st September, 2002 to promote the Vehicles from Hyundai brand along with Santro in Nepalese market.

Almost 3300 Santro cars are running on the road of Nepal till now. Approximately 120 Santro cars were sold within the first few months successfully and the next sales target was 300 Santro to be sold by the end of the year 2000. The target was sales successfully met exceeding by 40% that is, achievement market was 140%. The Santro car is enjoying the boom period in the Nepalese market. It has got really very good and considerable chunk of automobile market. Since then the market of Hyundai Santro is ever expanding.

The market of Hyundai Santro is quite satisfactory. Santro is fulfilling its promises by meeting the customers' expectations. Market of Santro is saying that the performance of the car is pleasing. Customers say that pick up, fuel efficiencies and the power are good although some complaint about the defect of its engine to some extent. But still, the survey and study further shows that number of the Santro cars running here in Nepal's road is higher than any other cars in Nepal and it is ever increasing.

Laxmi Intercontinental P. Ltd., the authorized dealer for Hyundai Motors, has built up the networking to cover the whole region of Nepal by appointing the dealers and sub-dealers within and out of the valley, Kathmandu. It facilitated the market of Santro to be extended. The dealers, Jonchhen Traders Pokhara, Auto Centre Biratnagar, Mally Auto Butwal and Guinine Auto Narayanghat are supplying the Santro to their respective territories. Recently, Carmart Kathmandu and Universal Auto Birgunj are also appointed as the dealer. Other sub-dealer like Tej & Karan, Bijayshwori, Naxal Auto, Shiva and other recondition houses are selling Hyundai Santro to their customers. The dealers and sub-dealers are providing the exchange facilities to the old car owners and help them buy new Santro.

Thus, Hyundai Santro is becoming popular and stronger ever year. It has been able to achieve the targeted success and sale in the market and enjoying the majority share market in Nepal, especially in the capital city of Nepal in Kathmandu.

Hyundai Santro enjoys 42% of the market share of its segments (Half Yearly Meet of Laxmi Intercontinental P. Ltd.). It shows that Hyundai Santro car is satisfying its customers with its better performance and gaining significant share of market. This excludes Maruti 800 car.

**Table 4.1**

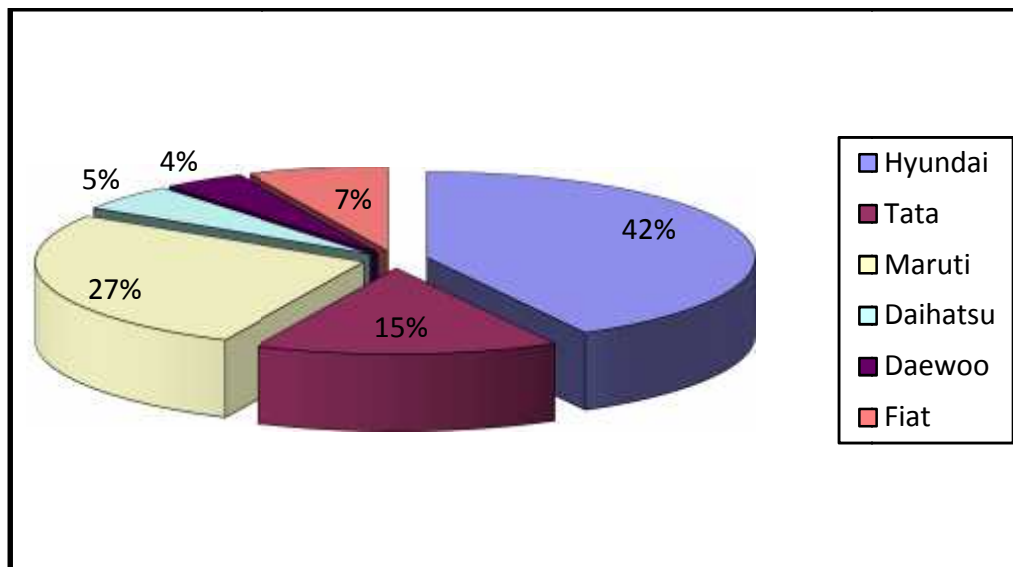
**Market Share of Santro Car Segment (Year 2010)**

Make/Model	Market Share (%)
Hyundai	42%
Tata	15%
Maruti	27%
Daihatsu	5%
Daewoo	4%
Fiat	7%
Total	100%

*Source: Hindu Group of Publication, Financial Daily*

**Figure 4.1**

**Market Share of Santro Car Segment (Year 2010)**



The above pie chart shows the market share of the Santro car and its segment in percentage. Tata and Maruti are the close competitors of Santro car. Still Santro is carrying out its business with varieties of offer and schemes aggressively. Its wide range of the dealership networking is also selling considerable number of Santro car which is helping to acquire the target market.

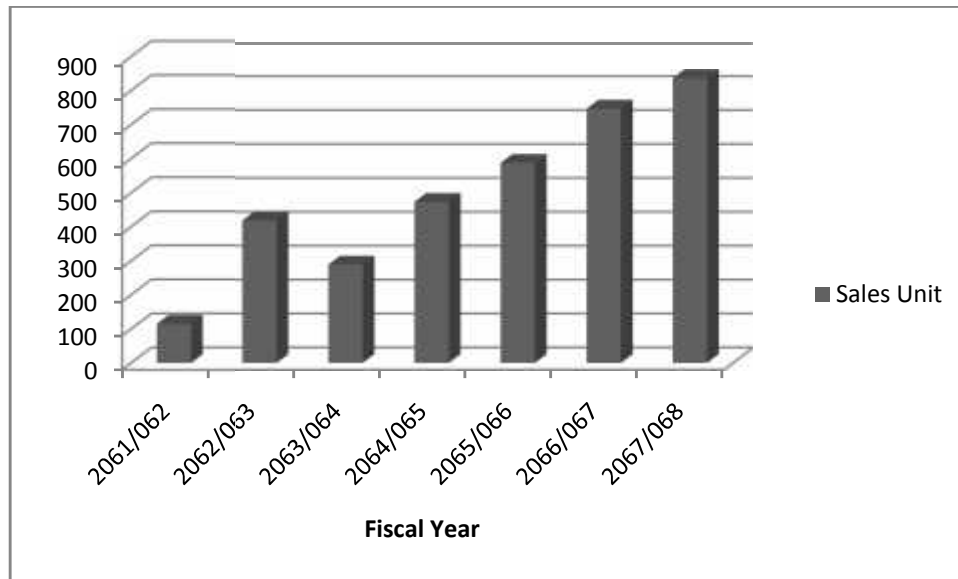


**Table 4.2**  
**Yearly Sales of Santro Car**

<b>Year</b>	<b>Sales Unit</b>
2061/062	115
2062/063	420
2063/064	290
2064/065	475
2065/066	590
2066/067	750
2067/068	840
<b>Total</b>	<b>34800</b>

*Source: Half Yearly Meet of Laxmi Intercontinental P. Ltd.*

**Figure 4.2**  
**Yearly Sales of Santro Car**



The above table and chart shows the picture of the yearly sales of Hyundai Santro cars till now. In the first year of its sales, Laxmi Intercontinental P. Ltd. Hyundai sold 115 units within few months. In the year 2062/063, it sold 420 units of Santro car. 290 units of car

were sold in the following year. In this running year 2064/065 it sold 475 units of Hyundai Santro car. It shows the remarkable sales of the car in Nepalese market.

The sale of Hyundai Santro car has become successful here in Nepal. The Hyundai Santro cars have become very popular here in Nepal. The Hyundai Santro is successfully meeting the requirements and expectations of its owners.

## **4.2 Marketing Mix for Hyundai Santro**

Here, the study of marketing mix of Hyundai Santro is done. The marketing mix or 4Ps of the Hyundai Santro includes:

- ) Product/Hyundai Santro
- ) Price of Hyundai Santro
- ) Promotion of Hyundai Santro
- ) Place/Distribution of Hyundai Santro

### **4.2.1 Product/Hyundai Santro**

Santro is one of the few cars on the road with an onboard engine management computer that continuously monitors engine performance for optimum driver satisfaction (*www.nepalnews.com May 03-09, 2000*). Hyundai Santro is gaining the increasing share of market. Its features and benefits are tailored according to the Nepalese road.

Safety is not just a feature of the Hyundai Santro. It is as integral part of the total car design engineering. So every single system in the car contributes to making the Hyundai Santro one of the safest and strongest vehicle in the market.

Following are the technical specifications of the Santro.

**Table 4.3**  
**Technical Specifications**

<b>Key Technical Specification and Features</b>		<b>LE</b>	<b>LE</b>	<b>LP</b>	<b>LS</b>	<b>GS</b>
<b>Dimension</b>	Overall Length (mm)	3565				
	Overall Width (mm)	1495 (+1750 mm with doors open)				
	Overall Height (mm)	1590				
	Wheelbase (mm)	2380				
	Front					
	Overhang (MM)	635				
	Rear overhang (mm)	480				
	Front track (mm)	1315				
	Rear Track (mm)	1300				
	Unladen weight	778	785	810	815	
	Fuel Tank Capacity (ltr)	35				
	Ground Clearance	172				
	Model Designation	Hyundai Epsilon				
Model	Model Designation	Hyundai Epsilon				
	Fuel System	In multi policy fund				
	Displisition					
	Ignition System	Distributor less				
	Emission control	3- Way Catalytic Converter with Evaporative Gas Control				
	Cylinder block	Iron				
	Cylinder Head	Aluminum				
	Combustion principle	4-stroke				
Performance	Max. horsepower (ps/rpm)	63/5500				
	Max. Torque (Kgm/ rpm)	9.1/4000				
Suspension	Front Suspension	Mc person strul with stabilizer bar				
	Rear suspension	Tourism Beam Axle, 3-Link offset Coil Sprigs, Hydraulic Dampers				
Steering	Steering System	Rack & Pinion				
	Min. Turning Radius (m)	4.4				
	Front Brakes	Ventilated Discs				
	Rear Brakes	Self- Adjusting Drums				
	Pad wear warning Clip	Standard				
	Booster Capacity	Vacuum assisted (& inches)				
Tyres & Wheels	Rims	4.0J×13				
	Tyres	155/70 R13 Redial				

www.hyundai-motors.com

The overall length of the Santro is 3495 mm and the width is 1495 mm. the height is 1590 mm. it is easy to turn and park the Santro anywhere. The fuel tank capacity is 35 Liters. It fuel efficiency is also good, it gives 13-14 km./ltr. Mileage in the city and 17-18 km./ ltr. On the highway. Its ground clearance is also found satisfactory which is 172 mm. it is really meeting the challenge of the Nepali roads.

The fuel system is multi point fuel ejection system. The system supplies only the needed fuel to the engine and sends back the excess unused fuel to the tank. It optimizes the fuel consumption of the engine. The distributor less system helps engine to start. It is four cylinder car. Santro is four stroke car designed to meet the environmental requirement. Santro is 1086 Cc car which is called as 1100cc car. It is more powerful engine in its segment. It has good pick up and performance. Its maximum horsepower is 63s/55000rpm. The maximum torque power is 9.1 kgm/4000rpm. Its minimum turning radius is 4.4m. it means the car can be turned easily. It has front ventilated disco breaks and rear self adjusting drum breaks. The tyre size is 155/70 R13 radial. These all technical specifications of Santro car are designed and developed very well. Ti is called an international tall boy design which means it has high head space. It makes easy to get out of the car very comfortably.

Following are the features of the Santro.

Features	Items	LE Non A/C	LE With A/C	LP With P/S + A/C	LS With P/S	GS ZIP Plus
Safety Feature	Dual-Member Side Impact Protection	S	S	S	S	S
	Child- Safety Rear Door Locks	S	S	S	S	S
	Energy- Absorbing Collapsible Steering Column	S	S	S	S	S
	Cross Bar Under Dash panel	S	S	S	S	S
	Central Door Locking	N/A	N/A	N/A	S	S
	Day & Night Mirror	N/A	N/A	N/A	N/A	S
	Rear Seat Belts	S	S	S	S	S
Exterior Features	Black Bumper	S	S	S	S	S
	Body Colored Bumper	S	S	S	N/A	N/A
	Waistline Molding	N/A	N/A	N/A	N/A	S
	All Around Tinted Glass	N/A	N/A	N/A	S	S
	Front/ Rear Mud Guard	N/A	N/A	N/A	N/A	S
	Rear Wiper & Washer	N/A	N/A	N/A	S	S
	Chrome Finish Radiator Grille	N/A	N/A	N/A	N/A	S
	Rear defogger	N/A	N/A	N/A	N/A	S
	Rear Spoiler with LED Stop Lamp	N/A	N/A	N/A	N/A	S
	Body Colored Door Handles	N/A	N/A	N/A	N/A	S
	Clear white Front Fog Lamp	S	S	S	S	S
	Clear Rear Combination Lamps	S	S	S	S	S
	Clear Head Lamps	S	S	S	S	N/A
	Half Wheel Cover	N/A	N/A	N/A	N/A	S
	Full Size Wheel Cover	N/A	N/A	N/A	N/A	S
Front Fog Lamps	N/A	N/A	N/A	N/A	S	
Interior	Standard Console	S	S	S	S	N/A
	Deluxe Console	N/A	N/A	N/A	N/A	S
	Room Lamp	S	S	S	S	S
	Single Horn	S	S	S	N/A	N/A
	Glove Box With Cover	S	S	S	S	S
	Ashtray	S	S	S	S	S
	Cigar Lighter	N/A	N/A	N/A	N/A	S

	Front Door Map Pocket	N/A	N/A	N/A	S	S
	Adjustable Front and Rear Seat Headrests	S	S	S	S	S
	Rear Seat Double Folded	S	S	S	S	S
	Front Seatback Pockets	N/A	N/A	N/A	N/A	S
	Semi-Full Cloth upholstery	S	S	S	S	N/A
	Full Cloth Upholstery	N/A	N/A	N/A	N/A	S
Comfort & Convenience	3-spoke PP Steering Wheel	S	S	S	S	S
	Vanity Mirror	N/A	N/A	N/A	N/A	S
	Front Power Windows	N/A	N/A	N/A	S	S
	Power Steering	N/A	N/A	S	S	S
	Leather Wrapped Steering Wheel	N/A	N/A	N/A	N/A	S
	Key Type Fuel Filler/ Tail Gate	S	S	S	N/A	N/A
	Remote Type Fuel Filler / Tail Gate	N/A	N/A	N/A	S	S
	Heater	S	S	S	S	S
	A/C with Ozone Friendly R134a Gas	N/A	S	S	S	S
	Remote Tail Gate Release	N/A	N/A	N/A	S	S
Additional Features	Low Fuel Warning Lamp	S	S	S	S	S
	New Radiator Grille	S	S	S	S	S
	A/C on /Off indicator	S	S	S	S	S
	Intermittent Wiper	S	S	S	S	S
	Blower Speed	-	4	4	4	4
	Power Steering	-	-	S	S	S
	Internally Adjustable ORVMs	-	-	-	S	S
	Power Windows - Front	-	-	-	S	S
	Remote Fuel Lid Opener	-	S	S	S	S
	Remote Tail Gate Release	-	S	S	S	S
	Clutch Foot Rest	-	S	S	S	S
	Automatic Transmission	-	-	-	-	S

(Note: S-Standard Feature, N/A- Not available Feature)

All the given features are subjected to change without any prior notice.

## Environment

Hyundai is committed to making vehicles that make the world a better place to live in. From design stage to production, all processes are concentrated on making cars that pollute a lot less and exceed global benchmarks. The processes by themselves adhere to

the most stringent environmental norms in terms of waste management, recycling and use of 'green' raw materials. Santro's newly launched car is engineered to meet Euro-1 pollution norms and Nepal vehicle mass emission standard 2056, making it one of the most eco-friendly cars on the road today. It has also been designed to meet the tough road conditions of the South-Asia region.

Hyundai Motor India has been awarded the benchmark ISO 14001 certification for its sustainable environment management practices. Living up to its commitment of providing global standards of quality and process management in India, Hyundai had put in place an Environment Management System (EMS) at its manufacturing plant in Chennai right from its project stage. The certification process was completed in a record time of 10 months with 'Zero NCRs'. The assessment was done by TUV SUDDEUTSCHLAND and covered areas like Awareness Training, Technology Up gradation, Recycling, Waste Management and fulfilling Government Regulations. HMI is also working on a backward integration strategy that will support vendors of the company in implementing EMS.

Hyundai Motor Company, South Korea, the parent of HMI, has been doing considerable work on sustainable Environment Management. The company has a well defined framework in place for developing products that reduce pollutant emissions and processes for preservation of natural resources and energy along all the stages of the product lifecycle from production, sales, and use to disposal. The company has also been in the forefront of development of environment friendly technologies like Hybrid Electric Vehicles (HEVs), and Fuel Cell Electric Vehicles (FCEVs) and has been awarded the ISO 14001 certification for all its three major plants in Ulsan, Asan and Jeonju in S. Korea.

The company is constantly improving new environment-friendly technologies. The environmental management vision has been formally declared as part of effort to raise

awareness of the environment and the future. At the same time, the company is implementing environment management action plans in eight for mid-to long-term future.

#### **4.2.2 Price of Hyundai Santro**

Price of Hyundai Santro is competitive in the market. It is thus being able to compete with other brand in the market. The price of Hyundai Santro is as below:

Santro Model	Price (NPR)
Non Ac	: 11, 75, 900.00
GL	: 10, 94, 500.00
GLS	: 10, 51, 600.00
AT	: 9, 19, 600.00

The above price includes the VAT along running fiscal Year's road tax, municipality tax, pollution tax and other registration expenses. Customers need not to worry about the ownership transfer and other government official duties. The running fiscal year's taxes are paid by the company. This liability passes on the hand of the customer after the next year. Central door lock system is available in Ls and GS Models only. The prices of all the models of the Santro ZipPlus are different with each other because of the options. The price of basic standard model, LE Non AC is least because it doesn't have the option and facilities and the options like air conditioning, power steering, central door locking, power windows and air conditioning and other safety and comfort features. Likewise the fully loaded full option Santro ZipPlus, GS is priced comparatively high because it has all the safety and convenient features. Other in between models are priced differently as the options and features are added. It is thus the Santro car is priced.

#### **4.2.3 Promotion**

Laxmi Intercontinental P. Ltd., the sole distributor of Hyundai Santro, is pursuing the varieties of the promotional programs to attain and retain its customers. Since launching of car, it has come up with lots of promotional campaigns.



Along with the promotional strategy, they already have numerous facilities available for the customers which are already discussed in the first chapter in detail, such as:

After sales services:

- ) They give a call and inquire about the condition of the vehicle
- ) They inquire whether the vehicle is being serviced as per the Hyundai recommendation or not
- ) If not customers are advised about the schedule maintenance of the vehicle
- ) They take a date for the servicing and repair maintenance work at the Laxmi Intercontinental P. Ltd. Service Center (the only authorized Service Center for Hyundai vehicles in the nation)

### **Warranty**

They also have attractive warranty schemes which say that each new Hyundai vehicle sold shall be free from any defects in material and workmanship under normal use and maintenance.

1. Warranty Period: The warranty shall exist for a period of 36 months from the date of delivery to the first owner or until the vehicles has been driven for a distance of 36,000 km whichever comes first. This warranty is transferable to the subsequent owner for the remaining warranty period.
2. What is covered: Laxmi Intercontinental P. Ltd. shall either repair or replace any Hyundai genuine part that is acknowledged by HMIL or HMC to be defective in material or workmanship within the warranty period stipulated above, at no cost to the owner of the Hyundai vehicle for the parts or labour. Such defective parts which have been replaced will become the property of HMIL or HMC.

### **Free Servicing:**

Laxmi Intercontinental P. Ltd. provides customers twelve free service coupon. The free service coupon should used as per the schedule mentioned on the coupons to claim warranty.

The schedules are as follows.

<b>Servicing</b>	<b>Kms</b>	<b>Months</b>
1 <sup>st</sup>	2,000-2,500	2
2 <sup>nd</sup>	4,500-5,000	4
3 <sup>rd</sup>	7,000	9
4 <sup>th</sup>	9,000	12
5 <sup>th</sup>	11,000	15
6 <sup>th</sup>	13,000	18
7 <sup>th</sup>	15,000	21
8 <sup>th</sup>	17,000	24
9 <sup>th</sup>	19,000	27
10 <sup>th</sup>	21,000	30
11 <sup>th</sup>	23,000	33
12 <sup>th</sup>	25,000	36
13 <sup>th</sup>	27,000	39
14 <sup>th</sup>	29,000	42
15 <sup>th</sup>	31,000	45

[www.hyundai-motors.com](http://www.hyundai-motors.com)

The hard efforts of overall Laxmi Intercontinental P. Ltd. and the promotional schemes applied by it have taken the pushed the product in the market in a higher grounds. It seems to have launched its promotional campaign and tools only after a thorough research and study in the market to meet its customer's taste and demand. The company's activities are equally given priority and several studies are being carried out to fit the market's need and wants.

It is bringing the promotional programs according to the market situation and its trend. Sometimes it follows normal promotional tools like, advertising about the car to inform the customers and to make them understanding and remind about the product. At times it is bringing aggressive promotional campaigns to achieve the sales. So far, the current promotional activities have been able to achieve the targeted market segment.

The Laxmi Intercontinental P. Ltd. has been using the media to inform and promote the Hyundai products in Nepalese market since the very beginning of the introduction of the Santro cars in Nepal. It has been making the press release and giving advertisements in different magazines and the daily news papers in and out of the valley.

Here are some of the sales and promotional activities and tools carried out by Laxmi Intercontinental P. Ltd. Hyundai to promote and sell its product i.e. Santro cars in Nepalese market.

### **Promotional Tools Used by Laxmi Intercontinental P. Ltd.**

- ) Launching and re launching
- ) Attending trade fairs/auto shows
- ) Discount
  - Cash
  - Commission to dealers and sub dealers
  - Slab-additional discount to the dealers for more number of sales
- ) Exchange facility/test ride to old car owners and new customers
- ) Insurance
  - Free insurance
  - Partial free insurance
- ) Services benefit
  - Extra free servicing
  - Free accessories
- ) Extended warranty
- ) Extended loan period-10 years financing scheme
- ) No down payment financing-100% financing
- ) 0% interest rate for big vehicles
- ) Low equal monthly installment (EMI)
- ) On the spot financing
- ) Bumper schemes-financing + accessories + cash discount

- )] Free Himalayan Hyundai club membership
- )] Organize sport event
- )] Regular advertisement about the Hyundai products and schemes

#### **4.2.4 Distribution Channels**

Laxmi Intercontinental P. Ltd. Hyundai is extensively using these tools of marketing mix for the larger sales and distribution of Hyundai Santro through out the nation. It has built large channels of distribution. It has developed considerably effective networking by appointing dealers and sub dealers within and out of the Kathmandu valley. Now these types of the distribution channels are regularly supplying the Santro car to their customers where they are, within or out of the valley. Thus Santro cars are running on the road in almost all the main cities of the country. The company knows that the stock and the availability of the product make the difference in the demand and the sales of the product. So, as the company launches new product, Hyundai cars, the dealers and the sub dealers supply the car for display. There were four dealers initially. They were Jonchhen Traders Pokhara, Auto Center Biratnagar, Mally Auto Butwal and United Motors Narayanghat. Recently two Kumari Auto, Shiva Shakti, Naxal Auto are also selling the Hyundai Santro regularly and equally within the Kathmandu valley.

These dealers and sub dealers sell car on the basis of certain amount of commission. Any customer is offered the same price whether he or she purchases the Santro direct from Laxmi Intercontinental P. Ltd. or from the dealers or sub dealers. Generally they buy the recondition second hand cars and sell the new Santro taken from Laxmi Intercontinental P. Ltd.. In this way, these dealers and sub-dealers are providing the exchange facility to the old car owners who want to have the Hyundai Santro.

The dealers and sub-dealers are selling Santro car in a considerable number every day. They are encouraged regularly and equally to have the ready stock and the display of the car. Thus, whenever and wherever prospective buyer approaches he/she can see the Santro car and can have the privilege of getting a test drive and other facilities.

If any distance customer, living outside of the Kathmandu Valley, wants delivery direct from Laxmi Intercontinental P. Ltd., then they are also entertained. The dealers and sub dealers are periodically being provided with extra benefits and incentives along with the regular commission. Longer credit days, additional cash discounts, banners of their outlets, advertisements are some which are frequently being used as the incentives to the dealers and sub dealers. Monthly and weekly targets are allocated among the dealers and sub dealers and Laxmi Intercontinental P. Ltd. itself. The incentives are being offered to dealers and sub dealers according to the targeted sales quota of the Santro car also.

The dealers and sub dealers within and outside of the Kathmandu valley along with Laxmi Intercontinental P. Ltd. are regularly selling the Santro cars to their customers and satisfying them with the after sales services.

### **4.3 Role of Advertisement in Sales of Hyundai Santro**

To achieve the satisfactory target sale, the role of advertisement has been remarkable in the sales and promotion of the Hyundai Santro cars. Still there is, at all the time, important hard effort of the marketing people to convert the inquiries into the actual customer. Time to time, when advertisements are launched with the announcement of new schemes, keeping in mind the interest of the customer, it really does pull a numerous amount of customers attention and lot of phone quires are received along with the showroom visit by interested buyers. This can be seen as the remarkable success of the advertisement. The considerable chunk of those calls and inquiries are resulted into the actual sales by the regular and resourceful effort of the marketing and sales people. In this case, the 0% down payment or 100% vehicle price finance, easy EMI (equal monthly installment) financing scheme and lower interest rate financing only at 7.99% interest rate were considered very effective offers.

Other reminding advertisements played the normal informing role. Again regular reminding advertisement should be released and played on the varieties of media.

In this way the role of effective, reasonable and timely advertisement should not be taken for granted as it plays vital role in the sales of renowned product such as Santro Zip Plus. The advertisement informs and reminds about the product to the buyers and makes them feel the need of the product at times. Advertisement encourages customers to pay attention to the product being offered and take action toward inquiries. Then the inquiries along with customers reach to the sales and marketing people who are efficient enough to handle the inquiries of the customers, provide sufficient information about products and schemes, help customer to feel comfortable to make rational purchase decision and make actual customer delighted with his/her purchase.

Advertising has become integral part of the marketing activities. Advertising is regularly being used to announce the special package, to announce the location of stockiest and dealers, to educate customer, to increase sales, to remind about the product, to announce the modification of the product, to sought special offer to the prospective customers in the market.

Advertising has really been successful to find out the need and requirements of the potential customer. Through shouting the schemes such as, low interest rate financing, heavy cash discount, added features in the car, easily available spare parts, better after sales services, free services, extended warrantee period etc, helps generate the innumerable amount of customer interest and these inquiries received from the customer are efficiently handled by the sales people to convert into the sales. Thus, the contribution of effective advertising can easily be proved. So, advertising can be considered as one of the important part of the whole marketing activities.

Even before organizing any event or program for the sales and promotional activities, the regular informing, reminding and persuading purpose advertisements are being released in the city magazines and news papers by Laxmi Intercontinental P. Ltd.

This is how the role of advertising in the sale of Hyundai Santro has been helpful. Effective advertisement really strikes the mind and heart of the prospective buyers to recognize their need.

#### **4.4 Sales Promotional Effects on the Sale of Hyundai Santro**

The effectiveness of sales promotion on the sale of a product cannot be ignored. It is the sales promotion which influences the buying behavior of the customer.

Customer's desire and wants should be converted into the necessity of the product. When customers feel the necessity of the product they put more value to the product and its purchase. This way the promotional tools and schemes help to convert wants into needs. Advertising offers reason to buy, sales promotion offers incentive to buy. Laxmi Intercontinental P. Ltd. Hyundai is executing varieties of sales promotional campaign to promote the Hyundai vehicle, Santro car. Hyundai Santro is now a well know brand in the Nepalese market. It has been successfully able to capture and win the share of the minds and hearts of its customer. The owners of Hyundai Santro cars, in general, seem to be satisfied with the product work.

Laxmi Intercontinental P. Ltd. has launched the Hyundai vehicles two times in Nepalese market till now. It has given a lot of importance to the publicity of its products. Varieties of the promotional schemes are being launched and are managed regularly to remind and inform the customers about the product. The targeted customers are the other brand of car owners, people who do not own any car and even the existing Santro car owners.

Time to time company brings a lot of promotional schemes to sell the product. Promotion is aimed at achieving the immediate sales. These schemes are giving the expected results as well.

Laxmi Intercontinental P. Ltd. Hyundai participated in the 4<sup>th</sup> SAARC trade fair, to promote its product. Hyundai Santro car was taken there for display along with other

Hyundai cars. Visitors had an opportunity to see and experience the car. The awareness quiz was played there and three winners were announced. By this event, Hyundai got more exposure.

Recently the exchange Mela was organized at 10<sup>th</sup> and 11<sup>th</sup> of March 2008. People who were interested to exchange their old cars with new Hyundai cars participated the fare. This Mela was organized in the interest of the old cars owners providing them facility to exchange their old cars with new Hyundai cars applying some special conditions while doing so. The dealers, sub dealers and recondition houses participated there for this purpose. Financing banks and insurance companies were also invited to assist the interested customers. It helped the Hyundai cars to be familiar in the large automobile market of Nepal.

Bankers were brought to the show room to provide the prompt financing facilities to the customers. It was called spot financing. Sports events are also being organized from time to time. Test drives are shouted and encouraged to pull the customers at the show room. Tie-in-promotion is also being effective promotional tool. Tie ups with banks and insurance companies are very effective promotional method. It lowers the bank interest rates for the customers where company is contributing certain percentage of interest rate. Since most of the customers want their cars to be financed by the bank, this type of promotional scheme supports the company to sell larger number of cars and this is proven. Special package was introduced which includes the certain amount of cash discount, accessories and free membership of Himalayan Hyundai Club. It also pushed certain number of sales. Heavy cash discounts and other facilities are frequently being offered as company knows the fact that customers are very much price conscious. The recent Bangkok tour or massive cash discount scheme announced at 1<sup>st</sup> May 2008 has promoted Santro to the higher grounds of success in sales. On 11<sup>th</sup> June 2009, there has been launched two new brand cars i20 and i10 which have four levels of trim and a choice of 10 body colors, vibrant or muted according to its preference. It has 3 levels of petrol litres i.e.; 1.6, 1.4, 1.2. It is rest assured and faithful and safety having on the



market which reduces injuries if an accident does happen. There is the key moment, the careful design which has a remote locking and unlocking facility and convenient folding bayonet. On 10<sup>th</sup> Feb 2010, there is opened one new showroom at Thapathali. There we can have the new models of cars and servicing.

Company is equally implementing the promotional tools to encourage dealers and sub dealers with its direct customers. Dealer meets are being arranged time to time with cocktail party to understand their demands and the markets. Dealers and sub dealers are offered more commissions, credit facilities and other incentives. They are being advertised regularly. They are provided with the cars for display and test drives.

The result is that dealers and sub dealers are selling increasing number of Hyundai Santro cars to their customers. They are frequently providing the exchange facility. They take old cars from the customers who are really willing to buy the Hyundai Santro car in exchange with their old one. This is how they deal with old car owners.

This is how the Laxmi Intercontinental P. Ltd. Hyundai is regularly bringing varieties of the promotional schemes to motivate its customers, dealers and sub dealers. Management of the company focuses on the quality service to its customers and want to make long term association with customers since it knows that the satisfies customers are the best advertisement for its products and services. Thus, those old Santro car owners are becoming repeated buyers and are showing their interest in Hyundai's new products too. This is giving favorable result to the company as well. Thus the effect of the sales promotional tools on sale of Hyundai Santro cannot be ignored.

#### **4.5 Hyundai Customer Survey Analyses**

Here, the first hand information collected by researcher from the Hyundai Santro car owners are tabulated, presented and analyzed in a suitable manner. It is believed here that customers of other brands of cars have the similar needs, wants and demands that of Hyundai Santro car customers.

**Table 4.5**

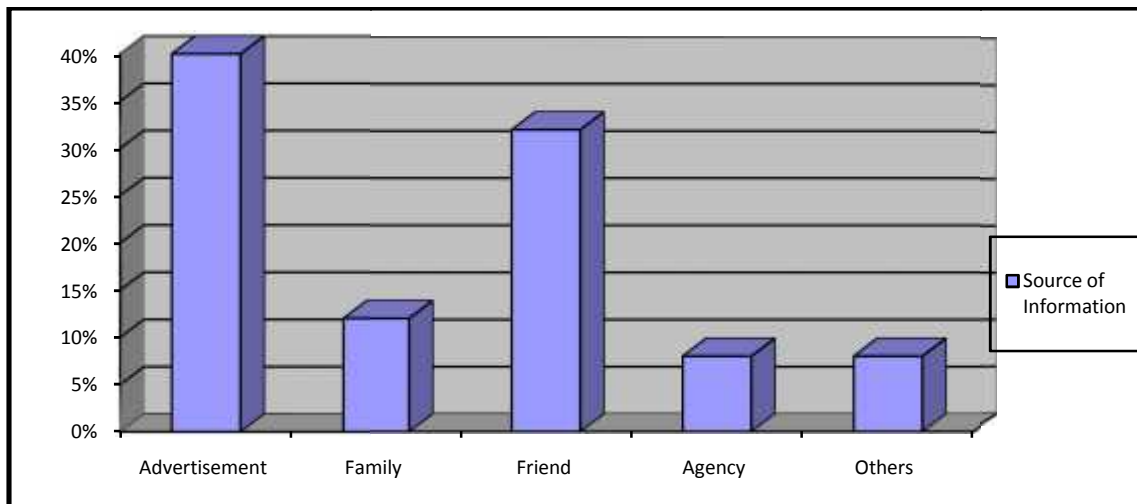
**Source of Information used by Customers about Santro Zip Plus**

Source of Information	No. of Respondents	Percentage
Advertisement	10	40%
Family	3	12%
Friend	8	32%
Agency	2	8%
Others	2	8%

*Source: Primary Data Based on Survey Questionnaire, Hyundai Santro Customers*

**Figure 4.3**

**Source of Information used by Customers about Santro Zip Plus**



From the above table and figure, it can be seen that out of the total respondents of the inquiry, 10 or 40% respondents gathered the information about the Santro car from advertisement. It means that most of the customers first make an observation and collect the necessary information from advertisements for their purchase plan. Three customers or 12 % customers asked to their family members first about the product. Eight or 32% respondents collected the information from their friend first. It means this category relies on the previous knowledge about the product. And, two or 8% customers collect the information from the agencies and other sources they know and find reliable.

Nevertheless, whatever the respondents may say about their initial inquiries, all the customers use almost every possible sources of information from which they can collect the as much as knowledge and information before their final purchase. No customer is fully dependent on only one source of the information. The above table presents the corresponding number of respondents who have focused on the sources of information or given the first priority.

The analysis below shows the behavior of customers on making the brand choices. It gives the idea about the types of other brands that customers are analyzing and checking in, before making a purchase decision on Santro ZipPlus.

**Table 4.6**

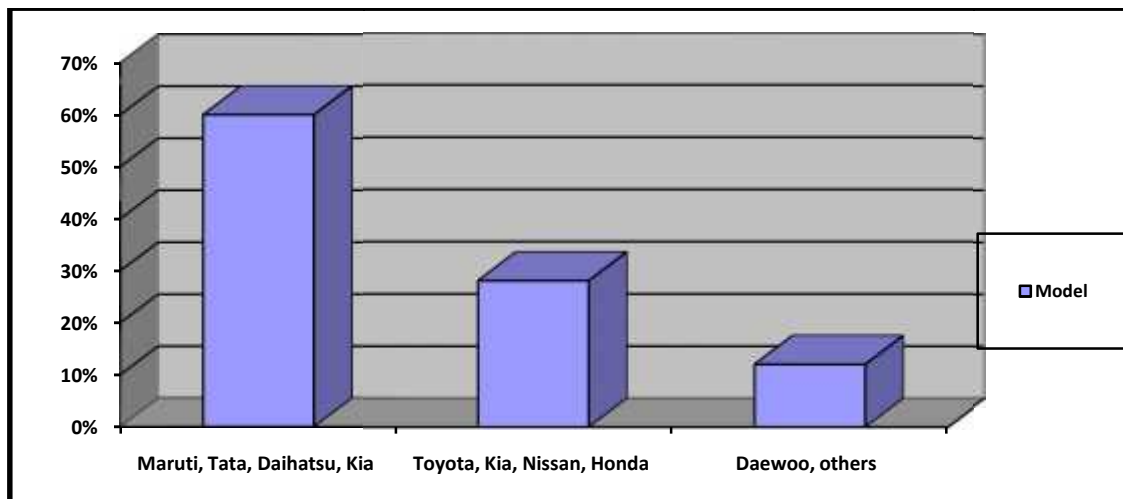
**Other Brands Checked by the Customers before Purchasing Santro Zip Plus**

Model	No. of Respondent	Percentage
Maruti, Tata, Daihatsu, Kia	15	60%
Toyota, Kia, Nissan, Honda	7	28%
Daewoo, others	3	12%
Total	25	100%

*Source: Primary Data Based on Survey Questionnaire, Hyundai Santro Customers*

**Figure 4.4**

**Other Brands Checked by the Customers before Purchasing Santro Zip Plus**



From the above figures, it is seen that 60% of the respondents looked at Maruti, Tata, Daihatsu and Kia brands. 28% visited at Toyota, Kia, Nissan and Honda show room before making final decision for the purchase of Hyundai Santro car. Likewise, 12% of the respondents inquired about Daewoo and other brands. The analysis is that most of the Hyundai customers visit the Maruti, Tata, Daihatsu and Kia show room. It means that these are the close competitors of Hyundai Santro. But again, it is not necessary that customers who have visited the Maruti, Tata, Daihatsu and Kia or Toyota, Nissan, Honda would not visit other show rooms.

The analysis below shows the priority on which basis the customer make purchase decision. It shows which factor motivates them the most while they want to buy a car.

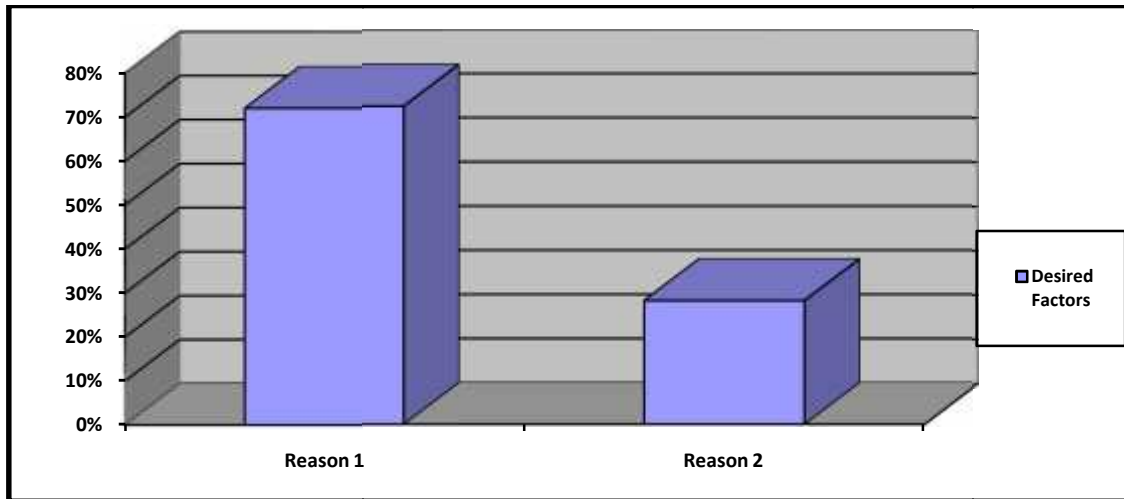
**Table 4.7**  
**Reasons to choose Hyundai Santro Zip Plus**

Reason	No. of Respondent	Percentage
Price	18	72%
Design		
Warranty		
Servicing		
Variety of Model		
Others		
Design	7	28%
Warranty		
Model Variety		
Others		
Total	25	100%

*Source: Primary Data Based on Survey Questionnaire, Hyundai Santro Customers*

**Figure 4.5**

**Reasons to choose Hyundai Santro Zip Plus**



It can be seen from the above table and chart that 72% of the respondents consider first price of the car, second design of the car and warranty, after sales servicing, variety of model, other features and benefits respectively giving priorities. Likewise, 28% of the respondents consider design of the product, price, warranty given to the product, model varieties and other benefits and features respectively giving the priority. It is clear that the customers of automobile are price conscious then comes for design, warranty, servicing and others.

The below analysis is done to see where do customers take their final decision to buy a car.

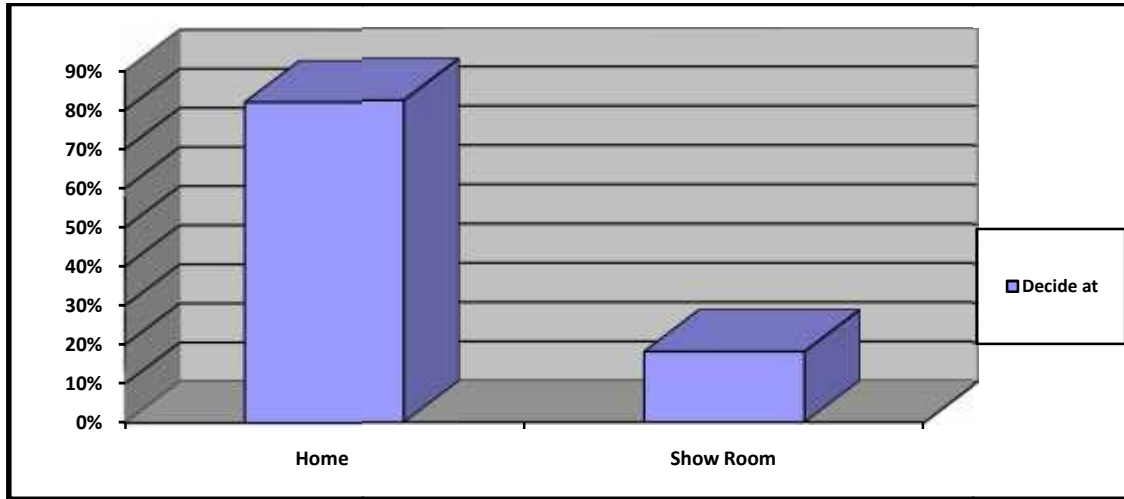
**Table 4.8**

**Final Decision Making**

Decide at	No. of Respondent	Percentage
Home	22	88%
Show room	3	12%
Total	25	100%

*Source: Primary Data Based on Survey Questionnaire, Hyundai Santro Customers*

**Figure 4.6**  
**Final Decision Making**



It can be seen from the above table that 88% or more customers make final decision at their home after a thorough study about the product, its market and facilities being offered by the company. 12% or fewer customers make decision at the show room.

Those customers making the final decision at the show room mostly is mainly because of the rush of their time. Also that it can be assumed that those customers who make their decision on the spot already have a sufficient amount of knowledge about the product and schemes being offered with the product by the company. Such a huge chunk of money cannot be spent with the spot decision; no customer would be ignorant about the product which he/she is going to buy. In today's competitive market, it is not that difficult to gather information about nay product that exists in the market. It is a free market and gossips and information flow like air in the market, it cannot remain hidden. Thus today's information technology has empowered each and every customer.

This analysis below is carried out to see how the customers prefer different facilities and schemes if given to them, how they priorities these facilities.

**Table 4.9**

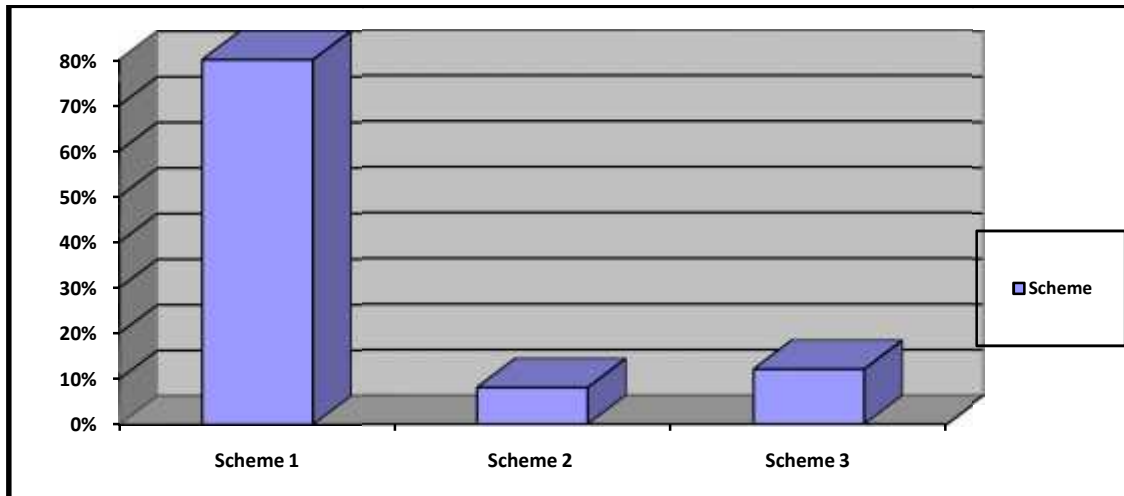
**Schemes giving Incentives to Customer**

Schemes	No. of Respondent	Percentage
Easy finance Cash discount Accessories Free insurance Exchange facilities	20	80%
Cash discount Exchange facility Accessories Free insurance Easy finance	2	8%
Exchange facility Cash discount Easy financing Free insurance Accessories	3	12%
Total	25	100%

*Source: Primary Data Based on Survey Questionnaire*

**Figure 4.7**

**Schemes giving Incentives to Customer**



80% or more customers prefer easy finance, cash discount, free accessories, free insurance and exchange facility respectively if given the first priority to number one. The customers of this category want the car being financed. Along with this they want cash discount and other facilities. Most of the new customers of Hyundai Santro car prefer easy availability of financing services with low interest rate. 8% customers prefer cash discount, exchange facility, free accessories, free insurance and finance scheme respectively. The customers of this category are the cash player. They don't finance their car. These customers avoid interest rate burden. They like to get heavy discount with free accessories on their full cash payment. Other 12% of the customer includes those who have their old cars. They are willing to exchange their old cars with new ones. Some of these customers want cash discount and other want financing for their new car.

The analysis below shows the preference of customers in financing schemes while making a purchase decision.

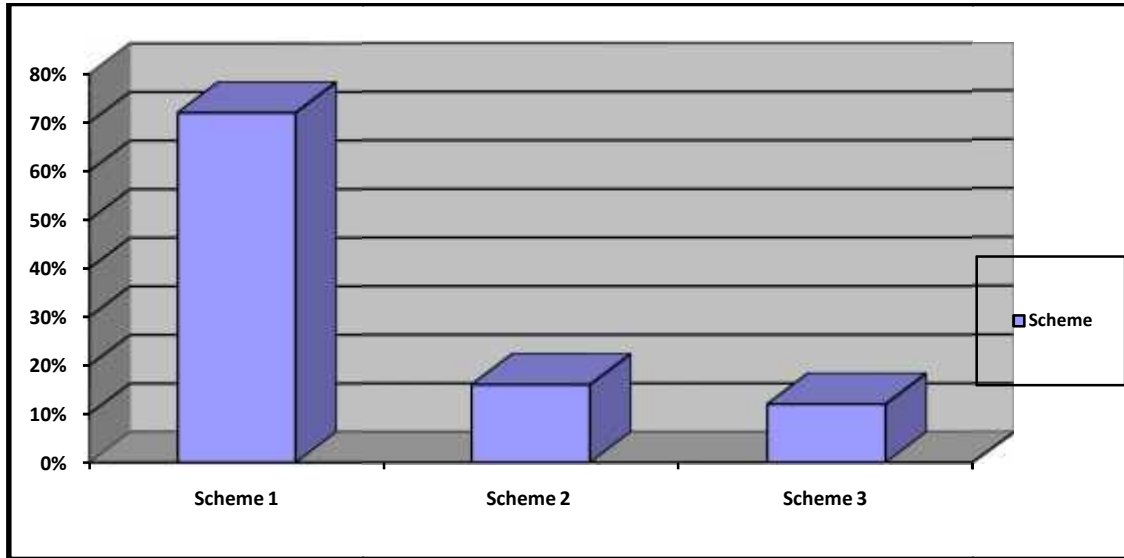
**Table 4.10**  
**Preferred Financing Scheme**

Financing Schemes	No. of Respondent	Percentage
Interest rate	18	72%
Down payment		
Preferred payment period		
Down payment	4	16%
Interest rate		
Preferred payment period		
Interest rate	3	12%
Preferred payment period		
Down payment		
Total	25	100%

*Source: Primary Data Based on Survey Questionnaire*



**Figure 4.8**  
**Preferred Financing Scheme**



From the above table it can be seen that 72% customer consider low interest rate, low down payment and high payback period respectively if asked to give the number wise priority. 16% customer prefers low down payment, lower interest rate and high payment period respectively. Likewise 12% customer gives priority to lower interest rate, high payback period and low down payment.

Most of the customers want to finance their vehicle at very low interest rate with low down payment and lengthy for longer period. Most of the vehicles being sold are finances through bank and finance companies.

Knowing this truth, automobile dealers are competing to offer the easy finance facility with low interest rate and down payment. Every trading house dealing in automobile business has identified what its customers want and demand along with Laxmi Intercontinental P. Ltd. Hyundai. It offers varieties of promotional schemes and motivates the customer to take favorable action.

## **4.6 Brand Image/Brand Loyalty**

The customers of today's age are very much brand conscious. They know what they want to consume and use. If the product is considered branded; they feel proud and get greater satisfaction. Customers pay money first for the brand and then only for product and service. To attain and retain the customer for any product and service, their favorable brand image must be developed and established. Initially, it may be hard to gain the brand image, but once it is gained it will upgrade the market for itself.

Customers of the automobile are also highly conscious about the product brand. They want to enjoy the brand name of the product along with the product benefits and features. They first want to introduce their product with the brand name. Hyundai is very well known and well established brand name in the world of automobile business. It has already been included in the top ten brands of automobile business in the world. With this spirit, Hyundai has become the vision to be in top five by 2008. If it goes in this way, it will certainly achieve its mission. The Hyundai car owners, in general seem to be satisfied with the product and its brand image. The brand Hyundai has become successful in attaining remarkable share in the mind and heart of its customer along with the world market.

## **4.7 Comparative Study of Other Car in Santro Segment**

Almost every day we can see attractive and catchy advertisements of the cars of different brands in daily news paper, magazines and televisions. It is a proven fact that all the car dealers here in Nepal are taking the benefit of the advertisement along with sales promotions in the market. Kia motors, Maruti, Fiat, Tata, Ford and Nissan motors seem to be using these promotional tools to sell their product in a best way in Nepalese market. Kia motors made the remarkable sales with the price benefit advertisement campaign. The price offered was Rs. 13,64,000/- for deluxe Rio with full option and Rs. 12,98,000/- for deluxe Rio without Air conditioner and music system. When Hyundai Santro offered lower interest rate financing at 7.99%, Maruti announced lower interest rate financing at 6% with low installment of Rs. 8,451/- per month. Along with it, Maruti offered 500

liters free petrol on cash purchase for its Maruti 800 car. In the competition of lowering monthly installment, Ford Ikon announced Rs. 2,076/- per lakh of loan plus free accessories were offered. To attain the customers' confidence, it again offered three years of warranty. Similarly, Tata Indica announced the benefit of having it by telling that Rs. 60,000/- can be saved in the purchase of Indica V2. Later, it again came to the market competition by lowering financing interest rate at 7.5% exchange facility and other free benefits. Another car, Fiat Palio, is offering 7.5% interest rate financing with easy monthly installment (Please see appendix 1 for more details).

From the above study it can be seen that the other cars are also being offered with lots of competitive benefits. This is how it is realized that there are lots of facilities available for the customers according to their test, want and need. Customers are privileged with lots of options and choices. Understanding this, the Laxmi Intercontinental P. Ltd. Hyundai is also getting aggressive to combat the competition. It is regularly offering the solutions for its customers by using the advertisement and sales promotional tools to attain and retain the market for Hyundai Santro cars.

#### **4.8 Major Findings**

From the above presentation and analysis of existing information system using primary and secondary data, the following findings have been drawn out in the research study.

- ) Nepal itself does not manufacture or produce any cars in the country. It solely depends on the foreign countries for the supply and that is why the cost of the cars, when they reach to Nepal, is always significantly higher than that is in their home country.
- ) Among the top exporters of vehicles to Nepal, India stands in the number one position. Indian cars are mostly in scene and in rise because of its low cost, fast supply, and cheap and easy availability of the spare parts compare to cars imported from other foreign lands which is very high in transportation and shipping cost.

- J Other foreign countries and brands who do the mere supply to Nepal are Korea (Hyundai, Kia, Daewoo), Japan (Toyota, Nissan, Daihatsu), Malaysia (Perodua), France (Peugeot), UK (Land Rover).
- J Many international organizations are the ones who import these foreign vehicles other than Indian ones in Nepal as they get them here in tax free rate from the government.
- J The small and compact car segment in Nepal, estimated at about 1,000 cars daily, includes the Hyundai Santro, Maruti Suzuki Alto, Zen, Daewoo, Matiz, Daihatsu Cuore, Fiat Palio and Tata Indica.
- J Though India enjoys the big market in Nepal, many people complaint that Indian cars have bad shock resistance and poor quality, reliability and luxury in comparison to that of other foreign cars.
- J In Nepal, Hyundai Motors India's flagship car, Santro has become the market leader with a 32 percent market share in the small/compact cars segment in Nepal. The Santro stands in the first position and then Alto in the second position with a 30.5 per cent share, and then Indica in the third position 17 percent share.
- J Laxmi Intercontinental P. Ltd. is the sole distributor of Hyundai vehicles in Nepal. It has altogether eight dealers in different districts in the country. So, far it has been able to provide a good and satisfactory service to the customers.
- J In Nepal, almost all dealers of cars seem to find that newspapers and Magazines as the biggest source of advertising of their products.
- J As in the survey, it has been discovered that most of the people rely upon advertising in the media such as TV commercials, FM Radios, as their main source of information about any product. Though Hyundai has been able to promote its market with the means of very attractive sales promotional schemes but it has not been able to launch any kind of such ads in Nepal. This fact cannot be ignored for long if Hyundai wants to hold its position in Nepalese market in future.
- J There are only two brands of cars in Nepal that are promoting themselves through giving ads in local TV channels. Brands such as Naza and Kia have been

advertising about their product in a famous show in Kantipur TV called “Call Kantipur”.

- J In the study, we can see that many people have been enquiring about other brands before making a purchase decision. This is an indication that people are always making a significant effort to buy the product which meets their desire the best. This factor is very important and it is very crucial for all the dealers including Laxmi Intercontinental P. Ltd. to carry out their marketing research program quite often in order to continue making profits in the business.
- J People give their priority to the feature such as price, design, warranty, servicing, and varieties of models respectively when it comes to buying a car.
- J Easy financing, cash discount, free accessories and free insurance respectively are the most effective sales promotional schemes rated by the customers in the market.
- J Our survey study revealed that in financing schemes, interest rate, down payment and preferred payment period are the preferred financing schemes rated by our respondents in the market.
- J Customers always make a detail analysis before making the purchase decision. These behavior could have been influenced directly or indirectly by many factors such as friends suggestions, information gathered from medias, brand consciousness etc.
- J Car exchange offers provided by sub dealers gives customers an opportunity to buy a new car in exchange with their old one. This is getting popular in the market these days. It is a good opportunity for advertisers to be able to create more attention in the market.
- J Recently, in the newest remarkable invention of vehicle in the automotive world, Tata of India has proposed the ‘Tata Nano’ which was debuted by India’s Tata Motors at the 9th annual Auto Expo on January 10 , 2008 . It is called the people’s car in Tata's promotional material; it is the least expensive production car in the world.

## **CHAPTER - V**

### **SUMMARY, CONCLUSION AND RECOMMENDATIONS**

#### **5.1 Summary**

Advertising is one of the many marketing tools that are used to attract attention of prospective customers to a business or its products or services. The more effective an advertising campaign, the more customers it draws, and with greater frequency. Advertising is part of the overall marketing strategy of a business, which includes public relations, promotional programs, signage, incentives, newsletters, and word of mouth, among other strategies. The aim of a marketing strategy is to use advertising, along with these other tools, for maximum impact.

There is no doubt that today's business era is the age of advertisement and publicity. Every corner of the city is filled with advertising posters and hoardings. Any business cannot sustain without the sufficient advertising and publicity. Advertisement starts even before the business concept emerges. The concept of business needs advertising and publicity to get identity.

Advertising certainly has a lot of impact on what we buy, or do not buy. There is a lot of debate going on, for and against the impact of advertising, but one thing is clear, it does affect our buying trends, for good or for worse.

Today, with the advent of the Internet and its impact on our everyday lives, it has provided new advertising opportunities. As part of the marketing strategies on the Internet, Popup, Flash, banner, advertising - the practice of using games, particularly computer games, to advertise or promote a product or an organization - and email advertisements, among others, abound. Unfortunately, email advertising has taken the form of spam.

The Hyundai Motor Company, a division of the Hyundai KIA Automotive Group, is South Korea 's largest and the world's fifth largest Automaker in terms of units sold per year. It was discovered in the year 1947 and later it was established in the year 1967.

Laxmi Intercontinental P. Ltd., the sole distributor of Hyundai Santro car has been selling the Hyundai Santro cars since 1999 in Nepalese market. Hyundai Santro has become the market leader with a 32 percent market share in the small/compact cars segment in Nepal. The Santro led the market followed by the Alto with a 30.5 per cent share, and the Indica 17 percent share.

The automobile business is aggressively using advertisement to promote their business. Almost all newspaper, magazines, television networks are glittering with the shining advertisement of automobile. Since the competition of the automobile business is increasing enormously each day, the effort of these advertisers is also growing intensely.

Each and every automobile dealer here in Nepal is trying hard to attract the attention in market offering a whole new and different schemes and facilities. Every possible and attractive facilities are being introduces and offered to the market. Nepalese market of automobile has really become wide, popular but competitive at the same time. There are lots of automobile brands existing and coming up in near future in Nepalese market. Customer may choose any of these brands available in the market. There are lots of options available in the market to them, they may move to any direction in this competitive market. Keeping this fact in their mind and also in order to retain their market share, these dealers are trying every possible ways to satisfy the existing customers and to attract the new ones. Santro sales in Nepal are the highest among foreign countries in the SAARC region.

Those activities other than personal selling, advertising and publicity that stimulates consumers purchasing and dealer effectiveness, such as display shows and exhibitions, demonstration and various non-recurrent selling effort not in ordinary routine of business may be termed as sales promotion.

The small/ compact car segment in Nepal, estimated at about 1,000 cars daily, includes the Maruti Suzuki Alto, Zen, Daewoo Matiz, Daihatsu Cuore, Fiat Palio and Tata Indica. The potential competitors that stand against Hyundai Santro cars are launching quite a similar advertising campaign in the market and offering similar facilities to the potential customers.

Despite the huge competition in the automotive dealers in Nepal, it can be seen through our study that Santro has been able to enjoy the majority of the share in the market. Hyundai Santro has been launching attractive promotional schemes such as festival discounts like Dashain offer, free gift coupon, special discounts, free club membership, special packages to different classes of people, massive cash discounts schemes and better and easy financing facilities which is a very good example of a good promotional strategy in the market. However we cannot deny the fact that there are other brands in the competition which are launching the similar kinds of strategies.

## **5.2 Conclusion**

Advertising is one of the most important things present in or society today, like an old slogan puts it 'Advertising, your right to choose'.

The effectiveness of advertisement and sales promotion in the sales of automobile has been seen and proven. While advertisement pulls the inquiries from the prospective customers, sales promotion offers incentives to make instant decision. These two terms of marketing supplement each other to sell the product as soon as possible. These two tools try to get the immediate result. These have short term effect. Efficiently handled marketing tools can help to achieve the targeted result.

The supportive top management of every company for the advertising and promotion has facilitated marketing managers to become aggressive. Competitors of Hyundai Santro cars also seem to be aggressive as the market situation demands. Every company's effort



is regularly trying to introduce new and different schemes in order to retain their share in the market.

Along with all the others competitors of automobile dealers in Nepal, Laxmi Intercontinental P. Ltd. is also being aggressive to push the Hyundai vehicles in the market. It is adapting every possible and available promotional tool to sell its product in the market. Those schemes are also working to help sell products. They want to have the challenger attitude in the market rather than the leader in the market. The company believes the technologically advanced product and the strong brand appeal are pulling the feet of the customer towards their showroom. To capture the greater market share, the company is expanding its leadership, its dealership network throughout the nation in Nepal.

To retain the existing Santro market, the company is regularly offering the exchange facility to its old Santro car customers. Upgraded and new model Santro car is being

introduced in the market to meet the changing taste of the customers. When Santro was introduced, it was called Santro ZipDrive. It was 1000CC car. Later the new model was introduced called Santro ZipPlus. It is 1100CC car. Recently, Hyundai Motor India Limited has introduced Santro Xing which as well is 1100CC car.

Since Hyundai Santro does not cover monopoly market, it is not the sole distributor of cars in Nepal; there are a lot of other brands competing in the market with them. In order to stand out in the market Hyundai Santro should not just relax and watch, they have to come up with even more attractive and different promotional schemes to cover a big market.

Today's important facility being provided to the customer is financing facility. Most of the customers want financing facility to their car. They are always seeking in financing facility for the vehicle that they are going to purchase. In this age of the banking, they

treat this facility as one of the most prior facilities available in the market and make the comparison among different brands prior to their purchase. That is why it is very important for Laxmi InterContinental P. Ltd. to consider this fact as one of the most important task to keep in mind to win the customers' heart.

Despite all the efforts that Hyundai Santro is making in order to enjoy the considerable share and profit in the market, there are some weaknesses that cannot be overseen and which shall be pointed out in the recommendation section of this chapter. Meanwhile, in conclusion Laxmi Intercontinental P. Ltd. Hyundai has been able to win the heart of Nepalese people in average and has been able to capture the majority of the shares in the market of automobile business in Nepal.

### **5.3 Recommendations**

After the survey and research in the market, here are some suggestions or recommendations that I would like to make which may be applicable to help a company in its better performance in the market resulting in more sales and profit and to capture a majority of the shares in the market by winning majority of Nepalese hearts:

- ) In Nepal the perception lies in the fact that advertising is a luxury at the cost of buyers without any benefits to them. It is so naive to say that there is no benefit from advertisement of buyers of goods or services advertised. Many believe that the advertisement is carried out for those goods that are of poor quality which is an indication of lack of awareness of promotion in the country. If this perception is carried out by marketers, their product cannot survive in the market for long period. In today's world, Promotion is as essential as we take air to breath.
- ) Those promotional schemes when has to be launched, a proper marketing research should be carried out and it has to well meet the changing needs, demands and desires of the customers in the market.
- ) It is the fact in the marketing that one satisfied customer can pull up to five to ten more customer, keeping this in mind, after sale services is equally important in

order to keep the existing customers happy and satisfied. These kinds of services needs to be well maintained and upgraded.

- J It is not so easy to influence the buying decision of the customer in this very tough competitive world of automobile business. In order to grab their attention, marketer has to launch and use schemes which will pull the attention of a buyer at one glance. Schemes such as free insurance policy for a year, free road tax for a year, free servicing schemes from time to time, easy access to the financing, low down payment, low interest rate on finance, attractive offers such as festival discounts or buy the car and get something interesting in return, holiday packages on lottery system are considered to win the buyers heart.
- J Coming up with such better scheme of marketing tool is always a very strong weapon to compete in the market for the existing and new going to be launched vehicles but at the same time, it is equally important to realize that they need to focus and concentrate on quality features too. Features such as more mileage per liter, better shock resolution, more powerful engine, reliability, luxurious, more choice of colors, easy availability of spare parts are should not be taken for granted.
- J The existing warranty period provided by Hyundai Santro can be extended to longer period, which may help the company to gain more share in the market.
- J Along with all the attractive schemes and feature, it is equally important for a dealer to ensure the availability of stocks for different models and colors as the customer demands at all the time. If it is not available in the showroom, they should at least make a quick effort to make them available at the quickest time frame in order to keep the customer at ease or full patience. In the survey this has been one of the frustrating factors that many customers feel while making a purchasing decision.
- J Hyundai has been maintaining customer relation services by tying up the customer bringing them together with opening up association or unions such as “Himalayan Hyundai club” for Hyundai car owners. This is a very good way of entertaining the old and existing customers but one should not just relax and think that it is running without a proper guidance and continuous maintenance for better result and effective execution of this facility.

- J These days, car exchange facility such as “bring your old car and get the brand new one” as advertised by dealer Tej and Karan Enterprise is also attracting the eyes of many buyers especially the ones with the old cars in the market. To extend such a potential market, small dealers and recondition houses should be encouraged.
- J Another major influencing factor for better sales of the product is training the sales people with better knowledge of the product. The condition and environment of the office and the people in the showroom should be very pleasing, understanding and cooperative at all the time. When this quality is ignored by a company sometimes, it may lead to disappointment and irritation of a customer at some level.
- J At the same time, the sales people have to have a better product and competitor’s knowledge, they have to have full and good information about every moves and strength of a competitor, its product mechanical and technical features and specification in order to use their strength against the competitors’ product.

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## APPENDIX - I

Survey Questionnaire Hyundai Santro Customers

*Dear Sir/Madam*

Namaste

You have chosen as in format for this study. Therefore, I humbly request you to provide necessary information for this purpose. I assure you that the information given by you will be treated confidential and will used only for academic purpose.

### Kathmandu Nepal

1. How did you know about Hyundai Santro ZipPlus? Please put a tick mark in the right box.

- Advertisement       Family       Friend  
 Agency               Others

2. What other cars (Hyundai's competitors) did you check before making the final decision?

Please write the model against the make you checked out.

Maruti            -----

Tata              -----

Daewoo         -----

Daihatsu        -----

Toyota          -----

Kia               -----

Nissan           -----

Honda           -----

Other (please specify make and model) -----

3. Reason to choose Hyundai Santro. Please mark against each factor in preferential order, 1 being top priority and 6 being least priority.

- Design .....
- Service .....
- Price .....
- Models .....
- Warranty/Guarantee .....
- Others (please specify) .....

4. Did you make the final decision to buy Santro ZipPlus at,

- Home
- Show room

5. With whom did you discuss before making the final decision?

- Spouse                       Friend                      Family  member
- Colleagues                       Other car owners

6. Which of the following schemes gave you the incentive to buy Hyundai Santro car? Please mark against each factor in preferential order, 1 being top priority and 5 being the least priority.

- Easy financing scheme .....
- Cash discount scheme .....
- Exchange facility schemes .....
- Free accessories scheme .....
- Free insurance scheme .....

7. If you want your car to be financed, what do you value most among the followings? Please mark against each factor in preferential order, 1 being top priority and 3 being the least priority.

- Down payment .....
- Interest rate .....

Preferred payback period .....

8. How many years would you prefer plan terms to be? Please circle one.

Below 3 years    3 years    4 years    5 years    More than 5 years

9. What do you think value most for servicing of your vehicle? Please mark against each factor in preferential order, 1 being top priority and 4 being the least priority.

Availability of spare parts .....

Location of workshop .....

Number of Licensed workshops .....

Service of the workshop staffs .....

10. What suggestion would you like to give to improve the product's feature (Santro) and the services being provided from the company? Please them.

.....  
.....

11. Please tick on the right box,

Age:

Below 21    21 – 29    30 – 39    40 - 49

Marital Status:

Single     Married

12. If married, how many children?

One     Two    More

## APPENDIX - III

### Survey Questionnaire Executive Managers

1. Where do you rate (in position/rank) your product Hyundai Santro in the market?
2. What are the internal and external factors that support and distract your advertising and sales promotion strategies?
3. Who do you think as to be your close competitor in Nepalese market?
4. Who are your target customers for Hyundai Santro?
5. On which basis do you make decision to advertise the schemes? Please tick any point.
  - Customers' requirements
  - Competitors' activities
  - Company's rule
6. What are the criteria you follow to prepare the advertising and sales promotion budget?
  - On the basis of previous advertising and promotional activities
  - Amount equal to the competitors' campaign
  - Certain percentage of the sales
7. What type of advertisement you found more effective that resulted high sales? Please tick any point.
  - Informative (first time shouting the scheme)
  - Reminding (reminding of the product and scheme)
  - Persuading (convincing customers to take action)
8. How far do you think advertisement and sales promotion can help in combating competition?

9. To increase the sales volume, which of the following factors would you follow?  
Please mark against each factor in preferential order, 1 being top priority and 5 being the least priority.

Reasonable price .....

Qualitative produce .....

- Effective advertising .....
- Aggressive sales promotion .....
- Good before and after sales service .....

10. Which of the following schemes, you think, will give more incentive to customers to buy Hyundai Santro car? Please mark against each factor in preferential order, 1 being top priority and 4 being the least priority.

- Easy financing scheme .....
- Cash discount scheme .....
- Exchange facility scheme .....
- Accessories package scheme .....
- Free insurance scheme .....

11. What do value most among the following sources from which you can get true feed back to your advertising and sales promotion campaign? Please write in preferential order, 1 being top priority and 5 being least priority.

- Report from sales people .....
- Customers .....
- Dealers .....
- Market research .....
- Report from advertising agency .....

12. When do you evaluate the effectiveness of your advertising and sales promotion activities? Please write in preferential order, 1 being top priority and 3 being least priority.

Pre testing (before advertisement and promotions are executed) .....  
Current testing (during the execution period) .....  
Post testing (after the execution) .....

13. Do you think that customers are loyal toward and aware of the brand they want to buy? If yes, how are you promoting the brand image of your product?