USE OF INTERNET AS A MARKETING TOOL BY TRAVEL AGENCY IN NEPAL

By:

Sangina Tamrakar
Patan Multiple Campus
Campus Roll Number: 57/062
T.U. Registration Number: 5-2-37-771-99
M.B.S Second Year Symbol Number: 1586/064

A Thesis Submitted to:

Office of the Dean
Faculty of Management
Tribhuvan University

In partial fulfillment of the requirements for the degree of
Master of Business Studies (M.B.S.)

Patan Dhoka, Lalitpur
March, 2012

RECOMMENDATION

This is to certify that the thesis

Submitted by

Sangina Tamrakar

Entitled

USE OF INTERNET AS A MARKETING TOOL BY TRAVEL AGENCY IN NEPAL

has been prepared as approved by this Campus in the prescribed format of the Faculty of Management. This thesis is forwarded for examination.

……	…….……	…….……
Bishnu Gopal Khimbaja	Bishnu Gopal Khimbaja	Babu Ram Singh Thapa
(Thesis Supervisor)	(Co-Ordinator M.B.S Programme)	(Assistant Campus Chief)

Date……

VIVA – VOCE SHEET

We have conducted the viva – voce examination of the thesis presented by

Sangina Tamrakar

Entitled

USE OF INTERNET AS A MARKETING TOOL BY TRAVEL AGENCY IN NEPAL

and found the thesis to be the original work of the student and written according to the prescribed format. We recommend the thesis to be accepted as partial fulfillment of the requirements for the degree of Master of Business Studies (M.B.S)

Viva - Voce Committee

Head, Research Committee ……

Member (Thesis Supervisor): ……....

Member (External Expert): …….....

Date :……..

DECLARATION

I hereby declare that the work reported in this thesis entitled "**USE OF INTERNET AS A MARKETING TOOL BY TRAVEL AGENCY IN NEPAL"** submitted to Office of the Dean, Faculty of Management, Tribhuvan University is my original work done in the form of partial fulfillment of the requirements for the degree of Master of Business Studies (M.B.S) under the supervision of Mr. Bishnu Gopal Khimbaja, Co-ordinator, M.B.S Prgramme, Patan Multiple Campus, Tribhuvan University.

……..

Sangina Tamrakar
(Researcher)
Patan Multiple Campus, Lalitpur
Campus Roll Number: 57/062
T.U. Registration Number: 5-2-37-771-99
M.B.S Second Year Symbol Number: 1586/064

ACKNOWLEDGEMENTS

First of all, I want to thank my supervisor, *Mr. Bishnu Gopal Khimbaja*, for all his support and guidance. I was deeply impressed by his incomparably innovative approach to supervision. Through our discussions and his steady provision of interesting literature he illuminated different paths without pushing me into any predetermined direction. I found this approach most inspiring and it certainly made me learn so much more than what I would have expected.

Then I would like to express my appreciation for everything I received from the Teachers of Patan Multiple Campus, Patan Dhoka. For me the department constituted an ideal learning environment. All the discussions, conversations have provided me with valuable insights into various fields relevant to my thesis. *Mr. Bijay Gopal Shrestha* took some of his scarce time to tell me about thesis writing, which, after all, constitutes one of the main ingredients of my thesis.

I would like to thank all the Travel Agencies in Kathmandu for their support and co-operation during my survey. Besides their busy schedule they were supportive in giving me some time in providing answer to my questions. They encouraged me a lot for this research work.

Finally, I thank my parents (*Mr. Pushpa Das Tamrakar and Mrs. Urmila Tamrakar*) and my family members for their support and patience. Sincere thanks goes to *Mr. Sugat Kaji Sikrikar, Mr. Samridh Kaji Sikrikar, Mr. Sajesh Bade, Mrs. Yelina Tamrakar, Miss Nivyadita Ranjitkar, Miss Kriza Bajracharya, Mr. Sulav Udas and Mr. Gaurabh Bajracharya* and all my beloved friends for their tireless support, not only during this thesis work but during the whole course of Master of Business Studies (M.B.S).

Sangina Tamrakar
March, 2012

TABLE OF CONTENTS

Recommendation
Viva – voce sheet
Declaration
Acknowledgements
Table of Contents
List of Tables
List of Figures
List of abbreviations

Chapter 1: INTRODUCTION 1-6

1.1 Background Information 1
1.2 Statement of the Problem 3
1.3 Objectives of the Study 3
1.4 Significance of the Study 4
1.5 Limitation of the Study 4
1.6 Organization of the Study 4
1.7 The research Framework and Methodology 6

Chapter 2: REVIEW OF LITERATURE 7-30

2.1 Theoretical review 7
2.1.1 Internet and the Travel Industry 7
2.1.2 Content of Websites 10
2.1.3 Marketing on the Internet 10
2.1.4 The Consumer 13
2.1.5 E – Commerce 14
2.1.6 Factors influencing ICT and Internet adoption 15
2.1.7 The internet as a Communication, Transaction and Distribution Channel 16
2.1.8 Reasons for and barriers to using the Internet for Tourism Industry 16
2.1.9 Tourism in Nepal 17
2.1.10 Brief history of Travel Agents in Nepal 20
2.1.11 Internet History in Nepal 22
2.1.12 Present state 23

2.1.13 Government policy in Internet 23
2.1.14 E – Commerce in Nepal 26
2.2 Review of related studies 27

Chapter 3: RESEARCH METHODOLOGY 31-33

3.1 Research Design 31
3.2 Population and Sample 31
3.3 Data Collection Procedure 31
3.4 Variables and Measures 32
3.5 Sample Characteristics 33
3.6 Data Analysis 33

Chapter 4: DATA PRESENTATION AND ANALYSIS 34-63

4.1 The Attribute of travel Agency 34
4.2 The Current State of Internet use among Travel Agents 39
4.3 Perception of effectiveness of Internet Marketing 45
4.4 Disadvantages of Internet as perceived by travel companies 46
4.5 Reason for investing in E-business 47
4.6 E – Commerce in Nepalese Tourism Agents 47
4.6.1 The Conceptual Framework 48
4.6.2 Estimated investment for Building Webpage 50
4.6.3 The Business Design 50
4.6.4 Augmenting In-House Capabilities 51
4.6.5 Putting the Plan into Action 51
4.6.6 Buying Process 57
4.6.7 The Delivery Process 58
4.6.8 Competition 59
4.6.9 The Problems and Prospects of E-commerce 59
4.7 Major Findings 62

Chapter 5: SUMMARY, CONCLUSION AND RECOMMENDATIONS **64-68**

5.1 Summary 64
5.2 Conclusion 65
5.3 Recommendations 66

BIBLIOGRAPHY

APPENDICES
Appendix I: Questionnaire
Appendix II: List of Travel Agencies

LIST OF TABLES

Table No.	Title	Page No.
Table 2.1 :	Telecommunications Services	23
Table 4.1 :	Attribute of Travel Agency	34
Table 4.2 :	Current state of internet use among Travel Agents	39
Table 4.3 :	Perception of effectiveness of internet marketing	45
Table 4.4 :	Disadvantages of internet as perceived by travel companies	46
Table 4.5 :	Reason for investing in E-business	47
Table 4.6 :	Conceptual framework	49
Table 4.7 :	Search engines and directories (Global)	54
Table 4.8 :	Search engines and directories (Nepal)	54

LIST OF FIGURES

Figure No.	Title	Page No.
Figure 1.1 :	The research framework	6
Figure 4.1 :	Respondents' designation	35
Figure:4.2 :	Gender of respondents	36
Figure 4.3 :	Education level	37
Figure 4.4 :	Experience in tourism industry	38
Figure 4.5 :	Standard of computerization	40
Figure 4.6 :	If the company has website	41
Figure 4.7 :	If company has email ID	42
Figure 4.8 :	No. of emails received monthly	43
Figure 4.9 :	If the company has online payment system	44
Figure 4.10:	How people discover websites	53
Figure 4.11:	Problems and Prospects of E-commerce	59

LIST OF ABBREVIATIONS

A.D.	After Death
ADSL	Asymmetric digital subscriber line
Co.	Company
COM	Component Object Model
Corp.	Corporation
Eg	Example
ETC	Etcetera
GMPCS	Global Mobile Personal Communications Service
HMG	His Majesty government
i.e.	That is
IDC	Internet Data Centre
ISPs	Internet Service Providers
IT	Information Technology
Kbps	Kilobytes per second
NATTA	Nepal Association of Tours and Travels Agent
NRs.	Nepali Rupees
NTA	Nepal Telecommunications Authority
NTB	Nepal Tourism board
NTC	Nepal Telecommunications Corporation
PSTN	Public Switched Telephone Network
RONAST	Royal Nepal Academy for Science and Technology
SMEs	Small and medium enterprises
URL	Uniform Resource Locater
USA	United States of America
Vs	Versus
VSAT	Very-small-aperture-terminal
WWW	World Wide Web