

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

Nepal's history of economic development is relatively short. Planned economic development started only since 1956 A.D. though an earlier attempt was made in 1948 A.D. Nepal has 3 year interim plan. Various efforts are being put on to attain faster growth rate. Nepal's economic growth during the 1980s to accelerate economic growth through expansionary fiscal policies led to considerable macroeconomic instability. In 1993/94 Nepal experienced its best macro-economic performance in the decade of nineties. In 1991/92 and early 93, Nepal undertook a series of reforms aimed at economic liberalization. These reforms have improved economic performance in a number of areas while they have been less satisfactory in other areas.

Generally speaking, marketing is selling and buying of goods and services through advertising. Selling and advertising are the parts of marketing without which the marketing campaign cannot succeed. Marketing helps organization to find out what their customers want. It will also help to decide what products to make according to the customers need.

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. Marketing is a primarily related with creating value for customer and a return for the company. The marketers seek to understand which factor motivates customers to buy more or pay more. The marketers should know why the customers might prefer the particular brands to those of competitor's brands.

The advance of the aero plane industry is closely tied to the major conflicts of this century and to the attempts by nations, even in peace time, to exploit the war-making capabilities of aircrafts fortunately much of this development has been adaptable to commercial use.

NAC was established with a view to develop the air transport services in Nepal. The airlines have contributed a lot for the upliftment of economic state of the country. It has got some objectives as follows. To manage air transport services inside and outside Nepal in safe, efficient, economical with a professional manner. To uplift and develop economic condition and tourism in the country through expanding domestic and international air transport services. To continue diversifying air transport services. To promote tourism activities and opening up remote isolated areas for the benefit of the Nepalese. To provide employment opportunities and the economical air transport services within and outside the country. To provide rescue services at the natural calamities like earthquake, flood, and landslide etc. To ensure optimum profitability while offering services at economical fares as far as possible.

1.2 Introduction of Nepal Airline Corporation (NAC)

Air transport service in Nepal was initiated from early 1950s. At that time flights to Pokhara, Simara, Biratnagar and Bhairahawa was operated from Kathmandu by Indian Company. Nepal Airline Corporation, then NAC was established in 1st July, 1958 under a special act by the government of Nepal as a joint ventures corporation with majority of shares held by the government.

After its long history, now it has air services almost all over the country and few in international services. Seeing the past, at the time of establishment it has only DC-3 aircraft and 97 staffs in total, but now it has given employment to 1509 employees, 109 at rent and 61 in international stations.

NAC had four basic objectives of safety, expansion, profitability and social services. The airline was formed to manage air transport services inside and outside the Nepal in a safe,

efficient, economical and proper manner. The corporation was empowered to exercise its power developing air transport services in order to ensure maximum profitability while at the same time it was expected to provide services at economic fares as far as possible.

After starting its initial flights to above four places in the country by July, 1958 it was felt necessary to provide air transport to other parts of the country also. As a result by acquiring additional DC-3 aircrafts and building airports within country wherever possible, it started schedule flights to other parts of the country like Janakpur, Dhangadhi, Surkhet, Bhadrapur etc and in addition to Patna, Delhi and Calcutta in India and Chaka then east Pakistan by 1960-s. Though it was important High Mountain of the north and was not suitable for landing at the short stretch of plain land available in the hilly terrain which features the vast majority of the country's landscape.

The concept of short take-off and landing (STOL) technology was adapted in 1971 to develop a network of air services also in the hilly areas. It was made possible by the introduction of Canadian Twin-otter (DHC-6) aircrafts and Swiss Pilatus (PC-6) planes. By the introduction of these aircrafts a number of hilly places like Lukla, Rumjatar, Tumlingtar, Lamidanda, Jumal, Baglung, etc were connected with the capital Kathmandu similarly by 1980s other remaining places like Rolpa, Manang, Bajura etc was also connected with the capital of Nepal.

In international sector with the introduction of B-277 A/C in 1972, the national flag carrier started its operation to Bangkok, Colombo, by 70s and Hong Kong, Dhaka, Rangoon, Singapore, Karachi, Dubai, Male, Lhasa by 1980s. In the year 1987 the airline acquired most sophisticated technology aircraft B-757 and started its operation to Europe continent that is Frankfurt in 1988 s. In the year started its operation to Europe continent that is Frankfurt in 1988 and to London in 1989, here is some list of planes which corporation owns.

Boeing (on Use)	B-757	2
Twin-Otter (on use)	DHC-6	4
Twin-Otter (not on use)	DHC-6	3
Avro planes (grounded)	(HS-748)	1

NAC has been operating under the act of 2019. In the organization committee, president is from Nagrik Udyan Mantralaya's director, member of Aartha Manatralaya And Mahaprabhandhak from Nepal government, 3 private members altogether 6 members in organizing committee.

In NAC now 1509 human resources are working in different field. In crew service 160, technician service 269 and its administration 1036. 44 local workers are working in external stations.

Crew Service

Cockpit crew (Boeings)	52
Cockpit crew (Twin-otter)	12
Cabin crew (For both)	96

Total 160

Technical Service

Licensed engineer for maintenance of Boeings	9
Licensed engineer for Twin-otter	10
4 or more than 4 grade technicians	200
4 or less than 4 grade technicians	50

Total 269

Administration Service

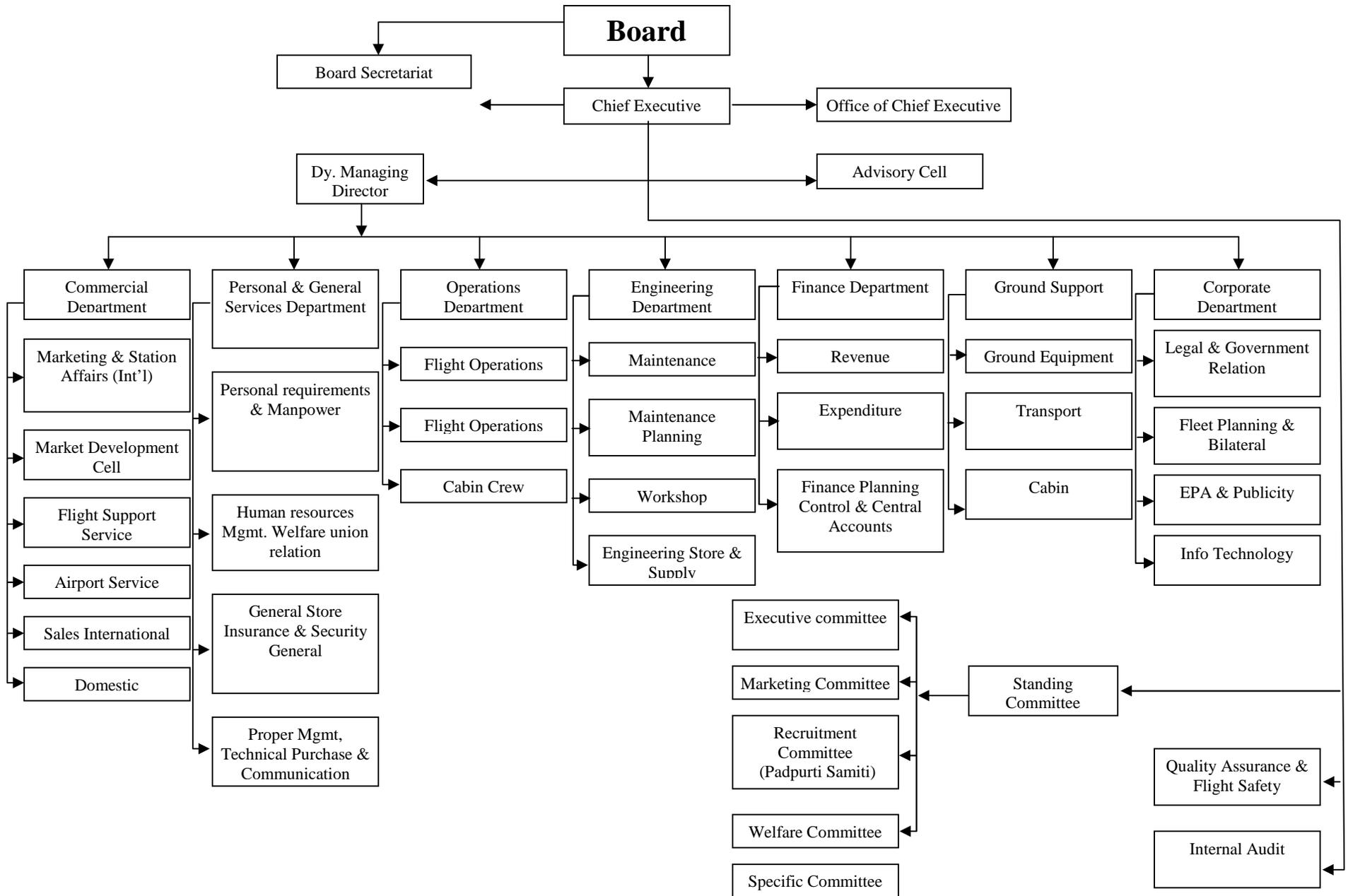
4 or more than 4 grade administrative workers	362
4 or more than 4 grade accounting workers	118
4 or more than 4 grade administrative workers	437

Total 917

Workers on lease	119
External local workers	44

Grand total 1509 Nos

Organization Structure of NAC



Department of NAC and Their Functions

NAC is the biggest airline of Nepal. These are number of people working in different department of NAC. The entire departments have its own function and importance. Each and every department is connected with each other and all the department have some objectives i.e. to achieve the goals set or outlined by Government.

1.3 Focus of the Study

This study has been focused on the current marketing position of instant noodles. It focuses also the marketing system of instant noodles in Kathmandu Valley. Kathmandu is a very important commercial centre of Nepal. As a capital of Nepal, the population of Kathmandu is very high than other parts. Saving of time is very important in developing countries like ours. We must care about the time. So, in Nepal also the consumption of instant noodles is increasing day by day. Nepal is an agricultural country, but due to increase in population there is lack of land for cultivate the production from is insufficient for the people so they must converted to other fast eating products like Instant Noodles.

1.4 Statement of Problem

Today the world of modern business is complicated and competition is highly increasing in every sector. In this context, companies find the situation very tough to sell their product in the market especially the noodles. So, nowadays branding a product and creating a distinct image of the product in the mind of customer has become the crucial part. This study is based on the brand positioning strategies of NAC noodle and this study will investigate how the branding is done. The aim of this study is to fill the following gaps by addressing the following question:

-) Does the brand positioning strategy of NAC is unique as compared to its competitors?
-) What are the challenges faced by the company to promote NAC as distinct brand?
-) Is continuous brand image development and marketing is challenging in today's scenario?
-) How the consumer has positioned the NAC in their mind?
-) Why do the consumers select NAC as the best one?

1.5 Objective of the Study

-) To assess the existing market size, growth product/service of airlines.
-) To assess the fares, rates (pricing)
-) To assess the distribution policy and promotion policy of airlines.
-) To assess the To recommend measure for improvement.

1.6 Limitation of the Study

Though marketing department is very big department it's hard to gather all the documents and finding but had collected as much as possible. The research study generally based on data and information that has been provided by the NAC and its marketing department. The research study has been based on primary and secondary data to present and analyze the present situation of marketing department. The research study has been taken officer level employees i.e. from grade VI-X as a research population and more than 10% sample has been taken to distribute questionnaire and conduct interview to justify the problem and understand the process and procedures of marketing department. Data and information has been used in the research study form the year 2006-2012

1.7 Significance of the Study:

Effective Brand Positioning is dependent upon identifying and communicating a brand's uniqueness, differentiation and verifiable value. So, Brand positioning has a great significance towards the manufacture, wholesaler, and retailer. It is because of the following reasons:

-) Brand positioning helps to create a distinctive place in the market, where a niche market has to be carefully chosen and a differential advantage must be created in the consumers mind.
-) Brand positioning is a medium through which an organization can portray its customers what it wants to achieve for them and what it wants to mean to them.
-) This research is basically focused towards brand positioning of NAC noodles so it is directly benefiting to company as well as various intermediaries.
-) Brand positioning strategy is important as it helps to develop NAC as number one noodle of a country in a customer's mind.

1.8 Organization of the Study

For the purpose of thesis writing, a total of five chapter are taken into consideration. The first chapter is “Introduction” which consists of Profile of the company NAC (Nepal), introduction to NAC food, introduction to NAC, mission, vision, and significance of the study, statement of problem, objectives of the study and limitation of the study.

The second chapter consists of “Review of literature”. It includes various information obtained from different books, journals, magazines and previous thesis. The source of each has been disclosed in this chapter.

The third chapter is titled “Research Methodology.” In this chapter the details about research design, source of data collection, population and sample, data gathering procedure, data collection procedure, tabulation of data and processing of data are given in expanded form.

The fourth chapter is about “Data presentation and analysis”. In this chapter the data and information obtained are tabulated and are calculated in percentage basis so that right response can be obtained in concrete form. The bar diagram is presented for each table as well. Major findings of the study are also presented in this chapter.

The fifth chapter consists of summery, conclusion and recommendation in which summary of the whole research is presented. The conclusion reached after the research and recommendations needed are also given there. In addition to these, the related references and appendixes are also attached at the last.

CHAPTER II

REVIEW OF LITERATURE

The purpose of literature review is thus to find out what research studies have been conducted in ones' chosen field of study and what remains to be done. It provides the foundation for developing a comprehensive theoretical frame work form which hypothesis can be developed for testing. The review of literature also minimizes the risk of pursuing the dead ends in research.”

2.1 Marketing (Conceptual Framework)

Marketing is typically seen as the task of creating, promotion, delivering goods and services to consumers and business. In fact, marketing people are involved in marketing types of entities: - goods, services, experiences, events, person, places, properties, organizations, information, and ideas.” (Kotler Philip, (2006: p.122)

The numerous definitions offered for marketing we can distinguish between **a social and managerial definition. A social definition shows** the role of marketing plays in society. One marketer said that marketing's role it to “deliver a higher standard of living” social definition that serves our purpose as follows:

“Marketing is a societal process by which individuals and groups obtain what they need and what though creating, offering, and freely exchanging products and services of value with other.”

For a managerial definition, “Marketing has often been described as the art of selling products”. But people are surprised when they hear that the most important part of marketing is not selling! Selling is only the tip of the marketing Iceberg.” (Kotler Philip, Millennium(2006: P. 122)

According to American marketing association (*Peter D. Bennett, 1995*) “Marketing is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods services to create exchange that satisfy individual and organizational goals.”

Another definition given by William M. Pride and O.C. Ferrell attempts at viewing marketing as a set of diverse marketing group of activities performed by divers group of activities as “marketing consist of individual and organizations that facilitate and expedite the flow of goods and services from producers to consumers satisfying exchange relationships in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas.

2.1.1 Marketing Concepts

“Marketing has been developing together with development in human civilization. If we trace three-four hundred years back to the history of human civilization, we find marketing of that time, by modern standard was relatively uncultured. They did not need mechanism or tools or techniques of marketing as used today. But now all the situations have changed the needs and want have changes. Human aspiration for excellent and better status have given birth to thousand of discoveries, inventions and innovations and established thousand of units of different types of industry to fulfill that aspiration. These changes in turn not only indented different sophisticated tools and techniques and effective strategies for successful marketing but also made the marketing a most competitive fields” (Bhandari, 2001: P.112)

2.1.2 Societal-Marketing Orientation Stage

This is the latest development in the field of marketing. The stage is based upon the fact that the organization should determine the needs/wants and interests of the target markets and deliver the desired satisfactions more effectively and efficiently than do competitors in a way that maintains or improves the consumer’s and society’s well being.

Table: 2.1
Comparative Features of Marketing Concepts

Concept	Starting Point	Focus	Means	Ends Objectives
1. Production concepts (Aims at selling what can be produced)	Factory	Production Orientation	<ul style="list-style-type: none"> © Mars production © Low price © Wide availability 	Profit through production efficiency
2. Product concept (Aims at improving the product)	Factory	Product Quality Orientation	<ul style="list-style-type: none"> © High quality © Innovation © Performance © Guarantee 	Profit through well-made products
3. Selling concept	Factory	Sellers needs Orientation	<ul style="list-style-type: none"> © Aggressive Selling © Heavy Promotion 	Profit through high sales volume
4. Marketing concept	Market	Customer needs Orientation	<ul style="list-style-type: none"> © Integrate Marketing 	Profit through customer satisfaction
5. Societal Marketing concepts (Aims at Promoting social welfare)	Market	Social Responsibility Orientation	<ul style="list-style-type: none"> © Integrate Marketing © Concern for social welfare 	Profit through customer sand social well beings

(G.R. Agrawal 'Marketing Management' p. 17)

2.1.3 Marketing Management

According to Kotler, “Marketing Management as the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.” (Kotler, 11th edition 2003.p.9) Marketing

management is the conscious effort to achieve desired exchange out come with target market.

2.1.4 Marketing Environment

“A company’s marketing environment consists of the actors and force outside marketing that affect marketing management’s ability to develop and maintain successful relationship with its target customers. The marketing environment offers both opportunities and threats. Successful companies know the importance of constantly watching and adapting to the changing environment. Many companies, unfortunately, fail to think of change as opportunity. They ignore or resist critical changes until it is almost too late. Their strategies, structures, systems, and culture grow increasingly out of date.

2.1.5 Segmentation

Market segmentation is the process of dividing the total market into homogeneous groups of customers who share similar needs and characteristics. According to Prof. William J. Stanton, “market for a good or service into several smaller groups, such that the members of each group are similar with respect to the factors that influence demand.”

Requirements for market Segmentation: -

- a) Measurable
- b) Differentiable (Divisible)
- c) Accessible
- d) Profitable
- e) Actionable

Benefits of Segmentation: -

- a) Effective identification of market opportunities
Effective use of marketing resources
Effective competitive response
Market specialization
Environmental adaptation

Disadvantages of Segmentation:-

- a) Increase in Production cost
- b) Increase in marketing expenses
- c) Poor Market coverage
- d) Lack resources
- e) High Risk

New Criteria for Market Segmentation

Segmentation analysis has developed out of several key premises:-

- © In today's economy, each brand appears to sell effectively to only certain segments of any market and not to the whole market. Sound marketing objectives depend on knowledge of how segments, which produces the most customers for a company's brand, differ in requirements and capabilities from the segments, which produces the largest number of customers for competitive brands. Traditional demographic methods of market segmentation do not usually provide this knowledge. Analysis of market segments of age, sex, geography, and income level are not likely to provide as much direction for marketing strategy as management requires. Once the marketing director does discover the most pragmatically useful way of segmenting his market, it becomes a new standard for almost all his evaluations. He will use it to appraise competitive strengths and weakness, to plan his product line, to determine his advertising and selling strategy, and to set precise marketing objectives against which performance can later be measured.

The Marketing Concept in Nepal

- (a) The economy of Nepal is characterized by excessive dependence on agriculture. The industrial sector is in a developing stage. The role of services has been growing in the recent years. Due to the topographic diversity of the country coupled with poor transport and communication facilities, marketing has remained fragmented.

- (b) The public sector remains dominant in the Nepalese economy. The private sector is developing and dominated by the family owned and managed business. The advent of global companies, especially in tourism and finance sectors, has resulted in the transfer of new marketing skill along with capital and technology.
- (c) Marketing has traditionally remained a neglected aspect in Nepal. Enterprises tend to concentrate on production and selling rather than marketing. The selling concept has been serving as the marketing philosophy of Nepalese managers. The public sector has generally remained indifferent to the marketing concept.
- (d) The marketing concept has not been embraced by most Nepalese organizations. This is clear from the following points.
 -) Management Philosophy's most organizations of Nepal do not emphasize customer orientation.
 -) Target markets have not been clearly defined by most Nepalese organizations
 -) Marketing information system has remained very weak in most organizations.
 -) Marketing activities have remained fragmented in the organization structures. They have not been organizationally coordinated. Marketing department has not become a part of the top management team.
 -) Organizations tend to be more interested in producing products and making profit through selling and production. They seem least concerned about satisfying the needs of the customers.
- (e) Prospects for the Marketing Concept: Nepal has experienced significant socio-economic changes over the last 25 yrs. The supply-driven marketing where organizations could sell everything they produce is increasingly giving way to demand driven marketing. The realization is gradually coming that customers and their needs are important in marketing. The

increasing intensity of competition in the Nepalese market has also helped in these regards.

2.1.6 Development of Marketing

Marketing has developed in an evolutionary rather than revolution fashion. Its development has been influenced by the progress of civilization and economic development of nations.

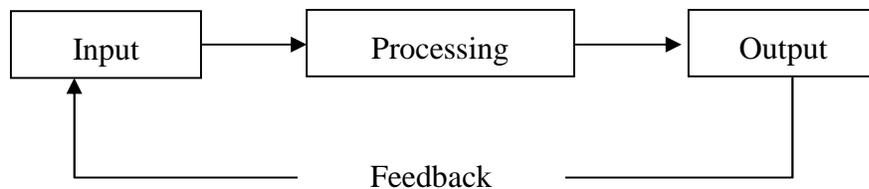
Basic Principle of Marketing Concept

- (a) Target markets should be defined carefully. No organization can operate in every market and satisfy every need. Customer orientation is the key to organization success. Organizational activities should be focused on determine and satisfying customer needs. Integrate marketing action is the essence of customer need satisfaction. All departments in the organization should work together to serve the customers interest. The ultimate purpose of marketing concept is to help organizations achieve their objectives. Organization can best achieve objectives by providing customer need satisfaction.

Marketing System

A marketing system is a unified whole composed of interrelated and interacting subsystem (Pars) to achieve desired objectives. Marketing is a dynamic system consisting of Input-processing-output-Feedback showing in figure. Agrawal, (2003: P.136)

Figure: 2.1
Marketing System



-) Input of the marketing system consists of the marketing mix elements product, price, and promotion, place.
-) Processing of the marketing system consist of environmental influences and buyer decision processes.
-) Output of the marketing system consists of customer response reflected by profit, market, share, social welfare, and organizational image.
-) Feedback provides information to design input.

Marketing Mix

Marketing is the process of choosing markets to be in, products to offer, prices to change, distributors to use, and messages to send. Organization must create and maintain an effective marketing mix that satisfies customer needs. Agrawal, (2003: P.136)

Definition

“Marketing mix is the set of marketing tools that organizations use to pursue their marketing objective in the target market”.

Figure: 2.2
(Marketing Mix)



The Tools of Marketing Mix are Known as 4 Ps

The four elements of marketing mix are interrelated. Decision is one element usually affect action in others.

The design, implementation and evaluation of the marketing mix constitute important aspects of the total marketing effort. Organizations should offer different marketing mix for different segments of the target market. Now, it is necessary to go in brief of tools of marketing mix. Always market situation is measure with the help of tools of marketing mix i.e. 4 Ps. If we neglect one from other the effectiveness of market situation is not measure by better way. Now, respectively we discuss about: - promotion, product, price and distribution channel.

Promotion

The marketing mix activities of product planning, pricing, and distribution are performed mainly within a business or between a business and the members of its distribution channels. However, through its promotional activities, a firm communicates directly with potential customers. And, as we will see, it is not a simple process. Basically, promotion is an attempt to influence more specifically, “promotion is the element is an organization’s marketing mix that serves to inform, persuade, and remind the market of a product and for the organization selling it, in hopes of influencing the recipient feeling, beliefs, or behavior.”

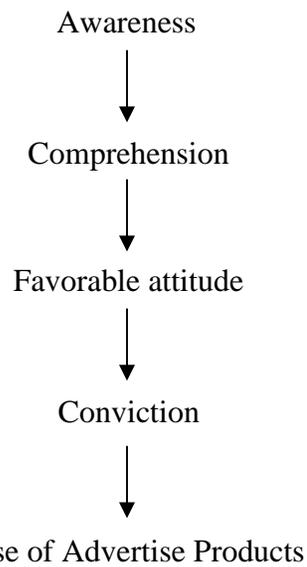
Advertising

“A product, service and Idea can be presented and promoted in a variety of ways, and advertising is only one of them. Advertising influences consumer attitudes and purchase behavior in a variety of consolidated manner. It has multiple objectives and roles in persuading the consumers. The technique of advertising may be direct by one or more objectives of advertising depending upon the situation”. (Koirala, 1991:P. 136)

According to William J./Michael J. and Bruce J. “Advertising is impersonal mass communication that the sponsor has paid for and in which the sponsor is clearly

identified. The most familiar forms of ads are found in the broadcast (T.V. and Radio) and print (newspapers and magazines) media. However, there are many other advertising alternatives, from direct mail to bill boards and the telephone directory yellow pages also Internet.” (William J./Michael J. and Bruce J, p. 456)

Today business organization, non-business social organization, political organization and governmental and non-governmental organizations are also using advertising as tools of promoting and presenting goods and services as well as political candidates for votes. Advertising can be understood as a form of communication, which aims at bringing about some change in the behavior of the target audience, particularly the potential buyers or non-buyers towards the product or service advertised. A generally theoretical model seeks to identify a step-wise behavioral progression from non-buyers towards buying action.



This is the progression from awareness to comprehension. From comprehension to favorable attitude, favorable attitude to conviction and finding actual purchase of a product concerned, which can be presented in the diagram to answer how advertising can convert from potential to an actual one.

“Advertising is the non personal communication of information usually paid for and usually persuasive in nature about products, services, or ideas by identified sponsors through the various media” (Kotler, Philip,1997: P.111).

“Advertising is any paid form of non personal presentation and promotion of ideas, goods, or services by an identified sponsor”. Advertisers include not only business firms but also charitable, nonprofit, and government agencies that advertise to various publics.

Developing in advertising program is a five-step process:

- 1) Set advertising objectives
- 2) Establish a budget that takes into account stage in product life cycle, market share and consumer base, competition and clutter, market share and consumer base, competition and clutter, advertising frequency and product substitutability. Choose the advertising message, determine how the message will be generated, evaluate alternative messages for desirability, exclusiveness, and believability, and execute the message with the most appropriate style, tone, words, and format and in a socially responsible manner. Decide on the media by establishing the ad’s desired reach, frequency, and impact and then choosing the media that will deliver the desired results in term of circulation, audience, effective audience, and effective ad-exposed audience. Evaluate the communication and sales effects of advertising. (Kotler, 1997: P.203.)

Advertising and other Promotional Activities

It should be made clear here that advertising and promotion seems same but are not exactly the same thing. Promotion is a broad term whereas advertising is just a part of promotion. When we talk of promotion, it generally includes publicity, personal selling, public relation and advertising. But advertising comprises the most promotion. Advertising is considered to be one arm of promotion. Advertising promotion consists of other four elements: personal selling, sales promotion, public relation and publicity.

a. Personal Selling

Personal selling consists of person-to-person communication between the sales persons and their prospects. Unlike advertising, it involves personal interactions between the source and the destination. The most effective method of promotion probably is to have sales persons call upon every target consumer. For many institutions, especially those that appeal to the mass market, this would be terribly inefficient. As a result, they employ mass marketing techniques, such as advertising. Personal selling is very important in industry.

b. Sales Promotion

According to the American marketing Association, sales promotion consist of those marketing activities, other than personal selling, advertising, and publicity, that stimulate consumer purchasing and dealer effectiveness, such as display, show, and exposition, demonstrations and various non-recurrent selling efforts not in the ordinary routing. Sales promotion is the third major promotional tool. It is used to coordinate and supplement the advertising and personal selling programs. Sales promotion has increased considerably in importance in recent years as management has sought measurable, short-term sales result. Sales promotion should receive the same strategic attention that a company gives to advertising and personal selling. This means establishing objectives and appropriate strategies. Separate budget should be set for sales promotion. Sales promotion can be directed towards final consumers, middlemen, or a company's own employee.

c. Public Relation

Marketers engage in public relation in order to develop a favorable image of their organizations and products in the eyes of the public. These activities to parties other than target consumer. They are public at large, labour union, the press, and environmental groups. Public relation activities include sponsoring, lobbying, and using promotional messages to persuade members of the public to take up a desired position. The term public relation refers to a firm's communications and relationships with the various section of the public. These sections include the organization customers, suppliers,

shareholders, employee, the government, the general public and the society in which the organization operates.

Publicity

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

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

Products

In a narrow sense, a product is a set of attributes assembled in an identifiable form. Each product is identified by a commonly understood descriptive (or generic) name, such as steel, insurance, tennis rackets or entertainment. Product attributes such as brand name and post sale service that appeal to consumer motivation or buying patterns play no part in this narrow interpretation.

In marketing we need a broader definition of product to indicate that consumers are not really buying a set of attributes, but rather benefits that satisfy their needs. A product is a set of tangible and intangible attributed, including packaging, color, price, quality, and brand, plus the seller's services and reputation. A product may be a good, service, place, person, or idea. In essence, then, consumers are buying much more than a set of physical attributes when they buy a product. They are buying want satisfaction in the form of the

benefits they expect to receive from the product. We divided all products in to two categories –

- (a) Consumer products
- (b) Business Products

This research is concerning with consumer product so, goes ahead with consumer product:-

“Consumer products are intended for use by household consumer for non business purposes.”

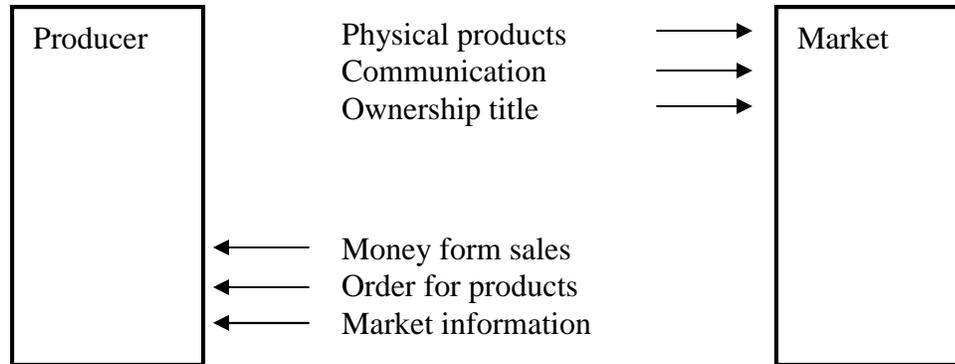
2.1.7 Channels of Distribution

Meaning of marketing channels

According to William J. Stanton, "A distribution channel consists of the set of people and firms involved in the transfer of title to a product as the product move from producer to ultimate consumer or business user" (*William, 10th ed. P. 363*). The channel of distribution involves several individuals and institutions such as producer, suppliers, industrial users, brokers, agents, wholesales, retailers and consumers. It also includes several flows in the system. It consists of forward flows and backward flows. The forward flows move from producers to the market. There are three forward flows: product flow, communication flow and ownership flow. The backward flows move from the market to the producers. The backward flows are: money from sales, orders for products, and market information.

Figure: 2.3

Channel Structure for Consumer and Industrial Products



The channel structure is a combination of channel components and channel levels. The channel components are the type of channel participants involved in the channel system. The channel levels are the number of channel components in the channel system. The channel structure of consumer products and industrial products are different. Similarly, the type of channel components also differs between the two types of products. (Koirala, 1991: P. 222)

Physical Distribution

In the marketing channels the products must be moved in the right quantity at the right time to the right place in order to deliver desired satisfactions to the end users or consumers. Physical distribution or marketing logistic is concerned with the management of flow of goods from the point of origin to the point of consumption. Marketing organizations must manage the flow of goods and services from their production locations to the market, and also make arrangement for a flow of information between the two points.

Pricing

All profit organizations and many nonprofit organization set prices on their products or services. Price goes by many names:-

Price is around us. You pay rent for your apartment, tuition for your education, and fee to your physician or dentist. The airline, railway, taxi and bus companies charge you a fare, the local utilities call their price a rate, and local bank charges your interest for the money you borrow. Your regular lawyer may ask for a retainer to cover her services. The 'Price' of an executive is a salary, the price of a salesperson may be a commission, and price of a worker is a wage. Finally, although economists would disagree, many of use fell that income taxes are the price we pay for the privilege of making money. (Don, 1987: P.97)

Traditionally, price has operated as the major determinant of buyer choice. This is still the case in poorer nations, among poorer groups, and with commodity-type products. Although non-price factors have become more important in buyer behavior in recent decades, price still remains one of the most important elements determining company market share and profitability. Consumers and purchasing agents have more access to price information and price discounters. Consumers shop carefully, forcing retailers to lower their prices. Retailer put pressure on manufacturers to lower their price. The result is a market place characterized by heavy discounting and sales promotion.

Price is the marketing-mix element that produces revenue, the others produce costs. Price is also one of the most flexible elements. It can be changed quickly, unlike product features and channel commitments. At the same time, price competition is the number one problem facing companies. Yet many companies do not handle pricing well. The most common mistakes are these.

-) Pricing is too cost-oriented.
-) Price is not revised often enough to capitalize on market changes.
-) Price is set independent of the rest of the marketing mix rather than as an intrinsic element of market positioning strategy, and
-) Price is not varied enough for different product items market segments, and purchase occasion.

1. It selects its pricing objective survival, maximum current profit, maximum market share, maximum market skimming, or product-quality leadership.

2. It estimates the demand curve, the probable quantities that will select each possible price.
3. It estimates how its cost varies at different levels of output, at different levels of accumulated production experience, and for differentiated marketing offers.

2.2 Review of Article

Acharya, B.P.(1999), in his article, "*Dursanchar Ko Bartaman Awastha ra Nijikaran*" has suggested to utilize its fund rather than accept high interest bearing loans for capital investment, since the rate of earning in liquid fund is less than the rate of interest it pays for the loan.

Acharya, B.P. (2000), in an article, "*Profitability Structure of NTC*" suggested utilizing its internal resource. He writes "It has become possible to maximize profit utilizing internal resources with minimum cost. In other hand, liquidity position of the corporation is quite high as it keeps capacity to pay of whole debt at once if the circumstances so required. Keeping in view the increasing services it can be expected that the further profitability trend will get improve furthermore in comparison to current trend provided the revenue structure from national and international service remain within a certain limit at unchanged tariff situation."

Poudel, S. (2010), "*Sana tatha kutir udhyog ko arthik byawasthapan*" reveals that cottage and small industries department has big amount of expenses as uncertified which shows lack of responsibility in financial aspect by the public enterprises. The above review of various journal and articles related to working capital and cash management reveals the poor management of working capital in Nepalese PE's.

Damaru Lal Bhandari (2010) in Himalayn Times writes, the Nepal Airlines Corporation (NAC) is know to hit the media headlines for wrong reasons. Its in the news

this year too. Just in case word has not spread around why, here is the update: Come December, it will be without both the Boeings for two weeks.

Stranger still is the way the crying shame is being presented as a mere technical snag. The instance of both the Boeings falling into disrepair is being presented as a breakthrough recorded by its engineers. Worse, the arrangement to have them repaired smacks of another scam.

A responsible engineer of the airline only the other day shocked an unsuspecting colleague by saying that he had no knowledge about where the faulty parts of the aircraft have been taken for servicing. While this could be singled out as a classic case of “generalist” versus “specialist” but that by no means sheds any light on the entire story. Nobody believes the airline is in safe hands in its diamond jubilee year. More so amid all the chances of the number of aircraft likely to fall while replacements never come by. But that will not alter the destiny of those at the helm who can be compared with the mice inside a ball of cheese. The level of insouciance is always been high. Much like my colleague who came back shell-shocked that senior technical staffs were no better informed than her, I had encountered an equally bizarre situation a decade ago. Looking for a business story I had gone to its head-quarters in New Road. I was pretty confident that I dig out something or the other. But speaking with the benefit of hindsight I was blissfully unaware of the shock I was in for. I don't now remember why told that come to the Planning Division instead of the Marketing Division which should know it. I took that in good spirit since the guild of not knowing the number was gnawing me deep down. I hurried to the Marketing Division. That, too, did not help and I was told to go to the Accounts Department. Once there, I was told to go the Operations Department. By now KI had realized the futility of it all.

Another Article published in Himalayan Times write giving the heading “Clipped wings”, The Nepal Airlines Corporation (NAC) has yet to come out of its years old crisis of existence. Both of its Boeing – 757s was grounded due to technical snags this week. However, one aircraft that had developed faults in new Delhi returned to Kathmandu

Wednesday. It had faced technical problems in its circuit breaker while starting the engines. The other Boeing still has serious cracks in its flaps. Worse, since the maintenance work is not possible at home, the Boeings have to be flown to Brunei. Such problems are anything but new to the beleaguered airline.

Unfortunately, the NAC still depends on two aging Boeing-757s to fly to almost 10 destinations in seven countries. Because of decades of poor management and lack of financial discipline, NAC has proved incapable of coping with the tremendous pressure to increase the number of its flights. Corporation officials say they are trying to add one more aircraft, but the problems go much deeper. At the time of competition among the airlines, the national flag carrier has been reduced to one or two aircraft, whereas private airlines that started from scratch have flourished in the last several years. The question, therefore, is one of restructuring both the ownership and the management of the NAC. It should be allowed to function on purely commercial principles, and a visible and substantial public participation in its takes is indisputable a pre-requisite.

2.3 Review of Thesis

Govinda Poudel (2009) *“A case study on the effectiveness of television advertising on the consumer behavior with special reference to Noodles and snacks of CG Food (Nepal) ltd”*, have written a thesis based on the consumer behavior on television advertisement of CG food (Nepal).

The Main Objectives of the Study are as Follows:

-) To the contribution made by Nepal Television on spreading and creating brand images of noodles and snacks of CG foods (Nepal)ltd.
-) It is also focused towards the effect of advertisement of NTV towards the noodles and snacks of CG food (Nepal).
-) To know the reaction of various people about the advertisement broadcasted by NTV.

The Major Findings of the Study are as Follows:

-) Almost all the people of Katmandu watch NT V but they are inclined to other
-) Nepali television channels as well foreign channels.
-) People of Katmandu mostly eat noodles in different forms of meal.
-) People of Katmandu watch NTV ads to some extent and they want Humorous, suggestive, and educative message in this regard. Hardly anybody has preferred to scary ads.
-) People of Katmandu like Wai Wai as the favourite brand. Similarly Mayos comes the second and 2 pm, Rumpum, Ruchee and Golmol comes thereafter.
-) Most people would love picture, theme, and logo in noodles AD. People do not believe in 100% in quality of noodles as they are advertised by the advertiser. There are several factors which influence the buyer to buy noodles. Among these NTV ad is one of the main factor.
-) Waiwai has got the top priority in the mind share of noodles among the noodles product present in market even among the noodles of CG food (Nepal) ltd. People love presentation of ads of CG food (Nepal) ltd. In addition to it visual, message, music prize and actors also influence to them to watch ad to some extent.
-) People have changed their brand after getting information from NTV ads.
-) People do agree that product of CG food (Nepal) are better than product of other company to some extent.

The Recommendations of the Study are as Follows:

Following are recommendation:

-) As there is tough competition these days with different TV channels, NTV should be more competitive regarding the transmission of quality programs.

-) People are becoming more conscious to the quality of noodles. For that reason quality aspect should be given more emphasis. People are influenced to buy product through NTV ads. So NTV ads should be pleasing to ear and eye. It should depict truth in what product consist of not on imaginative aspect.
-) People seem to remember Wai Wai much so noodles manufacturer should use different to uplift the product under CG food (Nepal) ltd. Some people have suggested reducing the price of noodles product to increase their affordability. Noodles Company can increase their share by using Halal meat for noodles production. With this; even the orthodox Muslim can consume them without second thinking. The advertisement broadcasted should be so sweet that people would stop changing the channels when commercial break appears.

Mohan Kumar (2010) “*Marketing Strategies on Chyawanprash of Dabur Nepal Pvt. Ltd. Ltd.*”. This study was a theme paper on the marketing strategies of Chyawanprash.

The Major Findings of the Study are as Follows:

Mr. Phurbey has conducted a SWOT analysis to analyse the strengths, weaknesses, opportunities and threats to the company. The SWOT analysis gives a clear picture of the business environment Dabur India is operating in at the present time.

Some of the strengths of the company he has found out through his research are as follows:

-) Having alliances with other strong and popular businesses is a major plus point for Dabur India as it helps bring in new customers and make business more effective.

-) Competitive pricing is a vital element of Dabur India's overall success, as this keeps them in line with their rivals, if not above them.
-) Riding high in the niche market in FMCG industry has helped boost Dabur India and raised reputation and turnover.
-) Keeping costs lower than their competitors and keeping the cost advantages helps Dabur India pass on some of the benefits to consumers.
-) Dabur India's innovation keeps it a front-runner in FMCG as it is regularly turning out new patents/proprietary technology.
-) Dabur India's marketing strategy has proved to be effective, helping to raise profiles and profits and standing out as a major strength.
-) High quality machinery, staff, offices and equipment ensure the job is done to the utmost standard, and is strength of Dabur India.
-) Dabur India's distribution chain can be listed as one of their strengths and links to success.
-) Dabur India's international operations mean a wider customer base, a stronger brand and a bigger chunk of the global market.

The Recommendations of the Study are as Follows:

-) Dabur Nepal Pvt. Ltd. Ltd seems to be the most popular brand of FMCG among the users either as a primary choice or as a secondary choice. So trading agent and retailers are recommended to focus on this brand and provide as many information in the market of Kathmandu to meet the demand of prospective customers.
-) Price and model are the most considered factors influencing purchase and brand choice of FMCG therefore , potential manufactures are recommended to manufacture soft drinks with lower cost and attractive models , trading agents and retailers are recommended to provided soft drinks with lower price and good taste in the future if they target the Nepalese market especially Kathmandu.

-) Friends and advertisement on TV are the main source of information about brand for the users to promote the soft drinks business retailers may implant new schemes like bring five customers and get a worth Rs.15 for free.
-) Retailers can also give advertisement of their store regularly on local channels showing various brands that are available and with price ranges if possible.
-) If a retailer is planning to launch new brand of FMCG than, he may use TV channels for advertising and informing potential customers highlighting major features and price because advertisement on TV is the chief motivator for purchasing a certain brand.
-) Income and profession of a person is also the major factor influencing purchase and brand choice therefore trading agents and retailers are suggested to make promotional campaigns and other actives targeting different income and profession groups so that it will be easier to capture the market.
-) Many customers are found of be unaware about the quality, features, functions, parts, accessories and above all the origin of certain brand it is very difficult to deal with these types of customers. Therefore, when these type of customers, information, they can be benefited if the store can provide with brochures having details about various brands and there models along with prices.

Singh (2011), the study named as “*The Marketing Strategy of Ford Motor*” is focused on the objectives of identifying the promotional strategies of Ford motors in India with focus on Ford Figo and Ford Fiesta (now Ford Classic). The objective of his study was to establish a relation between bank and financial institutions role in the sales of Ford cars. The author was also keen to find out the level of awareness about cars in general by the public and how the promotions

used by different automobile companies impacted on the view of the public. Besides that the other objectives of this study were to find out the factor of awareness of Ford cars and also to find the level of satisfaction of consumers by the particular dealer(Fortune Ford) in Hyderabad, India. The author also adds to analyze the customer perception about the utility/usefulness of Ford cars as his objective. The research study conducted by the author confined to the descriptive analysis of the situation of the business at that point of time. But since then a lot has changed in the automobile market in India as well as in Nepal within a span of one year. It was obvious to undertake such research on Ford motors at that time where the product made available were limited but as of now the company has full product line-up with international standards and models. Thus, in this context the company has immensely improved in terms of production as well as in its marketing tactics.

The need for the study as argued by the author is to find the market competitor of the product. The other need established by the author to do the research is to find the features of the product and which features should be highlighted by the dealer while promoting the product. The next need established in the research is to study the history, growth and development of Ford motor in Hyderabad, India. The author also tries to establish the need to provide important lead on customer convenience front to Ford as per which would be helpful in increasing the sales.

The Major Findings of the Study are as Follows:

The major findings of the study “*The Marketing Strategy of Ford motors*” by researcher Shishir Pratap Singh state that:

-) Brand awareness has got a great range of influence on buying behavior. Now-a-days people are Brand conscious. Products or Services having a good Brand image has got a great range of influence on buying behavior. Promoting a product and creating awareness through conducting event show

in different areas of a pre-plan with bank manager and meeting with customer personally has an influence on the people rather than non-personal channels. The brand image of Ford is excellent. In Hyderabad most of the people think that Ford vehicles are for urban people.

- J The products “ford FIESTA” and “ford FIGO” many features when compared to any car in hatchback segment. No car in the hatchback segment is competitor for Figo and Fiesta. Figo is having a number of features like dual air bags, ABS with EBD etc. Major competitor of Ford Figo is Maruti Swift. Everyone in the market is comparing the Ford to Maruti Swift as Maruti is the leader for the hatchback segment. Its product Swift is a success model.
- J Customer’s perspectives, many of the Ford customers are buying the cars by seeing its brand name only. The number of customers satisfied with the fuel efficiency is very low. Most of the Ford customers came to know about their vehicle through Advertisements only. The major media that attracted the customers is television.
- J Most of the customers prefer ICICI and SBI banks for taking financial help while purchasing a car. Customers are asking for min interest on financial help provided by the banks.

The Recommendations of the Study are as Follows:

The recommendations made in “*The Marketing Strategy of Ford Motor*” by author Shisir Pratap Singh in his 2010 project report states:

- J Fortune Ford should put poster of the Ford Figo and Ford Fiesta and put it in all bank branches, because now many customer are firstly approaching for car loan in bank and they make their decision there for good car. Fortune Ford has to concentrate on new strategies for the promotion of Ford Figo. As it is a newly launched model of the Ford it is the time to capture market of the

hatchback car segment. Currently Figo is having a good response in the market.

- J Ford has to rectify the rear window of back door which doesnot go down completely. Everyone who had a look at the car likes it, after seeing the rear window of the back doors they are not showing any interest.Ford has to utilize the media for the promotion of Figo. For the reaching of the target audience media is the best way. Through promotion will go to the long distances. The company should try to increase the number of Service centers. And keep Service Stations at main locations of the city, like Banjara Hills, Jubilee Hills, Begumpet etc., where many customers feel it easy to go to service centers.
- J Advertisements through televisions can influence many categories of people. So try to concentrate on this segment. We donot see or find much of the Ford car advertisements in T.V except the “ford FIGO” and “ford FIESTA”. Try to provide financial facility of all customers at minimum interest.

Sharma, Achut (2012) has conducted a research in a topic “*Revenue Planning & Management of Manufacturing Public Enterprises*” A case study of Singh Durbar Vaidya Khana Vikas Samiti an unpublished master level thesis submmited to Central Department of Management, Faculty of Management T.U.

The Main Objectives of the Study are as Follows:

- J To analysis the actual sales and budgeted sales.
- J To examine revenue generate by SDVKVS.
- J To recommendation and suggestion for SDVKVS.

The Major Findings of the Study are as Follows:

- J SDVKVS has adopted only product/categorized budget. But it has not adopted practice of preparing monthly budget.

-) There are no actual bad debts shown in an account.
-) In the calculation of profit volume ratio, it has shown that its fixed cost is high.
-) The pricing policy needs revision and adjustment of pricing policy organization is not fare.

2.4 Research Gap

There is also a huge gap between old generation and old generation inside the marketing department. So they should have interaction with each other. All the computer of marketing department should be interred connected with each other. With this, makes easy and effective while doing any work and also the staffs will be updated about their own department. The employees of the same department don't know what is going in there on department due to lack of communication and coordination. Travel Agents have to struggle a lot for the reservation of tickets. Most of the travel agents are motivated by regular service and high rate of profit as well as promotional activities. So agents' promotional activities play a supporting role to capture the market position

CHAPTER III

RESEARCH METHODOLOGY

3.1 Research Methodology

Research methodology is a systematic way to solve the research problem. Research methodology refers to the various sequential steps to be adopted by research in studying a problem with a certain object in view.

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

Thus this chapter highlights the research methodology which is used during the course of research study regarding “Marketing analysis of Nepal Airline Corporation”.

3.2 Research Design

To fulfill the need of our research, survey method of research design has been used. It is used with analytical and descriptive approach with the objective to meet the target of the study. Here both the questionnaires and published data are used.

3.3 Population and Sample

The people of Kathmandu valley has been taken as population among them, 30 sample respondents are taken into consideration for our study.

3.4 Tabulation of Data

The consistency of the answers provided by the respondent were checked and tabulated to age, sex, and educational status. Different sets of tables have been prepared for every important questionnaire. Simple listing method is used for tabulation and reasons given by them are presented in percentage basis.

3.5 Sources of Data:

The sources of data may be classified into two types, they are:

a. **Primary sources:** Primary sources are the original sources from which the researcher directly collects data that have not been previously collected. Primary data are first hand information collected through various methods such as observation, interviewing, mail survey, experimentation, etc. Primary data are directly collected by the researcher from their original sources. In this case, the researcher can collect the required data precisely according to this research needs, he can collect them when he wants them and in the form he needs them. When the data required for the social science research are not available from the secondary sources and they have to be directly gathered from the primary sources. In such cases where the available data are inappropriate, inadequate or obsolete, primary data have to be collected.

b. **Secondary sources:** Secondary sources are the data which have been collected and compiled for another purpose. It consists of not only published records and reports but also unpublished records. The secondary sources consists of readily compiled statistical statements and reports whose data may be used by researchers for their studies e.g., census report, annual report and financial statements of the companies, statistical statement relating to co-operatives and regional banks etc. both the form and the content of secondary sources are shaped by others. Here, the researcher has no original control over collection of the data.

3.6 Data collection technique:

Most of the data needed for the research have collected from primary sources of data. The questionnaire which includes various questions which comprises the research objective has been submitted to people and necessary information is collected. In addition to it, secondary source of data are also used. Different manuals and papers magazines and newspapers are referred to obtain the related data.

3.7 Data Collection Procedure

The questionnaires were distributed through personal contact and also collected information through personal interview with the NAC Nepal's sales and marketing manager. The primary sources of data are through the questionnaire and oral conversations with the consumers. The questionnaires were distributed to the consumers for the collection of necessary information.

3.8 Data Processing Procedure

The collected data, information, facts and figures have been processed by editing, tabulating, prior, to their analysis in order to obtain proper results. Limited mathematical tools and statistical tools are applied to analyze and interpret the collected data as well as to reach for the final decision. The questionnaires were distributed personally and through emails to the respondents. Every questionnaire was thoroughly checked after its collection to check if it is correctly filled up. The same responses of collected questionnaire were compiled together under the respective heading and counted. Then the total responses were presented in one master table with the help of the data of the master table; necessary presentations have been made for attaining the objectives of the study.

CHAPTER IV

PRESENTATION AND DATA ANALYSIS

A good business is the outcome of a good management. An efficient management system is vital for the success of any business. It is the management which leads the organization rather to success or failure. If the management is not good and efficient one, sometimes the existence of business itself may be a matter of doubt.

A good management system covers all the aspects of management that is marketing, financial, production, personnel etc. It has also to interact with all the environment, external, as well as internal prevailing around it. If the management cannot interact and adjust with the environments around it then it will be very difficult for the enterprise to survive and run smoothly.

Of all the components of management, marketing has become one of the most important and challenging aspects of today's business organization. It has become one of the most difficult tasks to handle. If the organization is not well prepared to handle its marketing aspects, then the organization can never get the success and exist. The growing importance of marketing in the present day is in basically due to its impact on the success or failure of an enterprise.

Now let us briefly see what this most important aspect of management that is "marketing" is?

According to Drucker, the aim of marketing is to know and understand the customer so well that the product or service fits himself and sells itself. In the view of Levitt, management must think of itself not as producing products but as producing customers creating value satisfactions. Here both Drucker and Lewitt are trying to give more emphasis on customer and their satisfaction which is the most important and challenging aspects of modern marketing management.

Kotler defines, marketing as the means through which organization identify unfulfilled human needs, convert them into business opportunities and create satisfaction for other and profit for themselves.

According to American Marketing Association, “Marketing is an organizational function and a set of process for creating, communicating and delivering value of customers and its stake holders”.

Marketing strategies should be comprehensive and properly molded with general organizational strategies. It should be able to suit with the existing and changing environment. Strategies designed and planned with due analysis of future probabilities encompassing all essential aspects of marketing and organizational needs will be the most valuable tool in attaining goals.

In general marketing activities cover from product planning and designing to distribution with the help of suitable promotional tools. It covers every aspect from the production of goods and services to its sales. Marketing covers all its marketing covers all its marketing mix that is product, price, places, and promotion. Every aspect is to be given equal importance.

If we say the success of business enterprise depends upon the efficient management, the management itself can get success only when it will have good marketing strategy. So marketing is very much important for the success of business organizations. Today's world is a growing world. Every day or even every moment new things are coming. Competition is increasing every second. In such a situation there is a great scope and importance of marketing.

Pricing is the influence factor in consumer decision making, related to the purchase. In services marketing mix, price is only ‘p’ that generates inflow to the company. The revenue of the company will be greatly influenced by the pricing decision. Traditional approaches of pricing have some problem when applied to services. Taking into

consideration the service characteristics and consumer perceptions, service firms should take the right decision relating to the pricing of services.

Price in airlines term is called as fare for the passengers and rate for the cargo. NAC being a public enterprise is following government directed pricing in its domestic sector and market competitive pricing in its international sector both for passenger and cargo.

Promotion

Promotion means, “to move forward” in its broadest sense. Promotion can be defined as “marketing communication that attempts to inform and remind individuals and persuade them to accept, recommended, re-sell or use of product, service or an idea.

Promotion is popularly known as external marketing in services as traditional marketing. To continue the traditional identify, promotion was included as one of the components of services marketing mix.

) Advertising: Advertising is the non personal mass communication by an identified sponsor. Advertising is cost effective and powerful means to reach the masses. The cost per unit of exposure is the lowest in advertising, when compared to other promotional approaches. Informative, educative and persuasive objectives can be achieved through advertising.

) Personal selling organization establish communication channels through their sales force with the target market, it is called personal selling. Personal selling is face-to-face communication. Feedback can be spontaneous and customers can clarify doubts on the spot. This type of selling is very costly and difficult to reach the mass market. All employees in a service organization are marketing employees. Some sell in full-time basis and some on part-time basis. But everyone contributes to sales.

) Publicity and public relations: Publicity is promotional campaign through a third party (press, opinion leaders and other indirect sources. It's a deliberate attempt by the organization to establish relations with various people like customers, suppliers, creditors, shareholders, media and social organizations who

are capable of influencing, directly and indirectly, business prospects. Both public and publicity are powerful techniques for promotion of services. With the use of these two, a favorable word-of-mouth communication can be generated in the market.

) Direct marketing: When intermediaries are not involved between producers and consumers, it is called direct marketing. Its not the recent concept. It is one of the alternatives for the producers to reach the market. The evolutionary changes that promotional mix in the areas of communication system and networking, information technology, transport and technology in recent rears promoted the direct marketing concept as one of the promotional tools.

Today's business can not be expected to be success without a proper promotion policy. NAC being an airlines business has to give even more importance in proper promotion activities. To be very frank NAC has not have promote its product in its domestic sector as there is always problem to get seats especially in hilly region sectors. But in the other hand promotion plays vital role in its international sector where as there has not been promotion of its product that much effectively in the foreign market. But recent promotion strategies have becoming very effective in international sector also.

Distribution:

Business firms or social organization measure their growth in terms of market expansion. When a service provider intends to expand his market operations, there are only two options before origination. Either it has to start service outlets at various places offering the same package and quality, or to use private distributors for the purpose. Maintaining standards of performances at the service outlet is always challenging for the service provider. If this job is assigned to middlemen, there may be a danger of decrease in the value of offering and bad reputation to the organization. However, if the distributors have the ability and willingness to offer such services, the risk of failure and damage to the company image gets minimized.

1. To provide free/rebated and special fares/rates with or without service charge in line with the policy of promotional activities strictly in need basis only:
 -) Cargo/excess baggage transportation on RA flights.
 -) Tickets to FAM trips organized by Agents and Interline.
 -) Interline and agencies.
 -) Tickets for promotional purpose to external agents.
2. To upgrade passengers to J Class strictly on need basis only for building RA image and business.
3. To organize agents/Interline get-togethers at the cost of Corporation at different places whenever required.
4. To re-arrange and implement temporary schedule including delay, rerouting, postponement or cancellation of the flights as and when necessary.
5. To approve and authorize re-routing of passenger/cargo up to an intermediate or destination point in case of disturbances/cancellations and overbooking of flights.
6. To sanction inc ash or by free tickets without service charge as compensation to passengers in case of disturbances of flights or mishandling of baggage or any other general service complaints relating to us.
7. To certify all bills and expenses pertaining to area of responsibility of the Department for Payment subject to budget provision.
8. To exercise financial authority as per finance by-rule 2046 and revision thereof.

Evaluation:

The performance of Marketing Director will be evaluated against the followings:

-) Fulfillment of Revenue target.
-) Maintenance of Financial discipline and cost control.
-) Proper co-ordination with all Departments and other related agencies.
-) Maintenance of good relations with agents, Interline and other outside parties.
-) Effective sales promotion activities.
-) Implementation of Management directives and Board decisions properly and timely.

4.1 Marketing and Station Affairs (International Division)

Marketing and Station Affairs International division is concerned with formulation product policy and strategy regarding International flight. The product policy and strategy is supposed to be changed according to demand and supply. In the field of Airlines service, airlines sets and space are considered as product. Marketing division always thing what marketing strategies are appropriate? What strategy should we follow to compete in the world market? There is familiar saying-Do not watch the product life cycle, watch the market life cycle. Similarly the division is concerned to set tariffs and price of the product. Tariff and price are taken as an important aspect in the market. Pricing strategy includes initiating price cuts, initiating price increase, reactions to price changes, responding to competitors price change etc.

Market promotion is another activity of this division in includes advertisement through different media such as radio, television, newspaper, magazines and journals, Airlines profiles etc. Similarly conducting different seminars and participating in seminars conference and exhibitions.

The division is always in touch with their station, how the station is supporting them and providing information to their staffs regarding flights and passengers' arrivals and their handling. The location of international stations and management of these stations are the major concern of this division.

Number of planes NAC owns for international flights is only two that is Boeing 575. NAC was giving its service till 1992/93 with its two Boeings 727 and other two Boeings 757 altogether four Boeings in 9 countries, 13 cities. It sold its both 727 Boeings and took one Boeings on lease for few years. Since 2002 May it have been operation with its own 757 Boeings after lot of conflict aroused about the lease agreement.

NAC's two Boeings 257 are also very old. Its Production Company had already closed its operation since 2004 AD. International Airlines have been adding its fleets with more quality and modern technology. The planes being very old, it takes more time as well as

cost in maintenance. If only one Boeing is on maintenance or any emergency happens all the flight schedules are affected which can be a negative message to the passengers about NAC.

After government has liberalized its rules and regulation, NAC's monopoly has been ended and it has to compete with other airlines. In result, it has more change to loose the existing market and have to compete in the sectors where NAC is in profit. The reason to stop its Europe flights since 2001, due to tough competition and lack of planes.

At present NAC has been operating by its own plane in international sectors like Delhi, HongKong, Shanghai, Osaka, Kualalumpur and Dubai. Where there is less competition NAC is in profit. In operating international routes like Kuala Lumpur, Dubai, HongKong and Bangkok are in profit as well as Osaka, Shanghai and Delhi routes are not in satisfactory level. Despite of profit NAC is not able to add its fleets in sector where there is profit. According to "Airline Flight theory" less than four flights per week are not profitable and manageable.

4.1.1 NAC's International Routes

Delhi	7 flights per week (daily one flight)
Bangkok	3 flights per week
Hong Kong	3 flights per week
Dubai	3 flights per week
Kuala Lumpur	5 flights per week
Osaka / Shanghai	2 flights per week

Source: NAC Swet Patra 2068

As mentioned above Hong Kong, Dubai and Kuala Lumpur are the main markets as per market share and no of passengers.

The market which NAC has is not sufficient. It only covers 7 cities around the world and it is very few. As India and China, they are our closest neighbor and also the most populated area in the world. They are also one of the emerging

NEPAL AIRLINES
COMMERCIAL DEPARTMENT

Special Economy IT fares for sales in Nepal

With effect from 10 January 2008s

Ex KTM to BKK/HKG/SHA/OSA

One year valid special IT fare

Sector	Fare Basis	Fare	Class	Tour Code	Applicable
KTM-BKK	Y/OW	NPR 13000	Y	A3XZ	Nepali/Indian
		USD240	Y	S26X	Foreigners
KTM-BKK-KTM	Y/RT	NPR 25000	Y	A15X	Nepali/Indian
		USD 420	Y	S8X	Foreigners
BKK-KTM	Y/OW	USD 260	Y	S24X	All nationals
BKK-KTM-BKK	Y/RT	USD 460	Y	S4X	All national
KTM-HKG	Y/OW	NPR 20000	Y	A1ZZ	Nepali/Indian
		USD 350	Y	SI15X	Foreigners
KTM-HKG-KTM	Y/RT	NPR 37000	Y	A27X	Nepali/Indian
		USD 650	Y	AI5X	Foreigners
HKG-KTM	Y/OW	USD 350	Y	S15X	All Nationals
HKG-KTM-HKG	Y/RT	USD 650	Y	A15X	Foreigners
KTM-SHA	Y/OW	NPR 20000	Y	A1ZZ	Nepali/Indians
		USD 350	Y	S15X	Foreigners
KTM-SHA-KTM	Y/OW	NPR 37000	Y	A27X	Nepali/Indians
		USD 650	Y	A15X	Foreigners
SHA-KTM	Y/OW	USD 350	Y	S15X	All nationals
SHA-KTM-SHA	Y/RT	USD 650	Y	A15X	Foreigners
KTM-OSA-KTM	Y/RT	NPR 52000	Y	A42XZ	Nepali/Indian
		USD 1100	Y	A6Z	Foreigners
OSA-KTM	Y/OW	USD 750	Y	A25X	All nationals
OSA-KTM-OSA	Y/RT	USD 1350	Y	A85X	All nationals

Source: Commercial Department, NAC

-) Group must be formed on non-cumulative basis and must travel together up to the destination. However they can travel separately on return travel.
-) Group strength should be shown in each ticket.

No show Charge:

-) NPR 1000/- or Equivalent apply in case of Non-show. If the passenger fails to cancel/postpone the booking before 24 hours of the flight then No show will be applicable. If passengers offloaded by Immigration, Customs or Security at airport, 25% of the applicable fare will be charged as Non-show charge.
-) No-show is not applicable in USD fare.

Refund:

-) Refund charge: NPR 500/- will apply
-) If partial sectors are used then refund will be made after deducting applicable one-way fare for as part I for used portion and refund & no show charges etc.
-) Refund of unutilized/unused tickets issued by RA officers/agents ticket can be made within three years from the date of issuance.
-) In case of flight disturbances for a week and more for confirmed and even for open dated ticket in of RT fare, ½ RT fare of unutilized portion will be refunded and no refund charge will be levied.

Restriction:

-) Nationality must be mentioned.
-) Respective Tour code and fare basis should be shown on appropriate boxes of the ticket.
-) Ticket must be stamped “Valid on RA only”, “Non-Endorsable” and “Non Refundable”.

J-class fare:

The above fares can be made to J-class charging 25% additional amount of above fare. If pax wants to upgrade 2nd leg only, the 25% additional charge by RA counter by reissuing ticket/receipt.

-) Baggage allowance: 30 Kg. in J-class and 20 Kg in Y-class.
-) Above fares can be used for PTA purpose by charging USD 25.00 or equivalent currency as PTA charge.
-) Advertising and sales:- Nepal only.
-) This supersedes all the previous fare circulars in this regard.

NOTE: In case of Interline coupons, an additional of USD 100.00 will be charged to upgrade in J-class for the sector KTM-HKG/KUL/DXB/OSA or v.v and USD 75.00 will be charged for KTM-BKK or v.v. except on AD/ID and APS fare mentioned on the tickets issued by interline partners. This is applied to upgrade from DSO (I), TAP and from out station as well.

Nepal Airlines Commercial Department

Indo /Nepal fares for sales in Nepal and India

From 20 October

Part I (A) Normal USD fares

Sector	Fare basis	Fare	Class	Application	Validity
KATHMANDU- DELHI OR V.V	OW/J	USD 180	J	Foreigners	One Year
	RT/J	USD 360	J	Foreigners	One Year
	OW/Y	USD 150	y	Foreigners	One Year
	RT/Y	USD 300	y	Foreigners	One Year

Part I (B) Normal Local fares

Sector	Fare basis	Fare	Class	Application	Validity
KATHMANDU- DELHI OR V.V	OW/J	NPR 11105	C	Nepal/India	
		INR 6950	C	Nepal/India	
	RT/J	NPR 22210	C	Nepal/India	
		INR 13880	M	Nepal/India	
	OW/Y	NPR 8600	M	Nepal/India	
		INR 5375	M	Nepal/India	
	RT/Y	NPR 16800		Nepal/India	
		INR 10500		Nepal/India	

Part II Special T class fares

Sector	Fare basis	Fare	Tour	Class	Application	Validity
KATHMANDU-DELHI OR V.V	Y/OW	NPR 8000 INR 5000	S2XZ S5XZ	T	NEP/IND	One Year
KATHMANDU-DELHI- KATHMANDU OR DELHI- KATHMANDU- DELHI	Y/RT	NPR 15600 INR 9750	A56Z S25X	T	IND/NEP	One Year

Note: 1. Student: Not applicable
2. PTA: Not applicable

Part III through Special Economy fare Ex-Delhi

Sector	Fare basis	Fare	Class	Application	Validity
DEL-KAT-BKK	Y/OW	INR 12750	Y	IND/NEP	One Year
	Y/RT	INR 24875 USD 700	Y Y	IND/NEP FOREIGNER	One Year
DEL-KTM-HKG	Y/OW	INR 17125 USD 500	Y Y	IND/NEP FOREIGNER	One Year
	Y/RT	INR 32375 USD 950	Y Y	IND/NEP FOREIGNER	One Year
DEL-KTM-OSA	Y/OW	INR 21500 USD 750	Y Y	IND/NEP FOREIGNER	One Year
	Y/RT	INR 41750 USD 1400	Y Y	IND/NEP FOREIGNER	One Year
DEL-KTM-KUL	Y/OW	INR 15875 USD 500	Y Y	IND/NEP FOREIGNER	One Year
	Y/RT	INR 29250 USD 900	Y Y	IND/NEP FOREIGNER	One Year

Note:

-) Discount:
-) Student: Not applicable
-) Above fare is to be shown in the ticket.
-) Sales & Advertisement limited to India only.

Source: Commercial Department, NAC

General Conditions

-) Fares are valid for all tickets issued on or after 20 October 2007. IOF issued for RT fare second leg will be valid for one year from commencement of first leg. If open dated ticket is issued validity of the ticket will be one year from the date of issuance.
-) Commission: a) Normal Agency Commission 7% will apply
b) Volume incentive applicable on RA sales only.
-) Taxes, fees and charges (TFC) not included in the fare, hence should be collected separately.
-) Tickets must be used in sequence.
-) For ticketing purpose normal published directional promotional minimum economy fare are to be shown in the ticket followed by tour code wherever Tour code is given.
-) Discount:
 - a) Children: - 25% of the applicable adult fares applicable for children who have reached their 2nd birthday but have not reached their 12th birthday. Toru code will be respective tour code of adult fare and code 'CH' and date of birth should be mentioned in the designator box of the ticket.
 - b) Infant: - 90% on above fare. Applicable for babies who have not reached their 2nd birthday. Code 'IN' and date if birth (DOB) of the infant should be mentioned in the ticket.
 - c) Student:- 25% of the applicable normal adult fare applicable for students who have not reached their 26th birthday. Tour code will be respective tour code of adult fare and 'SD' to be entered into

designator box of the ticket. This discount will be applicable for travel between residence and the institution of the student.

) Tour Leader:

- a. For a group of 15 adult fares paying passengers one free ticket for the 16th Tour Conductor is allowed.
- b. For group of 10 adult fares paying passengers one 50% free ticket for the 11th Tour Conductor is allowed.

Note: i) Two children traveling at the children fare will count as one adult passenger for the purpose of determining the qualifying number of the group.

ii) Group must be formed on non-cumulative basis and must travel together up to destination/turn around point.

iii) Group strength must be mentioned in all tickets issued in a group.

) No show charge: NPR 1000 or INR 625 will apply in case of No-show except USD fare.

) Refund charge: NPR 500 or INR 315 equivalent USD will apply.

Refund:

) If partial sectors are used then refund will be made after deducting applicable OW fare for used portion and refund, no show charges etc.

) In case of flight cancellation, ½ RT of collected amount of the fare will be refunded in case of first leg is utilized irrespective of confirmed or open dated ticket.

) Normal Baggage Allowance: 40 Kg in J-class and 30 Kg in Y-class

) Restrictions: Ticket must be stamped “Valid on RA only” or “Non Endorsable”, “Non Routable”.

) “Not Valid After” box of the ticket must be filled in.

) Above fares can be used for PTA purpose also charging USD 25.00 as PTA charge and for INDO/Nepal sectors local fares PTA charge will be INR 500.00 or NPR 800.00.

) Advertising and sales: Limited to Nepal & India.

) Excess Baggage for Delhi-Kathmandu INR 64.00 per kg and for Kathmandu-Delhi NPR 102.00 per kg.

) Cargo Rates:

DEL-KAT sectors only

	Net	Gross
Minimum (M)	INR 112.50	INR 125.00
Normal (N)	INR 24.30	INR 27.00
+ 100	INR 19.80	INR 22.00

Conditions:

-) Charge collect (CC) shipment is not permitted.
-) Cargo Insurance surcharge USD 0.07 per kg. Per sector's is applicable.
-) The above cargo rate is for general cargo only.
-) Since the above rate is net. Normal commission will not be applicable.
-) The above gross is to be shown in the Air Way bill.
-) Tax, charges and fees are not included in the above rates. Hence the TFC applicable should be collected separately showing in the Air Way bill.
-) Air Way bill fee should be collected, showing due Carrier box in the Air Way bill.

This fare supersedes earlier fare circular in this regard.

NAC has done very little in the field of Market promotion of International sectors. While I interviewed one of the member according to him in the coordination with Nepal Tourism Board (NTB) NAC are organizing the fair outside Nepal, which can be effective one. Agent can also be one factor promoting NAC within the customers. The agent is the place where customers directly interact. It depends upon the agent behavior.

Before only 2-3 years ago I used to read about the fair event in other countries and NAC used to take a part. But now I found that the staff of public affair of the NAC had no excitement to take part in it. They show the lack of plane and sector behind this reason NAC had issued new calendar of 2008 AD having scenery of Nepal. This is also one of

the promotional tools but calendars are printed in a low quantity that it doesn't give message to the mass customers.

When I visited its websites in the internet I hardly found any information about NAC. Internet can be taken as a direct marketing. In direct marketing customers are the kings. So NAC must be able to lure and attract the customer through internet. Most of the airline's ticket can be booked through internet but our National flag carrier NA has not leap its step forward for this system.

We only get to read about the problem in NAC in the newspaper. This can spread negative information about the Company through word-of-mouth promotional tools. Word-of-mouth communication will influence consumer expectations, preferences and purchase behavior.

NEPAL AIRLINES COMMERCIAL DEPARTMENT

Special/Promotional economy IT fares for sales in Nepal with effect from 01 October 2007 until further notice.

ONE HYEAR VALID SPECIAL PROMOTIONAL FARE

Sector	Fare Basis	Fare	Class	Tour Code	Applicable	Validity
KMT-DXB	Y/OW	NPR 20000	Y	A14X Z	Nepali/Indian	One Year
		USD 400	Y	S1Z	Foreigners	
KTM-DXB-KTM	Y/RT	NPR 37000	Y	A29X Z	Nepali/Indian	
		USD 650	Y	A15	Foreigners	
DXB-KTM	Y/OW	USD 400	Y	S1Z	All nationals	
DXB-KTM-DXB	Y/RT	USD 650	Y	A15X	All nationals	

Source: commercial Department, NAC

Conditions:

-) This fare is valid for all tickets issued on after 01 October 2007 until further notice. Validity of 2nd leg will be 01 year from commencement of first leg of journey. Validity of Operated ticket will be one year from the date of issuance.
-) Commission: Normal agency commission 7% will apply. Volume Incentive applicable as per agency agreement.
-) Taxes, fees and charges (TFC) not included in the fare, hence should be collected separately.
-) Tickets must be used in sequence.
-) For ticketing purpose applicable lowest published directional minimum fare is to be shown in the ticket, followed by the tour code.
-) Discount:
 - a. Children-25% of the applicable adult fare. Applicable for children who have reached their 2nd birthday but have not reached their 12th birthday. Tour code will be respective tour code of adult fare and CH to be entered in the ticket designator box. Date of birth (DOB) should be mentioned in the ticket.
 - b. Infant – 90% on above fare. Applicable for babies who have not reached 2nd mentioned in the ticket.
 - c. Student: Not applicable.
-) Tour Leader: Not applicable.
-) No show charge:- NPR 3000/- or equivalent will apply in case of No-show. If the passenger cancels/postpones the booking within 24 hours of the flight then No show will be applicable. No show charge is not applicable in USD fare.
-) Refund
 - 1. Refund charge: NPR 1000.00 will apply.
 - 2. If partial sectors are used then refund will be made after deducting applicable one-way fare for used portion and refund & no show charges etc.
 - 3. Refund of unutilized tickets issued by RA offices/Agents can be made within three years from the date of issuance.

4. Cancellation/Date change NPR 1000.00 will be applicable for more than 24 hours before the flight.

) Normal baggage allowance in Y class: 30 kg for KTM-DXB only

) Restriction.

1. Nationality must be mentioned.

2. Respective Tour Code and fare Basis should be shown on appropriate boxes of the ticket.

3. Ticket must be stamped “valid on RA Only”, “Non-Endorsable” and “Non-Refundable”.

) Upgrade:

1. This fare can be upgraded to “J” class charging 25% additional fare on above fare. Tour Code will be respective tour code + J. Up gradation to J class collecting additional 25% on above fare will be done from RA sales office only by reissuing ticket/issuing receipt.

) Advertising and sales: - Nepal only.

) Above fares can be used for PTA purpose by charging USD 25.00 or equivalent currency as PTA charge.

This supersedes all the previous fare circulars in this regard.

4.1.2 Market Development Cell

Market development division is concerned with different activities such Market Research and Development, Traffic review, Monitoring and Forecasting, Schedule planning, Management Information report and statistics.

The division accommodates all the activities for market developments. Market research and development conduct different research activities regarding new destination, customer want and taste and market feasibility for new flight. Similarly Traffic Review, Monitoring and forecasting is another important function of this division. The frequency of flights should be maintained. Reviewing a traffic system and monitoring it so that no hazards situation arise and forecast it for the future to run NAC smoothly and efficiently. Schedule Planning is done according to the number of aircraft available for both

International and Domestic Airlines. And schedules are programmed according to the market demand and schedules are subject to be changed due to prior notice, Domestic and International flight schedule and their times are announced through Radio Nepal everyday. Many private newspapers too publish schedules as well as in the internet too.

Management Information Report is another function of this division. MIR is based on computer. It generates information monthly in a printed form regarding Marketing activities to submit monthly report.

Statistics unit is concerned with keeping different statistical data and report for future purpose. The result it gives is accurate and reliable.

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

According to Paul Green Donald Tull and Gerald Albaum “Marketing research is the systematic and objective search for and analysis of information relevant to the identification and solution of any problem in the field of marketing.

For the long run operation each and every organization has to conduct a research of its organization. Research helps the company to go forward in the future smoothly and effectively. It gives the ideas about the next step to be taken by the company which cause a minimum risk and high return.

4.1.3 Future Prospect:

The benefits generated by NAC to Nepalese society can be counted upon in at least four areas, namely its contribution to national revenue, tourist dollar earnings, creation of employment opportunities and the offer of economic air transport services within the country, besides of course non quantifiable social benefits of breaking physical and economic isolation of communities, linking surplus to deficit areas and helping the drive for development on national scale effectively.

NAC now employs over 2400 people and through its annual activity the airlines has generated over millions of rupee in a year towards the national revenue by way of different taxes, excise, duty and fees.

It has come a long way from what it was basically a domestic operator with one DC-3 flying within 700 kilometers in 1958 to what it is now an international operator expanding its wing to Frankfurt and London in the west, Honk Kong in the east and Singapore in the south. IN the years to come as a growing organization NAC has a plan to expand its services further more. It's the need of the current market position. To exist in the market profitably and to survive in this cut throat competition. NAC has a plan to extend its services from Honk Kong to Seoul and one point in Japan in Far East and from Singapore to Australia. The airline also has a plan to get wide-body aircrafts replacing B-757 and B-767, possibility of international Charters in other sectors also is there.

IN domestic side there is a plan to add a Turbo Prop and to maintain the existing Twin-Otters to give service in rural areas of the country. It has also plan to resume its mountain flights. Mountain flights are one of the main attractions of tourist visiting to Nepal. It could be a good income source of NAC.

In the field of promotions NAC had hardly made any plans. There is no excitement in staffs to give any promotions at the media. They say that due to lack of planes its not worthy to give advertisements through different, means.

In view of making the organization more customers oriented and service oriented by differentiating products in terms of domestic and international services, domestic and international operations have been separated recently. A separate customer service Department has been established in corporate level to ensure development of professionalism in customer handling.

Privatization of the airline is in the offing; a study is currently going on for determining mode extent and timing of privatization of the airlines. NAC is planning to diversify its services; adding more service in its cargo complex at Tribhuvan International Airport for providing cargo go down services for NA flights as well as to other incoming airlines. Similarly in couple of years NAC may have its own Flight Kitchen to supply in flight meals not only for NAC flights but also to cater other airlines. May be in future NAC will operate its own hotels too so as to enable to provide a complete package service to its passengers.

As it was forecasted that only 24.3% i.e. 295093 passengers would travel by NA in the year 2006/07 but due to the improvements in domestic situation and planned operation of weekly two direct flights to Kuala Lumpur throughout the FY 2006/07 had made it possible to increase by 28.7% i.e. 309948 passengers which is a positive indication of NAC.

But above table shows the forecast of decrease rate in passenger by -5.7% due to the closed operation in Bombay and Singapore sector. This type of decreasing trend should be stopped immediately.

If NAC has an enough Boeings, the current fruitful market is Korea and Riyad. Just recently the government of Nepal and Korea had signed the bilateral documents about labors so that Nepalese can fly to Korea in working visa. Besides these our neighboring country China and India are very big market for NAC. But it is sad to say that the existing sector of Bangalore is close and Bombay in the coming future.

The trends of traveling in these countries (China and India) are increased due to the huge economic development. So, why not NAC be prepared to take this opportunity of these increasing markets.

For the qualitative tourist, Europe and America is the best place to increase its market. These profit making sectors are occupied by other international airlines. If NAC can add its Boeings, Frankfurt and London are the best sector to increase the quality tourist.

4.1.4 Types of Agents are as Below

Country	Types of Agent			Cargo Agent
	GSA	PSA	BSP	
India	-	23	-	7
Thailand	1	-	-	-
Bangladesh	1	-	-	-
Pakistan	1	-	-	-
UAE	1	-	6	-
Taiwan	1	-	-	-
Japan	1	6	6	-
Hong Kong	1	-	6	-
Korea	1	3	-	-
Kuwait	-	1	-	-
Israel	-	1	-	-
Malaysia	-	1	-	-
Srilanka	-	1	-	-
Singapore	-	1	-	1
Spain	-	1	-	-
Switzerland	-	1	-	-
Italy	-	1	-	-
Brunei	-	2	-	-
Nepal	-	52	-	16

Source: NAC, Swet Patra 2068

The conflict arises time to time about the ticket selling agency. At first it was thought that it would be effective opening General Sales Agent so NAC opened its GSA at many places. But without the practical opening GSA there was a lot conflict about the GSA. NAC was unable to collect its cash from GSA and has to bear loss or had to fight in the court. It gave a negative impact of NAC. So NAC hasn't opened its GSA instead for sales promotion it opened BSP Agent (Billing and Settlement Plan – IATA – Agent). In a result tickets are sold in country like Hong Kong, Japan, UAE, etc and in India too, NAC is working in progress for BSP Agent. IN a country like Malaysia, Singapore tickets are sold by the PSA (Passenger Sales Agent). By the time period this management is also changed by the BSP Agent.

While selling its tickets through agent, NAC usually gives 7% commission. Besides these for the motivation it gives less or more to 7% commission in the basis of tickets selling. Through it is heard public dissatisfaction about the tickets selling. The tradition of holding the seats till the last minute causes the problems like not getting the ticket but at the time of flights empty seats are flown. NAC must take this problem very seriously. For this, the time period of holding the seats must be controlled effectively as other international airlines. Likewise NAC don't have the specific rules and regulation for the establishment of the agencies. The process of selection and recruitment of agent is always in chaos. For the better agency, different rules and regulation is needed.

4.1.5 Travel Agent

Travel agents are considered as back bone of NAC to sell the tickets in International and domestic markets. Generally marketing department of NAC appoints travel agents according to their 117 domestic and international authorized travel agents respectively scattered all over the country including both stockiest and non stockiest.

Passengers gets the paper slip instead of air ticket where flight No and flight schedule is written. After booking the ticket it also appears in email. After showing that slip at the airport passenger will get the boarding pass and with the help of it we can travel to our

destination. As before we should not be afraid losing or forgetting the ticket, in this case we can print from our email from cyber near by.

4.1.6 Role of ABACUS

Marketing department, NAC has started using computer technology form the beginning of 1985 A.D. But hose computes are used to input and store the data to print out data and information in a certain format. Due to the changes in information technology, the computers and computers based information technology has been changed somewhat accordingly.

Now the NAC is using Computerized based information Technology in central reservation control unit of Marketing department to book and reserve the ticket online only in international sector world wide through the help of SITA (Society of International Telecommunication Associates) and ABACUS International (P) Ltd. The heads office of SITA is in France. The main function of this company is to provide lines through out the world coordination with Nepal Telecommunication of Nepal.

ABACUS International is the Asia Pacific's largest Global Distribution System (GDS) and computerized reservation system (CRS). The head office of ABACUS International Pvt. Ltd is in Singapore. The US based SABRE group and ABACUS signed a multimillion dollar strategic global alliances, which is widely recognized for its travel technology leadership.

ABACUS international holds 65% and the SABRE group holds 35% stake in ABACUS International Pvt. Ltd. Where ABACUS International is a company owned by top 11 Asian Airlines viz; A Nippon, Garuda Indonesia, Hong Kong Dragon Airlines, Malaysia Airlines, Royal Brunei Airlines, Silk Air and Singapore Airlines.

The ABACUS system allows travel agent to book and gain access to information on hundred of airlines, hotels and car rental companies worldwide. The services provided by ABACUS International Pvt. Ltd are listed below:-

World Flight Information Fares and Pricing Farex ABACUS Hotel system ABACUS Car system Together, ABACUS International and SABRE group formed the largest GDS information Network Worldwide. It has over 38000 locations over 141000 CRTs in 108 countries.

ABACUS activity markets and support its service through its National Marketing Companies. There are now ABACUS NMC in Australia, Bangladesh, Brunei, Cambodia, Hong Kong, India, Indonesia, Korea, Malaysia, Nepal, New Zealand, Pakistan, Philippines, Singapore, Sri Lanka, Taiwan, Thailand and Vietnam. ABACUS also has an office in Beijing China. The NMC provide training, onsite support and help desk to answer queries on to resolve problems.

NAC Relation with ABACUS as an Airline:

As an airline NAC signed a participation agreement with ABACUS in 5 April 1991. Since then NAC seats are being sold by ABACUS subscriber in Asia Pacific. ABACUS has helped to sell NA seats through its wide spread subscribers in Asia Pacific.

NAC's relation with ABACUS as a Distributor:

After signing sub-distribution agreement on 26 October 1997, NAC has become National Marketing Company (NMC) of ABACUS in Nepal and has been able to operate the business to market and distribute the ABACUS System and ABACUS service in Nepal under a sub license from ABACUS. Part of the revenue generated from Nepal for ABACUS is paid to NAC as a Marketing fee.

NAC has setup a separate business unit under general service department name ABACUS Nepal NMC to look after the distribution business of ABACUS. The section looks after marketing helpdesk, training, onsite support, technical and database functions of ABACUS in Nepal.

Similarly NAC Marketing Department is using Gabriel, DSO, AMAEDUS system in CRC unit and sales counter of NAC. Their server (Master computer) handles the

information and distributes the information through networking form ticket reservation and sales to their terminal.

4.2 Domestic Division

Domestic division of marketing department is concerned with different activities such as product policy and strategy, Sales Reservation policy, Market promotion, Station management and generates Management information report as per the requirement of the department.

4.2.1 Present Condition of Planes of NAC

Twin-Otter (On use)	DHC-6	4
Twin-Otter (not on use)	DHC-6	3
Avro plane (damage condition)	HS-748	1

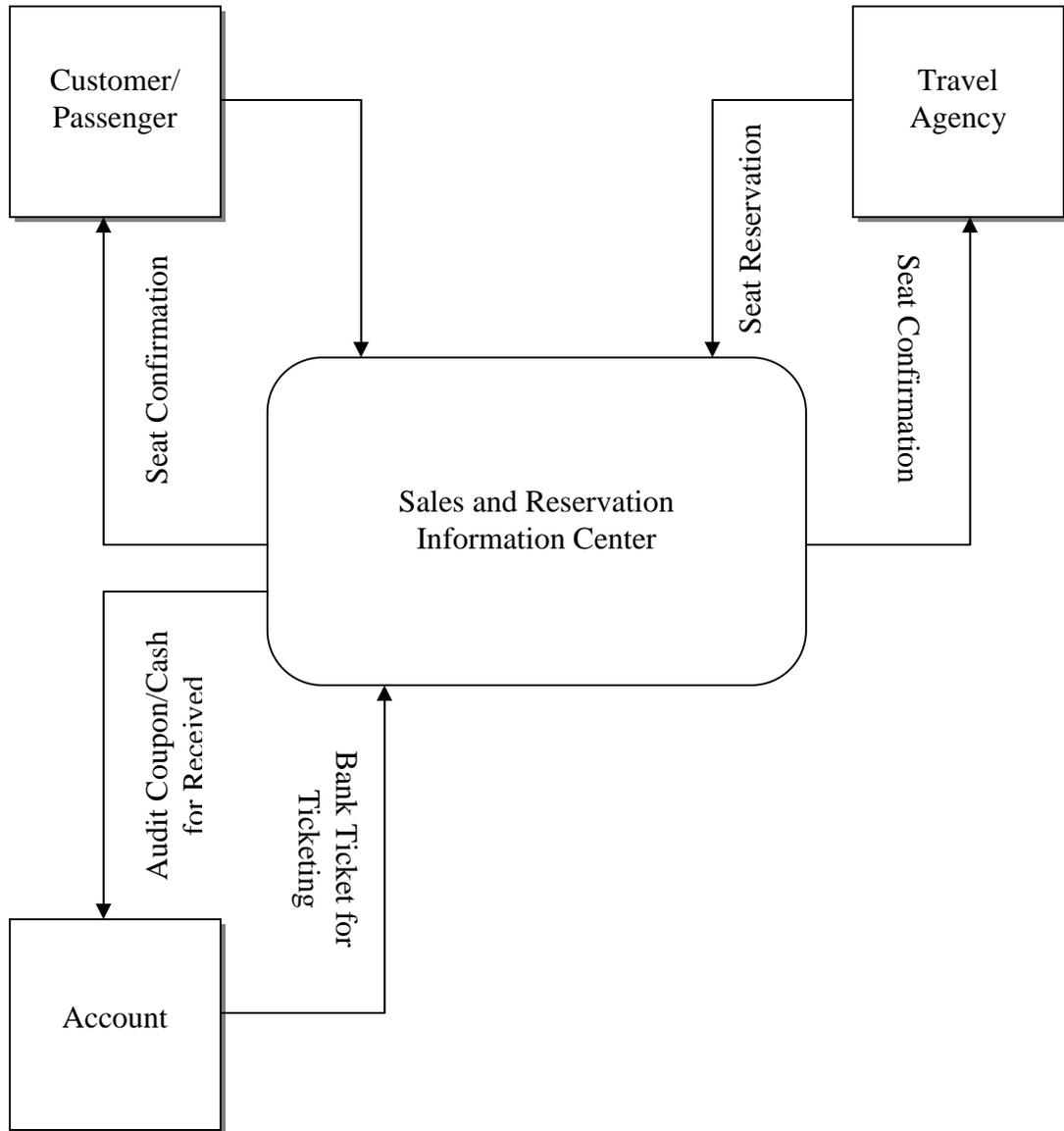
Source: NAC Swet Patra 2068

NAC owns 7 DHC-6 Twin-Otter planes and one HS-748 Avro which is grounded form 2000 AD. Among 7 Twin-Otters only 4 is on use and 1 can be used after maintenance and rest 2 is decided to sold by the organizing committee.

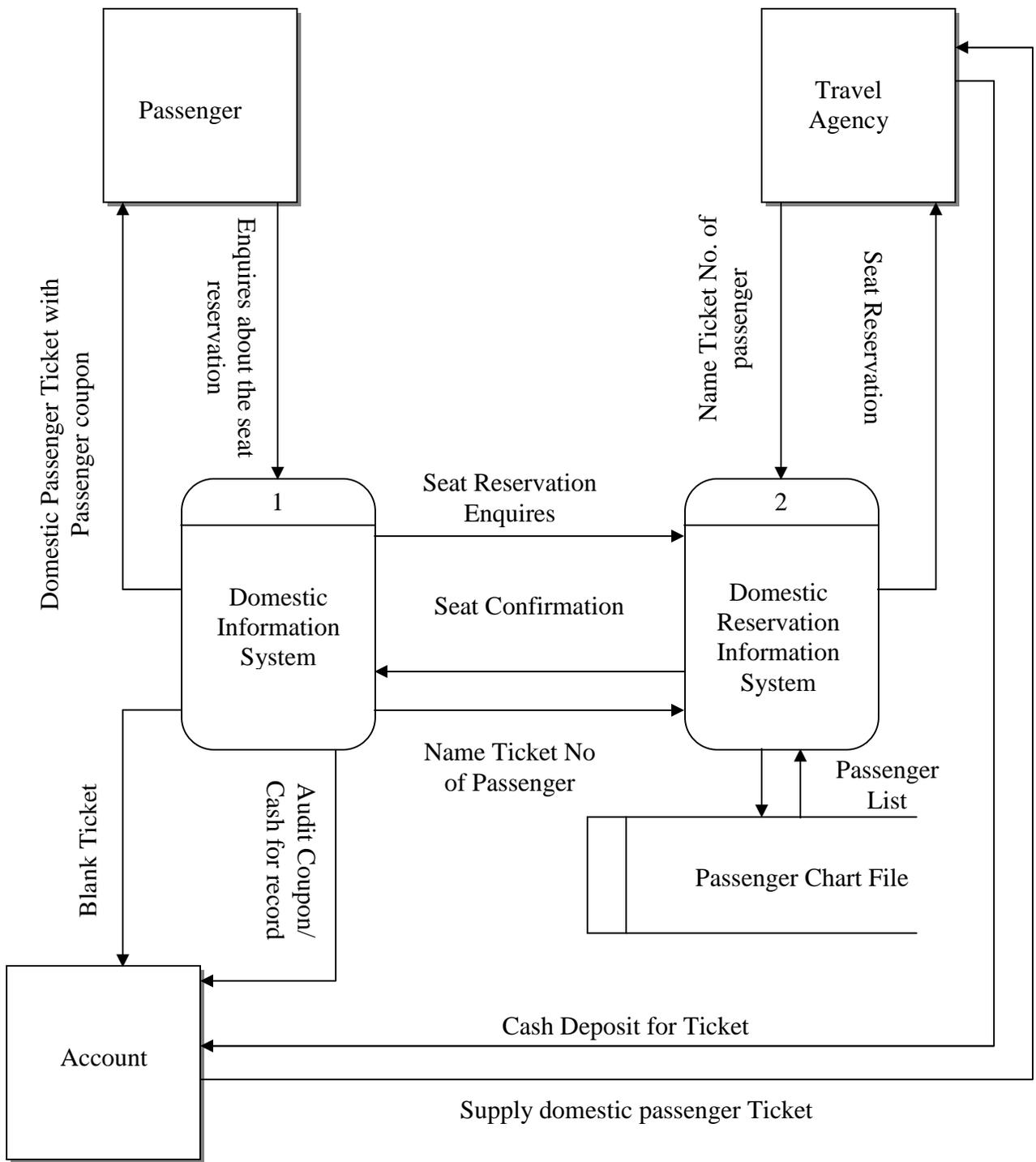
4.2.2 Domestic Sales and Reservation of Marketing Department:

Sales and reservation of marketing is one of the sub departments of marketing department. This department mainly deals with selling of tickets, seats reservation and ticket retrieval. Sales and reservation is done mainly through three methods i.e, through travel agency, through officially and direct visit domestic flight of NAC. Domestic flight of NAC takes citizen and foreigner regularly to the most of the part of the country

Context level DFD of Sales and Reservation Information Center

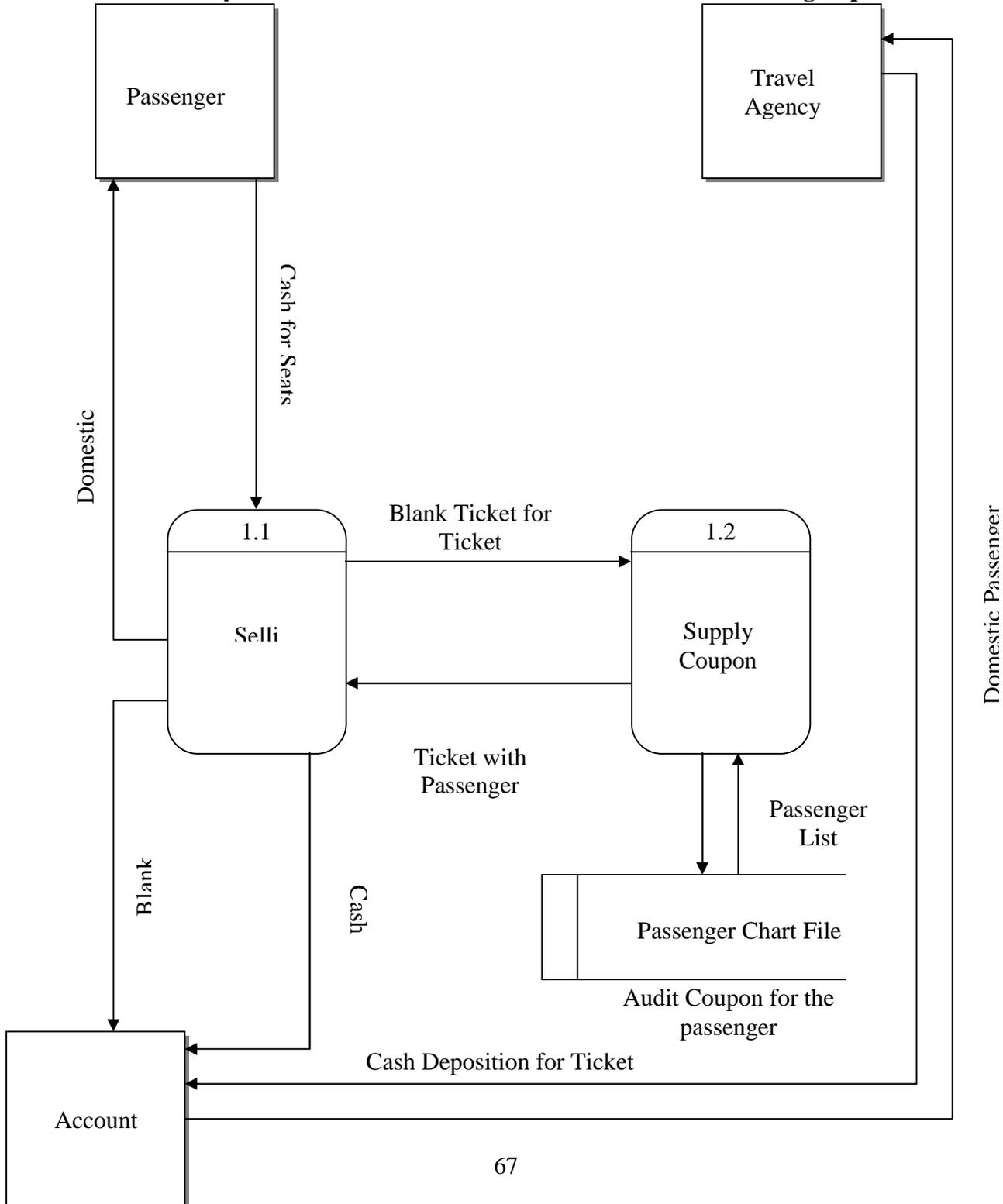


In the context level DFD of Domestic and Sales and Reservation information system of the marketing department, there are two entities as inputs and output entities. Though the sales and reservation department includes many entities basically three inputs are mostly in use i.e. is passenger, travel agency, and account department. System Level DFD of Sales and Reservation of Marketing Department



The domestic sales and reservation information system is based on these three input entities. Input entities input the inquiry for seat reservation and blank ticket. These inputs are processed by a single processor i.e. Domestic sales and Reservation information system.

System Level DFD of Sales and Reservation of Marketing Department



Sub system Level DFD is the more description of the process selling or ticketing information system of domestic sales and reservation section of marketing department. Same as context level and system level it contains three entities they are, passenger, account department and travel agency. It consists two processor ticketing and coupon distribution. During the ticketing process, the blank ticket for ticketing and cash and sales statement is processed to the account department.

The travel agency made a cash deposition for ticket withdraw from NAC and the Domestic passenger ticket to the travel agency. During the booking process the blank ticket with flight coupon is filled up. And the audit coupon, flight coupon, passenger coupon are formed. The audit coupon is transfer to the account department, the passenger coupons are transfer to the passenger and the office coupon are filled on the reservation section of the domestic department and the collected cash are storage on bank and bank provides the voucher to the account department.

4.2.3 Domestic Stations

1. Eastern Development Area

S. no	Place	District
01	Biratnagar	Morang
02	Lukla	Solukhumbu
03	Bhojpur	Bhojpur
04	Tumglintar	Shankhuwasabha
05	lamindanda	Khotang
06	Rumjatar	Okhaldhunga
07	Taplejung	Taplejung
08	Phaplu	solukhumbu
09	Thamkharka	Khotang
10	Kagildanda	Solukhumbu

2. Mid Development Area

01	Kathmandu	Kathmandu
02	Ramechhap	Ramechhap
03	Bharatpur	Chitwan

3. Western Development Area

01	Pokhara	Kaski
02	Jomsom	Mustang
03	Manang	Manang
04	Bhairahaw	Rupendehi

4. Mid-Western Development Area

01	Nepalgunj	Banke
02	simikot	Humla
03	Surkhet	Surkhet
04	Dolpa	Dolpa
05	Jumla	Jumla
06	Rukumsalle	Rukum
07	Dang	Dang
08	Chourjhari	rukum
09	Talcha	Mugu

5. Far-Western Development Area

01	Dhangadi	Kailali
02	Bajura	Bajura
03	Bajhang	Bajhang

Source: commercial Department, NAC

4.2.4 Competitors

Air Ananya Asian Airline Helicopter Avia Club Nepal Balloon Sunrise Nepal Buddha Air Cosmic Air Dynasty Aviation Fishtail Air Flight Care Aviation Garud Air Gorkha Airlines Karnali Air Service Manang Air Mountain Air Necon Air Shangri-La Air Skyline Airways Yeti Airlines

4.3 Flight Support Service

Flight support service is the new division of the marketing department. It is also one of the important divisions inside the marketing department. The name itself tells the working criteria under this heading. Generally it works for the catering stores and supply and also the in-flight meal supply and contract.

While the passengers are in the flight, all the satisfaction of the passenger depends on the service the employee given during the flight time. So in this sense this division can be taken as one of the important division and it roles too.

Generally this division stores the catering to supply in the flight time.

The mechanism of the store should be sound and efficient. There should be no complaining about the quality of the catering and the entire passenger gets the satisfaction.

After storing in the efficient way is not all the solution. How it maintains the quality till it is served in the flight. These matters are handled by NAC on the contract basis. Contract should be fair and transparent.

4.3.1 NAC service

NAC two Boeings B-757 which have 174 economic classes which are also denoted 'Y' and 16 Business class which is denoted by 'Z', altogether 190 seats.

As I surfed in the internet about the NAC service in the flights it is as follows.

Economy Class

) Comfort

Economy travel is equally comfortable on Nepal Airlines. Special fares are available in some sectors. Passengers should contact their nearest local agent for these fares. Depending upon availability, in some section upgrade to Shangri-La class is also available on payment of certain charge.

Business Class

As a Shangri-La class or business class passengers of Nepal Airlines, you are entitled to an array of benefits and privileges and personalized service on board the flight. Our business class passengers are offered special check-in priority. Baggage handling, a wide range of reading materials, comfortable wide seats, and a choice of fine cuisine along with a top class selection of wines.

) More space, More comfort

Our Business class has a 16 seats configuration; you don't have to worry about sitting in middle because, there is no middle seat. The two-seats-in-a row arrangement assures more leg room and comfort.

) Wine, Champagne and Gourmet meal

We serve exclusive meals specially prepared by chefs of renowned five-star hotels in Kathmandu for the gastronomic delight of our Business class passenger. You can also choose from an array of drinks. There is something for Everybody – cocktails, whisky, gin vodka, brandy, champagne, wine and range of soft drinks includes diet 7-up and diet coke. The three course gourmet meals served on board is either chicken, fish or mutton based. Vegetable meals are served in a special request. All foods and drinks are served in exquisite China and crystal ware.

) Privileges come in Big Baggage.

Our Business Class passengers are given a personalized baggage handling. You will enjoy the privilege of an extra 10 kilograms baggage allowances. Now who says good things only come in small packages?

) Easy come Easy go

Business class passengers are directed to the appropriate boarding gate by the ground staff. Since the business class is located right behind the cockpit time is saved during entry and exit.

) In touch with the world

Magazines of international reputed and local newspaper are available on board.

J Other special services

Our cabin attendants are there on stand-by to take care of your needs. There is a closet to hang your coats and hat. A comfortable pillow and a blanket are also provided to our business class passengers.

The competition in the market is in such a high level that just recently Singapore Airlines has introduced the biggest aircraft A380 in the world. Though our NAC can't reach in such a level for at least ten years but take a big lesson from it.

Singapore airlines have promoted its aircraft in a Time Magazine likewise.

On 25 October 2007, the world's first A380 operated by Singapore airlines made its historic first flight from Singapore to Sydney.

The Singapore Airlines A380 is designed to carry 471 passengers in the grandest style. The cabin is configured in three classes: with 12 Singapore Airlines suites, 60 Business Class seats and 399 Economy Class seats.

The A380 is the world's largest passenger aircraft. It is also the quietest and most fuel efficient – a true environment champion designed to meet the demands of air travel today and in the future.

With a host of innovative features masterfully crafted to meet your every need, experiences your own bedroom, office, cinema and dining area – all the comfort of your personal suite.

Or for the first time ever, experiences the pleasure of sleeping on a standalone bed; not one converted from a set. Along with our signature turn-down service, fine linen and full-sized pillows, you are assured to restful slumber.

With only 12 extraordinary suites, available to the most discerning guests on each of our A380 aircraft, the Singapore Airlines Suites is truly in a class beyond first – class that is yours alone.

Unprecedented Levels of Privacy

Each cabin features sliding doors and windows blinds, offering you the freedom to decide on the level of privacy you prefer. Even the leather and wood finishes have been designed in soothing natural hues to enhance the sense of serenity.

Whether discussing business, or sharing a relaxing moment, your Singapore Airlines Suite is exceptionally accommodating, with a soft leather chaise lounge across from the armchair and a large dining table.

The premium cabin has also been laid out to offer more stowage space for your cabin baggage and personal items, and a full-length wardrobe-all within easy reach.

Exclusive Dining When You Want It

A Selection of the finest cuisine awaits, served whenever you desire. Sheer culinary bliss, available at any hour.

Our exquisite menus are created by the Singapore Airlines International Culinary Panel, comprising the world's most awarded chefs; and presented on elegant tableware, specially designed by Givenchy for the Singapore Airlines Suites.

To complement your meal, we also offer a selection of the finest wines to ever grace a cellar. Each one thoughtfully hand-picked by our panel of wine experts.

Indulge Your Senses

Comfortably cocooned in your private cabin, revel in Kris world, our state-of-the-art-in-flight entertainment system. Offering 1000 entertainment options including the latest

movies, TV shows, music, 3D games, language courses and office applications, on a 23-inch wide LCD screen-the largest in the sky.

The suite also features an easy access multi-port with video-in, headphone and USB drive connections. With the Singapore Airlines Suites, and the in-flight service even other airlines talk about, you will discover an experience beyond any other.

This type of promotion tools that also in the Time magazine, anyone can imagine how much effort does it have given to marketing tools. Better the products better the promotion and can be served as it is said confidently. This type of promotion inspires to think for every passenger to take its service once in a life time period at least in a dream.

4.4 Airport Services

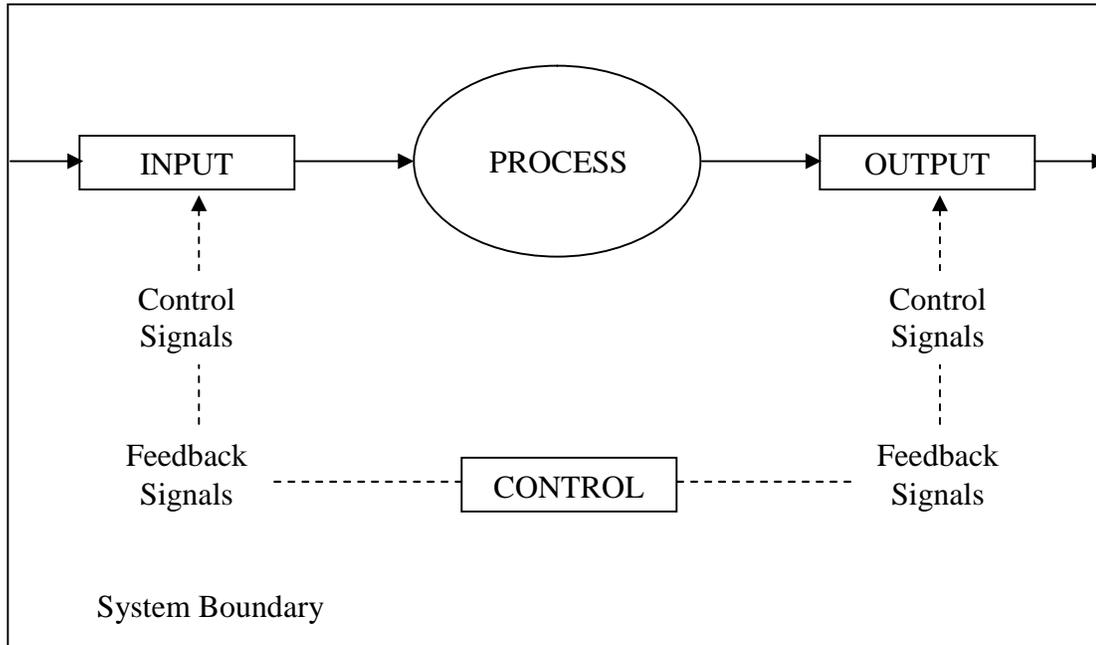
Airport service is also one of the important divisions of marketing department. It handles about the airline handling of foreign as well as Nepal Airlines. Foreign Airlines has to pay to the Nepal Airline Corporation for using the ground services.

This division also handles the complain about the passengers in-flight or in ground. It not only handles complain but also compensate if necessary. While compensating passengers satisfaction must be given importance. Besides these flights review and cargo services are also given by this division.

4.4.1 System view of NAC



4.4.2 Marketing Department of NAC as a System



Input - Human resources

-) Technology
-) Travel Agencies
-) Divisions
-) Plan, Policy and Strategy
-) Market Promotion, Research and Development Activities
-) Budgets etc.

Where as the process involves transformation of these inputs into output. Therefore the process includes the no of functioning activities. They are:-

Process

-) Utilization of skills and capacity
-) Computerized reservation system (ABACUS), GABRIEL, AMADUS are computerized reservation system software which are under operation 24 hours, which process updates each and every information regarding Ticket booking and reservation.
-) Collection of information regarding air passenger, identifying customer to book reserve and sale the airlines tickets.

-) Divisional functions which supports the overall functions of marketing department.
-) Implementing formulated plans and policies and strategies.
-) Conducting meeting, seminars, conference, participation in different activities and exhibitions and mobilizing market research and development committees etc.
-) Investment of budget according to the requirement.

After the completion of transformation process the system generates output. The output may be different and the output is based on input and the quality of output depends on the quality of the inputs and transformation process. Thus the objectives and outputs of the marketing department of NAC are as follows:-

Output :Customer Service and Satisfaction Airlines goodwill Generation of Revenue Contribution to the country Worldwide recognition Experience etc.

Generally feedback and control are taken as a part of the system concept where feedback is data about the performance of a system and control is a major system function that monitors and evaluates feedback to determine whether the system is moving towards the achievement of its goals and objectives.

If a system performs properly generates positive feedback, which signals the control functions to maintain the system's current course towards its goal. A system whose performance is deteriorating – deviating from the attainment of its goal generates negative feedback where the negative feedback allows the system manager to take corrective actions whereas the positive feedback signals the proper management of the system.

As shown in the inner rectangular line represents the system boundary that means the system of marketing department takes place. The system boundary plays separating roles from its environment and other system. Note that the system does not exist in a vacuum;

rather, it exists and functions in an environment containing other system. The other system would be the system of engineering department, corporate department, Finance department etc.

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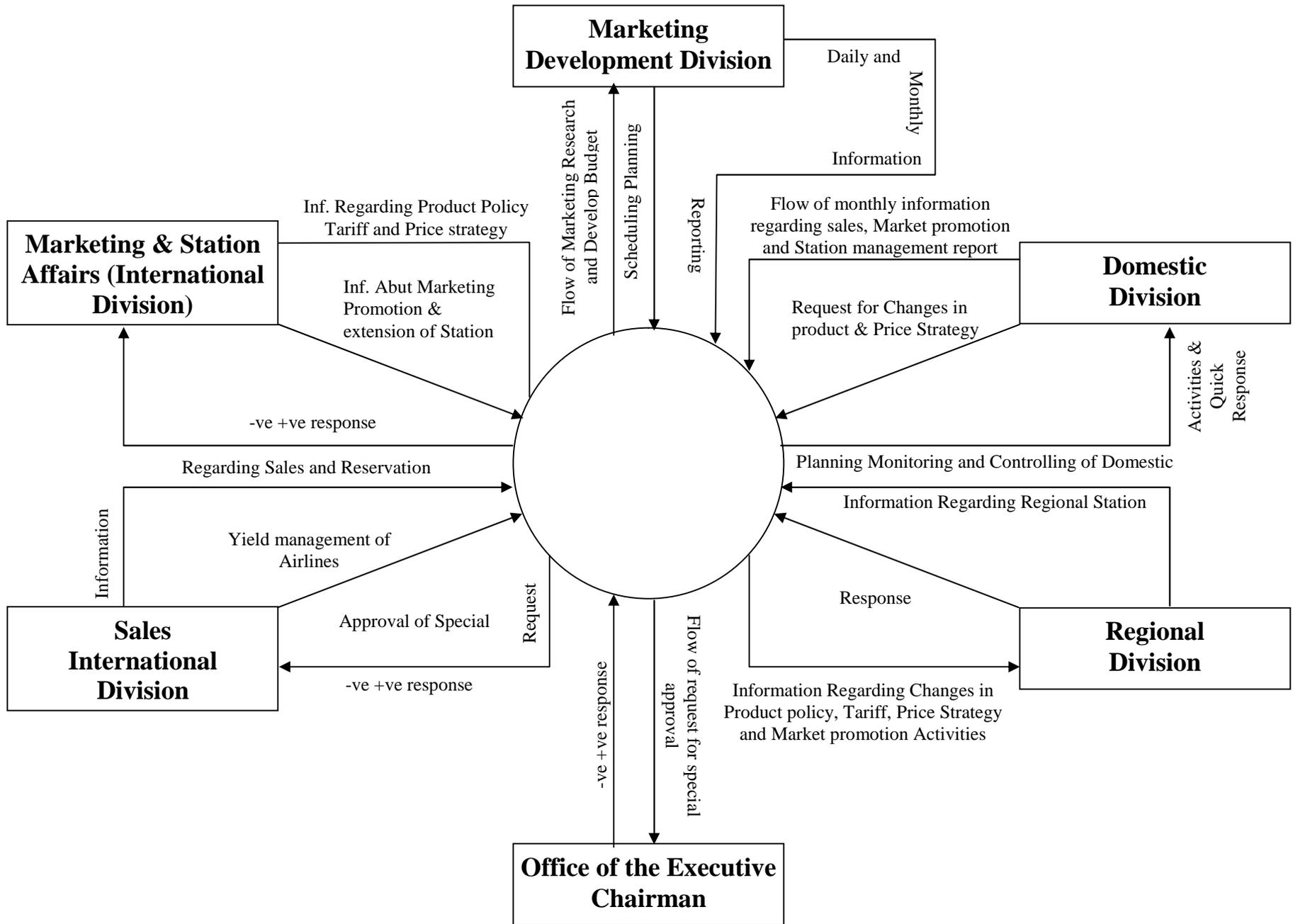
4.4.3 Data Flow Diagram of Market Department

Generally, Data Flow Diagram is a graphical network which magnifies the relationship between different procedures within system. It represents the flow of data, how does it flow where does it flow for what purpose does it flow. Thus it is a means of representing system and its acts as a component between users and system developers.

With reference to analysis of existing information system in marketing department as a first step context diagram of marketing department which gives an entire system overview. From the above diagram marketing department is a processor and its divisions and office of the chief executive are considered as the external entities of data flow diagram.

The external entities flow the information/data to the processor, the processor processed those data/information and gives positive or negative response or it provides suggestion and advice to the external entities if necessary.

Now, examine each an every entities how they are flowing data for what purpose they are flowing data similarly how and where the processor (i.e. marketing department) is responding. According to the diagram, the external entities marketing and station affairs International division provides the information regarding product policy, Tariff and price strategy then the processor i.e. marketing department respond negatively or positively if the response is positive then they are in execution, if the response is negative the strategy should be changed. Similarly the entities flow the information regarding need of market promotion and extension of station the Marketing department responds by evaluating those information.



Similarly, Sales international division is another entity of the context level (Data flow diagram) which provides processor processed the information and response positively and negatively where, yield management of airlines is another concern domestic division which flow the information regarding sales reservation market promotion and station management report to the processor. Whereas the processor process the information for planning monitoring and controlling the domestic activities and response accordingly in some cases the entities needs authority to change the product and price strategy in domestic field and it flow request for quick response.

Similarly the regional division is considered as the entities which flow the information regarding regional stations of India, viz; Delhi, Bombay, Calcutta and Bangalore. Whereas the processor process the information and flow the information regarding changes in product policy, traffic and price strategy as well as market promotion activities to the regional divisions and the division response and performs accordingly. Here office of the chief executive is considered as last an entity which is more sensitive than other entities, it needs the overall information of marketing department to measure the performance and it is fully authorized to take corrective actions whenever needed. The different plans, policies procedures and strategies are formulated if the special request is done by the Marketing department. The office of the chief executive responds positively and negatively according to the organization's strength and weakness.

System Level Data Flow Diagram

Generally most of the activities of Marketing department is concerned with selling of goods and services in order to fulfill needs wants and demand of the customer i.e. customer service. The system level diagram of marketing department has been emphasized in sales and reservation of ticket and confirmation and issue of ticket for customer service. The system level diagram consists 5 entities viz.; Sales international, central reservation control, sales domestic, sales manager and airlines customer.

The entities sales international has to deal with number of external activities such as airlines ticket sales and reservation, sales promotion and its achievement co-ordinate with

international travel agents, preparation of sales budget, and monitor tariff v/s yields in different routes formulate and implement sales reservation policy etc.

Central reservation control is other entities concerned with reservation of airlines ticket world wide through on line computer reservation system, it updates the information and support the sales and reservation system of NAC. Sales Domestic the entities concerned with sales and reservation of ticket within the country i.e. domestic flight ticket. This entities deal with domestic airlines customer, ticket reservation and sales activities is done manually.

Sales manager is the another entities who has to coordinate with sales and reservation system and ticket confirmation and issue system to provide better service to airlines customer and generally record the up to date information to provide needed information for sales international and sales domestic.

Airlines customer is takes as the last entities in this system level diagram who receives information from the sales international and domestic regarding ticket conformation when the ticket is confirmed he/she provides payment the ticket confirmation and issue system provides the ticket to the customer.

According to the system level diagram sales international who is concerned with sales and reservation of international ticket. As the ticket for reservation to sales and reservation system then sales reservation system provides information about availability of international ticket similarly sales domestic request sales and reservation system for ticket reservation the system manually reserves the domestic ticket where the system is operated under the direct supervision of central reservation control unit. When the ticket is reserved according to the request of sales international and domestic. The system has its database file to record the reserved ticket.

Similarly the entities airlines customer and sales manager who has their direct relationship with ticket confirmation and issue system and the airlines customer confirmed and provides payment the system issue the ticket and the system deposit the payment and keeps record in payment received file. On the other hand it updates the ticket issued file to inform sales manager decrease in stock.

4.5 Analysis of Primary Data

The researcher in the study has designed the questionnaire to collect the primary data and information and has distributed 12 set of each questionnaire form to the officer level employees of marketing department, NAC randomly. The total no of respondents were 12 i.e. is more than 10% sample of total population stated earlier in the study.

4.5.1 Reasons for unsystematic flow of information

Reasons	Responses	Percentage
) Lack motivation to do work	1	8.3%
) Lack of appropriate policies	-	
) Lack of network based	10	83.4%
) Computerized information system		
) Others		18.3%
Total	12	100%

Where, Table indicates that the total No of Respondents were 12 an d10 of them has emphasized the reason for unsystematic flow of information is due to lack of network based computerized information system and has the highest percentage.

4.5.2 Reason behind Problem in Decision Making In Your Department

Reasons	Responses	Percentage
) Due to less job responsibility	2	16.7%
) Due to traditional paper based information system	8	66.7%
) Due to employee absenteeism	1	8.3%
) Others	1	8.3%
Total	12	100%

Similarly, table indicates the total No of respondent was 12 and emphasized reason behind problems in decision making is sue to traditional paper-based information system and has the highest percentage.

4.5.3 Reason behind flight delay and cancellation

Reasons	Responses	Percentage
) Lack of proper information	9	75%
) Inadequate aircraft System	1	8.3%
) Technical problems	2	16.7%
Total	12	100%

Table indicates reasons behind flight delay and cancellation is due to the lack of proper information which consist higher percentage.

4.5.4 Is it necessary to minimized traditional paper based information system?

Reasons	Responses	Percentage
) Yes	9	75%
) No	1	8.3%
) Others	2	16.7%
Total	12	100%

Above table shows the indication for the minimization of traditional paper based information system.

4.5.5 Is network based computerized information system necessary?

Reasons	Responses	Percentage
) Yes	10	83.3%
) No	-	-
) Others	2	16.7%
Total	12	100%

Above table shows the indication in favor of the computerized information system to coordinate and communicate different divisions and units of the department. Some of the primary data and information based on questionnaire that has been designed by the researcher which as not been tabulated here, but they were used to present and analyze the marketing department of NAC.

Questionnaires were served at TIA Domestic Terminal lounge to know the frequency of travel by the respondents during the last five years. Out of 60 respondents 22 responded that they travel once a year. This means that 36.67% travel in year. About 14 respondents responded that they travel once in a six months. The table also reveals that 30% or 18 respondents travel once in three months. The number of respondents traveling once in months is 3 or 5 percent. Only 12.67% or 1 respondent travels once a week. Out of 60 respondents none traveled daily. This table reveals that the respondent traveling once a month and daily are least and second least while the number of respondents traveling once a year is the highest.

4.5.6 Frequency of Travel by Air Plane by Respondents

S.N	Frequency of Travel	No. of Passenger	Percentage
1	Once a Year	22	36.67
2	Once in six month	14	23.33
3	Once in three month	14	30.00
4	Once in a month	3	5.00
5	Once in fortnight	2	3.33
6	Once a week	1	1.67
7	Daily	0	0
	Total	60	100

Source: Primary Data Based on Questionnaire

4.5.7 Analysis of Respondents purpose of travel

S.N	Purpose of Travel	No. of Respondent	Percentage
1	Business	25	41.67
2	Official	20	33.33
3	Private	15	25.00
	Total	60	100

Source: Primary Data Based on Questionnaire

The analysis presented, reveals that out of 60 respondents 15 or 25% travels for private purpose. The number of respondents traveling for official purpose was 33.33% or 20. The numbers of respondent who travel for business purpose was 25 or 41.67%.

4.5.8 Analysis on the basis of selecting the Airlines while traveling

S.N	Bases of Selecting Airlines	No. of Respondents	Percentage
1	Price	42	20.80
2	Accessibility	25	12.38
3	Amount of Information Available	10	4.95
4	Punctuality of Service	22	10.89
5	Reliability of Vehicles	17	8.42
6	Organization's Reputation	35	17.33
7	Safety of Life	51	25.25
	Total	202	100.00

Source: Primary Data Based on Questionnaire

Above Table shows how the respondents respond to the basis of selecting airlines. About one fourth of responses were being provided for safety of life as the basis of choosing the airlines. Second preferences were given by the respondents to the low fare. The number of response counts 42 or 20.80 percent of the total responses for the price. About 17 percent (35 respondents) took the opportunity to rank third position for the organization's reputation as the bases of selecting the airlines. Accessibility and punctuality of service ranges the fourth and fifth position with the number of responses 25 or 12.38 percent and 22 or 10.89 percent respectively. Reliability and amount of information available counts the second least and the least in the respondents' preferences for the selection of airlines. There responses for the amount of information available were 4.95 percent or 10. The responses for reliability of vehicles range to 17 or 8.42 percent.

It is sad to say that among 60 respondents almost all the respondents have not seen any promotional activities of NAC. This response points out the importance of the NAC for promotion.

4.5.9 Respondents' attention towards promotional tools

S.N	Promotional tools	No. of Respondents	Percentage
1	Advertisement in Newspaper	70	35.0
2	Advertisement in Magazines	40	20.0
3	Advertisement in Television	55	27.0
4	Personal Communication	24	12.0
5	None of the above	13	6.0
	Total	202	100.00

Source: Primary Data Based on Questionnaire

Above table, it is found that a majority of respondents responded for advertisement in newspaper for the promotional tools used for airlines i.e. is 70 or 35 percent. The second highest is for advertisement in television which is 55 respondents or 27 percentage. Similarly advertisement in magazines in third position with the number of responses 40 or 20 percentage. Personal communication and none of the above counts the second least

and the least in the respondents' preferences for the promotional tools. The personal communication was 24 or 12 percent and none of the above is 13 or 6 percent.

In the last question which was very important for the present condition of the NAC respondents among 60 respondents 33 respondents response was for the bad management and 27 responses was for political pressure.

4.6 Major Findings

Since from above presentation and analysis of existing information system using primary and secondary data the following findings has been drawn out in the research study.

There are lots of conflicts inside NAC whether to purchase or lease the Boeings. NAC competitors have been offering its flight service in less price than NAC, so it should reform its price policy so that it can attract the economy class people. Due to lack of planes there is no excitement in the staffs to promote its product. In the field of promotion it has done very less or says nothing in the market. It has done hardly anything in the field of market research and its implementation. Researches made are also not for the long run because the staffs of the NAC even don't know what happens in the future. As I found about not making the research is that again the lack of planes. Nepal Airlines is one of the complex organizations due to its nature of service and wide area of marketing activities. NAC own very less Boeings and Twin-Otter for the international and domestic sector. Due to the growing market it is very less and NAC is losing its opportunity to grab and hold the existing market. In some sectors like Kathmandu-Delhi v.v, Kathmandu-Dubai and Kathmandu-Kuala Lumpur are satisfactory in Passenger Traffic International. Beside these sectors other is also not that satisfactory. NAC must research it and find the problems and cause. Information announced in Nepali medium through Radio Nepal regarding flight schedules by Marketing Department is quite traditional. But nowadays some newspapers to publish about the schedule of domestic as well as international sector. The information system in marketing department is based on traditional paper based information and manually filling system. Manual flow of documents except computerized Reservation System of International flights ticket through Abacus and other CRS software.

Centralization of authority, Manual flow of documents and unnecessary political pressure generally creates obstacles to perform marketing activities smoothly. Government handles all the recruiting process for the permanent job and in this process many political pressure plays a role which can never be fair and effective. Government fixes the price of domestic sector. This had also made a loss in the domestic sector. Government should give subsidies or authority to the NAC to fix the tickets price. The fresh and young staff doesn't have a job guarantee which creates a fear of job security. There is a huge gap between old and new generations. I found that no employees are less than 40 years. Information does not flow systematically due to absence of Network based computerized information system to coordinate and communicate different divisions and units of marketing department. It is found that most of agents deal with more than two airlines. Frequent flier program and off-season discount seem more effective. Foreign buy ticket on the basis of the recommendations of the travel agents and hotel. Nepalese customers seem first price sensitivity then gradually prompt service, availability, consider promotion activities etc. Nepal Airlines staff accused of involving trafficking. This was revealed after UAE warned NAC to stop bringing Nepalese without visa. This should be controlled.

CHAPTER V

SUMMARY CONCLUSION AND RECOMMENDATION

5.1 Summary

The channel of distribution like travel agents , General Sales Agent , Passenger Sales Agent should be controlled effectively as well as motivate them by more commissions and perks. NAC had been doing very less effort in promotion, in this 21st century it's the communication age so NAC must promote its services and product as much as it can. The staff of marketing department should be motivated. While recruiting the staffs it's all controlled by Nepal government which is totally wrong. Government only recruit their political people where they don't have enough knowledge about NAC. It should be political free area. Old staffs should be honored and make the appropriate environment to resign. After their resignation that place should be filled with energetic and fresh young staffs. The sale office of NAC should be effective. The newly recruited staffs are temporarily recruited which creates fear among them of insure of their jobs and demotivated for the work.

5.2 Conclusion

The main tools of Airlines Company are Boeings and Planes. Two old planes can never be punctuality and reliable in the international and domestic flights. To capture the share market and also to be established truly as an international level Company immediately it should add Boeings. For this, its first step for international flight it should purchase one wide body and other narrow body Boeings. For domestic flights two turbo prop planes. For the rural areas it should maintenance its Twin –Otters. While purchasing the Boeings or taking on lease there should be transparency. Due to lack of transparency Corporations and members of management are dejected about the purchase or lease of Boeings. The government owned Corporations must be changed into public – private partnership firm, which gives the sense of belongingness. After this type of organization structure NAC can join hands with other International Airlines for the Strategic Partnership step. For the betterment of financial position, it should increase its capital, deduct the unproductive expenses, increases its tax by managing its agents and decrease its internal and external

flights expenses. Nepal Airlines Corporation is not like other government offices. Its development and progress is adjoins with Nepal's pride. Other government offices should think positively and help NAC. At last, however NAC is in difficult or critical conditions its option is only progress development and reform. For this Nepal government, staffs of NAC, INGO, Private sector, Bank and Financial Company as well as all the consumers and people of Nepal should help NAC. If happens it's not hard to make NAC fit and fine.

5.3 Recommendation

Firstly I would like to recommend about the lack of Boeings and planes. Immediately it should buy at least two Boeings and twin – otters to capture the market share. If not NAC can immediately purchase the Boeings, it should try to give reliability and punctuality services by its remaining two Boeings and Twin – Otters.³ increasing rate of tourist, incoming and outgoing in international country and increasing rate of Nepalese going other countries for employment has made NAC more important for the growing market. In 2007 A.D tourist has reached half a million which is strong base for NAC. Likewise peace in country and incensement in tourist has given opportunity for NAC. Comparing to other airlines service in the air NAC's service is not satisfactory. NAC should try to give more facility and variety of foods in its international flights. NAC must be able to create positive emotions rather than negative emotions. Positive emotion appeals such as love, joy, fun, pride, sentiment whereas negative emotion appeals fear, guilt or shame. As other airlines are cutting off its price of tickets NAC should also try to minimize its tickets price.