

# **MARKETING STRATEGY OF HUNDAI AND KIA CARS IN CHITWAN**

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**VIVA-VOCE SHEET**

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## **DECLARATION**

I hereby declare that the work done in this thesis entitled "Marketing Strategy of Hyundai & KIA Cars in Chitwan" submitted to Birendra Multiple Campus, Faculty of Management, Tribhuvan University is my original work. It is done in the form of partial fulfillments of the requirement of the degree of Master of Business Studies (M.B.S.) under the supervision and guidance of Baikuntha Pd. Bhusal, Lecturer of Birendra Multiple Campus.

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## **LIST OF ABBREVIATIONS**

%	:	Percent
&	:	And
B.S.	:	Bikram Sambat
CDC	:	Customer Delivered Value
Ed.	:	Edition
HMC	:	Hyundai Motor Company
i.e.	:	That is
LIPL	:	Laxmi Intercontinental Pvt. Ltd.
LTD	:	Limited
MBS	:	Master's Degree in Business Studies
MIS	:	Marketing Information System
No.	:	Number
SWOT	:	Strength weakness opportunity and Threats
TCC	:	Total Customer Cost
TCV	:	Total Customer Value
TU	:	Tribhuvan University
US	:	United State

# CHAPTER ONE

## INTRODUCTION

### 1.1 Background of the Study

Marketing strategy has the task of influencing the level, timing and composition of demand in a way that will help organization achieve its objectives. Marketing managers cope with this task by carrying out marketing research. Within marketing, planning, marketers must make decision on the target markets, Market positioning, product development, channel of distribution, physical distribution, communication and promotion. (Kotler, 2010;11-12)

With the civilization of human being, there came every possible facility in their lives by themselves for more and more convenient life. Today we can find every corner of this world as very cozy place due to the development & advancement of more and more improved and latest technologies. Most of such inventions have undoubtedly made lives faster and easier.

Every line of automobiles is regularly rendering services to the people according to their respective features and objective of their production and development whether it is Truck, Tractor, Bus, Van, Jeep, Car.

Principle of Marketing states that the concept of a market raised due to the concept of exchange and relationship between producers and consumers and a market is a set of actual and potential buyers of a product and that these buyers share a particular need and want that can be satisfied through exchange and distribution. The size of a market depends on the numbers of people who exhibit the need, have resources to engage

in exchange and are willing to offer these resources in exchange for what they want. (Kotler, 2009:54)

In Nepali market, with price competitiveness on one side and competitive technical features on the other, Korean automobiles are also gradually claiming their stake in the Nepali automobile market. AVCO International Pvt. Ltd. the sole distributor of HYUNDAI motors from South incorporates advance safety engineering and is said to be powered by the new advanced Hyundai engine.

## **1.2 Focus of the Study**

The study focuses on the effectiveness of marketing practices of the automobile car. Today's drastically changing market is covered, handled and managed with the grate help of today's sophisticated marketing management and stunning sales promotion . And this reality can not be denied. Every product or service is created for the consumer or customer to use and it is achieved through proud selling or offering of best product or service with best advertising and promotional tools.

The practices of marketing and sales promotion are getting increasing importance and scope in the marketing management. At the same time it is getting vast with the competitive environment of the same subject, i.e. advertising and sales promotion. So, it is as important to built strong and wealthy marketing strategy and policy as important to understand, win and retain the market for the product or service. Implementation of such policy and strategy strength in optimum manner, hence the study is to describe the marketing practices of cars especially Hyundai and KIA. The study will also go through the transportation problem in Nepal.

## **1.3 Statement of the Problems**

In Nepal vehicles importers are facing tough competition. Most of the importers are launching ambitious marketing strategy in the market. In

this ground, marketing of KIA and Hyundai cars in Nepal is tough and ambitious. Generally, KIA cars are considered to be high class car and are expensive but on the other hand, Hyundai cars are categorized as middle class cars and has reasonable price.

Transportation is needed to deliver the final products in the place of consumption. Transportation is needed for delivery of the product and even used by people to reach the destination. For delivering the product large vehicles like truck, lorry, tanker, train, tractor, aero plane, ship etc are used whereas ship, airplane, car, jeep, van, minibus, train, helicopter, rocket, etc are used by people to reach the destination.

Due to mountainous country, it is difficult to build road, railway track and airport in Nepal. It is costly to construct road and railway track in the hills. Besides, Nepal hasn't enough budgets to construct the road and railway track in the hill. The main research problem for this study is to examine marketing strategy of Hyundai and KIA cars in Chitwan. While preparing this thesis, researcher attempts to get information of following questions:

1. What kind of sales trends of vehicle is in Chitwan?
2. Which marketing strategies are applied by KIA and Hyundai cars in Chitwan?
3. What is the market situation of KIA and Hyundai cars in Chitwan?
4. What are the main factors, which motivates the consumer to purchase KIA and Hyundai Cars?
5. Are customers satisfied by purchasing the KIA and Hyundai Cars?

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

Product marketing in Nepal has become very important in recent years. Without marketing, it has become almost impossible to sale product in the Nepalese market. In this study, researcher has tried to find out the

marketing of KIA and Hyundai cars and the importance of transportation in Nepal.

**The major objectives of the study are as follows:**

1. To evaluate the sales trend four wheeler (light vehicle) in Chitwan.
2. To analysis the marketing strategies apply by KIA and Hyundai cars in Chitwan.
3. To examine the market situation of KIA & Hyundai cars in Chitwan.
4. To analysis consumer attributes towards purchase of Hyundai and KIA cars in Chitwan.

**1.5 Significance of the Study:**

Many companies are involved in importing different brands of cars. All the companies are using almost same marketing strategies for selling the product. Due to the cut throat competitions in the market, it is necessary to try new strategies to capture and expand the market. In this ground, it is felt necessary to make research while marketing of the Hyundai & KIA cars. This study will be important for marketers of car dealers, distributors and other researcher also.

**1.6 Limitation of the Study:**

1. This study has focused only two brands of the cars namely KIA and Hyundai other brands will be ignored.
2. The data have been collected only of five years starting from 2007/08 to 2011/12.
3. The reliable of secondary data is based on office record of companies.

**1.7 Organization of the Study:**

The study has been divided mainly in the five chapters.

***Chapter-I, Introduction:***

This chapter deals with the general background, focus of the study, statement of the problem, objective of the study, significance of the study, limitation of the study and organization of the study.

***Chapter-II, Review of Literature:***

It includes conceptual frame work of the study matter. It studies the marketing practices of the Hyundai & KIA cars in Nepal. It includes brief review of previous research work.

***Chapter-III: Research Methodology:***

This chapter discuss about research design, population & sampling, sources of data collection, data analysis tools and data analysis method.

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

In this fourth chapter, collected data & information will be analyzed & presented in a pleasant manner. Mainly consists the analysis of market of Hyundai & KIA cars in Nepal

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

Finally, in fifth chapter illustrates overall summary, conclusion and recommendations made on the basis of the study. At the end of this thesis, bibliography and appendix are submitted.



## **CHAPTER TWO**

### **REVIEW OF LITERATURE**

This chapter mainly focuses on the literature and research finding, which are available to the topic. It is relevant to disclose here that no one has made study on the market strategy of Hyundai and KIA cars in Chitwan district. Therefore, in the absence of such written articles of present market, it becomes necessary to review the literature, articles, books and journals related to the field of the market strategy of automobiles. The introduction chapter deals with general background of the study. This chapter mainly gives a brief picture of what is going to be studied, why the study is important and what the study is going to marketing strategy of automobiles.

#### **2.1 Conceptual Review**

Marketing is a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. Marketing consist of promotion and delivering product to satisfy human and social needs. It creates satisfying solution to customers needs. It is not only satisfies customers but also delights them. It creates value for the customers.

##### **2.1.1 The Marketing Concept**

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

Many experts are there in the marketing world. According to them marketing is more than we thought because marketing not only attracting

customers it is also demand management. It stimulates demand for products. It helps organization to find out what their customers need and want. It also helps to decide what product should offer to satisfy their needs and wants. Marketing is a total system of business activities design to plan, price, promotion, and distribute want- satisfying products to target markets to achieve organizational objectives.

"Marketing is the process of planning and executing the conception, pricing, promotion and distribution of an ideas, goods and services to create exchanged that satisfy individual and organizational objectives." (Stern: 2009; 56)

"Marketing consists of individual and organizational activities that facilitate and expedite satisfying exchange relationship in a dynamic environment through the creation, distribution, promotion and pricing of goods, services and ideas." (Daver, 2007; 251)

"Marketing is social process by which individuals and groups obtain what they need and want through creating and exchanging product and value with others." (Kotler, 2010; 53)

Under new concept marketing should be viewed in the broad sense. Here are some definitions:

"Marketing is the process or discovering and translating consumers' needs and wants into produce and service specifications, creating demand for these products and services and then in turn expanding this demand" (Futrell, 2007; 412)

"Marketing is a total system of business activities designed to plan, price, promotion and distribute want- satisfying goods and services to present and potential customer." (Stanton, 2004; 214)

Generally, marketing includes 4P's namely Product, Place, Price, and Promotion. Physical distribution bridges the gap between the places of production to the place of consumption. Physical distribution comprises material handling, inventory management, transportation, and warehousing. Physical distribution objectives are to make the smooth and regular flow of goods availability of goods, accessibility of goods, offering and consumer satisfaction.

In general, the term concept refers to the theory or philosophy. The marketing concept is a customer orientation backed by integrated marketing aimed at generating customer satisfaction as the key to satisfying organization goals. The marketing concept is a philosophy of business. It is also an attitude and course of business thinking which emphasizes to the success of organization through product, market, production, distribution and satisfying human needs. Business organization, perform their activities under different marketing concept.

### **2.1.2 Evolution of Marketing Concept:**

Following five marketing concepts are developed over the year.

#### **The Production Concept:**

This concept is a management orientation that assumes that consumers will favor those products which are available and affordable and that therefore the major task of management is to pursue improved production and distribution efficiency. According to production concept consumers prefer widely available and low cost products. Low prices attract the customer. Under this concept managers concentrated on increasing production volume and reduce in the cost. This concept is used where the company wants to expand the market. Most of the Nepalese companies are working under the production concept.

### **The Product Concept:**

This concept is a management orientation that assumes that consumer will favor those products that offer the most quality for the price and therefore the organization should devote its energy to improving product quality. According to the product concept manager concentrated on designing long lasting product and provided warranty for the long period. This concept ignores consumer needs, market competition, product cost. The sales person cannot sale the product easily because this concept ignores advertising, customers need and competition.

### **The Selling Concept:**

This concept is a management orientation that assumes that consumer wills either not buy or not enough of the organization's product unless the organization makes sustainable effort to stimulate their interest in its product. Under this concept managers focus on stimulating sales. They use promotional tools like advertising, public relation and personal selling. This concept implies orientation of the organization which aims to satisfy the seller's need. This concept is dominated in the Nepalese business organization.

### **The Marketing Concept:**

Marketing concept means developing a strategy to get the product in front of customers so they have the opportunity to buy it. This concept is a management orientation that holds that the key task of the organization is to determine the needs and wants of the target and to adopt organization to delivering the desired satisfactions more effectively and efficiency that its competitors. It is the reorganization on the part of management that all business decisions of a firm must be made in the light of customer needs and wants. It focuses in consumer needs.

## **The Societal Marketing Concept:**

This concept is a management orientation that holds that the key task of the organization is to determine the needs and wants to target markets and to adopt the organization to delivering the desired satisfactions more effectively and efficiency than its competitor in a way that preserves or enhances the consumers and society's well-being. This concept implies social responsibility orientation of the organization to face the major environmental and demographic challenges.

## **2.2 Marketing Management:**

"Marketing Management is the process of planning and executing the conception. Pricing, Promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives" (Shrestha, 2009: 425)

This definition again outline the core marketing concepts- planning, implementation, and control: ideas, goods, and services: exchange satisfaction etc. The definition also highlights the concept of 4 Ps.

Marketing management relies heavily on research. Such research which help in setting marketing policies, in planning marketing operations and in controlling marketing operation and functioning of the sales units, is generally termed as "Marketing Research"

Analyzing marketing opportunities is one of the major activities carried out under marketing management. In this context, Prof. Philip Kotler clearly points out that to analyze marketing opportunities. It is necessary to:

1. Gather information and measure market demand
2. Scan marketing environment
3. Analyze consumer market and buyer behavior

4. Dealing with the competition
5. Identifying market segments and selecting target market

The marketing environment is changing at accelerating rate. So, the need for real time marketing information is greater than at any time in the past. Marketing information system (MIS) is important tool in the hand of management to gather information regarding market. And MIS consists of four components- internal record system, the marketing intelligence system, marketing decision system. Besides gathering information, measuring market demand is another task to analyze "Marketing Opportunities" Those organizations succeed better than other which can measure and forecast demand more accurately than others.

Companies undertake marketing research to identify market opportunities. Companies' measure and forecast the size, growth, profit potential of each market opportunity. There are different measures of market demand and each demand measure serves a specific purpose. Distinction should be made between market demands and company demands which are different things.

Marketing research is the function, which links the 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 managers and implements the data collection process analyze the result and communication the findings and their implications.

Marketing managers need information on customers and markets. However they are separated from their final customers and so they need information. There for business and other organizations are increasingly turning to marketing research to obtain the information they need for decision- making.

In the context of country U.S. surveys done by American Marketing Association in industrial and consumer products companies reported that almost every company used marketing research to measure market potentials characteristic of their markets and their share of markets. And approximately three fourths of the customer products companies and more than half of the industrial companies undertook some sort of marketing research to evaluate new product opportunities and acceptance and to test existing products relative to competitor's products. Lastly more than 95 percent of the companies undertook marketing research to obtain information that could help them make short- range and long- range forecasts. (Stern, 2009;11)

### **2.3 Evolution Process of the Marketing Department:**

The marketing organization provides the vehicle for making decisions on products, marketing channels, physical distribution, promotion and prices. It can be said that marketing organization is the group of identifiable people involved in achieving the marketing objectives the proper division of work and authority and responsibility.

Marketing departments have evolved through the following four stages:

#### **1. Simple Sales Department:**

Organizations operating under the production and product concept have simple sales department organization. In this case separate sales executives are appointed for each product or group of product in the

product line. Each will have its own organization to perform the various sales tasks. The organization structure shows production, finance, and personnel departments at the upper levels while the selling function is handled by a sales department which has a lower status than three departments. The organization structure is also adopted by small organizations each product executive can focus his attention to his product's sale and to the marketing strategies to be followed for increasing the sales of that product. In a sales department, the sales manager handles two divisions: the sales force management division and other selling function department. The role of pricing and distribution are handled by the finance and production departments respectively.

## **2. Sales Department with Ancillary Marketing Function:**

Organizations adopting the selling concept give higher weight to the sales department. Due to increase in activities and volume of the firm, sales department with ancillary marketing function is evolved. In this stage the status of the sales department is also enhanced and the department is placed on equal footing with the production, finance and personnel departments.

## **3. Separate Marketing Department:**

The organization operating under marketing concept has separate marketing department. The department gives more emphasis on marketing activities. The number and size of departments can be decided on the basis of requirements of the enterprise. A separate marketing department is established along with the sale department. The sales department manages other marketing functions like advertising, sales promotion, marketing research new product development etc.



#### **4. Modern Marketing Department:**

The structure is prevalent under the marketing concept. The role of a mutually satisfying exchange is central to marketing concept. The marketing concept describes an ideal state of affairs. It exists when an organization focuses all of its efforts in providing products that satisfy its customer. The customer is the focal point for how each area of the organization should be organization is run. Products are created with the goal of satisfying customer's needs and wants. All departments within the organization should be organized around the marketing function anticipating, simulating and meeting customer's requirements and work together towards the goal of customer satisfaction.

#### **2.4 Marketing Environment Analysis:**

The business firm does not live in a vacuum. The business firm must operate within the framework of forces which constitute the marketing environment. The environment factors must be duly considered in planning any marketing program. Marketing environment can be micro as well as macro. Here we will discuss about micro and macro environment.

##### **A) Micro Environment:**

The forces which are close to the firm is called micro environment. These forces affect the firm's ability to serve its customers. In other words micro environment is located within the firm. It surrounds the both the firm and marketing mix. This variable affects a firm's ability to facilitate and expedite.

##### **i) Exchange in various ways:**

The forces in micro environment directly influence whether and how a marketing manager can perform certain marketing activities. It may affect

a marketing manager's decisions and actions through their influence on consumers' reactions toward the firm's marketing mix.

The micro environment component includes suppliers, intermediaries, and competitors and public:

### **1. Customer:**

Customers are the king in marketing. Every activity should be done in order to satisfy customer needs and wants. Customers are the major components of micro environment of marketing. Customers include consumer market, business market, retailer market, government market and international market. Marketing management should formulate and implement the plans and policies as per customer's needs and wants.

### **2. Supplier:**

Suppliers are also one of the important components of micro environment of marketing. They are an important link in the firm's overall customer value delivery system. They provide the resources needed to the firm. The firm's suppliers include raw material supplier, machine supplier, human resources supplier, technology supplier, capital supplier etc. They play an important role to get success in marketing.

### **3. Intermediaries:**

Marketing intermediaries are also a major component of the micro environment of marketing .They help the firm to promote, sell and distribute its goods and services to the customers. Reseller, physical distribution firms, marketing services agencies, financial intermediaries are the examples of marketing intermediaries. Marketing management should take care while choosing marketing intermediaries.

#### **4. Competitors:**

A competitor is one who sells a product or service in the same market at similar price. They are also major components of micro environment of marketing. This is the age tuffs competition. So marketing management must carefully identify and analyze its currents and potential competitors. It must try to do better than other competitors or to win over some of its customers. It must gain strategic advantage by positioning their offering strongly against competitors, offering in the minds of consumer.

#### **5. Publics:**

The micro environment of marketing also includes various publics. A public may be any group of persons that has an actual or potential interest in or impact on the firm's ability to objectives. Publics include financial publics, government publics, local government, media publics; general public etc marketing management should maintain the good relationship with them.

#### **ii) Macro Environment:**

The business firm is an open adaptive system with its own environment. It does not exit.

Independent of the environment. Environment consists of several forces. The larger societal force that affects both the consumers and firm is called macro environment. The firm has interaction and interdependence with economic, social, political, legal technological and culture forces. These are called macro environmental forces. These environmental forces define the resource, opportunities and threats available to and facing the firm. These forces affect life style, standards of living and preference and needs for the product. Since a marketing management tries to develop and adjust the marketing mix components to satisfy consumers, the effects of

macro environment on consumers also have an impact on the marketing mix component.

Thus the environments which affect the firm externally is called macro environment. Macro environment is located outside the firm. It is uncontrollable. The uncontrollable forces are shaping and influencing the nature and character of customer demand. As these forces continue to develop and change, they determine the new requirements for efficient and effective marketing plans and policies.

The macro environment components include demographic, political, legal, economic, socio-cultural and technological forces.

It is a scientific study of human population and its distribution in terms of size, density, Age, Location, Gender, Race, Occupation and Other Statistics. It deals with quantitative elements such as age, sex, education, occupation, income, geographical concentration and Dispersion, urban and rural population, etc. demography offers consumer profile which is Very essential in markets. Demographic environment analysis enables marketing, Management to understand the bases of market segmentation and to determine marketing reaction to a new product or consumer reaction to an adverting campaign. A good demographic analysis combines several components such as:

- a. Population rate of growth or decrease
- b. Income or economic power
- c. Life style
- d. Occupation
- e. Education
- f. Geographic segmentation, etc.

### **A) Political and Legal Environment:**

Political and legal forces are gaining considerable importance in marketing activities and operations of business firms. The actions of political and legal forces strongly influence the economic and political stability of country which also affect the marketing. Marketing management cannot ignore the legislation regulation competition and protecting consumers. Marketing policy making is influenced by government policies. Political and legal environment offers the environment on which the firm have to operate their marketing activities. A good political and legal environment analysis consist the following components:-

- a. Government policies
- b. Government agencies
- c. Pressure groups
- d. Laws, etc

### **B) Economic Environment:**

Economic environment plays a significant role in the marketing system. High economic growth assures higher level of employment and income, high purchasing power and willingness to spend, and this leads to marketing boom in many industries. Marketing plans and programmed are also influenced by many other economic items such as interest rates, money supply, price level, consumer credit, etc. A good economic environment analysis consist several components such as:-

- a. Natural resources
- b. Income distribution
- c. Economic health
- d. Inflation

- e. Fiscal policies
- f. Competition, etc.

### **C) Socio-Cultural Environment:**

The socio-cultural environment is made up of institutions and other forces that affect a society's basic values, perceptions, preferences, and behaviors, socio-cultural forces usually influence the welfare of a business firm in the long-run. We have ever-changing society. New demands are created and old ones are lost in due course. Marketing management must make necessary adjustments in marketing plans in order to fulfill new social demands. It must analyze how the socio-cultural environment analysis combines the following components:-

- a. Demographic
- b. Life style
- c. Social forces
- d. Cultural forces, etc.

### **D) Technological Environment:**

Modern marketing has been shaped by technology. It's a major component of macro environment of the marketing. New technologies offer a main source of economic growth. Many businesses are earning handsome profits from products that did not exist few decades ago. Electronic industry is the best example of exploiting new marketing style of living of consumers. Marketing management can create and deliver standards and styles of life with the help of technology. A good technology environment analysis combines the following components:-

- a. Level of technology
- b. Place of technology change

- c. Research and development budget, etc.

## **2.5 Marketing Strategy**

Marketing is one of the key concepts in modern marketing. It is the policy adopted by the producers to get success in the field of marketing. The marketing mix consists of everything the organization can do to influence the demand for its product in the target market. Thus, there are various elements of marketing mix. The term marketing mix is the combination of Four elements the product, place, price, and promotion. These are popularly known as Four P's are interrelated. Decisions in one element usually affect action in others. Marketing Mix is developed to satisfy the anticipated needs of the target market. A marketing manager implements marketing strategies and policies these instruments.

### **A) Product**

A product is anything that can be offered to satisfy customer need. A product mix involves planning, developing and producing the right types of products and services to be marketed by the organization. It deals with the product range, durability and other qualities. Apart from producing the right product emphasis should also be laid on their packaging and branding. The product mix includes the following decisions.

1. Product planning and development
2. Product range.
3. Standardization and grading.
4. Packaging.
5. Branding.
6. Warranties.

## **B) Price**

It is another variable of marketing mix that creates sales revenue. Consumers pay price to buy products for their need satisfaction. Price is determined in such a way that the firm is able to sell its products successfully. Pricing also involves establishing policies regarding credit and demand. The variables are taken into actual and potential competition and government regulations. The price mix includes the following decisions

- (a) Setting the list of price.
- (b) Discount and allowances to provide price flexibility.
- (c) Terms of sale.

## **C) Place**

Place is another variable of marketing mix which takes product to consumer. The place mix calls for selecting channels and outlets through which product into the hands of customers and arranging manager always thinks of an effective channel and physical distribution system for the smooth flow of the good at the right time, at the place and to the right person or market. The place mix includes the following decisions.

- (a) Channels of distribution
- (b) Physical distribution activities.

## **D) Promotion**

Promotion deals with information and persuading the customers regarding the organizations product. Promotion mix includes all the activities undertaken to communicate and promote products to the target market. Company should follow effective promotional tools to inform the consumer about the product. A good marketing manager always looks



towards effective promotional Medias to compete with other brands. This mix is very important to stimulate sales. The elements of promotion mix are follows.

**Advertising:** consists of all the activities involved in presenting to a group, a non personal, oral, or visually sponsored message regarding to a product, service or idea. Advertising is an impersonal promotion to groups that is paid for by an identified sponsor. It focuses upon groups of persons, rather than upon individuals. Advertisement can be described as any persuasive message carried by a mass medium and paid for by a sponsor who sings the message.

Thus, advertising is a form of mass communication where message is distributed by producer through different sources and is acquired by the consumers. It is referred as non-personal presentation because non-personal media are used to convey the message. Basically, media of mass communication are only two i.e. publications and electronic transmitter radio and television.

**Personal Selling:** It can be a very intense means of promotion. Personal selling consists of person-to-person communication between sales persons and their prospects. Unlike advertising, it involves personal interaction between the source and the destination.

**Sales Promotion:** “Those marketing activities, other than personal selling, advertising, and publicity that stimulates consumer purchasing and dealer effectiveness, such as displays, shows and exposition, demonstrations and various no recurrent selling efforts not in the ordinary routine.”

**Publicity:** It is a means of promoting to the mass market. Publicity is similar to advertising, except that it is free, is found in the editorial portion of news, media, and pertains to newsworthy events. The most common types of publicity are news release, photographs and features stories.

Public Relation: Public relation is a direct face to face discuss with consumer about products. Consumers enjoy satisfaction and receive the most recent information about the companies changed activity, strategies, policies and program by installing effective public relation system. This concept assumes that consumers wants, desire, prefer those products which are superior in quality and preference and one of innovative features.

## **2.6 Market Segment:**

A market consists of people with needs and wants to satisfy, ability to spend and willingness to buy products. It is a grouping of customers. A single product cannot satisfy the needs of all the customers in all markets. Customers vary in terms of needs characteristics and behavior. Buying motives and buying habits also vary. Purchasing power also varies.

Market segmentation is the process of dividing the total market into large homogeneous group of customers who share similar needs.

“Marketing segmentation is the process of dividing the total market in to large homogeneous is the act of identifying and profiling distinct group of buyer who might prefer varying products and marketing mixes” (Kotler, 2010;211)

Market can be divided into:

1. Consumer Markets
2. Industrial Markets
3. Institutional Markets

**Consumer Markets:** The reasons for buying products are for own personal or household use. They consist of ultimate consumers.

**Industrial Markets:** The reasons for buying products are for business use, resell, or to make other products. They consist of industries, business, retailers etc.

**Institutional Markets:** The reason for buying products is to provide service to the clients. They have special buying needs and characteristics. They consist of schools, college, hospitals, nursing.

**Organizations can adopt the following levels of segments strategies:**

**Undifferentiated Marketing Strategy:**

The total market is viewed as a homogeneous engaged in mass production, mass distribution and mass promotion of one product for all customers. One product for all customers. One single marketing mix is developed. This is not found in practice.

**Differentiated Marketing Strategy:**

The total market is viewed as heterogeneous consisting of customer groups with various characteristics. Organization divided the market into major market segments. Select one or more of those segments as target and develop marketing mix tailored to each segment. We can divide it in three parts they are a) Niche Marketing Strategy B) Local Marketing Strategy C) Individual Marketing Strategy.

**2.7 Customer Value:**

Customer value is the difference between total customer cost and total customer value. Customer always wants to get various types of benefits from the product they expect to buy. Today the customer is utterly demanding, thanks to the proliferation of global players and their products. Hence it is needed for the business to attract and more importantly retain customer. Customer interaction has therefore assumed

great significance as it forms the platform to know and understand the customer, his needs preference and the like.

"Customer delivered value is the difference between total customer value is the bundle of benefits customer expect from a given product or service. The total customer cost is the bundle of costs customer expects to incur in evaluating, obtaining, using and disposing of the product and service."  
(Kotler, 2010; 213)

$$\text{CDC} = \text{TCV} - \text{TCC}$$

Where,

CDC = Customer delivered value

TCV = Total customer value

TCC = Total customer cost

### **1. Total Customer Value:**

Total customer value is the bundle of benefits customers expect from the product, which include functional benefits (the features of the product and emotional benefits, (the satisfaction derived from using the product).

### **2. Total Customer Cost:**

Total customer cost is the sum of costs customer incur in knowing, evaluating, obtaining, using and disposing a product which include monetary costs, time, and psychic.

### **2.8 Customer Satisfaction:**

Satisfaction is person's feeling of pleasure or disappointment resulting from the comparing a product's perceived performance in relation to his or her expectation. Thus, customer satisfaction is a post purchases outcome where the customer compares the expected benefits with the actual benefits received from the product. If the performance is below the

expectation the customer is dissatisfied. If the performance exceeds the expectations the customer is highly satisfaction or delights.

Following are tools for tracking and measuring customer satisfaction:

### **1. Complain and suggestion system:**

A customer- cent red organization makes it customers to deliver suggestions and complaints. Global major like P&G. Generally Electric and Whirlpool established hotlines with toll-free telephone number. Companies are also adding web page and e-mail to facilities two-way communication. These information flows provide companies with to act quickly to resolve problems.

### **2. Customer Satisfaction Survey:**

Studies show that although customer are dissatisfaction with one cut of every four purchases less than 5 percent of dissatisfaction customers will complain. Most customers will buy less or switch suppliers. Complaints levels are thus not a good measure of customer satisfaction. Responsive companies measure customer satisfaction directly by conducting periodic surveys. They send questionnaires or make telephone calls to a random sample of recent customers. While collecting customer satisfaction data, it is also useful to ask additional question to measure repurchase intention, this will normally be high if the customer's satisfaction is high. It is also useful to measure the likelihood to recommend the company and brand to others. A high positive word- mouth score indicate that the company is producing high customer satisfaction.

### **3. Ghost Shopping:**

Companies can hire persons to pose as potential buyer to report on strong weak points experienced in buying the company's and competitor's product. These mystery shoppers can even test whether the company's

sales personnel handle various situations well. Thus a mystery shopper can complain about a restaurant's food to test how the restaurants handle these companies. Not only should companies hire mystery shopper but also managers themselves should leave their offices from time to time, enter company and competitors sales situation where they are unknown and experience firsthand the treatment they received as "customer". A variant of this is for managers to phone their own complaints to see how the calls are handled.

#### **4. Lost Customer Analysis:**

Companies should contact customer who have stopped buying or who switched to another supplier to learn why this happened. When IBM loses a customer, it mounts a thorough effort to learn where it failed. Not only is it important to conduct exit interviews when customers first stop buying. But it is also necessary to monitor the customer's loss rate. If it is increasing, this clearly indicated that company is failing to satisfy to customer.

#### **2.9 Marketing Concept in Nepal:**

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

The public sector remains dominant in the Nepalese economy. The private sector is developing and is dominated by the family-owned and managed business. The advent of global companies, especially in tourism and finance sectors, has resulted in the transfer on new marketing skills along with capital and technology.

Marketing has traditionally remained a neglected aspect in Nepal. Enterprises tend to concentrate on the production and selling rather than marketing. The selling concept has served as the marketing philosophy of Nepalese managers. The public sector has generally remained indifferent to the marketing concept.

The marketing concept has not been embraced by most Nepalese organization. This is clear from the following points:

- i. Management philosophy in most organization of Nepal does not emphasize customer orientation.
- ii. Target markets have not been clearly defined by most Nepalese organizations.
- iii. Marketing information system has remained very weak in most organization.
- iv. Marketing activities have remained fragmented in the organization co-ordinate. Marketing department has not become a part of the top management team.
- v. Organizations tend to be more interested in the producing products and making profit through selling and promotion. They seem least concerned about satisfying the needs of the customer.

Nepal has experienced significant socio- economic changes over last twenty five years. The supply driven marketing where organization could sell everything they produced, 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 competitions in the Nepalese market has also helped in this regards.

Most of the banks which were not involved in customer oriented business have started practicing consumer orientation in their marketing efforts.

Due to which the number of marketing professionals are increasing and have given them place to practice in those organization. Besides, gradual emerge of the global companies such as Surya Tobacco, Pepsi, Coca-cola etc are implementing new concept of marketing strategies in the Nepalese market as result Nepalese entrepreneurs could get chance to learn and development their marketing skills.

### **2.10 International Product Life Cycle and Marketing Strategies:**

Product life cycle is a concept that attempts to describe a product's sales, profits, customers, competitors and marketing emphasis from its beginning until it is removed from the market. Actually, it is an attempt to recognize distinct stages in the sales and profit history of the company's product.

Once the product is launched successfully in the market may be failure in the same market. A marketer should not assume that a product once developed and launched in the market successfully may be able to capture market in future also because of the changes in the product life cycle of the product with the passes of time.

#### **Product life cycle asserts basically the following four things:**

- i. Products have a limited life after which the product may be dead if appropriate strategy is not adopted;
- ii. Product sales pass through distinct stages, each posing different challenges to the seller;
- iii. Product profits rise and fall at different stages of the product life cycle; and
- iv. Products require different marketing, financial, manufacturing, purchasing, and personnel strategies at different stages of their life cycle.



Greater the competition the shorter will be the life of the product. Similarly, fashion products will have a shorter life cycle. Since the international markets are highly competitive, the life of the entire product becomes comparatively shorter. Therefore, the international marketers need to develop and launch the new products in international markets very carefully to sustain in the markets.

For the successful implementation of products in international markets, the international marketers need to test, time to time, the product suitability and product adaptation in the international markets.

### **2.11 Review of Previous Research Articles and Books:**

In the ancient days goods and services were transported to the place of consumption by carrying at the back of people. A huge number of goods was transported by these methods. After years, the goods were then transported by carrying at the back of the donkey, horse, ox, and elephant. In the early modern age, the traders and merchants used donkey to carry goods and transported to the place of consumption. In ancient days Nepalese, Indian, Tibetan merchant used donkey, sheep, horse, elephant and even people to carry goods from one place to another place to consume.

In the 21<sup>st</sup> century there are numbers of transportation facilities available. Today, transportation has become a major issue for the customer satisfaction. The customer does not wait at one place to get goods and services. They are always attracted by other sellers who provide well transportation and services. So to meet the demand of the customer, the product is immediately transported to the market for the availability of the customers.

The 21<sup>st</sup> century business person, use many means of transportation, huge amount of product is transported by truck, lorry, cargo van, cargo aero plane, helicopters and rails. Similarly, the liquid products like oil, petrol, diesel, gas are transported by tanker.

**On the basis of Himalayan news service , "The Himalayan Times"  
Auto page Korean Vehicles in Nepal may 27 2005 P-8**

The influx of Korean Vehicles in Nepal is changing the contours of the domestic auto market. Luxury car markets are expensive and cheap car are not luxuries. That's the way it has been. But the fast growing Asian manufactures of low priced vehicles are breaking this fight compartmentalization around the world and through Nepali auto market is small.

The speedy growth of Korean auto giants have also compelled other global manufactures including Indian vehicles manufactures to offer new choices to buyers which certainly is an advantages to customers.

**On the basis of Himalayan news service," The Himalayan Times "'  
Reconditioned Vehicles Market in Nepal, August 19/2005 p8.**

There is significant growth in automobile sales, both new and old, is closely associated with the changing life style and increased purchasing power of people.

Buying a used car is a still remains a nerve- wracking experience for most. The market for second hand cars lacks specific rules and regulation or market that is not yet organized properly.

However, the number of enterprises involved in buying, selling and exchanging reconditioned vehicles has already crossed three dozen alone in the Kathmandu valley, which in itself is a proof that the market for reconditioned automobiles is getting into the curse mode. Most of the

enterprises are low retail distributors of all major brands of vehicles available in the market. So one can buy or exchange either new or reconditioned vehicles at such enterprises.

Almost all brands of reconditioned cars, ranging from Japanese to Korean, Indian to Chinese and others are available in the market. Due to traditional brand loyalties Japanese brands still enjoy a leading position. Whereas Indian and Korean vehicles have also been able to capture a substantial market share in recent years.

Usually reconditioned houses do not sell vehicles as they come, but instead they give them a distinct look overhaul all major parts of a vehicle, including denting-printing and putting on new tires to the market them resemble new vehicles are undertaken.

However, for a buyer it still is essential to check various parts of a vehicle thoroughly before buying a reconditioned car. The condition of engine, body gear-box, model and outlook along with proper documents govern the price of a vehicle.

**On the basis of Himalayan news service, " The Himalayan Times,"  
The Indian cars in Nepal , June 3/2006, p8**

Like old wine in new attractive bottle can be an irresistible combination, some existing car brands in new looks have had car lovers shelling out cash for them.

In 2004, most Indian four wheelers brands launched already existing brands in new looks. For trusted performance, technical specification was kept same, whereas interiors exteriors of the vehicles were redesigned to match the changing taste of customers.

**On the basis of Himalayan news service," The Himalayan Times,"  
Nepal auto show 2005 June 17 2005 p8**

Although Nepal's economy is progressing slowly, Nepali car market has been continuously widening scope in terms of brand expansion and launch of new model. The completion has been cut throat.

Japanese, Korean and Indian cars have their own strong holders in different segments and categories for decades, though the market size is relatively small, car makers from other countries are eyeing to push their product in Nepal.

Malaysian car made their debut a few years ago. Today, two major Malaysian car manufacturers have their product in Nepal. Within a short span of rolling in, the Malaysian cars have won the hearts of its 515 plus customer.

**On the basis of Himalayan News Service, " The Himalayan Time",  
The wheels June 28/ 2005 , p8**

The auto market in Nepal has witnessed a phenomenal growth over the last decade, despite many economical hindrances. Dominated by Japanese and Indian models early 90's the competition escalated with the influx of Korean cars in the domestic market in mid 90's.

Competition became fiercer and sale of vehicles sky-rocked when financial institutes started offering auto loans on easy installments and low interest rate @7 – 9 percent. The auto loans increased accessibility of the middle class to own automobiles.

Today, if some one has steady income source of about 25000 per month a car is no longer dream.

Today, more than 80 percent are vehicles are being sold under finance scheme. It is not that people do not have buying capacities but with easy

availability of vehicles, people can invest the same money in some other business.

Though financial scheme from commercial banks have helped expand sales in urban a lack of attention to rural areas, has kept the sales of multi-utility vehicles low.

Nepali buyer are more concerned with price, brand loyalty is driving force too. As people's taste change they migrate to new segments.

Researchers are beginning to develop some base format an about market studies including market potential studies What follows are briefing description on same of the thesis on the market potential o same of the customer good.

## **2.12 Review of Previous Thesis**

Baniya (1999) conducted a research entitled "A Study of Buyer Behavior in Pokhara with Special Reference to Cross Cultural Buying Pattern" having the following objects:

- i. To find out the brand pattern and purchase frequency of clothing and the grocery products for British Gurkhas and local people.
- ii. To examine the store name and local people for the purchase of clothing and grocery.
- iii. To find out the attitude of British –Gorkha and the local people towards bargaining

One hundred of respondents were selected for the study. This study was based on primary data. The major findings of the study are:

- i. The purchase frequencies of people from one area are similar to large extent.
- ii. Foreign influences vital in purchasing brand across the nation.

- iii. Awareness of people for product is different for variety of product.
- iv. As for as the criteria used to choose a product is concerned, Quality and price come first.

Basnet (2002) conducted a project work entitled "A Report on Marketing Strategy of Tata Indica" The objective of the study was to analyze the small car market in Nepal and aimed to unfold the problems relating to marketing of cars in Nepal.

The researcher collected data from both primary and secondary sources. Primary data collection involved usual instrument of survey like interview, questionnaire, and observation. Survey results showed that 52 percent of the respondents planned to buy a car within a year. 16 percent planned to do it in 2 years. Similarly 56 percent of the respondents planned to spend 8-10 lakhs. Tata Indica (Diesel) at the time was priced at 7.25 lakhs. This showed a good prospects and potential for the Tata Indica. An approximately, two third of the response favored diesel engine car due to economy in operation.

The study on Tata Indica suggested that small car market in Nepal is expected to grow further, and market potential of Tata Indica is high being a small, cheap diesel car. The study results showed that small car market is characterized by intense competition amongst few players in market. The researcher has also come out with some recommendations. She points out that in order to provide better facilities to the customers, Sipradhi Trading, the dealer has to develop its marketing strategies and implement it aggressively. She also recommends that company will have to position itself in the market targeting a particular segment of customers, in the face of rumor that cheaper family cars will be flooded from neighboring country China in the Nepalese market, She also recommends a more strategic advertisement campaign

Rai (2003) entitled "A Study on Advertising and Sales Promotion of Cars in (with a special reference to Hyundai Santro)" revealed that the automobile business is one of those sectors of Nepalese business which aggressively uses advertising and promotion to promote their business, and every automobile dealer is coming out with competitive promotional schemes, that includes financing schemes at lowest interest rate.

The basic objective of the study was to evaluate effectiveness of advertising and sales promotion for attaining and retaining the market, concentrating on automobile business in Nepal.

The study also aimed to analyze the importance of promotion in building a company's reputation.

Both primary and secondary data were collected for the purpose. Field survey was done to collect primary data from the market, using questionnaire and personal interview, promotional activities planned and implemented by LAXMI HYUNDAI international Pvt. Ltd was analyzed. Lastly, the researcher recommended bringing out advertising and promotional scheme regularly.

Malla (2006) Conducted a research study entitled "A Study on Market Potentials of Chevrolet AVEO in Kathmandu" with the objectives of:

- i. To find out and analyze the market potential of cars in Kathmandu valley with a special focus on mid- sized, affordable cars, commonly known as C- segment.
- ii. To analyze market potentiality of Chevrolet AVEO.
- iii. To find out customer's attitude towards toward Chevrolet AVEO.
- iv. To suggest and recommend for the improvement to all concerned parties on the basis of finding and customers' base on this study.

**Malla's findings were:**

- i. In Kathmandu valley, total registration of car, van, jeep, is in increasing trend every year. But sales for the last few years are affected adversely by political insatiability and Maoist insurgency.
- ii. Sales of car, van, jeep in Bagmati zone is comparatively high than others.
- iii. By analyzing last two months sales of AVEO, researcher found that AVEO has been able to grab large part of market share which shows that market potential of vehicles is very positive.
- iv. By doing survey on most preferred car by customers in Kathmandu valley in terms of its features, researcher found AVEO got highest rating which proves it to most like cars in C- segment.
- v. By analyzing rating of various attributes of cars by respondents, researcher found that customers give most priority to availability of spare parts followed by safety and fuel efficiency.
- vi. By doing analysis on most potential customers researcher found that business man are the most potential customers in Kathmandu valley for Chevrolet AVEO.
- vii. By going through price of all competing C-segment cars, researcher found that Chevrolet AVEO is priced average on C-segment category with highest being Toyota Yaris.
- viii. By SWOT analysis of Chevrolet AVEO, researcher found that brand awareness and trust of the customers towards General Motors products are biggest strength of the vehicles whereas high price can be considered against weakness. Opportunity of AVEO is there are many customers favoring product of GM. whereas intense competition from other imported cars can be taken as big threat.



Batagoo (2007) Conducted a researched entitled "Consumers' Behavior Towards Buying Cars in Kathmandu Valley" the objectives of study was analyze the consumer behavior to wards the car buying in Nepal.

The researcher collected data from both primary and secondary data. Primary data collection involved usual instrument of survey like personal interview, Questionnaires and observation and secondary data collected from the authorized agency and reasonable resources.

Researcher find out that consumer behavior is the most important psychological and physiological aspect, which influences their buying decision. The logic just mentioned defines the fact that the success and failure of any business firm entirely depends on consumers' reaction to its offerings of a product or services to that product. It is therefore essential for marketers or manufactures to understand the consumer buying behavior as far it is possible. Understanding consumer behavior itself is a complex task, it requires continuous efforts of investigation and exploration of consumer, customer's response and suggestion. However such practices are rare in Nepal. The study, there fore, focuses on market segmentation of car market, understanding the factors influencing the consumer's buying decision, buying process and their awareness level.

The modern marketing theory is based on the satisfying the customer. To reach this assumption, the marketers should concentrate about the consumer behavior in decision making. The success and failure of business is depended upon the consumer's reaction on the firm's marketing mix. It is therefore marketers need to analyze behavior of consumer to make the best marketing Decision.

According to researcher's conclusion, consumers in Kathmandu, valley show mixed behavior due to their economic states, education, professional life, brand awareness etc. The Kathmandu valley is growing

rapidly, car market is growing rapidly. Consequently, car selling has become complex, competitive and challenging. To survive in such a changing and intense competitive business environment, the marketers have no option rather than understanding buyer's behavior and implementing strategy as per requirement.

Researcher has tried to find out the major market segmentations, factors influencing car buying decisions, buying process and brand awareness of customer's of Kathmandu valley.

An interesting fact to note of the total vehicles registered throughout the country, over two thirds are in Bagmati Zone and more than 52 percent vehicles are in Kathmandu valley alone. This makes study relevant nationwide.

Bhandari (2008) conducted a research study entitled "Brand Performance Study on Motorbike with Reference to Kathmandu City" with the objectives of

- i. To identify the profiles of consumer of specific brand.
- ii. To examine product attributes sought in the motorbike brand
- iii. To access to consumer's perception on the brand preference.

The researcher was mainly focused on brand loyalty in motorbike market in Kathmandu, but he has explained some finding requiring purchasing behavior of people which can be relevant to other goods purchases too. His findings are:

- i. Consumer gives more preference to large brand of variety of product.
- ii. The price factor has been found as the main factor brand.
- iii. Consumer can be convinced by warranty and guarantee.

- iv. The decision process is given attested by product attributes.
- v. Consumers are being more informative and analytical in Kathmandu city.
- vi. People in Kathmandu can provide less brand loyalty with respect to price devotions.
- vii. Consumers purchase product having uniform use in house than personal use.
- viii. Consumers are price sensitive.

### **2.13 Research Gap**

Previous researcher cleared that there are different customer groups of car buyers, they have different decision process, and they are influenced by different factors and features during car buying. The important market segments, important features of Kathmandu valley. They are now more informative and analytical in Kathmandu valley. They are brand aware and more or less satisfied.

Researcher recommended that it could be helpful for developing: specific marketing strategy, marketing segment, identify popular features and factors that customers of Chitwan district for specific brand of vehicles Hyundai & KIA. New exclusive study could be started to find out the level of brand awareness, customer's satisfaction and effectiveness of promotional effects of Hyundai & KIA cars with latest data FY 2007/08 to FY 2011/12. So, this study contains the latest data of FY 2007/08 to FY 2011/12. It also covers the various marketing strategies adopted by the above mentioned Hyundai and KIA cars in Chitwan.

## **CHAPTER THREE**

### **RESEARCH METHODOLOGY**

Research methodology is concerned with various methods and techniques which are the process of research studies. It includes wide range of the methods, including quantitative for data analysis and presentation.

#### **3.1 Research Design**

The objective of the study is to make the comparative study of the marketing practices of Hyundai & KIA cars. This research would proceed with descriptive and analytical methods in combined form.

#### **3.2 Population and Sample**

In Nepal, different brands of vehicles are imported and sold. There are almost 24 brands of vehicles are available in Nepalese market (Mid Jan. 2014). Among them, two brands namely KIA and Hyundai has taken as sample for this study.

The sample consists of the respondents from the different sectors such as service holders, lecturer and business man. From the car using total population of Chitwan district, among them for the study purpose 100 respondents have been taken. Out of them, 50 respondents are taken from Bharatpur Municipality, 30 respondents are taken from eastern part of Chitwan, (Tandi, Parsa and Bhandara) and 20 respondents are taken from western part of Chitwan (Rampur and Chanauli).

##### **3.2.1 Company Profile of HYUNDAI Motor:**

Hyundai Motor Company was founded in 1976AD. It is located in Seoul, South Korea. Chung Ju-Yung along with a few friends purchased land to erect the company in April 1946 AD. Those were the years when Korea was passing through turbulent times. It required a lot of courage, more

than anything else, to the US army, then stationed in Korea. The dedication of these visionary soon made him popular and within a year his repair workshop metamorphosed into a plant with almost 100 employees. Since then the company has manufactured and exported almost 7.8 million cars over 190 Countries.

Hyundai Motor Company is the parent company of Hyundai Motor India Ltd. Hyundai motor India Ltd. is producing and selling various lines of cars along with "Santro" cars. Hyundai Motors has scaled numerous obstacles and overcame the odds to earn global recognition for the advanced technology and quality of its automobiles. What have made all the differences are the people of Hyundai Motor and their courage to dream the impossible dream. In just over three decades, Hyundai Motor has grown in the world's eighth largest automaker.

Never complacent with achievement, the company is pressing ahead to achieve it's goal of joining the ranks of the world's elite automakers the global top five-backed by its sophisticated R&D capabilities, state of the art production facilities at home and abroad plus aggressive market strategies. So long as Hyundai Motor abides by its commitment to offer high quality products with advanced, environment friendly technologies and which are sold through a competitive global marketing network that takes full advantage of innovations in information technology Hyundai Motor ambition is to become one of the global top five automakers.

Hyundai branded cars are manufacture by Hyundai Motor Company Korea and Hyundai Motor India Ltd. Small Passenger cars manufactured by HMIL whereas passenger cars, jeep, truck etc are manufactured by HMC. Hyundai vehicles are loaded with advanced engine with glamorous looks and availability of high-tech safety and comfort to the passengers.

Hyundai Motor Company Korea and Hyundai Motor India Ltd. manufacture different passenger cars and are export in different parts of the world. Hyundai Motor India Ltd. only manufactures "Santro" cars

whereas Hyundai Motor Company Korea manufactures various models. The vehicles that are imported on Nepal which are produced by these companies are given below:

**Manufactured By Hyundai Motor India Ltd.**

1. Hyundai Santro 'XO'
2. Hyundai Santro 'XL'
3. Hyundai Santro 'XL/AT'
4. Hyundai Santro 'XK'
5. Hyundai Santro 'XK '
6. Hyundai Santro 'XS'

*Source: www.laxmihyundai.com*

In Nepal many other competitions are also importing different brands of vehicles. To complete with them and to be present in each and every city of the country LIPL has appointed sub-dealers and agent in the different cities of Nepal.

**Table 3.1**  
**Sub-Dealers of Laxmi Intercontinental Pvt. Ltd.**

S. N.	Name of Sub-Dealer	City
1	Binayak Moters	Bhairahawa
2	Binayak Moters	Butwal
3	New Trishakti Enterprises	Hetauda
4	Laxmi Intercontinental P. Ltd. (Distributor)	Kathmandu
5	Auto Wheels P. Ltd.	Birjunj
6	Auto Plaza	Damak
7	Auto Plaza	Birtamode
8	Nau Durga Moters	Biratnagar
9	Pinnacle Training Concern	Narayangarh
10	Jonchhen Traders	Pokhara

*Source: www.laxmihyundai.com*

### **3.2.2 Introduction of KIA Motors:**

From its very humble beginning as manufacture of bicycle parts by hand on the outskirts of Seoul Korea KIA motor has emerged vehicles for the cost six decade, laying claim to the production of the country's first automobile as well as Korea's first automobile export.

The word "KIA" is derived from the Chinese Character "KI" meaning to arise or come up out of and a referring to Asia. So when put together, KIA means to arise or come up out of Asia.

Today KIA has truly risen as a major global player and boasts an ever expanding product line up that is sold through 179 distributors and over 3300 overseas dealers in 155 countries around the world. Over 32000 KIA employees spanning the globe form an expansive human network that aspires for excellence on the behalf of valued customer.

Brand slogan- The power to surprise represents KIA's global commitment to surpassing customer expectation through continuous automotive innovation while embodying the exciting and enabling attributes of the KIA brand. The KIA Company is producing these KIA brand series:

#### **Manufactured By KIA Motors:**

- i. KIA Picanto
- ii. KIA Rio
- iii. KIA Sportage Lx
- iv. KIA Sportage EX
- v. KIA Sportage EX1
- vi. KIA Sportage EX2
- vii. KIA Sorento
- viii. KIA Carens

*Source: www.continental.com*

Hyundai brand is direct competitor of KIA brand because they are origin from the same county Korea. It has also appointed some of its sub-dealer. They are as follow:

**Table 3.2**  
**Sub-Dealers of Continental Associates Pvt. Ltd.**

S. N.	Name of Sub-Dealer	City
1	Karmacharya Intercontinental P. Ltd.	Kathmandu
2	KIA Plaza	Kathmandu
3	Continental Center	Kathmandu
4	Autovillage P. Ltd	Kathmandu
5	A & D Auto House	Pokhara
6	Right Trade Link P. Ltd.	Narayangarh
7	New Sakura International P. Ltd.	Butwal
8	Ratna Laxmi International P. Ltd.	Nepalgunj
9	Auto Mart	Biratnagar

*Source: www.continental.com*

KIA is the newest and most exciting force of change in the automotive world and KIA are ready to change the way you feel and think about driving. More than promise its KIA commitment to driving a pure pleasure.

### **3.3 Data Collection Procedure**

Information and data have been collected through various ways. Questionnaire, Interview, observation have been done for primary data and office records, published data, statements and balance sheet have been taken for secondary data. Customers of attitude towards different brands of cars would clearly be reflected in the questionnaire. Purchase behavior shown by potential buyer of car was also reflected in the questionnaire.



### **3.4 Tools for Analysis**

The main purpose of analyzing the data is to change it from an unprocessed form to an understandable presentation. The analysis of data consists of organizing, Tabulation, performing statistical analysis and drawing inferences.

**The data is presented in the following**

**a. Pictorial Presentation**

1. Bar charts
2. Pi-charts
3. Graphs

**b. Tabulation Presentation**

**c. Statistical Presentation**

1. Measure of Central Tendency
2. Measure of Dispersion

### **3.5 Methods of Analysis & Presentation of Data**

The presentation of data is the basic organization and classification of the data for analysis. After data collection is completed, the data will be in the row form. The data will still be on questionnaires, data collection forms, and note cards. It is necessary to arrange the data so that it makes some sense to the researcher and so that it can be later be presented to the researcher.

A very common way of presenting data for two variables, which have a relationship, is a figure or chart. Not all data can be presented in figures. It works best when the data is continuous. This is a characteristic of parametric data. Figures and tables would be used in the thesis to show the data so that anyone can easily understand.

## **CHAPTER FOUR**

### **PRESENTATION AND ANALYSIS OF DATA**

In this chapter, the data collected are tabulated, analyzed and presented in a reasonable and wise manner. The data presentation and analysis are based on the primary and secondary sources of information.

#### **4.1 Market of HYUNDAI Cars:**

Hyundai branded cars are manufactured by Hyundai motor company Korea and Hyundai Motor India Ltd. Small passenger cars manufactured by HMIL whereas passenger car, jeep, truck etc are manufactured by HMC. Hyundai vehicles are loaded with advanced engine with glamorous looks and availability of high- tech safety and comfort to the passengers.

Hyundai Motor Company Korea and Hyundai Motor India Ltd manufacture different passenger cars and export in different parts of the world. Hyundai Motor India Ltd. Only manufactures “Santro” cars whereas Hyundai Motor Company Korea manufactured various models. Hyundai brand is good itself in its product.

Laxmi Intercontinental Pvt. Ltd. (LIPL), the sole authorized dealer of Hyundai Motor Company Korea and Hyundai vehicles in Nepal and has its main showroom at Thapathali, Kathmandu.

Thus, it can be said that the market of Hyundai car is becoming strong. It successfully got the market and enjoying the considerable market in the Nepal.

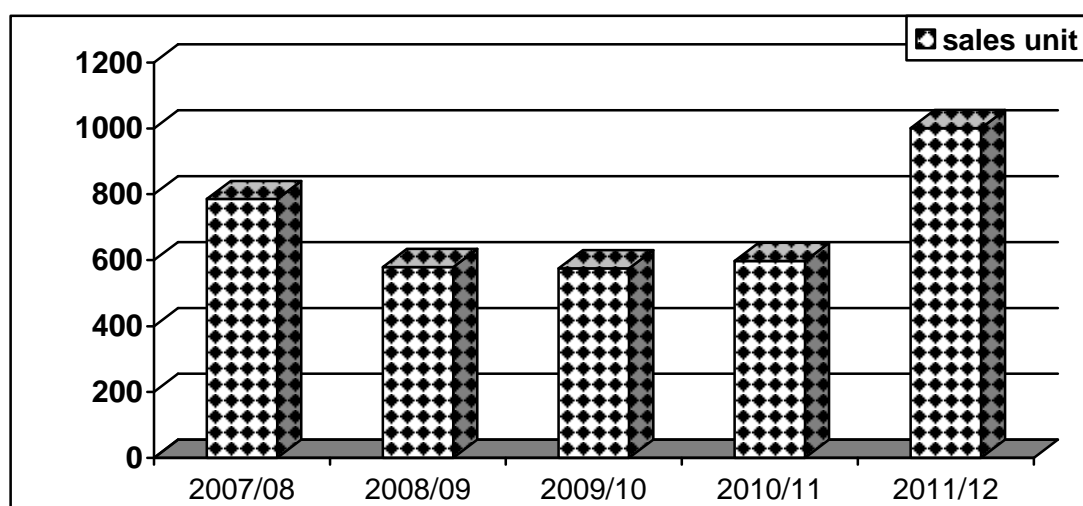
**Table 4.1**  
**Yearly Sales of Hyundai Vehicles (National)**

<b>Fiscal year</b>	<b>Vehicles Sales Unit</b>
2007/08	786
2008/09	579
2009/10	575
2010/11	598
2011/12	1001
<b>Total</b>	<b>3539</b>

*Source: Office Record of Laxmi Intercontinental Pvt. Ltd.*

The above table shows that in the introduction year 786 units of Hyundai vehicles were sold which is very encouraging. The sales went up to 1001 units in the fiscal year 2011/12 which means that till FY 2011/12. Hyundai vehicles were a successful brand in the Nepal. The sales trend is further discussed in the figures below:

**Figure 4.1**  
**Yearly Sales of Hyundai Vehicles**



*Source: Table No. 4.1*

## **Hyundai**

Statistical Presentation of Data

Measurement of central, tendency from data,

Let the Hyundai vehicles sales be  $x$  and the fiscal year be the  $N$ .

Then,

Total Hyundai Car sold ( $\sum X$ ) = 3539

No. of Year ( $N$ ) = 6

We know,

$$\text{Arithmetic mean } (\bar{x}) = \frac{\sum x}{N} = \frac{3539}{5} = 707.8$$

Therefore, yearly average Sales of Hyundai is 707.8

Measure of Dispersion

Here,

Let the Hyundai vehicles sales be  $x$  and the fiscal year be  $n$  from the data.

Arithmetic mean = 707.8

**Table 4.2**  
**Calculation of Standard Deviation ( $\sigma$ ) of Hyundai**

FY (N)	Vehicle Sales (X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2007/08	786	108.5	11772.25
2008/09	579	-98.5	9702.25
2009/10	575	-102.5	10506.25
2010/11	598	-79.5	6320.25
2011/12	1001	323.5	104652.3
	$\sum x = 3539$		$\sum(x - \bar{x})^2 = 142953.3$

Now,

$$\begin{aligned} \text{Standard Deviation } (\sigma) &= \sqrt{\frac{\sum(x - \bar{x})^2}{N-1}} = \sqrt{\frac{142953.3}{5-1}} = \sqrt{35789.33} \\ &= 189.04 \end{aligned}$$

Therefore the standard deviation of Hyundai vehicles is 189.04

Again,

Coefficient of variance (CV) is,

$$\begin{aligned} \text{C.V.} &= \frac{\text{standard deviation } (\sigma)}{\text{mean } (\bar{x})} \times 100\% \\ &= \frac{189.04}{707.8} \times 100\% = 0.26708 \times 100\% = 26.71\% \end{aligned}$$

Therefore CV of Hyundai vehicles is 26.71%

#### 4.1.1 Sales of Hyundai Car of Chitwan District

Below table we can see the sales volume of Hyundai car in Chitwan district by Pinnacle Training Concern, Narayangarh.

**Table 4.3**

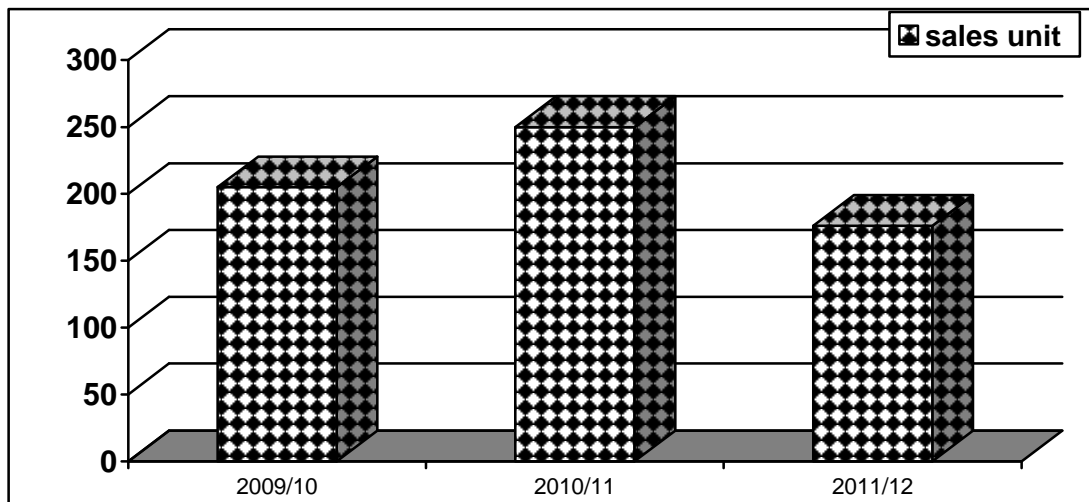
##### **Yearly Sales of Hyundai Vehicles in Chitwan**

<b>Vehicles</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Average</b>
Santro GLS	72	94	66	77
i10	65	74	58	66
i20	25	22	35	27
Accent	12	10	4	9
Sonata	14	25	8	16
Tucson	9	16	3	9
Santa Fe GL	8	9	2	6
<b>Total</b>	<b>205</b>	<b>250</b>	<b>176</b>	<b>210</b>

*Source: Pinnacle Trading Concern*

The above table shows that in the introduction year 205 units of Hyundai vehicles were sold which is very encouraging. The sales went up to 250 units in the fiscal year 2009/10 and last year Hyundai car sales unit decrease only 176 units in 2011/12. Hyundai vehicles were a successful brand in the Nepal. The sales trend is further discussed in the figures below:

**Figure 4.2**  
**Yearly Sales of Hyundai Vehicles in Chitwan**



*Source: Table No. 4.3*

#### **4.1.2 Marketing Mix for Hyundai Vehicles:**

Here, the marketing mix of Hyundai vehicles is studied. The marketing mix or 4ps the Hyundai cars include.

##### **A) Product of Hyundai Cars:**

Hyundai is gaining the share of market. Its styles and benefits are tailored according to the Nepalese road. Hyundai is developed to meet the requirement of the Nepalese road. Its technical specification and features are developed to provide every possible comfort and satisfaction to its customers. There are thirty No. of models of Hyundai cars.

##### **B) Price of the Hyundai Cars:**

Price of the Hyundai vehicles is competitive in the market. It is thus being able to compete with other brand in the market. The price of Hyundai vehicles are highlighted as under. Manufactured by Hyundai motor India limited.

**Table 4.4**  
**Price List of Hyundai Cars**

<b>S.N.</b>	<b>Model</b>	<b>New Price (Rs.)</b>
1	Santro GL +	1735000
2	Santo GLS	1760000
3	i10 Era	1835000
4	i10 Magna 1.1 (2010)	1895000
5	i10 Magna 1.1 (2011)	1935000
6	i10 Magna 1.2 (2010)	1965000
7	i10 Sportz	2095000
8	i10 Sportz A/T	2325000
9	i10 Asta	2380000
10	i20 Era (2010)	2195000
11	i20 Magna (2010)	2395000
12	i20 Sportz (2010)	2535000
13	i20 Asta (2010)	2695000
14	i20 Asta A/T (2010)	2895000
15	i20 Magna Diesel	2655000
16	i20 Asta Diesel	2895000
17	Accent	2995000
18	Accent with ABS and Airbags	3195000
19	Sonata GL	4695000
20	Sonata GLS	5395000
21	Sonata GLS with Sunroof	5595000
22	Sonata GLS with A/T	5695000
23	Sonata GLS A/T with Sunroof	5895000
24	Tucson GL Petrol	4395000
25	Tucson GL Diesel	4895000
26	Tucson GLS Diesel	5795000
27	Tucson GLS A/T Diesel	5995000
28	Santa Fe GL	5995000
29	Santa Fe GLS with Sunroof	6895000
30	Santa Fe GLS A/T with Sunroof	7195000

*Source: Provided by Distributor (Effective from 10<sup>th</sup> August, 2013)*

The above prices include the VAT along with road tax, municipality tax, pollution tax and other registration expensive. Customers need not to worry about the ownership transfer and other government official duties. The running fiscal year's tax is paid by the company itself.

The price of the cars differs according to the models and options. The fully loaded is more costly than non-option cars.

### **C) Promotion of Hyundai Car:**

LIPL the sole distributors of Hyundai cars, is pursuing the varieties of the varieties of the promotional programs to attain and retain its customer. Since launching of car, it has brought lots of promotion campaigns.

The hard efforts of overall LIPL and the promotional schemes applied by it have taken the car in a very good track of the market. Promotional tools are used after thorough study of the market and its customer's demand. The competitors' activities are equally being studies to fit the market's need and wants.

It is bringing the promotional programs according to the market situation and its trend. Sometimes, it follows normal promotional tools like advertising about the car to inform customers and to make them understand and remind about the product. At times it brings aggressive promotional campaign to achieve the sales and it is proved that target is met.

The LIPL has been using the media inform and promote the Hyundai cars in Nepal. It has been making the press releases and giving advertisement in different magazines and the daily news papers.

Here are the sales promotional activities and tool used by LIPL to promote and sell the Hyundai vehicles in Nepal.

- i. Launching and re-launching.



- ii. Attending trade fair/ auto shows.
- iii. Discount: cash discount/ commission to sub-dealer.
- iv. Exchange facilities/ test ride to old car owner and new customers.
- v. Insurance : Free insurance / partial free insurance
- vi. Service benefit : Extra free servicing / Free accessories
- vii. Extended warranty
- viii. Extended loan period -10 year financing scheme.
- ix. 0% interest rate for big vehicles
- x. Low equal monthly installment
- xi. On the spot financing.
- xii. Bumper schemes- financing , accessories, cash discount
- xiii. Free Himalayan Hyundai club membership
- xiv. Regular advertisement about Hyundai products and schemes
- xv. Quarterly free service camps
- xvi. Title sponsor of golf game

*Source: www.laxmihyundai.com*

#### **D) Place of Hyundai Car:**

LIPL is extensively using these tools of marketing mix for the great sales and distribution of Hyundai cars. It has built large channel of distribution. It has development considerably effective networking by appointing dealers, sub-dealers and agent within and out of the Katmandu valley. Now these types of distribution channels are, within or out of the valley. Thus, the Hyundai cars are running on the road of almost of all main cities of Nepal.

The company knows that the stock and availability of the product make the difference in the demand and the sales of the product. So as the company launches new product, Hyundai cars Xing and i10, the dealer and the sub-dealer are supplied the car for display.

These sub-dealers and agents are provided certain amount of the commission for each sale of the vehicle. Any customer is offered the same price whether he or she purchases Hyundai car from showroom or dealers. Generally they buy these dealer buy the second hand car and sale the new Hyundai cars.

#### **4.2 Market of KIA Cars:**

Today KIA has truly risen as a major global player and boats and ever expanding product lineup that are sold through 179 distributors and over 3300 overseas in 155 countries around the world. KIA car is one of the luxurious and economy cars in automobile world. It equipped by computerized engine, has elegant looks and decorated by high interior and safety. (*www.continental.com*)

KIA cars are generally for middle class. In Nepal many middle class people are enjoying with KIA brand according to their income capacity and wish. Continental Trading Enterprises Pvt. Ltd. is the sole authorized distributor in Nepal for passenger vehicles manufactured by KIA motors of South Korea. Continental has a showroom in the hearth of the city. Since the time of its establishment, the company has always striven for excellence and growth. Continental Trading Enterprises Pvt. Ltd. is gradually expanding its wings in the Nepalese market.

KIA car is economy car so most people enjoying with KIA branded car according to their income and wish. Continental Associates is trying to do best in each and every city of Nepal. Hear, researcher presents yearly

sales volume of KIA vehicles in Nepal. Continental Associates is main distributor of Nepal.

**Table 4.5**

**Yearly Sales of KIA Vehicles (National)**

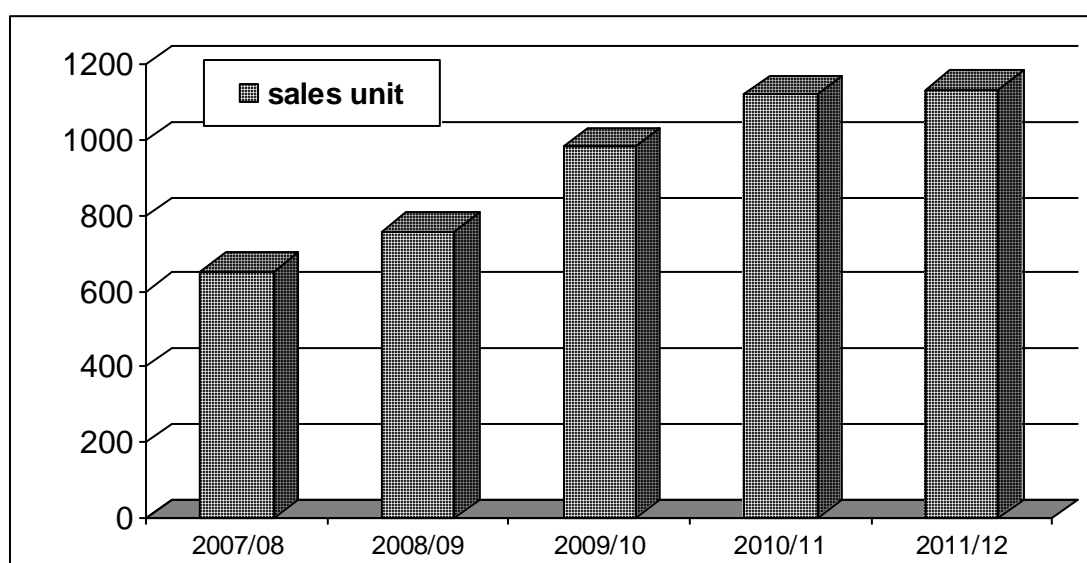
<b>Fiscal year</b>	<b>Vehicles Sales Unit</b>
2007/08	653
2008/09	758
2009/10	985
2010/11	1120
2011/12	1135
<b>Total</b>	<b>4651</b>

*Source: www.continental.com*

The above table shows sales volume of KIA brand vehicles are going to increasing trend in every year. In FY 2007/08, 2008/09, 2009/10, 2010/11 & 2011/12 sold on KIA brand car 653, 758, 985, 1120 and 1135 respectively. It will present in the figures below:

**Figure 4.3**

**Yearly Sales of KIA Vehicles**



*Source: Table No. 4.5*

## KIA

Statistical presentation of the data:

Measurement of Central Tendency from the data,

Let the KIA vehicles sales be  $x$  and the fiscal year be the  $N$

Then,

Total KIA vehicle sold ( $\sum X$ ) = 4651

No. of year ( $N$ ) = 5

Now,

$$\begin{aligned}\text{Arithmetic mean } (\bar{x}) &= \frac{4651}{5} \\ &= 930.2\end{aligned}$$

Therefore, yearly average sales of KIA vehicles are 930.2 units.

**Table 4.6**  
**Calculation of Standard Deviation ( $\sigma$ ) of KIA Car**

FY (N)	Vehicle Sales (X)	$(x - \bar{x})$	$(x - \bar{x})^2$
2007/08	653	-192.5	37056.25
2008/09	758	-87.5	7656.25
2009/10	985	139.5	19460.25
2010/11	1120	274.5	75350.25
2011/12	1135	289.5	83810.25
	$\sum X = 4651$		$\sum(x - \bar{x})^2 = 223333.25$

Now,

$$\begin{aligned}\text{Standard Deviation } (\sigma) &= \sqrt{\frac{\sum(x - \bar{x})^2}{N - 1}} \\ &= \sqrt{\frac{223333.25}{5 - 1}} \\ &= \sqrt{55833.31}\end{aligned}$$

$$= 236.29$$

Therefore, the standard deviation of KIA car is 236.29. i.e. the sales volume of the car is increasing yearly.

Again,

Coefficient of variance (C.V.) is,

$$\begin{aligned} \text{C.V.} &= \frac{\text{standard deviation } (\omega)}{\text{mean } (\bar{x})} \times 100\% \\ &= \frac{236.29}{930.2} \times 100 \\ &= 2.40 \end{aligned}$$

Therefore coefficient of variables of the KIA vehicles is 25.40%.

#### 4.2.1 Sales of KIA Car of Chitwan District

Below table we can see the sales volume of KIA car in Chitwan district by Right Trade Link Pvt. Ltd, Bharatpur.

**Table 4.7**

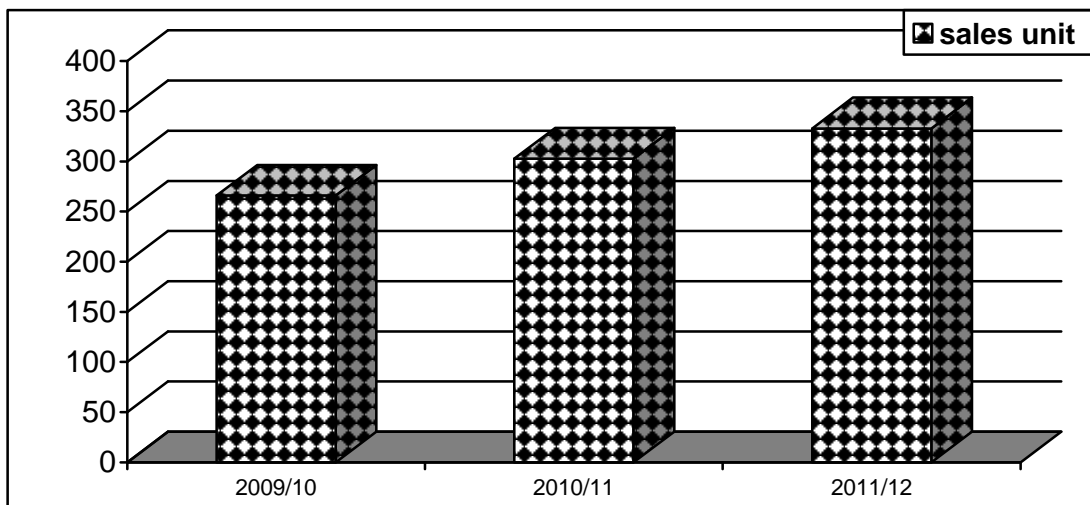
#### **Yearly Sales of Hyundai Vehicles in Chitwan**

<b>Vehicles</b>	<b>2009/10</b>	<b>2010/11</b>	<b>2011/12</b>	<b>Average</b>
Picanto LX	75	91	98	88
Rio H/B	67	87	84	79
Cerato	28	32	21	27
Sportage LX	41	29	45	38
Sorento M/T	26	21	29	25
Pregio	29	43	56	43
<b>Total</b>	<b>266</b>	<b>303</b>	<b>333</b>	<b>301</b>

*Source: Right Trade Link Pvt. Ltd.*

The above table shows that in the FY 2009/10, 266 units of KIA vehicles were sold which is very heartening. The sales went up to 303 units in the fiscal year 2010/11 and last year KIA car sales unit increase 333 units in 2011/12. KIA vehicles were a successful brand in the Nepal. The sales trend is further discussed in the figures below:

**Figure 4.4**  
**Yearly Sales of KIA Vehicles in Chitwan**



*Source: Table No. 4.7*

#### **4.2.2 Marketing Mix for KIA Vehicles:**

Here, the marketing mix of KIA vehicles is studied. The marketing mix or 4ps of the KIA cars includes:

##### **A) Product of KIA Cars:**

KIA has truly risen as a major global player and boasts an ever-expanding product lineup that is sold through 179 distributors and over 3300 overseas in 155 countries around the world. KIA car is one of the luxurious and economy car in automobile world. It is equipped with a computerized engine, has elegant looks and decorated with high interior and safeties.

KIA cars are generally for middle class. In Nepal many middle class people are enjoying with KIA brand according to their income capacity and wish.

**B) Price of the KIA:**

Price of the KIA vehicle is comparative in the market. KIA brand and falls in the middle class family. The price of KIA vehicles are highlighted as under:

**Table 4.8  
Price List of KIA Vehicles**

<b>S.N.</b>	<b>Model</b>	<b>Price (Rs.)</b>
1	Picanto 1.1L LX	1899000
2	Picanto 1.1L EX	1999000
3	New Picanto 1.2L LX	2049000
4	New Picanto 1.2L EX	2199000
5	New Picanto 1.2L LX II (with ABS & Airbag)	2499000
6	New Picanto 1.2L A/T ( with Sunroof)	2699000
7	Rio N/B 1.4L	2649000
8	Rio H/B 1.4L	2749000
9	Cerato 1.6L	3799000
10	Soul 1.6L	3899000
11	Sportage Petrol 2.0L LX	4649000
12	Sportage Petrol 2.0L A/T	5499000
13	Sportage Diesel 2.0L LX	5175000
14	Sportage Diesel 2.0L EX	5649000
15	Sportage Diesel 2.0L A/T	6149000
16	Sorento Diesel 2.2L M/T	6999000
17	Sorento Diesel 2.2L A/T	7399000
18	Pregio Diesel 2.7L with AC	2949000

*Source: Right Trade Link Pvt. Ltd.*

### **C) Promotion of KIA Cars:**

Continental Trading Pvt. Ltd. the sole authorized agent of KIA Cars in Nepal is issuing various promotional in the market to attract the customers. IT is providing finance schemes, free insurance schemes, free servicing schemes, test ride, mobile service etc.

Continental Trading Enterprises Pvt. Ltd. attends show and also exhibits its car in different fairs and festivals. Here are the sales promotional activities and tool used Continental Trading Enterprises Pvt. Ltd. to promote and sell the KIA cars in Nepal.

- i. Attending trade fair/ auto show
- ii. Mobile KIA service
- iii. Cash discount and Commission to agents
- iv. Exchange facilities
- v. Test ride
- vi. Free insurance and partial free insurance
- vii. Service benefit
- viii. Installment loan period up to 10 years.
- ix. On the spot financing
- x. Regular advertising
- xi. And many more

### **D) Place of KIA Cars:**

Continental Trading Enterprise Pvt. Ltd. has built a strong distribution network through the country for the sale of KIA cars. It has appointed more sub-dealers and agents throughout the country for the effect distribution of cars, besides, for the quality customer service well equipped service centre is available in the Katmandu valley and each dealer and sub-dealer are dealer authorized for the servicing of KIA cars.



### **4.3 Brand Image/ Brand Loyalty:**

The customer are brand conscious. They know what they are consuming and using. With the branded product they feel great satisfaction. Customers are paying money for the brand, and then product and service.

To attain and retain the customer for any product and service, their favorable brand image must be developed and established. Initially, it may be hard to gain the brand image, but once it gained it will upgrade the market for itself.

Customers of the automobile are also highly conscious about the product brand. They want to enjoy the brand name of the product along the products benefits and features.

Hyundai and KIA are well known and established brand names in the automobile market. They are highly honored in the automobiles business world. These brands are generally known for the comfort, safety and durability.

#### **4.3.1 Comparative Study of Hyundai & KIA Car:**

The Hyundai and KIA are two different brand names in the automobiles world. They have different brand image in the world market. Both brands are from the same country Korea so they are the direct competitor. Hyundai and KIA are in the 5<sup>th</sup> position in the worldwide sales 2011. On 2011, 4.23 millions vehicles are sold by Hyundai and KIA Company. So they ranked as 5<sup>th</sup> position.

Hyundai cars are best known for its style, comfort and high-tech engine. Hyundai cars have affordable price and could be afford by the person with income. On the other hand KIA also one of the renowned brand in Nepalese market for style and economic price.

In Nepalese market, there are many branded vehicles such as Toyota, Gelly, Coverlets, Tata, Maruti and so on. They differ according to their style, performance, option, euro engine, no of air bag.

#### **4.3.2 Total Market Share of Hyundai and KIA vehicles in Nepal:**

There are many brands in the Nepalese market along with chine's brand. Different brands are struggling to be success in Nepalese market. Each brand is different to each other according to their technology, luxury, safety, and price and brand loyalty. Each brand has its customers. Maruti has family customer, Mahendra has a professional person such as Construction Company, Driving professional etc. The share of Hyundai and KIA brands in the Nepalese is discussed as under.

**Table 4.9**

#### **Total Market Shares of Hyundai and KIA Vehicles in Nepal**

<b>S. No.</b>	<b>Brand Name</b>	<b>Market share</b>
1	KIA	17.7%
2	Hyundai	15.52%
3	Maruti	32.00%
4	Mercedes Benz	0.05%
5	Mahendra	2.00%
6	Mitsubishi	0.05%
7	Chevrolet	1.00%
8	Ford	0.05%
9	Toyota	1.00%
10	Proton	0.05%
11	Force	0.05%
12	Nissan	1.50%
13	Honda	0.70%
14	Opal	0.05%
15	Perodua	0.05%
16	BMW	0.16%
17	Gelly	0.05%
18	Tata	16.58%
19	Other Brand	11.44%

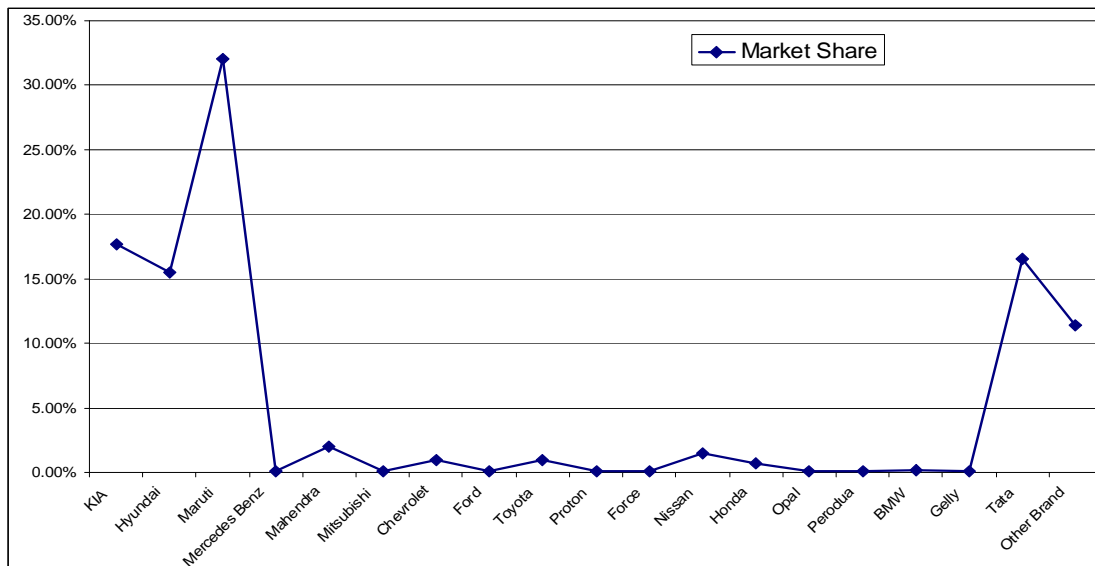
*Source: Transport Office of Nepal*

From the above table it is clear that the Maruti brand has the largest market share in the Nepalese market because no of Maruti brand is used as Taxi and cargo van. Another second brand is KIA which is used in private car and used as public car as micro bus. But Hyundai is third position in Nepalese market. This brand is used in private sector and somewhere it is used as taxi such as Pokhara and other city.

The further discussed in the figures below:

**Figure 4.5**

**Total Market Shares of Hyundai and KIA Vehicles in Nepal**



Source: Table No. 4.9

In the above figure directly showing that Maruti, KIA and Hyundai are top three brand of Nepalese market. These brands are doing many competitive work and bringing very effective scheme to customer to attract on own brands. Most of the sports event are sponsoring by these brand in the globally. KIA and Hyundai is direct competitor for each other because they are from the same country Korea and they have to same market so it is very difficult to work for them to over take but in these days KIA has over took to Hyundai in the context of Nepalese market. Mercedes Benz, BMW, Lamer Zen are most expensive brand for the Nepalese market so it is unsuitable to comparison with Hyundai

Santro, i10 and KIA Picanto. To go with Hyundai and KIA, Mercedes Benz, BMW, King Royals need to start produce new economic class vehicles.

#### 4.4 Primary Data Presentation

The primary data are collected from respondents from the different sectors such as service holders, lecturer and business man. From the car using total population of Chitwan district, among them for the study purpose 100 respondents have been taken.

##### 4.4.1 Questionnaire from Respondents

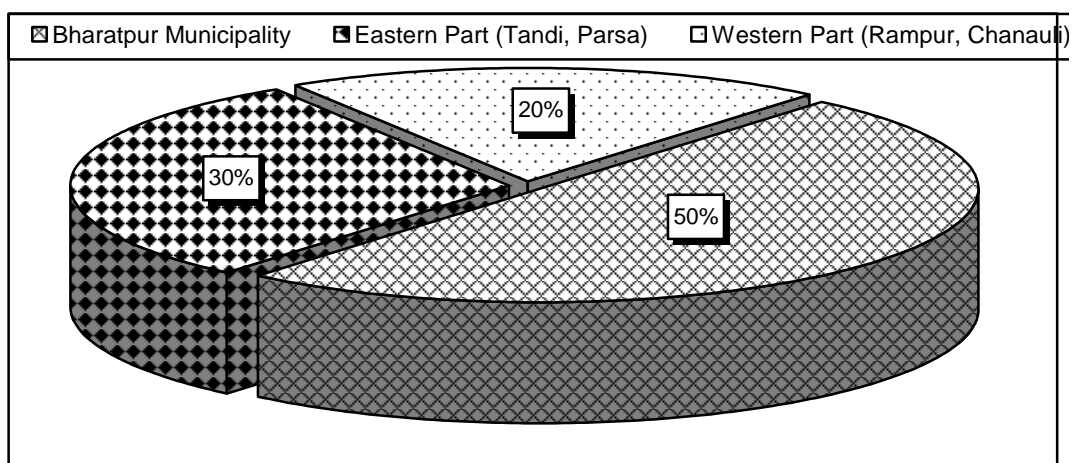
###### 4.4.1.1 Area Coverage

**Table 4.10**  
**Respondent Location**

Location	Respondent	Percent
Bharatpur Municipality	50	50
Eastern Part (Tandi, Parsa)	30	30
Western Part (Rampur, Chanauli)	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: Field Survey 2070*

**Figure 4.6**  
**Respondent Location**



*Source: Table No. 4.10*

Above table and figure shows total number of 100 respondents of Chitwan district, out of them 50 respondents are Bharatpur Municipality, 30 respondents are Tandi, Parsa and 20 respondent are Rampur, Chanauli.

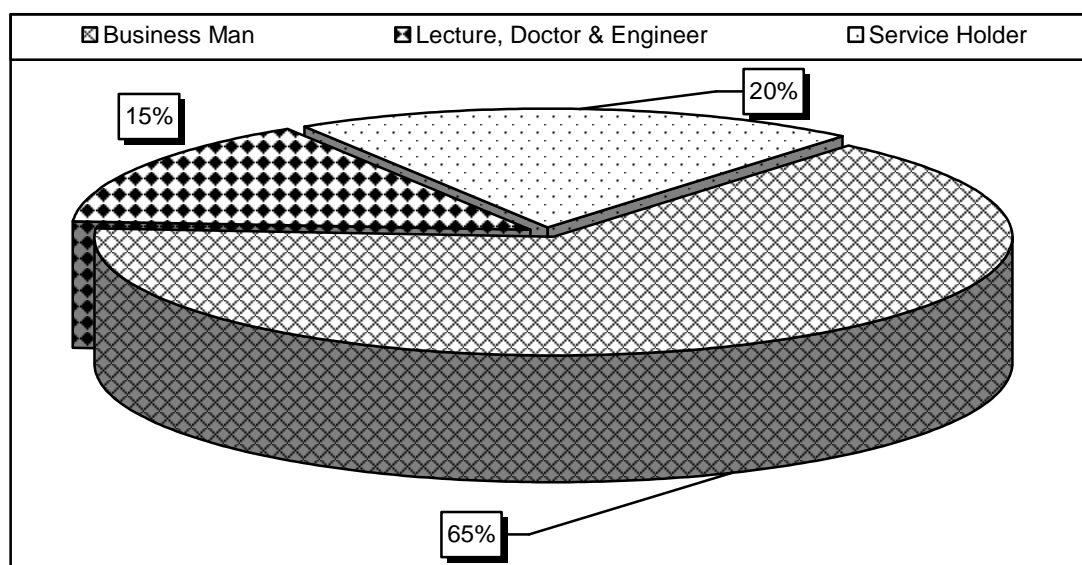
#### 4.4.1.2 Respondent Professions

**Table 4.11**  
**Respondent Professions**

Occupation	Respondent	Percent
Business Man	65	65
Lecture, Doctor, Engineer	15	15
Service Holder (Government or Private)	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Field Survey 2070

**Figure 4.7**  
**Respondent Professions**



Source: Table No. 4.11

According to personal interview they are mostly 65percent are business personal and their business are goods importer/supplier, 15 percent are professor, doctor and engineer and 20 percent respondent are Service

holder which belongs any government officer or private sector like Banks, Finance company etc.

#### 4.4.1.3 Use of Brand

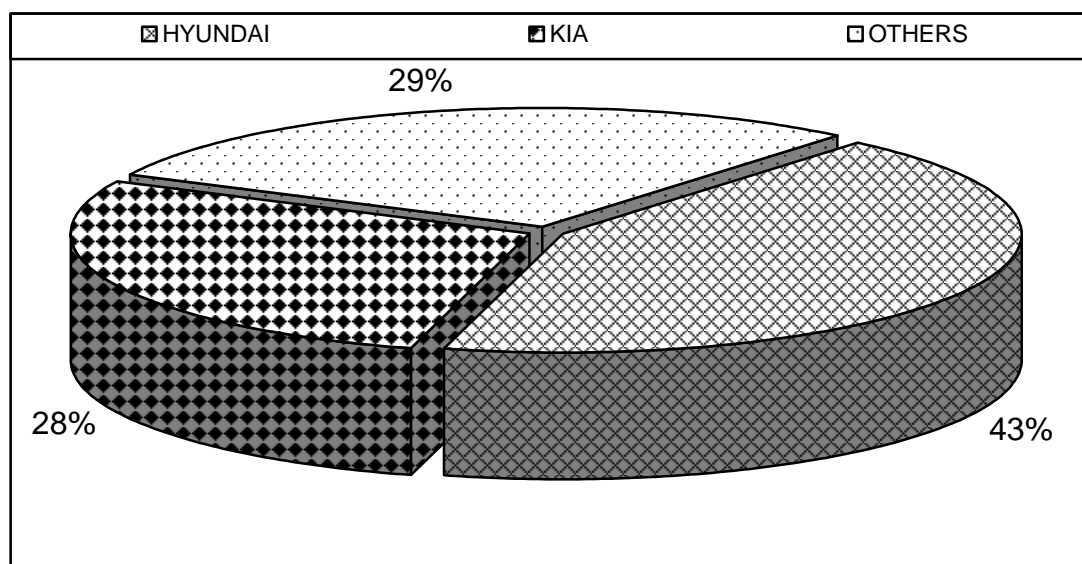
In response to the question regarding the opinion about use of brand following result have been obtained:

**Table 4.12**  
**Use of Brand**

Brand	Respondent	Percent
Hyundai	43	43
KIA	28	28
Others	29	29
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: Field Survey 2070*

**Figure 4.8**  
**Use of Brand**



*Source: Table No. 4.12*

According to questionnaire most of respondent have been used Hyundai car which found 43 percent and 28 percent are used KIA car and 29 percent respondent are used others brand cars.

#### 4.4.1.4 Reason of Car Buying Decisions

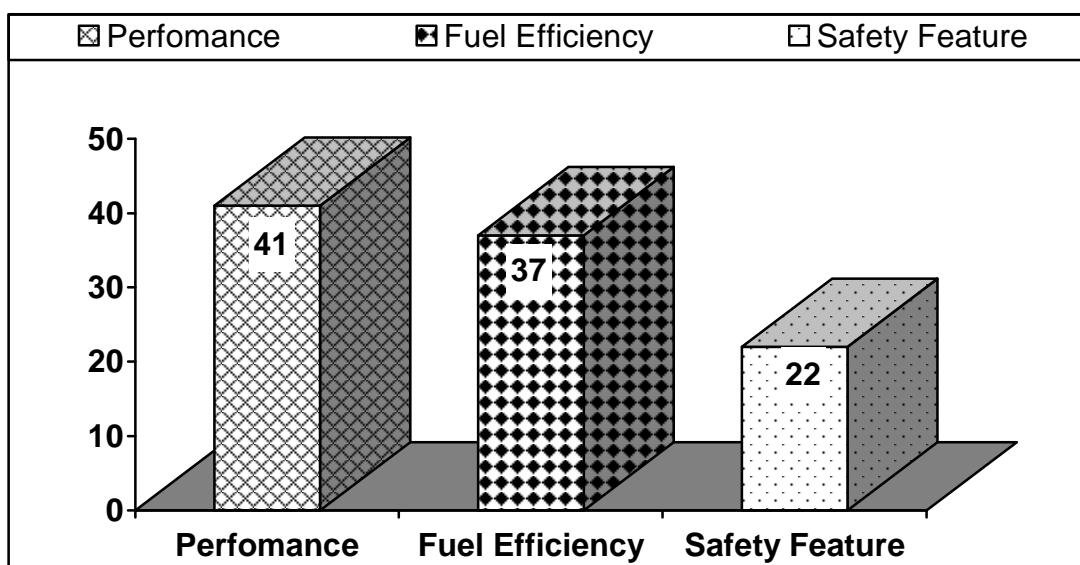
Respondent were asked about the reason of car buying decisions as which factor influenced the buying decisions. The following result have been obtained:

**Table 4.13**  
**Reason of Car Buying Decisions**

Reason	Respondent	Percent
Performance	41	41
Fuel Efficiency	37	37
Safety Feature	22	22
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: Field Survey 2070*

**Figure 4.9**  
**Reason of Car Buying Decisions**



*Source: Table No. 4.13*

Above table and figure shows most of 41 percent respondent are buying car for good performance, 37 percent respondent want to economic fuel

efficiency and 22 percent respondent buy car which have more safety feature.

#### 4.4.1.5 Factor Influencing Car Buying Decision

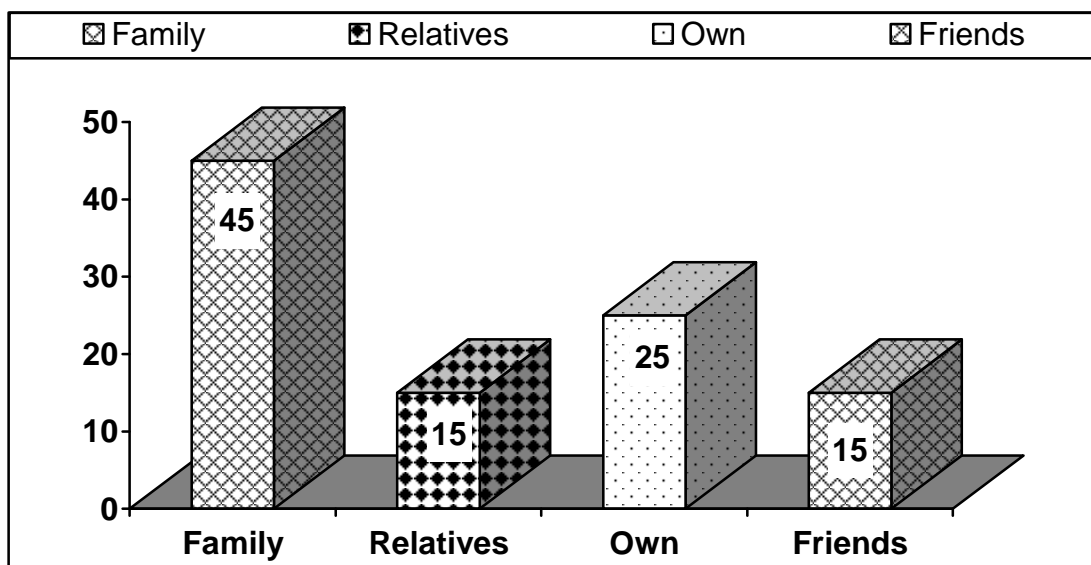
Respondent were asked about the factor influenced car buying decisions. The following results have been obtained:

**Table 4.14**  
**Factor Influencing Car Buying Decision**

Options	Respondent	Percent
Family	45	45
Friends	15	15
Own	25	25
Relatives	15	15
<b>Total</b>	<b>100</b>	<b>100</b>

*Source: Field Survey 2070*

**Figure 4.10**  
**Factor Influencing Car Buying Decision**



*Source: Table No. 4.14*



Above table and figure shows most of 45 percent respondent are buying car for force by family, 15 percent respondent are buying friends & relatives request and 25 percent respondents are buying car own decision.

#### 4.4.1.6 Most Popular Features

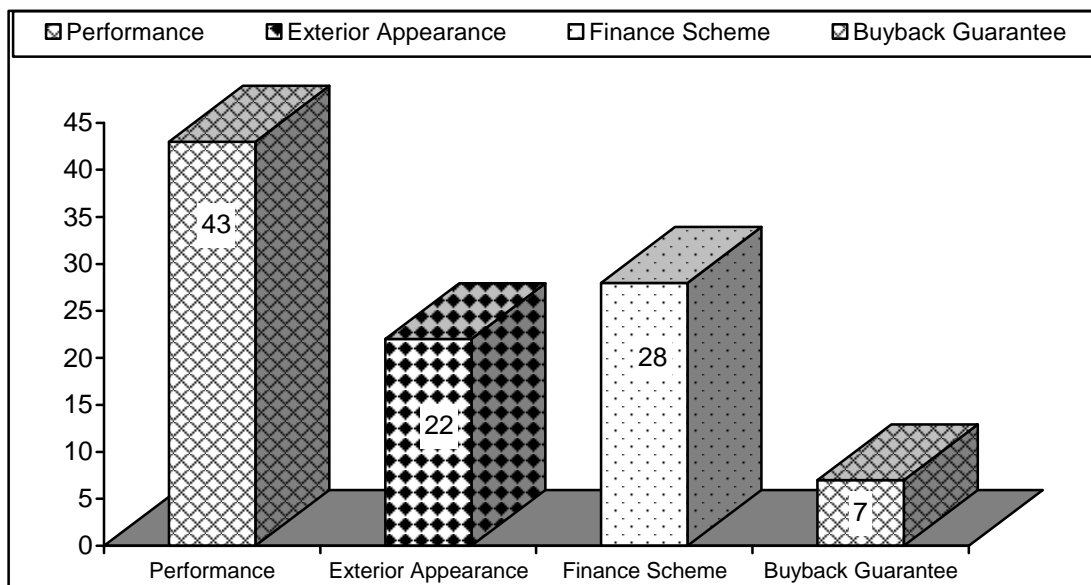
In response to the question regarding the most popular features about the cars, following result have been obtained:

**Table 4.15**  
**Most Popular Features**

Reasons	Respondent	Percent
Performance	43	43
Exterior Appearance	22	22
Finance Scheme	28	28
Buyback Guarantee	7	7
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Field Survey 2070

**Figure 4.11**  
**Most Popular Features**



Source: Table No. 4.15

Above table and figure shows most of 43 percent respondent are think performance is very essential things for buying car, 22 percent respondent are think appearance is very necessary, 28 percent respondents buying car if finance scheme is available and 7 percent respondents buying car future guarantee.

#### 4.4.1.7 Popular Brand in the Context of Nepal

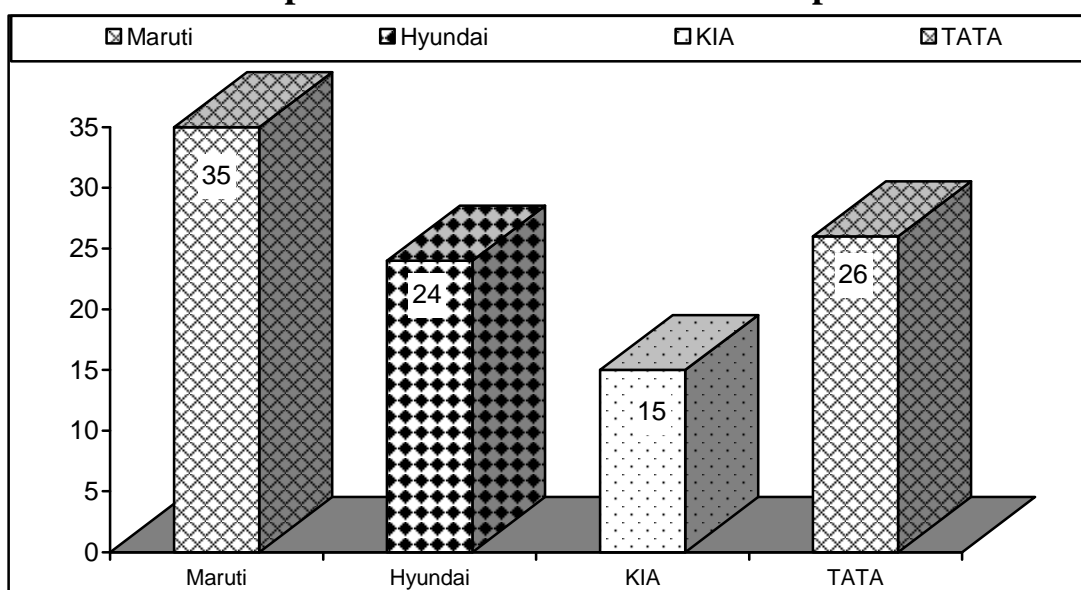
In response to the question regarding the popular brand of car in context of Nepal, following result have been obtained:

**Table 4.16**  
**Popular Brand in the Context of Nepal**

Options	Respondent	Percent
Maruti	35	35
Hyundai	24	24
KIA	15	15
TATA	26	26
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Field Survey 2070

**Figure 4.12**  
**Popular Brand in the Context of Nepal**



Source: Table No. 4.16

Above table and figure shows most of 35 percent respondents are saying Maruti is most popular in Nepal. 24 percent, 15 percent & 26 percent are saying Hyundai, KIA & TATA respectively.

#### 4.4.1.8 Most Used Car in Nepal

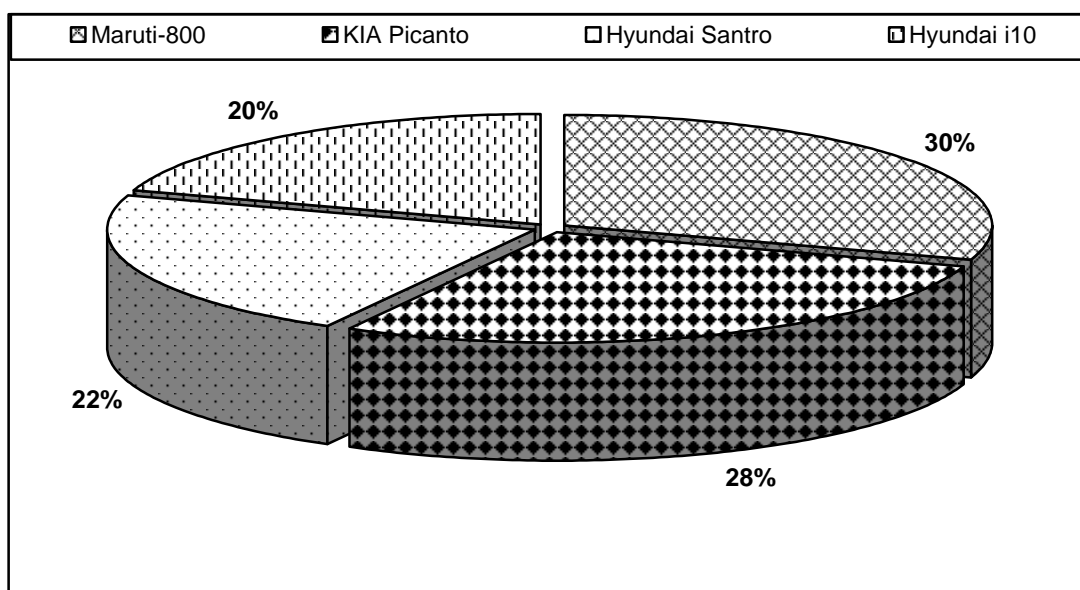
In Nepal, most of the vehicles are the economic classes. Their prices are less and fuel efficiency is more than other car. In average they are 800-1300 CC such as Maruti, KIA Picanto, Hyundai Santro, Hyundai i10 etc.

**Table 4.17**  
**Most Used Car in Nepal**

Option	Respondent	Percent
Maruti-800	30	30
KIA Picanto	28	28
Hyundai Santro	22	22
Hyundai i10	20	20
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Field Survey 2070

**Figure 4.13**  
**Most Used Car in Nepal**



Source: Table No. 4.17

Above table shows most of 30 percent respondents are saying Maruti-800 is most used car in a car. 28 percent think KIA Picanto, 22 percent & 20 percent respondent think Hyundai Santro & Hyundai i10 respectively.

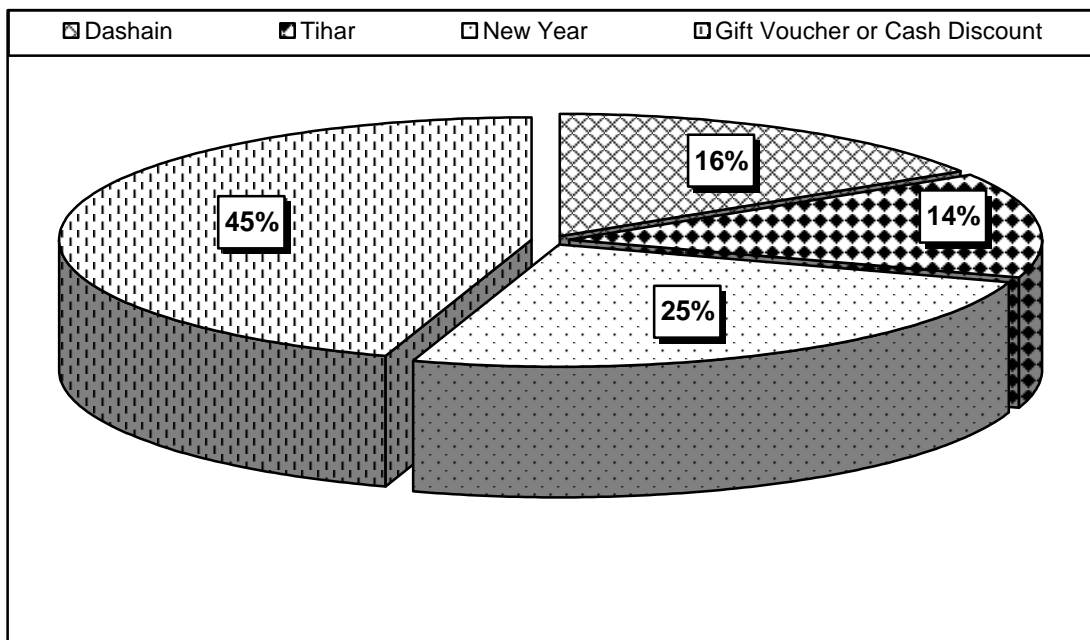
#### 4.4.1.9 Attractive for Promotional Activities

**Table 4.18**  
**Attractive for Promotional Activities**

Option	Respondent	Percent
Dashain	16	16
Tihar	14	14
New Year	25	25
Gift Voucher or Cash Discount	45	45
<b>Total</b>	<b>100</b>	<b>100</b>

Source: Field Survey 2070

**Figure 4.14**  
**Attractive for Promotional Activities**



Source: Table No. 4.18

Above table shows 16 percent customers buy car in special occasion such as greatest festival Dashain, 14 percent Tihar in Nepal, 25 percent buy car

when authorized dealers used to do New Year discount offer and most of 45 percent want to car when gift voucher or cash discount for promotion. At the mean time dealer also used to auto show, vehicles rally on these occasions.

#### **4.5 Major Findings**

We are in 21<sup>st</sup> century, every thing is going on globally so, Nepal is also member of WTO. Nepalese market is following the global market concept. It is not easy to do business in Nepalese market because of booming global economy, the increasing and decreasing power of Dolor, increasing political unrest in the world, rising economic power of China and India in the world.

- i. According to above result, the average sales of Hyundai 707.8 units and KIA are 930.2 each year. The standard deviation of Hyundai and KIA are 189.04 and 236.29. Similarly, the coefficient of variance of Hyundai and KIA are 26.71 percent and 25.40 percent respectively. Since the coefficient of variance of KIA is 25.40 percent that is lower than Hyundai, so Hyundai is more successful than KIA Brand.
- ii. Being these environments Hyundai and KIA are well established brand in Nepal. Generally, Hyundai and KIA are renowned as economic car for the Nepalese people even these brand have world class vehicles such as Hyundai accent, Tucson KIA sportage, KIA Rio. Both brands have euro engine, computerized engines, and air bags for safety.
- iii. Hyundai and KIA brand is known as middle class being it has air bag for safety, comfort in driving.

- iv. According to above result we can say that marketing strategies of KIA car is more effective than the Hyundai car because KIA car was sold more than Hyundai car. The coefficient of variation of KIA is more than Hyundai car. It was happened because KIA cars were sold more than Hyundai it was possible be cause of marketing strategies. If marketing strategy is strong then sell can be raised.
- v. Most of respondent are used Hyundai car which is 43 percent and 28 percent respondent are used KIA car and 29 percent used other various brand car.
- vi. Most of 41 percent respondent are buying car for good performance, 37 percent respondent want to economic fuel efficiency and 22 percent respondent buy car which have more safety feature.
- vii. 45 percent respondent are buying car force by family, 15 percent respondent are buying friends & relatives request and 25 percent respondents are buying car own decision.
- viii. Most of 43 percent respondent are think performance is very essential things for buying car, 22 percent respondent are think appearance is very necessary, 28 percent respondents buying car if finance scheme is available and 7 percent respondents buying car future guarantee
- ix. Above table shows most of 35 percent respondents are saying Maruti is most popular in Nepal. 24 percent, 15 percent & 26 percent are saying Hyundai, KIA & TATA respectively.
- x. About 41 percent respondents are saying performance is most popular features in a car. 19 percent think exterior appearance is most essential factor, 17 percent & 23 percent respondent think

finance scheme and buyback guarantee is important feature respectively.

- xi. In average they are 800-1300 CC such as Maruti, KIA Picacto, Hyundai Santro, Hyundai i10 etc.
- xii. Most of 16 percent customers buy car in special occasion such as greatest festival Dashain, 14 percent Tihar in Nepal, 25 percent buy car when authorized dealers used to do New Year discount offer and most of 45 percent want to car when gift voucher or cash discount for promotion.

## CHAPTER FIVE

### SUMMARY, CONCLUSION AND RECOMMENDATIONS

#### 5.1 Summary

Nepal has been importing number of vehicles in the country. Different brands and different country made vehicles are imported in the country. World standard vehicles like Lamer Zen, Mercedes Benz, King Royals, BMW, Toyota, Coverlets etc has distributed a lot in the development of the transportation system in Nepal.

There were not enough vehicles in the city before 2046 BS. On that time there were limit vehicles for the public and could buy only the rich person. But after 2046 BS huge number of vehicles was imported. In each year, the thousand of vehicles are imported. Vehicles of different brands and quality are being imported in the country. In Nepal, world standard vehicles like Lamer Zen which is one of the most expensive in the world which cost about 7 cores rupees.

The main objective of this research work is to study marketing strategy of Hyundai and KIA cars in Chitwan. It deals with marketing strategy regarding product, price, promotion and place. An attempt has been made to evaluate the sales trend of vehicle in Chitwan. To analysis the marketing strategies apply by KIA and Hyundai cars in Chitwan. To examine the market situation of KIA & Hyundai cars in Chitwan. To analysis consumer attributes towards purchase of Hyundai and KIA cars in Chitwan.

Both primary and secondary data have been used for this study. The sample comprised 100 consumers. A questionnaire consisting 7 questions were administered to the respondents. The data obtained from them were



analysed using average, standard deviation and coefficient of variation with table and charts.

Hyundai and KIA vehicles are doing well in the global market as well as Nepalese market, Hyundai and KIA are in the 5<sup>th</sup> position in the worldwide sales 2011 AD. On 2011 AD, 4.23 millions vehicles are sold by Hyundai and KIA Company. So they ranked as 5<sup>th</sup> position. On 2011, Toyota Company was awarded as world 1<sup>st</sup> vehicles Seller Company.

There is no other voice against the importance of advertisement because it is true that advertisement plays a vital role in the field of marketing of any product and services. An ISO certified company and other successful companies are making expenses of huge amount on the advertising of the product or services. A remarkable portion of marketing budget is devoted to advertising. Advertisement has become a means of very easy and prompt mass communication. Any organization can communicate its mission, object, service and product to its target market. Advertising is one of the most important promotional tools that companies to direct persuasive communications to target buyers and publics.

LAXMI Intercontinental Pvt. Ltd. and Continental Associates Pvt. Ltd. are getting aggressive to push the Hyundai and KIA cars in the market. It is adapting every possible and available promotional tool to sell its product in the market. Those schemes are also working to help the product. It wants to have the challenger attitude not the leader the market. The two companies believe that technologically advanced product and the strong brand appeal are pulling the feet of the customers toward showroom. To capture the greater market share the companies is expanding its sub-dealers and personal sell agent. Not only that they also importing the most wanted vehicles such as Hyundai Santro, i10, KIA

Sportage, Picanto. These cars and micro buses are demanded more than stock.

To capture more its market, both companies are regularly doing social work such as blood donation, sport event and exchanging facility, mobile service etc. They always trying to launch new model and new technology such as I 10 is new model of Hyundai brand and sportage is new brand of KIA.

## **5.2 Conclusion**

In Nepal, all the vehicles are used in for transportation for goods and passengers. Generally, small as heavy vehicles are equally important in Nepal. Heavy vehicles like bus, truck, Tata-mobile, and micro-bus are use for transporting goods and passenger from one place to another place and small vehicles like car, taxi, are used for the same purpose. These vehicles have different brands and made by different companies such Hyundai, KIA, Tata, Mahendra Maruti and so on. These brands have helped a lot in the development of transportation in Nepal.

International standard vehicle like Mercedes Benz, Toyota land cursor, Pajero, Hyundai Accent cars run in the Nepalese roads which have made the life of Nepalese people safe and comfortable. Hyundai and KIA both are the middle class vehicles and they are from the same country Korea. Hyundai and KIA also have standard car but in Nepal, middle class type such as Hyundai Santro, i10 and KIA Picanto, Prologue were sold more than high standard car like Hyundai Accent, Tucson, KIA Sportage, Rio.

In Nepal buying car is very expensive because they are imported from the second and third country. Tax on vehicles is very high which is 100 percent on its cost. Importing of such costly vehicles has improved the living standard and social prestige but the huge amount is going out from

the country Nepal. Since such vehicles are not manufactured in the country Nepal. Nepal also manufactures “HULAS” brand vehicles. It was cheap than other imported branded vehicles. It seemed very strong and was used in carrying goods. But it was failed to capture its market being cheap and strong. In the context of Nepalese market, Hyundai and KIA are the successful brand even they have taught competition. These brands are successful due to its world class standard, efficient and prompt after sales services provided by importers.

Each year thousand of vehicles are imported in the country. Import of so many vehicles has made the road slow in the city. Vehicles are increasing day by day but the roads for those newly imported vehicles have not been constructed. So traffic has become slow in the pick hour 9am-11am and 4pm- 6pm. Too many traffic in the city has been making the pollution in the city. Sound and air pollution are the major problem in the city. Thus the government should take the necessary action and should check vehicles green sticker time to time.

### **5.3 Recommendations**

Nepalese market is basically seller-oriented and the bargaining power of the people is weak. There fore is lack of the product and market specialization in the country. Here are some recommendation for LIPL and Continental Associates Pvt. Ltd. which would help them for the better sales and better marketing performances.

- i. KIA should bring aggressive marketing scheme to increase the sales volume. Its competitors have not stepped aggressively in the market. So, can take chance and can increase the sales by providing various facilities and reducing the price as well.

- ii. LAXMI Intercontinental should try to go along with KIA first then after try to defeat to its competitor Maruti. It should recruit skillful sales person and honest staffs.
- iii. The advertisement informing about the important feature and benefits of the vehicles should come out regularly such air bag, alloy wheels, euro engine etc.
- iv. The promotional scheme should be brought according to the change need and desire of customer. Such as car decoration, DVD, scratch card, gold coin, Tour package etc.

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## **APPENDIX-I**

### **Questionnaire**

#### **Dear Respondents,**

I would like to seek you kindness by shoring a few movement of your precious time for filling up this questionnaire which could contribute significantly to my research study or MBS.

Name : Sex :  
Address : Age :  
Occupation :

#### **Q.No.1 Which car do you have?**

- a) Hyundai
- b) KIA
- c) Other

#### **Q.No.2 What features influenced your car buying decisions?**

- a) Performance
- b) Fuel efficiency
- c) Safety Feature
- d) Other

#### **Q.N. 3 Who Influenced Car Buying Decision?**

- a) Family
- b) Friends
- c) Relatives
- d) Own

#### **Q.N. 4 Which Features is most popular for Car Buying?**

- a) Performance
- b) Exterior Appearance
- c) Finance Scheme
- d) Buyback Guarantee

#### **Q.N. 5 Which Brand is Popular in the Context of Nepal?**

- a) Maruti
- b) Hyundai
- c) KIA
- d) Tata

**Q.N. 6 Which cars are most used in Nepal?**

- a) Maruti-800
- b) KIA Picanto
- c) Hyundai Santro
- d) Hyundai i10

**Q.N.7 Are promotional activities during occasion attractive for buying car?**

- a) Dashain
- b) Tihar
- c) New Year
- d) Gift Voucher or Cash Discount

**Finally, I would like to thank you once again for co-operation.**