

CHAPTER: ONE

INTRODUCTION

1.1 Background of the Study

Nepal lies in the northern hemisphere of the earth and it is a Himalayan Country of south Asia extending at the range of 26°22' to 30°27' east and 80°4' to 88°12' north. It is a landlocked country surrounded by Indian Territory in three sides i.e. east, west and south and Chinese territory in the north, more vividly Tibetan Plateau. It has the area of 1, 47,181 sq.km. The length and the breadth roughly extend to be 885km and 193 km in average. And altitude ranges from little over 100ft to over 29,000ft above the sea level. Numerous hills rise in between the swift flowing rivers making many parts of the country inaccessible even in the times of fair weather.

Physically, Nepal has been divided into three different kinds of physical features, namely High Himalayan region towering higher from east to west, similarly a middle portion of Hilly region runs from east to west covering the highest portion of the landmass of 68% of whole nation where as down to the southern part bordering with Indian territory runs the Terai region covering about 17% of the total land mass of the whole nation. It has got the highest peak of the world i.e. Mount Everest (8,848m) and it's a land locked country and the distance of the nearest sea is 500km.

The first civilizations in Nepal, which flourished around the 6th century B.C., were confined to the fertile Kathmandu Valley where the present-day capital of the same name is located. It was in this region that Prince Siddhartha Gautama was born c. 563 B.C. Gautama achieved enlightenment as Buddha and spawned Buddhist belief.

Nepali rulers' early patronage of Buddhism largely gave way to Hinduism, reflecting the increased influence of India, around the 12th century. Though the successive dynasties of the Gopalas, the Kirantis, and the Licchavis expanded their rule, it was not until the reign of

the Malla kings from 1200–1769 that Nepal assumed the approximate dimensions of the modern state.

The kingdom of Nepal was unified in 1768 by King Prithvi Narayan Shah, who had fled India following the Moghul conquests of the subcontinent. Under Shah and his successors Nepal's borders expanded as far west as Kashmir and as far east as Sikkim (now part of India). A commercial treaty was signed with Britain in 1792 and again in 1816 after more than a year of hostilities with the British East India Company.

In 1923, Britain recognized the absolute independence of Nepal. Between 1846 and 1951, the country was ruled by the Rana family, which always held the office of prime minister. In 1951, however, the king took over all power and proclaimed a constitutional monarchy. Mahendra Bir Bikram Shah became king in 1955. After Mahendra died of a heart attack in 1972, Prince Birendra, at 26, succeeded to the throne.

In 1990, a pro-democracy movement forced King Birendra to lift the ban on political parties. The first free election in three decades provided a victory for the liberal Nepali Congress Party in 1991, although the Communists made a strong showing. A small but growing Maoist guerrilla movement, seeking to overthrow the constitutional monarchy and install a Communist government, began operating in the countryside in 1996.

King Gyanendra dismissed the government in October 2002, calling it corrupt and ineffective. He declared a state of emergency in November and ordered the army to crack down on the Maoist guerrillas. The rebels intensified their campaign, and the government responded with equal intensity, killing hundreds of Maoists, the largest toll since the insurgency began in 1996. In Aug. 2003, the Maoist rebels withdrew from peace talks with the government and ended a cease-fire that had been signed in Jan. 2003. The following August, the rebels blockaded Kathmandu for a week, cutting off shipments of food and fuel to the capital.

King Gyanendra dismissed the entire government in Feb. 2005 and assumed direct power. Many of the country's politicians were placed under house arrest, and severe restrictions on civil liberties were instituted. In Sept. 2005, the Maoist rebels declared a unilateral cease-fire, which ended in Jan. 2006. In April, massive pro-democracy protests organized by seven opposition parties and supported by the Maoists took place. They rejected King Gyanendra's offer to hand over executive power to a prime minister, saying he failed to address their main demands: the restoration of parliament and a referendum to redraft the constitution. Days later, as pressure mounted and the protests intensified, King Gyanendra agreed to reinstate parliament. The new parliament quickly moved to diminish the king's powers and selected Girija Prasad Koirala as prime minister. In May, it voted unanimously to declare Nepal a secular nation and strip the king of his authority over the military.

The Maoist rebels and the government signed a landmark peace agreement in November 2006, ending the guerrilla's 10-year insurgency that claimed the lives of some 12,000 people or more. In March 2007, the Maoists achieved another milestone when they joined the interim government. Just months later, in September 2007, however, the Maoists quit the interim government, claiming that not enough progress had been made in abolishing the monarchy and towards forming a republic nation.

Nepal contains a wide diversity in the religion, ethnicity, belief, cultures among the people here but still there was a smooth harmony, love, respect for each other which at this stage seems to have been deteriorated due to unstable political scenario but we still are looking forward to installation of the same condition as it prevailed before.

In the mid-twentieth century, Nepal remained gripped in a feudalistic socioeconomic structure despite the influence of Western popular culture, growing commercialization, and some penetration of capitalism. The first challenge to this feudalistic power structure came in 1950-51, when the Rana autocracy was overthrown by the popular democratic movement that restored the authority of the monarchy.

There was no popularly elected government until 1959. During his reign, King Mahendra Bir Bikram Shah Dev frequently changed the government, pitting one ruling clan against another in a manner that was a clear reminiscent of Shah Politics prior to the rise of Rana rule. He also reconstituted the system of palace patronage, replacing the system of Rana patronage. In December 1960, King Mahendra launched a palace coup against the popularly elected government of Prime Minister Bishweshwar Prasad (B.P.) Koirala and reestablished his absolute monarchical rule under the banner of the partyless *panchayat* system. Until early 1990, the *Panchayat* system, strictly controlled by the palace, remained firmly in place. The transition to a new social order was stymied; society remained entrenched in a feudalistic structure.

In terms of differences in wealth and access to political power, Nepalese society could be divided into small ruling elite; a growing, intermediate-sized group of government officials, large landholders, and merchants; and the vast majority of the population, consisting of a peasant base. In a way, all three classes were a long continuum in Nepal's social structure because most members of the ruling elite and government functionaries had their direct roots in the rural landed class, which was one stratum of the farming population.

The smallest and least diverse of the three categories was the ruling elite, largely composed of high-caste, and educated Pahadis, namely different strata of Brahmans and Chhetris. At the zenith of this class was the monarch, whose authority was derived from the orthodox Hindu contention that the king was the reincarnation of Vishnu, whose assigned role in the Hindu trinity is protection. The participation of the deprived group, marginalized ethnicities and the women in the visible context in the nation is still imbalanced.

So we are witnessing the adversities of those ill-fated social practices where everyone is trying to get recognition in a violent way about their entity, rights, respect, equity etc. Education in its widest sense can be thought of as any part of the learning process, which equips an individual to take his or her place in the society.

Nepal's school education system comprises five years of Primary Education, three years of Lower Secondary Education, two years of Secondary Education and two years of Higher Secondary Education. Higher Education comprises three years of Bachelor Degree and two years of Master's Degrees but in Technical Education such as Medicine, Engineering, Agriculture, Forestry, Business Administration, and Information Management, the Bachelor's Degree is for four to five years.

In addition to it, there are other members of Vocational and Technical Education Institutions run by the state and private sectors like Council for Technical Education and Vocational Training (CTEVT), similarly different ministries of the government are also operating training programs that focus on producing skilled manpower with specific technical skills. So, in this account, we can say that Nepal has recorded very satisfactory achievements in all the departments of education over years. Despite these achievements in school education, the distribution of secondary school still shows a distinct urban bias. Quality of education suffers in public schools of rural areas mainly due to lack of physical facilities, teaching aids and trained teachers.

More than 85% people are still in rural areas and most of them are not getting minimum level of physical facilities that are necessary for human being due to underdevelopment, poverty and centralization of the physical facilities. Still around 40% of the people are living below the poverty line so this indicates the government's policy has not been concentrated to uplifting the ill fate of these people in those areas.

Nepal follows a mixed economy system under which both the public and private sector exist or in other word, both the public and private sectors are equally active in economic activities, since 1980s, however, more reliance has been placed on the private sector. This is more so after the restoration of democracy in 1990.

The entire nation is largely based on agricultural sector and the backbone of the Nepalese economy. The major food crops are Paddy, Maize, Wheat, Millet and the major cash crops are Sugarcane, Oil-Seeds, Tobacco, Tea, Potato, and Cardamom etc. The total cultivated

area is about 18% of the total area and the irrigated area is about 16% of total cultivated area which shows still most part of the cultivated land does not have proper way of irrigation. It is the major source of livelihood for a majority of the country's population. About 80% of Nepal's population is tied up with agriculture. Its contribution to the GDP is 40.1 percent. Nepal's agricultural sector has remained stagnant over the past few decades. In spite of huge investment in this sector in the past, the growth rate in agricultural productivity has been negligible it grew at an average annual rate of only 0.4 percent over the period of 1975 to 1999.

Most strikingly, Nepal, over the last three decades, has gradually shifted from a position of being a net exporter to a net importer of food grains. The productivity of paddy and maize (the major food crops) has gone down slowly than the population growth rate. Only wheat productivity shows slightly higher growth rate. Thus, agriculture in Nepal has been showing many negative trends, which are also known as indicators of un-sustainability.

India and the Tibet are the traditional partners of Nepal from time immemorial before 1950, Nepal's foreign trade was confined only to India. Smaller business transactions had been in vogue between trading houses of Nepal and Tibet. Barter trade still exists among inhabitants and traders along high Himalayan frontiers.

Trade with overseas countries commenced after the planned approach to development started in the country in 1956. Today, Nepal has trade relations with many countries of the world. Nepal's foreign trade is increasing rapidly and the figures show that Nepal imports more than it exports which has led to the problem of negative balance of trade.

Nepal has been a tourist's paradise for many years. A country of amazing attractions, both natural and man-made, it offers a memorable experience for every visitor. Nepal is the home to the world's highest mountains, including Sagarmatha (Mt. Everest 8848m).

Enchantment is everywhere, be it on the shoulders of high mountains, or terraced farmlands meticulously carved like stairways on the hill sides, or cascading mountain rivulets and

rushing rivers, or in forests full of wildlife, flowers and bird song. In Nepal, there is something for everybody: tourist, trekker, river rafter, wildlife enthusiast, poet, artist, writer, and scholar

And the major exports of Nepal like woolen goods, carpets, cotton garments have been also severely hit due to the entry of Nepal in WTO where it has to face a fierce competition among the same product in globally. In which the major importing countries of these goods have also scrapped the quota system which is to be the preferential system of business in which these products never had to compete with the similar products of the different countries but the entry of Nepal in WTO was made this preferential facilities jeopardized.

Due to globalization of the business, the whole world has been a small place. A company can easily get access to the market of the other parts of the world and can achieve its goal. The companies are facing various challenges to market their products over the years. Thrust has been shifted from efficient production to the swift marketing, marketing department in return, had developed different techniques to market the products. In this modern marketing era, every marketer should understand the consumer's satisfaction.

Companies are adopting many marketing policies and strategies to increase the sales. So, a goods or service produced efficiently alone cannot sell in its own just due to the piling of the similar products in the same market which has resulted a mounting pressure for the forms of today. So one of the component of the marketing mix i.e. promotion has a significant role to enhance the sales level by catching the attention of the target group of the consumer and advertising has been the most well equipped form of promotion for these companies.

'The term advertising is derived from the original Latin word *adverte* which means to turn the attention'. Every piece of advertising turns the attention of the readers, listeners or the viewers toward a product, or a service or an idea. Therefore, it can be said that anything that turns, the attention about a service, or an idea might well be called advertising.

Advertising is a part of a sound marketing plan. A well-planned advertising program is continuous and has a cumulative effect. Advertising campaign is the creation and execution of a series of advertisements to communicate with a particular target audience and in this regard understanding specific problems of a consumer is often the key to developing an appropriate advertising campaign.

In whatever form of advertisements are seen today, definitely had some different look, features, ways etc in the past. Tracing back the root, the history of advertising has been divided into four stages. The first stage is the 'Age of Print'. Ads were primarily classified in format and print media carried them. The culmination of this age was the development of the newspaper.

The second stage we label 'The Industrial Revolution and Emergence of Consumer Society', a period where advertising grew in importance and size because of numerous social and technological developments. The purpose of the advertising was to devise an effective, efficient communication system that could sell products to a widely dispersed market place. National media developed as the country's transportation system grew.

Modern Advertising: Agencies, science and creativity is the third stage in the evolution of advertising. The advertising industry grew to a remarkable \$500 million on media billing and as a result, attracted the development of organizations specializing in advertising (agencies, established research technique) and moved into an era of more creativity.

Starting in the early 1970s, the 'Accountability Era' began. Clients wanted ads that produced sales and implemented technology, so they hired experts that could produce such results. In the early 1990s, the advertising industry recognized that its fate was linked to the global business environment.

The roots of formal advertising in Nepal can be traced back to a print advertisement that appeared on the back cover of a book called *Moksha Siddhi* in A.D.1862, and was taken out by *Manoranjan* Press, Thahiti, to promote their various publications. The next instance of a

Nepali print advertisement can be traced back to A.D. 1888, when Gorkha Bharat Jeevan brought out advertisements on the cover of Gorkha Hasya Manjari, published by the Gorkha Bharat Press, Benaras, India. It can be safely said that the milestones and spurts of progress in the advertising sector have coincided with developments in mass media. The start of Gorkhapatra in A.D. 1901 is not only a land mark in the field of Nepali media but also the beginnings of advertising in Nepal.

Nepal explored another medium of mass communication through the introduction of radio broadcasting in A.D. 1945. Instituted by then prime minister Padma Shumsher and run by Kashi Raj Pandey from a powerhouse of Nepal Electricity Corporation in Tundikhel, the service was short lived, and was discontinued due to protest from other Ranas. Regular radio broadcasting commenced on 30th January 1951 when Nepal radio (now radio Nepal) was established. Initially, it did not offer advertising services, and due to the lack of reliable records, the presence of advertising content in the later years cannot be ascertained. The real impetus for radio advertising however came when private FM stations came in operation in A.D. 1990.

With the advent of Nepal Television on 29th December, 1985, a new era of communications dawned in the Nepali media. But unlike print and radio, the ushering of TV did not bring about any dramatic changes or growth in the advertising sector. The start of private television channels have added to the choice and varied viewer-ship, but the medium is yet little charted domain for advertising possibilities.

The current age is one of convergence, and no medium is complete by itself, unless complemented by other media and technologies. The sector has moved ahead by leaps and bounds, but there is much yet to be exploited to reach potential. New research shows that using print and television in tandem adds considerable power to a campaign. For example, in recall of advertising, the print plus TV multiplier effect lifted spontaneous recall by plus 127%. Significantly higher than the recall among those exposed to print campaigns only plus 76% or those exposed to TV campaign only 90%.

The advertising Association of Nepal started the Crity Awards to acknowledge are creativity in advertising. A first of its kind, the Crity Awards recognizes the talent of advertising professionals while acknowledging the contribution of advertising agencies to the sector, Nepali business and industries, and to the economy. The Crity Awards has been held four times with much acclaim and appreciation from the advertising and business fraternities and also with criticism and controversies that accompany awards of any kind.

Though the experience of advertising in Nepal is quite short as compared to other developed countries around the globe, but even in this short span of time, it has had a remarkable growth. The reason behind such a vertical growth is that the firms understood the importance of the advertising. Similarly, there has been a fierce completion in the product line too, so advertising has given a best alternative for these business firms position their products in upper hand strategically in the market place.

In Nepal, to give an institutional form, Advertising Agencies Association of Nepal (AAAN) was established in 1990 with a view to protect and promote the rights and welfare of the advertising agencies in Nepal. Though our nation is facing an economic recession, political instability and different kinds of chaos but still the advertising sector is going sound despite many obstacles. With the rise in globalization, liberalization and media growth, this sector is in increasing phase. And every business firm cannot afford to have their own in house advertising agencies, so business of advertising agencies is rising up.

So, this is a clear indication that this business seems quite prospective and growing in the context of our country also but still it has been considered a business of minor importance and probably this would have been the reason why laws have not been formulate to regulate this industry. Currently, unethical competition and lack of comprehensive and integrated advertising policies are hampering the advertising sector.

So, there has been a demand laid several times by these Apex Bodies of Advertising like AAAN, Advertising Association of Nepal (AAN) to the government to bring about a national policy on advertising.

So this has been witnessed that it has been taking a promising shape over the time period from the time of 'Age of Print' till the date, so we can say that it is also a dynamic process. Which keeps on changing, therefore, the advertisers have to launch an advertising program or a campaign keeping these facts intact because a very much certain thing that never changes is the 'change' in anything as the time passes .

In 2001, space Time daily reported, Annual consumptions of noodles in Nepal have crossed Rs. 1.25 billion from a meager investment of Rs. 5000 nearly three decades back which clearly indicates that the growth of instant business is soaring higher over day.

Now a day we can see that Chaudhary Group, Himalayan Snacks and Noodles Private Ltd, Asian Thai Foods, Gandaki Noodles etc. have been serving from their sides to their customers in ascending volume of sales. "It was estimated that annual consumption of noodles in Nepal has crossed one lakh forty crore cartoons (one cartoon consists of 30 packets of readymade noodles)" (Shrestha 2005). This clearly indicates that the prospect for the growth of the instant noodles business is improving day by day.

1.2 Statement of the Problem

Advertising has been one of the important parts of our life. Everyday people are exposed to different advertising through different media. The world of modern business is complicated, complex and very elaborate. Competition is highly increasing in every sector. So, in this context, organizations have been confronting a very tough situation to sell their products in the market without hurdles.

In the recent years there has been a down pour of advertisements of similar products thus these firms are finding it quite inaccessible and costly to reach and influence target customer's group.

At the same time, consumers are quite diverse, so are their attitude and the behaviors than ever before so it is quite a challenging job to know why these customers respond to certain advertisements and not to other.

And the advertising campaign of a firm is determined by two sets of constraints, one posed by the internal situation of the firm and this includes the capacity to invest in advertisement, mission and goal of the establishment of the firm. The second one is the external environment of advertising such as competition, availability and the reach of the media vehicles etc.

Here, the focus of the study is to look after the effects on sales by advertisement. So, the prime concern of this study would be to find out the effectiveness of the advertisement in terms of the message understood by the customers and its effects on their buying behavior, the investment's productivity in advertisements due to the sales generated there on and to reach a conclusion regarding the accomplishment of the advertising campaign comparing it to its mission and the objectives. So this research would like to find the solution of the following problems:

- What is the existing advertising practice in Nepal?
- What is the relationship of advertising with sales?
- Is the expense in advertising in Nepal effective?
- Does Nepalese Consumer take advertising in a positive way in recent days?

1.3 Objectives of the Study

The basic objective of this study is to analyze the effects of advertising in sales comparatively in between Wai-Wai and Mayos Instant noodles. Similarly this study tries to fulfill these following objectives:

- To analyze the existing practices of advertising in Nepal
- To examine relationship of advertising with sales.
- To access the effectiveness of Advertising.
- To point out the perception of consumer about advertising.

1.4 Significance of the Study

Diminishing profit brackets and increasing competition has resulted the management to take a sincere care and planning about its expenditure including advertising expenses to secure at least a minimum acceptable level of return to operate the business, where the effects and the effectiveness of advertising on sales is an important issue. This study will be significant in finding the effects of the advertising in the communication part and in the sales part primarily through the structured questionnaire and from the responses of the different kinds of respondents.

At the same time, it helps to find out a measurement of advertising against the return generated from the sales due to that particular advertising campaign and to find suggestive ideas for these business houses regarding the impact of their advertisements on sales.

Finally, it is also aimed at exploring the feasibility and the suitability of the advertising about the products and providing necessary recommendations to the related departments of the company.

1.5 Limitation of the Study

The field of survey is confined to the Kathmandu valley so it may not be reflecting the exact case of whole Nepalese population. This study is first limited to only two instant noodles (Mayos and Wai-Wai). Both primary and the secondary data would be used but basically secondary data would be used. This study tries to link the effect of advertising on sales where it ignores other factors like price, place, quality, packaging, product features that influence sales due to the limited time and resource constraints so this study will neither be comprehensive nor extensive.

The accuracy of this study would depend on the actual secondary data available from the management of the company and the respondents. And this study would only be concerned

in fulfilling the requirement in MBS. Besides than aforementioned limitations, following are the few more constraints for conducting this research:

-) It has to be completed within the stipulated time frame so it may not be that apprehensive.
-) Although Research Population is the whole population of Nepal but the sample for the research may not reveal the exactness of the whole population.
-) Consultation with the Stakeholders of these related two firms i.e. Chaudhary Group and Himalayan Snacks and Noodles Pvt. Ltd. may not be free from the biasness.
-) It has been done single-handedly, so the effort of a certain number of manpower may not be reflected.
-) Last but not the least financial resource has been one of the major constraints to conduct this research that has significantly affected to carry on this research in huge extent.

1.6 Organization of the Study

The **First** chapter deals about the Introduction that focuses on the background of the study, Instant Noodles Business in Nepal, Statement of the Problem, Objectives of the study, and Significance of the study, Limitation of the Study and the organization of the Study. The **Second** chapter is for Literature Review. This chapter includes the overview of previous related theses and theoretical concept of advertising. The **Third** chapter deals about Research Methodology. This chapter includes the introduction of Research Methodology, Research Design, Nature and Source of data, Population and Sampling, Data Collection Procedure, Data Processing and Tabulation and Method of Analysis. The **Fourth** chapter is vital part of this study. This chapter deals about the Presentation, Interpretation and Analysis of data. This chapter also presents Major Findings of this study. And in the **Fifth and Final** chapter the Summary, Conclusion and Recommendations will be presented.

CHAPTER: TWO

REVIEW OF LITERATURE

This chapter provides, mainly, information regarding advertisement and its impact on sales. Moreover, the earlier studies related to research problem through different source, have been reviewed and it is a way to discover what other research in the area of the problem has uncovered so, the earlier studies related to the topic have been reviewed to develop a thorough understanding and insight so that it has been a point of departure for this study. For this purpose, various books, journals, past theses are reviewed. This study has reviewed the available national and international literatures.

2.1 Conceptual Frame work

Management usually divides the various functions of their business into three broad areas; production, finance, and marketing. Among these areas, marketing is one of the most important and critical area. It is about connecting with people. Whether we classify people as consumer, or 'a target group', or 'a segment', marketing is about understanding their needs, beliefs, behaviors, and aspiration. It's about the matching company's capabilities with customer's want. Thus, marketing refers to all business activities aimed at (i) finding out who customers are and what they want (ii) developing products to satisfy those customers' need and desires and (iii) getting those products on to the customer's hands. In its simplest terms, 'marketing is the process that companies use to satisfy their customer's needs and make a profit'.

According to American Marketing Association (AMA), "Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas; goods and services to create exchange that satisfy individual and organizational objectives". This definition has been widely accepted by academics and practitioners. In the above definition, there are many activities mentioned like pricing, promotion, and distribution. Among these, promotion is one of the important activities which give a way to communicate with the

firm's audiences to achieve certain goals. Promotion has been defined as 'the coordination of all seller- initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea.

Advertising is defined as a paid non-personal communication from an identified sponsor using mass media to persuade or influence an audience. So, the standard definition of advertising has six elements. First, advertising is a paid form of communication. Second, not only is the message paid for, but the sponsor is identified. Third most advertising tries to persuade or influence the consumer to do something, although in some cases the point of the message is simply to make consumers aware of the product or company. Fourth, the message is conveyed through many different kinds of mass media, and Fifth, advertising reaches a large audience of potential customers. Finally, because advertising is a form of mass communication, it is also non-personal.

Many companies widely practice advertising. It is undoubtedly the most visible component of the promotion plan, but we should remember that advertising is just one type of promotion available to the firm.

In other words it refers to the marketing related communication between the seller and the buyer. In the words of Pickton and Broderick, promotion is usually replaced by the term marketing communication that also describes one of the key areas of marketing.

So, in short marketing communication is the conversation between a brand and it's audience. So, this is a way in which a firm attempts to inform, persuade, incite, and remind consumers directly or indirectly about the brands they sell.

The components of a promotional mix are explained below though the focus of this study is being given for the advertising and it's impact on the sales. Moving on in order, first of all advertising has been explained in the following way.

2.1.1 Concept and Meaning of Advertising

Advertising is a paid communication of company message through personal media. It is one of the four major tools to target buyers and publics. It consists of non-personal forms of communication conducted through paid media under clear sponsorship.

According to Oxford Advanced Learner's Dictionary' advertisement is a notice, picture or film about a product, job or service so this clearly depicts that this is an act of letting the target group know, hear or come across with the intentions behind the purpose of the advertising. Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor. Advertising is paid non-personal communication from an identified sponsor using mass media to persuade or influence an audience.

So, this is a paid attempt by an identified or known firms or organizations to draw the attention and to influence their behaviors through different kinds of media or access. We have a prevailing saying (proverb) that BOLNEKO PITHO BIKCHHA, NA BOLNEKO CHAMAL BIKDAINA, this clearly indicates that each and every firm has to notify about the products or services to the target group with a persuasive character which will, eventually, draw the attention of that group towards that product or services and to develop an interest about that product or services, so that it definitely, affects their buying behavior and that leads to a desired level of sales.

People generally buy a product only after knowing about the attributes of that particular product. So, advertising plays a vital role in marketing, especially, in purchasing and providing information to a large number of scattered masses of probable buyers in different regions of the country.

Advertising objectives can be classified according to their aim as it is to inform at the pioneering stage of product, similarly it is even done to persuade the buyers at the competitive stage of the product by informing more about the comparative advantages of the

product over other similar product, and finally it is also done to remind and it is used at the maturity stage of the product or if the product is a market leader. Due to the rapid urbanization growth, there has been a significant change in the society, customer, economic status, awareness level and this has also cast a change in eating habits of Nepalese people. We have been witnessing a declining trend of consumption of rice or other cereal foods and that has opened a huge space for the growth of the instant noodles market due to being easy and fast to be consumed. The ease of cooking and availability of various flavors in instant noodles have further garnered the acceptance process.

2.1.2 Sales Promotion

Sales promotion is a collection of selling activities like the use of contests, coupons, sample distribution, premiums, and price offs, sponsorship of special events, in store demonstrations, international trade fairs and exhibitions etc. So, all these activities are short term efforts directed to the consumer or retailer to achieve specific objectives such as:

- Consumer Product Trial and/ or Immediate Purchase
- Consumer Introduction to the Store
- Gaining Retail Point-of -Purchase Displays
- Supporting Advertising and Personal Sales

2.1.3 Public Relation

The basic philosophy of public relation is that if the image of the company is poor in society, no other marketing efforts including quality product and service can satisfy the customers. In order to gain a good image in society, a company must establish a good relation with public. Public are several groups of society, including customers, stockholders, staffs, dealers, the press, the financial community and the general community.

The main objective of public relation is to secure mutual understanding with the publics and obtain goodwill from them. Besides than this it could be awareness building, credibility building, stimulating sales force and dealer, and to hold down promotion cost etc.

2.1.4 Personal Selling

Personal selling is sometimes called the ‘last 3 feet’ of the marketing function, because 3 feet is the approximate distance between the sales person and the customer on the retail sales floor as well as the distance across the desk from the sales representative to a prospective business customer. A bond or partnership between a sales representative and his or her clients can be one of the most valuable assets a company holds in the market place.

Personal selling is the most effective tool at later stage of the buying process, particularly in building up buyer preference; conviction, and action. Personal selling has three distinctive qualities:

- **Personal Confrontation**

Personal selling involves an immediate and interactive relationship between two or more persons. Each party is able to observe the other’s reactions at close hand.

- **Cultivation**

Personal selling permits all kinds of relationships to spring up, ranging from a matter-of-fact selling relationship to a deep personal friendship where sales representatives will normally have customer’s best interests at heart.

- **Response**

Personal selling makes the buyer feel under some obligation for having listened to the sales talk.

2.1.5 Direct Marketing

Direct marketing is vending products to customers without the use of other channel members. Direct marketing is rapidly changing field and it's definition is evolving. However, it does have five basic characteristics:

- It is interactive, meaning the marketer and customer share information in real time
- It provides a mechanism for a customer to respond
- It can occur anywhere
- It provides a measurable response from the customer and
- It requires a data base of consumer information.

Direct marketing is the fastest-growing-element in the marketing mix because it provides consumers with three things they want most: convenience, efficiency and compression of decision-making time.

2.1.6 Internet Marketing

The internet is an ideal medium for direct marketing. Consumer and businesses now order directly from numerous companies through the internet. One of the major advantage of e-commerce over the brick and mortar of a retail store is the ability to reach consumers everywhere, even in other countries. Similarly, it is encouraging for customers to switch to it due to the convenience instead of making a trip to retail store; a consumer can place the order while remaining at home, which is a major reason why ATM became so popular.

So, in short, it is time saving way of business transactions as well as cost saving way but still security issues like, the fears about a credit card number being stolen; fraudulent and the traditional purchasing habits i.e. consumers still feeling comfortable when they buy merchandise at retail stores etc, are the barriers for a vertical and fast growth of internet marketing. And for the people of Nepal it is not suitable one for every consumer due to less developed technological aspects of our nation.

2.1.7 Point-of-Sales/Packaging

Point-of-sales (POS) and packaging attempt to drive sales at the place where the product is sold. The message-delivery capabilities of the package come into play here. POS materials include signs, posters, displays, and other materials designed to influence buying decisions at the point-of-purchase. Depending up on the product category, 30 to 70 percent of our purchases are unplanned. The POS marketing materials take advantage of this fact, along with fulfilling other basic communication objectives such as product identification, product information, and product comparisons.

2.2 Role of Advertising

A product or a service, or an idea manufactured or generated are even at its best, cannot be sold on its own and advertising plays a pivotal role to make those products, services or ideas known to the target group. This lets people have all the information regarding the attributes of these products.

So, it plays an important role to generate awareness about the products, services, it helps to educate people to have the knowledge about the product and the services. It plays a significant role to uplift sales volume and helps to generate more profit there on as well. Advertising is an aim at the promotion of ideas, goods or services by an identified sponsor or the firm and thus, there will be some certain purpose to do so by that very firm or organization. And the belief in doing so is to create an impact of the intention of the sponsor through advertising among the target groups. And the intentions vary from one firm to another like awareness generation, educating people, or to generate more sales through advertising so without any specific objectives no firms go for advertising and if the advertising campaign is successful then it imparts a favorable impact in the target groups and it retards the level of positive impact generation if it isn't a successful campaign.

Advertising helps target group buy and remember the specific products and services and even it helps to bring a change in the attitude, and buying behavior of the consumers. It is a

basic tool of marketing for stimulating demand and influencing the level and character of demand. Besides than these functions, some other specific roles are performed by an advertising which are as follows:

2.2.1 The Marketing Role

It is all about developing connectivity with people. So, marketing is the process a business uses to satisfy customer's needs and wants through goods and services by understanding their needs, values, beliefs, behaviors' and aspiration. The particular consumers at whom the company directs its marketing effort constitute the target market. The tools available to marketing include product, its price, and means used to deliver the product or the place. Marketing also includes a method for communicating this information to the consumer called marketing communication. Marketing communication consists of several related communication techniques, including advertising, sales promotion, public relations, and personal selling. The role of advertising, within marketing, is to carry persuasive messages to actual and potential customers. One advertising campaign that has been very effective is the 'It's what's for dinner' campaign, started over 20 years ago when the America's Beef producer's trade association decided that the decline in beef consumption, due to consumer's concern for personal health, had to be reversed. Starting with TV commercial, featuring the voice of actor Robert Mitchum, America learnt that beef went along mom and apple pie. Since that initial ad, beef consumption has stabilized and increased twelve percent.

2.2.2 The Communication Role

Advertising is a form of mass communication. It transmits different types of market information to match buyers and sellers in the market place. Advertising both informs and transforms the product by creating an image that goes beyond straight forward facts.

2.2.3 The Economic Role

There are two points of view about how advertising affects an economy. In the first, advertising is so persuasive that it decreases the likelihood that a consumer will switch to an alternative product, regardless of the price charged. By featuring other positive attributes, and avoiding price, the consumer makes a decision on these various non price benefits. The second approach views advertising as a vehicle for helping consumers assess value, through price as well as other elements such as quality, location, and reputation. Rather than diminishing importance of price as a basis for comparison, advocates of this school view the role of advertising as a means to objectively provide price value information, thereby creating a more rational economy.

2.2.4 The Societal Role

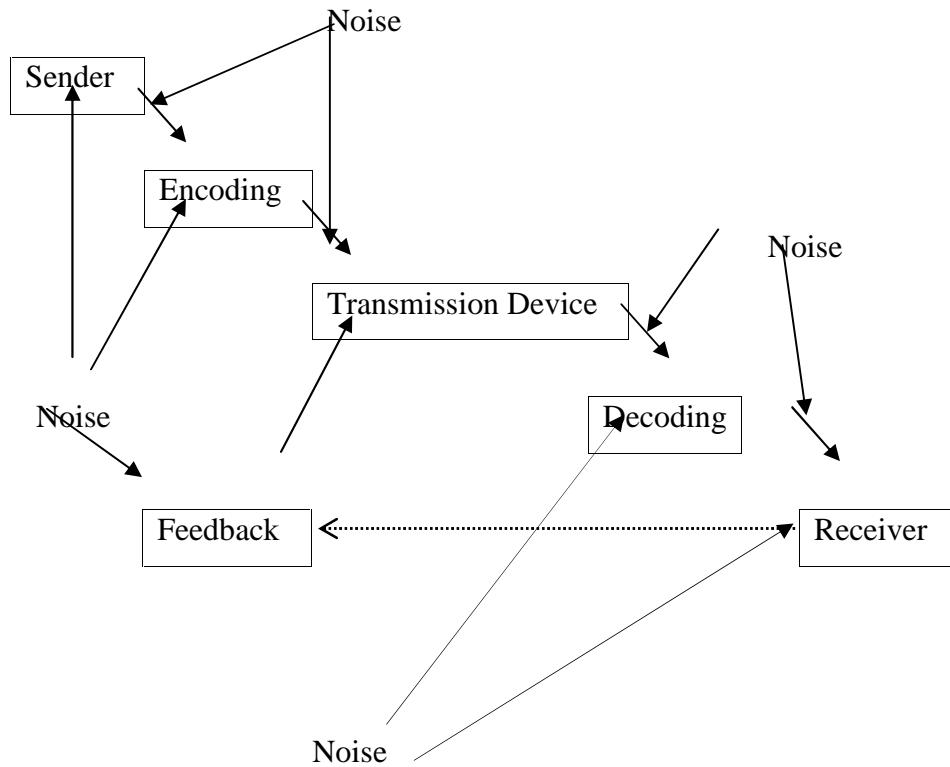
Advertising also has several social roles. It informs us about new and improved products and helps us compare products and features and make informed consumer decisions. It mirrors fashion and design trends and adds to our aesthetic sense. Advertising tends to flourish in societies that enjoy some level of economic abundance, in which supply exceeds demand. In these societies, advertising moves from being informational only to creating a demand for a particular brand. Despite the social roles it plays but the critics argue that advertising repeatedly has crossed lines of reflecting social values and creating social values influencing vulnerable groups, such as young teenagers, too strongly.

2.3 Advertising and Communication

Communication occurs when the messages that was sent reaches its destination in a form that is understood by the intended audience. Communication is defined as transmitting, receiving, and processing information. This definition suggests that when a person, group, or an organization attempts to transfer an idea or message, the receiver (another person or group) must be able to process that information effectively. A model of communication is presented below:

Figure No. 2.1

The Communication Process



Source: Kenneth E. Clow, Donald Baack, *Integrated Advertising, Promotion, and Marketing communications*

An illustration can be useful in demonstrating the communication process used to market a variety of goods and services. Let us assume some one plan to buy a new pair of athletic shoes.

The senders are companies that manufacture and sell shoes.

New balance, Asics, Reebok, and Sketchers all try to garner the customer’s attention. In most cases tense firms hire advertising agencies to construct messages. An account manager

serves as a major contact between the shoe company and the ad agency. In other situations the firm may have its own in house marketing group.

Encoding the message is the second step in the communication of a marketing idea. Someone must take the idea and transform it into an attention getting form, through an advertisement or some other verbal or non-verbal medium. An advertising creative usually performs this role. Messages travel to audiences through various transmission devices. The third stage of the marketing communication process occurs when a channel or medium delivers the message. The channel may be a television carrying an advertisement, a bill board, a Sunday paper with a coupon placed on it, or a letter to the purchasing agent of a large retail store. The shoe ads were transmitted through various magazines.

Decoding occurs when the message touches the receiver's senses in some way. Some consumers will hear and see a television ad others will handle and read a coupon offer. It is even possible to smell a message. A well-placed perfume sample may entice a buyer to purchase both the magazine containing the same sample and the perfume being advertised. Those interested in purchasing shoes pay closer attention to advertisements and other information about the shoes such as the brands being offered.

Quality marketing communication occurs when customer (the receivers) decode or understands the message as it was intended by the sender. In the case of shoe advertisements, effective marketing communication depends up on receivers getting the right message and responding in the desired fashion (shopping, buying, telling their friends about the shoes etc). So, communication refers to how the firm wants the target group to hear, listen, see or understand the specific advertisements in a way that firm expects it to be in relation to the exactness in the reciprocity of responses from the target group.

So, it is a most important part of the whole advertising campaign. It is really important to assess that what is said, how it is said without over stepping social and legal norms. Most marketer work hard to communicate openly and honestly with consumers but still abuses occur, and public policy makers have developed a substantial body of laws and regulation to

govern advertising like, companies must avoid false or deceptive advertising .So the intention of a communication should be clear and objective oriented. The following table will explain the structural content of communication mix.

A Structure of Marketing Communications Mix

Table 2.1

Marketing Communication Element	Objectives	Customer Contact	Time of response
Advertising	Attention, attitude change, and behavior change	Indirect	Moderate or short
Personal selling	Sales	Direct	Short
Sales promotion	Sales	Semi direct	Short
Direct marketing	Behavior change	Semi direct	Short
Public relations	Attitude change	Semi direct	Long
Point-of-sale and packaging	Behavior change	Direct	Moderate

Source: WELLS, BURNETT, MORIARTY, Advertising Principles and Practice

At the same time, this has been another fact that communication with consumers and other businesses requires more than simply creating attractive advertisements and eventually it has pushed an another promotional concept known as an ‘Integrated Marketing Communications’ (IMC). An effective IMC process integrates numerous marketing activities into a single package, making it possible for companies to reach their target markets and other audiences more effectively.

Although IMC program has been described in several ways, the consensus is to define it as follows: Integrated Marketing Communication (IMC) is the coordination and integration of all marketing communication tools, avenues, and sources within a company into a seamless program that maximizes the impact on consumers and other end users at a minimal cost. This integration affects all of a firm's business to business, marketing channel, customer focused, and internally directed communications. Integrated marketing begins with the development of a master marketing plan.

The marketing plan is the basis of the total integrated communication design. The plan provides the coordination of efforts in all components of the marketing mix. The purpose of the plan is to achieve harmony in relaying messages to customers and other publics. According to the American Association of Advertising Agencies (four A's), IMC is a concept of marketing communication that recognizes the added value of a comprehensive plan that evaluates the strategic roles of a variety of communications disciplines for example, general advertising, direct response, sales promotion and public relations and combines these disciplines to provide clarity, consistency, and maximum communication's impact through the seamless integration of discrete messages.

Nevertheless, IMC does produce stronger message consistency and greater sales impact and it will improve the company's ability to reach the right customers with right messages at the right time and in the right place.

Integrated marketing begins with the development of a master marketing plan. The marketing plan is the basis of the total integrated communication design. The plan provides for the coordination of efforts in all components of the marketing mix. The purpose of the plan is to achieve harmony in relaying messages to customers and other publics. Planning also should integrate all key promotional efforts, which in turn keeps the company's total communication program in synch.

The primary steps i.e. the first step required to complete a marketing plan is a situational analysis, which is the process of examining factors from the organization's internal and external environments. The analysis identifies external environmentally-generated

marketing problems and opportunities; internal company strengths and weaknesses are also considered during this step. When the situation is fully understood, the second step is to define primary marketing objectives. These objectives normally are spelled out in the areas of sales, market share, competitive position, and desired customer actions. Based on these marketing objectives, a marketing budget is prepared and marketing strategies are finalized. The marketing strategies include the ingredients of the marketing mix plus all positioning, differentiation, and branding strategies the firm wants to use. From these strategies, marketing tactics emerge to guide the day by day steps necessary to support marketing strategies. The final step in the marketing plan is the evaluation of performance. These six steps are similar to those prescribed by management strategists attempting to integrate all company activities into one consistent effort. When properly designed and followed, they provide guidance to company leaders and marketing experts as they try to make certain the firm's total communication package is fully integrated.

2.4 Functions and Types of Advertising

Advertising is complex because so many advertisers try to reach so many different types of audience. This clearly indicates that advertising shoulders important functions for the firms and some of the significant functions of it are presented below.

2.4.1 Function of Advertising

Even though each ad or campaign tries to accomplish goals unique to its sponsor, advertising performs these basic three functions given below.

a. Inform: this kind of advertising is executed in the pioneering stage of a product category where the objective is to build primary demand.

b. Persuade: This becomes important in the competitive stage, where a company's objective is to build selective demand for particular brand. For example, Chivas. Regal attempts to persuade consumers that it delivers more taste and status than other brands of scotch

whiskey. Some persuasive advertising uses comparative advertising, which makes an explicit comparison of the attributes of the two or more brands.

c. Remind: It is important with mature products. A related form of advertising is reinforcement advertising, which seeks to assure current purchasers that they have made the right choice.

2.4.2 Types of Advertising

a. Brand Advertising: The most visible type of advertising is national consumer, or brand advertising. Brand advertising focuses on the development of a long term brand identity and image.

b. Retail or Local Advertising: Agent deal of advertising focuses on retailers or manufactures that sell their merchandise in a restricted area. In the case of retail advertising, the message announces facts about products that are available in nearby stores. The objectives tend to focus on stimulating store traffic, and creating a distinctive image for the retailer. Local advertising can refer to a retailer or a manufacturer or distributor who offers products in a fairly restricted geographic area.

c. Political Advertising: Politicians use advertising to persuade people to vote for them or their ideas, so it is an important part of the political process that permits candidate advertising. Critics worry that political advertising tends to focus more on image than on issues, meaning that voters concentrate on the emotional part of the message or candidate, often overlooking important differences.

d. Directory Advertising: Another type of advertising is called directory advertising because people refer to it to find out how to buy a product or service. The best known form of directory advertising is the yellow pages, although there are other kinds of directories such as trade directories, organization directories, and so forth.

e. Direct Response Advertising: Direct response advertising can use any advertising medium, including direct mail, but the message is different from that of national and retail advertising in that it tries to stimulate a sale directly. The consumer can respond by telephone or mail, and the product is delivered directly to the consumer by mail or some other carrier.

f. Business-to-Business Advertising: Business-to-business advertising includes only message directed at retailers, wholesalers, and distributors, and from industrial purchasers and professionals such as lawyers and physician to other businesses, but not to general consumers. Advertisers place most business advertising in publications or professional journals.

g. Institutional Advertising: Institutional advertising is also called corporate advertising. These messages focus on establishing a corporate identity or winning the public over to the organizations point of view. Many of the tobacco companies are running ads that focus on the positive things they are now doing, and ads for America's pharmaceutical companies are also adopting that focus.

h. Public Service Advertising: Public Service Announcements (PSAs) communicate a message on behalf of some good cause, such as driving under the influence or preventing child abuse. These advertisements are usually created by advertising professionals free of charge and the media often donate the space and time.

i. Interactive Advertising: Interactive advertising is delivered to individual customers who have access to a computer and the internet. Advertisers use web pages, banner ads, and e-mail to deliver their messages. In this instance, the consumer can respond to the ad or ignore it.

2.5 Advertising Program

Advertising is part of a sound marketing plan. A well-planned advertising program is continuous and has a cumulative effect. So, it should include in corporate planning. Advertising campaign is the creation and execution of a series of advertisements to communicate with a particular target audience. Understanding specific consumer problems is often the key to developing an appropriate advertising campaign. Advertising campaign represents an important means by which organizations communicate with their customers, both current and potential. According to Bendixen (1993), the specific objectives of an advertising campaign may adopt many forms, such as to:

- create success of a new product or brand
- inform customers of a features and benefit of the product or brand
- create the desired perception of the product or brand
- create preference for the product or brand
- persuade customers to purchase the product or brand

Such objectives are all aimed at a higher purpose of enhancing the buyers' response to the organization and its feelings so as to achieve profitable sales in the long run. All the managerial should give time and effort for planning and execution of advertising program as ideas and proper planning is what makes an effective advertisement. They should proceed to make the five major decisions in developing an advertising program known as the five Ms. (P. Kotler, 1981).

) **Mission:** What are the advertising objectives?

) **Money:** How much can be spent?

) **Message:** What message should be sent?

) **Media:** What media should be used?

) **Measurement:** How should the results be evaluated?

Figure No. 2.2
Steps of Advertising Program

Mission: Advertising Objectives
Money: Set Advertising Budget
Message: Determine Advertising Message
Media: Decide Advertising Media to be Used
Measurement: Evaluate Advertising Campaign

Sources: P. Kotler, 1981

a. Mission: Advertising Objective

An advertising objective is a specific communication task to be achieved with a specific target audience during a specified period of time. Advertising objectives would be to inform, persuade and to remind.

b. Money: Set the Advertising Budget

Marketer should remember that the role of advertising is to create demand for a product. The amount spent on advertising should be relevant to the potential sales impact of campaign. Setting the advertising budgets is not easy. How can a business predict the right amount to spend, which parts of the advertising campaign will work best and which have relatively little effect.

c. Message: Determine the key Advertising Message

Spending a lot on advertising does not guarantee success. Research suggest that the clarity of the advertising message is often more important than the amount spent. The advertising

message must be carefully targeted to impact the target customer audience. A successful advertising message should have the following characteristic:

Meaningful: message must be meaningful

Distinctive: capture the customer's attention

Believable: a difficult task, since research suggests most consumers doubt the truth of advertising in general.

d. Media: Decide which Advertising Media to be Used

There are a variety of advertising media from which to choose. A campaign may be one or more of the media alternatives. The key factors in choosing the right media include.

Reach: what proportion of the target customer will be exposed to the advertising/

Frequency: how many times will the target customer are exposed to the advertising message?

Media Impact: where, if the target customer sees the message – will it have most impact? Another key decision in relation to advertising media related to the timing of the campaign. Some products are particularly suited to seasonal campaigns on television (e.g. Christmas hampers) whereas for other products, a regular advertising campaign throughout year in media such as newspapers and specialist magazines is more appropriate.

e. Measurement: Evaluate Advertising Campaign

The evaluation of an advertising campaign should focus on two key areas.

The communication effect: is the intended message being communicated effectively and to the intended audience.

The sale effect: has the campaign generated the intended sales growth. This second area is much more difficult measures.

Among these five program, measurement i.e. testing the advertisement effectiveness is very important, yet every difficult part of advertising management. It is advertising research that determines gap between the promise and the result achieved. Most of the measure of

advertising effectiveness is of an applied nature, dealing with specific advertisement and campaign. All major advertising campaign will be evaluated by research.

2.6 Effectiveness of Advertising

Today, advertising finds itself in a serious bind. With a down economy, the tragedy of 9/11, and new technology that may threaten the way advertising operates, there is a need to rethink advertising as a strategic alternative. Advertising will only survive and grow if it focuses on being effective. All advertisers are expecting specific results, based on their stated objectives. Clients expect proof, and, for the most part, that proof must lead to or actually produce sales. It is no longer acceptable to tell a client, “Our ads work, we just don’t know how, when, and with what results”.

Only the advertiser (and the supporting ad agency) knows whether the ad campaign reached its objectives, and whether the ad truly was worth the money. But are all award-winning ads effective ads? Not necessarily. In August 1996, Nissan launched one of the most memorable advertising campaigns in automotive history. Lively, music-filled commercials featured dogs, dolls, a grinning Japanese man, and the friendly tagline, “Enjoy the Ride”. One spot had an action figure pick up his Barbie-like date in a toy car to the tune of Van Halen’s “You Really Got Me”. Time Magazine named it the best commercial of the year. Nissan poured \$330 million into the campaign.

Too bad it didn’t sell cars. Nissan’s U.S. sales declined steadily during the first six months of the campaign, and, more alarmingly, the number of consumers planning to buy a Nissan was at its lowest point in six years. Dealers were irate because the campaign didn’t show the car. Nissan posted a \$518 million loss in fiscal 1998. Needless to say, the company cancelled the campaign.

Effective ads work on two levels. First, they should satisfy consumers’ objectives by engaging them and delivering a relevant message. And, as we said, the ads must achieve the advertiser’s objectives. Initially, a consumer may be interested in watching an ad for its

entertainment value or to satisfy her curiosity. If the ad is sufficiently entertaining, she may remember it. However, she may then learn that the ad relates to a personal need and provides relevant information about how to satisfy that need. The ad may also offer enough incentive for the consumer to risk change because it shows her how to satisfy her needs in a manageable way. Further, ads may reinforce her product decisions and remind her of how her needs have been satisfied.

The advertiser's objectives differ from the consumer's. Ultimately, Advertisers want consumers to buy and keep buying their goods and services. To move consumers to action, they must gain their attention. They must then hold their interest long enough to convince them to change their purchasing behavior, try their product, and stick with their product.

Three broad dimensions characterize effective advertising: strategy, creativity, and execution. This study highlights these three dimensions:

Strategy: Every effective ad implements a sound strategy. The advertiser develops the ad to meet specific objectives, carefully directs it to a certain audience, creates its message or speak to that audience's most important concerns, and runs it in media (print, broadcast, or the Internet, for instance) that will reach its audience most effectively.

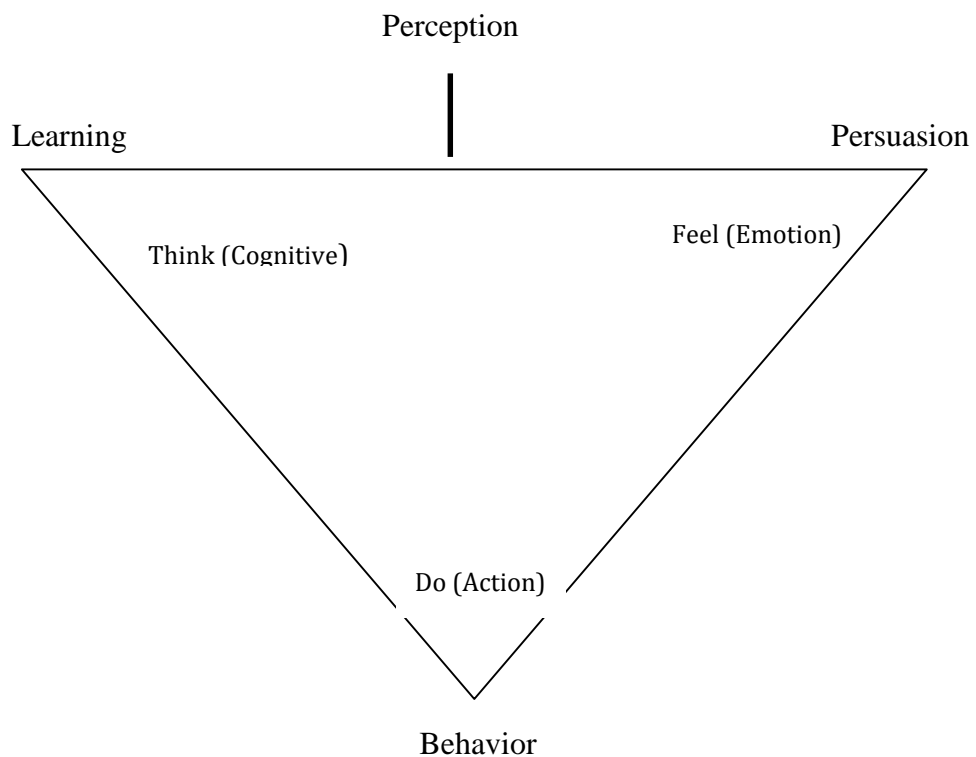
Creativity: the creative concept is the ad's central idea that grabs your attention and sticks in your memory. A concern for creative thinking drives the entire field of advertising. Planning the strategy calls for imaginative problem solving: the research efforts need to be creative, and the buying and placing of ads in the media require creative thinking. Advertising is an exciting field because of the constant demand for imaginative solutions to media and message problems.

Execution: Finally, effective ads are well executed. That means that the details, the photography, setting, printing, and the production values all have been fine-tuned. Many of these techniques are standard in the industry, such as the use of products created by Adobe, a popular computer graphics software manufacturer. Good advertisers know that how you say something is just as important as what you say. What you say comes from strategy, whereas how you say it is a product of creativity and execution. Strategy, creativity, and execution all contribute to whether and ad wins an award. But, as noted in the 'A matter of

Principle' box, winning awards is only important if advertising objectives are achieved. Although these three conditions must be met for an advertisement/campaign to be considered effective, they are not isolated. They depend on the types of impacts advertisers hope to create in the minds of the people who read, view, or listen to the ads.

Understanding the various types of intended effects that typically are the goals of advertising is the way we evaluate whether an ad is effective. However, effectiveness only occurs to the degree that certain effects- such s the impact or results of a message are accomplished. In order, then, to understand what effectiveness means in advertising, we need to have an idea of the key effects, or results, that advertising can typically accomplish. A simplified model of a set of typical effects that advertisers hope to achieve is presented below:

Figure No. 2.3
Effectiveness Factors



Source: WELLS, BURNETT, MORIARTY

In this model, first level is perception, which means the advertiser hopes the ad will be noticed and remembered. Then there are two categories of effects that are either focused on learning, which means the audience will understand the message and make the correct associations, or persuasion, which means the advertiser, hopes to create or change attitudes and touch emotions. The last major category of effects is behavior getting the audience to try or buy the product, or perform some other action. In advertising strategy and planning, these effects are referred as objectives. Every advertiser, deep down inside, hopes or assumes that each ad will produce sales. however, we know that to get the sale, there are communication activities that need to take place and these are often the best indicators of the success of an advertising message, because other marketing variables may have more impact on sales. The relationship may be causal- the ad created a significant volume in sales response – or it may only make a partial contribution or lead prospects part of the way to sales. It may also reflect the kinds of communication effects that messages can be expected to deliver, such as understanding or conviction.

In addition, two other assumptions must be considered in analyzing advertising objectives. First, advertising communication objectives are derived from the company's marketing objectives, so, if any restaurant has an objective to increase market share by 5 percent, this should have a direct impact on the stated communication objectives. In other words, the advertising objectives are designed to contribute to the accomplishment of this market share objective. The second assumption is that any of the communication objectives may be legitimate, even the ones that aren't focused directly on a sale. for example, Expedia.com is a new consulting company and it views its advertising as a way to draw attention to itself, create name recognition, and create understanding of the products and services it sells. The key effects from figure 2.3, which are used to determine the effectiveness of an advertisement, are further explained in the table number 2.2

Table No. 2.2
Message Effectiveness Factors

Key Message Effects	Surrogate Measures	Communication Tools
Perception	Exposure Attention Interest Memory: Recognition/ Recall	Advertising Media, Public Relations Advertising; Sales Promotion Advertising; Sales Promotion; Public Relations Advertising; Sales Promotion; Public Relations
Learning	Understanding Image and Association Brand Links	Public Relations, Personal Selling; Direct Marketing; Advertising Advertising; Public Relations, Point of Purchase Ads
Persuasion	Attitudes: Form of Change Preference/ Intention Emotions and Involvement Conviction: Belief, Commitment	Public Relations; Personal Selling; Sales Promotion Advertising; Public Relations; Personal Selling Events Personal Selling; Direct Marketing
Behavior	Trial Purchase Repeat Purchase, Use More	Sales Promotion; Personal Selling; Direct Marketing Sales Promotion; Personal Selling; Direct Marketing Sales Promotion; Personal Selling; Direct Marketing

Source: WELLS, BURNETT, MORIARTY

Here the key categories of message effects are listed down the left side. The second column is labeled 'surrogate measures' and refers to the way advertisers evaluate how well the advertising worked, how- effective the advertising was in meeting its objectives. The advertising industry, led by agencies, has developed a set of measures that are indicators of these key effects. The exact terminology will vary, but the effectiveness of most advertising is evaluated based on such factors as consumers' exposure, attention, interest, and so forth.

The next column lists the communication tool or tools that may be most appropriate for achieving the objective. Even though this study focuses on advertising, we recognize that advertising is just one part of the market communication mix, along with sales promotion, public relations, direct marketing, events, and personal selling. There are communication objectives that are more effectively accomplished through advertising, but there are situations where other communication tools may be more effective.

An examination of Table 2.2 shows that advertising is effective in accomplishing several objectives; for instance, creating exposure, attention, and awareness. It is also good at providing a reminder to the customer and encouraging repurchase. However, other marketing communication tools, such as sales promotion, are better at getting people to respond with a purchase or other types of actions. Most advertisers try to measure the communication effect of an ad- that is, its potential effect on awareness, knowledge, or preference. They would also like to measure the ad's sales effect. And the main objective of this study is to measure the sales effects of the advertising.

Where communication effect research seeks to determine whether advertise is communicating effectively. Called copy testing, it can be done before an ad is put into media and after it is printed or broadcast. There are three major methods of advertising presetting. The direct rating method asks consumers to rate alternative ads. These ratings are used to evaluate an ad's attention, read-through, cognitive, affective, and behavior strength. Although an imperfect measure of actual impact, a high rating indicates a potentially more effective ad. Portfolio tests ask consumers to view or listen to a portfolio of advertisements, taking as much time as they need.

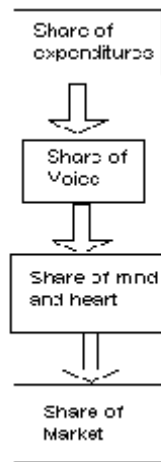
Consumers are then asked to recall all the ads and their content, aided or unaided by the interviewer. Recall level indicates an ad's ability to stand out and to have its message understood and remembered. Laboratory tests use equipment to measure physiological reactions – heartbeat, blood pressure, pupil dilation, perspiration- to an ad. These test measure attention getting power but reveal nothing about impact on beliefs, attitudes, or intentions.

Advertisers are also interested in post testing the overall communication impact of a completed campaign. If a company hoped to increase brand awareness from 20 percent to 50 percent and succeeded in increasing it to only 30 percent, then the company is not spending enough, its ads are poor, or some other factor has been ignored.

On the other hand, what sales are generated by an ad that increases brand awareness by, lets say, 20 percent and brand preference by 10 percent? Advertising's sales effect is generally harder to measure than its communication effect. Sales are influenced by many factors, such as the product's features, price, and availability, as well as competitors' action. The fewer or more controllable these other factors are, the easier it is to measure effect on sales. The sales impact is easiest to measure in direct-marketing situations and hardest to measure in brand or corporate-image-building advertising. Companies are generally interested in finding out whether they are overspending or under spending on advertising. One approach to answering this question is to work with the formulation shown in figure 2.4:

Figure No. 2.4

Formula for Measuring Sales Impact of Advertising



Source: Philip Kotler, 2001

A company's share of advertising expenditures produces a share of voice that earns a share of consumers' minds and hearts and ultimately a share of market. Peckham studied the relationship between share of voice and share of market for several consumer products over a number of years and found a 1-to-1 ratio for established products and a 1.5-2.0 to 1.0 ratio for new products. Using this information, let us suppose that we observed the following data for three well-established firms selling an almost identical product at an identical price:

Table No. 2.3

	(1) Advertising Expenditure	(2) Share of Voice	(3) Share of Market	(4) Advertising Effectiveness (column 3 ÷ column 2)*
A	\$2,000,000	57.1	40.0	70
B	1,00,000	28.6	28.6	100
C	500,000	14.3	31.4	220

Source: Philip Kotler, 2001

Firm A spends \$2 million of the industry's total expenditures of \$3.5 million, so its share of voice is 57.1 percent. Yet its share of market is only 40 percent. By dividing its share of

market by its share of voice, we get an advertising-effectiveness ratio of 70, suggesting that firm A is either overspending or misspending. Firm b is spending 28.6 percent of total advertising expenditures and has a 28.6 market share; the conclusion is that it is spending its money efficiently. Firm C is spending only 14.3percent of the total and yet achieving a market share of 31.4 percent; the conclusion is that it is spending its money super efficiently and should probably increase its expenditures.

Researchers try to measure the sales impact through analyzing either historical or experimental data. The historical approach involves correlating past sales to past advertising expenditures using advanced statistical techniques. Palda studied the effect of advertising expenditures on the sales of Lydia Pinkham's vegetable Compound between 1908 and 1960. He calculated the short-term and long-term marginal sales effects of advertising. The marginal advertising dollars increased sales by only \$50 in the short term, suggesting that Pinkham spent too much on advertising. But the long term marginal sales effect was three times as large. Palda calculated a post tax marginal rate of return on company advertising of 37 percent over the whole period.

2.7 Profit

Profit is the base for the existence of any kind of the firm. For the corporate houses, business firms the surplus in between the total sales revenue to the total cost is termed as the profit and it is which that makes possible for the long-term survival and the growth of those firms.

Profit is the most for the survival and growth of any business entity but profit doesn't just happen or improve. They are managed, management of the profits require planning, activating, co-coordinating and controlling of divergent organizational activities bearing direct or indirect effects on profit. And the one that is being discussed is advertising and the level of the profit is also greatly affected by the success or the failure of the whole advertising campaign.

Thus, an advertising campaign has a significant contribution in the level of profit generation, so it should be systematically, planned, executed, monitored and evaluated so that it comes a great help for those firms to achieve the end results quite matching to the intended ones.

2.8 Sales Turnover

As stated earlier, even the best product manufactured cannot sell in its own. Going to personal selling is almost an impossible task to carryout for the firms to sell their product services and the ideas in this competitive environment which has been growing on and on domestically and globally so advertising comes as a major weapon to fulfill all these necessities to promote and enhance the sales level. And the thesis conducted by **Bhoja Raj Aryal** in 1996 about Consumers Impact through Electronic Media concluded that there is a positive relationship between advertisement and sales volume. Advertising not only helps to enhance the sales volume but also to maintain and improve the sales level further in the future.

It is said 'Good wine needs no bush'. This information about the products should reach those who are interested in buying such products. In a highly sensitive and competitive marketing mechanism, profits of the firm can be maximized not alone by reducing the costs but multiplying the sales turnover rate finally reflecting in maximum total profits. Sales of the firm can be multiplied by advertising that involves additional expenditure. Effective advertising programmers of a sponsor to cover additional expenditure of advertising as it result in favorably changing the consumer attitude. Quick turnover will mean reduced lock-up of capital, costs, wastages and losses as the stock on the shelves is held for a shorter period.

The rate of sales turnover once achieved is not only to be maintained but also improved upon further Advertising does this by repeat sales. A regular, effective and frequent advertising helps to ensure a more loyal clientele by keeping the name, location and the products of the selling house constantly before the customers. Under the normal business conditions; advertising helps not only in maintaining but extending the sales turnover. Even

during the periods the depression the sales profile of the firms advertising has not been adversely affected, during the depression period, the point lies in reducing the losses as losses are common to all firms where advertising has its helping hand.

2.9 Public Awareness and Knowledge

Advertising helps to generate awareness about the products, services or ideas to the target group of the customers by letting them know that such products, services or the ideas do exist around them. It plays so important role in the context of the people like Nepalese about awareness generation among the people as most of them are ignorant and inaccessible due to the situational, geographical and political adversities. It may be commercial awareness regarding the products, services or the ideas or non commercial awareness like health awareness, educational awareness, awareness regarding their rights etc.

Which, eventually will help to educate the target group of the customers to enhance more knowledge about the products, services and the ideas? Where it helps them have more information regarding the attributes, features, price, availability of such products so that consumer can buy the best one that exactly fits the deficit and needs. Collectively advertising is one of the major tools to generate a public awareness and to educate more to have more knowledge about the products, services and the ideas.

2.10 Instant Noodles Business in Nepal

In the past decade Nepal has recorded one of the highest urbanization growth rates among the South Asian countries. This has led to major changes in the society, customer, economic status, awareness and virtually all aspect of the unprecedented in the nation's history.

The changes in the eating habits of Nepalese people and the continuous progress towards a cosmopolitan's society are unprecedented. In terms of foods items, the traditional rice, cereals, vegetables and non-vegetarian dishes have developed and advanced by incorporating several new dishes from all around the world. It has been apparent for some

year that increasing time pressure on consumer has been the main force behind a shift away from traditional meal time.

The decline of eating at a formal lunchtime is creating new markets segments and strong growth in the snack food market. The most common and readily accepted snack by all Nepalese has been seasoned instant noodles. The ease of cooking and availability of various flavors in instant noodles has further hastened the acceptance process. As instant noodles are pre cooked by frying in edible oil, the ease of carrying and eating is phenomenal. Consumers are taking noodles while engaged in other activities, such as office work, playing computer games or commuting snacks.

Due to popularity of noodles among Nepalese people, market of noodles is growing as well as competitions among them. In 2001, Space Time daily reported that 'Annual Consumptions of Noodles in Nepal have crossed Rs. 1.25 billion'. From a humble investment of Rs, 5,000 nearly three decades back; the noodles industry has drawn millions of rupee of investment over the years. Annual production of noodles in Nepal has been about 3.8 million cartons. Over the last five years annual growth rate of noodles industry has been up to 20% (The National Newsmagazine, Oct 04, 2001).

As per the reports shown in the latest edition of the BOSS Magazine, it has been revealed that the Wai-Wai Instant Noodles leads business with any business product and services where as Mayos Instant Noodles stands at third position in its business in Nepal. So this is a clear indicator which makes us believe that the instant noodles business is soaring higher and higher every year. Recently HSNPL is working on to set up another production plant in Bhairahawa to meet the increasing demand for their product. Despite Nepal is facing a serious recession in most of the businesses and the economy also but still the demands for these products are ever increasing. Basically, noodles marketing companies are shifting their emphasis on pull strategy instead of push strategy. The pull strategy selling is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. Marketers are emphasis more on consumer schemes, media

advertisement etc. And in present condition without pull strategy nobody survives and grows in market.

2.11 Review of Previous Related Studies

In this section, related and appropriate studies to the title are reviewed. The thesis submitted in 2012. A study on promotional effectiveness through Television by **Amrita Adhikari** found that most of the people i.e. 98% of people have their own T.V. set at their home and access to cable network and interested on watching news and then serials. In context of Nepali channel, Nepal Television is the biggest player with 56.3% of viewer ship and then come Kantipur 23.7% and Channel Nepal 8.3%.

Aryal (2010), in his thesis entitled “Consumer's impact through Electronic Media Advertising”. A case of Nepal concluded that there is positive relationship between advertisement and sales volume.

Baral (2010), in the study on “Communication effects of Advertising and Brand Preferences” stated that Instant Noodles is very popular in Kathmandu and most of them proffered Wai-Wai. Similarly, it was also found that consumers give preferences to the quality and less preference to the brands.

Shrestha (2012), in his thesis “The Role of Advertising in Sales” conducted that advertising has positive impact on total performances of the company. Hundred percent respondents believe that advertising helps to increase the total sales of the company.

Maharjan (2012), thesis titled “A Study on Advertising Effectiveness” revealed that the most of the noodles advertising were effective and were interesting and communication effectiveness of advertising of Mayos is effective where as sales effectiveness of Wai-Wai's advertising is effective.

Pandey (2010), a study on Advertising in Nepal has revealed the business firms are using more and more advertising. Business enterprises advertise when they launch new products,

or offer discounts or cut the prices. But advertisers hardly measure the effectiveness and efficiency of their advertising programmes.

Shrestha (2012), a study on “Advertising impact of Coke and Pepsi on their promotional Activities”, has concluded that the role of advertising in Nepal bottlers’ Ltd. and Pepsi Cola Co. Ltd. at Kathmandu valley shows very interesting results, reminding and the informative are the main roles of advertising. Advertising is partially responsible to change the consumer's consumption habit

2.12 Concluding Remarks

Definitely, a study is conducted to find out certain objectives and that is totally up to the intension of the researcher about what does s/he want to find out and to present those findings in a generalized way. So a research is done in an area where the things which are not covered before by any other studies or the areas may be a new one completely.

Similarly to carry out this study has been also guided by a distinct objectives and it has some distinct features that has been the sole reason for this study to be undertaken. The basic features of this study are to:

1. present the impacts of advertising on consumer’s attitude and behavior,
2. analyze the effectiveness of these advertisements over the expenses for these ads in terms of sales return generated by these ads,
3. assess a comparative analysis of ads of these two business firms in terms of their performances in the market.

CHAPTER: THREE

RESEARCH METHODOLOGY

3.1 Introduction

Stating in a narrow sense, research means to search again. Research is a systematic and organized effort to investigate a specific problem that needs a solution. Thus, the entire process by which we attempt to solve problems or search the answers to questions is called research.

Whereas methodology is a set of methods and principles used to perform a particular activity. So, combining research methodology is a systematic and organized effort to investigate a situation (problem) by a set of methods to reach a solution of the particular problem. So, this very chapter has been one of the most important and critical steps that set an overall framing for conducting the whole research to reach the solution of the problem. Furthermore, it includes the following:

3.2 Research Design

A research design is a framework or blueprint for conducting the marketing research process. It details the procedures necessary for obtaining the required information, and its purpose is to design a study. A research design is an arrangement of conditions for collection and analysis of data in a manner that aims to combine relevance to the study purpose in a systematic and organized way with economy in procedure.

Primary data has been collected through questionnaire, surveys and interviews from the respondents. Similarly, research design for this study has been descriptive for the qualitative aspects of the research and it is analytical for the quantitative aspects of the research.

3.3 Population and Sample

Research population for the study has been the people and the business involved in those instant noodles across the country. So, the research population has been, in business, Himalayan Snacks and Instant noodles Pvt. Ltd., Chaudhary Group, Gandaki Noodles, Asian Thai Foods, The General Food Pvt. Ltd. and the people for the research population are the consumers of different brands of such instant noodles produced. Due to the situational and resource limitations, it is not being possible to collect information from all the number of the research population.

It has been conducted only in two instant noodles company i.e. Himalayan Snacks and Instant Noodles Pvt. Ltd. and Chaudhary Group as research sample. And from the people, three hundred consumers of different ages, having different level of income level, education, attitudes and beliefs and from the different possible parts of the country have been chosen as the sample respondents for the primary data inception and collection.

3.4 Sources and Types of Data

The companies chosen as the sample for the study are the sources for the data and the respondents are the sources for the primary data. So, secondary and the primary both kinds of the data are being used. The primary data has been collected through questionnaire, interviews, surveys and direct meetings; whereas the secondary data has been taken mainly from annual reports of the concerned firms i.e. Himalayan Snacks and Instant Noodles Pvt. Ltd. and the Chaudhary Group. And the similar excerpts have been drawn from the other sources like Internet, websites and the advertising agencies etc.

3.5 Data Collection Techniques

A detailed review of literature has been conducted in order to collect the relevant data and information. Such review materials are primarily collected from the library of Nepal Commerce Campus and Tribhuvan University. The data are collected from primary as well

as secondary source. The primary data are collected through questionnaire and interviews. The questionnaire is distributed to the different consumers, to the personnel of the sample companies and interviews are performed with the managers and officers of the samples companies. The annual reports publications/ journals of the concerned companies are used as sources of secondary data. Similarly, relevant periodicals, articles, and the magazines like BOSS are also used to collect the needed data and information.

3.6 Data Analysis Tools

This step is a blue print for decoding the information of the data collected from the primary and the secondary sources. And to do so statistical and mathematical tools has been used. Tables, Charts and Graphs, as per the need, have been used to demonstrate the data. The statistical tools would be Average, Percentage, Standard Deviation, Variance, Correlation and Regression Analysis and Coefficient of Variance (CV) in needed areas of the study while drawing inferential conclusion.

3.6.1 Arithmetic Mean/ Average (A.M.)

Arithmetic mean or simply a ‘mean’ of a set of observations is the sum of all the observations divided by the number of observations.

Symbolically,
$$\bar{X} = \frac{\sum X}{N}$$

3.6.2 Standard Deviation

Standard deviation is defined as the positive square root of the mean of the square of the deviations taken from the arithmetic mean. It is denoted by σ .

Symbolically,
$$\sigma = \sqrt{\frac{\sum (X - \bar{X})^2}{N}}$$

3.6.3 Variance

According to William I Greenwald the variance is the mean of the square deviations about the mean of a series. Thus, variance is the square of the standard deviation and is denoted by σ^2 . For a frequency distribution variance is given by, (page 6.20, Fundamentals of Stats, S.C. Gupta, Himalayan Publishing House, 2007)

Symbolically,
$$\sigma^2 = \frac{1}{N} \sum f(X - \bar{X})^2$$

3.6.4 Coefficient of Variance (C.V.)

The percentage measure of coefficient of standard deviation is called efficient of variation. It is used for comparing the homogeneity, uniformity, and variability of two or more distributions.

Symbolically,
$$C.V. = \frac{\sigma}{X} \times 100$$

3.6.5 Correlation Analysis

Correlation is the measure of relationship between two or more characteristics of a population or a sample. It simply measures the changes between the phenomenons. If two quantities vary in a related manner so that a movement in increment or decrease in one tends to accompanied by a movement in the same or opposite direction in the other, they are called correlated. If the relationship is direct they are called positively correlated and if the relationship is an inverse they are called negatively correlated. If any change in one does not affect the other variable they are called uncorrelated. The correlation may be perfect, imperfect or zero.

Symbolically,
$$r = \frac{n \sum uv - (\sum u)(\sum v)}{\sqrt{n \sum u^2 - (\sum u)^2} \sqrt{n \sum v^2 - (\sum v)^2}}$$

(Assumed Mean Method)

CHAPTER: FOUR

DATA PRESENTATION AND ANALYSIS

4.1 Introduction

'Presentation and Analysis of Data' is the integral part of the study. The main purpose of analysis of the data is to change its unprocessed form to an understandable presentation as the data collected from the primary source and secondary source is in the raw and in an unprocessed form. So this step is a processing step for all the raw data in to précised form to draw a clear idea about the study. The analysis of data consists of organizing the raw data gathered at first and then tabulating that data in a scientific manner so that the presentation of the data becomes clear and simple, and finally performing statistical analysis to test the reliability and the validity of the data. Description and result of the primary data and secondary data are presented here. On the other hand interpretation and analysis of the data are presented in this chapter. Different tables are used to make the result more clear, explanatory and transparent.

4.2 Presentation and Analysis of the Primary Data

This segment consists of the presentation of the primary data collected through the questionnaires in the tabulated and graphical notation form with the description of each information gathered serially matching with the order of the objectives of this study. Hence, the collected primary information is presented below in the following way:

4.2.1 Access of Consumers to Advertising

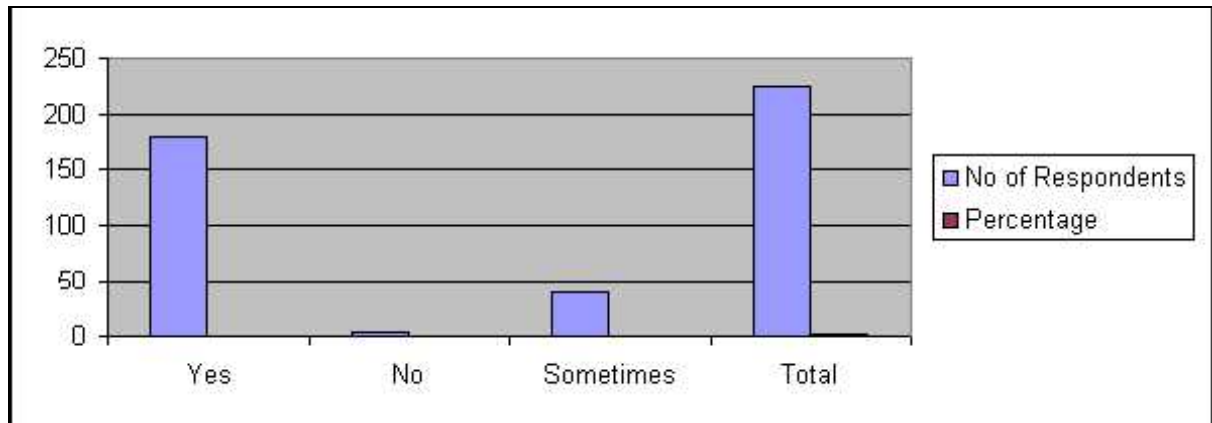
Table 4.2.1

Options	No of Respondents	Percentage
Yes	181	80%
No	4	2%
Sometimes	40	18%
Total	225	100%

Source: Field survey 2013

The table: 4.2.1 vividly, shows that the majority of the respondents (significantly up to 98% of the total) watch the advertisements and very negligible number of the respondents (2%) doesn't watch advertisements. So this clearly indicates that most of the respondents are exposed to advertisements.

Bar-Graph 4.2.1



4.2.2 Importance of Advertising

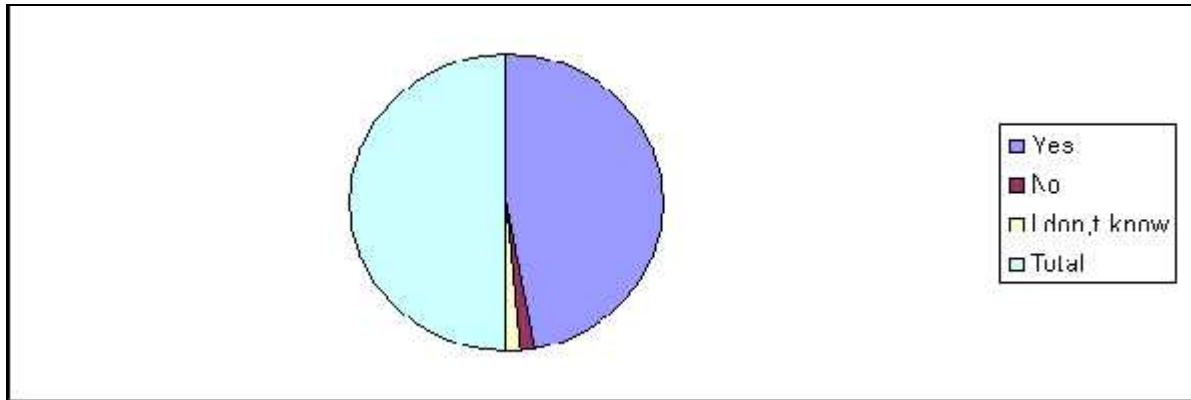
Table 4.2.2

Options	No of Respondents	Percentage
Yes	211	94%
No	7	3%
I don't know	7	3%
Total	225	100%

Source: Field survey 2013

Data presented in the above table 4.2.2 overtly expresses that most of the respondents up to 94% of the research sample consider that advertisements are really important and very few up to 6% think that advertisement is not important or they don't have any idea about it. So it is a clear indicator that advertisements have a significant impression over the respondents.

Chart 4.2.2



4.2.3 The Media Preference of Consumer

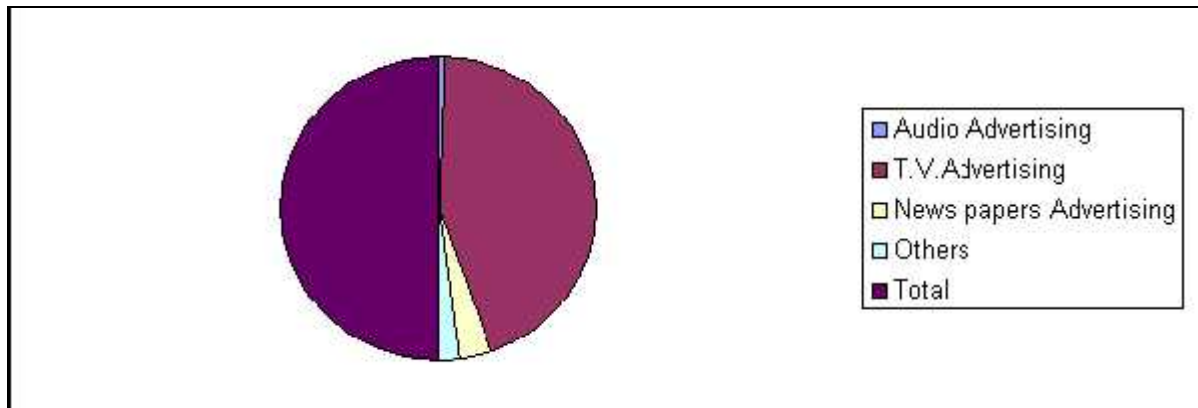
Table 4.2.3

Options	No. of the Respondents	Percentage
Audio Advertising	4	2%
T.V. Advertising	196	87%
News papers Advertising	15	7%
Others	10	4%
Total	225	100%

Source: Field survey 2013

The table 4.2.3 presented above has shown that the advertising in the visual mode like T.V. advertising is most preferred by the respondents where as other media of advertising such as print media, audio media are least preferred by the respondents which is best supported by the figures in the above table and the chart viz.87% for T.V. advertising to 2% for audio advertising, 7% for print advertising and quite insignificantly 4% for other means of advertising.

Chart 4.2.3



4.2.4 Expectations of Consumer from Advertising

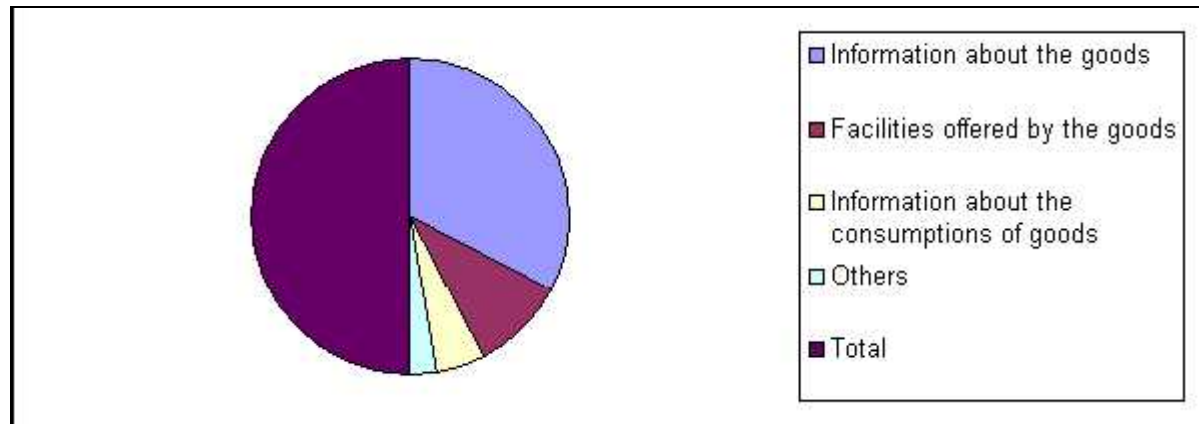
Table 4.2.4

Options	No. of the Respondents	Percentage
Information about the goods	148	66%
Facilities offered by the goods	42	19%
Information about the consumptions of goods	23	10%
Others	12	5%
Total	225	100%

Source: Field survey 2013

Information about the goods has been the main quest for the respondents (66% of total sample) in an advertisement where as few of them, compared to above, prefer to know about the facilities offered by the goods and information about the way of consumption of that very goods in an advertisement viz.19 % and 10% respectively but very few of them i.e.5% of the respondents expect some other in an advertisement shown by the table. So this clearly depicts that the majority of the respondents are sensible and want to remain aware about the goods they purchase.

Chart 4.2.4



4.2.5 Preference of Advertising among Respondents

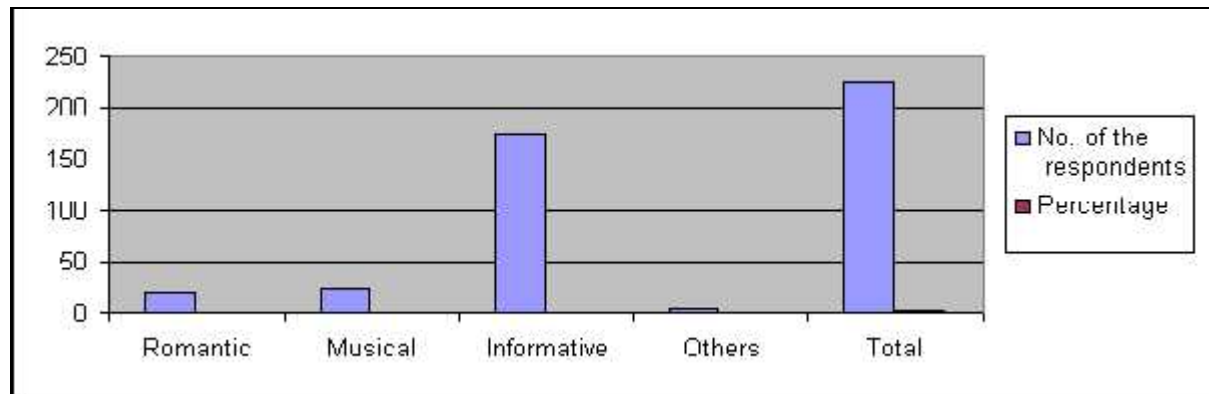
Table 4.2.5

Options	No. of the Respondents	Percentage
Romantic	20	9%
Musical	25	11%
Informative	175	78%
Others	5	2%
Total	225	100%

Source: Field survey 2013

The table has shown that, once again, information is the main expectation from an advertisement to most of the respondents (78% of sample) where as there are scores of respondents who prefer the romantic advertisement (9% of sample) to musical advertisement (11% of sample) and quite insignificant percentage of respondents out of the total sample prefer some other (2%) kind of advertising

Bar-Graph 4.2.5



4.2.6 Relationship between Advertising and Consumers Buying Behavior

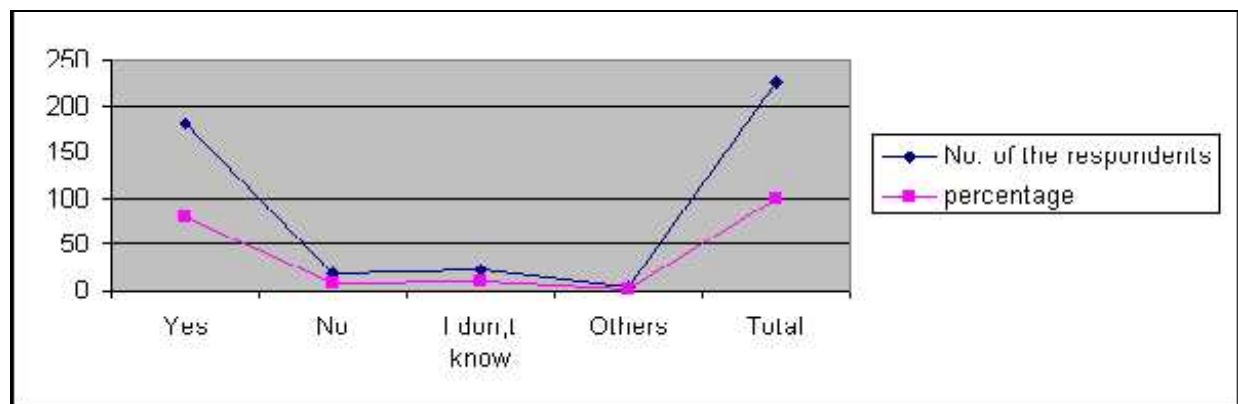
Table 4.2.6

Options	No. of the Respondents	percentage
Yes	180	80
No	18	8
I don't know	22	9.8
Others	5	2.2
Total	225	100

Source: Field survey 2013

Most of the respondents of the total sample (80%), on the table and the chart number 6, believed that advertisements drive them to change their buying behavior or to behave synchronizing with the advertisements and on the other hand 8% of the respondents show rigidity to change their buying behavior according to the advertisements but, on the contrary, quite significant total of the sample i.e.9.8%, do not have any idea about it. So this shows that most of the respondents find a positive relation between the advertising and the buying behavior of respondents.

Line-Graph 4.2.6



4.2.7 Factors Affecting Purchase Decision

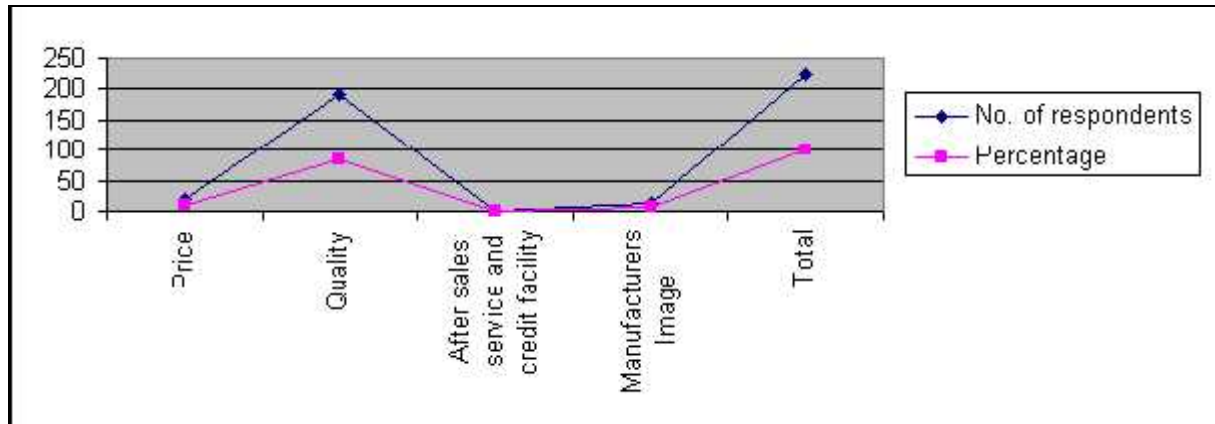
Table 4.2.7

Options	No. of Respondents	Percentage
Price	20	8.89
Quality	193	85.78
After sales service and credit facility	0	0
Manufacturers Image	12	5.33
Total	225	100

Source: Field Survey 2013

Quality has been the main concern for the respondents while purchasing a good which is signified by the 86% of the total respondents going for the quality rather than the price and the manufacturer's image of the goods which holds an insignificant count of 9% and 5% respectively in the sample surveyed. So this is a clear indication in the table that respondents prefer to the quality irrespective to the price and other factors of a good.

Line-Graph 4.2.7



4.2.8 Recognition of Brand

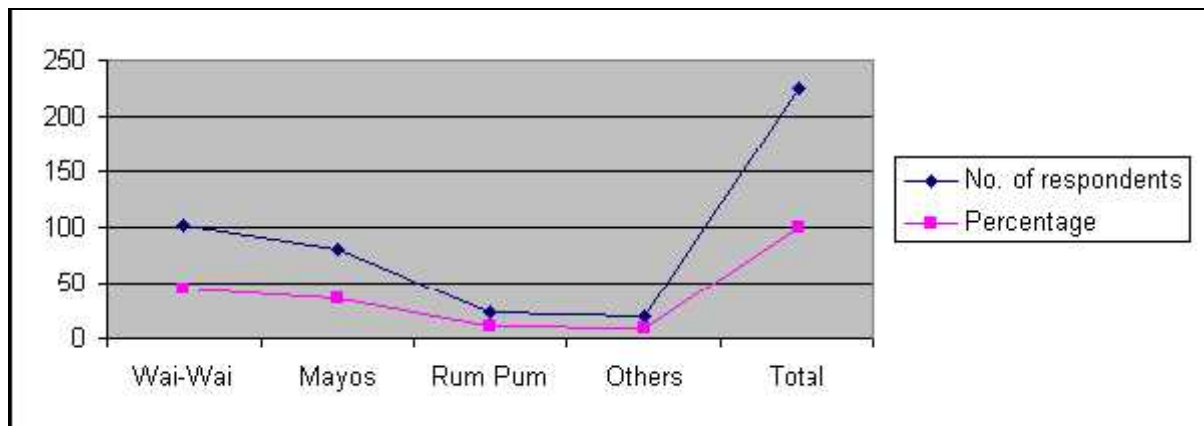
Table 4.2.8

Options	No. of Respondents	Percentage
Wai-Wai	102	45.33
Mayos	80	35.56
Rum Pum	24	10.67
Others	19	8.44
Total	225	100

Source: Field survey 2013

The Table shows that the Wai-Wai instant noodles has a comparatively better edge over the Mayos instant noodles in the mind of the respondents which is best supported by the figures like 45% and 36% respectively for these two brands where almost 11% of the respondents recall Rum Pum and the other brands of the instant noodles. This expresses that first two brands have almost identical number of the respondents in a recall test.

Line-Graph 4.2.8



4.2.9 Consumers' Preference Regarding Noodles

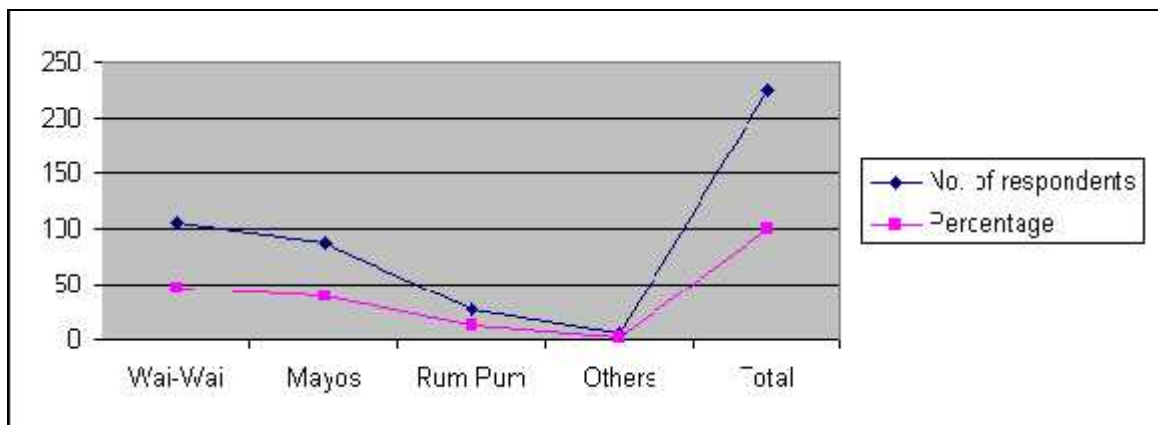
Table 4.2.9

Options	No. of Respondents	Percentage
Wai-Wai	105	46.67
Mayos	88	39.11
Rum Pum	27	12
Others	5	2.22
Total	225	100

Source: Field Survey 2013

The Table shows, once again, Wai-Wai is edging over the Mayos by the figure 47% of Wai-Wai to the 44% of Mayos. On the other hand there is significant volume of the respondents going for Rum Pum instant noodles (12%) as well which is insignificantly followed by the 2.22% of the respondents going for other brands. The data presented above shows that Wai-Wai instant noodles and the Mayos instant noodles are the market leaders and mostly preferred instant noodles.

Line-Graph 4.2.9



4.2.10 Preference of Product Attributes

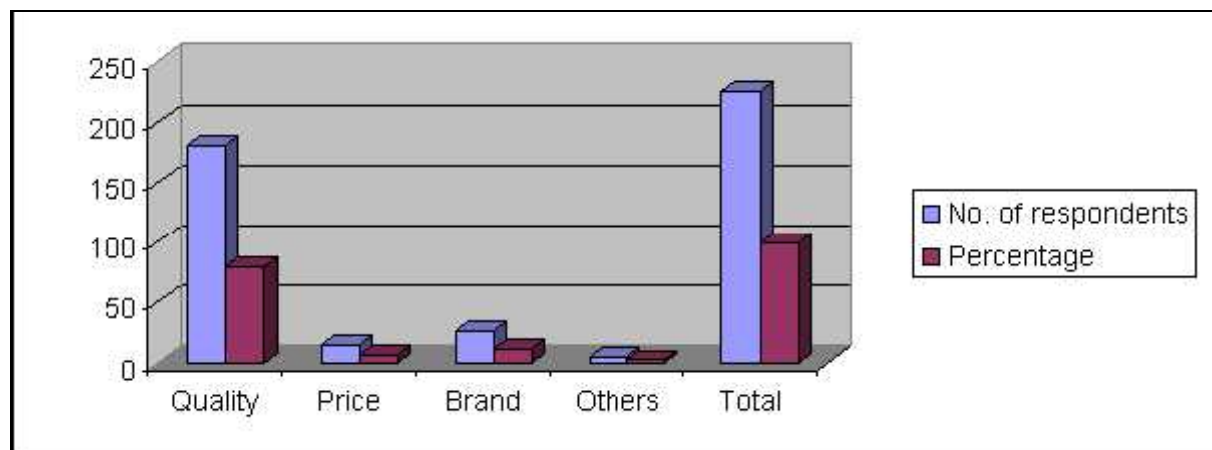
Table 4.2.10

Options	No. of Respondents	Percentage
Quality	191	84.89
Price	7	3.11
Brand	22	9.78
Others	5	2.22
Total	225	100

Source :Field survey 2013

Most of the respondents (ranging up to 85% of the total sample) go for the quality while buying an instant noodle notwithstanding the price of those noodles because just 3% of the respondents are concerned about the price of the noodles but majority of them go for the quality. At the same time there are remarkable numbers of the respondents (10%) who seem to be the loyal to the brand. So this indicates that the respondents are much careful about the quality rather than other factors.

Bar-Graph 4.2.10



4.2.11 Consumers' Brand Loyalty

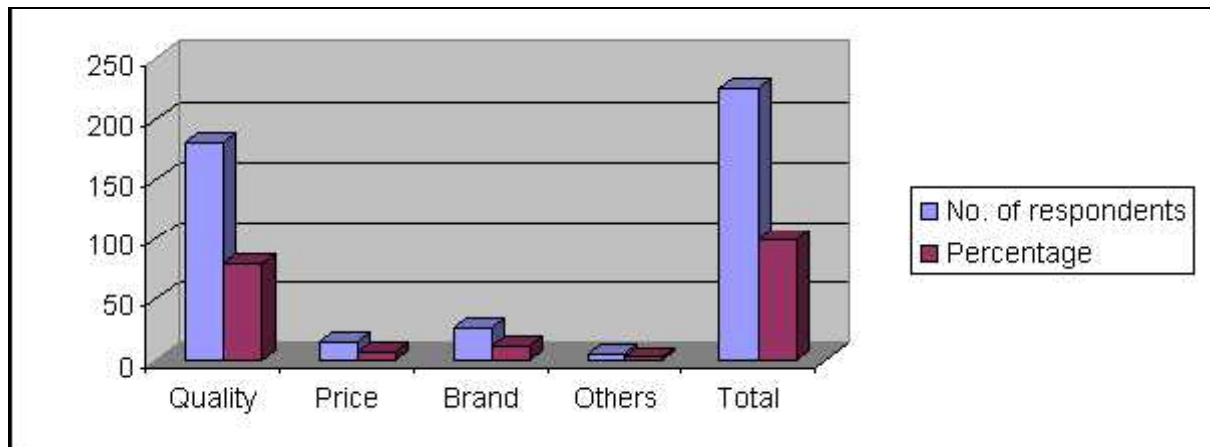
Table 4.2.11

Options	No. of Respondents	Percentage
Quality	180	80
Price	14	6.22
Brand	26	11.56
Others	5	2.22
Total	225	100

Source :Field survey 2013

The Table clearly shows that scores of the respondents (80%) of the total sample buy the products because of the quality of that product and quite unremarkably just 6% of the respondents in the sample go for the price when they purchase the products and yet remarkably 12% of the respondents in the sample stick to be the brand loyal. Once again the data presented above is a clear indicator that the majority of the respondents are quality seekers compared to other factors like price and the brand of the products.

Bar-Graph 4.2.11



4.2.12 Effects of Advertising on Consumer's Attitude

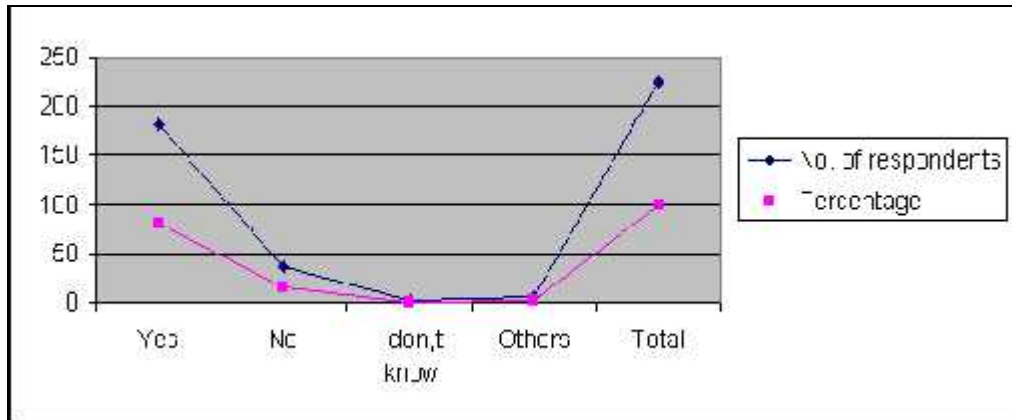
Table 4.2.12

Options	No. of Respondents	Percentage
Yes	182	80.89
No	36	16
I don't know	2	0.89
Others	5	2.22
Total	225	100

Source: Field survey 2013

Most of the respondents (81%) think that the advertising has a great impact over their attitude and buying behavior where as remarkably 16% of them show rigidity over the influence of advertising to their attitude and buying behavior .On the other hand very small fractions just about 3% of them have no idea about the topic. So advertising seems to play a great role over changing the attitude and the buying behavior of the respondents.

Line-Graph 4.2.12



4.2.13 Relationship between Advertising and Sales

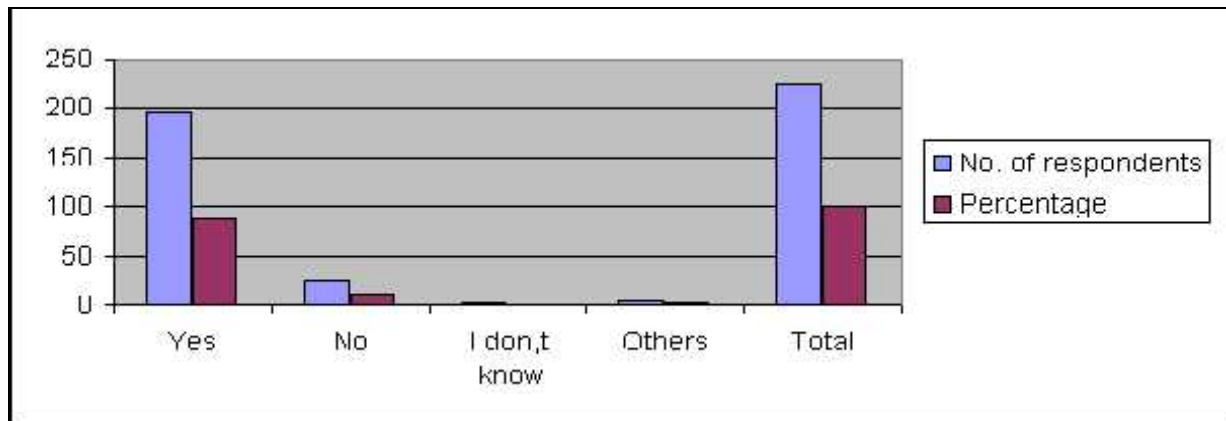
Table 4.2.13

Options	No. of Respondents	Percentage
Yes	197	87.56
No	24	10.67
I don't know	1	0.44
Others	3	1.33
Total	225	100

Source: Field Survey 2013

To a large extent, 88% of the respondents find a positive relation between the advertising and the sales of any products whereas 11% of them don't think so and, on the contrary, a small fragment just about 2% of the respondents don't have any idea about the topic. So it can be concluded that advertising has a prominent role over the sales of any products.

Bar-graph 4.2.13



4.2.14 Access of Consumers to Different Brands through Advertising

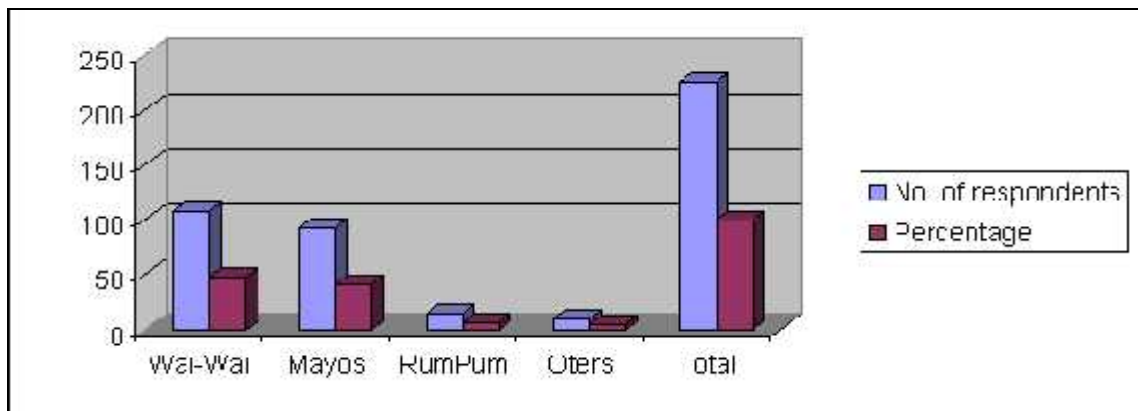
Table 4.2.14

Options	No. of Respondents	Percentage
Wai-Wai	108	48
Mayos	93	41.33
RumPum	15	6.67
Others	9	4
Total	225	100

Source: Field Survey 2013

The table depicts that Wai-Wai instant noodle has an advantageous edge over the Mayos Instant noodle in terms of latest advertisements watched by the respondents recently which is best supported by the fact that 48% of the viewers for Wai-Wai instant noodle to the 41% for Mayos instant noodle. In addition to it, 7% of the respondents have watched an advertisement of RumPum instant noodle very recently and 4% of them have watched the advertisements of some other. And it, apparently, seems that the advertisements of Mayos stand better to the viewers than other's do.

Bar-Graph 4.2.14



4.2.15 Effective Media of Nepal

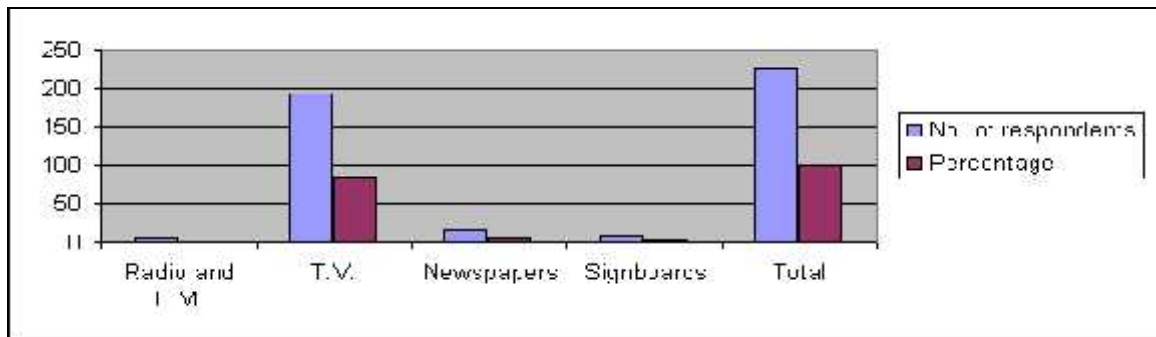
Table 4.2.15

Options	No. of Respondents	Percentage
Radio and F.M.	6	2.67
T.V.	194	86.22
Newspapers	16	7.11
Signboards	9	4
Total	225	100

Source :Field Survey 2013

In the race for an advertisement to be the most effective, T.V. Advertisements stand better than any other do. Visual effects seem to cast a long lasting effect in the mind of the respondents than the print media like News Papers and the Audio Advertisements which is clearly shown in the Table above with 86% for T.V. Advertisements compared to the 3%, 7% and 4% of Audio Advertisements (like radio and F.M.), News Papers and the Signboards advertisements.

Bar-Graph 4.2.15



4.2.2 Analysis of Primary Data

This segment presents a thorough analytical display of the primary data presented above.

4.2.2.1 Impacts of Advertising on Consumer's Attitude and Buying Behavior

In this section it has been tried to know the impacts of the advertising on consumer's attitude and buying behavior. More over it has been tried to figure out if advertising makes the consumers (respondents) change their mind and purchase the products that one advertisement intends its prospective consumers (respondents) to do so.

The following table presents the general description of the items used in the design and the questionnaire related to this part is set in Annex-1

Table 4.2.2.1

Impacts of advertising on Consumer's Attitude and Buying Behavior

S. No.	Statements	Options			
		Yes	No	I don't Know	Others
1	I see an advertising	98%	2%		
2	I think an advertising is important	94%	3%	3%	
3	I find a relation between an advertising and my buying behavior	80%	8%	10%	2%
4	I think that advertising affects my attitude	81%	16%	1%	2%
5	An advertising should provide	Information about goods		Facilities of the goods	others
		76%		19%	5%
6	An advertising that I prefer should be	Romantic	Musical	Informative	Others
		9%	11%	78%	2%

Source: Field survey 2013

Majority of the respondents (98%) saw advertising and most of them (94%) thought that advertising is really important. Similarly the table (4.3.1) above depicts that most of the respondents (80%) found a strong relationship between advertising and their buying behavior where as 81% of them thought that advertising has affected their attitude towards the products. The main purpose to watch an advertising to them is to find information about the products which is supported by the fact that 76% of them wanted the information about the products, on the contrary just 19% of them wanted to find the facilities offered by the goods. Again, most of them (78%) preferred informative advertising to musical advertising (11%) and informative advertising (9%).

4.2.2.2 Analysis of the Consumer's Expectations from Advertising

This section has tried to pull out a common view of the consumers about what makes them purchase one product and what do they expect from a product. The following table presents an overview of this segment.

Table 4.2.2.2
An Overview of the Expectations of Consumers

S. No.	Statements	Options			
		Price	Quality	Firm's Image (Brand)	Others
1	I purchase one product because of	9%	86%	5%	
2	Factors I prefer in an instant noodles are	3%	85%	10%	2%

Source: Field survey 2013

The table clearly indicates that the main pursuit for the majority of the consumers, above than 85% of them, to buy an instant noodles is the quality those noodles offer regardless of price (up to 9% of them), just considered about the price. In addition to it up to 10% of them showed the brand loyalty compared to quite insignificant (2%) went for others.

4.2.2.3 Analysis of the Effectiveness of Advertising

The focus of the study in this segment is to analyze the effectiveness of advertising in terms of return in sales over its (advertising's) expenses. So it has been tried to find out the responses about the effectiveness of advertising in sales maximization. The table below presents a highlight about it.

Table 4.2.2.3
A Highlight of analysis of Effectiveness of Advertising

S. No.	Statements	Options			
		Yes	No	I don't Know	Others
1	I find a relation between advertisement and sales	87.5%	10.6%	0.4%	1.5%

Source: Field survey 2013

From the previous analysis in 4.2.2.1, majority of the respondents 98% saw advertising and 94% of them considered that advertising is important which clearly indicates that advertising drove them to purchase the products which is once again supported by the above table (4.3.3) in which 87.5% of the respondents signified the relation of advertising and sales.

4.2.2.4 A comparative Analysis in between Sales and Advertisement Coverage

In this section, the main focus of the study is to present a comparative view of the Wai-Wai and Mayos instant noodles in between their sales and advertisement. The table below presents an excerpt of this section:

Table 4.2.2.4

A Comparative Analysis of Wai-Wai and Mayos Instant Noodles

S. No.	Statements	Options			
		Wai-Wai	Mayos	Rum Pum	Others
1	Recently I have watched the advertisement of	48%	41%	7%	4%
2	The brand name that comes immediately in my mind is	45.5%	35.5%	10.6%	8.4%
3	I prefer to buy	47%	39%	12%	2%

Source: Field survey 2013

The table shows that a slight majority of the respondents have watched the advertisements of Wai-Wai(48%) compared to the 41% of the respondents for Mayos instant noodles which has resulted the more purchase of Wai-Wai instant noodles (47%) compared to 39% for Mayos instant noodles. At the same time recognition of Wai-Wai instant noodles in the mind of respondents is above than the Mayos instant noodles which are explained by 45.5% of Wai-Wai to 35.5% of Mayos where other brand like Rum Pum was not quite significant in the race.

4.2.2.5 Analysis of the Media Vehicles:

The focus of this segment is to bring an insight about the effective form of an advertisement among the different ways of advertising like print media, audio media, visual media e.t.c. which is presented in the table given below:

Table 4.2.2.5
Analysis of the Media Vehicles

S. No.	Statements	Advertising Options			
		Audio	Visual (TV)	News Paper	Others
1	The advertisement, I like the most is	2%	87%	7%	4%
2	To me, The most effective form of advertising in Nepal is	3%	86%	7%	4%

Source: Field survey 2013

The table clearly explains that the visual way of advertising was liked the most by the respondents (87%) and 86% of them thought that the same way of advertising is the most effective form of advertising where as audio advertising was the least preferred (2% and 3%) in both category.

4.3 Presentation and Analysis of Secondary Data

This segment provides a wise picture of the role of advertising and its expenses of these two instant noodles firms over their respective sales. The data collected from these two firms are presented from the Fiscal year (FY) 2059/060 to 2063/064 i.e. the figures provided by these two firms over last five years. The analytical part of the secondary data has been put forward in the following way:

4.3.1 Analysis of A.M. of Advertising Expenses and Sales of Mayos and Wai-Wai Instant Noodles

The table shows the analysis of A.M., S.D., C.V. of advertising expenses and sales of Mayos and Wai-Wai instant noodles.

Table 4.3.1
Average Advertising Expenses and Sales

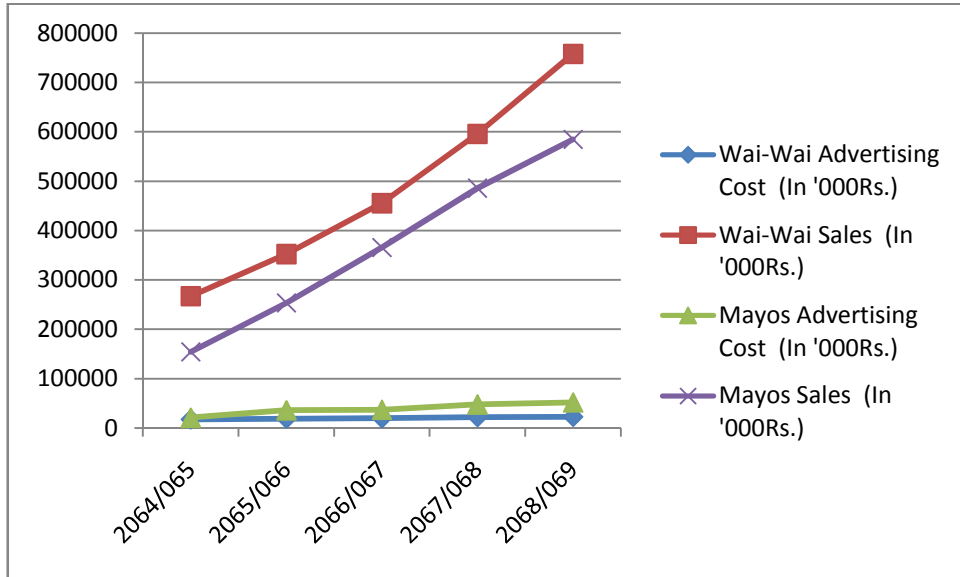
Fiscal Year (FY)	Wai-Wai		Mayos	
	Advertising Cost (In '000Rs.)	Sales (In '000Rs.)	Advertising Cost (In '000Rs.)	Sales (In '000Rs.)
2064/065	17586	267313	21243	154251
2065/066	18959	352483	36255	253254
2066/067	20564	455478	37355	365478
2067/068	22089	595745	48125	485745
2068/069	22931	757594	52155	584578
Total	102129	2428613	195133	1843306
Average	20425.8	485722.6	39026.6	368661.2

Source: Annual report of Chaudhary Group and Himalayan Snacks and Instant Noodles Pvt. Ltd.

As the advertising expenses soared up, similar movement was seen in the sales volume of these two instant noodles firms which is in close connection with the fact that most of the respondents watched and considered advertising is important. On the other hand majority of the respondents found a positive relation between advertising and sales. So that an increment in advertising expenses caused in more advertising exposure thus, resulting in change in the attitude and buying behavior of the respondents towards the products leading to an enhanced sales volume due to more purchases of these two different brands of instant noodles shown by above table.

The same tabular information has been presented below in a graph

Graph 4.3.1

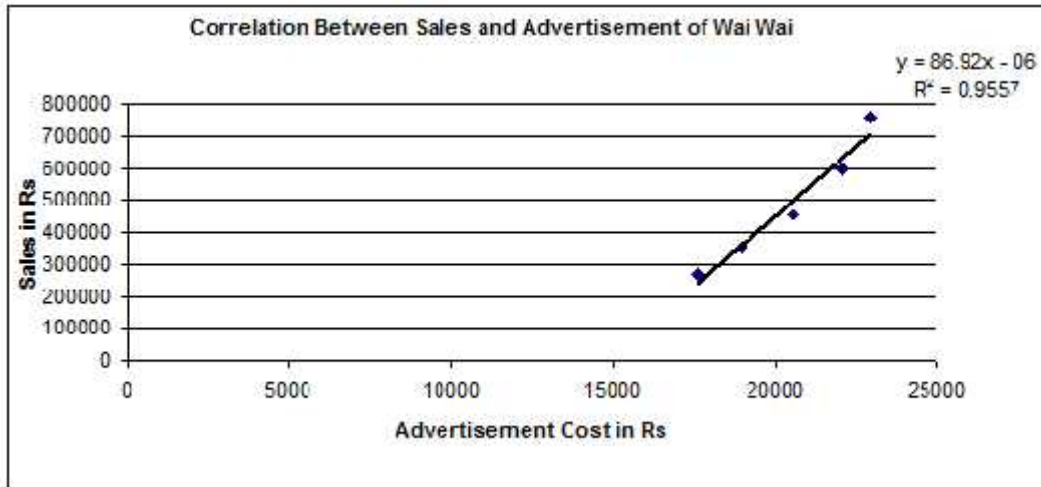


4.3.2 Analysis of Effectiveness of Adverting in Terms of Return in Sales

The focus of this section is to analyze the effectiveness of the advertising in terms of return in sales or the extent to which adverting affects in sales generation. The line graph below presents the values of correlation coefficient (r) and the coefficient of determination (r^2) between the advertising expenses and sales of Wai-Wai and Mayos instant noodles.

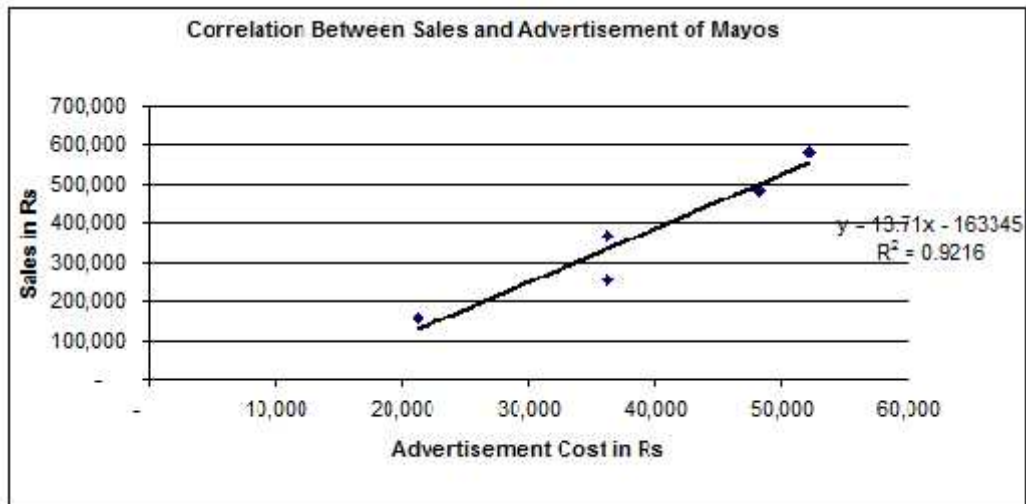
Graph 4.3.2

Analysis of Effectiveness of Advertising in terms of Return in Sales



Graph 4.3.2

Analysis of Effectiveness of Advertising in terms of Return in Sales



The graph of Wai-Wai instant noodles shows that the correlation coefficient (r) is 0.98(see annex-5) which shows that there is a strong positive correlation between the advertising and the sales of Wai-Wai instant noodles. This indicates that if there is more advertising then there will be more sales. At the same time the value of r^2 is 0.9557, this indicates that the 95.57% change in sales is caused by the advertising.

Similarly, the above graph 4.4.2 of Mayos instant noodles also shows that the correlation coefficient (r) and the value of r^2 are 0.96 and 0.9216 (see annex-6) respectively, which once again clearly shows that there is a strong positive correlation between the advertising and the sales of Mayos instant noodles and 92.16% of change in sales of Mayos instant noodles is caused by its advertising.

4.3.3 Comparative Analysis of Advertising Expenses and Sales Generation of Wai-Wai and Mayos Instant Noodles

This section deals with a comparative study in between the advertising expenses and the sales of these two brands in a percentile incremental basis of the advertising expenses and sales. The table 4.4.3 below presents a highlight of this:

Table 4.3.3

Fiscal Year (F/Y)	Increment in Adverting Expenses of Wai-Wai (in %)	Increment in Sales Volume of Wai-Wai (in %)	Increment in Adverting Expenses of Mayos (in %)	Increment in Sales Volume of Mayos (in %)
2065/066	7.81	31.86	70.67	64.18
2066/067	8.47	29.22	3.03	44.31
2067/068	7.42	30.8	28.83	32.90
2068/069	3.82	27.17	8.37	20.35

Source: Annual report of Chaudhary Group and Himalayan Snacks and Instant Noodles Pvt. Ltd.

The table indicates that the adverting expenses of Himalayan Snacks and Noodles Pvt. Ltd. are increased largely (70.67%) which has generated an increment in the sales by 64.18%. The huge increment in the adverting expenses in first year had a good coverage for it for the next year which is shown by the figure about an increment in adverting expenses by 0.03% only but still resulting in a massive 44.31% in sales. But the sales volume was decreasing down to 20.35% (see annex- 9) in the fiscal year 2068/069. Whereas, the mode

of increment in advertising expenses of Wai-Wai instant noodles did not show such a huge fluctuation ranging from the highest increment of 8.47% to the lowest 3.82%. At the same time it has been able to keep a steady level of increment in the sales ranging from the highest increment of 31.86% in the fiscal year 2065/066 to the lowest 27.17% in the fiscal year 2068/069.

4.3.4 Analysis of S.D. and C.V. of Advertising Expenses and Sales of Wai-Wai and Mayos Instant Noodles

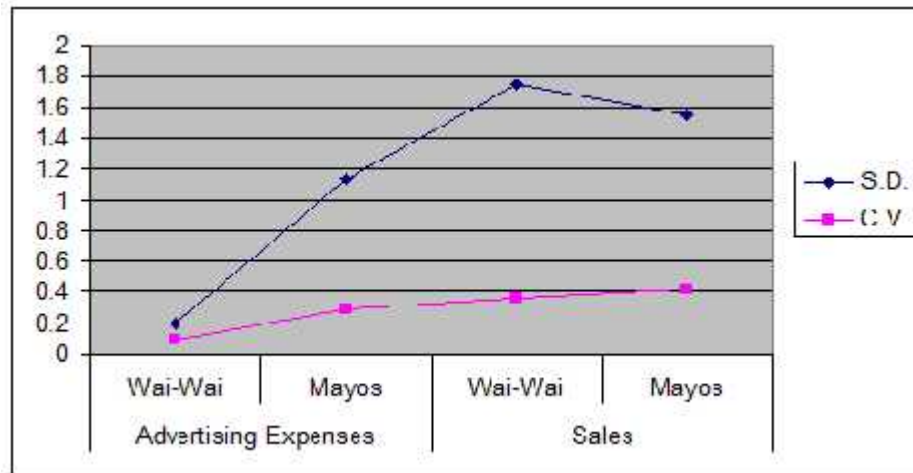
Furthermore the table 4.4.4 and the line graph below 4.4.4 below show a comparative study of these two instant noodles by using the statistical tools S.D. and C.V. about advertising expenses and the sales of these two instant noodles companies:

Table 4.3.4
Analysis of S.D. and C.V. of advertising expenses and sales

	Advertising Expenses of		Sales	
	Wai-Wai	Mayos	Wai-Wai	Mayos
S.D.	0.196	1.135	1.75	1.55
C.V.	9.6%	29.27%	35.94%	41.96%

The S.D. and C.V. of advertising expenses of Mayos instant noodles shows that there is a fluctuation in its expenses pattern compared to S.D. and C.V. of Wai-Wai instant noodles. Whereas the S.D. of sales of Wai-Wai instant noodles seems to be little more fluctuating in comparison to the S.D. of the sales of Mayos instant noodles but the sales of Wai-Wai instant noodles seems to be consistent over the sales of Mayos instant noodles which has been shown by the figures of C.V. for the sales of Wai-Wai (35.94%) compared to the C.V. for the sales of Mayos instant noodles (41.96%), see annex- 7 and 8. Furthermore the same information is presented below in a graphical notation.

Graph 4.3.4



4.4 Major Findings of the Study

- Most of the respondents (98%) watched advertisement and 94% of them thought that advertising is important
- To gain information about the goods (76%) was the main purpose for respondents to watch advertisement
- Quality was the main pursuit for the respondents (86%) to purchase these instant noodles after getting the information from advertising
- Most of the respondents (80%) thought that there is a relation between the advertising and their buying behavior
- Most of the respondents (81%) thought that advertising has affected their attitude towards the products and their buying behavior largely
- 48% of the respondents watched the advertisements of Wai-Wai where as 44% of them watched the advertisement of Mayos in the sample taken
- 47% of the respondents revealed that they purchase Wai-Wai and 39% of the respondents purchased Mayos because of the quality these products serve
- Majority of the respondents (85%) purchased their favorite brands because of the quality where as quite negligible (13%) of them went for brand or firm's image
- Most of the respondents (up to 87%) found that T.V. advertising is the most effective form of advertising in Nepal.

- The average advertising expenses of Wai-Wai and Mayos were Rs.20425.8 and Rs.38804.8 respectively (in '000Rs.)
- The average sales of Wai-Wai and Mayos were Rs.485722.6 and Rs.368661.2 respectively (in'000Rs.)
- The S.D. and C.V. of advertising expenses of Wai-Wai and Mayos were 0.196, 9.59% and 1.135, 29.27% respectively.
- The S.D. and C.V. of sales of Wai-Wai and Mayos were 1.75, 35.94% and 1.55, 41.95% respectively
- The correlation coefficient between advertising and sales for Wai-Wai and Mayos were 0.977 and 0.96 respectively which indicates that there is a high degree of positive correlation between adverting and sales of these two instant noodles
- The pattern in increment in advertising expenses of Wai-Wai was more even compare to the increment pattern of Mayos.
- The increment in sales of Wai-Wai shows a falling trend but not sharply which was 31.86% in the fiscal year 2065/066 to 27.17% in the fiscal year 2068/069
- The increment in sales of Mayos shows a continuous fall from 64.18% in fiscal year 2065/066 to 20.35% in the fiscal year 2068/069

CHAPTER: FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Marketing is indispensable in today's market. Only those firms which have a sound marketing strategy can exist in market. Marketing is about understanding needs and wants of consumer. To know their needs and wants, communication is very important promotion is about the company's communication with customer. It has been a fact that products just can not be sold because of attractive prices alone, where to generate sales and profits, the benefits of the products have to be communicated to the customer.

Advertising is the best way to communicate and reach to mass; it directs a message at a large numbers of people with a single communication. Effective advertising should generate awareness of both company and the product; it should help to create an interest and desire for product and stimulate regular and potential customers to purchase the products. The main purpose of this study was to analyze impacts of advertising on the sales of two sample firms comparatively. For this purpose, the data of the advertising expenses and the sales have been used. So, the excerpts of this study has been summarize in a following way:

Majority of the respondents watched advertisement and they valued an advertisement's important significantly in today's life. The main reason for them to watch advertisement was to gain information and the quality of the goods.

Most of the Respondents accepted that there is a positive relation between the advertising and the buying behavior which further indicates that the advertising is practised properly in Nepal and people take advertising in a positive way. A Wai-Wai instant noodle has a better margin over the Mayos instant noodles in terms of the sales and advertisement coverage.

On the other hand, visual means of advertising like T.V. advertising stood the most effective

media of advertising compared to the other forms of advertising like audio, print media. Again, the average advertising expenses of Wai-Wai instant noodles seems to be less than the advertising expenses of Mayos instant noodles remarkably but the sales volume of the Wai-Wai instant noodles were higher than that of Mayos instant noodles yet.

The beginning year of this study showed that there was a significant increment in the volume of advertising expenses of Mayos instant noodles compared to the Wai-Wai instant noodles. But in the subsequent years both of the firms have been reducing the advertising expenses gradually. The incremental part of the advertising expenses is, however, more uniform and even in case of Wai-Wai instant noodles than the wobbling trend of Mayos instant noodles. On the contrary, the increment in sales volume has been showing a declining trend but this trend is much sharper in case of Mayos instant noodles than Wai-Wai instant noodles.

5.2 Conclusion

The findings of the whole study has been concluded in the following way

- Advertisement is the most effective media of promotion for these sample firms
- Most of the respondents get information from an advertisement
- Consumers pay more attention to quality while buying noodles
- Consumers strongly agree on that there is a positive relation between the advertisement and their buying behavior and attitude which, in turn, justified that people take advertisement positively and the properness of the advertisement practices in Nepal
- T.V. advertising stands as the most effective form of advertising in Nepal
- More people watch the advertisement of Wai-Wai instant noodles than Mayos instant noodles
- The advertising expenses of Mayos instant noodles is more than the advertising expenses of Wai-Wai instant noodles
- Average sales of Wai-Wai instant noodles is significantly higher than the average sales of Mayos instant noodles

- S.D. and C.V. of the advertising expenses of Wai-Wai instant noodles shows less fluctuation than Mayos instant noodles which means Wai-Wai instant noodles maintains more uniformity in its advertising expenses than Mayos instant noodles
- The sales of Wai-Wai instant noodles has a higher S.D. and C.V. compared to the Mayos which justifies the higher volume of the sales of Wai-Wai instant noodles in a positively fluctuating trend
- There is a strong positive correlation between the advertising and sales of these two firms which justifies the strong impact of advertising on sales and on the other hand it clarified that advertising helps to increase the sales
- The incremental pattern of advertising expenses of Wai-Wai instant noodles showed uniformity compared to the highly increasing trend of Mayos instant noodles
- The incremental trends in sales of both firms seems to be in a declining trend but this is, once again, quick and sharper in case of Mayos instant noodles than Wai-Wai instant noodles.

5.3 Recommendations

- Both of these firms should continue with their advertising campaign to reach more and more possible number of consumers
- These firms should provide with more informative advertisement about their noodles
- These firms should maintain the quality of their respective instant noodles that should not be deteriorated
- Advertising should be focused in fulfilling the need of the consumers in a proper way to make them purchase their noodles by changing their attitude and buying behavior
- Both of these firms should focus more on T.V. advertising than other media of advertising
- Mayos instant noodles needs to upgrade the quality of advertising which Wai-Wai instant noodles advertisement seems to be better appreciated
- The Mayos instant noodles should contemplate about the volume of the advertising expenses due to the fact that still it doesn't have a wide coverage

- Wai-Wai instant noodles should go on with their current advertising campaign but with a constant scrutiny to the volume of the sales generated where as Mayos instant noodles should take an immediate action to control a rapid falling trend in incremental sales volume
- Mayos instant noodles should assess the effectiveness of the adverting expenses over its return in terms sales where as it seems better in case of Wai-Wai instant noodles
- Mayos instant noodles should assess the volume of the sales generated immediately
- Both of these firms should muster up the a quality of the advertising to reinforce more sales volume
- Both of these firms should evaluate the performance of the advertisement in terms of the incremental trend of sales volume
- Both of these firms, mainly Mayos instant noodles, should pin-point the factor responsible to declining incremental trend of sales immediately.

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Related Thesis

Adhikari, A.(2005). “*A Study on Promotion Effectiveness Through Television*”, A Thesis Report, Nepal Commerce Campus.

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Shrestha, S.(2005). “*A Study on Advertising Impact of Coke and Pepsi on Their Promotional Activities*”, A Thesis Report, T.U.

Related Journals/Magazines

Annual report of Wai-Wai and Mayos Instant Noodles

The Boss Magazine

Related Web-site:

www.tutor2u™.com

www.google.com

QUESTIONNAIRE FOR PRIMARY DATA ANALYSIS

Dear all,

*The purpose of this study is to access the **ADVERTISING AND CONSUMER BEHAVIOR (A COMPARATIVE STUDY OF WAI-WAI AND MAYOS NOODLES IN KATHMANDU)** .The information supplied will be used only for the study purpose and high level of secrecy will be strongly maintained. Please read the following statement and tick at the appropriate answer that comes closest to your opinion.*

Thank you for your cooperation.

Regards.
Radhika Singh

- Do you know about advertisement?
 - a. Yes b. No
- Do you think that advertising is important?
 - a. Yes b. No c. I don't know
- Which media of advertising do you like the most?
 - a. Radio Advertising b. T.V. Advertising
 - c. News papers Advertising d. Others
- What do you expect from advertising?
 - a. Information about goods b. Facilities offered by goods
 - c. Information about consumption of goods d. others
- What kind of advertising do you prefer?
 - a. Romantic b. Musical c. Informative d. Others
- Do you find a relation between types of advertising and consumer's (your) buying behavior?
 - a. Yes b. No c. I don't know d. Others

Average Advertising Expenses and Sales of Wai-Wai and Mayos Instant Noodles

Fiscal Year (FY)	Wai-Wai		Mayos	
	Advertising Cost (In '000Rs.)	Sales (In '000Rs.)	Advertising Cost (In '000Rs.)	Sales (In '000Rs.)
2064/065	17586	267313	21243	154251
2065/066	18959	352483	36255	253254
2066/067	20564	455478	37255	365478
2067/068	22089	595745	48125	485745
2068/069	22931	757594	52155	584578
Total	102129	2428613	195133	1843306
Average	20425.8	485722.6	39026.6	368661.2

Source: Annual report of Chaudhary Group and Himalayan Snacks and Instant Noodles Pvt. Ltd.

Calculation of Correlation of Advertising Expenses and Sales of Wai-Wai Instant Noodles

Year	Advertisement (X) (in '000Rs.)	Sales (Y) (in '000Rs.)	u = (X - 20000)/1000	v = (Y - 450000)/1000	u ²	v ²	uv
2064/065	17586	267313	-0.2414	-1.82687	0.058274	3.337454	0.441006
2065/066	18959	352483	-0.1041	-0.97517	0.010837	0.950957	0.101515
2066/067	20564	455478	0.0564	0.05478	0.003181	0.003001	0.00309
2067/068	22089	595745	0.2089	1.45745	0.043639	2.124161	0.304461
2068/069	22931	757594	0.2931	3.07594	0.085908	9.461407	0.901558
			u = 0.2129	v = 1.78613	u² = 0.201839	v² = 15.87698	uv = 1.751631

$$r = \frac{n \sum uv - (\sum u)(\sum v)}{\sqrt{n \sum u^2 - (\sum u)^2} \sqrt{n \sum v^2 - (\sum v)^2}}$$

$$= \frac{5 \times 1.75163 - 0.2129 \times 1.78613}{\sqrt{5 \times 0.201839 - (0.2129)^2} \times \sqrt{5 \times 15.87698 - (1.78613)^2}}$$

$$r = 0.9977606$$

$$r^2 = 0.955713$$

Where assumed mean (A) is Rs. 20000 ('000Rs.)

Calculation of Correlation of Advertising Expenses and Sales of Mayos Instant Noodles

Year	Advertisement (X) (in '000Rs.)	Sales (Y) (in '000Rs.)	u = (X-36000)/10000	v = (Y-360000)/10000	u ²	v ²	uv
2064/065	21243	154251	-1.4757	-2.05749	2.1776905	4.233265	3.036238
2065/066	36255	253254	0.0255	-1.06746	0.0006503	1.139471	-0.02722
2066/067	36266	365478	0.0266	0.05478	0.0007076	0.003001	0.0014571
2067/068	48125	485745	1.2125	1.25745	1.4701563	1.581181	1.5246581
2068/069	52155	584578	1.6155	2.24578	2.6098403	5.043528	3.6280576
			u=1.4044	v=0.43306	u²=6.2590448	v²12.00045	uv=8.1631906

$$r = \frac{n \sum uv - (\sum u)(\sum v)}{\sqrt{n \sum u^2 - (\sum u)^2} \sqrt{n \sum v^2 - (\sum v)^2}}$$

$$= \frac{5 \times 8.1631 - 1.4044 \times 0.43306}{\sqrt{5 \times 6.2590 - (1.4044)^2} \times \sqrt{5 \times 12.00045 - (0.43306)^2}}$$

$$r = 0.9600695$$

$$r^2 = 0.9217334$$

Where assumed mean (A) is Rs. 36000 ('000Rs.)

Calculation of S.D. and C.V. for Advertising Expenses of Wai-Wai Instant Noodles

Fiscal Year	Adv. Expenses (X) (in 10 millions)	$X - \bar{X}$	$(X - \bar{X})^2$
2064/065	1.7586	-0.28398	0.08064
2065/066	1.8959	-0.14668	0.02152
2066/067	2.0564	0.01382	0.000191
2067/068	2.2089	0.16632	0.02766
2068/069	2.2931	0.25052	0.06276
N=5	$\sum X = 10.2129$		$\sum (X - \bar{X})^2 = 0.19277$

Where,

$$\begin{aligned}\bar{X} &= \frac{\sum X}{N} \\ &= \frac{10.2129}{5} \\ &= 2.04258\end{aligned}$$

And

$$\begin{aligned}S.D.(\sigma) &= \sqrt{\frac{\sum (X - \bar{X})^2}{N}} \\ &= \sqrt{\frac{0.19277}{5}} \\ &= \sqrt{0.0385542} \\ &= 0.196(\text{in ten millions})\end{aligned}$$

And,

$$\begin{aligned}\text{C.V.} &= \frac{\sigma}{\bar{X}} \times 100 \\ &= \frac{0.196}{2.04258} \times 100 \\ &= 9.595\%\end{aligned}$$

Calculation of S.D. and C.V. for Advertising Expenses of Mayos Instant Noodles

Fiscal Year	Adv. Expenses (X) (in 10 millions)	$X - \bar{X}$	$(X - \bar{X})^2$
2064/065	2.1243	-1.7562	3.084
2065/066	3.6255	-0.2549	0.064
2066/067	3.6246	-0.2558	0.0654
2067/068	4.8125	0.9320	0.868
2068/069	5.2155	1.3350	1.782
N=5	$\sum X = 19.4024$		$\sum (X - \bar{X})^2 = 6.452$

Where,

$$\begin{aligned}\bar{X} &= \frac{\sum X}{N} \\ &= \frac{19.4024}{5} \\ &= 3.88048\end{aligned}$$

And

$$\begin{aligned}S.D.(\sigma) &= \sqrt{\frac{\sum (X - \bar{X})^2}{N}} \\ &= \sqrt{\frac{6.452}{5}} \\ &= \sqrt{1.290445} \\ &= 1.135(\text{in ten millions})\end{aligned}$$

And,

$$\begin{aligned}C.V. &= \frac{\sigma}{\bar{X}} \times 100 \\ &= \frac{1.135}{3.88048} \times 100 \\ &= 29.27\%\end{aligned}$$

Calculation of S.D. and C.V. of Sales of Wai-Wai Instant Noodles

Fiscal Year	Adv. Expenses (X) (in 100 millions)	$X - \bar{X}$	$(X - \bar{X})^2$
2064/065	2.67313	-2.1841	4.7703
2065/066	3.52483	-1.3324	1.7753
2066/067	4.55478	-0.30245	0.0915
2067/068	5.95745	1.10022	1.2105
2068/069	7.57594	2.71871	7.3914
N=5	$\sum X = 24.28613$		$\sum (X - \bar{X})^2 = 15.239$

Where,

$$\begin{aligned}\bar{X} &= \frac{\sum X}{N} \\ &= \frac{24.28613}{5} \\ &= 4.85723\end{aligned}$$

And

$$\begin{aligned}S.D.(\sigma) &= \sqrt{\frac{\sum (X - \bar{X})^2}{N}} \\ &= \sqrt{\frac{15.239}{5}} \\ &= \sqrt{3.0478} \\ &= 1.7458(\text{in hundred millions})\end{aligned}$$

And,

$$\begin{aligned}\text{C.V.} &= \frac{\sigma}{\bar{X}} \times 100 \\ &= \frac{1.7458}{4.85723} \times 100 \\ &= 35.94\%\end{aligned}$$

Calculation of S.D. and C.V. of Sales of Mayos Instant Noodles

Fiscal Year	Adv. Expenses (X) (in 100 millions)	$X - \bar{X}$	$(X - \bar{X})^2$
2064/065	1.54251	-2.1441	4.5972
2065/066	2.53254	-1.1540	1.3317
2066/067	3.65478	-0.0318	0.00101
2067/068	4.85745	1.1708	1.3708
2068/069	5.84578	2.1591	4.66215
N=5	$\sum X = 18.43306$		$\sum (X - \bar{X})^2 = 11.9629$

Where,

$$\begin{aligned}\bar{X} &= \frac{\sum X}{N} \\ &= \frac{18.43306}{5} \\ &= 3.68661\end{aligned}$$

And

$$\begin{aligned}S.D.(\sigma) &= \sqrt{\frac{\sum (X - \bar{X})^2}{N}} \\ &= \sqrt{\frac{11.9629}{5}} \\ &= \sqrt{2.392571} \\ &= 1.55(\text{in hundred millions})\end{aligned}$$

And,

$$\begin{aligned}C.V. &= \frac{\sigma}{\bar{X}} \times 100 \\ &= \frac{1.55}{3.68661} \times 100 \\ &= 41.96\%\end{aligned}$$

Calculation of Incremental Advertising Expenses and Sales

Fiscal Year	Wai-Wai		Mayos	
	Increment in Adverting expenses of Wai-Wai (in %)	Increment in sales volume of Wai-Wai (in %)	Increment in Adverting expenses of Mayos (in %)	Increment in sales volume of Mayos (in %)
2065/066	$\frac{18959-17586}{17586} = 7.81$	$\frac{352483-267313}{267313} = 31.86$	$\frac{36255-21243}{21243} = 70.67$	$\frac{253254-154251}{154251} = 64.18$
2066/067	$\frac{20564-18959}{18959} = 8.47$	$\frac{455478-352483}{352483} = 29.22$	$\frac{37355-36255}{36255} = 3.03$	$\frac{365478-253254}{253254} = 44.31$
2067/068	$\frac{22089-20564}{20564} = 7.42$	$\frac{595745-455478}{455478} = 30.8$	$\frac{48125-37355}{37355} = 28.83$	$\frac{485745-365478}{365478} = 32.90$
2068/069	$\frac{22931-22089}{22089} = 3.82$	$\frac{757594-595745}{595745} = 27.17$	$\frac{52155-48125}{48125} = 8.37$	$\frac{584578-485745}{485745} = 20.35$