

CHAPTER -I

INTRODUCTION

1.1 BACKGROUND OF THE STUDY

Nepal is a naturally, religiously & culturally diversified Federal Democratic Republic sovereign country situated in a South East of Asia. Covering an area of 147,181 sq.km, Nepal shares a border with India in the west, south and east and with the Tibetan Autonomous Region of China in the north. Kanchan Kalan in Jhapa district is the lowest point at 70 m above sea level and the summit of Mt. Everest at 8,848 m is the highest. From east to west, Nepal is 800 km long and only 230 km. north to south at its widest. Within this narrow stretch of land there is incredible diversity in topography ranging from a sub-tropical climate in the terai (plains) to Alpine conditions in the Himalayan regions. Mountains, mid hills, valleys, lakes and plains dominate the landscape of this landlocked country. Eight of the fourteen peaks over eight thousand meters lie in Nepal including Everest, the highest in the world. Geographically Nepal represents a transitional mountain area between the fertile gigantic plain of India and the arid plateau of Tibet.

Ecologically the whole Kingdom is divided into three regions – the mountain, the Hilly and the Terai, running east to west; and Administratively into Five development regions, fourteen zones and seventy-five districts. It is culturally diversified and fabricated by two main religions – Hinduism and Buddhism. Out of total population, 86.5% people are Hindus, 2.4% are Buddhist and the rest are the followers of the other religions but all the religion practice “unity in diversity” here.

Nepal is popular for the angelic beauties, unique wonder & natural gifts in the world. It is a landlocked country with agro based economy. The country is classified into three parts by geographical nature namely Terai, Mountain & Hills. Nepal is one of the least developed countries with less economy growth. More than 80% people are stay in rural area. The per capita income of Nepalese people is near around \$700.

1.1.1 EVOLUTION OF BANKING INDUSTRY

The evolution of banking industry had started a long time back, during ancient times. There was reference to the activities of money changers in the temple of Jerusalem in the New-Testament. In ancient Greece, the famous temples of Delphi and Olympia served as the great depositories for peoples surplus funds. These were the centers of money lending transaction. Indeed the traces of rudimentary banking were found in the Chaldean, Egyptian and Phoenician history. The development of banking in ancient Rome roughly followed Greek pattern. Banking suffered oblivion after the fall of emperor Justinian in 565 A.D and it was not until the revival of trade and commerce in the Ages that the lesson of finance were learnt a new from the beginning. Money lending in the middle Ages was however largely confined to the Jews since the Christians were forbidden by the canon law to indulge in the sinful act of lending money to others on interest. However, as the hold of church loosened with the development of trade and commerce about the thirteenth Century Christians also took to the lucrative business of money lending, thereby entering into keen competition with the Jews who had hitherto monopolize the business.

As a public enterprise, banking made its first beginning around the middle of the twelfth century in Italy and the Bank of Venice founded in 1157 was the first public banking institution. Following it, were established the Bank of Genoa in 1407 respectively.

The Bank of Venice and the Bank of Genoa continued to operate until the eighteenth century, with the expansion of commercial activities in Northern Europe, there sprang up a number of private banking houses in Europe and slowly it spread throughout the world. In Nepal, modern banking starts from the establishment of Nepal Bank Limited.

1.1.2 DEVELOPMENT OF BANKING INDUSTRY IN NEPAL

In the country the development of banking is relatively recent. The record of banking system in Nepal gives detail account of mixture of slow and steady evolution in the financial and global economy of Nepalese life. Involvement of landlords, rich merchants,

shop-keeper and other individual money-lenders has acted as fence to institutional credit in presence of unorganized money market.

Though establishment of banking industry was very recent, some crude bank operations were in practice even in the ancient times. In Nepalese chronicle, it was recorded that the new era known as Nepal Sambat was introduced by Shakhadhar, a Sudra merchant of Kantipur in 879 or 880 AD after having paid all the outstanding debts in the country. This shows the basic of money lending practice in ancient Nepal. Towards the end of 8th century, Gunkamdev had borrowed money to rebuild the Kathmandu valley. In 11th century, during Malla regime there was an evidence of professional money-lenders and bankers. It is further believed that money lending business particularly for financing the foreign trade with Tibet became quite popular during reign of Mallas. However in the absence of any regulatory measures, the unscrupulous money-lenders were known to have charged exorbitant rates of interest and other on loans advanced.

The establishment of "Tejarath Adda" during the year 1877 AD was fully subscribed by the Government of Kathmandu valley which played a vital role in the banking system. This establishment helped the general public to provide credit facilities at the very low rate of 5%. The Tajarath Adha could be regarded as pioneer foundation of banking in Nepal. Tejarath Adda was running smoothly for few decades.

The main defect of this institution sougheed as there was no other financial institution set-up and there was no effort to expand the services. Above all of the defects, this institution did not accept any deposits from the public. In the absence of saving mobilization the "Adda" faced financial problem making it impossible to carter to the credit and service need of the general population throughout the country. After that again for a long time several organized bankers and indigenous money lender continued to flourish as the sole provider of the credit and services to the general public.

At the same time, the government started trade with India and Tibet, and the various indigenous bankers handled even the trade, because transfer of money could be safely made only through these bankers in the absence of modern banking institutions. Hence, the need of banking institution was realized. This was even supported by the situation

caused during 1934 AD's earthquake where there was a need of finance for the reconstruction of works.

Reviewing these situations the "Udyog Parishad" (Industrial Development Board) was constituted in 1936A\D. One year after its formulation, it formulated the "Company Act and "Nepal Bank Act" in 1937AD.

In the year 1934AD, the establishment of Nepal Bank Ltd, with the Imperial Bank of India came into existence under" Nepal Bank Act 1937" as the first commercial bank of Nepal, inaugurated by King Tribhuvan on November 1937, Rastriya Banijya Bank was established in the year 1965. RBB being the largest commercial bank plays a major role in the economy. That is the reason why these banks still exist in spite of their bad position.

1.1.3 MODERN BANKING PRACTICES

Thus, we can say that modern banking practices began only before the Second World War with the establishment of the first banking institute, Nepal Bank Limited which was an establishment as a joint ownership of government and private individuals.

Earlier banks were different from modern commercial banks in many aspects. The bank which is operated in the past combined central banking functions such as issue of currency, with commercial banking operations like accepting deposits and financing.

Business, in course of time, this practice was abandoned and specialized institutions for the central banking functions were created. Now a central bank can be easily distinguished from a commercial bank due to their objective and unique functions.

On the long run, Commercial Bank Act was left, accordingly it was established in 1974AD. According to Section 2 (a) of Commercial Bank Act 1974, the commercial banks are the heart of the economic system. They hold the deposits of millions of persons, gold and business units. It exchanges money, accepts deposits, grants loan and operates commercial transactions they make fund available through their lending and

investing activities to borrowers, individuals, business firms and government. Thus their task to provide a collecting point for saving correlatively small average amount from large number of individual sources and invites them into a productive and needed sector of the country, so as to develop the nation. In the developing country like Nepal, there is always lack of financial resources not only because of the available resources are not fully utilized for the productive purpose, in this course the commercial banks are financial institute rather than banking institute. In the modern times, commercial bank which are facilitated, regulated and supervised by the central bank, confined them and concentrated in their activities of fulfilling the financial needs of their customers.

With the opening of Everest Bank the door of opening Commercial Banks was opened to the private sector. Then whole lot of commercial banks was opened in Nepal Today all the banks except Nepal Bank Limited and Rastriya Banijya Bank are making profit. The inefficiency of these two public sector banks has led to the success of other private banks.

As the commercial bank grew, they stopped entertaining small project. Thus, scope for opening finance companies emerged. In 2042 B.S. Finance Company Act were passed but private sector kept stony silence till 2049 B.S. The first break came in month of Shrawan of that year, Nepal Housing and Development Finance Company came. The second year in the Pause of the same year, Nepal Finance and saving companies operating in Nepal.

No matter what name we give to banks like business bank. Retail the same basic function, like other organization, the main objective of the banking industries will be profit maximization and wealth maximization.

Altogether there are 32 commercial Banks, 88 development banks, 69 financial institute and 16 co-operatives as of Jan 12. They all have got their own rules and regulations and own vision but ultimately they are serving nation to build huge financial resources and mobilizing it in the best possible way.

The banking sectors remained still for a long period time but as the time passed on many developments occurred. In the present scenario, Nepal banking system is emailing itself

as a powerful instrument of planning and economic growth of all the developed and underdeveloped sectors. The scope and scale of banking too have undergone substantial change in response to the saving and credit needs of people

1.1.4 NEPAL'S FINANCIAL SYSTEM

Table No.: 1.1

Financial Organizations	Number
Commercial Banks	32
Development Banks	88
Finance Companies	69
Micro-Finance	24
Saving & Co-operatives Ltd.	16
NGO's (Financial Intermediaries)	36
Insurance companies (Licensed by Insurance Board)	25
Employee Provident Fund	1
Citizen Investment Trust	1
TOTAL	292

Sources: NRB Banking & Financial Statistics 2012

Note: The above list does not include the co-operatives licensed by cooperatives Board.

1.1.5 COMMERCIAL BANKS

Commercial Bank is the major component in the financial system. They work as the intermediary between depositors and lenders and facilitate in overall development of the economy, with major thrust industrial development.

Commercial banks came into existence mainly with the objectives of collecting the idle funds, mobilizing them into productive sector and causing overall development. The bankers have the responsibility of safe guarding the interest of the depositors, the shareholders and the society they are serving. A sound banking system is important because of the key roles it plays in the economy, intermediation, maturity transformation, facilitating payment flows, credit allocation and maintaining financial discipline among borrowers. Banks are the gatherers of saving the allocates of resources, providers of liquidity and payment services.

1.1.6 GROWTH OF COMMERCIAL BANKS IN NEPAL

The banking sector in Nepal started with the establishment of Nepal Bank Limited. Today we got 32 commercial banks in operation. The commercial banks of Nepal can be categorized into two types-public sector and private sector. Public sector banks include the two old banks, NBL and RBB Private Sectors are remaining.

LIST OF COMMERCIAL BANKS ESTABLISHED UNDER DIFFERENT ACTS & LAWS

TABLE NO.: 1.2

S. No.	Name of the Banks	Operation Date
1.	Nepal Bank Ltd.	(1937/11/15A.D.)
2.	Rastriya Banijya Bank	(1966/01/23A.D.)
3.	Agriculture Development Bank Ltd.	(1968/01/02A.D.)
4.	Nabil Bank Ltd.	(1984/07/16A.D.)
5.	Nepal Investment Bank Ltd.	(1986/02/27A.D.)
6.	Standard Chartered Bank Nepal Ltd.	(1987/01/30A.D.)
7.	Himilayan Bank Limited	(1993/01/18A.D.)
8.	Nepal Bangladesh Bank Ltd.	(1994/06/05A.D.)
9.	Nepal SBI Bank Ltd.	(1993/07/07 A.D.)
10.	Everest Bank Ltd.	(1994/10/18A.D.)
11.	Bank of Kathmandu	(1995/03/12A.D.)
12.	Nepal Credit & Commerce Bank Ltd.	(1996/10/14A.D.)
13.	Lumbini Bank Ltd.	(1998/07/17A.D.)
14.	Nepal Industrial & Commercial Bank Ltd.	(1998/07/21A.D.)
15.	Machhapuchhre Bank Ltd.	(2000/10/03A.D.)
16.	Kumari Bank Ltd.	(2001/04/03A.D.)
17.	Laxmi Bank Ltd.	(2002/04/03A.D.)
18.	Siddhartha Bank Ltd.	(2002/12/24A.D.)
19.	Global IME Bank Ltd.	(2007/01/02A.D.)
20.	Citizen Bank International Ltd.	(2007/06/21A.D.)
21.	Prime Commercial Bank Ltd.	(2007/09/24A.D.)
22.	Sunrise Bank Ltd.	(2007/10/12A.D.)
23.	Bank of Asia	(2007/10/12A.D.)
24.	Grand Bank Ltd.	(2008/05/25A.D.)
25.	NMB Bank Ltd.	(2008/06/05A.D.)
26.	KIST Bank Ltd.	(2009/05/07A.D.)
27.	Janata Bank Ltd.	(2010/04/05A.D.)
28.	Mega Bank Nepal Ltd.	(2010/07/23 A.D.)
29.	Commerz and Trust Nepal Bank	(2010/09/20A.D.)
30.	Civil Bank Limited	(2010/11/26A.D.)
31.	Century Commercial Bank Limited	(2011/03/10A.D.)
32.	Sanima Bank Limited	(2012/02/16A.D.)

Sources: NRB Banking & Financial Statistics 2012

1.1.7. Introduction to Reference Commercial Banks

➤ Janata Bank Nepal Ltd.

Janata Bank Nepal Ltd. is the 27th commercial bank established under the Bank & Financial Institution Act, 2063 with an objective of extending professionalized banking services to various section of society in the country & there by contribute in the economic development of the country. It has 24 branches across the country and will gradually expand its service all over the country. With 836 promoters, JBNL is the first licensed commercial bank to have an initial paid up capital of NPR 2 Billion.

Vision

To extend support towards strengthening the financial system and then the economy of the country and also grow as an International Financial Institution.

Mission

Greater financial outreach for the people, fair play in the financial market, help in financial stability within the country, technology transfer and higher customer satisfaction.

Goal

To deliver financial services and maintain social responsibility through effective and efficient use of human and technical resource and generate profit for the shareholders.

Share Capital of Janata Bank Nepal Ltd.

Authorized capital (4, 00, 00,000 share @ 100) Rs. 4,00,00,00,000

Issued capital (2, 00, 00,000 share @ 100) Rs. 2,00,00,00,000

Paid up capital (14, 00,000 share @ 100) Rs. 14, 00, 00,000

(by the Promoter

Shareholders)

➤ **Sanima Bank Ltd.**

Sanima, promoted by prominent and dynamic Non-Resident Nepalese (NRNs) Businessman, commenced its operation in 2004 as a National Level Development Bank with the vision to mobilize resources for National Development. Sanima received the operating License from Nepal Rastra Bank to function as a "A" Class Commercial Bank and has achieved the triumph to establish itself as a 32nd Commercial Bank of Nepal. In the pursuit of sustainable growth, Sanima has 24 full-fledged branches within and outside the Kathmandu Valley and has further plans to expand its reach in the various part of the country. Sanima provides one window financial solutions to the customers with the wide range of Products and Services. Sanima not only offers readymade products and services, but also offers customized services to better suit the needs of the individual customer. Sanima is committed to exceed customer expectations in all areas of its Business through consistent processes, innovations and Improvements.

Mission

To provide banking and financial solutions in a simplified way with customer focus while adding value to stakeholders' interests.

Share Capital of Sanima Bank Ltd.:

)	Authorised Capital	Rs. 2,10,00,00,000
)	Issued Capital	Rs. 2,01,60,00,000
)	Paid-up Capital	Rs. 2,01,60,00,000

Shareholding Pattern:

)	Promoters	70%
)	General Public	30%

1.1.8 Basic Concept of Banking Product in the Sense of Marketing

In simple word Marketing is "let the customer know about your product and motivate them towards it."

Marketing is the performance of business activities that direct the flow of goods and services from producer to consumer or user. In other words, it includes all the activities involved in the flow of goods and render services from production to consumption.

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of goods, services and ideas to create exchanges with target of groups that satisfy customer and organizational objectives. Marketing consists four p's **(1) Product (2) Price (3) Place and (4) Promotion.**

One of the four major variables with which the marketing manager works, is communicating information between seller and buyer with a view to changing attitude and behavior.

Promotion is the ingredient used to inform and persuade the market regarding a company product, (a) Advertising (b) Personal Selling (c) Publicity (d) Sales Promotion and (e) Personal selling are the major promotional activities. Personal Selling involves direct face to face relationships between sellers and potential customers. Mass-Selling is designed to communicate with numbers of customers at the same time. Advertisement is the main form of Mass-Selling but it also involves publicity. Sales promotion refers to specific activities that complement personal and mass selling such as point of purchase display booklets, leaflets and direct mailing. Posters, banners, print media, electronic media etc.

For the promotion of banking products banks apply Marketing Strategy. Marketing strategy is both unique and common place. That might sound like a contradiction of term but it is not. The term strategy is widely used to describe a seemingly endless numbers of marketing activities. Today, everything in marketing seems to be strategic.

1.1.9 MARKETING STRATEGY

Marketing strategy is the first and foremost tool to develop a financial institution. It includes a series of well-conceived policy, suitable and sufficient staffing, and development of conducive infrastructure and generation of felt-need based product and services, client friendly approaches.

The success of any financial institution is mainly quality based than simply its number of branches or its size capital investment, although on the national basis. Nepal government has recently asked the banks to emphasize in its service quality than on opening new branches, the respondents of the study area, have highly appreciated the marketing strategies of the banks functioning in Birganj.

1.2 STATEMENT OF THE PROBLEMS

A well-functioning banking system is an essential element in economic growth. A good banking system is supposed to mobilize savings from household and business and utilize it in productive sector.

As a coassignee of the economic liberalization policy of Nepal Government, Joint Venture & Commercial Bank mushroomed in a short time span. They are mainly concentrated in the capital city and in the major urban areas, But due to agricultural predominance the banking services are highly repaired in the rural areas, commercial banks especially the joint ventures one are reluctant to expand their operation in those areas where they are really needed. The branches of the commercial banks opened in the rural area of Nepal do not seem to have activated their role effectively.

Modern marketing is based on customer oriented approach. But in Nepal 91% population still live in rural areas. Due to lack of education, they are unable to utilize all the facilities of banking product. The marketing strategy is still not very effective to make known about.

Very recent product like- LC (Letter of Credit), Remittance facility. SWIFT, and ATM, is not even much known to the people living urban areas. Generally, it is well known to all that Banks collect funds from different type of deposits and provides to loans and advances to different sector. Today this is very limited views of the functions of Banks. On present competitive era, banks have to produce different banking products to service the customers as well as to society and to service, compete and growth of the business. It is not possible to produce different banking product till it not promoted and to market (marketing strategy) is an essential function of modern marketing.

But neither Banks nor customers are seen more interested in developing banking products or formulating marketing strategies. So it is the question of study that whether there is any relationship of banking products with its marketing strategies. So this is the major problems that have been identified for the purpose of this study.

1.3 OBJECTIVES OF THE STUDY

The basic objective of this study is to analyze the relationship between banking product & Marketing strategy of newly established Commercial banks with reference to Janata Bank Nepal Ltd. (JBNL) & Sanima Bank Ltd. (SabL). Besides this the study also focus on the following objectives.

1. To study the bank's product marketing strategy in urban as well as rural areas.
2. To examine its efforts to attract its customer. What type of facility is giving to its customer regarding interest rate?
3. To evaluate its performance in the field of market of its product to its potential customer.
4. To analyze its performance in the sense of marketing like advertisement in radio and television, posters and pamphlet etc.
5. To highlight its marketing strategy.
6. To market confusion and suggestion regarding the study to make effective the Product Marketing Strategy.

1.4 SIGNIFICANCE OF THE STUDY

Significance of the study is to make aware about the product to general public so as to use the facilities provided by the newly established Commercial banks with reference to Janata Bank Nepal Ltd. (JBNL) & Sanima Bank Ltd. (SabL).

The headquarter of Sanima Bank Ltd. is Parsa district, Birgunj which is called financial capital of Nepal. It has total Population 112855 with 60,950 male and 51528 female. The total literacy rate of this city is 69.29%. The population growth rate is 4.89% the urbanization rate of this city is 11% with migration from rural area and India due to various reasons. Due to which there is a change in socio-cultural structure. There is difference in income level, standard of living, taste and habit of people.

For the marketing of its strategy, advertisement is the medium .but only advertisement will not be effective in this throat cut competition. It will need some mote effort by the banker because customers are not alike. For the variety of customer, there must be variety of tools.

The study will help banker to improve their policy for the sake of making customer well informed about its product and policy.

Similarly, this study will try to find out the customer's behavior and their though regarding its facilities.

The study will also find out that how much percent of its customer is known about n products like ATM, Debit Card and other facilities. Thus, this study will be helpful to some extent for the bank, customer and society as a whole.

1.5 LIMITATION OF THE STUDY

Every study has not far from limitations so; this study also suffers from some limitations that are presented below.

1. This study is conducted to fulfill the requirement of Master Degree in Business Studies (MBS). So, these study scans not cover all the dimensions of the subject matter.

2. Due to lack of the time, this study is based on only banking product produces of Commercial Bank of two Commercial Bank.
3. The study is based on the secondary data as well as Primary Data.
4. Not availability of the required data, this study may reduce the scope of the study.
5. To analyze the relationship between banking products and its marketing strategies limited tools and techniques are used.
6. Out of various newly established commercial banks this study is concerned with only two commercial banks.
7. Although there are various aspects of product management in marketing, this study is mainly concerned with the marketing strategies aspect of the sample bank.

1.6 ORGANIZATION OF THE STUDY

This study has been organized into five different segments to make the study more systematic the chapters one to five convey the following titles:

1. **Introduction:** - This chapter contains the introduction part of the study. It describes the background of the study. It also deals with statement of the problem, objectives of the study, significance of the study, limitation and organization of the study.
2. **Review of the Literature:-** The Second chapter deals with the conceptual framework, review of empirical works, relevant research studies, review of major studies in Nepal and finally conclusion of the literature.
3. **Research Methodology:** - The third chapter contains research methodology employed in the study. It explains the research methods. Research design, nature and source of data, data processing procedure, the basic tools and techniques and definition of key terms.

4. **Presentation and Analysis of Data:-** The fourth chapter contains presentation and analysis of data. In this chapter data is collected through different sources such as report, questionnaire, observation, information system and required statistical tools have been performed for analysis and interpretation of data.

5. **Summary Conclusion and Recommendations:** -The fifth chapter contains summary and conclusion of the study. After that all necessary recommendations are presented for the improvement of the further study and research.

CHAPTER -II

REVIEW OF LITERATURE

2.1 INTRODUCTION

While doing the research, the previous study cannot be ignored because it provides the foundation of present study. In other words, there has to be continuous research. Review of relevant literature provides the knowledge of the status of the field of research to the researchers.

According to Howard K. Wolf and Prem R. Pant "The purpose of literature review is to find out what research studies have been conducted in one's chosen field of study and what remains to be done. It provides the foundation for developing a comprehensive theoretical framework from which hypothesis can be developed for testing. The literature survey also minimize the risk of pursuing the dead-ends in research"

2.2 CONCEPTUAL REVIEW

2.2.1 THE MARKET

There are many usages of the term 'Market' in economic theory, in business, in general and in marketing in particular. A market may be defined as a place where buyer and sellers meet, product or services are offered for sales and transfers of ownership occur. A market may also be defined as the demand made by a certain group of potential buyers for a product or service. "Market is defined as people or organizations with wants to satisfy money to spend, and the willingness to spend it .Thus in the market demand for and given product or service, there are there factors to consider, People or organization with wants, their purchasing power and their buying behavior"¹

"A market consists of all the potential customers sharing a particular need or want who might be willing and be able to engage in exchange to satisfy that need or want"² "A market represents the aggregate demand of the buyers and potential buyers for a product

¹ W J Stanton, Fundamentals of Marketing, 6th ed. p.31

² Philip Kotler, Marketing Management 9th, ed, P.13

or services over a specific period of time.³ Market is a group of individual and organizations who may want the good or service being offered for sale and who meet these three additional criteria:

- i. Member of a market must have the purchasing power to be able to buy the product being offered.
- ii. Market members must be willing to spend their money to exchange other resources to obtain the product,
- iii. Market members must have the authority to make such expenditures.⁴

2.2.2 MARKETING

"Marketing consists of all business activities involved in the flow of goods and services from the point of initial production unit until they are in the hands of the ultimate consumer. The marketing process establishes forward linkages for production activities, that is, it provides economic rewards for the production process. It includes not only storage and transportation activities of the middleman '- "it also encompasses all activities linking the consumer and the producer."⁵

"Marketing is the process of planning and executing the conception, pricing, promotion and distribution of goods, services and ideas to create exchange with target groups that satisfy customer and organizational objectives."⁶

"Marketing is a social and managerial process by which individuals and groups obtain what they need and what through crating and exchanging products and value with each others."⁷ Thus this definition gives primary importance to the needs of consumers and carries marketing with consumers' preferences and regards it as the way producers' can contribute to the consumer's objective to maximize satisfaction.

A more modern definition in tune with greatly expanded productive capacity might emphasize the adaptation of production, facilities to the market. Specifically marketing

³ VP Buell, Marketing Management, 9th ed., p.13

⁴Zikmund& Damico D., Marketing, 2nd ed., p.84

⁵ Macmillan Dictionary of Modern Economic, 4th ed., p.117

⁶ Philip Kotler, Op. Cit. 8th Edition, p.13

⁷ Ibid p.9

might be defined as the response of businessmen to consumer demand through adjustments in production capabilities. Adjusting production, accounting, finance and marketing in the light of the changing needs of consumers who are affluent enough to have varied buying choices.

"Marketing is concerned with designing an efficient and fair system which will direct an economy's flow of goods and service from producers to consumers and accomplish the objective of the society."⁸

Different authorities define marketing in different ways. "Marketing is the exchange taking place between consuming groups on the one hand and supplying groups on the other,"⁹

"Marketing is human activity directed at satisfying needs and wants through exchange processes."¹⁰

"Marketing is the anticipation, stimulation, facilitation, regulation and satisfaction of consumer and public's demand for products, services, organization, people, place and ideas through the exchange process."¹¹

According to Stanton "Marketing is defined as total system of business activities designed to plan, price, promote and distribute want satisfying goods and service e to present and potential customers."

In the light of above definitions, it can be concluded that marketing is a process of delivering goods and services produced to satisfy the needs of consumers to the consumers in an effective way so that the objectives of the producers are fulfilled.

Marketing thus satisfies the objectives of the producers by making it possible to sell their products on the market in one hand and on the other hand helps consumer to get the maximum of satisfaction by providing goods and services for their consumption.

⁸ E J McCarthy, Basic Marketing, 5th ed., p.18

⁹W Alderson, Marketing Behaviour and Executive Action. 1957, p.42

¹⁰ Philip Kotler, Op. Cit. 4th edition, p.19

¹¹ JR Enans& Berman B., Marketing, 3rd ed., 1982 p.7

At last, marketing is encompassing all the activities in satisfying the needs of the customer through the exchange relationship to achieve organizational objectives with social responsibility in a dynamic environment.

2.2.3 REASONS OF EMBRACING MARKETING CONCEPT

Banks tend to be reluctant to adopt the marketing concept. However, the following reasons drive them to adopt the marketing concept.

- i. Increasing Competition-Bank/Organizations may be forced to adopt the marketing concept to meet the challenges of increasing competition.
- ii. Changing Customers Wants-Many organizations operate in markets where customer wants are continually changing. This forces them to adopt the marketing concept to satisfy changing customer wants and to retain customer.
- iii. Changing Technology-Technology is fast changing. This may force organization to adopt marketing concept to reduce the risk of obsolescence,
- iv. Declining Sales - Declining sales may force organization to adopt the marketing concept for determining and satisfying customer needs,
- v. Slow Growth - slow growth in sales may force organization to adopt the marketing concept for exploring new market opportunities to satisfy customer needs.
- vi. Increasing Market Expenditures - Organizations adopt the marketing concept to make effective utilization of the increasing market opportunities.

2.3 MARKETING MIX:-

The marketing mix is one of the most fundamental concepts associated with the marketing process. It is well understood by most modern marketers and is systematically applied in many industries especially those that deal with physical products. It refers to a set of variables that the business uses to satisfy consumer needs.

A brief review of the main principles surrounding the marketing mix can help to clarify its true role in the development and execution of an effective marketing effort.

The marketing mix is the set of marketing variables which the organization blends to achieve the marketing goal in a defined target market. The marketing mix consists of everything the organization can do to influence the demand for its product in the target market.¹²

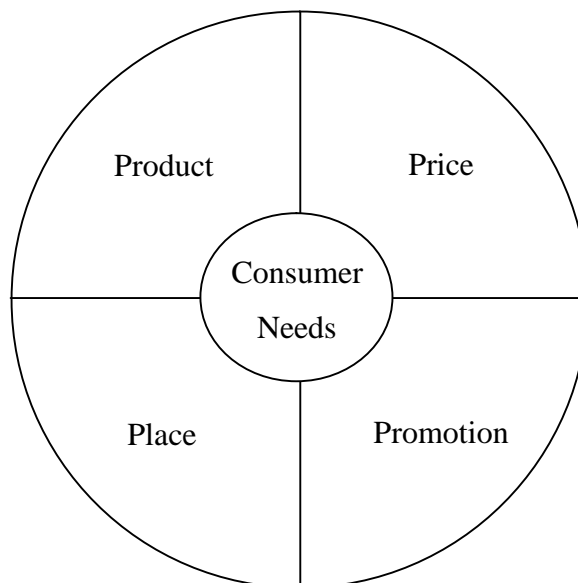
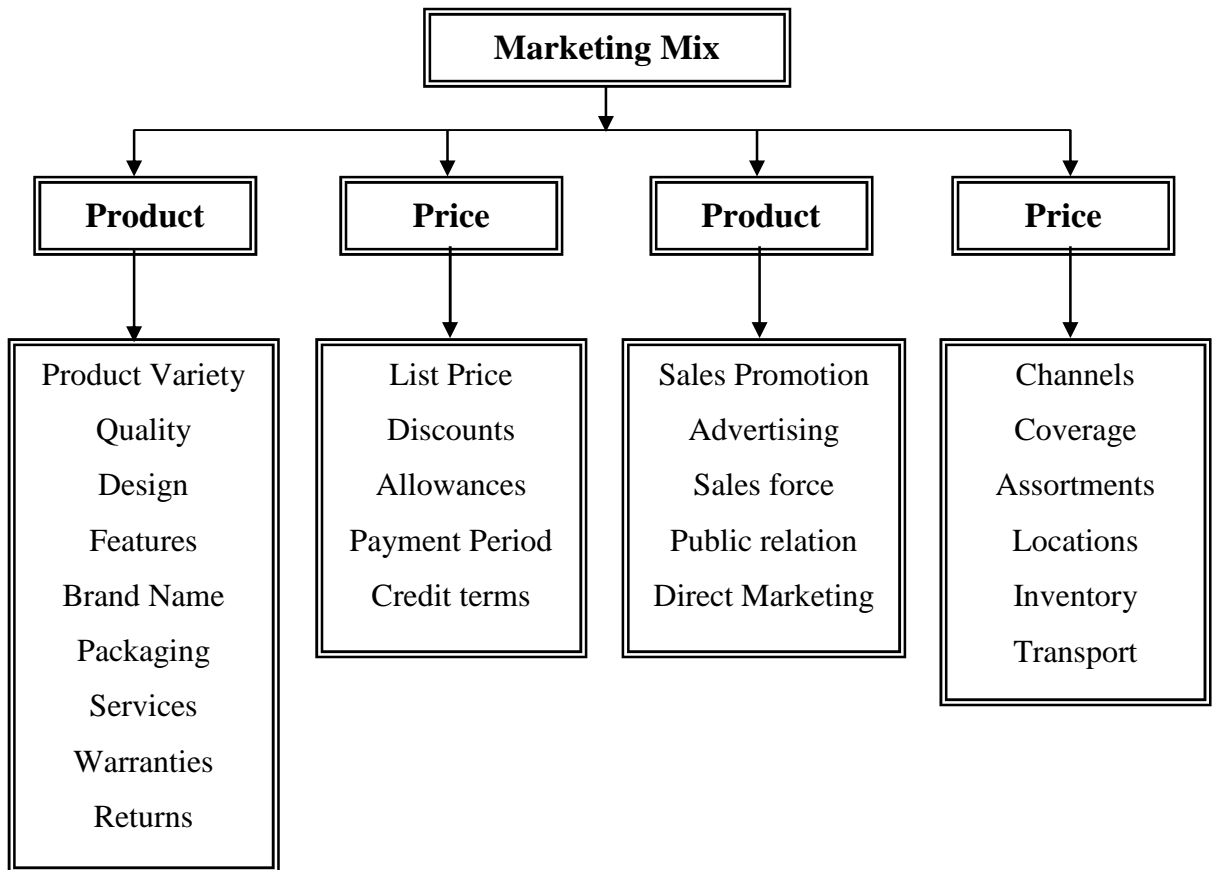
As stated earlier, the marketing mix represents an assemblage of tasks and subtasks, which ultimately will help to satisfy the customer's requirements in such a way as to enable the firm to attain its objectives in an optimum fashion. The subtle part of the concept is that different companies in the same business may opt to develop different mixes. In fact this is the difference that may provide one company with a competitive advantage over its competitors.

The concept of the marketing mix essentially promises that the decision-making executive must analyze certain market forces and certain elements of marketing elements which promises to determine a sound 'mix' of marketing elements which promises to be effective and profitable. The "Four Ps Model" of the marketing mix has widely gained acceptance. Four Ps marketing mix consists namely product, price, promotion and place. The theory underlying the four Ps is that, if one manages to achieve the right product at the right price with the appropriate promotion, and in the right place, the marketing program will be effective and successful. However, one must bear in mind that each of

¹² McCarthy, Op.Cit.p.18

the four Ps can be broken in to marketing tools that the firm uses to pursue its marketing objectives in the target market.¹³

Figure No.: 2.1



¹³ N H Borden & Marshall M.V.; Advertising Management; 3rd ed., 1959 p.23

2.3.1 PRODUCT

Product is one of the most important parts of the marketing mix. Without the product we cannot sell or buy the things. The product area is concerned with developing the right product for the target market. This product may involve a physical product and/or sometime combination of services. The crux of the matter in the product area is to develop something, which will satisfy the customer's needs.

Most of the case is concerned with tangible products, but the principles in most cases also apply to services. It is important to keep this in mind, since the service side our economy is growing. It is also important to see the product concept as including services, because it is too easy to become production-oriented. People fall into these trap and neglect important opportunities for satisfying needs in other ways.

A product is anything that can be offered to a market, satisfies a want or need. Products that are marketed are physical goods, services, persons, place, organization and ideas.¹⁴ A product can differ in size, quality, features, brand, packing etc. This is the most important variable of marketing mix. A Company should deeply think over the quality of product before market penetration.

2.3.2 PLACE

A Product is not much good to customer if it is not available when and where he/she wants, it. We must consider where, when and by whom the goods and services are to be offered for sale.

This variable of marketing mix is concerned with distribution and physical distribution. Goods and services do not flow from producers to consumers automatically. They move through channels of distribution where a great of marketing work is done.

Place or distribution mix includes design of the distribution channels, distribution networks, dealer, promotion and motivation systems and physical distribution of the

¹⁴Kotler, Op. Cit. p. 430

product.¹⁵ Any sequence of marketing institutions, from producer to final user or consumer, including any number of middlemen is called channels and so our study of place is very important to marketing strategy planning.

"Even though marketing intermediaries are primarily a non-controllable environment factor, a marketing executive has considerable latitude when working with them. Management's responsibility is:

1. To select and manage the trade channels through which the products will reach the right market at the right time and
2. To development a distribution system for physical handing products and then transporting them through the appropriate channels."¹⁶

2.3.3 PROMOTION

It is another variable of marketing mix which communicates to the ultimate consumer about goods and services. It involves those activities which inform, educate and stimulate the demand for the product. Promotion is to tell the target Customer that the right product is available at the right place at the right price.

Promotion is the ingredient used to inform and persuade the market regarding a company's product. Advertising, personal selling and sales promotion are the major promotional activities.¹⁷

The major promotional methods include personal selling, mass selling and sales promotion. Personal selling involves direct face-to-face relationships between sellers and potential customers. Mass selling and is designed to communicate with large number of customers at the same time. Advertising is the main form of mass selling is designed to communicate with large numbers of customers at the same time.

Advertising is the main form of mass selling, but it also involves publicity. Sales promotion refers to specific activities that complement personal and mass selling as point

¹⁵Koirala, Op.Cit.P.15

¹⁶ Technological Antecedents of the Modern Mix, journal of Macro Marketing, Spring ed.p.17

¹⁷ W J Stanton &Futrell c., Fundamentals of Marketing, 8th ed., p.56

of purchase displays, booklets, leaflets and direct mailings. "Companies face the task of distributing the total promotion budget over the five promotional tools advertising, sales promotion, public relations and publicity, sales force, and direct marketing. Within the same industry, companies can differ considerably in how they allocate their promotional budget. It is possible to achieve a given sales level with varying promotional mixes.¹⁸

Advertising consists of all the activities involved in presenting to a group, a non-personal, oral, or visually sponsored message regarding to a product, service or idea. Advertising is an impersonal promotion to groups that is paid for by an identified sponsor. It focuses upon groups of persons, rather than upon individuals.¹⁹ Advertisement can be described as any paid form of non-personal communication by sponsor.²⁰ Advertising includes any persuasive message carried by a mass medium and paid for by a sponsor who sings the messages.²¹

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

Personal Selling can be a very intense means of promotion. Personal selling consists of person-to-person communication between sales persons and their prospects. Unlike advertising, it involves personal interaction between the source and the destination. "²²

Sales Promotion is, "Those marketing activities, other than personal selling, advertising, and publicity that stimulates consumer purchasing and dealer effectiveness, such as displays, shows and exposition, demonstrations and various no recurrent selling efforts not in the ordinary routine."²³

¹⁸Kotler, Op.Cit. p.622

¹⁹ R Peterson, Marketing A Contemporary Introduction, p.439

²⁰Dhokakia, Khurana, Bhandari and Jain, Marketing Management: Cases and Concepts, p. 353

²¹ J Douglas, Advertising Today, p.1

²² Ibid, p.353

²³ American Marketing Association, Marketing Definition: A Glossary of Marketing, P.20

Publicity is a means of promoting to the mass market. Publicity is similar to advertising, except that it is free, is found in the editorial portion of news, media, and pertains to newsworthy events. The most common types of publicity are news release, photographs and features stories.²⁴

2.3.4 PRICE

It is another variable of marketing mix that creates sales revenue. While the company is developing the right product and promotion, it also must decide on right price that will round out its marketing mixes, and makes it as attractive as possible. In setting the price, it must consider the nature of competition in its target market as well as the existing practices on markups, discounts and terms of sale. It also must consider legal restrictions affecting sales.

Price mix includes analysis of competitors' price, formulation of pricing objectives, setting the price, determining terms and conditions of sales, discounts and commission etc. In pricing, management must determine the right base price for its products. It must then decide on strategies concerning discount, freight payments, and many other price-related variables.²⁵

"Consumers pay price to buy products for their need satisfaction. It may involve discounts, allowances, credit facilities etc. Price has become the second most important variable of marketing mix because of inflationary pressures in recent years."²⁶

2.4 BANK AND BANKING PRODUCT

2.4.1 CONCEPTUAL EXPLANATION OF BANKING TERMINOLOGY

²⁴ R Filiman & Kirkpatrick C.A. Promotion: Persuasive Communication in Marketing p.2067

²⁵ Staton, Op. Cit. p.56

²⁶ G R Agrawal, Marketing for Small Business, p.16

The term banking refers to the institution that provides services and facilities regarding monetary functions, the functions in that a general bank performs the receiving, collecting, transferring, paying, lending, investing, dealing, exchanging "Hi other services regarding money in both domestic and international level.

In general, it is known that bank is such an organization where the money is deposited, withdrawn or borrowed from a particular account. In short it is first a warehouse for money storage. Bank deals with debit and credit monetary matters which means bank accepts money from its customer in the form of deposit under different accounts and invests the same money in the capital market or to customer. The main investment areas where the bank invests money are industries, trade, agriculture, hydro-electricity, infrastructure regarding development, real estate etc.

A bank is a lawfully incorporated form of organization, which deals in monetary matters. Bank is a business enterprise. It is a business institution, which takes deposits in different terms from the public and private institution on the one hand and grants loans on the other for different terms to different individuals and organizations. In other words, bank accepts deposit from the public and provides loan and advance to the business enterprises. Accepting deposit from the public means that bank take loans from the public. So the bank is the dealer in credit. Bank receives deposits made by different persons and institutions for the security of their money. It pays interest for the money deposited, gives the money back when demanded, gives the loan and takes interest on the loan. In this way banking transactions are mainly concerned with the monetary movement.

A bank is an institution which trades in money, and establishment for the deposit, custody and issue of money as also for making loans, discount and facilitating the transmission are mainly concerned with the monetary movement.

A bank means a commercial institution government or non-government which financially functioned as collecting/accepting deposit of money by allowing interest repaying it on demand or lending, transacting in give and take of cash, gold, silver and other valuable etc.

In conclusion we can say that "A bank is an organization whose principle operation is concerned with the accumulation of temporarily idle money of the general public for the purpose of advancing in different heads.

2.4.2 TYPES OF BANKS IN NEPAL

Today is the age of specialization; bank differs according to their nature. A bank cannot perform all sorts of functions. So today's banks are opened differently according to their nature, which are briefly explained in the following paragraph.

1. Central Bank

Central bank is the supreme bank of a country that controls all the monetary system and banking structure, issues coins and notes, controls the credit of money, performs agency and banking services to the government and manages the foreign currency reserve of the whole country. In case of Nepal. Nepal Rastra Bank is the central bank, which was established in 2013 (1957), under the Nepal Rastra Bank Act. It can accept the credit of Nepal Government, Commercial banks, the financial institutions, government's offices and provides loan to the Nepal Government, Commercial banks, and the financial institutions.

2. Commercial Bank

The banks which perform all kinds of banking business are called commercial banks. In Nepal, There are many commercial banks like Rastriya Banijya Bank, Nabil Bank Ltd., Nepal Investment Bank Ltd. and the Bank of Kathmandu etc. Now there are all together 32 commercial bank operating in the country. Generally, commercial banks deal with finance, trade and commerce. These banks normally advance short term loans to the business, persons and traders.

3. Development Bank

A development bank is the bank established to promote the develop a particular sector of economy. Generally, it is a established by the governmental sector. In context of Nepal, Nepal Industrial Development Bank Corporation is the first development bank of the

country, which was established in 2018 B.S. In 2048 B.S. Agriculture Development Bank was established as second development bank of the country.

4. Exchange Bank

No exchange bank separately is opened in Nepal. Exchange banks deals in trade. They are specialized in financing foreign trade. They are also known as Export and Import Bank. They facilitate international payment.

5. Saving Bank

The main purpose of saving banks is to mobilize the small savings and to promote saving habits among the public in a country. In Nepal, Hulak Bachat Bank (postal saving bank) was set up in 2019 B.S. to encourage saving habit of the poor people. Now it is operating under postal service Department of Nepal Government. However, there other banks in Nepal, which are in the place of such banks.

6. Co-operative Bank

The bank established under co-operative Act is known as co-operative bank. They collect small deposits, mobilize small savings and provides short term and medium term loans to their members. Operatives provide limited banking services to the customers.

7. Industrial Bank

Industrial banks are those banks, which provide short, medium and long term loans for the established of industries in the country. Nepal Industrial Development Corporation was established in 2016 under the Nepal Industrial Development Corporation Act. 2016.

8. Indigenous Bank

Indigenous bankers are the traditional form of the modern bank, which practice banking services privately without banking law, rules and regulations. Generally, indigenous banks charge higher interest rate in loan, in context of Nepal, indigenous bankers are still playing a dominant role in the economy whatever it is urban or rural area.

9. Merchant Bank

A person is engaged in the business of issue management either by making arrangement regarding selling, buying or subscribing to securities as manager, consultant, advisor or rendering corporate advisory service in relation to such issue management. Merchant banks also accept time deposits and finance in trade and industry. Nepal Sri Lanka Merchant Bank is an example of merchant bank of Nepal.

10. Pension Funds

They accept legitimate deposits from employees of different organization while they provide loans to different financial institutions and sometimes participate in the financing in trade and industry. Employee's Provident fund is a good example of pension Fund in Nepal.

11. Housing Bank

Housing banks are those banks that collect deposits in the form of time deposits, selling securities in the capital markets where as they finance in the developments of houses in the country. Nepal Housing Development Finance Company Limited is the example of housing bank in Nepal.

2.4.3 DEFINITION OUTFLOW OF COMMERCIAL BANKING

Traditionally, the phrase 'Commercial Banking' has been used several times but has not yet been defined clearly. Commercial banking is an institution, practice for lending and accepting cash and other transaction goods that may be gold, silver etc.

The term commercial banking refers to commercial loan theory of banking where the bank outflow is cash in terms of commercial loans. These commercial loans can be short term loans to business for financing the production and transaction of goods and also holding inventories. In today's practice, banks are targeted towards financing long term business loans. Thus in short we can say that "The Commercial Banks are those banks that pool together the saving of the community and arrange for their productive use."

The business of Commercial Banks mainly consists of pulling resources through acceptance of deposit and arranging for productive use of these resources. They mainly finance the trade of a country in terms of short terms credit loans. Commercial banks receive and hold deposit, pay money, offer investment, advice, and exchange foreign currencies and so on Commercial banks make a profit from the differences between the interest rates they pay to lenders or depositors and those they charge to borrowers. Bank also creates often by way of a bank transfer or a cheque rather than the use of a note or a coin from where it can be lent to other borrowers and so on. When lending money bankers have to find a balance between yield and risk, and between liquidity and different maturities. In short we can conclude that apart from financing commercial bank also render service like collection of bills and cheques, safe keeping of valuables, financing, advising etc. to their customer. In conclusion we can say that “A bank is an organization whose principle operations are concerned with the accumulation of temporarily ideal money of the general public for the purpose of advancing in different heads.

2.4.4 BANKING PRODUCTS:

Product of any bank is its 'service'. Banks came into existence mainly with the objectives of collecting the idle funds mobilizing them into productive sector and causing an overall economic development. The bankers have the responsibility of safeguarding the interest of the depositors, the shareholders and the society they are serving.

Commercial bank plays an important role in the modern economy. The major function of any commercial bank is to accept the deposits and provide loan to the needy people and institutions. Besides these, there are many other products. As all the commercial banks of Nepal acts under the Commercial Bank Act 2031 BS, their main products are illustrated as follows.

(I) Accepting Deposits: Commercial banks attract the idle saving of the society in the form of deposit. It accepts deposits mainly three forms. They are:

- a) **Demand Deposits/Current Account:** These deposits are repayable on demand with prior notice and there is no restriction on the number of withdrawals and amount withdrawn. The bank usually does not pay any interest on such deposits but charges commission for service rendered by it.
- b) **Fixed deposit/Time Deposit:** In this kind of deposit, the customer is required to keep fixed amount with the bank for fixed time. This deposit can be withdrawn only after the maturity of the period for which deposit are made but the customers are allowed to borrow money by keeping this deposit as security. High rate of interest is paid in this type of deposit.
- c) **Saving Deposit:** In such deposit, the deposit can be withdrawn up to certain amount; prior notice has to be given to the bank. These deposits stand midway between current account and fixed account and thus small interest rate is paid to the depositors.

(II) **Advancing of Loans:** After receiving the money in the form of various deposits, commercial bank advances loan. Loans are granted in the forms of:

- a) **By allowing an overdraft:** It is an arrangement through which a customer can draw more than what he has deposited but interest has to be paid on the extra amount that has been drawn.
- b) **Cash credit/By creating deposit:** Loan is provided to the customer against tangible security or personal security of the borrower. The amount of loan is credited to the borrower's current account and is given a cheque book to draw money and has to pay interest on the whole amount of loan even if only a part of the loan is withdrawn.
- c) **Direct loans:** Such loans are given against moveable and immovable assets. The loan is repayable in lump sum on the due date and interest is charged for the loan from the date the loan is sanctioned till the date of repayment.
- d) **Discount bills of exchange:** The bank pays cash immediately to the holders of bills of exchange after deducting the discount (internal) and waits for the bill to mature when it gets back full value of bill. Therefore, commercial bank advances loans through discounting bills also.
- e) **Agency function :** Commercial bank undertakes to buy and sell securities on behalf of its customers through bank draft, cheques and transfer, Commercial

bank also render various services to their customers like payment of subscription rent, insurance premium and also collects cheque, bills, salaries, charging commission fro these services rendered. They also act a trustee to their customers.

(III) Credit Creation: Credit creation is one of the most important functions of commercial bank. Bank do not keep cent percent reserve against deposits in order to meet the demand of the deposits but they advance the deposits received in the form of loans after keeping certain percentages of cash reserve. Therefore, by advancing loans on cash credit basis or overdraft arrangement and by purchasing securities and paying for them with their own cheques, bank creates credit.

(IV) General Utility Services: In addition to the agency services, bank also renders other general utility services such as :

- a) **Safe keeping of valuables:** Commercial bank dies the safe keeping of the valuable documents, ornament's securities etc. on the payment of a small sum per year by the customer.
- b) **Assist in foreign trade:** Bank issues letter of credit, guarantees, and traveler's cheques for its customers and thus help in foreign trade. Bank also discountbills of exchange to enable the exporter receive money in the home currency.
- c) **Making venture capital loans:** Banks finances the start up of new companies and project which it thinks is profitable.
- d) **Provides financial advice:** Banks extend financial advic to their customers regarding use of credit investment, opportunities and savings.
- e) **Offers security brokerage services:** To fulfill the financial needs of its customer's, commercial banks also deal in selling of stocks, bonds and others.
- f) **Investment banking and merchant banking:** Bank renders services regarding identifying possible merger targets financial acquisition of othercompanies, dealing in securities and underwriting of shares. Bank also offers hedging service against interest rate and exchange rate fluctuates.

2.5 BANKING PRODUCT MARKETING

2.5.1 PROMOTION

The term 'Promotion' refers to the range of methods used by an organization in order to communicate with its customers, both actual and potential and includes Advertising, Publicity, Personal selling and sales promotion. Promotion is probably the most visible element of the marketing mix to most people and is often seen as one of the most glamorous marketing function. Promotion activities can and do have a significant impact on demand for a particular product or service.

Promotion also covers the various methods that an organization uses to communicate with employees and other interest groups. Since effective marketing is crucially dependent on the establishment of a marketing orientation throughout the organization as a whole. Without understanding its importance, however, promotion is only one element of the overall marketing mix and its impact on demand will only be short term if the product is not of the necessary quality available in the designed service and facilities.

People must be made familiar with the product & benefits. Some form of promotion is necessary to make customers and other public with which a bank/organization interacts, makes aware of the existence of a service/product. Although, promotion and advertising in particular, is often singled out as a part of the marketing mix that society could well do without a moment reflection shows that this criticism is unwarranted. The job of marketing is to identify consumer needs and to try to satisfy those needs by developing appropriate service/product, convenient, reliable, properly distributed, available etc. The role of promotion in the marketing function is to convey news, to fully inform consumers about the benefits of the service/product.

Recall that promotion is communication used by marketers to inform, remind & persuade potential buyers. Personal selling, Advertising, publicity and public relation and sales promotion are promotional methods that may be used to communicate a message, The features of promotion are presented below:

- a) **Promotion Informs** - Even critics of advertising might feel more comfortable with the job promotion performs in society, once they realize that the essence of promotion is communication. Only the services launched by the bank/organization will not be below to anyone unless promotions communicate to customers. Promotion's main job is to inform actual and potential customers about the services and facilities. Without knowing about the product, anybody can't enjoy any facility. So promotion is the activity by which an organization lets the customers know about the product/service/ideas. Thus, the broad goal of promotion is to inform the customer.
- b) **Promotion Persuades** - Marketing managers exist in a complete environment and as competitors, they want customers in a large number, so that their goals can be achieved. Thus persuasion, encourage or attitude change is a primary goal of promotion.
- c) **Promotion reminds** - The most loyal customer's preference for their products. Attracting new customers is a secondary promotional goal. Recall that promotion is communication used by marketers to inform reminds or persuade potential buyers. Personal selling advertising, publicity and public relations and sales promotion are promotional methods that may be used to communicate a message.

2.5.2 THE ELEMENT OF PROMOTION

Personal selling, advertising, public and public relations, and sales promotion are the four main subset of promotion. These promotional efforts are of two general types. They involve either direct communication usually on a face to face basis or on the telephone or indirect communication via some medium like television. It is up to the marketing department which approach is best for each situation. The nature of the message and the context in which it is to be delivered provide powerful clue about which method to choose.

- a) **Personal Selling** - Personal selling personal to person dialogue between buyers sellers. The purposes of the interaction whether face to face or over the phone is to persuade the buyer to accept a point of view, to convince the buyer to take a specific course of action or to develop a customer relationship. In many instances the one-to-

one nature of this communication technique means that it is quite expensive to employ but compensated by the fact that personal selling is the most flexible means of delivering a promotional message.

Personal selling can be a very intense means of promotion. Personal selling consists of person-to person communication between sales person and their prospects. It receives personal interaction between sales person and their prospects. It involves personal interaction between the source and the destination. Personal selling refers to oral presentation to one or more customers in a face-to face situation for stimulating demand for products and services of enhancing company image.

- b) **Advertising** - Unlike personal selling and public relation techniques, advertising is an impersonal promotion to groups that is paid for by an identified sponsor. It focuses upon group of person, rather than individuals.

Advertising can be described as any paid form of non-personal communication by a sponsor. It includes any informative or persuasive message carried by a non personal medium and paid for by a sponsor whose product in some way is identified in the message. Traditional mass media such as television and magazine are most commonly used. However, the direct mailing of catalogues, electronic media advertisements featuring computerized ordering and other direct response vehicles are becoming increasingly popular.

In any case, the most widely accredited definition put forward by the American Marketing Association describes it as - "Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identified sponsor."

Advertising is a powerful communication tool directed towards specific target customers in order to carry the message regarding a particular product, services or ideas, meaningfully and persuasive with a view to achieve certain specific objectives such as, to establish brand loyalty, expansion of the existing markets, increased sales volume, etc.

The advertising objective can be classified as to whether their aim is to inform, persuade or remind. For instance, informative advertising appears at the initial stages of a particular product category where the principal objective is to develop the primary demand of the customers, on the other hand, a persuasive advertising aims to build selective demand for a particular product and generally is applicable at the competitive stage. Thus, the aim of advertising is population of the product/offerings among the customers.

- c) **Publicity and Public Relation** - Publicity is similar to advertising because it may use the same mass media. Publicity is a vital part in the organization's promotion mix. According to **William J Stanton**- "Publicity is any communication about an organization, its product, or policies through the media that is not paid for by the organization."

Publicity is any communication about the organization or its products and promoting to the mass media. Publicity does not involve open cost. Publicity is a means of promoting to the mass market. It is similar to advertising except that it is free, is found in the editorial portion of news media and pertains to newsworthy events. The most common type of publicity are news release (also called press release, photographs and feature stories.

Publicity is used to promote various brands, products, persons, places, ideas, activities organizations etc. Publicity is commonly used in the launching of new product and brands as well as in efforts to rekindle interest in mature brand.

Organizations suffering from low visibility have resorted to publicity to create more awareness, while organization with poor public image have attempted to publicity to create more awareness improve their image by engaging in publicity are usually found not in the company's marketing department but in its public relation in order to develop a favorable image of their organization and products in the eyes of the public. They direct this activity to parties other than target customers. These others include the public large union, the press, and environmentalist groups. Public relation activities include sponsoring floats in parades, lobbying and using promotion message to persuade members of the public to take a desired position.

- d) **Sales Promotions** - Sales promotion includes the promotional activities other than personal selling, advertisement and public relation that are intended to include buyer purchase or to stimulate effectiveness n a specific time period.

According to the American Marketing Association,- "Those marketing activities other than personal selling, adverteng and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstrations, and various no recurrent selling efforts not in the ordinary routine are sales promotion" Sales promotion activities are impersonal and usually nonrecurring, and are directed to ultimate consumers, industrial consumers and middlemen, These activities tend to supplement the advertisement and personal selling efforts. Example of sales promotion are free product samples, trading stamps. Store displays, premiums, coupons and trade shows.

The main purpose of sales promotion is to achieve short-term objectives. It helps in promoting the sales of the concern effectively. More and promotional activities are required to induce the customers to purchase more and more products and thus produced the demand.

2.5.3 FACTORS AFFECTING DETERMINATION OF PROMOTION MIX.

The design and selection of the promotion are critical issues in marketing Creation of the right promotion blend is highly essential for successful marketing. The following factors need to be considered in the selection of the promotion mix :

- I. **Promotion Objectives and Buyer Readiness Stage:** The promotion objective of the to build awareness level among the buyers, the promotion mix is dominated by advertising and publicity. If buyers are already aware of the product but do not exhibit liking preference and conviction for the brand the market needs to put more emphasis on personal selling which is more persuasion than advertising. If buyers have favorable attitude towards the product it, may provide incentives to undertake immediate action. Buyers can be better reminded by display advertisement.

- II. **Size of the Promotion Budget:** The size of promotion mix determines the selection of the promotion mix. Advertising requires heavy expenses as it has to be launched for a longer time-period. Similarly, maintaining large sales firms, Firms with small promotion budget prefer to use a combination of dealer promotion on the spot-displays, pamphlets etc.
- III. **Nature of the Market:** The structure of the market, particularly its geographical coverage affects the design of the promotion mix. In a small market, personal selling, consumer promotions and local level advertising is company's promotions and customer promotions are more effective. In industrial and institutional market, advertising is less important than personal selling.
- IV. **Nature of the Product:** Convenience products are generally mass merchandised and supported with heavy advertising by the offered. Shopping products require more emphasis on personal selling than on relation. Level of social risk involves in the purchaser and ownership of the product also affects the promotion blend.
- V. **Product Life-cycle;** Promotion blend changes as the product moves from one to another stage of the product life cycle. In the introduction stage, personal selling has little use while advertising is continued with a change in its focus from awareness creation to building conviction among buyers. In the maturity stage, sales promotion plays the dominant role and advertising is used only to support the sales promotion campaigns. During decline stage, all forms of promotion become irrelevant.
- VI. **Push vs. Pull Strategy:** The promotion mix is also affected by whether the organization adopts a push strategy or a pull strategy. Under push strategy, the promotion is directed at the marketing intermediaries. The manufacturer persuades whole sales to carry the product, while whole sellers convince the retailers to sell the product to customers. Push-strategy needs a heavy close of personal and dealer promotions. Under pull strategy, the offered builds customer's awareness and conviction through mass advertising. Pull Strategy, during the maturity stage of the product life cycle, implemented through customer's promotion.

2.5.4 MARKETING STRATEGY

The concept of strategy is more confusing in management literature. At first the word was used in terms of military science to mean what a manager does to offset actual or potential actions of competitors. The word has entered into the field of management recently.

Dictionary of marketing advertising explains strategy as "guidelines for making directional decisions that influence an organization's long run performances". Thus strategy is a way in which the firm reacting to its environment deploys its principal resources and marshals its main efforts in pursuit of its purpose. If firm takes actions for achieving objectives in an environment, it must take those, which are in accordance with requirements of the external and internal environment of the firm. Without determining what might be possible actions for achieving firm's objectives, it cannot set its objectives in concrete terms. As such if strategy is taken actions for achieving objectives in an environment, it must take those, which are in accordance with requirements of the external and internal environment of the firm. Without determining what might be possible actions for achieving firm's objectives, it cannot set its objectives in concrete terms. As such if strategy is taken broad perspective, determination of objectives falls within scope of strategy.

Marketing strategy is also unique. There is not one unified definition upon which marketers agree. Marketing strategy is a commonly used term, but no one is really sure what it means. "A strategic sector is one in which you can obtain a competitive advantage and exploit strategic sectors are the key to strategy because each sector's frame of reference is competition. The largest competitor in an industry can be unprofitable if the individual strategic sectors are dominated by smaller competitors."²⁷

Strategic marketing is a major component of the strategic planning. Its main objective is to establish the product/market scope of a business. Strategic marketing is the method that concentrates on the market to serve, the competition to be tackled and the timing of market entry/exit and related moves.

²⁷Subash C. Jain, The Evolution of Strategic Marketing p. 81

Formally, strategic marketing deals with the following questions;

- Where to complete?
- How to complete?
- When to complete?

Strategic marketing helps to define the market in entering and competing. That may be either an entire market or one or more segments of the entire market.

2.5.5 PROMOTION STRATEGIES OF NEPALESE BANKING MARKETS

Promotion has appeared as the dominant element of Marketing Mix in Nepal. Its role has been increasing very fast today in the massive competitive environment. In every field, whether it may be product, services or ideas, promotion is in vigorously competitive phase. Like any product other product oriented fields, banks are also not untouched. There is a huge competitive environment in banking system in

Nepal in the modern time. Everyday a new bank is opening with a new promotion strategy. The following points present the promotion scenario in Nepal.

I. Promotion Function: The promotion functions in Nepal are largely in the field of information and persuasion. The reminding and reinforcement aspects are grossly neglected. The post purchase-stage of buying process has virtually been untouched by promotional activities.

II. Promotion Mix: Promotion Mix in Nepalese Marketing overly emphasis on advertising and sales promotion while publicity has remained neglected. The determination of promotion mix suffers from:

- Lack of clear-cut promotional objectives.
- Lack of considerations in proper selection of the promotional tools matching the nature of the products.
- Inconsideration of the stages of product life-cycle in designing promotion mix.
- Lack of adequate promotional budget.
- Vague planning of promotional strategy.

III. Advertisement: Advertisement is the most popular promotional tool in Nepal. It has been growing at about 15% per annum. It is widely used by business, government and social organization as well. Banks extensively use it to issue notices for repayment of overdue loans. Nepalese markets use a variety of media for advertising that are presented below:

Print Media: - During the past, there have been major publications of print media although it is growing fast now a days. At present, 135 with about one million circulations are in publication. The Gorkhapatra daily the oldest (about 100 years old) news paper is enjoying the predominant position in the country that has been allocating 20% space for advertisement. Now days, private sector publications like Kantipur daily with 60 thousand circulations are playing major role in advertisement.

In spite of, different topography and high percentage of illiteracy in the country, the print media are significantly read by 12% of the Nepalese people. Being conventional and the cheapest, these daily publications are widely and popularly used for the advertisement purpose.

Visual Media- Hoarding boards, posters, electronic displays etc, are getting now a day, popularity in Kathmandu and other town and cities in the country. Advertisement of consumer goods by modeling displays is also getting fast popularity in Nepal too. Dabur Nepal and Chaudhary group of Nepal are playing lead roles in such advertising techniques. The use of visual media by marketers is still in the baby stage.

Audio Media - Radio broadcast having the widest coverage is the chief audio media of Nepal. While in the past, government owned Radio Nepal was the only broadcasting station, after democracy, there have been services of broadcasting networks in the country over 60 radio broadcasting stations are working in the country. Quite safely it can be presumed that the radio broadcast reaches 90% of the gross national population.

Audio-Visual Media -TV channels, cinema-shows and internet networks are the major audio-visual aids of mass communication. These media could easily, efficiently and effectively be utilized to reach the market and hence to mass purchaser though

advertisement of product and services. These media welcome advertisement for their ardent need of financial support too.

a) **TV Media** - The pioneer establishment of Nepal TV by the Nepal Government in 2042 was soon followed by numerous working channels and few more channels are also in the pipe line. These private TV channels also cover the large markets of neighboring countries along the borders.

b) There are about, which also show advertisement-slides in the beginning and during intermission of the film shows. They are very cheap, popular and effective media for advertisement.

c) **Internet Service**- Recently internet system has become the most powerful electronic media of mass communication within and beyond nation. It has now, led the fast growth of electronic marketing system. It has linked the seller's buyers and the promoters very closely.

Internet electronic services as mass communication system have a global wave of computer networks connecting more than 250 million computers all over the world. Thus Internet services offer abundant opportunities for the bankers, marketers and customers to come to close vicinity and intimate relations.

IV. Sales Promotion ; According to the American Marketing Association, sales promotion is "those marketing activities, other than personal selling, advertising publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, shows and expositions, demonstration, and various no recurrent selling efforts not in the ordinary routine."

Sales promotion activities are impersonal and usually nonrecurring and are directed to ultimate consumer and middlemen. These activities tend to supplement the advertisement and personal selling efforts. Examples of sale promotion are free product samples, trading stamps, store displays, premiums, coupons and trade shows.

The popularity of sales promotion has increased over the last 20 years. Most of the sales promotion in Nepal is consumer-oriented. But the objective of such promotion generally is to increase sales force promotion programs in Nepal are not properly designed or implemented. The same traditional methods get repeated year after year, creativity is

lacking. No new or revised approach has been introduced. Innovative schemes are rare and publicity has also been overlooked. Marketers seem to be shy enough to adopt professional management system so proper promotional tools and techniques, in Nepal, have not been come into play, as yet.

2.6 REVIEW OF RELATED STUDIES

This study is about "A Study on Product Marketing Strategy of Commercial Bank". Some similar literatures related to this field have been viewed and from these literatures their objectives, findings and methods are mentioned as follows.

1. "Communication Effect of Adverting and Brand Preference of Instant Noodles", Giri, Faculty of Management, Tribhuvan University, 1985.

Objective of the Study Were:

- i. To analyze the popular media for advertising.
- ii. Strength and weakness of advertisement
- iii. Advertising appeal and relation between brand preference.
- iv. Advertisement qualities of instant noodles.

Findings of the study:

- i. Of all advertisement media available in Nepal, the radio has proved itself as a leading one to create awareness in customers about the advertised incustomers about the advertised product,
- ii. Newspaper advertisement for Rana has contributed more to sales than it has been able to Maggi.
- iii. Advertisement qualities of instant noodles have made no changes in brand preference.

2. Radio Advertising and its Impact on Purchasing Act in Consumer Goods, Upadhaya, Faculty of Management, 1991

The Objective of the Study Were:

- i. To study the impact of Radio advertising on the consumer purchase behavior.
- ii. To study the change in sales of firms due to radio advertising

Findings of the Study:

- i. Both consumers and advertisers recognize the need for Advertising.
- ii. Senior personnel conduct all advertising business, and there is no separate section to deal with advertising,
- iii. The effective forms of media to reach the hearts of consumers are radio, cinema and periodicals, which ranked first, second and third respectively

Findings of the Study Were:

- i. There is a high degree of association between brand preference and advertisement qualities,
- ii. No difference between Yum and Rara advertisements in terms of attractiveness.
- iii. Radio, TV, and newspapers are the major media for instant noodles.

3. Shrestha Rajendra Krishna, Faculty of Management, Tribhuvan, University 1997. "Role of Advertising in Brand choice and Product Positioning."

- i. To analyze the effectiveness of advertising on brand of consumer product, ii. To evaluate the role of advertising in product positioning from the consumer perspective.
- ii. Do consumers give more importance to advertising rather than any other promotional tools while making selection decision ?

Finding of the Study Were:

- i. Nepal Television is the most popular media within Kathmandu valley as well as to other part of the country. And Radio Nepal holds second position along with among the youth generation. FM broad-casting is also being popular.
- ii. Most of the respondents are in favor of entertaining types of Television advertisement.

- iii. Most of the marketers are using electronic media to advertise their products. Such as radio, TV is supposed to be the effective media while considering the present situation of Nepalese market.

4. "Sales Promotion and its Effect on Sales". Bhatta, Shree Chandra, 1998.

Objective of the Study Were:

- i. To find out whether the sales promotion dues impact on sales of beer.
- ii. The find what method of sales promotion is more accept by the Nepalese consumer.
- iii. To find out what method is more wisely used by the manufacturers as sales promotions tools.
- iv. To evaluate effectiveness of sales promotion activities in the sales of beer in Nepal.
- v. To find out which media is suitable to advertise about the sales promotion.
- vi. To predict the sales of coming year if every factors would be the same.

Findings of the Study Were:

- i. In advertising, electronic media is getting popular among the people if the expenses on sales promotion increase, the sales increase in high speed. From the regression it is clearly seen that if the expense of the sales promotion increases the sales of the product will be increase.
- ii. Most people, who are not so educated, are not loyal to wards an any particular brand.
- iii. Due to this, the sales promotion is very powerful tool which can easily boost the sales.
- iv. The people who drink beer accept electronic media most. So for sales promotions purpose, the electronic media is very suitable.
- v. Findings proved that the sales promotion have positive impact on the sales of the beer.
- vi. At last, sales promotion is very important if the use would be in a proper way.

**5. "Marketing Strategy adopted by Commercial Banks in Nepal", Mohini Pradhan,
Thakur Ram Multiple College, MBS Thesis**

Objectives of the Study Were:

- i. To focus on the marketing strategies adopted by commercial banks in Nepal.
- ii. To survey current market situation of commercial banks of Nepal
- iii. To explore and to examine the marketing strategies.
- iv. To find out the problems and prospects of commercial banks.
- v. To supply the appropriate recommendation

Findings of the Study Were:

- i. New products of the bank have been accepted by customers. Banking with new product design for the attraction of deposit and hold of position of deposit is more attractive
- ii. Retail lending like education loans, hire purchase, and auto loan shall be given highly emphasis
- iii. Adaptation of technological banking.
- iv. Revision in interest rates of loan and advances should be made,
- v. Bank shall focus on canalizing remittance facility with proper channel,
- vi. Staffs are the assets of an organization. Well trained staffs are the tool of marketing as well as mechanism of better service,
- vii. A proper advertisement media and advertisement message has a high impact in the market and an organization image.

CHAPTER -III

RESEARCH METHODOLOGY

3.1 INTRODUCTION

The word 'research' means researches i.e. to search the facts again. In the context of research in marketing of a particular commodity we study its sales-scopes and related socio-economic problems of the market. The first look may not always be enough It may be prone to error. Therefore, we go deep into the phenomena repeatedly. We study the problems thoroughly and from different angles, each time, to get authentic position of the market. The scientific process of searching the problems again and again, is known as research, as the word (Re + search = Research) itself reveals.

Research is a systematic and organized effort to investigate a specific problem that needs a solution. This process of investigating involves a series of well thought out activities pertaining data collection, compilation, analysis and interpretation in an orderly manner. We can thus define research as an organized, systematic data-based, critical, scientific inquiry or investigation into a specific problem undertaken with the objective of finding answer or solution to it (Sekaran 92).

Generally, the following activities are involved in the research process.

-) To define the problem and to identify the variables causing it or related with.
-) To get insight into the existing stock of knowledge on the issue or the problem under reference and contribute to the furtherance of knowledge.
-) To construct model or formulate research questions, educate conjectures or hypothesis for testing.
-) To objectively collect, compile and analyze the facts, evidence or information to identify the interrelationship between or among variables or the multiple effects of factors impinging on situation.
-) To build theories to understand and generalize the phenomena or to throw insight into the problem under investigation, to analyze, predict and control the situations confronted with.

3.2 RESEARCH DESIGN

Research design is scheme for doing research work. It is the planned structure and strategy of investigation conceived so as to obtain answers to research questions and to control variance. (Karliger, 1986; 275).

It is always purposeful scheme of action purposed to be carried out in a sequence during the process of research, focusing on the management problem to be tackled (Michael, 2000).

Basically, the research design has two purposes. The first purpose is to test the research hypothesis by answering the questions under investigations. The second purpose is to control the variance.

Several Typologies have been suggested for classifying wide varieties of designs used in social science research. McGrath (1970) suggested five different models of research designs, experiment, study, survey, and investigation and action research.

Seltzer and other (1962) suggest three broad categories- (1) Formative of exploratory studies, (2) Descriptive studies, (3) Studies testing causal hypothesis. Boyd, west stansh (1998) suggests two broad categories on research designs- (1) Exploratory design (2) Descriptive design. In this study research designs are to be categorized according to Boyd, West and Stasch. Exploratory design is essential for formulating hypothesis. It is done to investigate possible cause and effect relationship by exposing one or more control group of to one or more treatment, conditions and comparing the result to one or more groups but not receiving the treatment. Descriptive design is a type of fact finding research. It is conducted under respondent's option.

This Thesis has adopted descriptive research design. Such designs provide a description of a specific situation in such a way as to help the researchers in identifying cause and effect relationship.

This study is basically based on survey research to examine the behavior of customers as well as the banker on product of the bank.

3.3 Population and Sampling

There are 32 Commercial Banks, 88 Development Banks, 69 Finance Companies, 24 Micro Banks, 16 Saving & Co-operatives licensed by NRB and 36 NGO's licensed by NRB. These all Financial Institutions are the Population of the study and among them 2 newly established Commercial Banks (Janata Bank Nepal Ltd. & Sanima Bank Ltd.) are the Sample of the study.

3.4 DATA SOURCE

The data have been collected through a self-developed and administered questionnaire. Before filling the forms, the respondents were explained and confusion was cleared off. Form-filling time was agreed upon by the researcher respondents.

Apart from the afore-said source personal observations to the local markets, informal talks with the markets and through reading of various related publications on the topic, were given due considerations. There were treated as supplementary data. The questionnaire-sample is given is the Annex- A.

3.4.1 TYPES OF DATA

Data are mainly of two types-1. Primary and 2. Secondary. Primary data are the first hand-data, generated by the research, while the secondary data are one which is collected by other persons in another context but readily available for use by the researcher. The major advantage of secondary data is its easy-made availability, less time and cost consuming.

For the present study, both, primary and secondary data resources have been utilized. Although the research has mainly been based on primary or original data collected by the researcher, due weight has been given to the secondary as supplementary data.

3.5 AREA OF THE STUDY

Of late, fast development of joint-ventures in the market has shot up rigorous competitions in all marketing sectors coming up, especially newly established private commercial banks have strongly dashed the traditional banks. Higher interest rate on deposits and lower interest rate on loan are the significant results brought about by the efficient management and customer oriented policies (fast transaction, good behavior etc.) of these private banks.

Finance is the principle component of Marketing, especially during the recent global depression. This is why; marketing strategy of newly established commercial banks in Nepal, with special reference to the Janata Bank Nepal Ltd. & Sanima Bank Ltd. have been selected as the area of this study.

CHAPTER -IV

DPRESENTATION AND ANALYSIS OF DATA

This chapter incorporates data presentation and analysis. The data and information collected from the customer and banks have been presented, analyzed and interpreted in this chapter for attaining the stated objectives of the study. This chapter first presents the customer level and banker level surveys, after analysis and interpretation; and then presents findings of the study at the end.

4.1 CUSTOMER SURVEY

Table-4.1
Banking Product Useful for Customers

Product	No. of Respondents	
	JBNL	SaBL
Deposit	40	30
Loan	25	15
Agency Function	5	10
General Utility	15	20
All/Other	15	25
Total	100	100

This survey shows that the utilization or usefulness of Banking Products to its customers. 40% customers use the banking products in the form of Deposit in JBNL and 30% in SaBL, 25% customer uses the product Loan in JBNL and 15% in SaBL, 5% & 10% as agency function, 15% & 20% uses general utility and 15% & 25% of the customers enjoy all the facilities in JBNL and SaBL respectively. The above schedule is shown in the figure below:

Figure 4.1
Banking Product Useful for Customer

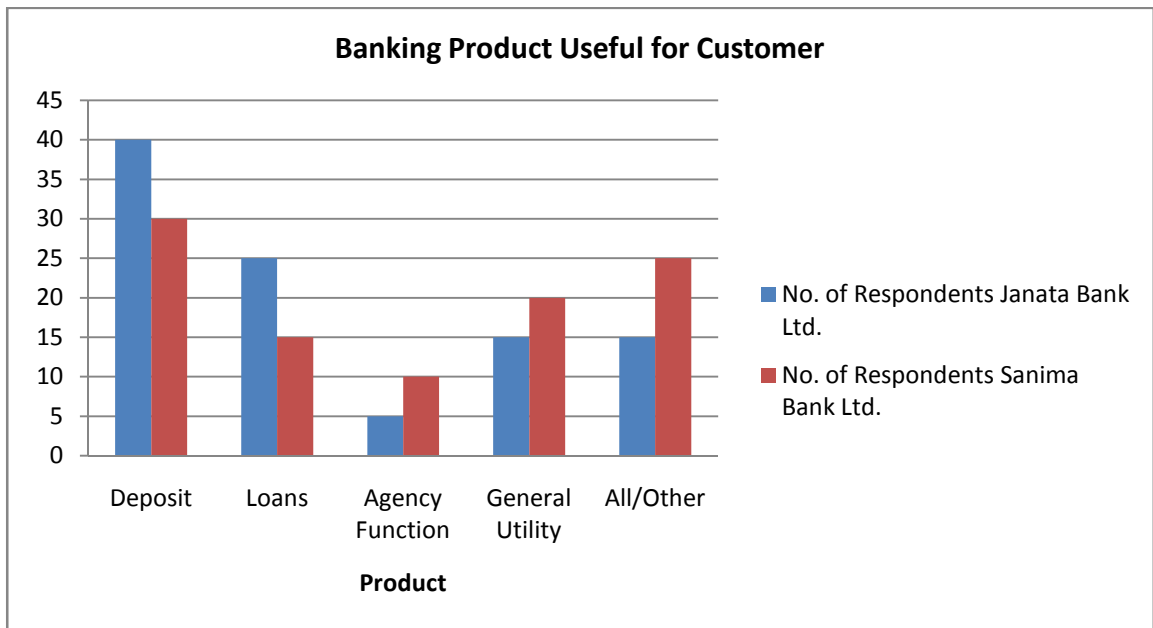


Table-4.2
Media From Which We Came To Know About The Product

Media	No. of Respondents	
	JBNL	SaBL
Newspaper	40	40
Poster/Hoarding	10	5
Television	5	10
Radio	0	5
Other	45	40
Total	100	100

This survey shows that 40% customer come to know about both of the sample banks and its products by means of newspaper, 10% by poster/hoarding in JBNL and 5% in SaBL, 5% by television in JBNL and 10% in SaBL, there is no response to radio in JBNL but 5% in SaBL, whereas maximum 45% in JBNL and 40% in SaBL customer come to know by other media like personal relation, friends, personal sales, publicity & so on.

Figure-4.2

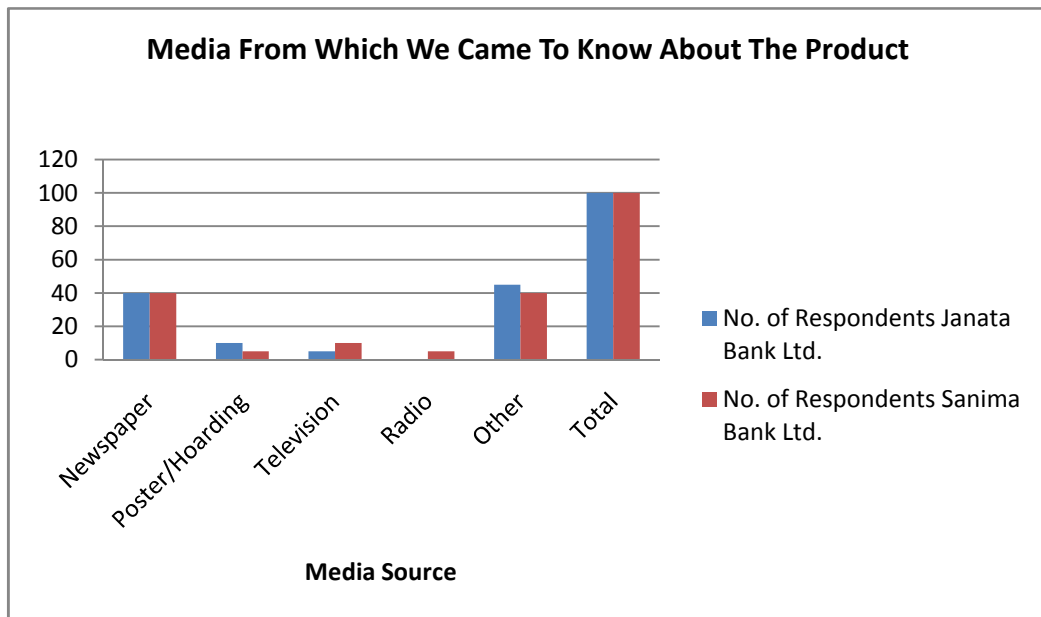


Table-4.3

Advertisement Help Bank to Attract Customers

Product	No. of	Percentage
Yes	90	90
No	10	10
Total	100	100

With the help of Table No. 4.3 we came to know that 90% respondent believes that advertisement really help the banks to attract customers, where as 10% believe that there is no effect of advertisement.

Figure-4.3

Advertisement Help Bank to Attract Customers

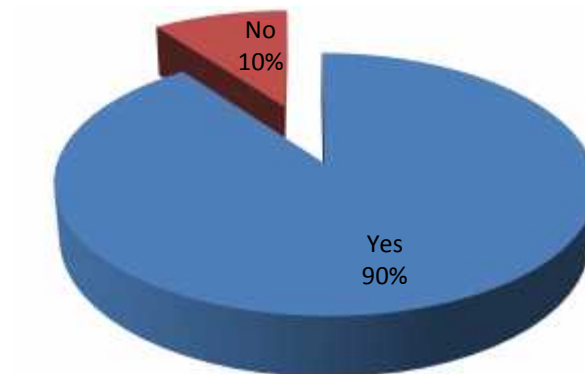


Table-4.4

Customers Belief about Advertisement of Bank is enough

Product	No. of respondents	
	JBNL	SaBL
Yes	35	30
No	15	20
Satisfactory	50	50
Total	100	100

Table No. 4.4 shows the result of customer belief toward their satisfaction over sample Banks advertisement. 35% of JBNL customers are satisfied with the advertisement campaign, 15% thinks more can be done to make the advertisement better and 50% thinks the advertisement by the Bank is OK. On the contrary 30% of SaBL customers thinks the advertisement of the Bank is good, 20% are not happy with its advertisement campaign and 50% are satisfied customers. The same views of customer is shown in the figure below:

Figure-4.4

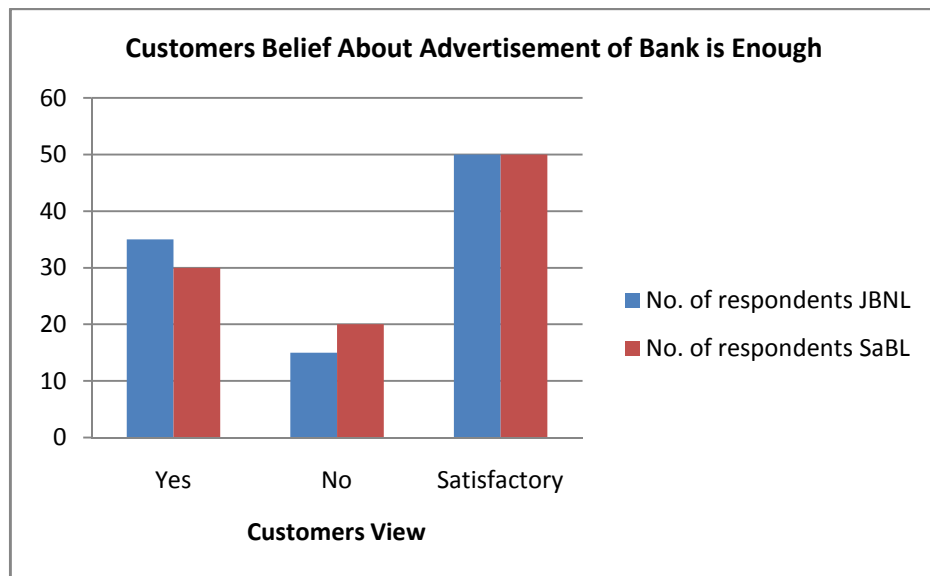


Table-4.5

Categorization of Marketing Strategy of Banks

Media	No. of Respondents	
	JBNL	SaBL
Quite good	40	30
Attractive	15	10
Satisfactory	45	60
Boring	-	-
Total	100	100

Table No. 4.5 shows the customers view regarding the sample Banks marketing Strategy Majority of respondents of JBNL &SaBL thinks that promotional strategy of banks is satisfactory i.e. 45% & 60%, 40% & 30% of the customers are satisfied by the Banks promotion strategy its products and 15% & 10% believe that the strategy is attractive.

Figure-4.5
Categorization of Marketing Strategy of Banks

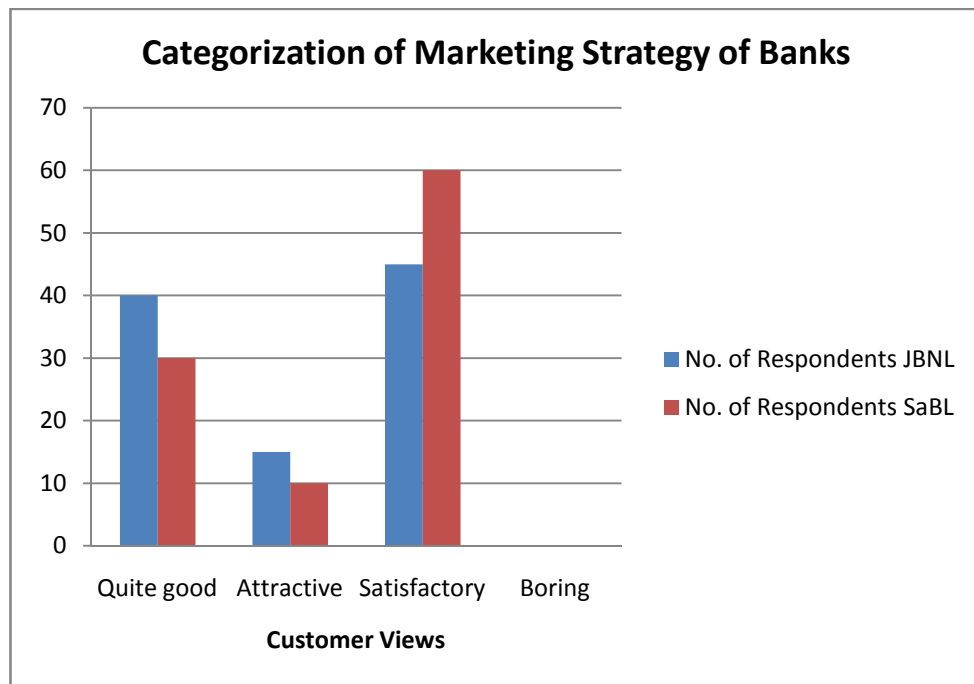


Table-4.6
T.V. as the Medium for Advertisement

Medium	No. of Respondents	Percentage (%)
Strongly Agree	40	40
Agree	60	60
Disagree	-	-
Strong Disagree	-	-
Total	100	100

Table No. 4.6 shows that 40% people are Strongly agree and 60% are agreed that Television is the best medium for the advertising any product. So, the survey shows that 100% people recognize that Television is the most popular medium for advertisement.

Figure-4.6
TV as the Medium for Advertisement

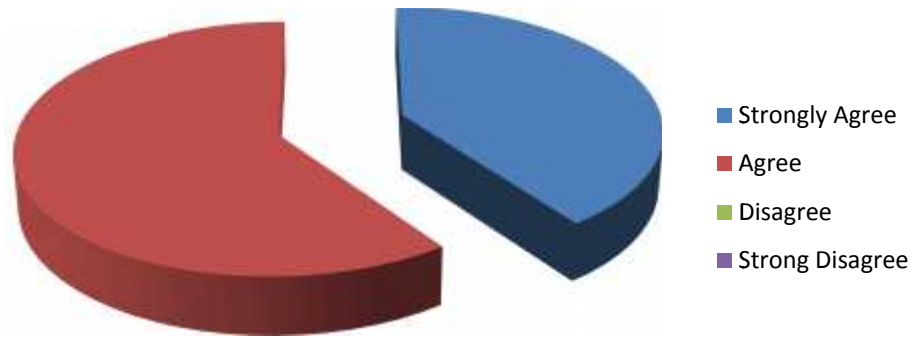
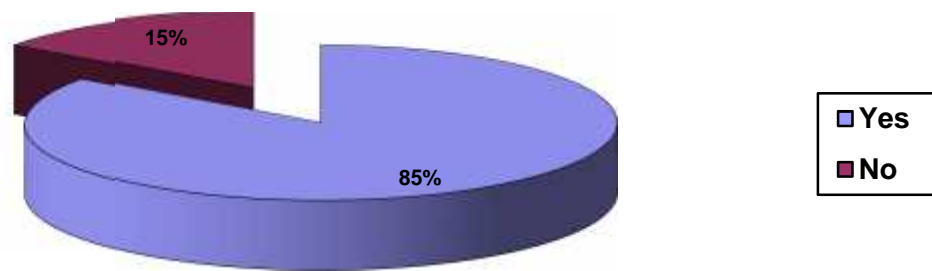


Table-4.7
Advertisement Help in Recalling Brand

Response	No. of respondents	Percentage (%)
Yes	85	85
No	15	15
Total	100	100

According to the table, Large Majority of the people believes that advertisement helps in recalling brand i.e. 85% people agree where as only 15% people disagree. The same has been shown in the figure below:

Figure-4.7
Advertisement Help in Recalling Brand



4.2 Banking Survey

In order to identify the nature of marketing strategies, the existing status of marketing and their attitude towards market of products, a survey in 2 sample commercial banks situated at Birgunj was made, In each bank, the Bank Manager and Marketing Manager were interviewed using structured questions that are included in the Appendix. The result of the survey is presented below.

Bank Efforts on Marketing

In questions that "do" banks market its products, 100% bankers were found with "yes" answer. The assessment of effectiveness of strategies and policies help an enterprise to take necessary steps further to develop or rectify them.

Banks also accept that after marketing people or customers give increased positive response. 100% bankers accepted that marketing of banking policy is effective among people.

Table-4.8
Media of Preference Given by Bankers

Media	Percentage (%)
Advertisement	50
Publicity	10
Sales Promotion	5
Personal Media	15
Relationship Marketing	20
Total	100

Both the sample Commercial Banks prefers Advertisement i.e. 50% ,where as 2nd position has been given to "Relationship Marketing" 20% bankers believe that people come to their bank because of Relationship marketing effect, their attitude about the bank on the other hand 10%, bankers give priority to publicity and 10 on.

Figure-4.8
Media of Preference Given by Bankers

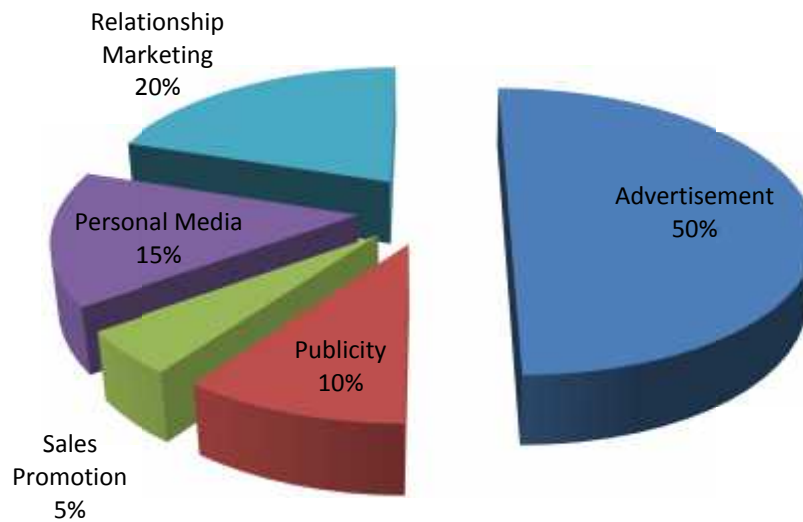


Table-4.9
Popular Product in Urban Area

Product	% of Respondents	
	JBNL	SaBL
Deposit	25	25
Loan	40	35
Utility function	15	25
Agency function	8	5
All	12	10
Total	100	100

In Urban areas people enjoy almost all facilities given by the bank but according to the banker's customers give preference mostly to loan facility and deposit function. The table has also been illustrated in the figure below:

Figure-4.9
Popular Product in Urban Area

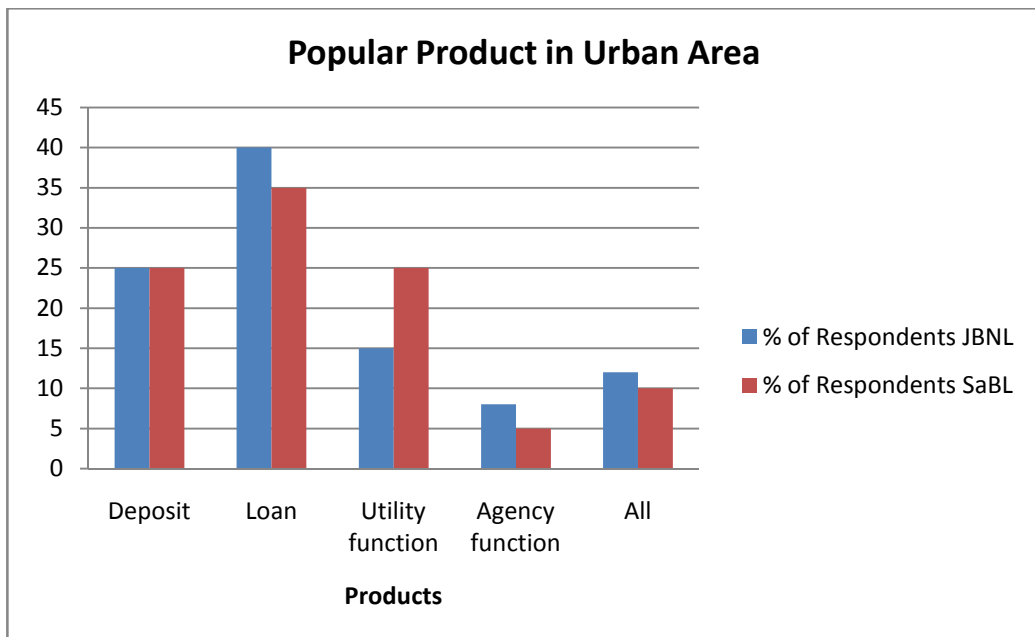


Table-4.10
Popular Product in Rural Area

Product	% of Respondent	
	JBNL	SaBL
Deposit	65	65
Loan	25	25
Utility function	5	5
Agency	0	0
All	5	5
Total	100	100

From rural areas, majority of people's preference in bank's product in both banks are same. 65% enjoy only deposit function, while only 25% enjoy loan function of the bank. Utility function like ATM is enjoyed by only 5% & remaining 5% bankers believe that rural people are not enjoying any banking facilities.

Figure-4.10
Popular Product in Rural Area

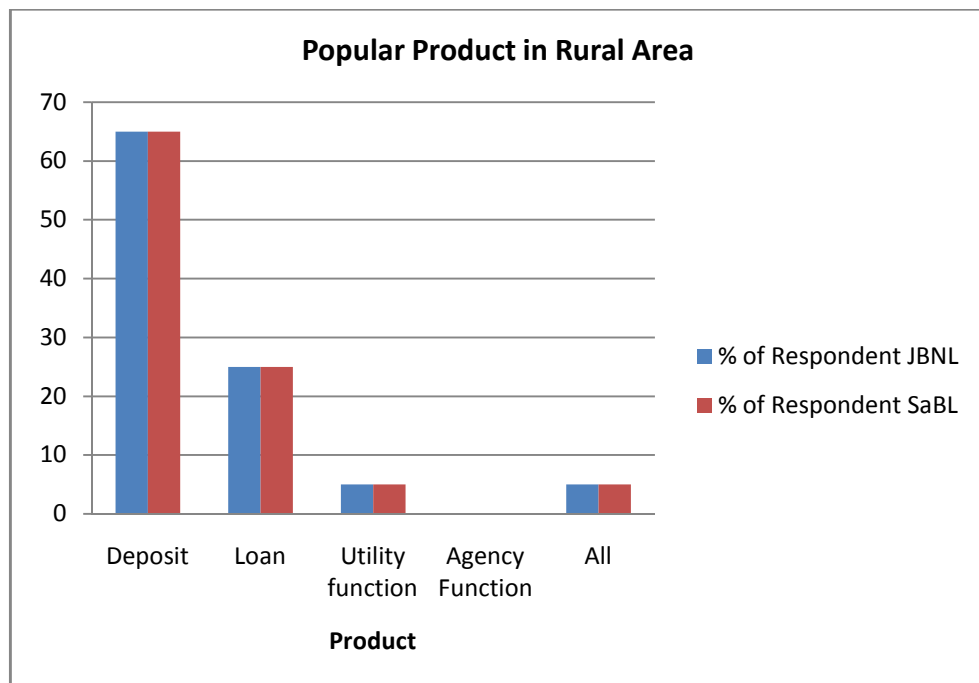


Table No.-4.11

Cause of Customers Being Less from Rural Area

Cause	% of Respondent	
	JBNL	SaBL
Lack of Education	55	50
Lack of Alertness	30	35
Distance	10	12
All	5	3
Total	100	100

The above table shows the survey result of the customers from rural area being less in number than compared to urban areas. Bankers give first reason for this to Lack of Education i.e. the % in this category are 55% & 50%. Other causes like Lack of Alertness, Distance are also in the category.

Figure-4.11

Cause of Customers Being Less from Rural Area:

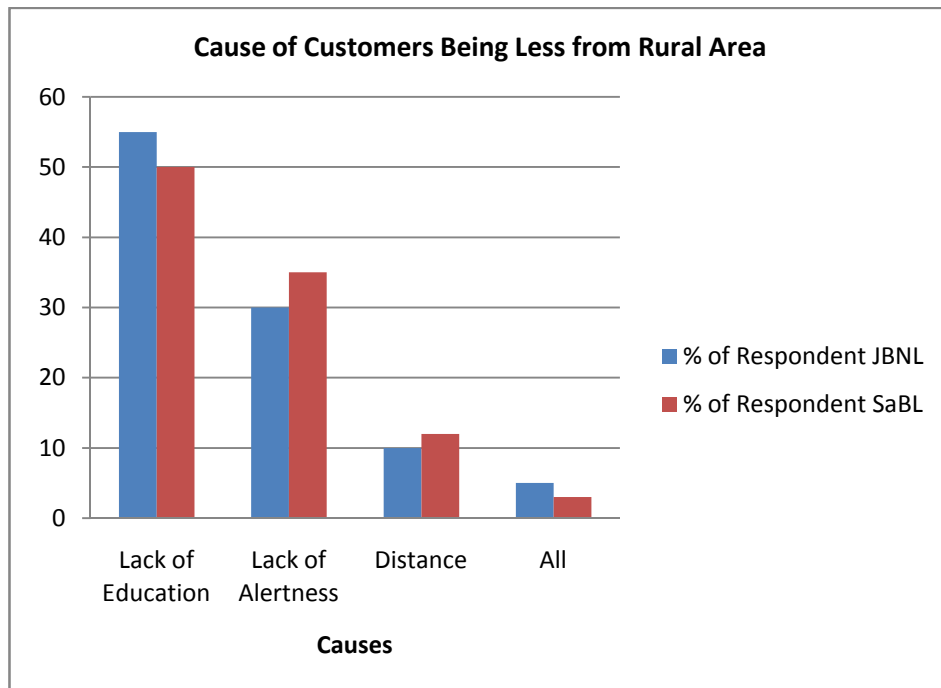


Table No.-4.12
Cause of not Approaching Rural Area

Cause	% of Respondents	
	JBNL	SaBL
Safety	50	55
Distance	30	28
All	20	17
Total	100	100

Table No.4.12 shows the view of Banker’s regarding not trying to target more on Rural Areas. Here the respondents from both the sample commercial banks think Safety as the main cause of not targeting rural areas to promote banking products i.e. 50% from JBNL & 55% from SaBL thinks the same. Similarly Distance is also another main cause according to the Bankers which is in second place by occupying 30 & 28% respectively. Similarly 20 & 17% respondents from JBNL & SaBL consider both the causes responsible. The same survey has also been shown in the figure below.

Figure-4.12
Cause of not Approaching Rural Area

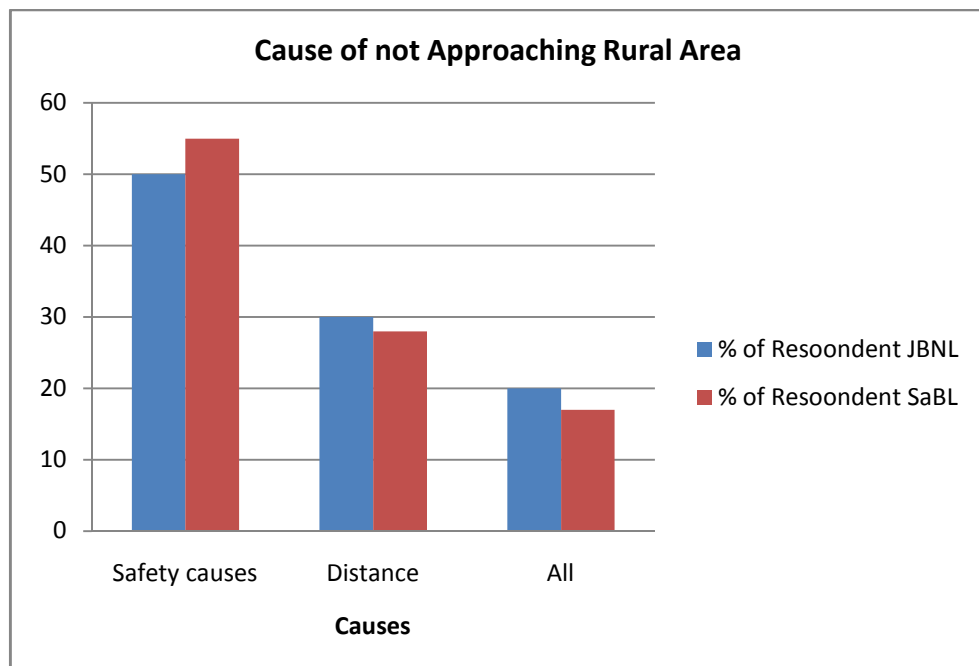


Table No.-4.13

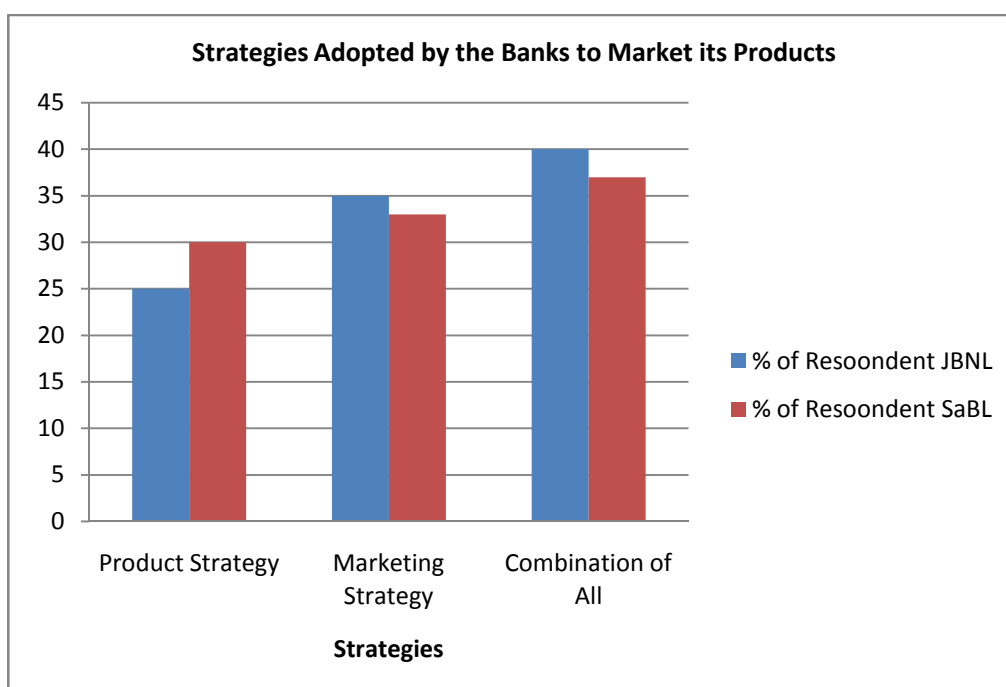
Strategies Adopted by the Banks to Promote its Products

Strategies	% of Respondents	
	JBNL	SaBL
Product Strategy	25	30
Marketing Strategy	35	33
Combination of All	40	37
Total	100	100

The above table shows the survey conclusion of the Banking Strategies to promote its product in the market. JBNL has given 25% of its focus over Product, 35% in Marketing and 40% in both of the above strategies. Whereas SaBL gives higher priority to Product than Marketing Strategy (i.e. 30% & 33%) because previously it was a development Bank hence it is strong in product strategy. Similarly it has also 37% focuses on both of its strategies. The same has shown in the figure below:

Figure-4.13

Strategies Adopted by the Banks to Market its Products



4.3 Major Findings:

The major findings going through the report are as follows:

- a) It was found that deposit is the main Banking Products which is used more by its customers. 40% customers use the banking products in the form of Deposit in JBNL and 30% in SaBL respectively.
- b) Overwhelming majority of the respondents 45% in JBNL & 60% in SaBL has expressed satisfaction confirming suitability of the marketing strategy adopted by the local banks.
- c) Because of the lack of education (55% & 50%) and lack of alertness (30% & 35%) are the main causes due to which Banks are neglecting the rural customers.
- d) The main reason of the Banks not approaching rural customers is found Insecurity by both reference Banks.
- e) Both sample commercials banks were found adopting Product as well as Marketing Strategy to remain competitive & alive in the market.
- f) During the study it is found that all the commercial banks are functioning well in Birgunj area but not highly interested in its promotion.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 SUMMARY

Marketing can be defined as the activities done by the company of the people to distribute or supply the product or services to the place of consumption. Thus, marketing is a transaction of exchange. Similarly, marketing consists of activities designed to generate and facilitate exchange intended to satisfy human needs and wants.

Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives.

The concept of strategy is more confusing in management literature. At first the word was used in terms of military science to mean what a manager does to offset actual or potential actions of competitors. The word has entered into the field of management recently.

Dictionary of marketing advertising explains strategy as "guidelines for making directional decisions that influence an organization's long run performances". Thus strategy is a way in which the firm reacting to its environment deploys its principal resources and marshals its main efforts in pursuit of its purpose. If firm takes actions for achieving objectives in an environment, it must take those, which are in accordance with requirements of the external and internal environment of the firm. Without determining what might be possible actions for achieving firm's objectives, it cannot set its objectives in concrete terms. As such if strategy is taken actions for achieving objectives in an environment, it must take those, which are in accordance with requirements of the external and internal environment of the firm. Without determining what might be possible actions for achieving firm's objectives, it cannot set its objectives in concrete terms. As such if strategy is taken broad perspective, determination of objectives falls within scope of strategy.

Bank is an institution which deals with money and credit Commercial banks mean those banks which are established not for the purpose of co-operative agriculture, industry or any other specific objective but to exchange money, accept deposits, grant loan and to support commercial activities .

Post restoration of democracy and formation of democratic government, Nepal has taken a giant leap all rounds. This naturally encouraged and boosted the financial sector too. Especially the commercial banks started mushrooming during this period, the fast growing number of branches with poor performance has recently compelled the government to ban on establishment of new branches of the commercial banks. The basic approach of the strategic plan is to maximize resources, minimizing the cost, optimizing performances and setting up a corporate culture within the organization .The strategic approach also focuses on strengthening organizational communication and building up team environment within the bank for optimization of the performance.

5.2 CONCLUSION

The banking business in Nepal is becoming very competitive and would be further more competitive after the year 2011 A.D. Customer satisfaction would be the key to lead and retain in the market. The bank with very effective service mechanism will survive in the market and can face growing competition and challenges.

Marketing strategy is the first and foremost tool to develop a financial institution. It includes a series of well-conceived policy, suitable and sufficient staffing, and development of conducive infrastructure and generation of felt-need based product and services, client friendly approaches.

The success of any financial institution is mainly quality based than simply its number of branches or its size capital investment, although on the national basis, Nepal government has recently asked the banks to emphasize in its service quality than on opening new branches, the respondents of the study area, have highly appreciated the marketing strategies of the banks functioning in Birganj.

Most probably it is the specialty of the promotional strategies framed and adhered to by the newly established commercial banks like JBNL and SaBL that has earned the distinguished name in commercial market trying and working hard to reach to the customers.

5.3 RECOMMENDATIONS

1. Money being the foremost search after commodity, the national law and order situation of the country should be restored immediately for the safe functioning of the financial organization.
2. Well suited Training and Orientation programs should be prepared and launched specially to increase rural customers, preferably a trainers group should be recruited by each bank.
3. Pre-marketing survey should be done to identify the felt needs of the rural and urban customers separately and accordingly well suited promotional activities should be developed, be allotted to the field branches.
4. Optimal Promotional budget should be allocated.
5. Bank should focus on developing new products of its own and make a suitable market strategy in the matters concerned.
6. All type of loans should be continued with extra focus on pricing and service for this a new strategy should be formulated to reach in targeted group.
7. Appropriate and adequate training for marketing staff will be essential to improve the skill and good report of marketing team.
8. A proper channel should be developed for flow information and feedback from the marketing department to other department for improvement in delivery of services as well as the other areas of the bank.
9. Focus should be given of developing online transaction module in internet Banking and SMS Banking. Hardware system should be kept up the according to the requirement.

BIBLIOGRAPHY

A. BOOKS:

1. Alderson, Wrop; *"Marketing Behavior and Execultive Action"* Homewood III: Richard D. Irwin.
2. Agrawal, Govinda Ram; 1982 *"Marketing for small Business"* CEDA, T.U. Kirtipur.
3. Alderson, Wrope Ram; 200, *"Marketing Management in Nepal"* M.K. Publisher & Distributor, Kathmandu .
4. Alderson, Wrope and green, paul E; 1964 *"Planing and problem solving in Marketing"*, Homewood II, Richard D. Irwing Inc.
5. Ansary, Adel I El, And Kramer, Oscar E; July 1973:1 *"Social Marketing : The family planning Experience"* Journal of Marketing Vol. 37, No. 3
6. Borden, Neil H. and Marshal, Martin V; 1959, *"Advertising Management "*, Irwin Homewood HI
7. Buel, Victor P; 1984, *"Marketing Management"*, Me Graw Hill Book company . USA.
8. Carven, David W; Hills Gerald E, Woodruff, Robert B; 1996 *"Marketing Management"*, Richard D. Irwin Inc. USA.
9. Committee on Definitons 1960, *"American Marketing Association,* Chicago, USA.
10. Daver, Rusterns; 1977 *"Modern Marketing Management"* Bombay Progressive Corporation Pvt. Ltd.
11. Dholakia, Khurana, Bhandari and jam; 1998, *"Marketing Management "*, MCMillan India Ltd. New Delhi, India.
12. Duglass, Johnson; 1978, *"Advertising Today"*, Chicago III, Science Research Associated.
13. Evans, Joel R; Bany Berman; 1982, *"Marketing"*,MCMillan Publishing Company ,Inc, New york.
14. Evans, Joel R; Bany Berman; 1982, *"Marketing"*, McMillan Publishing company, Inc, New York 10022
15. Hansen, Richard W; Cocanougher,. Benton and Harvey , Michael G., *"An Application of Marketing Concept in the public Sector"*, American Marketing Association, Chicago
16. Hupp, Burr W.; 1969, *"Inventory policy is a Top Management Responsibility"*, McMillan Company, New York.
17. Dr. Joshi, Shayam; 2059 BS, *"Economic Policy Analysis"*,Taleju Publication, Kathmandu.
18. Kelly, Eugene J. and Lazal William/1972 *"Management Marketing"*Richard.D. Irwing Inc.

19. Koirala, KundanDatt; 2057 *"Marketing and Management"*, M.K. Publishers and distributors, Kathmandu, Nepal.
20. Kotler, Philip; 1989, *"Marketing Mangement"* "9111 Edition, Prentice Hall of India Pvt., New Dlhi-110001, India.
21. Kotle, Philip, 1919, *"Marketing Management Analysis Implementation and Control"*, Prentice Hall of India Pvt. Ltd., New Delhi-110001, India.
22. Koter, Philip, 1973 October ,*"The Tasks of Marketing Management"* Journal of Marketing vol. 37.
23. Kotler, Philip; 1980, *"Marketing Management Planning Analysis and control"* 4th Edition, Englewood Cliffs, NJ: Prentice Hall
24. Other, Philip; 1999, *"Marketing Management"* "8th Editions, Prentice Hall of India Pvt., Ltd. New Delhi-110001, India.
25. Kotle , Philip, Armstrong, Gray ; 1999, *"Principle of Marketing"* Editions, Prentice Hall of India Pvt, Ltd. New Delhi -110001, India.
26. Lazer, William;Labarbar, Prisilla: Maclacllah, James and Smita Allen; 1990, *"Marketing 2000 Beyond"*, American Marketing Association, Chicago.
27. Lewis Ronald J: 1969, "strengthening control of Physical Distribution Cost", Macmillan Company, New York.
28. McCarthy, E. Joreme; 1996, *"Basic Marketing "*, Morewood, IIL Irwin.
29. Peterson, Robin; 1977, *"Marketing: A Contemporary Introduction"*weley Hamlton Publication.
30. Schnaar, Steven P; 1991, *"Marketing Strategy"*, Maxwell Macmillan Canada Inc.
31. Shrestha ,Shyam Kumar; *"Marketing strategy and Management"* .
32. Stanton, W. J.; Futrell, Charles; *"Fundamentals of Marketing"*, 8th Edition, McGraw Hill International Edition, Marketing Series.
33. Terry, George R; 1977, *"Principles of Management"*, Tanaporevala Publicatin, Bombay.
34. Tillman, Rollie and Kirkpatrick, C A; 1968, *"Promotion Persuasive Communication in Marketing"*, Home wood III, Richard D. Irwin Inc.
35. Varada, Rajan P.R. (Eds); 1995, *"Business of Marketing India"*,jaico Publication House .
36. Zikmund and D, Damiko; 1986, *"Marketing"*, 2nd Edition, New York, John Wiley Inc.

B. DISSERTATIONS

1. Baral, "*Communication Effect of Advertising and Brand Preference*" Faculty of Management, Tribhuvan University, 1996.
2. Bhatta, Shree Chandra, "*Sales Promotion and its Effect on Sales*" Faculty of Management, T.U. 1998.
3. Giri, "*Communication effect of Advertising and Brand Preference of Instant Noodles*", Faculty of Management, Tribhuvan University, 19985.
4. Pradhan, Mohini, "*Marketing Strategy Adopted by Commercial Bank of Nepal*", Thakur Ram Multiple College, MBS Thesis.
5. Shrestha, Rajendra Krishna "*Role of Advertising in Brand Choice and Product Positioning*", Faculty of Management, T.U. 1998.
6. Upadhayay, "*Radio Advertising its Impact on Purchasing Act in Consumer Goods*", Faculty of Management, T.U. 1991.

C. Website:

1. www.janatbank.com.np (Official Website of Janata Bank Nepal Ltd.)
2. www.sanimabank.com (Official Website of Sanima Bank Ltd.)
3. www.nrb.org.np
4. www.nepalstock.com

- c) Agency function
- d) General Utility service
- e) All

Q. No.4 How do you come to know about the product?

- a) News paper
- b) Posters / Hoardings
- c) TV
- d) Radio
- e) Other

Q. No. 5 Does advertisement help the bank to attract customer?

- (a) Yes
- (b) No

Q. No.6 Do You think that the advertisement of banks is enough to attract customers?

- (a) Yes
- (b) No
- (c) Satisfactory

Q. No. 7 Which product do you prefer to buy?

- (a) Frequently advertised
- (b) Not advertised

Q. No. 8 Does repetition of an advertisement of a particular product attracts your attention?

- (a) Yes
- (b) No

Q.No.9 Do you use the product because?

- a) Advertisement induces you
- b) You need it
- c) Both

Q. No. 10 Which media of market do you prefer? Please rank according to our preference 1 for most preferred 2 for second and so on.

- a) Personal media
- b) Advertisement
- c) Publicity
- d) Sales Promotion
- e) Relationship Marketing

Q. No. 11 How do you categorize most of the market strategies of banks as:

- a) Quite good
- b) Attractive
- c) Satisfactory
- d) Boring

Q. No. 12 Normally Radio should be used to advertise product in rural areas while a combination of both Radio and TV should be used for urban areas.

- a) Strongly disagree
- b) Disagree
- c) Agree

d) Strongly agree

Q. No. 13 TV is the best medium for advertising product.

a) Strongly disagree

b) Disagree

c) Agree

d) Strongly agree

Q. No. 14 Does advertisement help in recalling brand or choosing a particular bank?

(a) Yes

(b) No

TO THE BANKERS

Q. No. 1 Do you bank markets its product?

(a) Yes

(b) No

Q. No.2 Do people response after your marketing effort?

(a) Yes

(b) No

Q. No.3 Which media do you prefer? According to our, preference please rank the following.

a) Personal media

b) Advertisement

c) Publicity

d) Sales promotion

e) Relationship Marketing

Q. No.4 Which product is most popular in urban area?

a) Deposits

b) Loan

c) Agency function

d) Utility function

Q. No. 5 Which product is most popular in rural area?

a) Deposits

b) Loan

c) General Utility

d) Agency Function

Q. No.6 Do you think that the marketing budget should be increased?

(a) Yes

(b) No

Q. No.7 Radio should be used to advertise product in rural areas.

a) Strongly disagree

b) Disagree

- c) Agree
- d) Strongly agree

Q. No.8 A combination of both Radio and TV should be used for urban areas?

- a) Strongly disagree
- b) Disagree
- c) Agree
- d) Strongly agree

Q. No.9 TV is the best medium for advertising products?

- a) Strongly disagree
- b) Disagree
- c) Agree
- d) Strongly agree

Q. No. 10 The number of customers from rural areas are less than urban areas.

- (a) Agree
- (b) Disagree

Q. No. 11 The actual cause is

- a) Lack of education
- b) Lack of alertness
- c) Distance
- d) Non

Q. No. 12 Do the bank educate people about the products in rural areas?

- (a) Yes
- (b) No
- (c) Sometimes

Q. No. 13 What is the cause that you do not approach in rural areas? .

- a) Safety cause
- b) People's interest
- c) All
- d) Non

Q. No. 14 Do your bank has segregated budget for the promotional activities?

- (a) Yes
- (b) No

Q. No. 15 What strategies are adopted by your bank to market banking products?

- a) Product Strategy
- b) Price Strategy
- c) Marketing Strategy