

Tourism and Marketing Challenges in Nepal

A THESIS

Submitted By:

Nabin Raj Moktan

Patan Multiple Campus
Faculty of Management
T.U. Regd. No. 15147-89
Class Roll no: 95/059
Exam Roll No: 2802/2065

1

Submitted To:

Office of the Dean
Faculty of Management
Tribhuvan University

In the Partial Fulfillment of the Requirements for the Master's Degree of
Business Studies (MBS)

Patan, Lalitpur
March, 2010

RECOMMENDATION

This is to certify that the thesis:

Submitted by:

Nabin Raj Moktan

Entitled

Tourism and Marketing Challenges in Nepal

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

Mrs. Krishna Badan Nakarmi
Campus Chief

Prof. Dr. Keshab Raj Khadka
Thesis Supervisor

Mr. Shiva Prasad Pokhrel
MBS Coordinator

Date:/...../.....

VIVA – VOCE SHEET

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

Nabin Raj Moktan

Entitled

Tourism and Marketing Challenges in Nepal

And found the thesis to be the original work of the student written according to the format. We recommend the thesis to be accepted as partial fulfillment of the requirements for Master’s Degree of Business Studies (MBS)

Viva – Voce Committee

Chairperson of Research Committee

Member (Thesis Supervisor)

Member (External Expert).....

Date:/...../.....

DECLARATION

I hereby declare that the work reported in this thesis entitled " Tourism and Marketing Challenges in Nepal " Submitted to the Office of the Dea, Faculty of Management Tribhuvan University. Patan Multiple Campus, Faculty of Management, Tribhuvan University, is my Original work done in the form of Partial fulfillment of the requirement for the Master of Business studies under the Supervision of Professor Dr. Keshab Raj Khadka, Patan Multiple Campus.

Nabin Raj Moktan
Researcher
Patan Multiple Campus
T. U. Regd. No 15147-89
Class Roll No 95/059
Exam Roll No:2802/2065

Date; 23 March 2010

ACKNOWLEDGEMENT

This presented Thesis "Tourism and marketing Challenges in Nepal" has been completed with the support, Help, inspiration, and motivation of different Individual and Organizational well-wishers. So I must be thankful for all of them.

At first I express my profound gratitude to my honorable supervisor **Prof Dr. Keshab Raj Khadka**, Patan Multiple Campus, for his creative guidance, supervision, and guardianship. I am also grateful to the Faculty of Management, Patan Multiple Campus, Tribhuvan University for providing me an opportunity to conduct such beautiful study.

My thanks also goes to the Institutions and their staffs of Ministry of Culture, Tourism and Civil Aviation, Nepal Tourism Board, Department of Immigration, Central bureau of Statistics, Federation of Nepalese Chambers of Comers and Industry (FNCCI), Ministry of Finance, Nepal Association of Mountaineering, Central library of Tribhuvan University who helped me in the collection of required date for the study, whenever I required.

My thanks also goes to the all Individual reputed authors and researchers whose writing have provided me the necessary guidance and valuable materials for the enrichment of my Research work in all possible way.

I am equally thankful to all those personalities who are directly and indirectly involved conducting this research and are associated with me in different capacities for this help , suggestion, and encouragement. I must be grateful and thankful many Individuals and Institutions whose word have contributed to my understanding whether or not they are identified here or not.

Lastly In the series of thank I will also include my family members, Staffs (Nepal Bible Society) where I work and relatives as part of this paper who always helped by creating good environment and support me to finish this work.

Nabin Raj Moktan

Patan Multiple campus, Tribhuvan University

Contents**Page No.**

Viva – Voce Sheet
Recommendation

Deceleration

Acknowledgement

Table of Contents

List of Tables

List of Figures

List of Abbreviation

CHAPTER I

1.1 Background of the study	1
1.2 Statement of the Problems	2
1.3 Objective of the study	4
1.4 Significance of the study/ Justification of the Study	4
1.5 Limitation of the study	5

CHAPTER II**REVIEW OF LITERATURE**

2.1 Introduction	6
2.1.1 Definition	6
2.1.2 Category of Tourist	8
2.1.2.1 International Tourist	9
2.1.2.2 Excursionist	9
2.1.2.3 Domestic Tourist	9
2.2. Characteristics of Tourism	10
2.3 Travel Motivation	12
2.4.1 Component of Tourism	14

2.4.2 Types of Tourism	16
2.2 Theoretical Literature Reviews/ Empirical Studies	19
2.3 Historical Perspective of Tourism in Nepal	25
2.3.1 Introduction	25
2.3.2 Tourism in the Ancient Time	25
2.3.3 Tourism during RANA Regime	26
2.3.4 Tourism after Rana Regime	26
2.3.5 Tourism in Recent period	27
2.4 Tourism Development different Plan Periods	28
The First Plan (1956 – 1961)	
The Second Plan (1962 – 1965)	
The Third Plan (1965 – 1970)	
The Fourth Plan (1970 – 1975)	
The Fifth Plan (1975 – 1980)	
The Sixth Plan (1980 – 1985)	
The Seventh Plan (1985 – 1990)	
The Eighth Plan (1992 – 1997)	
The Ninth Plan (1997 – 2002)	
The Tenth Plan (2002 – 2007)	

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction	37
3.2 Research Design	37
3.3 Population	38
3.4 Sample size	38
3.5 Sampling Method	38
3.6 Data Collection/Nature/Source/Procedure	38
3.7 Data analysis Procedure	39

3.8 Plan of Work/Organization of the study	39
--	----

CHAPTER IV

DATAVPRESENTATION AND ANALYSIS

4.1 Introduction	40
4.2 Definition	40
4.3 Concept of tourism Marketing	42
4.4 Features of Tourism Market	43
4.5 Tourism Marketing Mix	45
4.6 Segmentation of Market	45
4.7 Trend of Tourist Arrival in Nepal	47
4.8 The product in Tourism	64
4.9 Channel of Distribution	80
4.10 Promotion	82
4.11 Promotional effort and Activities made by Individual, Institutional and Government	82
4.11.1 Nepal Tourism Board	82
4.11.2 Took part in different campaign	83
4.11.3 Planned on effort on Tourism Development	
4.11.3.1 Tourism Master Plan 1972	83
4.11.3.2 The Nepal Tourism Development programme 1998	84
4.11.3.3 Visit Nepal Year 1998	85
4.11.3.4 Destination Nepal Campaign 2002-2003	86
4.11.3.5 Visit Nepal 2011	87
4.12 General overview of Tourist Arrival in 2007	88
4.13 Contribution of Tourism in Nepalese Economy	90
4.13.1 Introduction	90
4.13.2 Contribution of Tourism Industry to Government Revenue	96

4.13.3 Employment Generation from Tourism Industry	99
4.14 Major Findings	103
4.14.1 Positive aspects findings	
2.14.2 Problems findings	

CHAPTER V

SUMMARY, CNCLUSIONS AND RECOMMENDATIONS

5.1 Summery	107
5.2 Conclusion:	107
5.3 Recommendations	109
Bibliography	113

List of Tables

Table 2.1: Peter’s Inventory of Tourist Attraction	15
Table 4.1: Tourist Arrival by Fiscal Year 2039/40 – 2063/64	48
Table No 4.2: Tourist Arrival by Purpose of Visit (1992-2007)	50
Table 4.3: Tourist Arrival by Age and Sex (1992-2007)	52
Table 4.4 Tourist Arrival by Continents/Regions	54
Table 4.5: Tourist arrival by months 1992-2007	56
Table 4.6: Tourist Arrival by Months (Excluding Indian) (1992-2007)	58
Table 4.7: Indian Tourist Arrival by Months (1991-2007)	60
Table 4.8 Tourist Arrival by Major Nationalities 1991-2007	61
Table 4.9: Trend of Arrival of Tourist and average length of stay	63
Table 4.10: Arrival of Tourist by Air and by Road	70
Table 4.11 Tourist arrival by different Airlines	72
Table 4.12: Hotel Accommodation in 2007	74
Table 4.13: Number of Hotels and Hotel Beds 1991- 2007	75
Table 4.14: Manpower Production (NATHM) 1972-73 TO DECEMBER 2002	76
Table 4.15 Manpower Production for Tourism Sector by NATHAM	79
Table 4.16: Total Number of Travel, Trekking, Rafting Agencies 1999-2007	81
Table 4.17 Gross Foreign Exchange Earning in Convertible Currency by FY(1990/07)	91
Table 4.18: Tourism Income in Convertible Currency by Sector (FY 2063/64)	93
Table 4.19: Gross Foreign Exchange Earning from Tourism (1988/89-2003/04)	95
Table 4.20: Contribution to Government Revenue	96
Table 4.21: VISA and Trekking fees received from Tourism 2001/02-2004/05	97
Table 4.22: Tourism Fees Received from Tourism Sector 2000/01-004/05	97
Table 4.23: Revenue Received from Mountaineering 1996-2007	98
Table 4.24 Direct Employment Generation from Tourism	100
Table 4.25: Share of employment generation in Tourism related sector 1986	101
Table 4.26: Total Number of Licensed Manpower Guide 1999-2007	102
Table 4.27: Number of Employment in Mountaineering Sector.	102

List of Figure and Chart

Figure No 1: Total Tourist arrival 2039/40 – 2063/64 with & without Indian	49
Figure No.2: Tourist Arrival by Purpose of Visit (1992-2007)	51
Figure No 3: Tourist Arrival by Age and Sex (1992-2007)	53
Figure No 4: Tourist Arrival by Continents/Regions	55
Figure No. 5 Tourist arrival by months 1992-2007	57
Figure No 6: Tourist Arrival by Major Nationalities 1991-2007	62
Figure No 7: Arrival of Tourist by Air and by Road in graph	71
Figure No 8: Number of Hotels and Hotel Beds 1991- 2007 in Figure	75
Figure No 9: Gross Foreign Exchange Earning in Convertible Currency by (FY1990-2007)	92
Figure No: 10: Tourism Income in Convertible Currency by Sector (FY 2063/64)	94
Figure No 11 Tourism Fees Received from Tourism Sector 2000/01-004/05	98
Figure No 12 Number of employment in Mountaineering Sector	103

Abbreviation

IUOO -	International Union of Official Organization
ICIMOD:	International Centre for Integrated Mountain Development
UNESCO:	United Nations Educational Scientific and Cultural Organization
CBS:	Central Bureau of Statistic
HAN:	Hotel Association of Nepal
MoCTCA:	Ministry of Culture Tourism and Civil Aviation
GDP:	Gross Domestic Product
NATHM:	Nepal Academy of Tourism and Hotel Management
MOF:	Ministry of Finance
NRB:	Nepal Rastra Bank
NTB:	Nepal Tourism Board
TDB :	Tourism Development Board
TIC:	Tourism Information Center
NATA:	Nepal Association of Travel Agencies
WTO:	World Tourism Organization
TAN:	Trekking Association Nepal
NA:	Nepal Airlines
IA:	Indian Airlines
TG:	Thai Airways International
QR:	Qatar Airways
GF:	Gulf Air
BG:	Biman Bangladesh
OS:	Australian Airlines
KB:	Druk Air (Royal Bhutan Airlin)
PK:	Pakistan International Airlines
9W:	Jet Airways
CA:	Air China
SQ:	Singapore Airlines
SZ:	China South West Airlines
SU:	Aeroflat Russian Airlines
SHV:	Transvia
KA:	Korean Air
F5:	Cosmic Air
MBA:	Master of Business Administration
TAN:	Travel Association of Nepal
NMA	Nepal Mountaineering Association
WTTC:	World Tourism and Travel Council
FY:	Fiscal Year