

CHAPTER 1

INTRODUCTION

1.1 Background of the Study

The world of business is becoming complex day by day. Competition in every sector is increasing high. In this situation companies especially manufacturing companies find the situation very tough to sell their product in the market smoothly. So businessmen are using various tools and techniques to sell their products. The modern marketing accepts consumer as a king because they are purchasing particular products or service. Marketing aims as delivery rising standard of living. It most serve consumers demands by offering right goods and services in good quantity, at right place as well as price, to right customer. It aims at creating capturing and maintaining demand through appropriate marketing mix.

Communication is the best way to acquainted with consumer's needs and wants and it is a unique tool to persuade consumers to act in the favorable manner. There are various ways to communicate with customers. Advertising is one of the most popular and efficient method which gives way to communicate with customers. It is the key tool for products, service and ideas are presented and promoted in the market. It influences consumers attitude and purchase behavior in a variety of consolidate manner. It has multiple objectives and rises in persuading consumers. The techniques of advertising may be directed by one or more objectives of advertising depending up on the situation. Company can create good and effective stimuli through advertising towards products and services.

'The term advertising is derived from the original Latin word advertere which means to turn the attention'. Every piece of advertising turns the attention of the readers, listeners or the viewers toward a product, or a service or an idea. Therefore, it can be said that anything that turns, the attention to an articles or a service, or an idea might be well called advertising. The most widely accepted definition given by American Marketing Association, "any paid form of non-personal presentation of ideas, goods or services by an identified sponsor".

Advertising is a mass communication process of persuading the prospects by convincing them to buy product or services with increase satisfaction to the consumers and profits to the sponsor. It is that instruments of marketing which act has effective multiple sales person, reaching good many people at one time, quickly, effectively, at relatively lower cost.

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

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

The second stage we label 'The industrial Revolution and Emergence of consumer society', a period where advertising grew in importance and size because of numerous social and technology development. The purpose of the advertising was to devise and effective, efficient communication system that could sell product to a widely dispersed market place. National media developed as the country's transportation system grew.

Modern advertising agencies, since and creativity is the third stage in the evolution of advertising. The advertising industry grew to a remarkable million of dollar on media billing and as a result, attracted the development of organizations specializing in advertising (agencies, established research technique) and moved in to an era of more creativity.

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

The root of formal advertising in Nepal can be traced back to a print advertisement that appeared on the back cover of a book called Moksha Siddhi in A.D. 1862 and was taken out by Manoranjan press, Thahiti to promote their various publications. The next instance of a Nepali print advertisement can be traced back to A.D. 1888, when Gorkha Bharat Jeevan brought out advertisements on the cover of Gorkha Hasya Manjari, published by the Gorkha Bharat Press, Benaras, India. It can be safely said that the milestones and spurts of progress in the advertising sector have coincided with developments in mass media. The start of Gorkhapatra in 1901 A.D. is not only a landmark in the field of Nepali media but also the beginning of advertising in Nepal. (Siddhi, 1862:231)

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

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

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

So this time has been witnessed that it has been taking a promising shape over the time period from the time of 'Age of Print' till the date, so we can say that it is also a dynamic process. Which keeps on changing, therefore, the advertiser have to launch an

advertising program or a campaign keeping these facts intact because a very much certain thing that never changes is the 'change' in anything as the time passes.

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

Nowadays we can see that Chaudhary Group, Himalayan Snacks and Noodles private Ltd, Asian Thai Foods, Gandki Noodles etc, have been serving from their sides to their customers in ascending volume of sales." It was estimated that annual consumption of noodles in Nepal has crossed one lakh forty corer cartoons (one cartoon consists of 30 packets of readymade noodles)" (Shrestha, 2005:102). This clearly indicates that the prospect for the growth of the instant noodles business in improving day by day.

1.2 Introduction of the Noodles Industries

Himalayan Snacks and Noodles Pvt. Ltd

HSNPL was established in October 2000 in technical collaboration with Thai president foods place of Thailand providing manufacturing technology expertise to HSNPL. The founding objective was to produce instant noodles under the "Mayos" brand. The company's first head office is located at Kathmandu, while the first factory was inaugurated at benepa, kaverpalanchowk District. The plant is furnished with state of the art Japanese machinery.

HSNPL has been manufacturing various brands of Instant Noodles, i.e. mayos, Mayos Shangri-la, Shaka –Laka Boom, Ru-chee, Lakali, J-nee, Hurray, Doharee, Jhike and Humpty Dumpty. HSNPL understands the nee of our valued consumers and converts them into reality. In short period of time, the company has been able to achieve a leading market share in Nepal. In addition, the achievement of national and international certifications i.e. Nepal standard (NS 138), ISO 9001:2000, SFA membership has created the highest confidence in their products.

HSNPL plans for diversifying into production of other snack items in future. Manufacturing of Cheese Balls under the brand name of Mayos Munchy have already been introduced to the market and still some other plans are under progress.



CG Foods Nepal Pvt.Ltd.

Nepal's first and only ultramodern private industrial park is situated in Nawalparasi. It has various units equipped with latest technology, R&D and laboratories for manufacturing snacks, food, beverages and cigarette. There are also ancillary units producing specialty food items to suit different lifestyles. CG Foods Nepal Pvt. Ltd. (CGFN) houses a total of 3 production units, the main being noodles production facility which has 3 plants operating under the same roof with a combined capacity of producing 615 packets of noodles per minute, the largest in the South East Asia. Other plants are potato chips, water and Bhujija.



1.3 Focus of the Study

This study focuses on the advertising investment and its sales of the noodles industries. There is certain impact on advertising investment to increase their sales. In this study we have tried to find out the effectiveness of advertising investment in terms of sales of noodles in Nepal.

Based on the Historical Data we have analyzed the strategy followed by the different organization. In Addition to this, our focus is made to ascertain the current advertising investment and sales of the sample selected organizations. Additionally with the help of the historical data we have tries to analyze the role of advertisement in the Instant Noodles in Nepal and what type of advertising strategy that the industry followed in different types of noodles industries.

Additionally, with the help of Primary data through questionnaires, we have made the focus on the product

1.4 Statement of Problem

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

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

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

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

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

- I) Is advertising practiced appropriately in Nepal?
- ii) Does advertising help to increase sales?
- iii) Are expenses on the advertising in Nepal effective?
- iv) Do advertising have any impact on sales or not?
- v) Do Nepalese people take advertising in a positive way in recent days?

1.5 Objective of the Study

The basic objective of this study is to analyze the effects of advertising in sales comparatively in between Mayos and Wai-Wai instant noodles. However the specific objectives are as follows:

1. To analyze the impacts of advertising on consumer's attitude and buying behavior.
2. To examine the effectiveness of the advertising in terms of return in sales over its expenses.
3. To make comparative analysis of advertising investment and sales in Himalayan Snacks and Instant Noodles Pvt. Ltd. and Chaudhary Group.

1.6 Significance of the Study

Companies now realize that their brand is an essential asset, even though they don't appear on the balance sheet to consider a brand as an asset has important implications for management the main idea is to capitalize in a few brands. They have to be constantly nourished by new product in order to maintaining their market share. To get the most from them means that it is necessary to concentrate all ones efforts over the long term on a few viable brands to increase their potential and value. Several brands which were part of our youth and still exist in our conscious awareness will soon

disappear. The future lies in the brands of those companies which understand brand from organization. Even if a company culture is internally focused. What the brand stands for reminds us of the competitive priorities and the need for continuous improving in serving the market by the creation of new products. To understand the brands requires a true brand professional who knows everything about it is able to integrate all of its facts, richness and dynamism and has an intimate relationship with it. This is even more necessary when there is a high staff turnover and brand managers and constantly changing. It is good to have integrated the corporate culture, but it is better if the brand manager is immersed in the meaning of the brand of which he is in charge. It is not just the marketing managers who have to understand what a brand in a professional light, become an active supporter of it and play an essential part in its functioning. Thus all those who are responsible for the maintenance and growth of these brands have a part to play the people involved at the other end of the chain both nationally and internationally, all the way to shop-floor assistant and after the goods are sold, must also be involved.

1.7 Limitation of the Study

Like every research study, this study also has some limitations. The basic factors are as follows;

1. Only two noodles that are the concern of the study due to the inadequate time period.
2. This study focuses on factors which are related with Advertising investment and its sales only.
3. The study is mainly based on the secondary data and use of primary data as well.
4. The study duration is only of five years (2004/05-2008/09) trend.
5. This study concentrates only on those factors that are related with Advertisement.
6. There might be various recall biases from the side of the respondents which might have distorted my result of this thesis.

1.8 Organization of the Study

The study will be organized into five chapters each denoted to some aspects of the study of clearing and settlement system. The title of each of these chapters will be as follows;

- Chapter I : Introduction
- Chapter II : Review of Literature
- Chapter III : Research Methodology
- Chapter IV : Data Presentation and Analysis
- Chapter V : Summary, Conclusion & Recommendations

The introduction chapter will include the general background of the study, instant Noodles business in Nepal, statement of the problem, objectives of the study, focus of the study, significance of the study, limitation of the study and organization of the study.

The second chapter will contains review of literature which includes review of books, review of journals and annual reports published by the Noodles industry and other authorities of related articles and previous thesis as well.

The third chapter will describe methodology employed to attain the objective of the research.

The fourth chapter will deals with presentation and analysis of data and information. It consists of descriptive as well as statistical analysis of data or information.

The last chapter will be contains the summary, conclusions and recommendation of the study. Finally, bibliography and appendices have been included at the end.

CHAPTER II

REVIEW OF LITERATURE

This chapter highlights on the literature that is available in the topic. While doing 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 P.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 the practice all frameworks from which hypotheses can be developed for testing. The literature survey also minimized the risk of pursuing the dead- ends in research.”

2.1 Theoretical Concept of Advertising

According to American Marketing Association (AMA), “Marketing is the process of planning and executing the conception, promotion and distribution of ideas; goods and services to create exchange that satisfy individual and organization objectives”. This definition has been widely accepted by academics and practitioners. In the above definition, there are many activities mentioned like pricing, promotion and distribution. Among these, promotion is one of the important activities which give a way to communicate with the firms audiences to achieve certain goals. Promotion has been defined as ‘the coordination of all seller- initiated efforts to set up channels of information and persuasion to sell goods and services or promote an idea.” (AMA, 2007:252)

The most widely accepted definition is one which is given by the American Marketing Association, “according to which it is “any paid form of non-personal presentation of ideas, goods or services by an identified sponsor”.

According to new Encyclopaedia Britannica, “advertising is a form of communication intended to promote the sale of the product or service to influence public opinion, to gain political support or to advance a particular cause”. Put in other words, it is a sales

message directed at a mass audience; that seeks through persuasion to sell goods, services or ideas on behalf of the paying sponsor. The distinct characteristics of advertising relative to overall marketing activity are: It is a competitive Act. It is not part of the product. It is the act of persuasion. It is the part of the total benefit that the consumer derives through use of product or service. It is paid for and is done by the identified sponsor.

Dorothy Cohen(1988) Advertising is a business activity, employing creative techniques to design persuasive communication in mass media that promote ideas, goods, and services in a manner consistent with the achievement of the advertiser's objectives, the delivery of consumer satisfaction and the development of social and economic welfare. Cohen's definition is elaborate and takes care of both the aspiration and functional aspects of advertising. She describes advertising as a 'business' activity that uses persuasive techniques to sell goods, ideas, and services. She emphasizes the mediated role of advertising, that is, through mass media. Advertising, in Cohen's view, has a twin function that takes care of both the sender (the advertiser of the product/ service whose objectives it must fulfil) and the receiver (the consumer of the product or service, whose satisfaction it must keep in mind). In the end, Cohen talks about the both the social responsibility and the economic welfare of the society.

Subroto Sengupta (1990), in his much – acclaimed book *brand positioning strategies for competitive Advantage* emphasized that advertising must position the brand. Putting forward an 'operational' definition, Sengupta took into account a competitive marketplace and recognized the increasing difficulty of creating distinct brand identities:

Advertising is the discovery and communication of a persuasive difference for a brand to the target prospect. Explaining the definition propounded by him, he referred to the critical elements an advertisement, needed to communicate, i.e., a difference for the brand. It must be a competitive and persuasive difference. He cautioned that it may not be that easy to get 'a readymade USP' from the 'difference'. Hence one needed to search and discover where such differentiation could be found. The central task of advertising, according to sengupta, was to place the brand in the desired position in the prospect's mind in relation to competitors, so as to create distinctness and preference.

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

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

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

2.2 Origin and Growth of Advertising

Though advertising, in its present form, is the product of the current century, as a business force it is not a new tool. It has the longest history taking us back to the history of mankind and human civilization. Though we fail to answer the question as to the exact age of advertising, it can be said that advertising began the moment the man discovered the art of communication. Historical documents and archaeological researches have confirmed the existence of advertising in the ancient times. Advertising by 'word' of mouth is probably the earliest form of advertising because, oral skills were developed well before reading and writing did. Advertising was given the commercial status the day he entered into the process of exchange. The advent of the printing press

brought about a paradigm shift. One could have multiple copies of posters, leaflets. Or print advertisements in newspaper to reach many people at the same time. With the growth of the economic media, followed by the internet and SMS, the interactive media has now completely changed the role of and expectations from advertising.

2.2.1 Evolution of Advertising

The evolution of advertising in the west can be studied in terms of the various phases of the growth of advertising, which are discussed below.

2.2.1.1 Advertising in the pre-printing era

In the pre-printing era, some form of advertising, through signboards and town criers, did exist. While the oral traditions have no recorded history, at some places sign boards, especially set in terra cotta, and have survived (Longman 1971). The signboards were used to identify places, traders, and artisans, and to inform people about the location of certain goods and services. The symbol of a goat signified a dairy; a mule working a mill signified a bakery. A cobbler would hang a shoe outside his shop to signify the shoe shop. Thousands of years ago, the Greeks used cries as it is announce the sale of slaves.

Advertising as it is known today (a mediated communication via mass media) can be traced back to the invention of the printing press, with movable types, in 1441. Newspaper began as a medium for advertisements. According to Longman, newspaper carrying news items gained a firm foothold only in the latter part of the 18th century. The times, in fact, continued to carry classified advertisements on page one till 1966, except for a brief period over a hundred years ago.

The first visible signs of advertising came in the form of advertising hand cards and letter posters. Now known as leaflets, hand cards carrying information about goods and services sold by various merchants were distributed on the streets. Then posters came, which, according to Longman, were so popular that at one time during the nineteenth century, so many posters were pasted on the walls of London that it looked like a city made of paper! An interesting tradition that began in the United Kingdom was that no

one would remove or paste posters over existing ones till the glue was fresh. In other words, the posters remained at least for a day or so.

2.2.1.2 The industrial Revolution

The industrial Revolution gave an impetus to marketing. The use of expensive machinery required production on a mass scale to break even and then make profits. Also, with similar products available, companies needed persuasive communication to create demand for particular brands. The need for distinct branding made advertising more widespread. Late nineteenth century advertising witnessed magazines becoming an important advertising medium. Interestingly, the invention of the bicycle gave rise to competitive advertising.

Around the same time, when some medicines were patented, the idea of the brand was born. Dr Drake and Lydia Pinkham are said to have introduced medicines to advertising. George Rowell brought out the first American Newspaper Directory in 1869. Francis W. Ayer was the first to sign an 'open contract' in 1875. Advertising historians consider Jhon Powers to be the first copywriting 'superstar' in the 1880s. Adolphus Green is said to have brought in the concept of 'branding' around the 1890s. Albert Lasker is remembered for shaping the modern advertising agency in the beginning of the twentieth century.

2.2.1.3 Advertising between the world wars and the Great Depression

World War I also witnessed a war of posters: 'I want you for the US Army', 'Have your volunteered for the Red Army?', 'Britons, join the Army'. One saw a reflection of war sentiment in commercial advertising as well. An advertisement by the container corporation of America issued in 1943 when the Second World War was at its peak read 'Aim high. Military Production sites are so high because quantities in metals, plastics, wood are released by new packaging in paper: Container Corporation of America.' The visual had some fighter planes aiming at a target clearly the advertisement played on the euphoria over the world war. The US War office brought out a poster with a powerful visual of the swastika being pulled at by four hands, causing cracks in the symbol(the

swastika was the symbol used by German dictator Adolph Hitler). 'When War is on, grapevine and rumor mills works overtime', read the copy.

In 1910, the association of National Advertising Managers was founded. Now it is known as the association of advertising Agencies was formed to 'improve the effectiveness of advertising and of the advertising –agency operation'.

2.2.1.4 Present day advertising

The current era is technology driven and customer oriented. A lot of hope rests on the interactive media that includes the internet, to create a seamless global market. Connecting almost 300 million users worldwide, the internet has truly created a seamless market and a global consumer. However, many in the developing countries, where the mass markets are, still do not have easy access to the internet. Effort, at both the government and corporate levels, are being made to bring the benefits of technology and services to the rural population, especially in India.

Many critics have been talking about the death of creativity in advertising. Others talk about the fetish of some agencies to create some companies only with a view to winning awards. Such advertising may not necessarily have an impact on product sale. The trend that continues to haunt advertisers is the emergence of a global market. Hence, the challenge lies in synergizing global strategies with local customization. In India, many companies, such as pizza Hut, McDonald's, Coca-Cola, and Pepsi, have done it with great success. Latter in the chapter, we will discuss the advertising of one of the most successful brands – Coca-Cola.

2.3 Role of advertising in modern business world

Advertising is primary a means by which sellers communicate to prospective buyers the worth of their goods and services. It is a basic tool of marketing for stimulating demand and for influencing the level and character of the demand. Generally advertising has to perform different function, categorized as marketing, communication, and education function, as well as economic and social function that described in brief as follows:

2.3.1 Marketing Function

Marketing is all about connecting-with people. Marketing concept believe that the company will prosper through understanding their needs, wants, values, beliefs, behaviors and aspiration. For this marketers use different marketing strategies. Among these strategies promotional strategy is one of the important strategies which enable company to go profit. Now a day, most of marketers use advertising as the overall promotional strategy. It involves presenting the message to the potential customers. “Through advertising the cost of reaching a thousand target audiences are usually for less than the cost of reaching one prospect through personal selling”

2.3.2 Social Function

Advertising is one of the major forces that have helped the standard of the living in this country and around the world. A free, fair and responsible media is the pillar of a democratic policy. Democracy gives choices to the people and the media informs and educated the people to make the right choices. Only informed people can make the right decisions. Thus the media’s role is vital in strengthening democracy and accelerating the pace of development. Advertising is the main sources of revenue for the media. This facility makes freedom of function for the press. “Advertising invests a new product with confidences about its function, quality price and availability.” Advertisement promises a quality and forces manufacture to live up to the promised quality. So advertisement brings about consumer welfare by two-fold method”

1. By improving standard of living
2. By improving product quality

Finally advertising ‘effect on society has led to important social and logical changes.

2.3.3 Economic Function

There are two points of view about how advertising affects and economy. In the first, advertising is so persuasive that it decreases the likelihood that a consumer will switch to an alternative product, regardless of the price charger. By featuring other positive attributes. And avoiding price, the consumer makes a decision on these various non price benefits. The second approach views advertising as a vehicle for helping consumers assess value, through price as well as other elements such as quality, location and reputation.

2.3.4 Communication Function

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

2.4 Outstanding Attributes of Advertising

Outstanding attributes of advertising as an activity in this competitive world of business which differentiate it from other closely related terms that sound like advertising. In other words, this study of special features of advertising helps us to say “what is really advertising “and “what is not advertising.” These outstanding attributes are:

2.4.1 It is a Mass-Communication Process

Every piece of advertising guarantees satisfaction of human wants and wants stem from needs and desires. Advertisers – manufactures and dealers- use this mass media to communicate the message to the target audience. Communication costs and hence, it is speedy and a pervasive as it is purely commercial. Within a fraction of a minute, or a few seconds, a manufacturer can draw the attentions of millions people. It is needless to say that daily on T.V. any “ad” on any product or service or an idea, reaches millions of people en masse.

2.4.2 It is a Informative on Action

Each and every advertisement is a piece of information to the listeners, readers, viewers and onlookers. An advertisement announces the arrival of a new product, talks about its special features and explains the best use of the product, thus, helping the hesitant and undecided prospect to make the decision to buy or not buy.

2.4.3 It is a persuasive Act

Persuasion is the power of advertising. It is its stock or strength. Advertising is, by very nature, persuasive. Advertising in any form contains persuasion because, the major function of advertising copy and the art-work is to persuade the reader or the listener or the viewer. There is a kind of logical process of persuasion known as A-I-D-A formula. That is an advertisement draws the ATTENTION, creates INTEREST, and converts

interest into DESIRE and DESIRE in to ACTION. Thus, advertising is the greatest art of persuasion. The secret of success of each advertisement is in its ability to persuade. Persuasion is seen at two levels namely, attitudes and actions. Majority of 'ads' change the attitude of consumers. The brand image built by any 'ad' is a clear example of attitude change and action orientation. Thus, the concepts of beauty and charm are highlighted by soap-makers by use of film-stars and sports persons and animals. These build favorable attitude, hence positive action of purchase sooner or later.

2.4.4 It is a competitive Act.

In today's world of business competition is keen, acute and cut-throat. In each line of activity, there are many manufacturers and it is binaural that they want to push their products and services to the maximum extent with profit to them and satisfaction to the customers. Competition is of two types namely quality and price. In both the cases, the change in quality standards and price are to be brought to the notice of the target audience. As every business person and unit is a competitor, he or she or it wants to surpass other to compete away the business in his favour to increase his market share, sales and profits. By competition, the advertiser wants to say how far he is superior to other in product or service performance. That is why, the statement "out of slight-out of mind" that applies.

2.4.5 It is not the part of product

Most of us have a very strong and wrong idea that advertising is the part of product or a service that we buy as we pay for it. It is true that product price includes advertising cost but we do not consume advertising with the product or a service. It is to put this way, which advertising is the total benefit that the consumer derives through the use of a product or a service. It is because, each "ad" has a theme, a great selling idea, and hints for better use and results and so on.

2.4.6 It is paid –Form

Advertising, as an activity, is not possible free of cost. If is not paid for, it is a "publicity" or a "propaganda" or a "rumor" where the person may or may not spend. Advertising as an act of persuasion is deliberate and planned one and the sender of the message has to foot the bill. Whatever may be the media, each medium and media

vehicle costs the advertiser. By its very nature, it is paid form of presentation of an idea, product or a service in an indirect way.

2.4.7 It has an Identified Sponsor

Each and every advertisement is sponsored by a manufacturer or dealers on behalf of manufacturers. His identity is known. That is on each product package or advertisement copy in any form, we come to know about the name of the advertiser-may be the manufacturer or the marketer through the name, brand or logo. The advertiser doesn't want to hide his existence because; the ad is to build not only the brand image or product image but also the corporate image.

2.4.8 It is Non-Personal Presentation

Advertising is an impersonal attempt to present the message regarding a product, or service or an idea. That is, the advertiser makes use of convenient and viable media and media vehicle to pass on his 'ad' message to the target audience or target market. That is why; it is called as salesmanship in print. In other words, the manufacturer and consumers are not in direct or personal contact with one another.

2.5 Advertising as a part of communication Information

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

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

The following table will explain the structure of communication mix.

Table 2.1
A Structure of Marketing Communication Mix

Marketing communication Element	Objectives	Consumer Contact	Time of Response
Advertising	Attention, attitude change and behavior change	Indirect	Moderate or short
Personal Selling	Sales	Direct	Short
Sales Promotion	Sales	Semi direct	Short
Direct Marketing	Behavior Change	Semi direct	Short
Public Relation	Attitude change	Semi direct	Long
Point of sales and Packaging	Behavior change	Direct	Moderate

(Source: WELLS, BBURNETT, MORIARTY, advertising principals and practice, 2005)

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

The marketing strategies include the ingredients of the marketing mix plus all positioning, differentiation, and branding strategies the firm wants to use. From these strategies, marketing tactics emerge to guide the day by day steps necessary to support marketing strategies. The final step in the marketing plan is the evaluation of performance. These six steps are similar to those prescribed by management strategists attempting to integrate all company activities into one consistent effort. When properly designed and followed, they provide guidance to company leaders and marketing experts as they try to make certain the firm's total communication package is fully integrated.

2.6 Advertising program

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

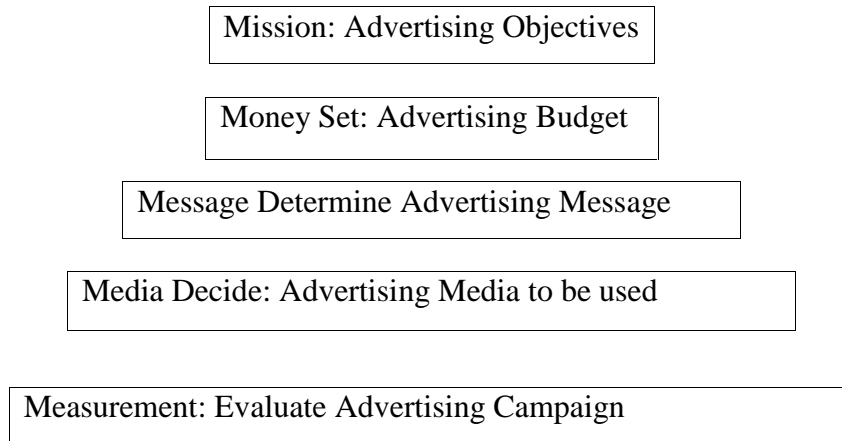
-) Create success of a new product or brand
-) Inform customers of a feature and benefit of the product or brand
-) Create the desired perception of the product or brand
-) Create preference for the product or brand
-) Persuade customers to purchase the product or brand

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

- a. Mission - What are the advertising objectives?
- b. Money - How much can be spent?
- c. Message - What message should be sent?
- d. Media - what media should be used?
- e. Measurement - How should the results be evaluated?

Figure 2.1

Step (five Ms) of advertising Program



Source: P. Kotler, 2004

a) Mission Advertising Objective

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

b) Money Set the Advertising Budget

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

c) Message Determine the key advertising Message

Spending a lot on advertising does not guarantee success. Research suggest that the clarity of the advertising message is often more important than the amount spent. The advertising message must be carefully targeted to impact the target customer audience.

A successful advertising message should have the following characteristics.

Meaningful – Message must be meaningful

Distinctive - Capture the customer's attention

Believable - A difficult task, since research suggests most consumer doubt the truth of Advertising in general

d) Media Decide Which Advertising Media to be used

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

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

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

Media Impact –if the target customer sees the message – will it have most impact?

Another key decision in relation to advertising media related to the timing of the campaign. Some products are particularly suited to seasonal campaigns on television (e.g. Christmas hampers) whereas for other products, a regular advertising campaign throughout year in media such as newspapers and specialist magazines is more appropriate.

e) Measurement Evaluate Advertising Campaign

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

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

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

2.7 Effectiveness of Advertising

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

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

Effective ads work on two levels. First, they should satisfy customer's objective by engaging them and delivering a relevant message. And, as we said, the ads must achieve the advertiser's objectives. Initially, a consumer may be interested in watching an ad for its entertainment value or to satisfy her curiosity. If the ad is sufficiently entertaining, she may remember it. However, they may learn that the ad relates to a personal need and provides relevant information about how to satisfy that need. The ad may also offer enough incentive for the consumer to risk change because it shows her how to satisfy her needs in a manageable way. Further, ads may reinforce her product decisions and remind her of how her needs have been satisfied.

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

Strategy

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

Creativity

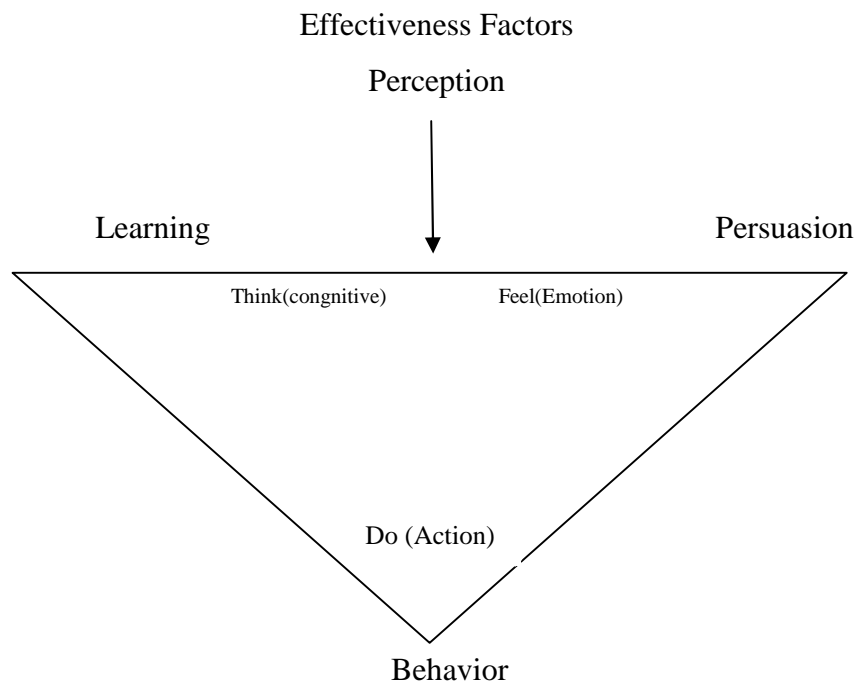
The creative concept is the ad's central idea that grabs your attention and sticks in your memory. A concern for creative thinking drives the entire field of advertising. Planning the strategy calls for imaginative problem solving the research efforts need to be creative, and the buying and placing of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

Execution

Finally, effective ads are well executed. That means that the details, the photography, setting, printing and the production values all have been fine-tuned. Many of these techniques are standard in the industry, such as the use of products created by adobe, a popular computer graphic software manufacturer.

A simplified model of a set of typical effects that advertisers hope to achieve is presented below.

Figure 2.2



In this model, first level is perception, which means the advertiser hopes the ad will be noticed and remembered. Then there are two categories of effects that are either focused on learning, which means the audience will understand the message and make the correct associations, or persuasion, which means the advertiser, hopes to create or change attitudes and touch emotions. The last major category of effects is behavior getting the audience to try or buy the product, or perform some other action. In advertising strategy and planning, these effects are referred as objectives.

In addition, two other assumptions must be considered in analyzing advertising objectives. First advertising communication objectives are derived from the company's marketing objectives, so, if red Robin restaurants have an objective to increase market share by 5 percent, this should have a direct impact on the stated communication objectives. In other words, the advertising objectives are designed to contribute to the accomplishment of this market share objective.

The second assumption is that any of the communication objectives may be legitimate, even the ones that aren't focused directly on a sale. For example, Expedia.com is a new consulting company and it views its advertising as a way to draw attention to itself, create name recognition, and create understanding of the products and services it sells. The key effects from figure 2.3 which are used to determine effectiveness of an advertisement, are further explained in table 2.2

Table 2.2
Message Effective Factors

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

(Source: WELLS, BURNETT, MORIARTY, 2005)

Here the key categories of message effects are listed down the left side. The second column labeled ' surrogate measures' and refers to that way advertisers evaluate how well advertising worked, how- effective the advertising was in meeting its objectives.

Advertising industry, led by agencies, has developed a set of measures that are indicators of these key effects. The exact terminology will vary, but the effectiveness of most advertising is evaluated based on such factors as consumers' exposure, attention, interest and so forth.

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

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

Communication – Effect Research Communication – effect research seeks to determine whether an ad is communicating effectively. Called copy testing, it can be done before an ad is put into media and after it is printed or broadcast. These are three major methods of advertising presetting. The direct rating method asks consumers to rate alternative ads. These rating are used to evaluate an ad's attention, read- through, cognitive, affective and behavior strength.

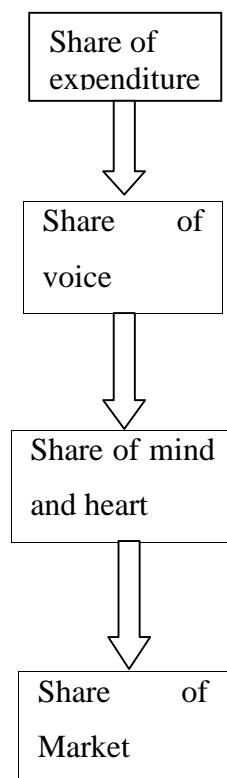
Sales –Effect Research what sales are generated by an ad that increase brand awareness by 20 percent and brand preference by 10 percent? Advertising's sales effect is generally harder to measure than its communication effect. Sales are influenced by many factors, such as the product's features, price, and availability, as well as competitor's action. The fewer or more controllable these other factors are, the easier it is to measure effect on sales. The sales impact is easiest to measure in direct- marketing

situations and hardest to measure in brand or corporate image building advertising. Companies are generally interested in finding out whether they are overspending or under spending on advertising. One approach to answering the question is to work with the formulation shown in figure 2.4.

Figure 2.3

Formula for measuring sales impact of Advertising

|



Source Philip Kotler, 2004

A company's share of advertising expenditure produces a share of voice that earns a share of consumer's minds and hearts and ultimately a share of market. Peackham studied the relationship between share of voice and share of market for several consumer products over a number of years.

Table 2.3
Measurement of advertising effectiveness

	1	2	3	4(3/2)
	Advertising Expenditure	Share of voice	Share of market	Advertising effectiveness
A	\$2,000,000	57.1	40.0	70
B	100,000	28.6	28.6	100
C	500,000	14.3	31.4	220

Source: Philip Kotler, 2004

Firms A spend \$2 million of the industry's total expenditure of \$3.5 million, so its share of voice is 57.1 percent. Yet its share of market is only 40 percent. By dividing its share of market by its share of voice, we get advertising – effectiveness ratio of 70, suggesting that firm A is either overspending or misspending. Firm B is spending 28.6 percent of total advertising expenditure and has a 28.6 market share, the conclusion is that it is spending its money efficiently. Firm C is spending only 14.3 percent of the total and yet achieving a market share of 31.4 percent. The conclusion is that it is spending its money super efficiently and should probably increase its expenditures.

2.8 Method of Testing Advertising Effectiveness

As per the need and nature of the business, there are some methods for testing advertising effectiveness which are presented below but the main focus of this study has been given to the total sales generated in a year in comparison to the advertising investment of these sample firms.

2.8.1 Recall Test

Recall test is conducted by providing the respondents some contextual cues on the basis of which they are expected to recall the advertising. The cue can be in the form of the name of the newspaper or magazine in which the advertisement was published or the television which carried the advertisement related information recalled by the consumer. Recall score are prepared on the basis of their responses and are used to indicate the power of the ad to be noticed and retain.

2.8.2 Recognition Test

Recognition tests are generally conducted to test the effectiveness of print advertisement. Under this method, the selected respondents are given the print mediums, in which the advertisement was published. They are asked to identify a particular advertisement published or broadcasted in the medium. The technique is called recognition method because it is assumed that the reader will indicate the things which he recognizes as having seen or having read. Unlike the recall procedure, the respondent is not asked to reconstruct any part of the original advertisement. Recognition tests seldom attempt to penetrate to the reader's buying motives and habits, nor do they seek his opinion. Their usual purpose is to discover the relative attention – value and interest of advertisements. Usually they are made by personally interviewing representative readers of a publication and asking them to identify the advertisements which they remember having seen or read. Obviously, the element of recall enters all recognition tests, because made sometime after the person saw the advertisement.

Noted The percentage of readers of the magazine who say they have previously seen the advertisement in the particular magazine.

Seen/ associated the percentage of readers who say they have seen or read any part of the ad that clearly indicates the names of the product or service or the advertiser.

Read Most The percentage of readers who not only looked at the advertisement, but who say that read more than half or the total written material in the advertisement.

2.8.3 Inquiry Test

The oldest and still the most popular method of testing advertisement is by the number of inquiries. It is a controlled experiment conducted in the field. In inquiry test, the number of consumer inquiries produced by an advertising copy or the medium is considered as the measure of its communication effectiveness. Therefore the number of inquiries is the test of effectiveness which can be produced only when the advertising copy or the medium succeeds in attracting and retaining reader or viewer attention. Ads generating the most responses are assumed to be the most effective.

2.8.4 Triple-Association Test (TAT)

This test is done to know whether the prospective consumer know the brand of product or not. The advertisers attempts to know consumers association of brands with some benefits or the other. In the triple – association test, the respondent is provided with clues or ideas with which he is asked to associate a brand. For example which noodles advertises as *pakauna chhito khanama mitho*? If answer is 'Wai-Wai' then it is correct to say that he has made the right association between the brand name of the noodles and its advertising theme. Through this test the advertiser try to discover what ideas have been registered by the advertising in the minds or the public and what action has resulted from it. Thus, an advertiser subscribing to the service may have inserted in the interview some question that will indicate how successfully his advertisements have achieved their objective.

2.8.5 Sales Tests

Advertising is intended, directly or indirectly, to solicit sales. since the ultimate objective of many advertising campaigns is an increase of sales, an ideal test would be one that measure, not the number who see and read, or the number who inquires, but the number of actual sales that result form an advertisement. But it is difficult to segregate the effects of an individual advertisement from those of preceding advertisements and other sales-producing factors. Seldom does a single advertisement deserve all the credit for the sale. Nevertheless some tests have been devised which measure relative values with a fair degree of accuracy.

2.8.6 Attitude Tests

Advertising effectiveness can be derived from different mediator. It has been most common in advertising research to examine the effectiveness of the advertising by means of the attitude concept. Attitude is defined as 'an individual's internal evaluation of an object.' Attitude towards the ad can be defined as a 'predisposition to respond in a favourable or unfavorable manner to a particular advertising stimulus during a particular exposure occasion'. This is an indirect measurement of the post- testing effects of ads on attitudes towards the advertised product or brands. The change in attitude as a result of advertising is assessed. The assumption is that favourable attitude towards the product may lead to purchase. Most ads are designed to either reinforce or

change existing attitudes. An attitude is a favourable or unfavorable feeling about a product.

2.8.7 Profit

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

Profit is the most for the survival and growth of any business entity but profit doesn't just happen or improve. Thus, an advertising campaign has a significant contribution in the level of profit generation, so it should be systematically, planned, executed, monitored and evaluated. So that it comes a great help for those firms to achieve the end results quite matching the intended ones.

2.8.8 Sales Turnover

As stated earlier, even the best product manufactured cannot sell in its own. Going personal selling is almost an impossible task to carryout for the firms to sell their product services and the ideas in this competitive environment which has been growing on an on domestically and globally so advertising comes as a major weapon to fulfill all the necessities to promote and enhance the sales level.

2.9 Public Awareness and Knowledge

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

Which, eventually will help to educate the target group of the customers to enhance more knowledge about the product, services and the ideas? Where if helps them have more information regarding the attributes, features, price, availability of such products so that consumer can buy the best one that exactly fits the deficit and needs.

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

The changes in the eating habits of Nepalese people and the continuous progress towards a cosmopolitan's society are unprecedented. In terms of foods items, the traditional rice, cereals, vegetables and non-vegetarian dishes have developed and advanced by incorporating several new dishes from all around the world. It has been apparent for some year that increasing time pressure on consumer has been the main force behind a shift away from traditional meal time.

Basically, noodles marketing companies are shifting their emphasis on pull strategy instead of push strategy. The pull strategy selling is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. Marketers are emphasis more on consumer schemes, media advertisement etc. And in present condition without pull strategy nobody survives and grows in market.

2.10 Instant Noodles Business in Nepal

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2.11 Review of Previous Related Studies

In this section, related and appropriate studies to the title are reviewed. “ **A comparative study on the communication effects of advertising and brand preference, by Laxman Prasad Baral in the year 1996** stated that instant noodles is very popular in Katmandu and most of them proffered wai-wai. Similarly, it was also found that consumers give preferences to the quality and less preference to the brands.

A thesis on “**The Role of Advertising in Sales conducted in the year 2005 by purushottam Shrestha**” revealed that all the respondents mentioned that advertising has positive impact on total performances of the company. Hundred present respondents believe that advertising helps to increase the total sales of the company.

A thesis on “**A study on Advertising Impact of Coke and pepsi on their promotional activities by sweechha Shrestha in the year 2005**, has concluded that the role of advertising in Nepal bottlers ltd. And pepsi cola Co. Ltd. At Katmandu valley shows very interesting results, reminding and the informative are the main roles of advertising. Advertising is partially responsible to change the consumer’s consumption habit.

A thesis on “**A study on comparative study on advertising investment and sales of Himalayan snacks and chaudhary group by laxmi kishori parajuli, in the year 2009**, has concluded that consumers strongly agreed that there is a positive relation between the advertisement and their buying behavior and attitude which, in turn, justified that people take advertisement positively and the properness of the advertisement practices in Nepal.

A thesis on” **A study on advertising effectiveness to consumer and its impact on sales with reference to mayos noodles by Tanka Prasad Timilsina on the year 2009**, has conducted that mayos Noodles advertising were succeeding on grabbing the attention of potential consumer, they arouse the interest toward their product, raised some desire and persuade them to buy product. But still failed to rise desire to purchase the product. Desire refers to the conviction of consumer to buy the product. It was

found that mayos noodles advertising were really interesting. Consumers prefer mostly musical and sentimental advertising.

A thesis on **“Role of Strategic Management Accounting in Strategic Planning with reference to Product Life Cycle in Instant Noodles Manufacturing Concerns of Nepal” by Bijay Munankarmy on the year 2009**, has conducted that Product Life Cycle of an industries and strategies based on the BCG matrix is applicable to all the Instant noodles Industries of Nepal. In tough competition scenario of noodles industries, there should be Business Strategies in different phases of life cycle. Organizations having appropriate strategies can boom its sales revenue and increase the cash in-flow and the positive cash flow will support the business in all the aspect.

So, none of the above studies has done researcher entitled” A Comparative study on advertising investment and sales of Himalayan snacks and chaudhary graup.”

So, this study would be helpful for further, to students, planner and researcher in future.

CHAPTER III

RESEARCH METHODOLOGY

3.1 Introduction

Research Methodology describes the methods and process in entire study. It sequentially refers to the various steps to be adopted by a researcher. “Research methodology is the process of arriving at the solution of the problem through planned and systematic dealing with the collection, analysis and interpretation of facts and figures. Research is a systematic method of finding right solutions for the problem where as research methodology refers to the various sequential steps to adopt by a researcher in studying a problem with certain objectives in view.” (Kothari, 1998:102)

The basic objective of the study is to compare the advertising investment and its sales of Himalayan Snacks and Chaudhary Groups in Nepal. In order to reach and accomplish the objectives of the study, different activities are carried out and different stages are crossed during the study period. This chapter includes research design, population and sample, nature and sources of data, analysis of data etc.

3.2 Research Design

Research design is a plan, structure and strategy of investigation conceived so as to obtain answer to research questions and to control variances. It is the arrangement of conditions for collection and analysis of data.

In this chapter needed information data has been identified, secondary data has been analyzed and primary data has been collected through questionnaire, surveys and interviews from the respondents. Similarly the research design has been descriptive and the qualitative aspect of the research and it is analytical for the quantitative aspects of the research.

3.3 Population and Sample

Research Population for the study has been the people and the business involved in those instant noodles across the country. So, the research population has been, in business are as follows:

-) CG Food Nepal Pvt. Ltd
-) Himalayan Snacks & Noodles Pvt. Ltd
-) Asian Thai Food Pvt.Ltd.
-) Gandadaki Noodles Pvt.Ltd.
-) Pokhara Noodles Pvt.Ltd.
-) Everest Noodles ,Him Shree Food Pvt. Ltd
-) General Food Pvt.Ltd and Others.

And the people for the research population are the consumers of different brands of such instant noodles produced. Due to the situational and resource limitations, it is not being possible to collect information from all the number of the research population. It has been conducted only in two instant noodles company i.e.

-) Himalayan Snacks and Instant Noodles Pvt.Ltd and
-) CG Food Nepal Pvt.Ltd as research Sample.

3.4 Source and types of Data

This study conducted on the basis of primary and secondary data. All the secondary data are observed, processed and tabulating in the time as per need and objectives. Various data and information are collected from the economic journal, periodicals, bulletins magazines and other published and unpublished reports and documents from various sources.

Primary data is a data which has not been used by other. Collected fresh and first hand is primary data. It can be prepared by different sources like opinion poll, sampling, through correspondents etc. in this study, primary data has been collected by using questionnaire method , for this interview and structured questionnaire method have been used, questions were asked to the executive level staff of the related bank. The

questions raised are of three types, yes/no questions, multiple, choice questions and open end questions.

3.5 Data Collection Techniques

A detailed review of literature has been conducted in order to collect the relevant data and information. Such review materials are primarily collected from the library of Nepal Commerce Campus, Shanker Dev Campus and Tribhuvan University. The data are collected from primary as well as secondary source. The primary data are collected through questionnaires and interviews. The questionnaires are distributed to the different consumers to the personal of the sample companies and interviews are performed with the managers and officers of the sample companies. The annual reports, publications/ Journals of the concerned companies are used as a source of secondary data. Similarly, relevant periodicals, articles, and the magazines like BOSS are also used to collect the needed data and information.

3.6 Data Analysis Tools

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

3.6.1 Arithmetic Mean

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

Symbolically,

$$\text{A.M} = \frac{\Sigma}{N}$$

3.6.2 Standard Deviation

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

$$\text{Standard Deviation (S.D)} = \sqrt{\frac{\sum \epsilon^2}{N}}$$

3.6.3 Coefficient of Variance (C.V)

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

Symbolically,
$$\text{C.V} = \frac{\text{S.D}}{\text{Mean}} \times 100$$

CHAPTER IV

PRESENTATION AND ANALYSIS OF DATA

This is an analytical chapter, where an attempt has been made to analyze and evaluate major financial items, which have an impact on sales and advertisement and fund mobilization of Himalayan snacks and Chaudhary groups. There are many types of financial ratios. In this study those ratios are calculated and analyzed that are crucial in evaluating fund mobilization of Noodles Industry.

4.1 Presentation and Analysis of Primary Data

This section provides interpretation and analysis of primary data. On this study only secondary data analysis has not been sufficient to cover objectives.

4.1.1 Channels through People are aware about the noodles;-

Regarding the distributed questionnaire fifty peoples among them only forty people supported to fill the questionnaires. Among forty people only 16 people gave answer in favour of TV which is 40 % of total respondents. Similarly 28% are in favour of radio, 10 % are in favour of newspaper and 22% are in favour of hoarding boards. From the table below 4.1 it is clear that most of the respondents are in favour of television channel advertisement.

Table 4.1
Channels through people aware about the noodles

S/N	Source	No of Respondents	% of Respondents
1	TV	16	40
2	Radio	11	28
3	Newspaper	4	10
4	Hoarding Board	9	22
5	Others	-	
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.2 When people buy noodles;-

Regarding this question, among the forty people 30 % people buy noodles once a week. Similarly 50 % people buy noodles daily and only 20 % people buy noodles twice a week. This survey shows that most of the people are purchasing noodles daily. From the table below 4.2 shows the detail about this question.

Table 4.2
When people buy noodles

S/N	Source	No of Respondents	% of Respondents
1	Once a week	12	30
2	Daily	20	50
3	Twice a week	8	20
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.3 How many noodles do you buy at a time:

Regarding this question, 65 % buy one packet at a time, 20 % buy one dozen at a time and similarly 15 % are buying one box at a time. From the table below 4.3 shows the details about this question.

Table 4.3
How many noodles do you buy at a time:

S/N	Source	No of Respondents	% of Respondents
1	1 Packet	26	65
2	1 Dozen	8	20
3	1 Box	6	15
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.4 Source of buying:

Regarding this question, many people feel comfortable to buy noodles from the shop nearby residence. According to this question 75% people are ready to buy noodles nearby residence. Similarly 15 % are goes to buy noodles at department store and only 10% buy from wholesale. The table below shows the details about the question.

Table 4.4
Source of buying Noodles

S/N	Source	No of Respondents	% of Respondents
1	Nearby residence	30	75
2	Departmental store	6	15
3	Wholesale	4	10
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.5 Factor affects to buy:

According to the question, many people are in favor of quality of the product. Among the respondent 50 % people are in favor of quality product. Similarly 23% are in favor of advertising and 12 % are in favor of reasonable price and 15% are in aggressive sales promotion. The table below shows the reality of this question.

Table 4.5
Factor affect to buy

S/N	Source	No of Respondents	% of Respondents
1	Quality Product	20	50
2	Advertising	9	23
3	Reasonable price	5	12
4	Aggressive sales Promotion	6	15
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.6 Advertisement effect for buying:

Regarding this question different people have a different view. Such as 37 % people are in favor of advertising. And 35 % are moderate agree, 30% are slightly agree and 8 % are not agree on advertisement. The table below shows the effect of the respondents.

Table 4.6

Advertisement effect to buy noodles

S/N	Source	No of Respondents	% of Respondents
1	Strongly agree	15	37
2	Moderate agree	10	25
3	Slightly agree	12	30
4	Not agree	03	08
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.7 Which noodles advertisement remembers the most?

According to the questions 45% people like or remember wai-wai advertisement, 28 % people are in favour of Mayos, 10 % are in favour of Miho and 17 % people are in favour of other noodles advertisements. The table below shows the detail about it.

Table 4.7

Most remembered noodles advertisement

S/N	Source	No of Respondents	% of Respondents
1	wai –wai	18	45
2	Mayos	11	28
3	Miho	4	10
4	Others	7	17
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.8 Which noodles do you prefer to buy?

Regarding to the question many people prefer to buy wai-wai. According to the survey 48% people are in favour of wai-wai. Similarly 27% are in favour of Mayos, and rest of 25 % are in favour of others. The table below shows the detail of the survey.

Table 4.8
Preferable noodles to buy

S/N	Source	No of Respondents	% of Respondents
1	wai –wai	19	48
2	Mayos	11	27
3	Others	10	25
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.9 What do you expect from advertisement:

According to the survey I found 43 % are in favour of sales promotional scheme. Among them 30 % expect information about goods, 12% expect information about consumption of goods and 15% expect other. The table below shows the details about the questions.

Table 4.9
Expectation form advertisement

S/N	Source	No of Respondents	% of Respondents
1	information about goods	12	30
2	Information about consumption of goods	05	12
3	Sales promotion scheme	17	43
4	Others	06	15
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.10 what kind of advertisement do you prefer:

Regarding the question, 25% respondent is in favor of romantic advertisement, 30% are in favor of musical advertisement, 38 % are in favor of informative and rest of the 7 % is in favor of others. The table 4.10 shows the details.

Table 4.10

What kind of advertisement do you prefer?

S/N	Source	No of Respondents	% of Respondents
1	Romantic	10	25
2	Musical	12	30
3	Informative	15	38
4	Others	3	07
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.11 Advertisement and consumer buying behaviour:

According to the questions many people thinks advertisement effects on its sales. So according to the respondents 50% people believe that consumer buying behaviour depends on advertisement. Similarly 38 % people are in favour of advertisement doesn't matter on consumer behaviour and 12% are indifference on this question. The table below shows it clearly.

Table 4.11

Advertisement and consumer buying behavior

S/N	Source	No of Respondents	% of Respondents
1	Yes	20	50
2	No	15	38
3	Don't Know	5	12
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.12 Relationship between advertisement and sales:

Regarding the question, many people agree with the advertisement because they believe advertisement does matter on sales. Among the respondent 70% are in favor of advertisement has a positive relation with sales. Similarly 23% are not believed on advertisement and 7% are indifference on this matter. The table below shows the details about this question.

Table 4.12

Relationship between advertisement and sales

S/N	Source	No of Respondents	% of Respondents
1	Yes	28	70
2	No	9	23
3	Don't Know	3	7
Total		40	100

(Source: Direct Field Survey, 2011)

4.1.13 Impact of Advertising on Consumers Attitude and Buying Behavior

This segment presents a thorough analytical display of the primary data presented above. In this section it has been tried to know the impacts of the advertising on consumer's attitude and buying behavior. More over it has been tried to figure out of advertisement makes the consumers (respondents) change their mind and purchase the products that one advertisement intends its prospective consumers (respondents) to do so.

Majority of the respondents (98%) saw advertising and most of them (94%) though that advertising is really important. Similarly most of the respondents (80%) found a strong relationship between advertising and their buying behavior where as 81% of them though that advertising has affected their attitude towards the products. The main purpose to watch advertising to them is to find information about the products, on the contrary just 19% of them wanted to find the facilities offered by the goods. Again, most of them (78%) performed informative advertising 11% are preferred musical advertisement and rests of the 9% are preferred innovative advertising.

4.1.14 Analysis of the consumer's (respondent's) Expectation form advertising

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

Table 4.13

An overview about the Expectation of consumers

S/N	Statements	Options			
		Price	Quality	Firm's Image(Brand)	others
1	I purchase one product because of	9%	86%	5%	-
2	Factors I prefer in an instant noodles are	3%	85%	10%	2%

(Source, Direct field survey, 2011)

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

4.1.15 Effectiveness of advertising

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

Table 4.14

Effectiveness of Advertising

S/N	Statements				
		Yes	No	I don't know	Others
1	I find a relation between advertisement and sales	87.5%	10.6%	0.4%	1.5%

(Source Direct field survey, 2011)

From the previous analysis, majority of the respondents 98% saw above advertising and 94% of them considered that advertising is important which clearly indicates that advertising drove them to purchase the products which is once again supported by the

above table in which 87.5% of the respondents signified the relation of advertising and sales.

4.1.16 Analysis of Wai-Wai and Mayos Instant Noodles

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

Table 4.15

Analysis of Wai-Wai and Mayos Instant Noodles

S/N	Statements	Options			
		Wai-Wai	Mayos	RumPum	others
1	Recently I have watched the advertisement	48%	41%	7%	4%
2	The brand name that comes immediately in my mind is	46%	35%	10%	9%
3	I prefer to buy	47%	39%	12%	2%

(Source: Direct field survey,2011)

The above table shows that a slight majority of the respondents have watched the advertisement of wai-wai 48% compared to the 41% of the respondents for mayos instant noodles which has resulted the more purchase of wai-wai instant noodles 47% compared to 39% for mayos instant noodles. At the same time recognition of wai-wai instant noodles in the mind of respondents is above than the mayos instant noodles which are explained by 46% of wai-wai to 35% of mayos where other brand like RumPum was not quite significant in the race.

4.1.17 Analysis of the media vehicles

The focus of this segment is to bring an insight about the effective from of an advertisement among the different ways of advertising like print media, audio media, visual media etc. which is presented in the above table given below.

Table 4.16

Analysis of the media Vehicles

S/N	Statements	Advertising options			
		Audio	Visual	Print	Others
1	The advertisement , I like the most is	2%	67%	27%	4%
2	To me, the most effective form of advertising in Nepal is	3%	61%	25%	11%

(Source: primary survey 2011)

The above table clearly explains that the visual way of advertising was liked the most by the respondents 67% and 61% of them though that the same way of advertising is the most effective form of advertising where as audio advertising was the least preferred 2% to 3% in both category.

4.2 Presentation and Analysis of Secondary Data

This segment provides a wise picture of the role of advertising and its expenses of these two instant noodles firms over their respective sales. The data collected from these two firms are presented from the fiscal year (FY) 2061/062 to 2065/066 i.e. figures provided by these two firms over last five years. The analytical part of the secondary data has been put forward in the following way.

Table 4.17**Advertising investment and sales of Mayos and Wai-Wai**

(Amount in 000)

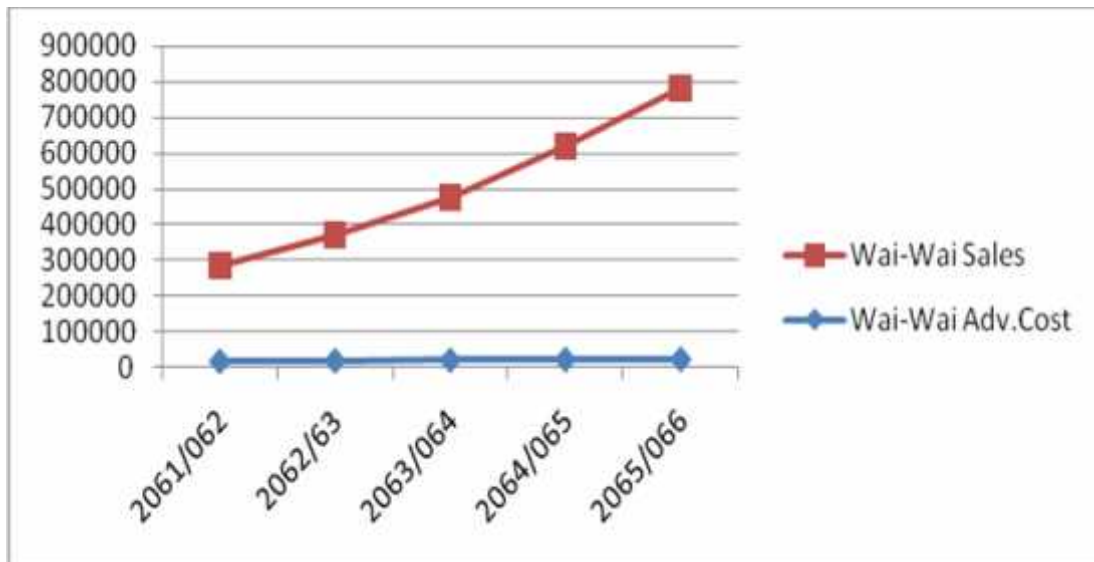
Fiscal Year(FY)	Wai-Wai		Mayos	
	Adv. Expenses	Sales	Adv. Expenses	Sales
2061/062	17586	267313	21243	154251
2062/63	18959	352483	36255	253254
2063/064	20564	455478	36246	365478
2064/065	22089	595745	48125	485745
2065/066	22931	757594	52155	584578
Total	102129	2428613	194024	1843306
Average	20425.8	485722.6	38804.8	368661.2

(Source: Annual report of Chaudhary group and Himalayan snacks & instant noodles pvt.ltd)

From the above table shows the total advertising investment and sales amount of wai-wai and mayos respectively. The table clearly shows the advertising investment and sales both are in increasing every year. The sales amount of wai-wai is greater than mayos. Both companies increase the advertising investment every year. In case of advertising mayos has highest expenses than wai wai every year.the average sales of wai wai is greater than mayos and advertisement cost is lowest than mayos.

As the advertisement expenses soared up, similarly movement was seen in the sales volume of these two instant noodles firms which is in close connection with fact that most of the respondents watched and considered advertising is important. On the other hand majority of the respondents found a positive relation between advertising and sales. so that an increment in advertising investment caused in more exposure thus, resulting in change in the attitude and buying behavior of the respondents towards the products leading to an enhanced sales volume due to more purchase of these two different brands of instant noodles shown by above table 4.1.

Figure 4.1
Advertising investment and sales of Wai-Wai



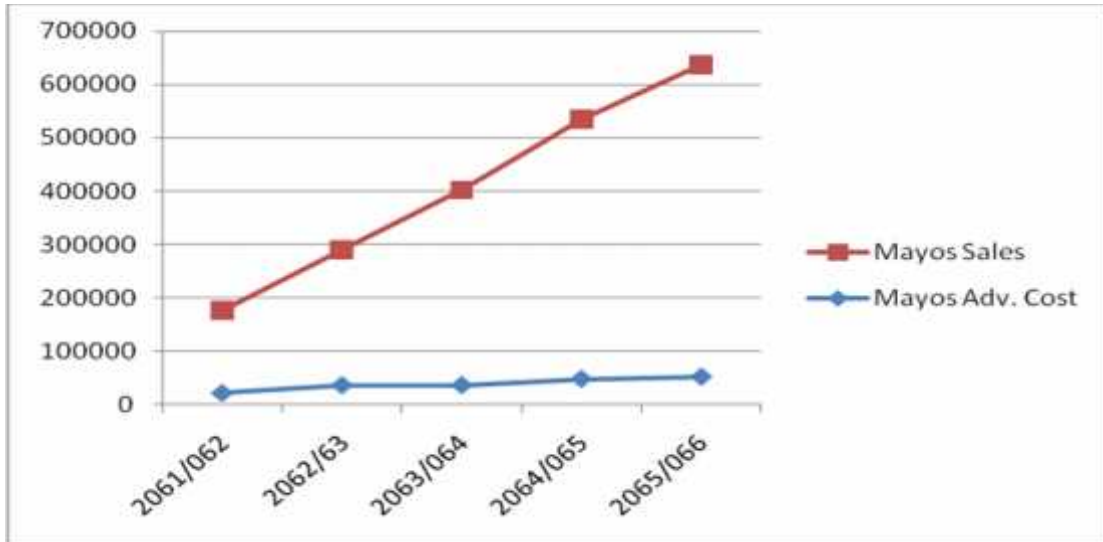
(Source: Annual report of Chaudhary group and Himalayan snacks & instant noodles pvt.ltd)

From the above Y-axis shows the volume of sales and X-axis shows year. In this figure sale is increasing in higher rate than advertising investment. Advertising investment

seems constant form year 2061/62 to year 2065/66. We can say that the advertising investment is very effective in case of Wai-Wai.

Figure 4.2

Advertising investment and sales of mayos



(Source: Annual report of Chaudhary group and Himalayan snacks & instant noodles pvt.ltd)

From the above figure Y-axis shows the volume of sales and X-axis show the fiscal year. According to this figure both sales and advertisement are in increasing trend but growth of sales is very high as compare to its advertisement cost.

From the above figures we can conclude that a sale of wai wai is higher than Mayos and advertisement cost of Mayos is higher than wai wai. So it shows that advertisement cost is more effective in Wai-Wai than Mayos.

4.2.1 Advertising investment and Sales Generation of Wai-Wai and Mayos Noodles

This section deals with a comparative study in between the advertising investment and the sales of these two brands in a percentile incremental basis of the advertising investment and sales. The table 4.13 below presents a highlight of this.

Table 4.18**Percentage increase in advertisement and sales**

Fiscal year	Increment in adv. Exp of mayos (%)	Increment in sales of Mayos (%)	Increment in Adv. Exp. Of wai-wai (%)	Increment in Sales volume of wai-wai (%)
2062/063	71	64	8	32
2063/064	0.33	44	8	29
2064/065	33	33	7	31
2065/066	8	20	4	27

(Source: Annual report of Chaudhary group and Himalayan snacks & instant noodles pvt.ltd)

The above table 4.18 indicates that the advertising investment of Himalayan Snacks and Noodles Pvt. Ltd. is increased heavily (71%) which has generated the sales by 64%. Heavy investment on the advertisement in first year has a positive impact in next year too. In second year advertisement investment decrease to 0.33% but the sales is gone up to massive 44%. From this figure we can say that investment in advertisement has positive impact of more than a year. In third year advertisement investment is increasing to 33% and sales also increase by 33% and in fiscal year 2065/066 cost was increase by 8 % and sales was increase by 20% . This was very good increment in sales as or its good impact on sales of its advertisement cost. In case of Wai_Wai advertisement cost was constant by 8% in fiscal year 2062/063, 2063/064 and 7% and 4% in fiscal year 2064/065to 2065/066. Sales volume was increase by 32%, 29%, 31% and 27% respectively in fiscal year 2062/063 to 2065/066.

4.2.2 Analysis of S.D. and C.V. interms of Advertising investment and Sales of Wai-Wai and Mayos Noodles

Further more the table below shows a comparative study of these two instant noodles by using the statistical tools S.D. and C.V. about advertising investment and the sales of these two instant noodles companies.

Table 4.19

Analysis of S.D. and C.V. of advertising investment and sales

	Advertisement expenses of		Sales	
	Wai-wai	Mayos	Wai-Wai	Mayos
S.D	0.196	1.1354	1.75	1.55
C.V.	9.6%	29.27%	35.94%	41.96%

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

4.2.3 Sales Data of Mayos and Wai-Wai

4.2.3.1 Sales Data of Wai-Wai

Table 4.20

Sales of Wai-Wai

(In box or cartoon 000)

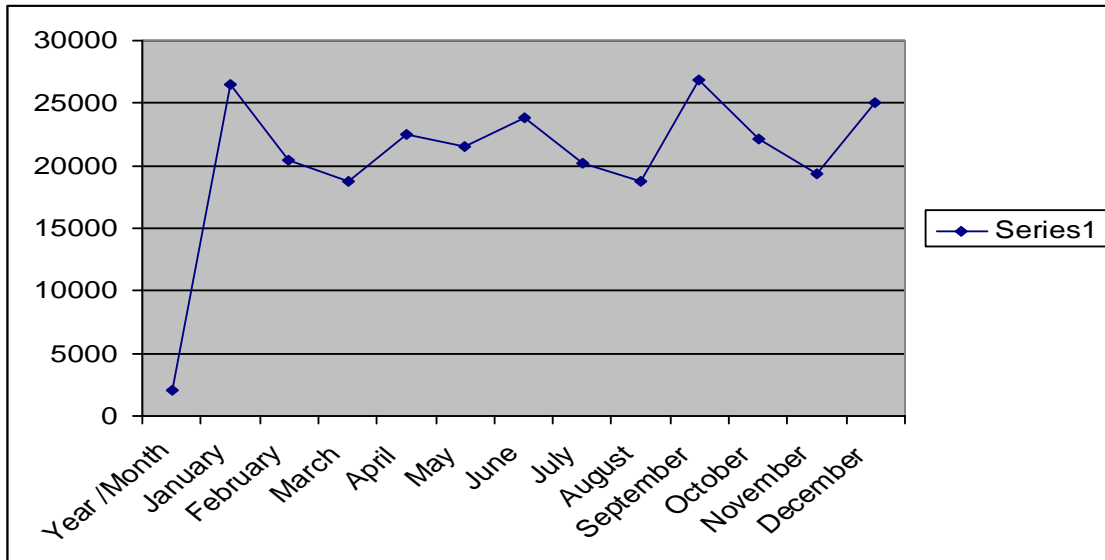
Year /Month	2005	2006	2007	2008	2009
January	26540	28540	27580	35890	35980
February	20450	27850	25460	37890	33560
March	18755	23560	25890	25680	36540
April	22560	24560	24890	29860	39870
May	21540	18470	26580	28970	39850
June	23890	19850	27890	31560	37950
July	20240	23540	25630	36980	41230
August	18780	25890	25460	38910	42650
September	26850	28950	23540	38740	43690
October	22120	27520	26589	28970	43560
November	19360	24510	26574	26580	43780
December	25040	26510	24556	23570	44870

(Source:Wai-Wai distributer of Kathmandu valley)

Graphical Analysis of year wise Wai-Wai sales Data

Figure 4.3

Sales and consumption of wai-wai in 2005

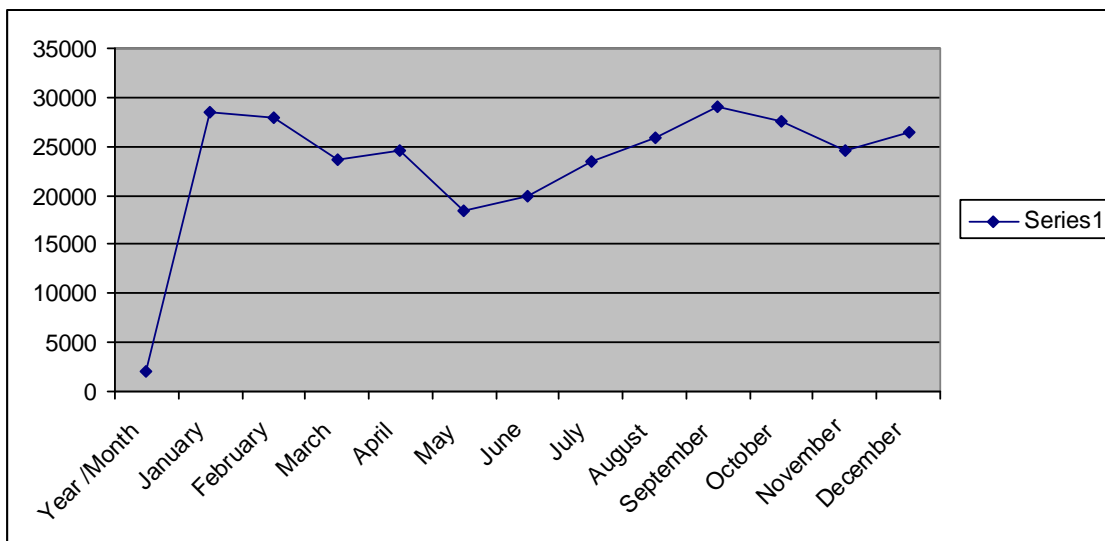


(Source:Wai-Wai distributer of Kathmandu valley)

The above figure shows the sales and consumption of Wai-Wai in 2005. in graph x-axis shows the month and y-axis shows the volume of sales of wai- wai in cartoon.

Figure 4.4

Sales and consumption in wai-wai in 2006

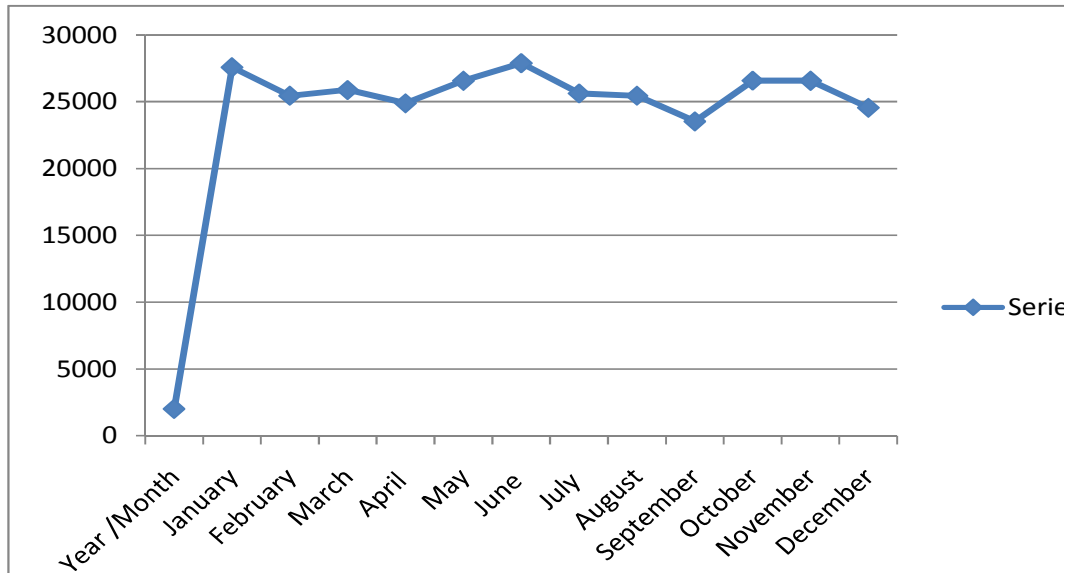


(Source:Wai-Wai distributer of Kathmandu valley)

The above figure shows the sales and consumption of Wai-Wai in 2006. in graph x-axis shows the month and y-axis shows the volume of sales of wai- wai in cartoon.

Figure 4.5

Sales and consumption in wai-wai in 2007

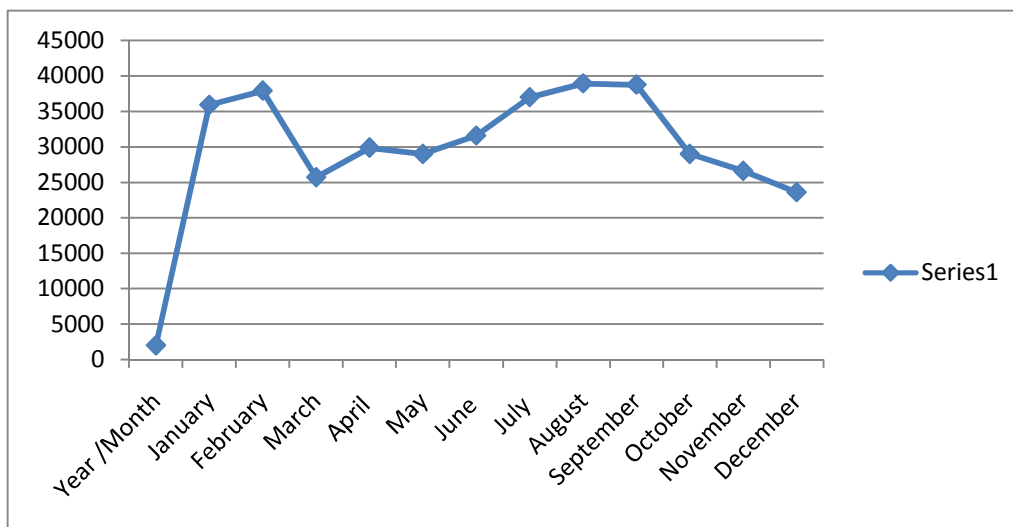


(Source:Wai-Wai distributor of Kathmandu valley)

The above figure shows the sales and consumption of Wai-Wai in 2007. In graph x-axis shows the month and y-axis shows the volume of sales of wai- wai in cartoon.

Figure 4.6

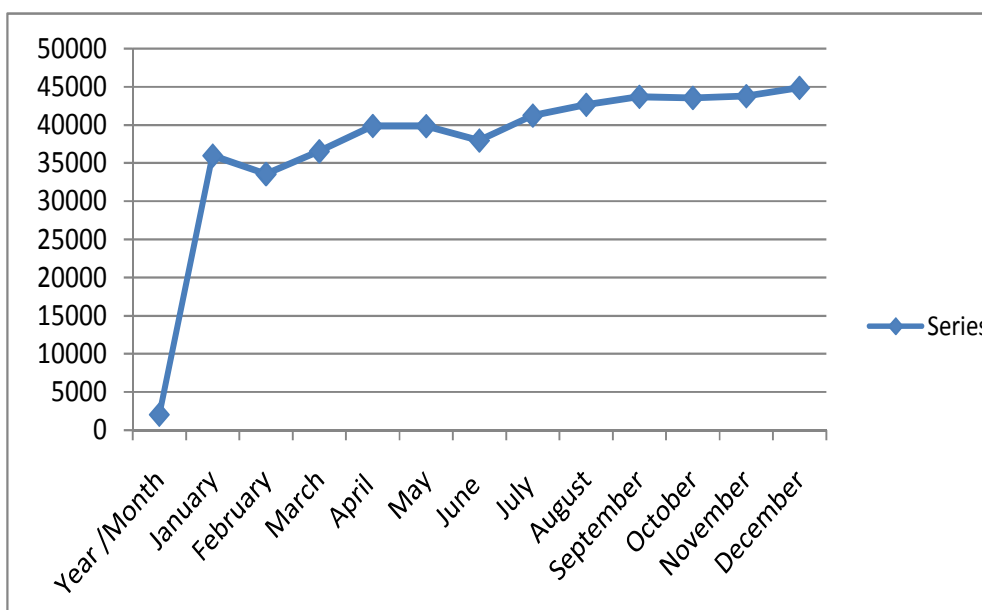
Sales and consumption in wai-wai in 2008



(Source:Wai-Wai distributor of Kathmandu valley)

The above figure shows the sales and consumption of Wai-Wai in 2008. In graph x-axis shows the month and y-axis shows the volume of sales of wai- wai in cartoon.

Figure 4.7
Sales and consumption in wai-wai in 2009



(Source:Wai-Wai distributer of Kathmandu valley)

The above figure shows the sales and consumption of Wai-Wai in 2009. In graph x-axis shows the month and y-axis shows the volume of sales of wai- wai in cartoon.

From the above trend we can see that the volume of the sales and consumption of wai – wai is in increasing. Sales of wai –wai have gone same way on each year. Maximum sales month is may, April and June. In this month company provides special promotional programmed package and increased sales by 20 percentages first and last two month sales are slightly decrease according to sales manager of wai-wai Company all month and year the sales and use of wai-wai are increase each and every year. In the survey in Nepalese society the first selection of the public are wai-wai noodles. The consumption of wai-wai is increasing day by day. In 2008 company has not provide any new special promotional program. So sales have increased slowly. In year 2006 wai-wai Company provide special prize scheme, discount scheme and coupon scheme etc.

4.2.3.2 Sales Data of Mayos

Table 4.21
Sales Data of Mayos

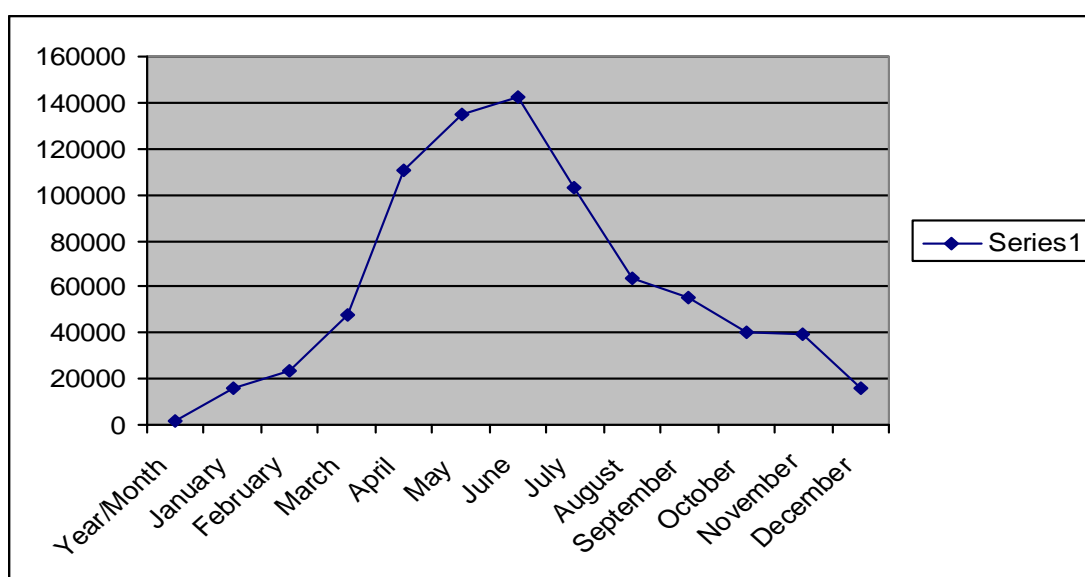
Year/Month	2005	2006	2007	2008	2009
January	15840	18480	21120	21240	24240
February	23760	27720	31680	31860	36360
March	47520	55440	63360	63720	72720
April	110880	129360	147840	148680	169500
May	134640	157080	179520	180540	206040
June	142560	166320	190080	191160	218160
July	102960	120120	137280	138060	157560
August	63360	73920	84480	84960	96960
September	55440	64680	73920	74340	84840
October	40400	54000	60580	62430	74500
November	39600	46200	52800	53100	60600
December	15600	18000	21000	21240	24180

(Source: Mayos distributer of Kathmandu valley)

Graphical Analysis of Year wise Sales data of Mayos

Figure 4.8

Sales and Consumption of Mayos in 2005

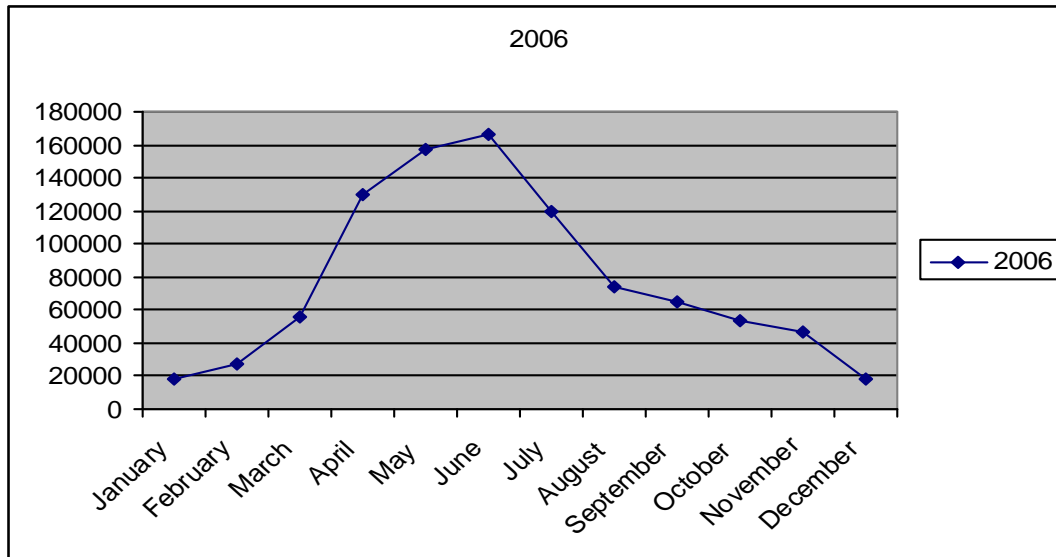


(Source: Mayos distributer of Kathmandu valley)

up From the above figure it shows that in year 2005 the sales is in increase up to June at that time the sales volume of mayos is at 140000. Than after the sales volume is in decreasing trend to December.

Figure 4.9

Sales and consumption of mayos in 2006

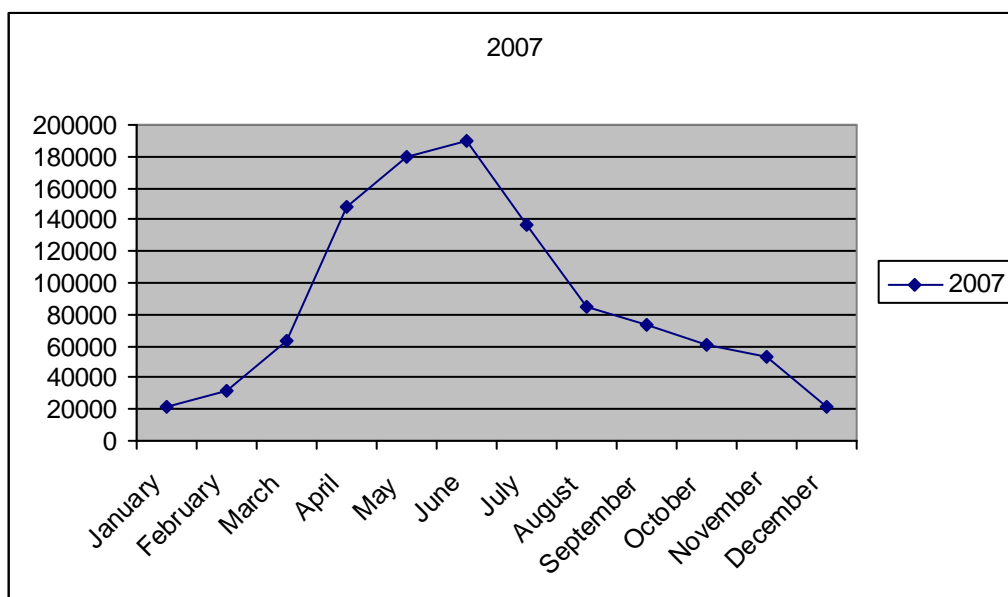


(Source: Mayos distributor of Kathmandu valley)

As per the above figure trend of the sales going upward up to June, there is a highest sales volume at June which is 160000. After July the slope is in downward in 2006.

Figure 4.10

Sales and consumption of mayos in 2007

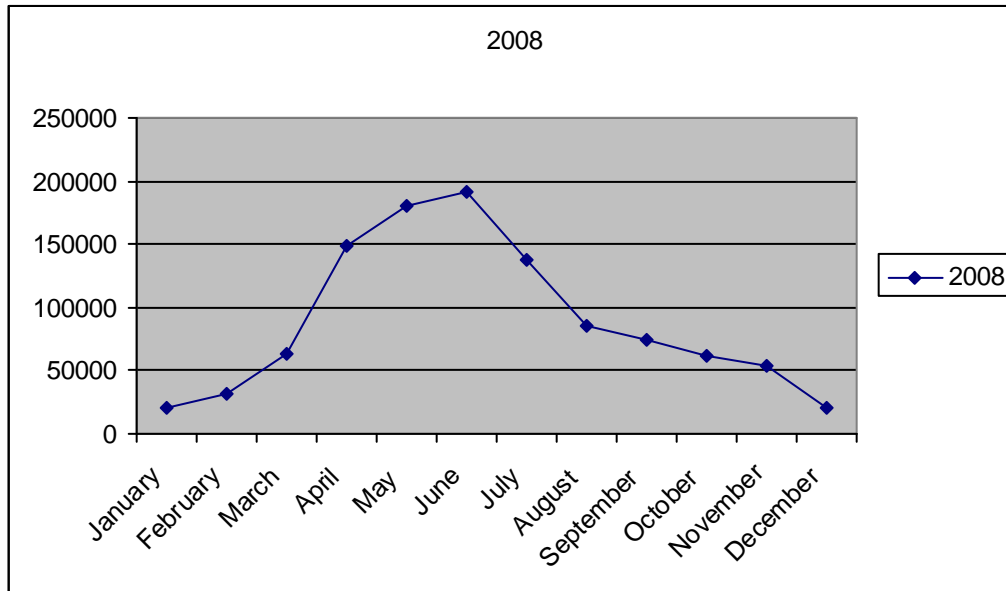


(Source: Mayos distributor of Kathmandu valley)

According to the above figure in 2007 the sales of mayos was increasing up to june which is 180000, then after the sales volume is slightly decreasing during the year.

Graphs 4.11

Sales and consumption of mayos in 2008

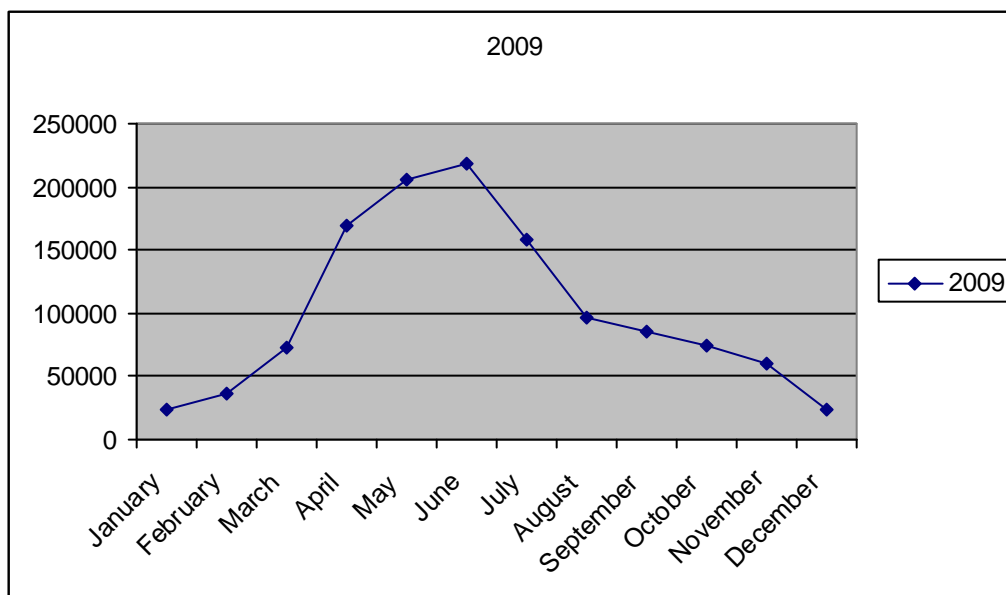


(Source: Mayos distributor of Kathmandu valley)

According to the above figure sales of mayos in 2008 is very low than before. But it was in increasing trend up to june july after that sales is in decrease.

Graphs 4.12

Sales and consumption of mayos in 2009



(Source: Mayos distributor of Kathmandu valley)

As per the above figure sales of mayos in 2009 was slightly increase than 2008. But it sales was in increase up to june than after it was also in decrease trend.

Sales of mayos have gone same way on each year. The company achieve maximum sales target on April,May,June and July. During these four month company sales above 50 percent out of total sales. In this season company provide various consumers and dealer promotion program has clearly showed that sales are increased on April,May and June.

In 2006 sales of mayos are only 931320 cartoons. in 2007 its sales gone to 1063660 cartoons likewise in 2008 sales has reached 1071330 cartons and in 2009, it achieve its targer on 1225660 cartons. Mayos is 2nd largest selling of Noodles Company in Nepal. Every year Mayos also provide any one special promotional activity like coupon contents, free extra packets of mayos, gift hamper and other various program have done by the company. So Mayos has increased its sales every year.

4.3 Advertisement Awareness, Impact

It is really advantage if consumer remembers or sees their advertisement. In this segment we measure advertisement awareness. Respondents were asked the most remember advertisement among the given brand of noodles. Table and analysis of data will show in following table.

Table 4.22
Analysis of Age wise consumer who use noodles

Age	mayos consumer		wai-wai consumer		Miho	
	No.	No. %	No.	No. %	No.	No. %
Under 20	16	43	10	48	8	42
20-40	19	51	6	29	8	42
40 & above	2	5	5	24	3	16
Total	37		21		19	

(Source: Direct field survey 2011)

This table shows the age wise performance of noodles in different sector. The table shows that 43% of consumer less those 20 years, 51% consumer 20-40 years and 5% consumers 40 above years prefer to mayos brand. Similarly 48%, 29%, 24% are the consumption of wai –wai brand of age below 20 years respectively. 42% of the consumption of age below 20 years, 42% consumption of age 20 to 40 years and 16% consumers above 40 years prefer other brand.

4.4 Major Finding of the Study

- ▶ Most of the respondents (98%) watched advertisement and 94% of them thought that advertisement is important.
- ▶ To gain information about the goods (76%) was the main purpose for respondents to watch advertisement.
- ▶ Quality was the main pursuit for the respondents (86%) to purchase these instant noodles after getting the information from advertisement.
- ▶ Most of the respondents (80%) though that there is a relation between the advertising and their buying behaviour.
- ▶ Most of the respondents (88%) thought that advertisement has affected their attitude towards the products and their buying behaviour largely.
- ▶ As per the sample 48% respondents watched the advertisement of wai-wai where as 41% of the respondents have watched the advertisement of mayos.
- ▶ 47% of the respondents revealed that they purchase wai-wai and 39% of respondent purchased mayos because of the quality.
- ▶ Most of the respondents (up to 87%) found that T.V. advertising is the most effective from of advertising in Nepal.

- ▶ The average advertising investment of wai-wai and mayos were Rs. 20425.8 and Rs.38804.8 respectively(in 000)
- ▶ The average sales of wai-wai and mayos were Rs.485722.6 and 368661.2 respectively (in 000rs)
- ▶ The S.D. and C.V. of advertising investment of wai-wai and mayos were 0.196, 9.59% and 1.135, 29.27% respectively.
- ▶ The S.D and C.V. of sales of Wai-Wai and Mayos were 1.75, 35.94% and 1.55, 41.95% respectively.
- ▶ The correlation coefficient between advertising and sales for wai-wai and mayos were 0.977 and 0.96 respectively which indicates that there is a high degree of positive correlation between advertising and sales of these two instant noodles.
- ▶ The pattern in increment in advertising investment of Wai-Wai was more even compare to the increment pattern of Mayos.
- ▶ The increment in sales of wai-wai shows a falling trend but not sharply which was 31.86% in the fiscal year 2060/061 to 27.17% in the fiscal year 2063/064
- ▶ The incremental in sales of mayos shows a continuous fall from 64.18% in fiscal year 2060/061 to 20.35% in the fiscal year 2063/064.

CHAPTER V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

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

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

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

Most of the respondents accepted that there is a positive relation between the advertising and the buying behaviour which further indicates that the advertising is practised properly in Nepal and people take advertising in a positive way. Wai –wai instant noodles have a better margin over the mayos instant noodles in terms of the sales and advertisement coverage.

On the other hand, visual means of advertising like T.V. advertising stood the most effective media of advertising compared to the other forms of advertising like audio, print media. Again, the average advertising investment of wai-wai instant noodles

seems to be less than the advertising investment of mayos instant noodles remarkably but the sales volume of the wai-wai instant noodles were higher than that of mayos instant noodles yet.

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

5.2 Conclusion

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

- ▶ Advertisement was the most effective media of promotion for these sample firms
- ▶ Most of the respondents gets information from an advertisement
- ▶ Consumers pay more attention to quality while buying noodles.
- ▶ Consumers strongly agreed that there is a positive relation between the advertisements and their buying behaviour and attitude which, in turn, justified that people take advertisement positively and the proper ness of the advertisement practices in Nepal.
- ▶ T.V. advertising stands as the most effective form of advertising in Nepal.
- ▶ More people watched the advertisement of wai-wai instant noodles than mayos instant noodles.
- ▶ The advertising investment of mayos instant noodles were more that the advertising investment of wai-wai instant noodles.
- ▶ Average sales of wai-wai instant noodles were significantly higher than the average sales of mayos instant noodles.

- ▶ S.D. and C.V. of the advertising investment of wai-wai instant noodles showed less fluctuation than mayos instant noodles which mean wai-wai instant noodles maintained more uniformity in its advertising investment than mayos instant noodles.
- ▶ The sales of wai –wai instant noodles had higher S.D. and C.V. compared to the mayos which justifies the higher volume of the sales of wai-wai instant noodles in a positively fluctuating trend.
- ▶ There is a strong positive correlation between the advertising and sales of these two firms which justified the strong impart of advertising on sales and on the other hand it clarified that advertising helped to increase the sales.
- ▶ The incremental pattern of advertising investment of wai-wai instant noodles showed uniformity compared to the highly increasing trend of mayos instant noodles.
- ▶ The incremental trends in sales of both firms seemed to be in a declining trend but this was , once again , quick and sharper in case of mayos instant noodles than wai-wai instant noodles.

5.3 Recommendations

- ▶ Both of the companies should continue their advertising campaign to reach more consumer and increase the consumption habit of the existing consumer.
- ▶ Both companies should provide with more informative advertisement about their noodles.
- ▶ Both firms should maintain the quality of their respective instant noodles that should not be deteriorated.
- ▶ Both of these firms should focus more on T.V. advertising than other media of advertising.

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

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Questionnaires

Ladies and Gentlemen, I am going to conduct a research for my thesis which is related to "A Comparative Study in Advertising Expenses and Sales". I request you to answer the questions to the best of your knowledge. I assure you that all the information provided by you will be treated as strictly confidential and be used strictly to my educational purpose only.

Date:

Demographic Profile:

Name:

Address.....

Q.N 1) How do you know about the noodles?

- a) TV
- b) Radio
- c) Newspaper
- d) Hoarding Board
- e) Others

Q.N. 1) When do you buy noodles?

- a) Once a week
- b) Daily
- c) Twice a Week

Q.N. 2) How many noodles do you buy at a time?

- a) 1 packet
- b) 1 Dozen
- c) 1 Box

Q.N. 3) From where do you buy?

- a) Near by shop
- b) from departmental store
- c) from wholesale

Q.N. 4) Which of the factor is effective to increase the sales volume?

- a) Quality product
- b) Advertising
- c) Reasonable Price
- d) Aggressive sales promotion

Q.N.5 Do advertisement motivate to buy noodles?

- a) Strongly agree
- b) Moderate agree
- c) Slightly agree
- d) Not agree

Q.N. 6. Which noodles Advertisement remember the most?

- a) Wai-Wai
- b) Mayos
- c) RaRa
- d) Other

Q.N. 7. Which of your family member purchase noodles?

- a) Father
- b) Mother
- c) Other

Q.N. 8. Which noodles do you prefer to buy?

- a) Wai-Wai
- b) Mayos
- c) RaRa
- d) Other

Q.N.9 what do you expect from advertisement?

- a) Information about goods
- b) Information about consumption of goods
- c) facilities offered by goods
- d) Others

Q.N. 10. What kind of advertisement do you prefer?

- a) Romantic
- b) musical
- c) Informative
- d) Others

Q.N. 11 Do you find any relationship between advertisement and consumer buying behaviour?

- a) yes
- b) No

c) Don't know

Q.N.12. Do you find any relation between advertisement and sales?

- a) yes
- b) No
- c) Don't Know