

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

The world of business is becoming complex day to day. Competition in every sector is increasingly high. In this situation, companies; especially manufacturing companies find the situation very tough to sell their product in the market smoothly. So, the businessmen are using various tools and techniques to sell their products.

Nepal is a developing country sandwiched between two big countries China and India. After the establishment of democracy in 1951, new industries emerged and production quality also increased. It is a positive indication for the nation because it helps in the economic development of the nation. Different types of industries are producing different products to fulfill the diverse needs of the consumers. Production of goods and services only, does not guarantee success in business world. When the goods have been produced people must be communicated about the products and persuade them for their acceptance. People do not accept the product unless they realize about the benefits from the usage of the products. This offering of the products or services to the consumers is only possible through promotion and publicity. Sales do not occur automatically but has to be pushed towards the consumers through the use of different tools of the promotion blend.

Today market is growing so rapidly. Many products are being introduced in the market day by day. Few decades back situation was not like this; market was limited to few products. Market was growing means that a plentiful supply of new customers and company could attract those new customers without worrying of losing old ones. But now competition is tough and market is sophisticated and companies are facing some marketing realities.

In such situation, whether if it is to retain their current customers or to attract new one, there is need to apply promotion tools. Sales promotion is a one of the promotional tools which is a very popular marketing technique is becoming a very popular among the

manufacturers. The concept of consumer promotion /sales promotion is not new. This technique is being used by the manufacturers since as early as 19th century. This technique for the first time was used by John H. Walton of United States, a founder of the National Cash Register Company. He thinks that sales of the product can be increased if monetary advantages are given to the consumers. Since then the technique, consumer promotion is being used by many companies. Several researches have been conducted by experts on consumer's promotion. The conclusions derived by them showed that the consumers get attracted and act to buy the product if extra advantages are given to them with the product. These activities of consumers forced manufacturers to make frequent use of different new and attractive promotional tactics. In fact in any business cost of inventory holding has become expensive as a result of high cost of storage's warehouses, interest rates and sky rocketing cost of raw materials. So, the manufacturers want the fast sales of their products. For this, they always seek new techniques and ways to sell their products. Sales promotion has come as a panacea for all before-said marketing problems.

A review of sales promotion as conceived here suggested that it is an important sector of marketing activities the amount allocated to sales promotion often is hidden in advertising budget, field sales budget and various kinds of service funds. Nevertheless, studies indicate that manufacturer spend as 50% of their marketing-money on sales promotion. As example of the amount of money spent for sales promotion, the following are indicative: A leading food manufacturer spent \$42 million in media advertising plus an additional \$54 million in sales promotion activity. A leading radio and television manufacture budget 80% of its promotional budget for sales promotion activities. So importance of sales promotion is increasing day by day.

Many businessmen opine that there are not any fundamental differences between advertisement and consumer promotion. Very few business organization, which are supposed to be leading organization in Nepal, who are applying this (sales promotion) marketing tools for promotion of product. for example: instant noodles, tea, beer, cold drink etc. sales promotion is very important to attract consumer towards the product in a highly competition market.

1.1.2. Meaning

The term sales promotion is widely used in business but with a great confusion to some business men it is synonymous with the entire marketing function while to others only a minor activity related to either personal selling or advertising. Different scholars have defined sales promotion differently. Sales promotion may be defined as any device or arrangements that are not formally classifiable as advertising, personal selling or publicity, used by a firm at some cost intended to draw the attention of potential buyers to its products and services. Consumer promotion basically concentrated on the consumer to buy products. The promotion activities are mostly short-term, designed to stimulate quicker and / or greater purchase of product/ services by consumers.

Sales promotion is fairly broad term embracing a variety of marketing techniques. The prime purpose of sales promotion is to stimulate sales; but the activities also include methods of introducing new products or consolidating the market, for example, by providing good after sales services.

For our purpose, sales promotion is defined as those activities that supplement personal selling, advertising and publicity, coordinates them, and helps to make them more effective. It concludes relationship between a manufacturer and his consumers intended to assist them in purchasing more intelligently and to maintain customer satisfaction with his products thereby stimulating further sales.

Some marketing men describe the differences between sales promotion and advertising " brings the consumer to the product" whereas sales promotion " brings the products to the consumer" in other words, advertising aims at creating a demand even before the consumer enters shop while sales promotion will generally seek to make the product more interesting and attractive once the consumer sees it. Most sales promotion activities take place at the point of sales. so advertising is essentially a method of influencing customers indirectly through public media, while sales promotion is regarded as a direct method in the sense that it usually presents the products directly to the consumer.

Advertisement: - A messages composed by the advertiser to persuade whoever it to accept an idea, buy a product or take some other action desired.

Sales promotion: - A promotion of limited duration or not that encourages sales by alteration of the price or received value of product.

As a whole, the clear distinction can be made on the basis of duration. In fact, the sales promotion's effect is very short term in nature whereas advertising is made to make a long effect on consumers. So the sales promotion is different from advertisement.

1.1.3 Ways of Promotion/Mode/Terminologies

As a sales promotion is being frequently done to boost the market sales for consumer product the manufactures select various ways of promotion. it the not true that one way mode of consumer is used on only type of product, in contrary, manufacturers use the mode of promotion according to the consumers demand and other factors. Generally the following mode / ways of consumer's promotion are on use:-

1. Displays
2. Premiums
3. Samplings
4. Price of rebates
5. Fashion show of parades
6. Exhibition cum sales
7. Advertising specialties
8. Rebates
9. Coupons

The discussions in brief of above modes are hereunder:-

- 1. Displays:** - Any displays at shop which offer the product in reduction price is known as ' displays'.

- 2. Coupons:** - A coupon is an assurance provided by the manufacturer to the consumer which contains a promise from manufacturer that the prize is awarded if demanded, in any retail outlets showing that coupon.
- 3. Premiums:** - premium is an offer of a specific product without cost or even reduced price if consumer makes a certain level of purchase of that product.
- 4. Samplings:** - Sampling is word refers to the free distribution of the product to have taste of that product on trial basis.
- 5. Price off:** - This is an offer given by the manufacturers of the product to its consumer if consumers make purchase of same product. They get the size, height, of the product in cheap price.
- 6 Fashion shows & parade:** - this is an demonstration of the product by the manufacturer where consumer has multiple choice of the product and consumer get the product in discounted price.
- 7. Exhibition-cum-sales:** - this is a demonstration of the product by the manufacturer where consumer has multiple choice of the product and consumer get the product in discounted price.
- 8. Advertising specialties:** specialty advertising offers articles of merchandise and some typical gifts as pen, T-shirts etc. to the users. Manufacturers use these techniques with many objectives for example on the occasion of opening branch or new product launching or in the anniversary of the company or the product.
- 9. Rebate:** It is discount given by retailer/dealer to consumer instead of bulk amount of purchase.

These techniques are not proper for mass propaganda but can be on a supplement for other tool.

This way the manufacturer use suitable tools of promotion. The tools modes of promotion are not constraint but promotion can develop new according to the needs and necessity of the manufacturers or the products.

Sales Promotions - Push Strategy - Pull Strategy

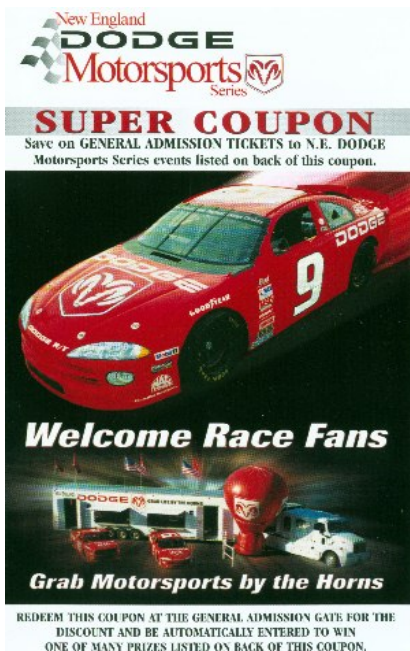
Sales Promotion



Sales promotion - Short-term incentives to encourage the purchase or sale of a product or service.

Fig: 1.1

Example of methods of promotion



The company provides employment to 182 Nepalese citizens and indirect employment for 2000 peoples through its network of supplier, distributors and local agencies. There have been many innovative marketing initiatives focused on growing the domestic business. Promotion activities have also been focused on building long-term equity for brand (Bottlers' Nepal Ltd., Annual report-2065/66).

1.1.5 Introduction of Varun Beverages (Nepal) Pvt. Ltd (Pepsi-Cola)

Pepsi-Cola is a carbonated beverage that is produced and manufactured by PepsiCo. It is sold in stores, restaurants and from vending machines. The drink was first made in the 1890s by pharmacist Caleb Bradham in New Bern, North Carolina in the United States. In 1898, “Brad’s drink” was changed to ‘Pepsi-Cola’ and later trademarked on June 16, 1903. There have been many Pepsi variants produced over the years since 1903, including Diet Pepsi, Crystal Pepsi, Pepsi Twist, Pepsi Max, Pepsi Samba, Pepsi Blue, Pepsi Gold, Pepsi Holiday Spice, Pepsi Jazz, Pepsi X (available in Finland and Brazil), Pepsi Next (available in Japan and South Korea), Pepsi Raw, Pepsi Retro in Mexico, Pepsi One, and Pepsi Ice Cucumber in Japan². There are several theories on the origin of the word “Pepsi”. The word PEPSI is often referred to as Pay Every Penny to Save Israel in Pakistan.

Pepsi-Cola is now one of the leading multinational companies operating in Nepal too. Pepsi-Cola is produced and distributed in Nepal by **Varun Beverages (Nepal) Pvt. Ltd.** (VBPL), Sinamangal, Koteshwor, and Kathmandu. The principle activity of Varun beverages is to manufacture and sale soft drink under the registered trademark of Pepsi-Cola Company. Soft drink like Pepsi-Cola, Mirinda and 7up are manufactured and distributed in market for sale. The company was established under the technical and financial aid of PepsiCo., USA and still it is getting same cooperation from that company. The company continued to invest heavily in expanding the domestic business. The company has products of truly international standard.

The company provides employment to hundreds of Nepalese citizens and indirect employment for thousands of peoples through its network of supplier, distributors and local agencies. There have been many innovative marketing initiatives focused on growing the

domestic business. Promotion activities have also been focused on building long-term equity for brands.

1.2 Statement of the Problem

Nowadays, Nepalese cold drink market is very competitive cold drinks are available in the market. They all want to achieve the high market and go ahead than competitors. From this purpose they spend large amount of money for advertisement and sales promotions. Only advertising is not working these days, various brands of cold drinks available in Nepalese market

Consumers have many options to choose their favorable brand .The producers find very tough to sell their products. So they started to use sales promotion techniques to capture large market share.

Nepalese management is still in underdevelopment stage. Manufacturers can not say definitely that their promotion is effective or not. What are the impact being seen in the sales of cold drinks due to the use promotion? It is also very important to know that what sort of tools is effective to enlarge the market share. The present study is trying to answer all above questions.

1.3 Objectives of the Study

Sales promotion concept is new in Nepal. There is lot of things to search and find out the practice of sales promotion. The following are the main objective of the present study.

1. To find out which promotion tools are widely practiced by Nepalese business organizations.
2. To evaluate the impact of sales promotion activities in sales of cold drinks in Katmandu.
3. To evaluate and analyze the relationship between sales promotion package and Consumer's behaviors towards Sales of cold drinks in Katmandu.

1.4 Significance of the Study

Today's market has become very competitive because of globalization, whether marketers are facing the problem of not getting target market share, over stocking and

competition. Different typed of product with a large number of alternative brands are available in Nepalese cold drink market. In this situation sales promotion is one of the short-term incentive tools which helps to increase sales and achieve target in the Nepalese market, There are different brand of cold drinks such as coca-cola, Pepsi-cola etc. Every brand have own promotion strategy for increasing the sales. But there is not fixed define sales promotion tools will be suitable. So there is need to find out the impact of different sales promotional tools to increase sales of cold drinks.

The finding of this study may provide guideline for making strategies of successful marketing activities and sales related activities. This study also provides valuable references to the students and researchers who are in tested in conducting further researchers on sales promotion.

1.5 Limitations of Study

This research would be conduct for only study purpose. The research to be done by a student has very limited time and resources. This study will be confined with in Katmandu. So it may be giving the all Nepalese cold drink market. The sample size will be taken for this study is small in comparison to the population of the study.

1.6 Organization of the Study

According to the generally prescribed format this study has been organized into five different chapters.

Chapter I	:	Introduction
Chapter II	:	The review of literature
Chapter III	:	The research methodology
Chapter IV	:	Analysis and Interpretation
Chapter V	:	Summary, conclusions and recommendations

The first chapter deals with the introduction that includes background, meaning, ways of promotion, statement of the problem; objective of the study; organization of the study.

The second chapter is for literature review, this chapter, discusses about the theoretical concepts of sales promotion.

In the research methodology chapter, methodology employed in the present study is described. This chapter includes introduction, research design, nature and source of data, population and sampling data collection procedures: Data processing, tabulation and data analysis technique.

The fourth chapter is the pivotal chapter of this study. This chapter deals about the presentation, tabulation interpretation and analysis if data. This chapter also presents major findings of the study.

In the last chapter, we present the summary of the study, conclusions and suggestion and recommendation.

CHAPTER-II

REVIEW OF LITERATURE

2.1 Concept of Sales Promotion

Promotion is an element in an organization marketing mix that serves to inform. Persuade and remind the market of the organization or its products. Basically promotion is an attempt to influence whether a particular promotion activity is designed to inform. Persuade or remind. The ultimate objective is to influence the recipient's feelings belief or behavior. In our socio-economic system. This is not only acceptable but has become essential as the whole modern marketing world is passing through cut-throat competition. Demand will grow. But these days it is believed that if company can retain its current customers and build lasting relationship. Its demand will automatically grow."

Whether it is to attract new customer or old one. Promotion played a vital role as the marketing grew larger and the number of customers increased along with the innumerable no of products in the market. The important of attracting them grew. In such situation. Different methods of promotion like sales promotion can help a lot. Similarly in case when company need to retain its current customers in this competitive market. They need to be remind with the products presence through advertisements and other means of promotion timer and again. So promotion is a component of marketing mix.

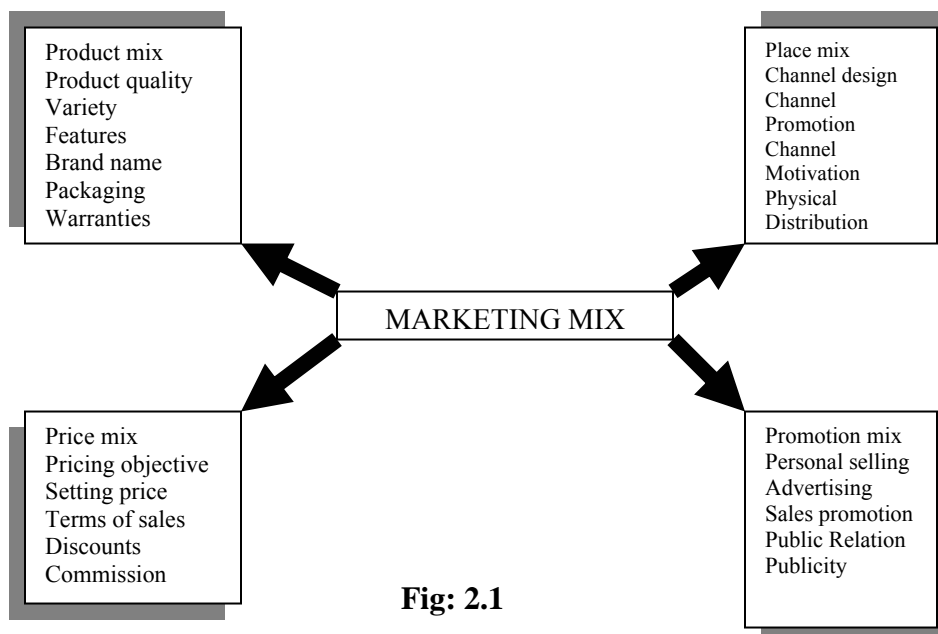


Fig: 2.1

Promotion has its own objectives and functions. Basically promotion has three objectives which play a vital role in the marketing of any products. This direct contact in personal selling is a method which is different from other forms of promotion.

- a) Informing
- b) Persuading
- c) Reminding
- d) Re-inforcing

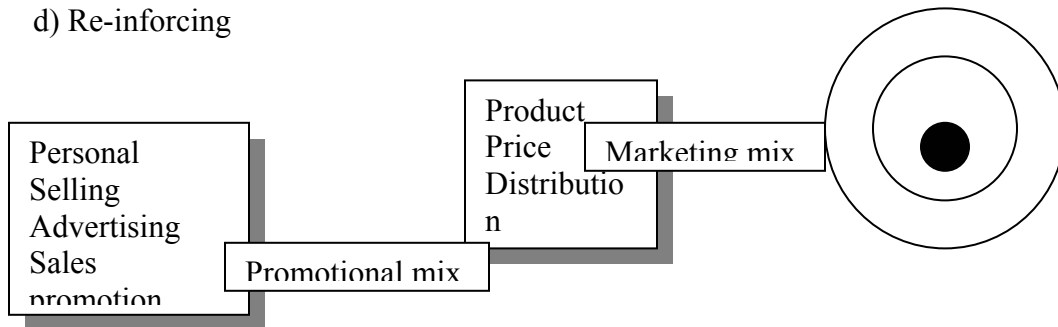


Fig. 2 .2

Informing: one of the most important objectives of promotion is to inform consumers about the usage, benefits and features of the product

The information may include the name and address of the advertiser or the seller also. If a new product is to be launched, pre-information may be communicated to the consumers in the market.

Persuading: Only informing the consumers about the products may not influence the consumers towards the products. In order to influence them, the advertiser must be able to assure consumer satisfaction. In a competitive market, communication to the consumer is very important. This type of communication is known as persuasive communication.

Reminding: The advertiser cannot rest after communicating the information about the product consumer may forget about the availability of the product in the market. So the advertiser should repeat the communication process to remind consumer that the product are still available and can still fulfill their desires. The major reason of reminding consumers is to retain their preference for the products.

Re-inforcing: Promotion is important in the post-purchase stage of the buying process. Customers may feel anxiety (cognitive dissonance) over their purchase decision. Promotion reassures them about the products benefits to reduce their anxiety. Repeat reinforcement leads to brand loyalty. It also builds image of the organization.

For the purpose of effective marketing, it is imperative that there are promotion efforts from the side of the advertiser. The advertisers aspire to check their performance by promoting their products in the competitive market.

A product can be presented and promoted in a variety of ways and advertising is one of them. Advertising as compared to other aspects of promotion, reaches a large group of consumers through the vehicles of mass communication. The advertisement message is directed towards a large group of services who are scattered in different markets.

It is a decisional factor for the marketing manager to blend all promotion tools like advertising, personal selling, publicity and sales promotion to arrive at a right promotion mix. Each element of the promotional tools has its unique characteristics and each is complementary and supplementary to each other.

Advertising: Advertising is non- personal presentation of marketing message through various medias such as newspapers, magazines, cinema, outdoor posters and signs, direct mail, radio, television catalogues etc.

Advertising is both a means of communication as well as an important tool of promotion. Communication is an integral part of daily life of the human being. In the business world, effective transmission of communication is a vital need. A manufacturer needs to communicate with the present and potential consumers. He has to have information about the market relating to what terms. With this information, he could inform the consumers about the availability of the products. In absence of this information, producer cannot produce as per the demands of the consumers who will only buy the products they already know.

Advertising is one of the important tools of promotion and it is also the most important aspect of marketing programmed. The products offer benefits and distributors create place utility.

Price indicates the value of the products and promotion communicates these aspects to the potential buyers. "Promotion is any form communication used by a firm to inform, persuade or remind people about its product, services. Image, ideas, community involvement or impact on society."

Similarly, "promotion is the element in an organization's marketing mix that serves to inform, persuade, and remind the market regarding the organization's product and services."

Personal selling: Personal selling uses salesman to communicate verbally with the prospective customers. In addition salesmen many use various means like the telephone, mail, internet E-commerce or other Medias to send receive messages. The basis of personal selling is the face to face presentation between the salesman and the customer.

Sales promotion: It covers other sales activities that supplement the function of personal selling and advertising. it includes displays, shows and exhibition demonstrations, sales contests samples and other activities which are usually non-recurrent in nature but it is geared to generate new sales and create market demand.

Publicity: Publicity is that form which cultivates good-will towards products or creates company image. To gain good-will, advertiser should supply the media with interesting news items about a company or its products which has commercial significance involving non-payment for space or time given by such media

Evaluation the various tools of the promotional bend this study tries to answer, what role dies advertising play in the promotion of two products VIZ Coca-Cola product by Bottlers Nepal and Pepsi- Cola produced by Pepsi-cola co. Ltd.

Sales promotion is one of the most useful and result oriented technique in business. Different executives are applying various sorts of sales promotion tools. First, they research about target consumers need, demand, interests and habits. For this we make clear concept about consumer buying behavior. The structure of market includes different kinds of consumers and different kinds of demand. For this many companies who produce consumer items establish advertising, sales promotion and consumer buying behavior research as

separate department. For clear about sales promotion and consumer buying behavior we can analyze various definitions about it.

“Sales promotion consists of a diverse collection of incentive tools, mostly short-term, designed to stimulate quicker and /or greater purchase of particular products / services by consumers or the trade” (Kotler, 1997:630) says Phillip Kotler in his book “Marketing Management”. In fact sales promotion works as a quick stimulator, which stimulates the consumer on the trade to buy the particular products. The tools of sales promotion vary from the consumer and product to product. Same nature of sales promotion could not be used in the product. Likewise, same tools of sales promotion might not be effective to all the consumers and markets.

Phillip Kotler further describes, “Companies uses sales promotion tools to create a stronger and quicker response. Sales promotion can be used to dramatize product offer and boost sagging sales. Sales promotion effects are usually short run brand preferences” (Kotler, 1997:630). He has rightly quote that any promotion aims at getting quicker response. In real promotions are very short run Manufactures use promotions if they want to change their sales within very short time period.

Frank Jefkins says in his book “Advertising today”, “Sales promotion is sometimes described as the bridge between advertising and sales”(Frank, 1998:258). In real sales promotion have a method of making communication other than advertising and personnel selling. Although in marketing communication mix, the entire element like advertising, personal selling, publicity and sales promotion come together. However, sales promotion activities are entirely different from these all.

C.B Mamoria and R.L Joshi in his book “Principles of Practice of Marketing in India” describes the objectives of sales promotion as “Sales promotion serves as a bridge between advertising and personal selling and it supplements and coordinates efforts in these two areas” (Mamoria & Josh, 1982:274). In modern time, the importance of sales promotion has increased tremendously. Sales promotion device are often the only promotional materials

available at the point of purchase. Advertising media reach the consumer at their homes, office or while in travel and they may soon be forgotten but sales promotional devices at the point of purchase remind or stimulate the consumer to make purchase promptly on the spot.

“Sales promotion refers to activities of a non recurrent nature which is used to reinforce personal selling and advertising for stimulating consumer purchasing and dealer effectiveness” (Koirala, 1991:165) says Kundan Datta Koirala in his book “Marketing Decisions”. Sales promotion is usually directed to the two different points, one at consumer point and other at dealer’s/retailer points. Sales promotion that is directed towards consumer is called consumer promotion whereas the promotion that is done the traders is called trade promotion. He again says, “It is (consumer promotion) often to retaliate against a competitor’s sales promotions or to reduce a seasonal decline in sales. Consumer promotion is either aimed at reaching the consumer at his home or place of business or in the store” (Koirala, 1991:165).

Don E.Schultz and William A. Robinson have defined sales promotion as “Promotion as a direct inducement or incentive to the sales force, the distributors, or the consumers, with the primary objective of creating an immediate sales” (Schultz, William and Robinson, 1987:341). In fact sales promotion have short-term tool, it provide incentive. It can get quick response features.

After study these definition sales promotion has the following feature.

a). It is short-term: - The duration of sales promotion should be neither too short nor too long from launching to close. Generally, sales promotion lasts from seven days to three month. It could be seasonal as well. Advertising is generally long term.

b). It provides incentives: - Sales promotion tools provide “deals” or incentives to the buyers. The size if incentive should be attractive. Benefit in terms of economy or money saving are directly reaped by the buyers. Advertising provides only the reasons for buying.

c). It aims at quicker response:- Sales promotion aim to produce thicker results in terms of faster sales higher sales volume. Existing customers buy the product. However, sales promotion and stabilize gradually at increase level.

d) It is directed at target audience: - The target of sales promotion can be a consumer, trade channel, and a personal sales promotional tool differs according to the target category (Agrawal, 1999:211).

Royer A. Strang has give the reasons why the promotion is increasing or why more and more manufactures spending more on consumer promotion, written in his article “Sales promotion – fast growth, faulty management” as “Failure to analyze or effectively management promotion spending will prove damaging because promotion likely to remain an important elements in marketing strategy. The executive interviewed cited a number of reasons, reflecting both internal and external factors. For the growth in the area” Pointing some of reason he further describes.

Internal Developments

- 1 Promotion has become more acceptable.
- 2 More executives are better qualified.
- 3 The product manager looks for quick returns.

Actually, what happens if some rebate is given, the people will pay their bill on time? This has been successfully used by our public enterprises. Likewise, executives also convinced with the effectiveness of the consumers promotion.

External Changes

- 1 Brands have increased in numbers.
- 2 Competitors are becoming promotion minded.
- 3 Economic conditions have been troubling.
- 4 Trade pressure has grown (Strang and Robert, 1976:321).

Wilkenson, Mason and Paksoy (1982) systematically compared the impact of varying levels of price reductions, display and promotion on the sales of our products in one store of a large supermarket chain. They established that price level and display level offered the strongest impact. Other studies on the price elasticity of various goods in the market, Hawkins 1957 have found that there is usually a significant but unpredictable effect on unit

sales from a price promotion (Magnus and Carl, 1971:532). In this way, the conclusions of the different researchers are varying. Looking into the variation Kenneth H. Hardy draws the summary of this study, in his article “Key success factors for manufactures’ sales promotion in package goods published in journal of Marketing (July 1986) as “The only definite conclusion from most of the studies is that prices deals have some impact on sales in the short run but no disturbing effect beyond its actual duration”(Hardy and Kenneth, 1960:274). In his article published in Havard Business Review, Roger A Strang says “Since the late 1961, expenditures in the united states on sales promotion have been greater than those advertising and have been growing at a faster rate as well” (Hardy and Kenneth, 1960:274).

“In the short run, the proliferation of monetary promotion erodes capacity to rent market share, which explain why so many are unprofitable (Abraham and Lodish 1990, Kahan and Mc Aliste 1997). In the long run, it is feared that sales promotions increase price sensitivity and destroyed brand equity- both with retailers and consumers (Journal Vol.64, 2000:56).

“Most analytical and econometric models of sales promotion simply assume that monetary saving is the only benefit that motivates consumers to respond to sales promotion (Blattberg and Neslin 1993).” (Journal Vol.64, 2000:56). They divide promotion into short run and long run. In short run monetary promotion is effective and in long run non-monetary promotions, tools are effective to retailers and consumers.

Besides sales promotion, there are other various tools in promotion mix i.e. advertising, publicity, personal selling. To clear about sales promotion we most know about other promotional mix tools because sales promotion is one of them. So there are some definitions, which make clear about relations and difference to them.

Parasar Koirala describes the difference between sales promotion and advertising in his book “Sales promotion and advertising differ in terms of objectives as well as the frequency, duration and purpose of users. Advertising informs, persuades and reminds the

target market, whereas sales promotion goes to encourage purchase by the brand loyal consumers and attracts new and competitors' brand users. For effective sales promotion are required creative talent, time and money. It becomes expensive with frequent operation, while excess sales promotion with respect to a branded product may hurt that product's brand image. Advertising creates awareness in the market place and may be repeated several times to acquaint and remind the target market. Thus, advertising is designed to create an image or to carry a sales message about a product or the consumer, while sales promotion is an activity used to generate and immediate sales of the product or service.”(Koirala Parasar, 1991:21)

“Sales promotion and advertisement are two distinct area of marketing every thought the both tools sometimes, used for the same purpose. To get maximum return out of both, the use of sales promotion and advertising may or should lead different situation. In other words both sales promotion and advertisement should be used according to the situation because sometimes advertisement may be more effective than the promotion likewise; these might be lot of situations when the promotion cannot yield fruitful results.”(Journal Spring, 1982:62). We can say that both sales promotion and advertisement leads to maximum return by increase sales but differ in terms of objectives as well as frequency, duration and purpose of uses.

Edward M. Mazze says in his book “Personal selling” as “the objectives of sales promotion and personal selling are different sales promotion is a supporting activity to influence consumer buying and to attract them, whereas personal selling aims at selling and makes efforts to match selling with buying sales promotion uses the sales force for a highly selection form of communication that is to educate the trade channels about the product and to help in display and exhibition. Personal selling ids used to build up buyers preference, conviction and action. (Edward and Mazze, 1990:321).

“Sales promotion is occasional in nature which attracts the consumers to the point of purchase and encourages them to purchase more through incentive offers. Whereas sales personal visit the target market and educate then about the benefit and use of products and services as a promotion concentrate on a specific brand for specific period of time. Sales

people have never been involved with the retailer's promotion needs or with building a solid business relationship between the company and retailer and they prepared, apparently to do so."(Frankel and Phillips, 1986:171) Says Bud Frankel and H.W. Phillips in his book "Your advertising Great ---- How business? In conclusion, we can say that personal selling is more effective in the case of highly selective brands which san penetrated the market through opinion leaders. At the point of purchase a trained sales personal can impress more customers than an amateur individual.

Parasar Koirala writes the difference between sales promotion and publicity in his book "Sales promotion in Nepal that "publicity and sales promotion so not go together. A non-controlled media is coincident with an event. It is an additional voluntary effort for sales promotion, which can improve the image of a product or service to the people. So, please them, public relations officers tries to make the bridge of media publicity. If it becomes paid promotion, the image of publicity is killed and will be an element of advertising. So publicity can be an element of promotion mix but not an element of paid or controlled promotion mix." Koirala Parasar, 1991:22). In fact, we can say that publicity is non-paid promotional tool. It expected to promote brands, products, persons, places, ideas, activities and organization.

There are many tools/mode of sales promotion available in market. However, it is not necessary that the same tool is equally effective to all the products or the consumer. Many author have been described the term. Phillip Kotler in his book "Marketing Management" says, "The main consumer promotion tools include samples, free trails, products warranties, tie-ins and point of purchase displays and demonstration" (Koirala Parasar, 1991:22).Phillip kotler describing individual tools as:

1 Sample:-

Samples are offer of a free amount or trail of a product to consume. The sample might be delivered door to door, sent in the mail, picked up in a store, found attached to most expensive way to introduce a new product.

2 Coupons:-

Coupons are certificates entitling the bearer to a stated saving on the purchase of a specific a product. Coupons can be mailed, enclosed in or on other products or inserted in magazines and newspapers ads.

3 Cash Refund Offers (Rebates):-

Cash refund offer (rebates) is as coupons expect that the price reduction occur after the purchase rather than at the retail shop. The consumer sends a specified proof of purchase to manufactures, which in turn “refunds” part of the purchase price by mail. Cash refunds have been used for major products such as automobiles as well as for package goods.

4 Prizes:-

Prizes are offers of the chance to win cash, trips, or merchandise as a result of purchase something, Pepsi-cola offered the chance to win cash by matching numbers under the bottle cap with numbers announced on television.

5 Patronage Rewards:-

Patronage rewards are values in cash or in other forms that are proportional to one’s patronage of a certain vender or group of vendors most airlines offer “frequent flyer plans providing po9ints for miles traveled that can be turned in for free airlines trips.

6 Free Trails:-

Free trails consist of inviting prospective purchasers to try the product without cost in hope that they will buy the product. Thus, auto dealers encourage free vests drives to stimulate purchase interest, product warranties. Product warranties are an important promotional tool especially as consumers become more quality sensitive. When Chrysler offered a five-year car warranty than GM’s and Fords, customers took notice they inferred that Chrysler’s quality must be good or else the company would in deep trouble.]

7 Tie in Promotions:-

Tie in promotion are becoming increasingly popular. In a tie –in- promotion, two or more brands or companies team up on coupons, refunds, and contests to increase their pulling power. Companies pull funds with the hope of broader exposure, while several sales forces push these promotions to retailers, giving them a better shot at extra display and ad. Space.

“Sales promotion consists of a various tools with different objectives and implications and function differently in the mix. To match them with the stage of product life cycle or the type of product and to the nature of product requires full knowledge of each tool. Sales promotion is technical and creative in nature” (Koirala Parasar, 1991:22) says Parasar Koirala. Further describes important tools of sales promotion.

8 Point of Purchase Displays:-

A wide variety of point of purchase materials, such as posters, banners, streamers, price cards, racks, signs, displays and cartoons are placed at one in retail stores. These materials are distributed to retailers through whole sellers, the sales force, or by mail.

9 Premiums:-

Premium is merchandise item provide free of cost, or at reduced price, as an incentive to the buyer of a specific product. Different kinds of premiums, free mail in premiums, continuity coupon premiums, and free give ways are in practice.

10 Advertising Specialties:-

Especially advertising offers article of merchandise and some typical gift such a pen, calendar, ashtray, T-shirt, key ring etc. to the customers. The promoter offers these tools with a variety of objectives in view e. g. branch opening promotion, new product introduction, building an image, new sales personnel introduction, trade show, traffic development and activating passive clients.

“Advertising specialties are not considered to be appropriate tools for most propaganda but can be used separately and as a supplement to other promotional tools and are popular selective market infiltration.”(Harvard business Review Feb, 2006:211).

In this way the tools are discussed in a variety of ways. The objectives of sales promotion has also been described by the different author in different ways but the most acceptable objectives have dealt by.

“Consumer behavior is defined as the behavior that consumers display in searching for, purchasing, using, evaluating and disposing of products, services and ideas that expect will satisfy their needs”. The study of consumer behavior is concerned not only with what consumer buy but also why they buy it, when, where and how they buy it and how often buy it.

2.1.1 Sales Promotion and Advertising

Advertising and sales promotion are obviously not amenable to any clear line of demarcation. There is no convenient criterion to draw a dividing line between the two. Allocation of funds for advertising and promotion expenditure is often made on trial and error basis. The most popular distinction between them is the dimension for a product. Products on sale have two dimensions – the intangible and tangible. Advertising is used to create awareness, image, and attitude, and sales promotion is aimed at specific action (buying and selling). Advertising is used to build long-term brand preference, and sales promotion for the decision to buy. During the period of introduction so a product its brand name is unknown to the consumers. To make the product known, intangible aspects need to be exposed more. As the brand name is widely known the approach needs to be replaced slowly by tangible action. The relationship may be depicted diagrammatically as follows:

Advertising may degenerate into intellectual hypocrisy if it overemphasizes only the attractiveness of a product. Advertising efforts are more intensive during the introductory and growth stages of the product life cycle. But there is no hard and fast rule to decide when advertising should handover and sales promotion should take over. All activities result from experience and depend on the creativity of approach. However, the relationship of both with the product life cycle makes it easy to decide on their application at different stages. Marketing research is as much required to evaluate the effectiveness of communication as the

promotion mix with regard to sales. Research helps the marketer to decide what is appropriate at different stages in the life cycle of the product.

Advertising as a popular communication tool is said to have maintained its primacy until recently as a means of making goods or services known for purchase or lose. This assertion does not convey the strength which advertising carries for the time being and to a certain extent. However, its main objective making known to people – is clearly depicted.

Sales promotion and advertising differ in terms of objectives as well as the frequency, duration, and purposes of uses. Advertising informs, persuades, and reminds the target market, whereas sales promotion goes to encourage purchases by the brand loyal consumers and attracts new and competitors' brand users. For effective sales promotion are required creative talent, time, and money. It becomes expensive with frequent operation, while excess sales promotion with respect to a branded product may hurt that product's brand image.

Advertising creates awareness in the market place and may be repeated several times to acquaint and remind the target market. Thus, advertising is designed to create an image of, or to carry a sales message about a product or service to the consumer; while sales promotion is an activity used to generate an immediate sale of the product or service.

2.1.2 Sales Promotion and Personal Selling

Personal selling, in a broad sense, refers to communication aimed at generating customers for products, services, or ideas. Personal selling invariably means face to face communication. It is defined as oral presentation in a conversation with one or more prospective buyers for the purpose of making a sale.(William & Kincaid, : 350) Both the respondent and communicator meet and communicate the views about the product. The process of their meeting and talking makes for more effective communication. Business managers and educators agree that selling is more than providing a good or service (Don E. Schultz & William , 1987:251). If the purpose of personal selling is only to sell more rather than providing other services, it is not something desirable. Selling word itself is unpopular among consumers. However, the specific functions of personal selling include:

- 1) To get an order for the product;
- 2) To induce retailers to promote and to display the product at the point of purchase;
- 3) To persuade wholesalers to promote the manufacturer's products actively;
- 4) To educate those who may influence purchasers to favor the company and its products;
- 5) To satisfy customers.

The objectives of sales promotion and personal selling are different. Sales promotion is a supporting activity to influence consumer buying, and to attract them, whereas personal selling aims at selling and makes efforts to match selling with buying. Sales promotion uses the sales force for the equation of bonus packs is with the quantity of purchase and the incentives are offered accordingly. They are used to convert tries into users, and to meet price competition. Bonus packs hold the new customer. Basically, it is an offensive tool that is offered when the need arises and is taken out after the solution of the problem. Bonus packs can be offered as an alternative to a price-pack. And it is an off-shelf promotion in the store.

Bonus packs are found effective in packaged goods. It is used commonly in such products as vitamins, Coffee, bar soaps, and foods for pets.

Refunds and rebates are similar to price-off promotion in principle. They differ only as regards the rewarding system. Objectives are more or less the same. However, refunds and rebates are offered with some specific objectives, such as,

- To attract the consumers,
- To stimulate in-store displays,
- To offset the impact of competition

Price-off promotion is a low cost promotion device linked with the quantity of purchase. Generally packages are made of different quantities and the consumers are offered greater incentives for purchase of larger packages.

Combination offers include cash and opportunity benefits allowed to stimulate new consumers and to strengthen the media of promotion. Opportunities may consist of a coupon,

or an entry ticket for contest, or other types of privileges. For example, with every three empty cartons along with two off-coupons, the buyer may be offered cash refund of Rs.2.

2.1.3 Methods of Sales Promotion

Sales Promotion methods differ according to the target audience. They can be directed at consumer promotion, trade promotion and sales force promotion (Agrwal, 1999:315).

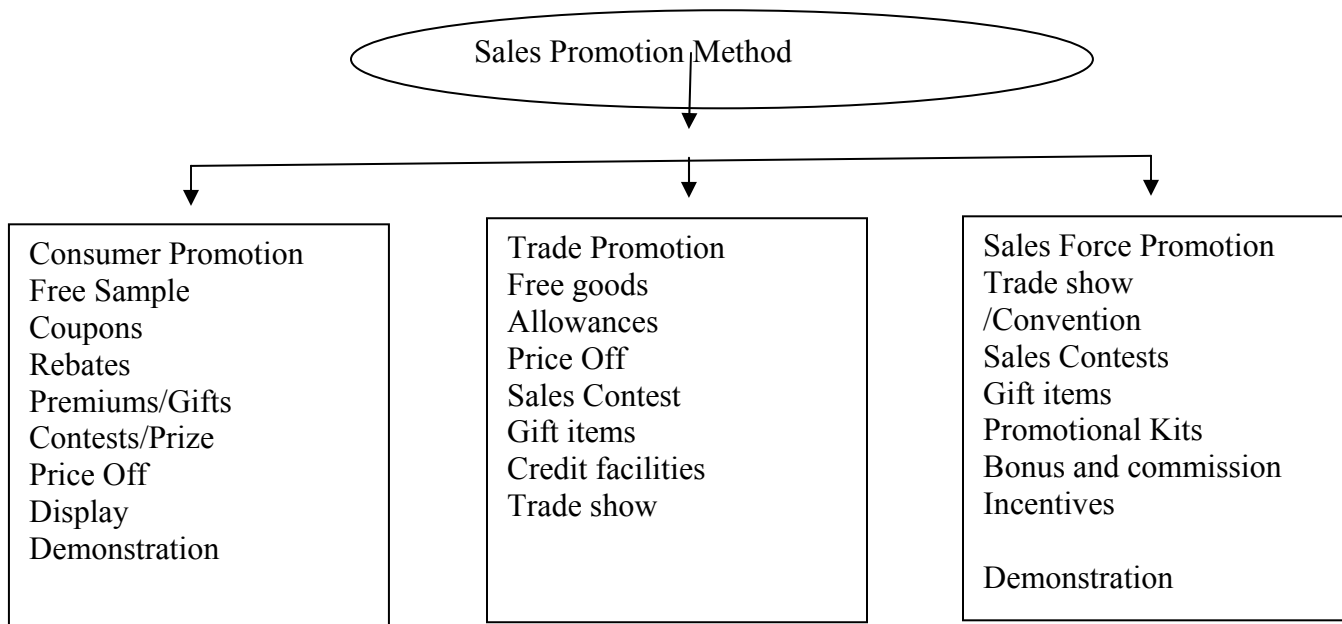


Fig:2. 3 (Sales Promotion Methods)

2.1.4 Consumer Promotion Methods

They are directed at consumers. They consist of:

i. Free samples:

Offer of a free amount of a product. Free samples can be mailed, delivered door to door, handed out in stores and attached to another product. They are effective to introduce a new product. This method is expensive.

ii. Coupons:

They are certificates that can be redeemed into cash or other product. They can be enclosed in the product, package, mailed, inserted in newspaper ads or handed out at purchase time. They are effective for established products. About 2% to 20% coupons are generally redeemed. They should provide 15% to 20% saving to be attractive.

iii. Rebates:

Money refunds or rebates that provide price reduction after the purchase. Consumers mail proof-of-purchase to manufacturers to get rebates.

iv. Premiums (Gifts):

They are free gifts of low cost offers for purchasing a particular product. They could be “with pack premium” (inside the package or on the package). Reusable packages serve as a premium. Free glasses come with beer bottles.

v. Price-off:

The product is offered at a reduced price. The packages or newspaper ads announce such reductions. They can be ‘reduced-price pack’ or ‘branded pack’ having two related products in one pack (tooth brush with toothpaste). They stimulate off-season sales.

vi. Contest and Prizes:

They provide chance to win cash, trips or products. Consumers submit an entry for the contest filling questionnaire or giving suggestions. Lotteries require consumers to submit their names in a lucky draw. Conditions for participation in contests are specified.

vii. Displays and Demonstrations:

Point of purchase display (poster, cutout) to attract consumer attention. They persuade consumers for impulse buying. Product demonstration in trade fairs and exhibitions persuade consumers for purchase. Free trials can be given to the consumers. Products can be displayed in counters, floors and points of check out.

2.1.5 Trade Promotion Methods

They are directed at resellers. They consist of:

i. Free goods:

Offer of free goods for buying certain quantity during specified periods. Coca-Cola Provides free goods to retailers who buy specified cases. This method encourages greater reseller's inventories.

ii. Allowances:

Advertising allowance is given for local advertising or cooperative advertising of manufacturer's product. Display allowances can be given for special displays.

iii. Price-off:

This is temporary discounts from the list price. This is also called buying allowance. They encourage quantity purchase and off season purchase. The time period for price-off is specified.

iv. Sales contest:

They recognize or reward resellers through contests between them for greater sales or best displays. They can be cash, trips, gift items like watch, refrigerator, fan etc. Conditions for participation in contests are specified.

v. Gift items:

Small gift items which bear company name can be provided free to channel members. They can be ballpoint pen, calendars, diary, key chain, lighters, ashtrays etc. They are known as specialty advertising.

vi. Credit facilities:

Manufacturers provide extended credit facilities to channel members. This provides inducement to carry new products and greater inventories.

vii. Trade Show:

Various trade shows and exhibition are done where several products related booths are set and products are demonstrated. They attract channel members.

2.1.6 Sales Force Promotion Methods

They are directed at sales force. They can be used by manufacturers and resellers. They consist of:

i. Sales contests:

They induce sales force to increase sales over a stated time period. The prizes can be cash, trips or gifts. The indicators should be measurable for sales contests to be effective. Conditions for participation in contest should be made clear.

ii. Trade shows and conventions:

The products are demonstrated at trade shows. Sales forces develop customer contacts to get sales orders during trade shows. Conventions of sales force are also organized. They provide an opportunity to sales force to interact with the management and colleagues.

iii. Gift items:

Sales personnel are provided with small gift items like pen, pencils, diary, key chain, calendar, and lighters etc. which bear company name. They distribute them to customers free of cost.

iv. Promotional kits:

Sales personnel are provided with promotional kits that contain catalogues, brochures and other information about the product. Demonstration model of the product may also be provided. They facilitate selling.

v. Bonus and commissions:

They are cash awards to sales force to increase sales over specified volumes. They induce extra efforts by sales personnel.

Objectives of Sales Promotion

Sales promotion is targeted to the enhancement of the sales quantitatively. Thus, the basic objectives of sales promotion are to achieve faster and higher sales. The specific objectives vary with the target audience. They can be consumer, channel members and sales force.

2.1.7 Objectives for Consumer Promotion

The objectives of sales promotion regarding the consumer's point of view are mentioned as follow:

i. Encourage greater purchase volume:

Sales promotion encourages purchase of larger size units by existing consumer. By providing various tempting facilities of schemes it tries to lure customers in large volume. It also trains and encourages greater use of the product.

ii. Attract new customers:

Sales promotion is used to attract new customers by adopting various techniques and tactics. Some of the prevailing methods of sales promotion to attract new customers are to:

- . Encourage trial for the production among non users.
- . Attract brand switchers from competitor's brands.
- . Increase impulse buying. Sales promotion incentives persuade consumers for impulse buying.
- . Increase brand awareness.

iii. Introduce new products:

Sales promotion is used to introduce new products. For example, samples may be inserted in the package of existing products for introduction of new products. The objective is to educate consumers rather than to increase sales.

2.1.8 Objectives for Trade Promotion

The objectives of sales promotion regarding the trade/traders point of view are mentioned as follow:

i. Carry and push new items:

Sales promotion persuades channel members to carry new brands. They also stimulate them to push the brand to the consumers.

ii. Increase inventories:

Sales promotion persuades wholesalers and retailers to carry higher levels of inventory by providing certain level of concession and bonus. It also encourages off-season buying.

iii. Attract new channel members:

Sales promotion incentives attract new channel members to carry the brand. In this it provide more attractive and advantageous schemes are introduced to the channel members, comparison to the competitor's brand.

iv. Offset competitive promotions:

Sales promotion is used to offset incentives provided by competitors. This discourages brand switching and increase brand loyalty.

v. Better store displays:

Sales promotion induces retailers to make better display of the product in the store. They also provide more shelf space.

2.1.9 Objectives for Sales Force Promotion:

The objectives of sales promotion regarding the sales force point of view are mentioned as follow:

i. Motivate sales force:

Sales promotion motivates sales force for greater effort to get orders from existing and new customers. It also stimulates them to make off-season sales.

ii. Support new products:

Sales promotion supports the efforts of sales force to push new products.

2.2 Promotional Environment in Nepal

The environment includes part of people as well as part of what they do. It influences how we operate and how our clients are serviced.¹. This is because people perceive the information communicated to them for the environment. Promotion involves communication in an environment about goods and services. The flow of information from promoter to

consumer and consumer to promoter can be effective if they know each other's environment. In this context, environment may be regarded as an opportunity to act smoothly. It is constantly changing, providing new opportunity to some business, delimiting the prospect of others.

The complexity and diversity of environment make it difficult to define it in the precise term. Frederick E. Webster and Yoran Wind have described the nature and pattern of influences of environment as follows

'Environmental influences are subtle and pervasive as well as difficult to identify and to measure. They influence the buying process by providing information as well as constraints and opportunities. Environmental influences include physical, legal, and cultural factors. These influences are exerted through a variety of institutions including business firms (suppliers, competitors, and customers), governments, trade unions, political parties, educational and medical institutions, trade associations, trade associations, and professional groups.

The environment surrounding the consumers, censors the information communicated to them. If the promoter fails to adapt his strategy to the environmental opportunity while making any promotional offer, he will be a failure by profession. Promotional functions are designed to shape and sometimes distort consumer demand, it cannot create demand. While economic demand is based on utility, the objective of promotion goes one step further, that is, it involves supply which is based on money or purchasing power. So, promotional environment is evaluated in terms of forces closely connected with buying behavior. Norman Govoni, Robert Eng and Morton Galper analyzed the environmental context as external and internal environmental context as external and internal environment. Economic, social-cultural, political-legal, and technological factors are categorized under external environment while internal environment is said to be semi-controllable, operating on environment.

Changes in promotional strategy reflect some major environmental influences. Brand promotion like advertising specialties, sweepstakes, direction on the package for utilization,

cannot be effective unless the environment is literate. Again, mass information objective may be rendered difficult to achieve due to non-availability of media services. Promotion of goods and services may not be possible if that is prohibited by law e.g. promotion of cigarettes through media services.

Promotion is a means of social communications which has been effectively used by the business community since 1853 when tax on advertising was abolished followed by an increase in newspaper circulation. The importance and effectiveness of advertising in influencing consumer decisions became a source of concern to society. In 1924, at Wembley, England, the Associated Advertising Clubs of the World adopted the "Wembley Code" of ethics. But social criticism of advertising communication did not stop. Critics pointed out that advertising was responsible for making people buy products they did not need. This at once revealed the strength of communication through advertising and reaction of environment to its function. Reinforcement to buy more is one of the objectives of a changing social value (environment) of a modern society. For example, in the early 1980s, American management was greatly influenced by Japanese management style. American music was influenced by Caribbean music, and fashion was influenced by Europe.

Promotional incentives could be very useful means of communication in the effective stage of consumer behavior in Nepal. But that was not offered in appropriate manner through retailers. Retailers were neither knowledgeable nor promotional incentives but they were not offered the same. The manufacturers were found using advertising at the cognitive and the effective levels. So the effect of the consumer deals on market share was negatively significant at 25 percent level. The effect of advertising on market share was insignificant. In principle, advertising should be aimed at evoking consumer response. And it was continuously used at every stage of the product life cycle. It was offered some time in place of sales promotion tools. However, advertising was necessary as a vehicle of information on sales promotion. It should not have been used continuously.

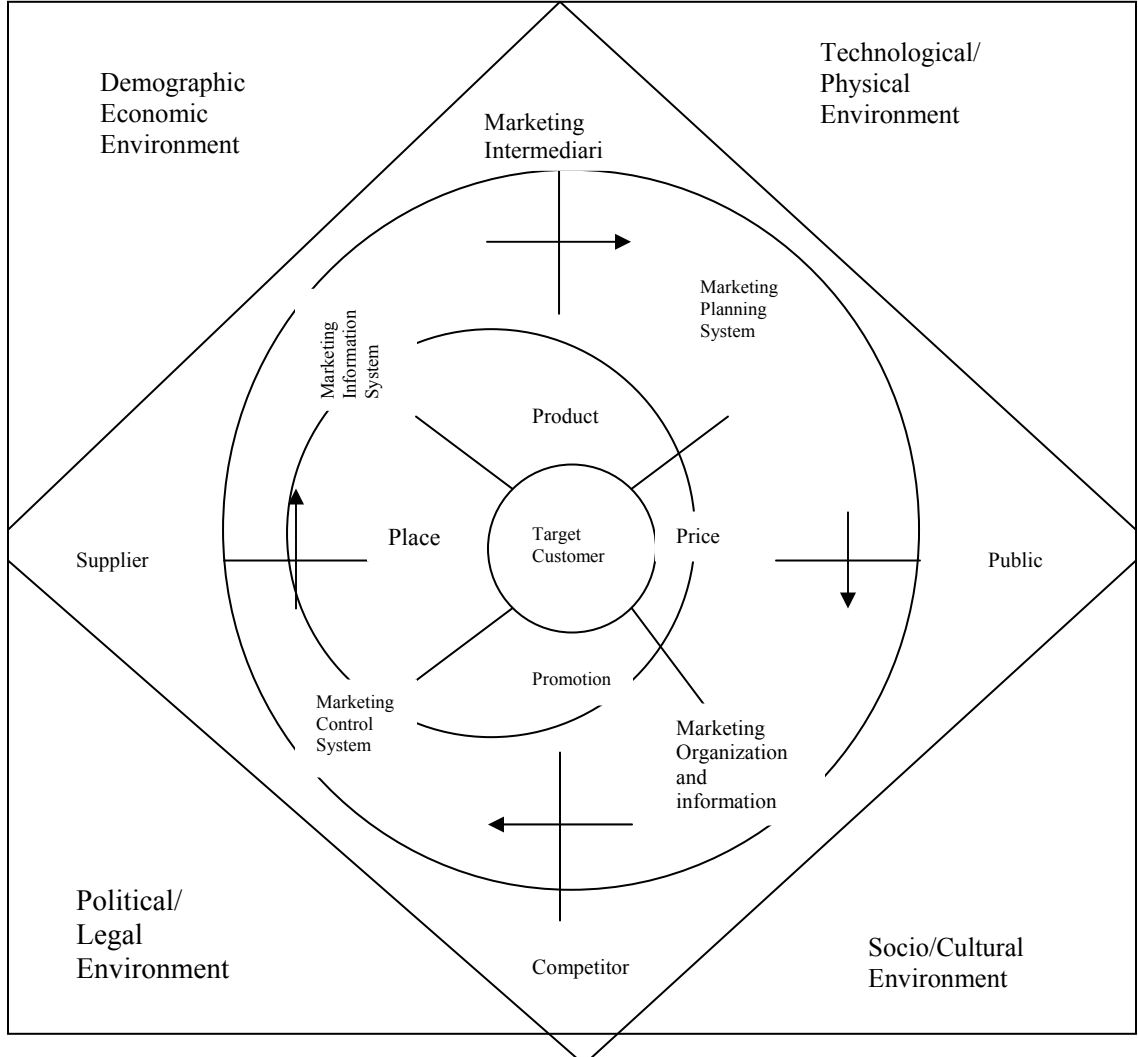


Fig: 2.4
Structure of Environmental Influence

Consumer deals, in principle, were not expected to be offered at the maturity stage.

In practice, It was used to hold current users, to build brand loyalty. And to reward or load present users. Consumer deals are normally offered to consumers through trade channels in the later stages of introduction and growth stage. For effectiveness, it requires the right kind of relation of manufacturers with retailers, retailer's knowledge about the product, their behavior towards consumers, and the controlling mechanism of manufacturers. The negative effect of consumer deals on market share shows that the flow of deals to ultimate consumers

was not properly maintained. However, buying allowances are offered to trade channels to promote the distribution of products, and to increase retail merchandising support and special display activity.

Free group offered to ultimate consumers through retailers was not generally effective at any stage of the product life cycle. But in practice it was used as an effective promotion tools to serve different objectives. Thus it didn't have any significant effect on the market share.

Sample was offered to consumer mostly at the introduction stage. This proved to be effective tools. But the effect of sampling on the market share was significant negatively at 5 percent level. Consumer who were interviewed and who responded to the questionnaire were not aware of any sample offered to them. It is likely that sample were offered to wrong persons who could be consumers by sample, not by purchase.

Coupons were not regarded as effective tools. However it was offered by few companies at the introduction, growth and the maturity stages. In principal it should have been at the growth and the maturity stage. the effectiveness of coupon depends on its redemption rate which in turn depends on different factors. Whatever be the reasons. Coupons were not found to have any significant effect on sales. Along with other factors, the insignificant effect of coupons on the market share was perhaps due to its application without due consideration of its appropriateness at various stage of the product life cycle.

Adverting specialties are normally expected to be used at the introduction stage. Most of the companies used advertising specialties at the introduction stage to serve specific objective. Its impact on market share was significant at 50 percent level.

Contests and sweepstakes are considered to be suitable at the introduction and maturity stage. These were offered by a few companies at the growth stage. its effect on market share was negatively significant at 50 percent level. Contest and sweepstakes were expected to be based on skill, knowledge and the chance which required careful planning

prior to announcement, these were lacking in most companies. Nor did the tools match with the objectives. There may be many reasons for the negative effect of contests and sweepstakes on market share, but lack of planning and absence of matching were two major reasons of the negative effect.

2.3 IMC - The New Promotional Concept

During the 1980, many companies came to the need for more of a strategic integration of their promotional tools. These firms began moving towards the process of integrated marketing communications (IMC), which involves coordinating the various promotional elements and other marketing activities that communicate with a firm's customers. As markets embraced the concept of integrated marketing communications, they began asking their ad agencies to coordinate the use of variety of promotional tools rather than relying primarily on media advertising. A number of companies also began to look beyond traditional advertising agencies and use other types of promotional specialists to develop implement various components of their promotional plans (Belch & Belch, Advertising and Promotion:18).

Many agencies responded to the calls for synergy among the various promotional tools by acquiring PR, sales promotion, and direct marketing companies and touting themselves as IMC agencies that offer one - stop shopping for all of their client's promotional needs. Some agencies became involved in these non advertising areas to gain control over their clients' promotional programs and budgets and struggle to offer any real value beyond creating advertising. However the advertising industry soon recognized that IMC was more than just a fad. Terms such as new advertising, orchestration, and seamless communication were used to describe the concept of integration. A task force from the American Association of advertising Agencies (the '4As) developed one of the first definitions of integrated marketing communication (Belch & Belch, Advertising and Promotion:19).

A concept of marketing communications planning that recognizes that added value of a comprehensive plan that evaluates the strategic roles of a variety of communication disciplines for examples, general advertising, direct response, sales promotion and public

relation and combines these disciplines to provide consistency, clarity, and maximum communication impact (Belch & Belch, Advertising and Promotion:19)

The 4As' definition focus on the process of using all forms of promotion to achieve maximum communication impact. However, advocates of the IMC concept, such as Don Schultz of Northwestern University, argue for an even border perspective that consider all sources of brand or company contact that a consumer or prospect has with a product or service. Schultz and other notes that integrated marketing communications calls for a "big - picture" approach to planning marketing and promotion programs and coordinating the various communication functions. It requires that firms develop the total marketing communication strategy that recognizes how all of a firm's marketing activities, not, just promotion, communication with its customers.

Consumers' perception of a company and or its various brands are a synthesis of the bundle of message they receiver contacts they have , such as media advertisement , price, package design, direct marketing efforts , publicity, sales promotion , websites ,point of purchase displays, and even the type of store where the product or service is sold. Integrated marketing communications seeks to have the company's entire marketing and promotional activities project a consistent, unified image to the market place. It calls for a centralized messaging function so that everything a company says and does communicates a common theme and positioning.

Many companies have adopted this boarder perspective of IMC. They see it as a way to coordinate and manage their marketing communications programs to ensure that they give customer a consistent massage about the company and its brand. For these companies, the IMC approach the represents an improvement over the traditional method of treating the various marketing and communication elements as virtually separate activities. However, as marketer become more sophisticated in their understanding of IMC, they recognize that it offers more than just ideas for coordinating all elements of the marketing and communication programmers. The IMC approach helps companies identify the most appropriate and effective methods for communicating and building relationship with their customer as well as

other stake holders such as employees, suppliers , investors ,interest group ,and the general public.

Tom Duncan and Sandra Moriarty note that IMC is one of the "New generation" marketing approaches being used by companies to better focus their efforts in acquiring retaining, and developing relationship with customer and other stockholders. They have developed a communication - based marketing model that emphasizes.

2.4 Review of Related Studies

2.4.1 Lamichane, Hari "Marketing of Cold drink in Kathmandu" (1998)

The study undertaken in 1998 with the following objectives:

- a) To examine the potential consumers in purchasing cold drinks.
- b) To identify the purchases behavior of consumers who purchase cold drinks.
- c) To estimate demand of cold drink in Katmandu.
- d) To identify the best choice of consumers on cold drink on the basis of selecting brands advertising habitual testing, asking question & personal inspection.
- e) To find the relationship between the brand preference and advertising.
- d) To identify the best choice of consumers on cold drinks on the basis of selecting Brands advertising habitual testing, asking questing &personal inspection.
- e) To find the relationship between the brand preference and advertising.
- f) To find out the popular media of advertising for the cold drinks, which can easily attract the potential consumers on each company, branded cold drink.
- g) To estimate sales of cold drink in Katmandu.

The study has concluded that advertising is considered as the primary source of information. The advertisement of Coke, Pepsi and other branded cold drinks are found in Katmandu. Coca-Cola brand is more popular than other brand. A consumer gives more preference to the brand but less preference to quality and test. Television is the mostly favorite media for advertisement. The major reasons of brand swathing are the taste of the product.

The study has recommended that advertising should be more believable and effective, so manufactures are suggested to advertise their product through television and other media. Most of consumers are found brand loyal. If they suggested to give proper attention on their distribution system. it is suggested that the manufactures of cold drink should try to fulfill consumer's demand on cod drinks of their choice.

2.4.2 Bhatt, Shreechandra, in 1998 conducted a study on "Sales Promotion and its Effect on Sales"

A case study of Beer Market of Nepal with the objectives of analyzing the sales promotion and its effect on sales is the main focus of the study. Though the concept of sales promotion is relatively new in Nepal, there are lots of thinks to be researched and find out on the practice of sales promotion. The study had the following specific objectives.

- 1) To find out whether the sales promotion does impact on sales of beer.
- 2) To find out what mode of sales promotion is more acceptable by the Nepalese consumers.
- 3) To find out what mode is more wisely used by the manufactures as a sales promotion tools.
- 4) To evaluate effectiveness of sales promotion activities in the sales of beer in Nepal.
- 5) To find out which media is suitable to advertise about the sales promotion.
- 6) To predict the sales of coming year if every factors would be the same.

On the basis of analysis of the consumers view point and sales data separately. The following findings are drawn. The people with high-income group highly educated and from business people tend to drink beers more. The people drink beer at restaurants for relaxation rather than other cause. The people prefer San Miguel brand other beers. In the case of Sales promotion the cash prizes out of all the tools insist people. In advertising, electronic media is very popular among the people. If the expenses on sales promotion increase the sales increase in a high speed. From the regression it is clearly seen that if the expenses on the sales promotion increases the sales of the product will be drinkers. Most people, who are not so educated, are not loyal towards any particular brand. Due to this, the sales promotions

easily quench the attention of those beer drinkers and as a result the sales of the beer will increase.

The people who drink beers accept electronic media most. So far sales promotion purpose, the electronic media is very suitable. The sales promotion is very powerful tools which can easily boots the sales. The study has recommended that low-income group as well as low education group should be launched beer. In advertising, the electronic media is very popular. So the heavy media coverage should be acquired. People like cash prizes so company should cut down the prize like motorcycles, fridge, TV, etc. Findings proved that the sales promotion have positive impacts on the sales of the beers. But the companies launched the sales promotion programmers should be launched at least for 6 months. At last, sales promotion is very important if the use would be in a proper way.

2.4.3 Shrestha, Purushottam has conducted research study on “**The role of advertising in sales**” (study of Bottlers Nepal Ltd), Bottlers Nepal (Terai) Ltd. & Nepal Lever Ltd.in 2005 with following objectives

- i) To measure the advertising expenditure of Bottlers Nepal Limited, Bottlers Nepal (Terai) Ltd and Nepal Lever Limited and its impact on sales.
- ii) To analyze the impact of advertising on total performance of Bottlers Nepal Limited, Bottlers Nepal (Terai) ltd.
- iii) To measure the advertising expenditures as percentage of company sales.

The study has concluded that the only purpose of advertising is to sell something - a product, a service or an idea. It is very powerful tool for the creation and retention of consumer demand and it is pivot of modern industry and commerce. Finally, the sales has positive relationship with advertising expenditures and advertising plays a significant role on the total performance of company as well as concerned companies devoted a very small percentage of sale to advertising.

The study has recommended that the quality of advertisement should be improved, television advertising is more popular and among the consumers of Kathmandu valley etc.

2.4.4 Adhikari, Amita in 2005 has conducted "**A Study on Promotion Effectiveness through Television**" with the following objectives.

- To assess the television viewing habits of Nepalese consumer and present a complete viewing Profile of Nepalese consumer.
- To identify top Nepalese programs broadcasted along with its comparison with foreign channels broadcasted through cable network.
- To identify product promotion effectiveness through television.
- To identify top Nepalese program being broadcasted so that organization and advertising agencies planning their media campaign through television can rightly identify the best time slots for promotion their product and services.
- To suggest for people and institution for improvements based on research findings.

She has concluded that the survey conducted was basically to identify the television viewing habits of the Nepalese consumers and identifies portrayal traits in terms of their viewing habits such that organization and advertisement agencies could effectively and efficiently plan their media approach for the promotion of their products and services in the television. As the effectiveness of TV advertisement heavily depends upon the viewer ship hence organizations and agencies need to be careful while showing advertisement. For example if an advertisement for beer is only broadcasted early in the morning when people are in a mood for holy things than it is sure that people might not prefer the beer to much. this may be due to the advertisement being broadcasted against the culture (drinking alcohol in many homes is almost a sin in our country, that too advertise it in early morning is sure to call for its end) or may be because of the low level Of target viewers in the morning hours. Hence identifying preferred time slots for the target audience is of utmost importance to the organization and advertising agencies.

Now to understand and identify the preferred time slot of promoting the products and services of consumers as outlined in this research report. Hence television viewing habits of

consumers bears a direct relationship with when and how to promote products and services through television channels. With this view the research conducted revealed that;

That most of the people i.e. 98% have their own TV set their home and excess to cable network.

Among the total sample about 81.33% have access to cable television justifying the popularity of the cable network in the country.

There are 53.7% of people who live in nuclear family and 42.3% in joint family. The educational background of the sample seems impressive with 36.3% of responded being at least bachelor level pass considering the overall education leveling the country. Most of the people 53.3% as working as full time irrespective of there age group.

2.4.5 Rana Saflta in 2010 has conducted “A Study on Sales Promotion of Pharmaceutical Product in Nepal” with following objectives.

- To analyze the sale promotional tools and techniques adopted by Nepalese Pharma market.
- .To find out the growth pattern of Nepalese Pharmaceutical industries.
- To focus pharmaceutical industries in Nepal in terms of utilization of opportunities under World Trade organization (WTO) / Trade Related Aspects of Intellectual Property Rights (TRIPS) as a LDC and the government’s role in facilitating small & medium enterprises units to be competitive in the WTO regime.
- . To evaluate sales promotion in Nepalese Pharma Market.
- . To suggest and recommend on the basis major findings.

Major findings are as follows:

- Only 32% of total Pharma market share of Nepal is covered by our local production. Remaining 68% by Indian and other countries.

- Nepal Pharma market has the business worth Rs. 10,000 million in which injection range has contributed 2000 million, 2000 million has been covered by those medicines which are not produced in Nepal and having low market share. And in remaining 6000 million only 3000 million has been covered by national Production. However in case of General / Common Medicine Nepal Pharmaceutical houses has covered 50% of its market.
- Nepal's accession to WTO has brought both opportunities and challenges to Nepalese Pharmaceutical industries. World market of Pharmaceutical products is now open to Nepalese industries and simultaneously Nepalese market is open to industries worldwide.
- Almost 8 Nepalese Pharmaceutical Companies has got WHO-GMP certificate and 8 more companies are in process of getting WHO-GMP certificate in this coming year.
- Nepalese Pharmaceutical Companies have to survive in their own domestic market due to inability to export their production to foreign countries. Moreover, only fifty percent of total installed capacity of domestic companies have been utilized and rest half is idle which is leading to rise in cost of production.
- As per Department of Drug Association (DDA), profit margin declared to Retailer is 16%, stockiest (Wholesaler) 10%, importers 6%.
- Recently government had announces "Guideline on ethical promotion of Medicine, 2007, which was implemented from 1st of Shrawan 2064. Through the effective implementation of these guidelines, it is expected to establish ethical promotional practices throughout the country in alignment with acceptable international norms & codes.

CHAPTER-III

RESEARCH METHODOLOGY

3.1 Introduction

The basic objective of this study is to know the impact of sales promotion tools on the sales of the particular product. Change in sales due to use of sales promotion techniques or the mode of sales promotion. To achieve this objective, this research mainly based upon the sales data collected from the dealer of cold drinks and also the observation taken from Kathmandu. The questionnaire distribution to the different level of person who general by using various tools and techniques likewise the sales data collected from different sources and analysis by means of different useful statistical tools mainly regression to see the relationship between the sales and cost involved in sales promotion and chi square(x^2) test.

3.2 Research Design

The present study is based on the survey research design. The research was concentrate to find out whether the sales promotion affects the sales of cold drinks negatively or positively and what mode of sales promotions more effective for the sales of cold drink. In spite of above, this study is also trying to find out what media is effective to give the messages about the sales promotion, which tool is more acceptable for consumer to accomplish these work, we were use exploratory research method. Because of we are checking something in two different way i.e. sales data of consumer and direct observation of the cold drinkers. The exploratory research is more effective.

3.3 Nature and Sources of Data

The two types of data are used in this study, one is from consumers and other is sales data from the manufacturers. Mainly, the nature of this study is based on the primary data. The primary data collect from the different places of Kathmandu valley and secondary data are collected from the dealer of Coca-Cola Katmandu office. And from the annual report of Nepal Bottlers Nepal.

3.4 Population and Sampling

The population of this study is the whole drinkers of cold drink in the Katmandu valley and some respondent are sample. There were 150 samples from the whole population of the study. Samples were taken from different places of Kathmandu valley Kalanki, Chabhil, Koteshwor and Lagankhel. Different age group male as well as female and sales related personnel were included in samples. A random sampling method is uses and various brand of coca-cola and Pepsi cola such as coke, sprite, fanta, pepsi, mirinda, slice etc will be used for the study purpose.

3.5 Data Collection Procedures

The data were collection from the primary source consist of extensive field survey containing application of questionnaire, personal contact, observation, interview and discussion with different persons. Some information was collected from published and unpublished documents. The techniques is used for collection is questionnaire and verbal communication with different person who drink cold and related persons.

3.6 Data Processing and Presentation

The collected data were processed by different statistical measure such as mean, percentage, frequency. The data can be presented by using different table, chart, and figure, bar diagram.

3.7 Data Analysis Tools

Data are analyzed by different statistical measure such as mean, percentage, frequency the data can be presented by using different table, chart, and figure, bar diagram.

3.8 Data Analysis Techniques

The data collection from the consumers through questionnaire is analyzed through the percentage and chi square test and the sales data of Coca-Cola have been analyzed using regression method.

Chi- square Test

Chi square test of goodness of fit is used for this study. Chi- square test is analyzing more than two populations. It is helpful test whether a preference for a certain product differ from

state to state and region to region. It also enables to determine whether a group data described by the normal distribution does conform to the patterns.

Use of Chi- square Test

Chi-square

test is used to test whether more than two populations can be considered equal. Actually, Chi-square test allows us to do a lot more than just test for the equality of several proportions. If population are classified in to several categories with respect to two attributes (for example advertisement and brand preference): One can use a Chi- square test to determine if the two attributes are independent of each other.

Steps of the computation of Chi-square(x^2) test:

- i. Compute the expected frequencies E_1, E_2, \dots, E_n corresponding to the observed frequencies O_1, O_2, \dots, O_n under some theory of hypotheses.
- ii. Compute the deviations $(O-E)$ for each frequency and then square them to obtain $(O- E)$
- iii. Divide the square of the deviations $(O-E)^2$ by the corresponding expected frequency to obtain $\frac{(O-E)^2}{E}$
- iv. Add the value obtained in step (iii) to compute $X^2 = \sum$
- v. Under the null hypothesis that the theory fits the data well, the above statistic follows x^2 distribution $v = n-1$ df
- vi Look up the tabulated (critical) values of x^2 for $(n-1)$ df. At certain level of significance, usually 5 percent from the table of “significance value of x^2 “given the table.

If calculated value of x^2 obtained in is less than the corresponding tabulated value obtained in step (IV) than it is said to be non- significant at the required level of the significance. ie. Fluctuation of sampling. In other words data do not provide us any evidence against the null hypothesis [given in the step (v)] which may therefore, be accepted at the required level of the significance and we may conclude that there in good correspondence (fit) between theory and experiment.

VII. On the other hand, if the calculated value of x^2 is greater than the tabulated value. It is said to be significant. In other words, the discrepancy between the observed and

expected frequencies cannot be attributed to chance and are in the situation can reject the null hypothesis, this, we can conclude that the experiment does not support the theory (Gupta, 1990:18.5).

Regression Analysis

Regression is another popular tool in the statistics. This analysis is mathematical measure of the average relationship between two or more variables in term of original units of data. It also clearly indicates the cause and effect relationship between the variables. The variable corresponding to cause is taken as independent variable and the variable corresponding to effect is taken as dependent variables.

In our calculation, we denote x as expenses on sales promotion and y as sales as per actual basis.

Our required equation $=y-y=\bar{y}_x(x-x) -$

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

4.1 Presentation

This research is mainly of exploratory type so the researcher tried to give more accurate picture of the impact of the sales promotion on actual sales. So two way of collection and interpretation of data is considered and given in this study. First type is a survey conducted in Katmandu to explore what the consumer think about the promotional activities which have been doing by the Coca-Cola manufacturing company (NBL),Pepsi-Cola manufacturing company (VBL) and second type is of sales data of the coca-cola and Pepsi-Cola, promotional campaigns and its promotional activities impact on the sales of the coca cola in Katmandu.

We first analyze, and interpret the survey data and response taken from the market place from the real consumer.

4.1.1 Respondents' Profile

Only 150 questionnaires distributed for collection data. The researcher has taken response from the market place from the real consumer. All 150 questionnaires distributive in Katmandu and sent percent questionnaire collected, the following table given the details.

Demographic Analysis

Gender	No.	Percent
Female	90	60
Male	60	40
Total	150	100

Table 4.1

The above table shows that out of total respondents male respondents are 40 percents and female respondents are 60 percent.

Age level of Respondents

Age	No.	Percent
15-30	90	60
31-45	60	40
Total	150	100

Table 4.2

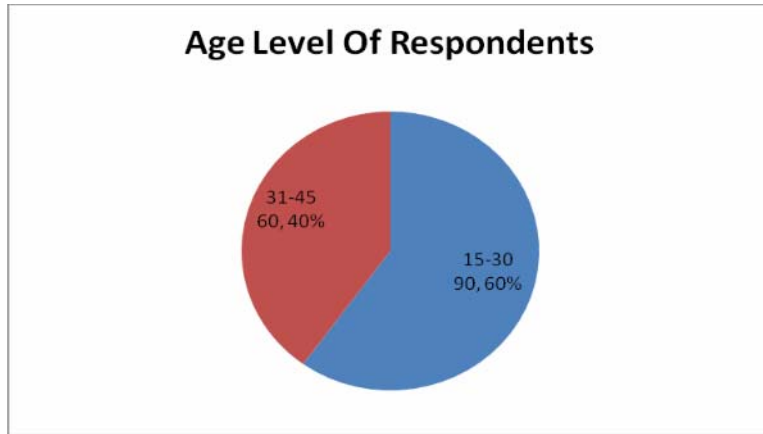


Fig. 4.1

The above table shows the age level of the respondents. As shown out of total 60percent fall in to the age group of 15-30 and remaining 40 percent in to age group of 31-45.

Education Level of Respondents

level	No.	Percent
School	45	30
College	75	50
Others	30	20
Total	150	100

Table 4.3

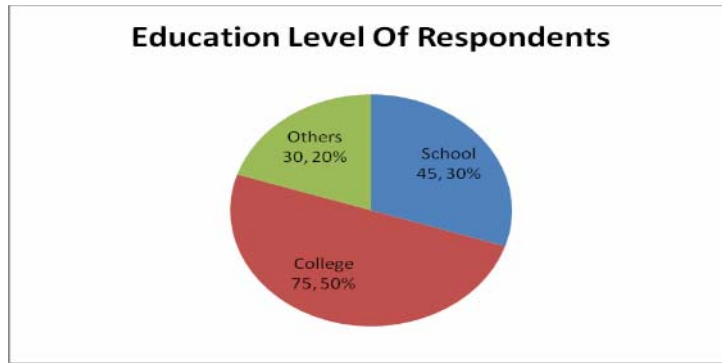


Fig. 4.2

Out of total respondents 30 percent are school level students. College level students are 50 percent and remaining are jobholders and other workers.

4.1.2 Consumers Cold Drink Drinking Habit and Behavior

To know about consumer habit the researcher start from very preliminary questions like “Do you drink cold drinks?” To the very specific question like “Do you stick on any special brand of cold drink?” The following series of table presents the response behavior.

Drink Habits

Particular	No.	Percent
Yes	144	96
No	6	4
Total	150	100

Table 4.4

The response on above table shows that out of total respondents 96 percent drink cold drink and only 4 percent responded do not drink.

Drinking Frequency

Particular	No.	Percent
Daily	30	20
Once a week	54	36
Once a month	39	26
Occasionally	27	18
Total	50	100

Table 4.5

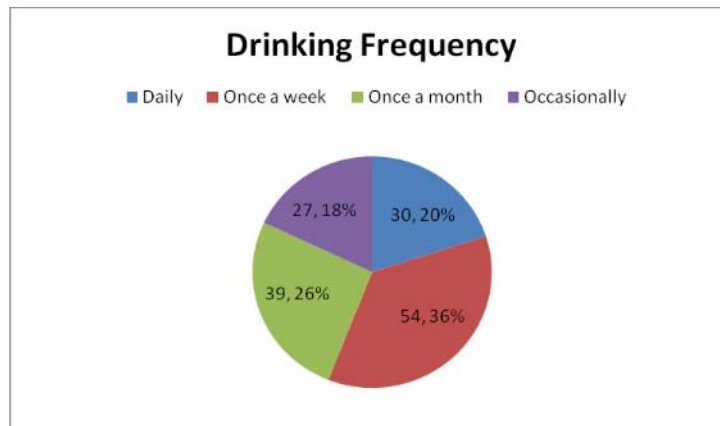


Fig 4.3

The table shows the frequency of drinking cold drink of the people 20 percent of the people drink daily, 36 percent people drink once a week, 26 percent people drink once a month and 18 % of people drink cold occasionally in Katmandu valley.

Hypothesis No 1

H₀: There are no significance differences among frequency of drinking.

H₁: There are significance differences among frequency of drinking.

The tabulated value of χ^2 at 5% level of significance for 3df is 7.81. Calculated value 11.76 is greater than tabulated value (7.81). So H₀ is rejected so we can say that there are significant differences among frequency of drinking.

Brand Preference

Product	No.	%
Coke	72	48
Pepsi	42	28
Sprite	18	12
Dew	18	12
Total	150	100

Table 4.6

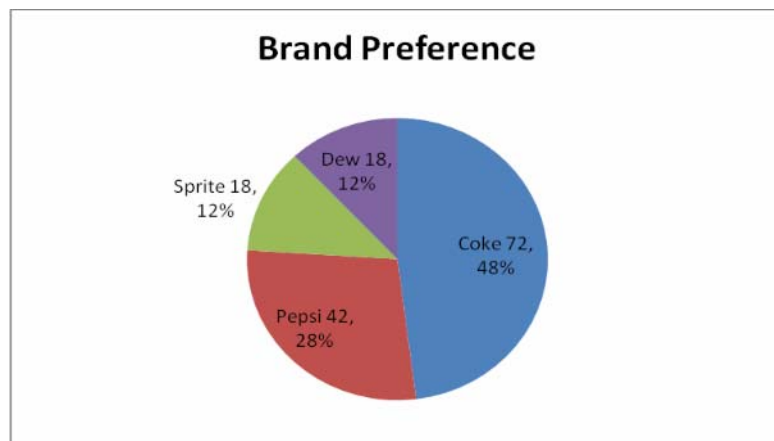


Fig. 4.4

The above table shows that the brand preference of the individual. 60% choose coke, 28% people choose Fanta and 12% people choose Sprite and other brands.

Hypothesis No. 2

H₀: Consumer is brand loyal.

H₁: Consumer is not brand loyal

The calculated value is 53.92. The tabulated value of χ^2 at 5% level of significance for 2df is 5.99. Calculated value is much greater than tabulated value. So, H₀ is rejected i.e. Consumers are not brand loyal.

4.1.3 Sales Promotion of Cold drinks

To know consumers opinion and their think about promotional work that cold drink company perform. The researcher has picked up the subject with very simple question such as "Do you know about the promotional work that cold drink manufacturers perform?" The following is the table relating with promotional work.

Popularity of Promotion

Table No. 4.7

Particular	No.	%
Yes	135	90
No	15	10
Total	150	100

The above table reveals the popularity of promotional work which provide by manufacturer of cold drinks. According to the table 90% of people know about the promotional work and the only 10% of people are unknown about the promotion.

Aware of Promotion

Particular	No.	%
Item	48	32
Coupon	54	36
Cash price	42	28
Other	6	4
Total	150	100

Table 4.8



Fig. 4.5

Out of the total respondents 36% people are aware of the item price, 32% aware of coupon. 28% Cash and remaining 4% of people aware of other promotional works.

Effectiveness of the Promotional Tools

Particular	No.	%
Cash	66	44
Items	33	30
Coupon	45	22
Others	6	4
Total	150	100

Table 4.9

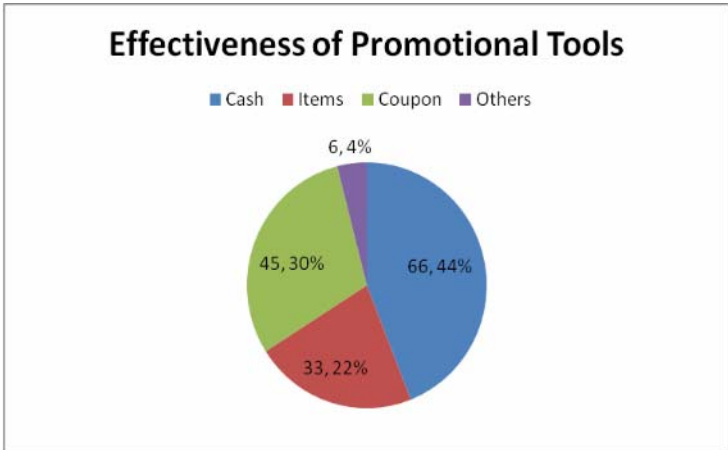


Fig. 4.6

The table shows the effectiveness of the promotional tools. Out of the Total respondents 44% of people choose cash price. 30% item, 22% coupon and 4% of people choose other promotional tools.

Interest on Promotional Contests

Particular	No.	%
Very much	90	60
A bit	27	18
Don't know	18	12
Don't like	15	10
Total	150	100

Table 4.10

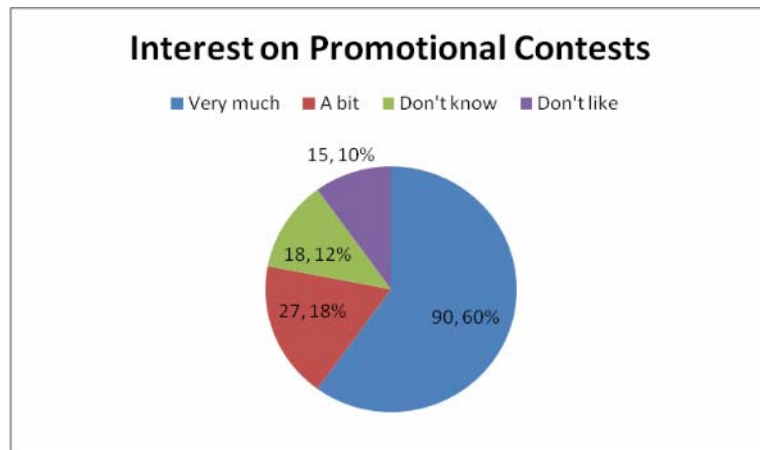


Fig. 4.7

The above table shows the interest of the people on promotional contents. Out of total respondents 60% of people like contests very much. 18% like a bit, 12% of people are indifference of these contests and 10% of people are against of these contests.

Hypothesis no.3

Ho: There is no relationship between contents and consumer behavior.

Ho: There is relationship between contents and consumer behavior

Calculated value of χ^2 is greater than tabulated value ($33.36 > 7.8$). So null hypothesis (H_0) is rejected. So we can say that there is a relationship between contents and consumer behavior i.e. consumer are like sales Promotion contents.

Participation in contents

Particular	No.	Percent
Yes	108	72
No	42	28
Total	150	100

Table 4.11

The table depicts that 72 percent of people taking parts in contents and 28 percent of people do not taking any parts in contents.

Win Prizes

Particular	No.	Percent
Yes	36	24
No	114	76
Total	150	100

Table 4.12

Encourage to Consumer More

Particular	No.	Percent
Yes	84	56
No	66	44
Total	150	100

Table No. 4.13

The above table shows that if promotion scheme should be change 56 percent of people are encouraged to consumer more cold drink and 44 percent of people are not affected by any scheme.

Brand switching

Particular	No.	Percent
Yes	111	74
No	39	26
Total	150	100

Table no. 4.14

The above table shows that 74 percent of people switch their brand if they do not provide any promotion package. And 26 percent of people are brand loyal so they do not change their usual brand.

4.1.4. Media Graphic

To know which media is suitable to convey the messages of sales promotion, which media is more popular, the researcher wants to ask some question like. "Do you watch/read/listen the programs and news from T.V. paper and Radio?" The following is the table relating with media.

Habit on Watching Programs

Particular	No.	Percent
Yes	150	100
No	0	0
Total	150	100

Table 4.15

The table shows that cent percent of people watch/listen/read the programs and news on T. V. radio and paper respectively.

Media on Advertisement

Particular	No.	Percent
T.V.	69	46
Radio	12	8
newspaper	9	6
All	60	40
Total	150	100

Table 4.16

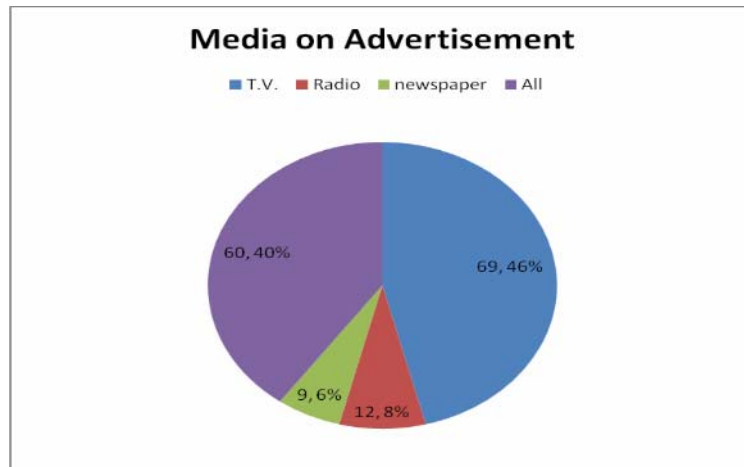


Fig.4.8

The table shows that 46 percent of people choose T.V. 8 percent choose radio, 6 percent choose newspaper and 20 percent of people choose all these media to watch/listen/read the programs and news.

Interest on advertisement

Particular	No.	Percent
Yes	135	90
No	15	10
Total	150	100

Table 4.17

Out of total 50 respondents 90 percent of people show interest on advertisement and 10percent of people not interest on advertisement.

Media selection

Particular	No.	Percent
T.V.	66	44
Radio	18	12
newspaper	15	10
All	51	34
Total	150	100

Table 4.18

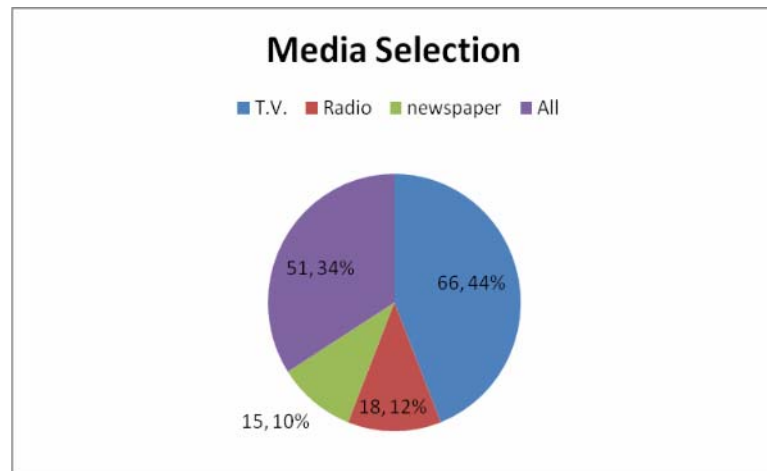


Fig. 4.9

The above table indicates that 56 percent of people select electronic media (include T.V. and radio) 10 percent select print media (newspaper) and 34 percent of people select both print and electronic media.

Hypothesis No. 4

Ho: There is no relationship between media selection and consumer habit.

H1: There is a relationship between media selection and consumer habit.

Tabulated value of x^2 for 3df at 5 percent level of significant is 7.81. Calculated value of x^2 is greater than tabulated value ($16.72 > 7.81$). So null hypothesis (H_0) is rejected i.e. there is relationship between media selection and consumer habit.

4.1.5 Retail Shopkeeper's Opinion(Trade Promotion)

To know what shopkeeper think about sales promotion program the researcher ask some question to them. The following is the table relating with sales person.

Know about promotion Task

Particular	No.	Percent
Yes	144	96
No	6	4
Total	150	100

Table 4.19

The above table shows the coverage of promotion 96 percent of people know about at any one promotional work that manufacture promote and only 4 percent of people do not know about promotion.

Aware of promotion

Particular	No.	Percent
Cash Prizes	48	32
Discount	45	30
Coupon	36	24
Others	21	14
Total	150	100

Table 4.20



Fig:4.10

Out of total respondents 32 percent retailer are aware of cash prizes, 30 percent aware of discount, 24 percent coupon and remaining 14 percent of people aware of others promotional works.

Hypothesis No. 5

Ho: There is no signification difference between promotion and retailer i.e., retailers are aware of promotion.

H1: There is signification difference between promotion and retailers i.e., retailers are not aware of promotion.

Tabulated value of χ^2 at 5 percent level of significance for 3df is greater than calculated value ($7.81 > 3.90$). So we accept null hypothesis

(Ho) i.e. consumers are aware of promotional tasks.

Encourage to Sales

Particular	No.	Percent
Cash	48	32
Discount	45	30
Coupon	39	26
Others	18	12
Total	150	100

Table 4.21



Fig. 4.11

The above table shows that the coverage of promotional tools. 32 percent of retailer is encouraged by cash prize. 30 percent encouraged by discount. 24 percent encouraged by coupon and remaining 14 percent of retailer are encouraged by others tools to sales more.

Hypothesis No. 6

Ho: There is no significances difference between promotion and sales.

H1: There is significance difference between promotion and sales.

Tabulated value of χ^2 at 5 percent level of significance for 3 df is greater than its calculated value ($7.81 > 3.90$). Null hypothesis (Ho) is acceptable i.e. sales and sales promotion is related.

Taken parts on contents

particular	No.	Percent
Yes	147	98
No	3	2
Total	150	100

Table 4.22

The above table shows that 98 percent of sales person (Shopkeepers) are involving at one contents and only 2 percent of are not taken parts on these contents.

Win Prizes

Particular	No.	percent
Yes	138	92
No	12	8
Total	150	100

Table 4.23

The table show that 92 percent of people win prize and only 8 percent of people do not win any prize.

Effectiveness of Sales promotion

Particular	No.	Percent
Yes	114	76
No	36	24
Total	150	100

Table 4.24

The above table shows that effectiveness of sales promotion. 76 percent of retailers are affected by promotion but 24 percent of retailers are not affected by promotion.

Effect of Sales promotion on Sales

Particular	No.	Percent
Yes	120	80
No	30	20
Total	150	100

Table 4.25

80 Percent of retailer of says that they are affected by promotion work. if any product do not provide any promotion package they switch their brand but 20 percent of retailer are brand loyal.

4.2. Trends of Sales

Sales data of cold drinks has taken from distribution and sales office of Coca-cola and Pepsi-cola Company located in Kathmandu. The given data are monthly and yearly basis. So research divided this data on monthly on the brand of distributor report and according to season.

The researcher already presented the data taken from consumer in earlier part. In this part 9 percent and evaluate the data of sales of cold drinks. Out of total cold drink that has been in market the researcher took only two brands of Coca-cola and Pepsi-cola etc for example i.e., coke, fanta, Pepsi, mirinda, Mountain Dew and sprite.

The collected data have been presented using group and bar diagram. Graph and bar diagram is simple and easy to understand actual picture. The researcher use only previous year's data.

4.2.1 Sales Data of Coca-Cola Group

Sales Data of Coca-Cola Group (Coke, Fanta, Sprite)

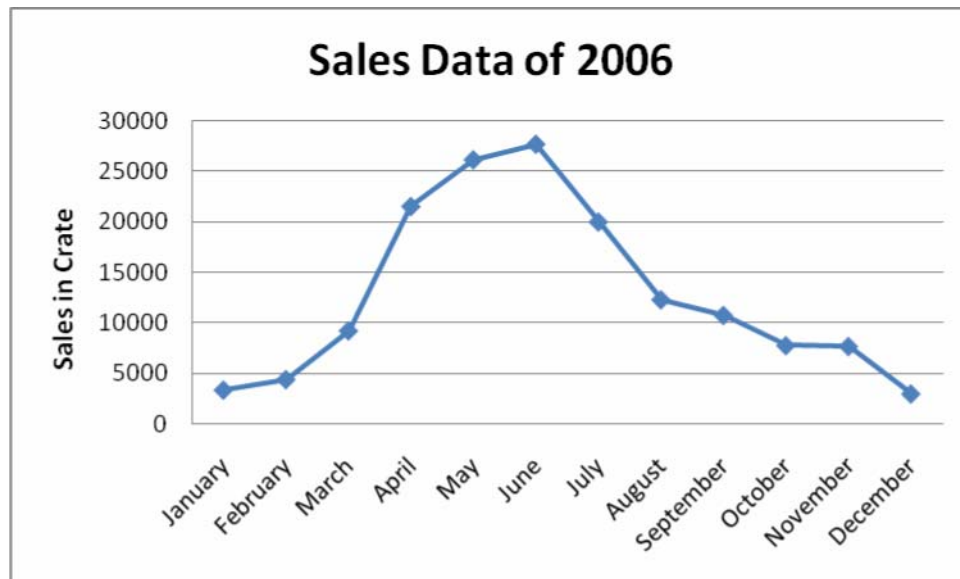
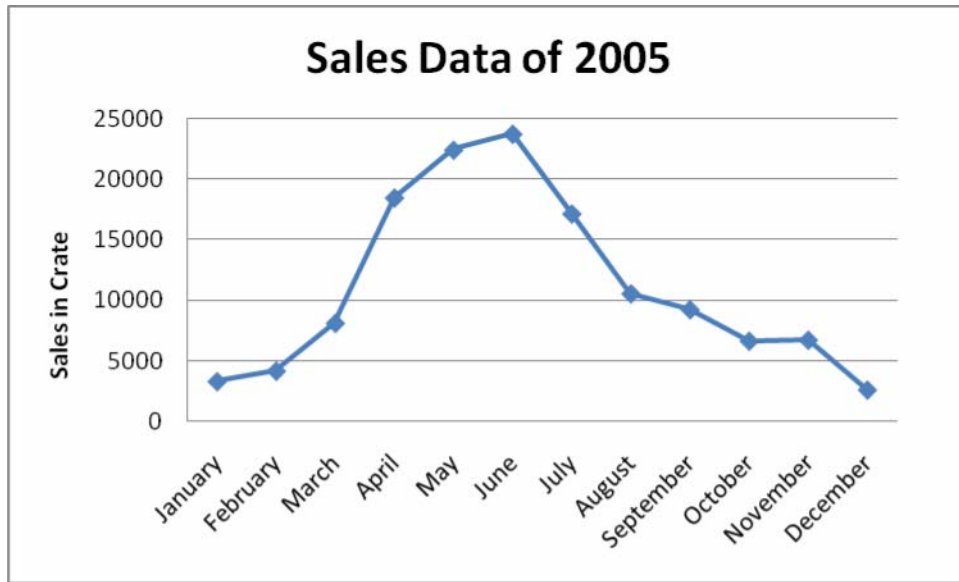
(In 10 crate)

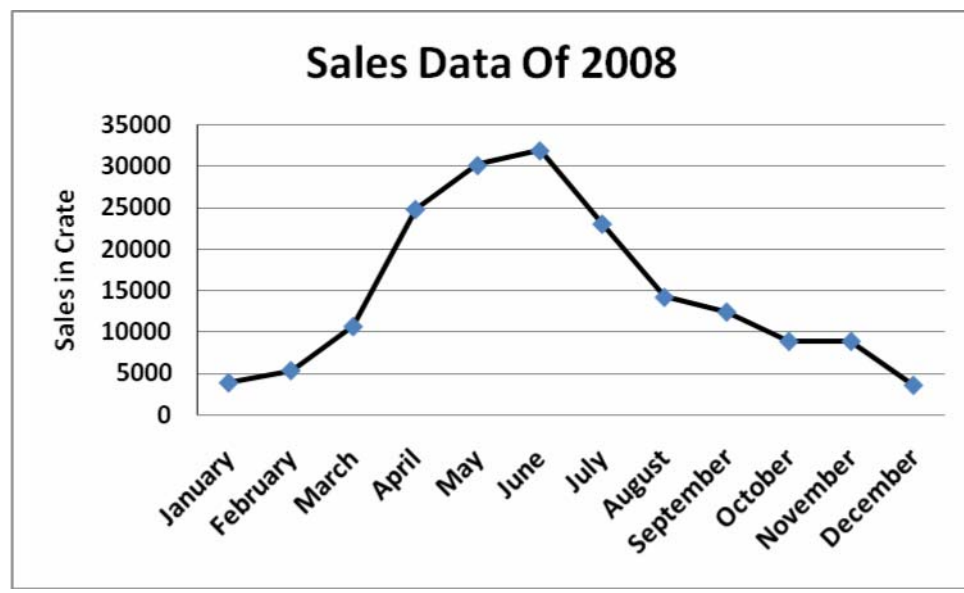
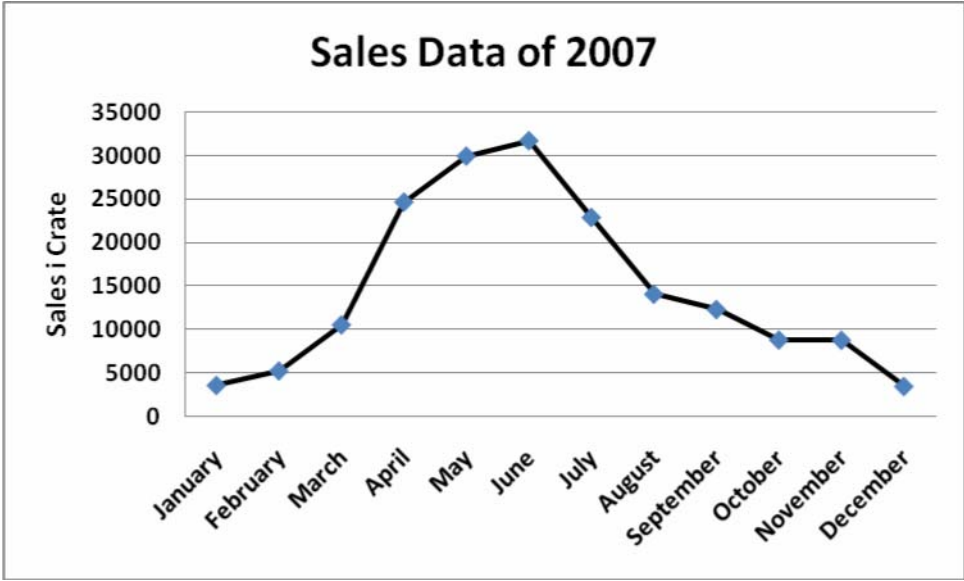
Year /month	2005	2006	2007	2008	2009
January	3290	3380	3620	3840	4140
February	4160	4420	5280	5310	6060
March	8120	9240	10560	10620	11820
April	18480	21560	24640	24780	28250
May	22440	26180	29920	30090	34340
June	23760	27720	31680	31860	36360
July	17160	20020	22880	23010	26260
August	10560	12320	14080	14160	16160
September	9240	10780	12320	12390	14140
October	6640	7780	8820	8850	10140
November	6720	7700	8800	8850	10100
December	2600	3000	3500	3540	4030
Total	133170	154100	176100	177300	201800

Table 4.26

Source: Cock Distributor Kathmandu
(One crate =24 bottles)

Graphical Analysis of Sales Data of Coca-Cola Group





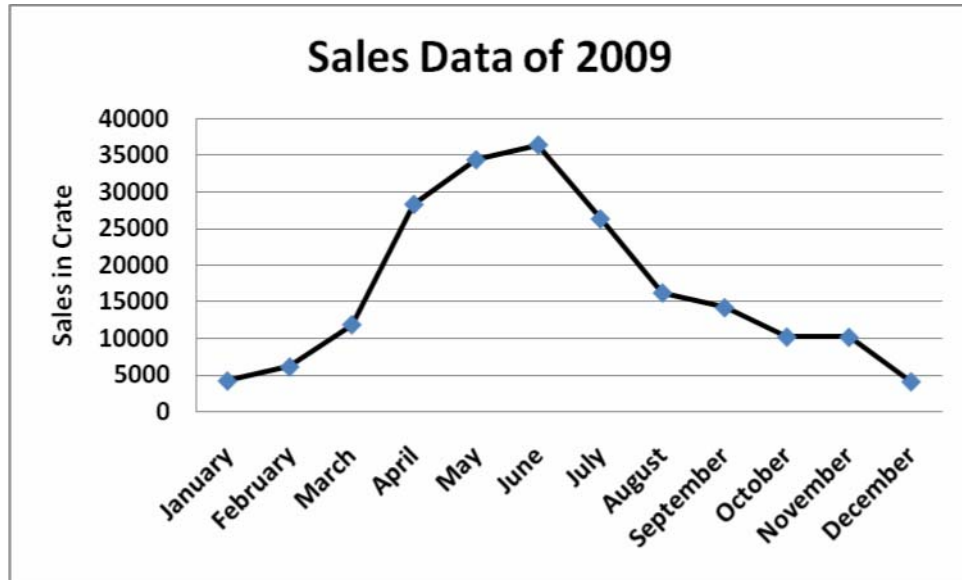


Fig. 4.12

Sales of Coca-Cola Group (Coke, Fanta, Sprite) have gone same way on each year. Maximum sales month is April. May & June. In this month company provide special promotional package and increased sales by 50 percent first and last two months sales are very low because of cold season. After March sales season started. On October Nepalese main festival Dashain and Tihar comes. In this time sales have increased than after gone down. According to marketing manager of coke, April. May and June is the main season. In this time they achieve 50 percent sales target.

In 2006 sales goes up to 154100 crate drinks of Coca-cola whereas year 2007 sales increases up to 176100 crates. On year 2008 sales have gone upward slow rate but in year 2009 sales has reached 201800 crate. In year 2008 company has not provide any new special promotional program. So Sales has increased slowly. In year 2009 Coke Company provide special freeze scheme, discount scheme, free coke scheme (liquid only), coupon scheme, etc.

4.2.2 Sales Data of Pepsi Group (Pepsi, Mirinda, Mountain Dew, Slice)

Sales Data of Fanta

(In 10 crate)

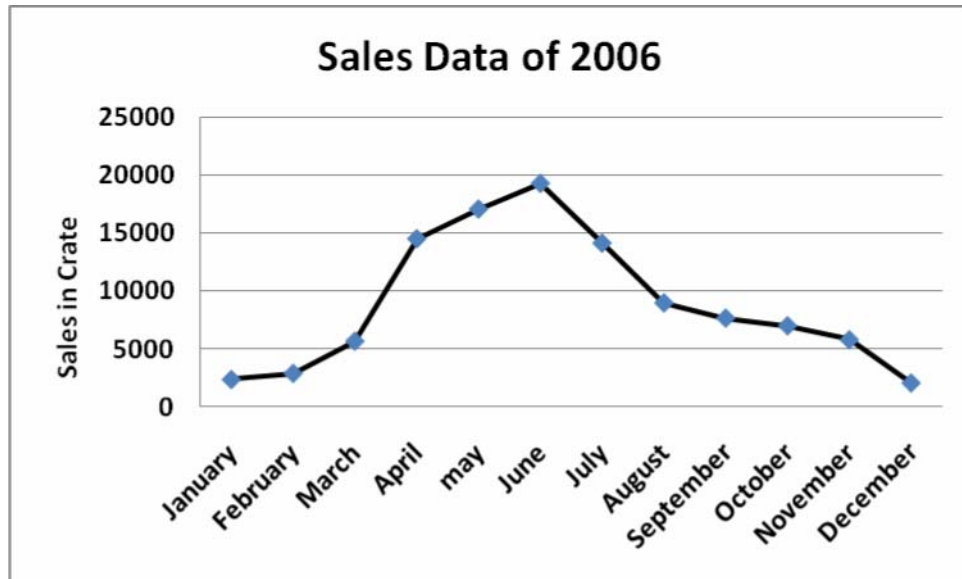
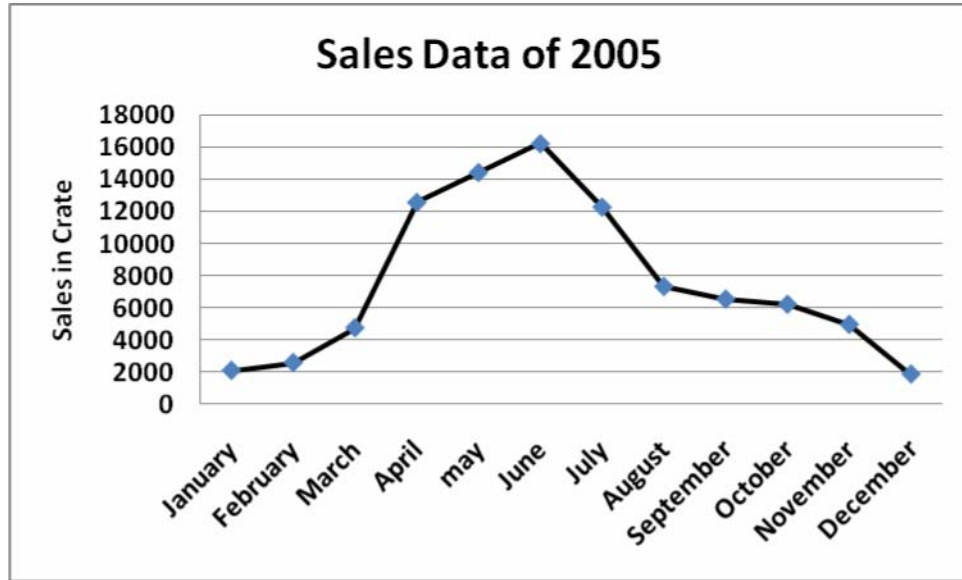
Year/Month	2005	2006	2007	2008	2009
January	2085	2355	2650	2835	3125
February	2576	2885	3665	3885	4235
March	4755	5660	7145	7505	8265
April	12588	14500	16025	18995	20625
may	14464	17065	18975	21225	23025
June	16256	19275	21065	22115	24255
July	12296	14125	15875	17225	19045
August	7336	8965	9235	9665	10205
September	6544	7655	8020	8655	9225
October	6220	6990	7550	8110	8855
November	4960	5780	6250	7335	8550
December	1860	2055	2285	2450	2850
Total	91940	105255	118740	130000	142260

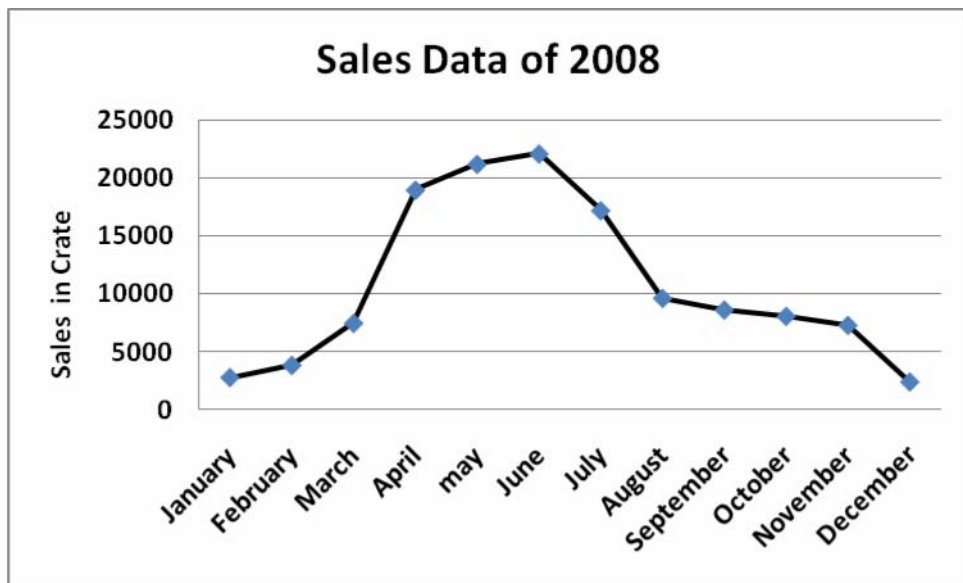
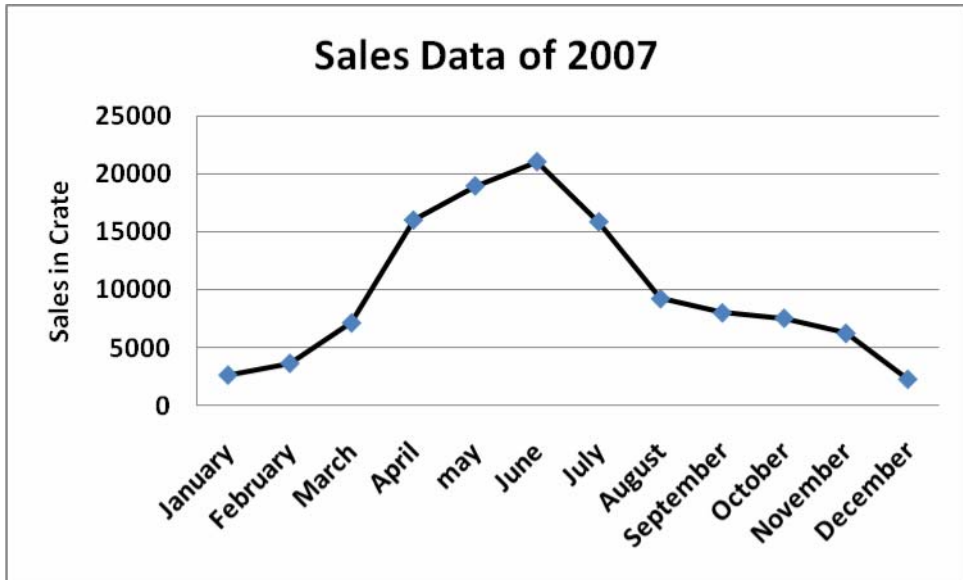
Table 4.27

Sources: - Pepsi-cola distributor, Kathmandu

(1 crate - 24 bottles)

Graphical Analysis of Sales Data of Pepsi Group





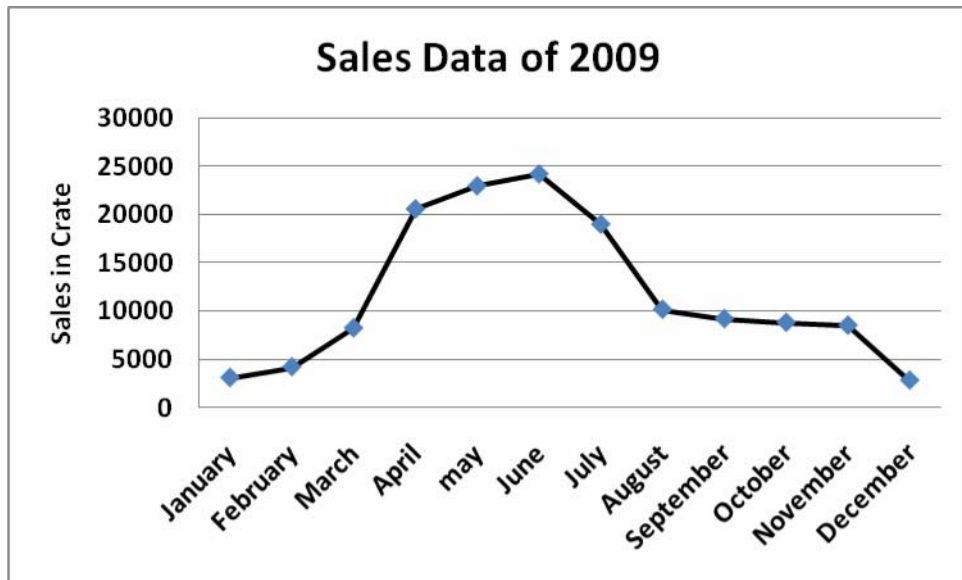


Fig. 4.13

Sales of Pepsi-cola group have gone same way on each year. The company achieve maximum sales target on April, May, June and October. On this four month company sales has above 50 percent out of total years sales. In this season company provide various consumer and dealer promotion program has clearly show that sales are increased on April, May and June then decrease on October sales is again go up because of Dashain and Tiwar. In these month sales goes high rate because of different festivals and wedding season of Hindu people.

In 2006 sales of Pepsi-cola group has reached 105255 crate levels. In 2007 its sales gone 118740 crate likewise in 2008 sales has reached 130000 crates and in 2009, it achieve its target on 142260 crate. Pepsi-cola group is 2nd largest selling of cold drinks in Nepal. Every year also provide special promotion program freeze, free drink, coupon contents and other various programs has done by the company. So Pepsi-cola has increased its sales every year.

4.3 Sales promotion Expenses

Sales promotion Expenses of Coca-Cola Group

Sales promotio Expenses of Coca-Cola Group

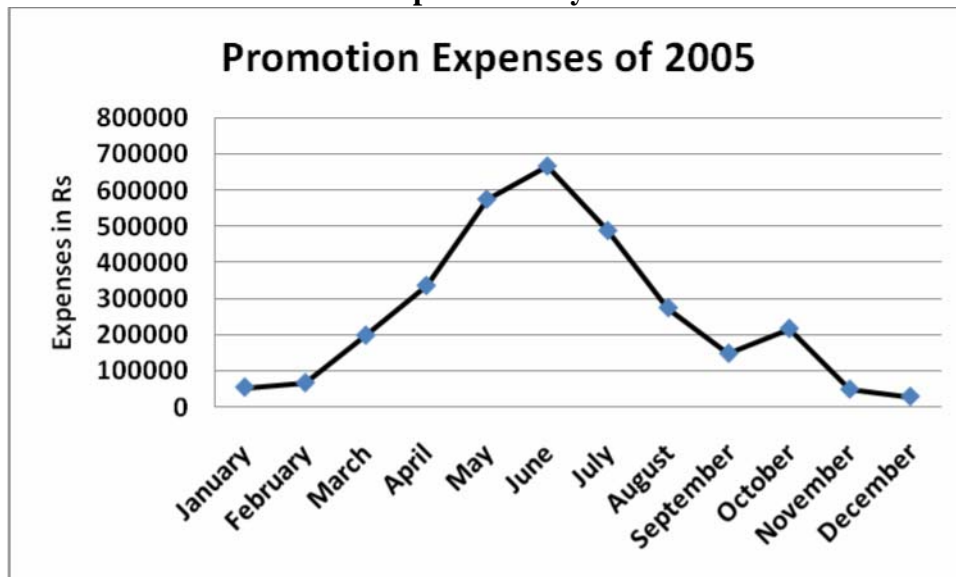
(In Rs)

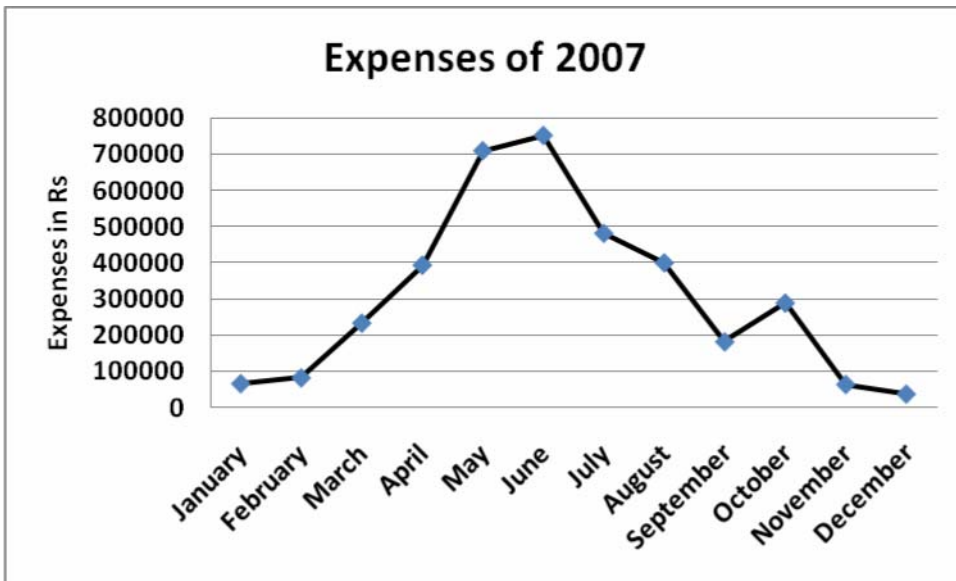
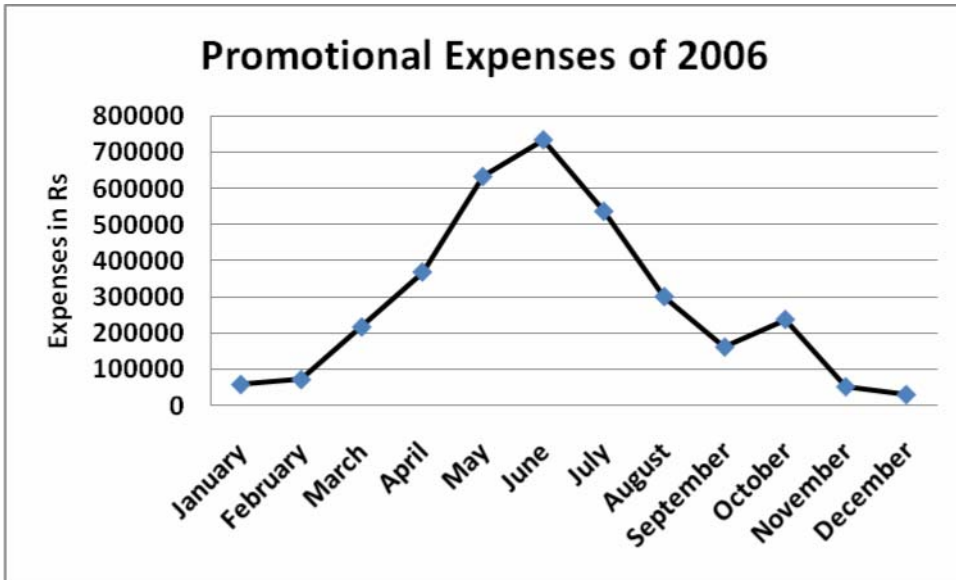
Year/Month	2005	2006	2007	2008	2009
January	55200	60720	68500	75350	82200
February	67400	74140	84200	92620	101040
March	199000	218900	235000	258500	282000
April	336600	370260	394800	434280	473760
May	575800	633380	710200	781220	852240
June	667500	734250	752400	827640	902880
July	488800	537680	482700	530970	579240
August	275200	302720	401300	441430	481560
September	148900	163790	183500	201850	220200
October	217800	239580	290400	319440	348480
November	49500	54450	66000	72600	79200
December	29700	32670	39600	43560	47520
Total	3111400	3422540	3708600	4079460	4450320

Table 4.28

Sources: NBL Annual Report

Graphical Analysis





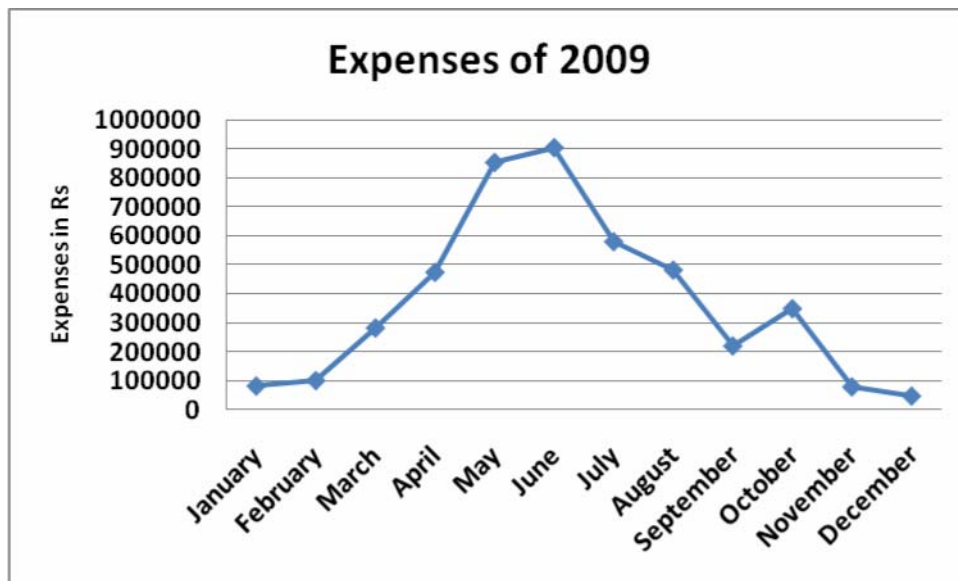
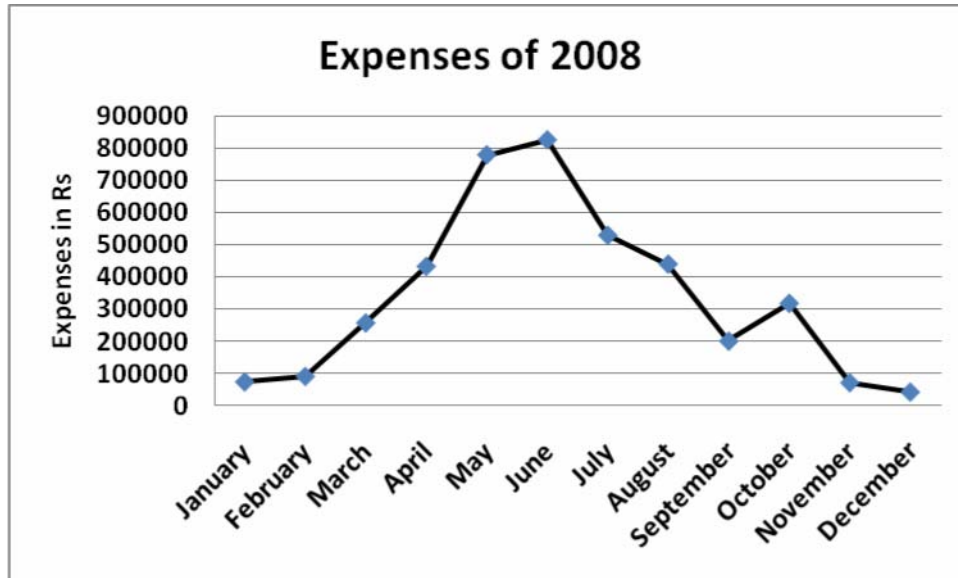


Fig. 4.14

The coca cola company spends on sales promotion program same schedule each year. Company provide special promotion package on April, May and June each year. This time is pick season for cold drinks. In this three month, company wants to achieve more than 50 percent sales target on overall year. For achieve this target distributor make sales schedule and provide various dealer and consumer promotion program. On October again company provide Dashain and Tiwar special program. We can see on graph that the maximum sales months are April, May, June and October.

Coca cola is the largest selling company in Nepalese cold drink market. Coca cola spend large amount on its sales promotion program. In 2006 it spends Rs. 3422540 and on 2007 spends Rs. 3708600. Likewise, it spends Rs.4079460 and Rs.4450320 on year 2008 and 2009 respectively. The company already made schedule of sales and promotional expenses. Every year it increased its promotion budget. To capture new market and kept safety present market it is necessary to provide various consumer and dealer promotion package.

4.4. Sales promotion Expenses

Sales promotion Expenses of Pepsi-Cola Group

Sales promotion Expenses of Pepsi-Cola Group

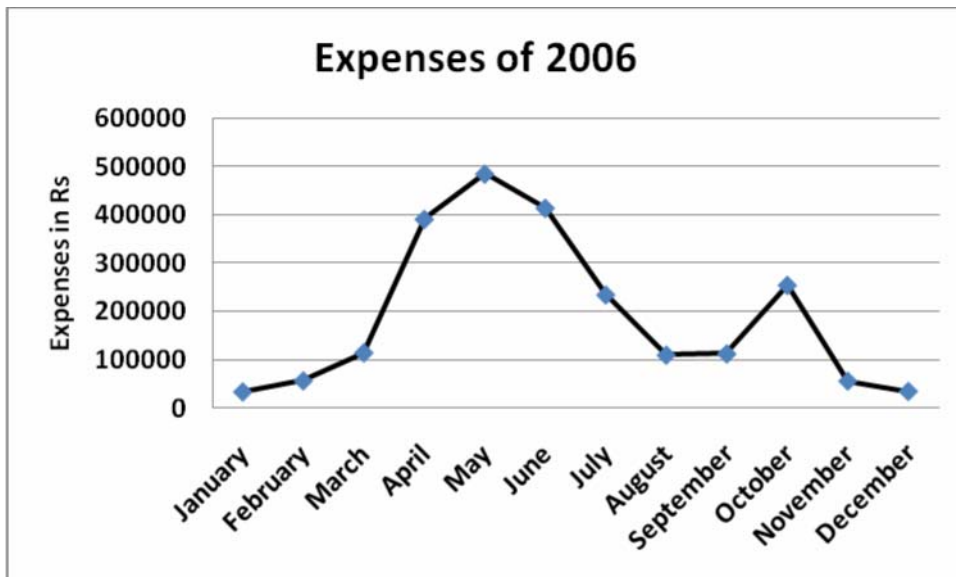
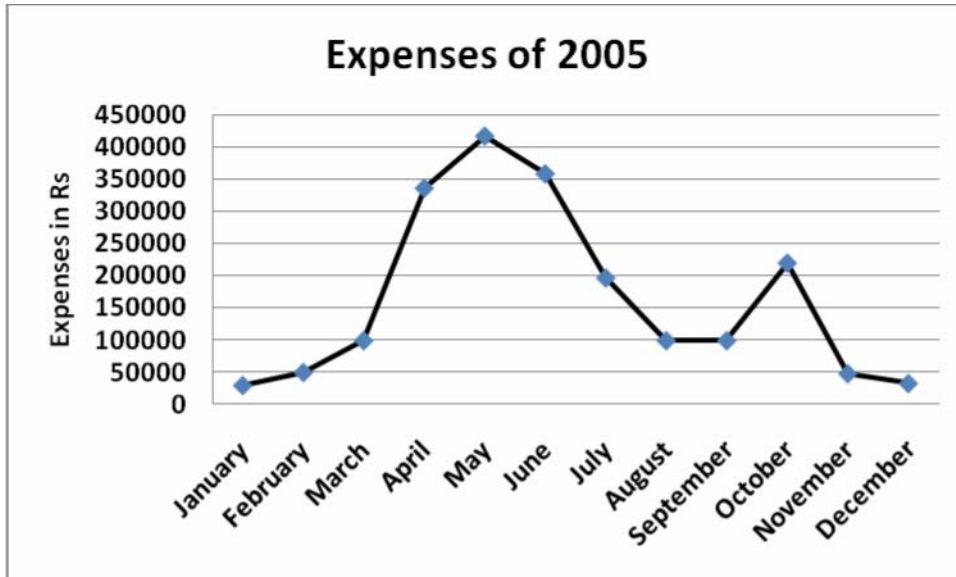
(In Rs)

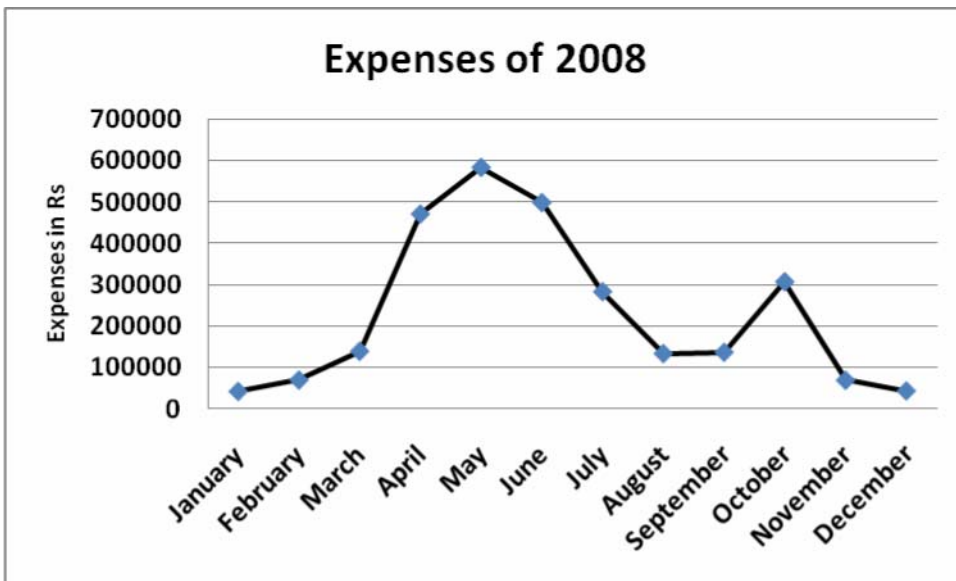
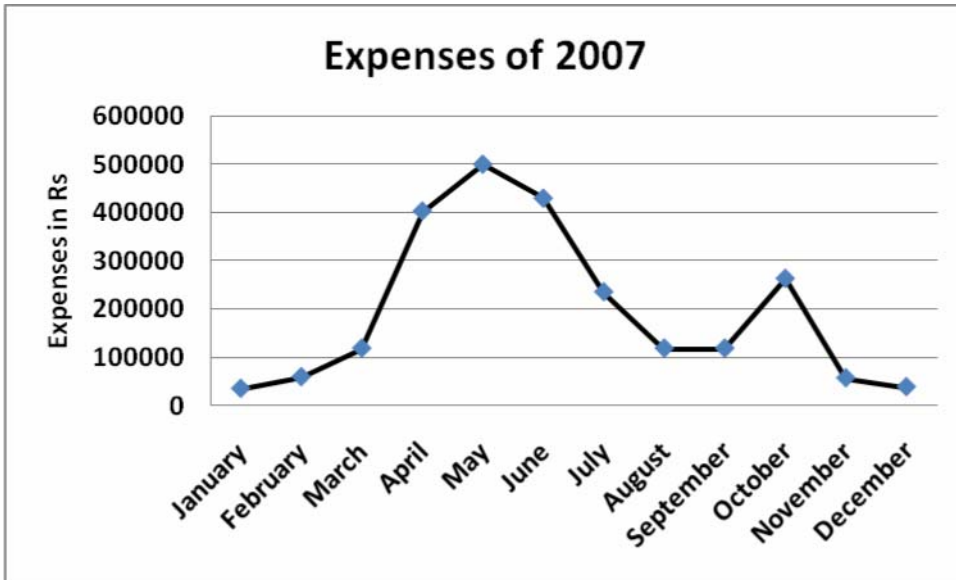
Year/Month	2005	2006	2007	2008	2009
January	29500	34750	35400	41700	42480
February	49700	57650	59640	69180	71568
March	99000	115570	118800	138680	142560
April	335800	392000	402960	470400	483550
May	416600	485800	499920	582960	599904
June	458000	515100	529600	598120	615520
July	196400	235500	235680	282600	282816
August	99000	111000	118800	133200	142560
September	99000	113500	118800	136200	142560
October	219500	255500	263400	306600	316080
November	47800	57250	57360	68700	68832
December	32500	35750	39000	42900	46800
Total	2082800	2409370	2479360	2871240	2955230

Table 4.29

Source: VB Pvt.Ltd. Annual Report

Graphical Analysis





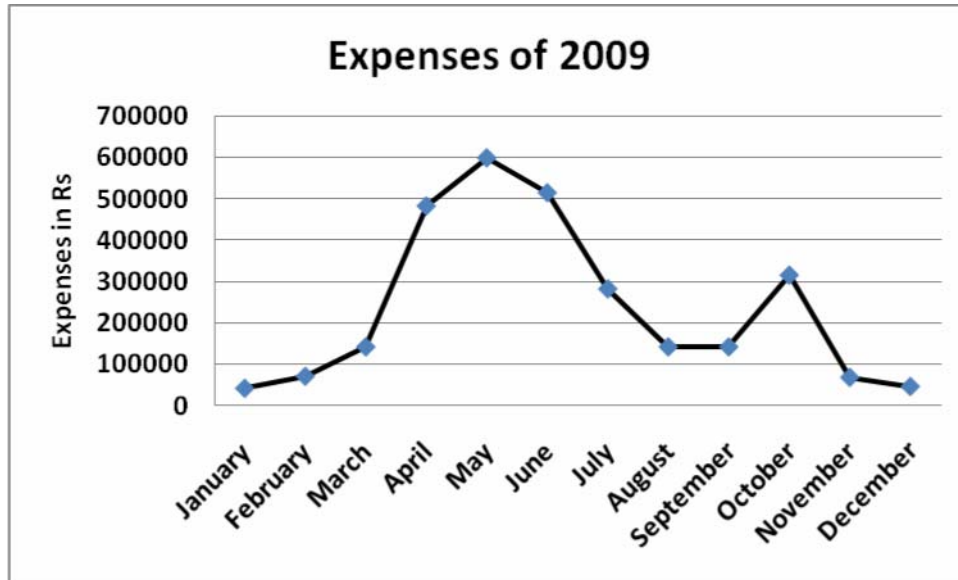


Fig: 4.15

The Pepsi cola company spends on sales promotion program same schedule each year. Company provide special promotion package on April, May and June each year. This time is pick season for cold drinks. In this three month, company wants to achieve 50 percent sales target on overall year. For achieve this target distributor make sales schedule and provide various dealer and consumer promotion program. On October again company provide Dashain and Tiwar special program. We can see on graph that the maximum sales months are April, May, June and October.

Pepsi cola is the 2nd largest selling company in Nepalese cold drink market. Pepsi cola spend large amount on its sales promotion program. In 2006 it spends Rs.240970 and on 2007 spends Rs. 2479360. Likewise, it spends Rs.2871240 and Rs. 2955230 on year 2008 and 2009 respectively. The company already made schedule of sales and promotional expenses. Every year it increased its promotion budget. To capture new market and kept safety present market it is necessary to provide various consumer and dealer promotion package.

4.5. Impact of Sales Promotion

Impact of sales promotion on sales of cold drinks is measured through regression analysis. The regression analysis between sales of cold drinks and sales promotion expenses. In the regression analysis the following results have been seen (see appendix 6).

4.5.1 Regression Analysis of the Data

Regression is a popular tool in the statistics. This analysis is a mathematical measure of the average relationship between two or more variables in terms of original units of data. It also clearly indicates the cause and effect relationship between the variable. The variable corresponding to effect is taken as dependent variables.

Here in our calculation, we denote X as expenses on sales promotion independent variable and Y as sales dependent variable as per actual basis. We have considered the data for the period when the sales promotion was on the market. Three months data only have been taken for the calculation purpose. These months are April, May and June. All data are in thousand ('000) unit.

4.5.2 Analysis of the Result of Regression

On regression analyses the research tries to show the relationship between the sales data and the expenses done sales promotion. (See the analysis Appendix 6).

Both the cold drinks coca-cola and Pepsi-cola, sales promotion expenses and sales data has shown positive relation between the expenses and the sales. From statistical calculation, we have found that the regression coefficient between sales promotion expenses and sales volume 0.04 in both coca-cola and Pepsi-cola group.

This section deals with a comparative study in between the promotional expenses and the sales of these two brands of cold drinks in a percentile incremental basis of the Promotional Expenses and sales. The table 4.26 below presents a highlight of this:

4.5.3 Comparative Analysis Result

Comparative Analysis of Promotional Expenses and Sales Generation of Coca-Cola and Pepsi-Cola cold drinks:

Fiscal Year (F/Y)	Increment in Sales Promotion Expenses of Coca-Cola (in %)	Increment in Sales Volume of Coca-Cola (in %)	Increment in Sales Promotion Expenses of Pepsi-Cola (in %)	Increment in Sales Volume of Pepsi-Cola (in %)
2005/6	10	15.72	15.68	14.48
2006/7	8.36	14.28	2.90	12.81
2007/8	10	0.68	15.80	9.48
2008/9	9.09	13.82	2.93	9.43

Table No 4.30

The above table No. 4.30 “**Comparative analysis Result**” indicates that the sales Promotions expenses of both cold drinks have generated an increment in the Sales Volume of cold drinks of both companies. The huge amount of sales Coca-Cola increment by 10% of sales promotion expenses increment in year 2005. Similarly in the following year sales but comparatively less than year 2005/6 except year 2007/8. 10% increment in sales promotion expenses does not impact on sales volume significantly.

The sales of Pepsi-Cola increased by 14.48% result of 15.68% increment in sales promotion expenses in year 2006/7 by only 2.9% increment in promotion expenses. The highest increment of promotion expenses 15.8% in year 2007/8 results only 9.98% sales volume increment. The trends of both cold drinks’ sales volumes increment positively correlated to their sales promotion expenses.

4.6 Finding of the Study

The major objective of the present study to see sales promotional tools are effective or not on the sales of the cold drink. The whole research is sub divided on the basis in interpretation and analysis into two parts i.e. first effect of sales promotion from the consumer and shopkeepers view point and second effects on sales promotion from the calculation of sales data.

On the basis of analysis of the consumer view point and sales data separately. The major findings are:

1. The person who drinks occasionally and prefers Coke and Pepsi brand more than others (Sprite, Dew, Fanta, Mirinda).
2. People are aware about sales promotion activities out of them most people know about item prize than coupon than cash prizes. But cash prize is effective than others tools.
3. The cold drink drinker's have not particular choice of brands. So the concept of brand loyalty is not founding Nepalese cold drink market. So they can easily be directed towards one particular brand through proper marketing net.
4. All media is not popular among the people. Only electronic media (specially.) is very popular among the people and the people who watch and listen media notice the ads, the percentage of the people notice ads for entertainment are higher than for information.
5. Retailers are interested on promotional program. They are aware of cash prizes then other promotional work.
6. Sales promotion programmed has positive impact on retailers and must of them taken parts on contents and win prizes.

7. Large number of people is interested on promotional contents that the manufacturer launches various occasions
8. The sales of cold drinks increasing month by month but the ratio of sales is higher is the months when the companies launched sales promotion program. This indicated that is positive relationship between the sales and the sales promotion. If expenses on sales promotion increases the sales increase in a high speed.
9. The sales of one brand does not significantly affect negatively to the sales of other brands. As the observation shows that the trend of all two brands are increasing.
10. It is found that cold drink distributor generally conduct 3 months special promotion package one times in a year. In this time they achieve 50 percent sales target of per year.
11. From the regression it is clearly seen that if the expenses on the sales promotion increases the sales of the product will be increases.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATIONS

5.1 Summary

Due to the globalization of the business, the world has become so close that a company can easily access to the market of the other part the world. The companies are facing through challenges to market their product. Over the years, the thrust has shifted from efficient productions to the swift marketing.

Publicity, advertisements personal selling etc. have all become so usual that the consumer hardly get excited by the these techniques. In the meantime, sales promotion came as a panacea for the manufacturer as the number of brands increases in the market. Advertising, personal selling and publicity create more noise for the consumer on the contrary. The rewarding offers, made through sales promotion methods prove be more attractive to consumers. As a result, sales promotion methods prove to be more attractive to consumers. As a result, sales promotion has received greater attention and afford of the sales force the encourage sales to stock the product and to persuade consumer to try the product. The use and practice of sales promotion method in Nepal is relatively very late.

Nepal is country of rural markets which are far from modernized system. The economy is characterized by low average per capita income. Though the concept of buying Nepali products is nowhere, because of low availability of local brands, consumers have been buying foreign products and brands since very long. So the practice of sales promotion methods within the country is very limited. Promotion as an element of marketing mix demands other elements to be equally effective. The reputation which is earned by value sold is an asset to the follow up program of promotion. But the availability of the non branded products at cheap price from the manufactures have created an environment of competition with few industries especially liquors and beer, soft drinks, soap, instant noodles, tea etc.

The concept to pick up this subject for research came into mind because the Nepalese companies are using this technique very much but nobody has tried to do research and find out its effectiveness in Nepalese market the researcher work on this topic as because this is virgin and challenging area for research. In Nepal the increasing importance of sales promotion in marketing, as compared to media advertising, over the past fifteen years is the result of success achieved thoroughly sales promotion. The reason behind this has been the challenge of competition faced by business and industry during the latter part of this century. Sales promotion refers the use of different promotion tools stimulate or to create immediate sales.

Coca-cola and Pepsi-cola company (brands: - coke, sprite, fanta, Pepsi, Mirinda, dew etc) were established in the private sector they constantly offer prizes and other tools as a promotional techniques. This companies practice the sales promotion method to achieve the following objectives.

1. To offset the impact of a new competitive products.
2. To create demand for a new product.
3. To pursue other brands users.
4. To get rid of competition.
5. To establish purchase habit to the initial users.
6. To increase immediate sales.
7. To recover loss in sales.
8. To meet competition.
9. To simplify and encourage to work of salesmen to sell.

Cold drinks companies in Nepal are primarily using the general tools like contents price cash prizes and item prizes. And the cold drink company somewhat is able to achieve the basic objective of the sales promotion.

Sales promotion offers consists of various tools. The tools which have been taken into consideration for the purpose of this study include free goods offer, coupon, premiums, sampling, contests, cash prizes advertisement specialties etc. The objective of promotion in relation to the consumers is to reach new users, to load current users, to increase product

usage, to reinforce brand advertising and to introduce new products. These objectives may be further divided to four categories with a number of subordinate objectives. Such tools as sampling, coupons, consumer deals, advertising specialties and contest may be offered at the introduction stage to introduce new products, to produce for trials and to convert tries into regular users. Two of the above promotional tools viz. coupons and consumer deals may be suitable at the growth stage besides premium at this stage. Thus coupons premiums and consumer deals may be contemplated to load current users, to load regular users, to increase usage by present users and get rid of competition at growth stage. Similarly sampling, coupons, premiums and contests are considered suitable to hold current users against competition activity, and to stimulate impulse buying at me maturity stage. During the latter part of the maturity stage, when the product shows a declining trend, sales promotion tools like coupon and premiums may be introduce to increase product usage to reach large number of prospects, to gain increased display area and shelf space in the store, to offset seasonal slumps, and to offset the impact of new competitive products. Above all the promotional tools are popular and effective sales promotion tools in all level of product life cycle in Nepal.

The questionnaires were distributed in Kathmandu and the sales data taken from company's annual report and distributor sales record. Out of collected data, chi square (x^2) method and regression method of statistic were used to see the different result. Chi square test's result show that electronic media is popular and the regression result shows that the increase in promotional expenses causes the overall sales of the cold drinks is very high.

5.2 Conclusion

The overall conclusion of this study would be the following:-

The sales promotion activities do positive impact on sales of both cold drink brands. From the regression analysis it became so clear that if sizeable amount is spent on promotional activities the sales would increase accordingly.

The studies find that besides other cash prize is most accepted as well as effective and widely used mode of sales promotion.

Electronic media is most accepted by the people. So far sales promotion purpose the electronic media is very suitable.

Comparative analysis shows, there is a strong Positive relationship between sales promotion expenses and sales volume of these two cold drinks Company. Which justify the strong impact of sales promotion on sales and other hand, it clarified that sales promotion helps to increase the sales.

The present study finds that besides the consumers have not particular choice of brands. So the concept of brand loyalty is not found in Nepalese consumer. So, they can easily be directed towards one particular brand through proper promotional activities.

In summary, increasing sales of one brand does not affect negatively to the sales of other brand. They all can increase their sales through promotional activities and create own separate new market.

5.3 Recommendations

Sales are the very pivotal activities of any industries. The success and failure of the industries depend on the sales of the products. The whole world is running after the sales. Companies expense huge amount for research on consumer habit and effective sales activities. So the sales promotion is the key factor to increase sales.

On the basis of findings of the present study, the following recommendations are advised to the industries. If the recommendations are properly applied the positive impact can be seen.

- i)** The electronic media is very popular among the people. So the heavy media coverage should be acquired. The advertisement should be more entertaining which can able to cater the need of brands information too, should be introduced.
- ii)** Proper tools/mode of sales promotion has to be selected. It is proved that cash prizes are effective both consumer and sales person's view. So thrust on cash prizes than item prizes should be given cold drinks companies. Sometimes items like audio system, cycle etc. They should be cut down and cash prize, free drinks should be introduced. If done so more people will get the prizes. Findings have already shown that the persons, who get the prize can be easily indeed to have cold drink.
- iii)** Findings proved that the sales promotion have impacts on the sales of the cold drinks. But the company launches the special sales promotion package for only 3 or 4 months. It is strongly advised that sales promotion programs should be launched at least 6 months, be it, the programs has to be broken into two parts, and the expenses made on the promotion should be lower down a bit. If it is done the overall average sales for the year will be increased substantially.
- iv)** Through the increase in the sales expenses have positive impacts on coca-cola. The expenses should be made wisely, the selection of the mode of sales promotion, the section of period to launch sales promotion program should be made wisely. It is advised that the monthly sales promotion expenses should be longer than present so that the yearly sales would be increased.

If the suggestions are to be followed properly by the industries, the positive impact on the sales as well as on the image of the companies and also the image of the cold drinks among the consumers would be positive.

At the last, sales promotion covers a wide range of short term incentive tools designed to stimulate the consumer market, the trade, and the organizations own sales force. Sales promotion expenditures now exceed advertising expenditures and are growing at a faster rate. So as in Nepal too, the use of this marketing techniques is increasingly high. Thus, t`he use of sales promotion is very important if the use would be in a proper way.

Appendix-1

H₀: There are no significant different among consumer

H₁: There are significant different among consumer

Particular	O	E	O-E	(O-E) ²	(O-E) ² /E
Daily	30	37.5	-7.5	56.25	1.5
Once a Week	54	37.5	16.5	272.25	7.25
Once a Month	39	37.5	1.5	2.25	0.06
Occasionally	27	37.5	10.5	110.25	1.94
Total	150				11.76

Degree of freedom = (n-1) = 4-1 = 3

Tabulated value of X² at 5 % level of significance for 3 d.f. is 7.81

Appendix-2

H₀: Consumers are brand loyal

H₁: Consumers are not brand loyal

Cold Drinks	O	E	O-E	(O-E) ²	(O-E) ² /E
Pepsi	90	50	40	1600	32
7up	42	50	-8	64	1.28
Mirinda & Others	18	50	-32	1024	20.64
Total	150				53.92

Degree of freedom = (n-1) = 3-1 = 2

Tabulate value of X² at 5% level of significance for 2 d.f. is 5.99

Appendix-3

H₀: There is no relationship between contest and consumer's behavior i.e. Consumers like sales promotional contest

H₁: There is a relationship between contests and consumers behavior i.e. Consumers like sales promotional contest

Interest	O	E	O-E	(O-E) ²	(O-E) ² /E
Very much	90	37.5	52.5	2756.25	73.5
A bit	27	37.5	-10.5	110.25	2.94
Don't know	18	37.5	-19.5	380.25	10.14
Don't like	15	37.5	-22.5	506.25	13.5
Total	150				100.08

Degree of freedom = (n-1) = 4-1 = 3

Tabulate value of X² at 5% level of significance for 3 d.f. is 7.81

Appendix-4

H₀: All types of media are equally popular among consumer.

H₁: All types of media are not equally popular among consumer.

Media	O	E	O-E	(O-E) ²	(O-E) ² /E
Television	66	37.5	28.5	812.25	21.66
Radio	18	37.5	-19.5	380.25	10.14
Newspaper	15	37.5	-22.5	506.25	13.5
All	51	37.5	13.5	182.25	4.86
Total	150				50.16

Degree of freedom = (n-1) = 4-1 = 3

Tabulated value of X² at 5% level of significance for 3 d.f. is 7.81

Appendix-5

H₀: There is no significance difference between promotion and consumer

H₁: There is significance difference promotion and consumer

Promotional tools	O	E	O-E	(O-E) ²	(O-E) ² /E
Cash	48	37.5	10.5	110.25	2.94
Discount	45	37.5	7.5	56.25	1.5
Coupon	36	37.5	-1.5	2.25	0.06
Other	21	37.5	-16.5	272.25	7.26
Total	150				11.76

Degree of freedom = (n-1) = 3-1 = 3

Tabulated value of X² at 5% level of significance for 3 d.f. is 7.81

Appendix: 6

2005 Coca-Cola

Regression Coefficient Calculation for data 2005 of Coca-cola sales

Let, x= Sales promotion expenses = independent variable

Y= Sales of cold drinks (Coca-cola) = dependent variable

Data in '000'

X	Y	XY	X ²	Y ²
337	18	6066	113569	324
576	22	12672	331776	484
667	24	16008	444889	576
Σx= 1580	Σy=64	Σxy=34746	Σx²=890234	Σy²=1384

Required equation is :

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1580}{3} = 526.67$$

$$\bar{y} = \frac{\sum y}{N} = \frac{64}{3} = 14.67$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{34746}{890234} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 14.67 = 0.04(x - 526.67)$$

$$y = 0.04x - 21.67 + 14.67$$

$$y = 0.04x - 6.4$$

When x=1000,

$$y = 0.04 \times 1000 - 6.4$$

$$y = 40 - 6.4$$

$$y = 33.6$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 33.6 crates in year 2005.

2006 Coca-Cola

Regression Coefficient Calculation for data 2006 of Coca-cola sales

Let, x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Coca-cola) = dependent variable

Data in '000'

X	Y	XY	X ²	Y ²
370	22	8140	136900	484
633	26	16458	400689	676
734	28	20552	538756	748
$\Sigma x = 1737$	$\Sigma y = 76$	$\Sigma xy = 45150$	$\Sigma x^2 = 1076345$	$\Sigma y^2 = 1944$

Required equation is :

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1737}{3} = 579.00$$

$$\bar{y} = \frac{\sum y}{N} = \frac{76}{3} = 25.33$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{45150}{1076345} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 25.33 = 0.04(x - 579)$$

$$y = 0.04x - 0.04x579 + 25.33$$

$$y = 0.04x - 23.16 + 25.33$$

$$y = 0.04x - 8.83$$

When $x=1000$,

$$y = 0.04 \times 1000 - 8.83$$

$$y = 40 - 8.83$$

$$y = 31.17$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 31.17 crates in year 2006.

2007 Coca-Cola

Regression Coefficient Calculation for data 2007 of Coca-cola sales

Let, x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Coca-cola) = dependent variable

Data in '000'				
X	Y	XY	X ²	Y ²
395	25	9875	156025	625
710	30	21300	504100	900
752	32	24064	565504	1024
Σx= 1857	Σy=87	Σxy=55239	Σx²=1225629	Σy²=2549

Required equation is :

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1857}{3} = 619.00$$

$$\bar{y} = \frac{\sum y}{N} = \frac{87}{3} = 29.00$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{55239}{1225629} = 0.05$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 29 = 0.05(x - 619)$$

$$y = 0.05x - 0.05x619 + 29$$

$$y = 0.05x - 30.95 + 29$$

$$y = 0.05x - 1.95$$

When $x=1000$,

$$y = 0.05 \times 1000 - 1.95$$

$$y = 50 - 1.95$$

$$y = 48.05$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 48.05 crates in year 2007.

2008 Coca-Cola

Regression Coefficient Calculation for data 2008 of Coca-cola sales

Let, x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Coca-cola) = dependent variable

Data in '000'				
X	Y	XY	X ²	Y ²
434	25	10850	188356	625
781	30	23430	609961	900
828	32	26496	685584	1024
Σx= 2043	Σy=87	Σxy=60776	Σx²=1483901	Σy²=2545

Required equation is :

$$y - \bar{y} = byx(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{2043}{3} = 681.00$$

$$\bar{y} = \frac{\sum y}{N} = \frac{87}{3} = 29.00$$

Calculating regression coefficient byx

$$byx = \frac{\sum xy}{\sum x^2} = \frac{60776}{148391} = 0.04$$

$$y - \bar{y} = byx(x - \bar{x})$$

$$y - 29 = 0.04(x - 681)$$

$$y = 0.04x - 0.04x681 + 29$$

$$y = 0.04x - 27.24 + 29$$

$$y = 0.04x - 1.76$$

When $x=1000$,

$$y = 0.04 \times 1000 - 1.76$$

$$y = 40 - 1.76$$

$$y = 41.76$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 41.76 crates in year 2008.

2009 Coca-Cola

Regression Coefficient Calculation for data 2009 of Coca-cola sales

Let, x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Coca-cola) = dependent variable

Data in '000'

X	Y	XY	X ²	Y ²
474	28	13272	224676	748
852	34	28968	725904	1156
903	36	32508	815409	1296
Σx= 2229	Σy=98	Σxy=74748	Σx²=1765989	Σy²=3200

Required equation is:

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{2229}{3} = 743.00$$

$$\bar{y} = \frac{\sum y}{N} = \frac{98}{3} = 32.67$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{74748}{1765989} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 32.67 = 0.04(x - 743)$$

$$y = 0.04x - 0.04x743 + 32.67$$

$$y = 0.04x - 29.72 + 32.67$$

$$y = 0.04x + 2.95$$

When $x=1000$,

$$y = 0.04 \times 1000 + 2.95$$

$$y = 40 + 2.95$$

$$y = 42.95$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 42.95 crates in year 2009.

2005 Pepsi-Cola

Regression Coefficient Calculation for data 2005 of Pepsi-cola sales

Let, x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Pepsi-cola) = dependent variable

Data in '000'

X	Y	XY	X ²	Y ²
336	13	4368	112896	169
417	14	5838	173889	196
458	26	7328	209764	256
$\Sigma x = 1211$	$\Sigma y = 43$	$\Sigma xy = 17534$	$\Sigma x^2 = 496549$	$\Sigma y^2 = 621$

Required equation is:

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1211}{3} = 403.67$$

$$\bar{y} = \frac{\sum y}{N} = \frac{43}{3} = 14.33$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{17534}{496549} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 14.33 = 0.04(x - 403.67)$$

$$y = 0.04x - 16.15 + 14.33$$

$$y = 0.04x - 1.82$$

When $x=1000$,

$$y = 0.04 \times 1000 - 1.82$$

$$y = 40 - 1.82$$

$$y = 38.18$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 38.18 crates in year 2005.

2006 Pepsi-Cola

Regression Coefficient Calculation for data 2006 of Pepsi-cola sales

Let , x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Pepsi-cola) = dependent variable

Data in '000'				
X	Y	XY	X ²	Y ²
392	15	5880	153664	225
486	17	8262	236196	289
515	19	9785	265225	361
$\Sigma x = 1393$	$\Sigma y = 51$	$\Sigma xy = 23927$	$\Sigma x^2 = 655085$	$\Sigma y^2 = 875$

Required equation is:

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1393}{3} = 464.33$$

$$\bar{y} = \frac{\sum y}{N} = \frac{51}{3} = 17.00$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{23927}{655085} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 17 = 0.04(x - 464.33)$$

$$y = 0.04x - 18.57 + 17$$

$$y = 0.04x - 1.57$$

When $x=1000$,

$$y = 0.04 \times 1000 - 1.57$$

$$y = 40 - 1.57$$

$$y = 38.43$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 38.43 crates in year 2006.

2007 Pepsi-Cola

Regression Coefficient Calculation for data 2007 of Pepsi-cola sales

Let, x= Sales promotion expenses = independent variable

Y= Sales of cold drinks (Pepsi-cola) = dependent variable

Data in '000'

X	Y	XY	X ²	Y ²
403	16	6448	162409	256
500	19	9500	250000	361
530	21	11130	280900	441
Σx= 1433	Σy=56	Σxy=27078	Σx²=693309	Σy²=1058

Required equation is :

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1433}{3} = 477.67$$

$$\bar{y} = \frac{\sum y}{N} = \frac{56}{3} = 18.67$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{27078}{693309} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 18.67 = 0.04(x - 477.67)$$

$$y = 0.04x - 19.1 + 18.67$$

$$y = 0.04x - 0.44$$

When x=1000,

$$y = 0.04 \times 1000 - 0.44$$

$$y = 40 - 0.44$$

$$y = 39.56$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 39.56 crates in year 2007.

2008 Pepsi-Cola

Regression Coefficient Calculation for data 2008 of Pepsi-cola sales

Let, x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Pepsi-cola) = dependent variable

Data in '000'

X	Y	XY	X ²	Y ²
470	19	8930	220900	361
583	21	12243	339889	441
598	22	13156	357604	484
$\Sigma x = 1651$	$\Sigma y = 62$	$\Sigma xy = 34329$	$\Sigma x^2 = 918393$	$\Sigma y^2 = 1286$

Required equation is :

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1651}{3} = 550.33$$

$$\bar{y} = \frac{\sum y}{N} = \frac{62}{3} = 20.67$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{34329}{918393} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 20.67 = 0.04(x - 550.33)$$

$$y = 0.04x - 19.1 + 20.67$$

$$y = 0.04x - 1.34$$

When $x=1000$,

$$y = 0.04 \times 1000 - 1.34$$

$$y = 40 - 1.34$$

$$y = 38.66$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 38.66 crates in year 2008.

2009 Pepsi-Cola

Regression Coefficient Calculation for data 2009 of Pepsi-cola sales

Let, x = Sales promotion expenses = independent variable

Y = Sales of cold drinks (Pepsi-cola) = dependent variable

Data in '000'

X	Y	XY	X ²	Y ²
484	21	10164	234256	441
600	23	13800	360000	529
616	24	14784	379456	576
$\Sigma x = 1700$	$\Sigma y = 68$	$\Sigma xy = 38748$	$\Sigma x^2 = 973712$	$\Sigma y^2 = 1546$

Required equation is :

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

Calculate \bar{x} and \bar{y}

$$\bar{x} = \frac{\sum x}{N} = \frac{1700}{3} = 566.67$$

$$\bar{y} = \frac{\sum y}{N} = \frac{68}{3} = 22.67$$

Calculating regression coefficient b_{yx}

$$b_{yx} = \frac{\sum xy}{\sum x^2} = \frac{38748}{973712} = 0.04$$

$$y - \bar{y} = b_{yx}(x - \bar{x})$$

$$y - 22.67 = 0.04(x - 566.67)$$

$$y = 0.04x - 22.68 + 22.67$$

$$y = 0.04x - 0.01$$

When $x=1000$,

$$y = 0.04 \times 1000 - 0.01$$

$$y = 40 - 0.01$$

$$y = 39.99$$

It means if sales promotion expenses increase by 1000 the sales unit increases by 39.99 crates in year 2009.

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<<http://www.powersearch.com>>

<<http://www.discoveryresearch.com>>

Appendix - 7

Questionnaire

From: Suman Koirala
MBS Student
Nepal Commerce Campus

Dear respondents Sir/Madam. I am going to conduct a research for my thesis as a partial requirement for Master of Business Studies. I request you to answer the question to the best of your knowledge. I assure you that all the information provided by you will be treated strictly confidential and be used strictly to my educational purpose only.

Name:

Age:

Address:

Please tick [] the answer.

A. Consumer habit.

1. Do you use cold drink?

a. Yes []

b. No []

2. How often do you drink Pepsi-Cola or Coca-Cola?

a. Daily []

b. Once a week []

c. One in a mid day []

d. Occasionally []

3. Do you stick on any special brand of Pepsi-Cola and Coca-Cola? If give name sequence wise.

a. Coke []

b. Pepsi []

c. Fanta []

d. Slice []

e. Other []

B. Sales Promotion.

1. Do you know about promotion work that Pepsi-Cola or Coca-Cola manufacturer perform?

a. Yes []

b. No []

2. What form of promotion you are aware of?

a. Cash prize []

b. Coupons prize []

c. Item prize []

d. Others []

3. What sort of promotion includes you to consume more cold drinks?

a. Cash prize []

b. Coupons prize []

c. Item prize []

d. Others []

4. Do you like the contests that the Cold drink Company organizes on various occasions?

a. I like very much []

b. I like a bit []

c. I don't know []

d. I don't like []

5. Have you ever taken the part in these contests?

a. Yes []

b. No []

