

CHAPTER-I

INTRODUCTION

1.1 Background of the Study

AIRCRAFT: Any form of flying machine or vehicle supported by air. The term includes aerostats, supported by buoyancy and aerodynes, supported by wings which may be either fixed, rotating or flapping.

HISTORY OF AIRLINES: It is generally believed that the Wright brothers of Dayton, Ohio made the first powered flight in a heavier than air machine. That the Wright brother with no formal education as engineers was able to reason out the essential elements of controlling the flight was indeed remarkable. The Wright brothers not only discovered that control was the key to success. They made aerodynamic research in a wind tunnel of their own construction a central element of the program. They tested hundreds of air foils and applied their findings to both wing and propellers.

From those brilliant manufacturing and research efforts, culminating in the first flight of a heavier than air craft in December 17, 1903 at Kitty Hawk NC, has grown one of the major industries of the 20th century. The Wright brothers were greeted with disinterest had caused excitement and a flurry of activity. In France they were received with great praise and adulation. The Wright sold the patents to their aero plane in 1908 to the French Astra syndicate, thus marking the first significant business transaction of a new industry, a flying school was set up in Pau France and Wilbur Wright personally trained its first three students.

The Advance of the aero plane industry is closely tied to the major conflicts of this century and to the attempts by nations, even in peacetime to exploit the war-making capabilities of aircrafts fortunately much of this development has been adaptable to commercial use.

1.1.1 Introduction of Nepal Airline Corporation (NAC)

Air transport service in Nepal was initiated from early 1950s. At that time flights to Pokhara, Simara, Biratnagar and Bhairahawa was operated from Kathmandu by Indian Company. Nepal airline corporation the RNAC was established in 1st July 1958 under a special act by the government of Nepal as a joint ventures corporation with majority of shares held by government.

After its long history, now it had air services almost all over the country and few in international services. Seeing the past, at the time of establishment it had only DC-3 aircraft and 97 staff in total, but now it has given employment to 1509 employees, 109 at rent and 61 in international stations.

NAC had four basic objectives of safety, expansion, profitability and social services. The airline was formed to manage air transport services inside and outside the Nepal in a safe, efficient, economical and proper manner. The corporation was empowered to exercise its power developing air transport services in order to ensure maximum profitability while at the same time it was expected to provide services at economic fares as far as possible.

After starting its initial flights to above four places in the country by July, 1958 it was felt necessary to provide air transport to other parts of the country also. As a result by acquiring additional DC-3 aircrafts and building airports within country wherever possible, it started schedule flights to other parts of the country like Janakpur, Dhangadhi, Surkhet, Bhadrapur etc and in addition to Patna, Delhi and Calcutta in India and Dhaka then east Pakistan by 1960's. Though it was an important step in the development of airline services, it couldn't navigate smoothly in the high mountain of the north and was not suitable for landing on the short stretch of plain land available in the hilly terrain which features the vast majority of the country's landscape.

The concept of short take-off and landing (STOL) technology was adapted in 1971 to develop a network of air services also in the hilly areas. It was made possible by the introduction of Canadian Twin otter (DHC-6) aircrafts and Swiss Pilatus (PC-6) planes,

By the introduction of these aircrafts a number of hilly places like Lukla, Rumjatar, Tumlingtar, Lamidanda, Jumla, Baglung etc were connected with the capital Kathmandu similarly by 1980's other remaining places like Rolpa, Manang, Bajura etc was also connected with the capital of Nepal.

In international sector with the introduction of B-277 A/C in 1972, the national flag carrier started its operation to Bangkok, Colombo, by 70s and Hong Kong, Dhaka Rangoon, Singapore, Karachi, Dubai, Male, Lhasa by 1980s In the year 1987 the airline acquired most sophisticated technology aircraft b – 757 and started its operation to Europe continent that is Frankfurt in 1988 and to London in 1989, here is some list of planes which corporation owns.

Boeing(on use)	B-757	2
Twin Otter (on use)	DHC-6	4
Twin Otter (not on use)	DHC-6	3
Avro planes (grounded)	(HS-748)	1

These planes are not sufficient to complete with the international airline service as well as with the private airline services inside the country, so there is lots of reforming to be done to make the corporation strong.

Knowing the fact that our country is landlocked and lush of possibilities of tourism it's very important to develop the industry like airlines.

1.1.2 NAC Management and Its Human Resources

NAC had been operating under the act of 2019. In the organization committee, president is from Nagarik Udyan Mantralaya's director, member of Aartha Mantralaya and Mahaprabhandhak from Nepal government, 3 private members altogether 6 members in organizing committee.

In NAC now 1509 Human resources are working in different field. In crew service 160, technician service 269 and its administration 1036 44 local workers are working in external stations.

Table No. 1.1
No. of People Under Different Crew Service

Crew Service	Frequency
Cockpit crew (Boeings)	52
Cockpit crew (Twin-otter)	12
Cabin crew (For other)	96
Total	160 no

Sources: Department of NAC

Table No. 1.2
No of People Under Technical Service

Technical Service	Frequency
Licensed engineer for maintenance of Boeings	9
Licensed engineer for Twin-otter	10
4 or more than 4 grade technicians	200
4 or more than 4 grade technicians	50
Total	269

Sources: Department of NAC

Table No. 1.3
No of People Under Administration Service

Administration Service	Frequency
4 or more than 4 grade administrative workers	362
4 or more than 4 grade accounting workers	118
4 or more than 4 grade administrative workers	437
Total	917

Sources: Department of NAC

Exteranl local workers

44

Grand Total

1509 Nos

Department of NAC and their functions

NAC is the biggest airline of Nepal. These are number of people working in different department of NAC. The entire departments have its own function and importance. Each and every department is connected with each other and all the department have some objective i.e to achieve the goals set or outlined by Government.

) Commercial Department

Commercial Department is also known as marketing Department. This department handles all the functions concerned with marketing. This department formulates all the strategies, plans and policies related with marketing function, like sales promotion, pricing, promoting, distributing etc. This department controls all the activities that take place from the transfer of goods till they are consumed.

) Personnel and General Services Department

Personnel department handles personnel from R to R i.e Recruitment to Retirement. Personnel are recruited, selected, trained and placed by this department. All the functions like performance evaluation for upgrading the staffs to the higher position, taking disciplinary action (reward and punishment), terminations etc are handled by this department, it also handles general stores, insurance and security matters. It also handles property management, technical purchase and communication which are very important to NAC.

) Operations Department

This is also one of the important departments like other departments of NAC. It handles all the flight operations international and domestic. It selects the cabin crew and gives the required training.

) Engineering department

This is also one of the important departments of NAC. It handles all the problems related to maintenance of Boeings, maintenance planning and its workshop.

) Finance department

This department of NAC controls overall financial activities of the organizations. This department prepares all the financial statements of NAC, clearance sheet, profit and loss statement etc. and the department also does the financial and budgetary control.

) Ground Support Department

It handles all the related equipment to ground and transport as well as cabin cleaning.

) Corporate Department

This department plans at corporate level. This department makes the annual plans and controls the revenue and expenses of the organization. This department handles the functions like purchase or lease of aircraft, fleet evaluation, making annual operation plan etc.

Future Plans and Policy of NAC

NAC has now entered in the 21st century. It has to be proud of its past. During this period, the airline has gone through varied experience mixed with both prosperity and paucity. The demand for the standardized airlines services are increasing. The competition to meet the demand is also increasing day by day. So, to meet the present competitive market NAC has formulated some plans and programs which can be discussed as:

-) To manage air transport services inside and outside Nepal in safe, efficient, economical with professional manner.
-) To uplift and develop economic condition and tourism in the country through expanding domestic and international air transport services.
-) To promote tourism activities and opening up remote isolate areas for the benefit of the Nepalese.
-) To provide employment opportunities and the economical air transport services within and outside the country.

-) To provide rescue services at the of natural calamities like earthquake, flood, landslide etc.
-) To ensure optimum profitability while offering services at economical fares as far as possible.

1.2 Statement of the Problem

In the age of science and technology there are various modern and advance airlines are launching day by day. Every airline companies are facing tough competition. So consumer satisfaction become most important and crucial factor. . To get success in the organization an airlines has to be very specific and careful to determine its marketing strategies like consumer satisfaction. In context of NAC, It's seems to be very poor condition to compare with other airlines (Source: customer and employees of NAC).

There are some problem arise in this study of NAC. Those statements are:

-) Dissatisfaction due to delay schedule.
-) Dissatisfaction due to delay ticket selling.
-) Employees are not interested to satisfy customer due to lack of motivation.
-) Dissatisfaction due to limited number of aircraft.
-) Dissatisfaction due to lack of international flight.
-) Dissatisfaction due to flight schedule are cancelled.
-) Dissatisfaction due to lack of good behavior in ticket counter and service of air hostess.

1.3 Objective of the Study

The main objective of this study is to analyze the customer satisfaction of NAC. The specific objectives are as follows

-) To analyze the marketing strategy of NAC.
-) To analyze the satisfaction level of customers.
-) To evaluate the weak aspect of NAC that, affects the customer satisfaction.

1.4 Research Questions:

This study should try to solve the following research questions:

- What is the marketing strategy of NAC?
- What is the situation of customer's satisfaction?
- What are the weak aspects or problems of customer satisfaction of NAC?

1.5 Importance of the Study

With refer to important of research study is going to conduct in NAC due to number of reasons. They are explained as follows.

-) To improve the marketing strategy of NAC.
-) To remove the weakness of NAC for customer satisfaction.
-) To analysis the level of customer satisfaction of NAC.

1.6 Limitation of the Study

This study has the following limitations.

- This study has been strictly limited to NAC
- The findings from this study donot reflect all airlines company.
- The study has been predominantly based on primary information collected through a questionnaire survey of limited number of individuals customer and employees.
- The findings of this study are affected to some extent by the small size of sample.

1.7 Organization of Study

Chapter-I: Introduction

The first chapter deals on the background of the study, statement of the problem, objective of the study, Research Questions, Importance of the study and limitation of the study.

Chapter-II: Review of Literature

The second chapter includes the review of related literature and research gap.

Chapter-III: Research Methodology:

It includes the research design, population and sample size, analysis tools and techniques used.

Chapter-IV: Presentation and analysis of Data

The fourth chapter includes the presentation and analysis of data. The major finding of the study is also the last of this chapter.

Chapter-V: Summary, recommendation and includes at conclusion

Finally, the fifth chapter deals with summary, conclusion and recommendation of the study.

Bibliography and other appendices are presented at the end of the study report.

CHAPTER-II

REVIEW OF LITERATURE

Literature review is basically a "stock taking" of available literature in one's field of research. The literature survey provides the student with the knowledge of the status of their field of research. In social science there is no dearth of literature. The library is rich storage base for all kinds of published materials including thesis, dissertations, business reports, government publications etc.

The purpose of literature review is thus to find out what research studies have been conducted in ones chosen field of study and what remains to be done. It provides the foundation for developing a comprehensive theoretical frame work from which hypothesis can be developed for testing. The review of literature also minimizes the risk of pursuing the dead ends in research.

Review of literature is based on available literature in the field of research. Every possible effort has been made to grasp knowledge and information that is available from libraries; document collection center helps to take adequate feed back to broaden the information to study. The first part of the chapter includes the conceptual review and the second part includes the review of various related studies.

2.1 Conceptual Review

2.1.1 A Brief History of NAC

Nepal Airline Corporation (NAC) is the state airline of Nepal, and one of the driving forces behind the country's tourist industry. Thousands arrive every year to visit the birthplace of Bhudda or to see Mount Everest, the tallest mountain in the world. NAC maintains international branches in Hong Kong, Shanghai, Singapore, Bangkok, Dubai, Frankfort, London, Osaka, Calcutta, Delhi, Bombay, and Patna. Infrastructure in the

closed kingdom was very primitive at the time of NAC's formation, and in many cases, the new air routes provided an alternative to weeks of walking between destinations. The airline has had to operate at the most rudimentary airports and has had to contend with a high local cost of fuel, which must be carried through land routes controlled by India.

I) Elevated Origins in the Late 1950s

To say Nepal's topography is unique would be a profound understatement. In fact, the mountainous terrain has never been traversed by railroad. Even paved roads are rare. While the elevation at the Kathmandu Airport is some 4,300 feet, some of NAC's flights start at 12,300 feet (from Syangboche), and another runway at 9,300 feet features a 1,000-foot drop from one end to the other, making it the ultimate ski jump.

To add to the adverse flying conditions, most of NAC's airports lack communications equipment and navigational aids. Lack of VFR (visual flying rules) meant that weather would cancel many flights. For example, in his Singh(1991) reported that 24 of the 34 airports served by Nepal Airline Corporation were actually inoperative during the Monsoon season.

In the 1950s, Indian airlines were permitted to fly to Nepal's capital city, Kathmandu, as King Tribhubana Bir Bikran effected a modernization of the country's government and infrastructure. Tourists, however, were not even allowed in Nepal until 1951 (early climbers of Mt. Everest entered from Tibet); the tourism industry in Nepal only began to develop after 1960, according to Vaidya's(1987). By the 1980s, though, tourism would be second only to foreign aid as a source of foreign currency.

The Nepali government and private sector joined to form the Nepal Airline Corporation (NAC) on July 1, 1958 (it was formally incorporated four years later). The government's partner was a managing agent from India who held the minority share in the airline. NAC was obliged not only to provide aviation services, but also to construct its own landing fields (the term 'airports' would be an exaggeration for most of them).

On July 3, 1958, staffed by 97 employees, the new airline began flying a single Douglas DC-3 Dakota aircraft on several routes formerly operated by the Indian Airlines Corporation. The first towns connected were Simra, Biratnager, Pokhara, and Bhairahawa. Nepal's government was eager to accelerate the airline's expansion, and became its sole owner in October 1959. Three months later, NAC took over a route to Patna, India, which connected to Delhi and Calcutta. (NAC Publication)

II) Compilation of a Diverse Air Fleet in the 1960s

Nepal's geopolitical situation produced a strange, politically mixed fleet, which was typically financed through aid programs from the country of manufacture. Seven more DC-3s were added to the fleet between 1959 and 1964. Furthermore, China supplied a couple of AN-2 Fong Shee aircraft which did not enter scheduled service. Bell Helicopters that had been made in the United States and leased from Singapore were also used for charters. Two Russian Mi-4 helicopters also flew on scheduled routes to remote points. The route network was expanded internally and externally, soon reaching Dhaka in what was then East Pakistan.

With the arrival of a more advanced turboprop plane in 1966--the 40-passenger Dutch Fokker F-27 Friendship--NAC commenced aerial sightseeing tours of five of the world's eight tallest mountains. Unfortunately, this plane was lost in a crash in January 1970. Despite the setback, the airline still expanded its services both internationally and domestically, soon linking some otherwise very isolated villages. A pair of Avro 748 aircraft took over the trunk routes in 1970. The next year, NAC dispatched a handful of Canadian DHC-6 Twin Otters--a specialized STOL (short take-off and landing) plane--to airports at higher elevations. These were augmented by the even higher-performance Pilatus Porter for fields above 12,000 feet.

NAC carried nearly 197,000 passengers in 1970--71. In 1970, Nepal reported the arrival of 46,000 tourists (not including Indian nationals, who were treated as locals in NAC's

two-tiered pricing system). Arrivals, including Indian tourists, exceeded 105,000 in 1976 and approached 163,000 by 1980. (NAC Publication)

III) First Jet in 1972

In 1972 NAC acquired its first jet airliner--a Boeing 727--in cooperation with Air France. It was soon flying to Delhi, Calcutta, and Bangkok, marking the airline's first foray beyond South Asia. Nepal's increased accessibility fostered further development of a tourism industry. In January 1977, NAC launched helicopter service to Tiger Tops National Park near the Indian border. Later that year, NAC added jet service to Sri Lanka and Frankfurt, using leased Lufthansa jets for the Frankfurt route.

NAC was not just bringing tourists to the country, however. It also ferried 58-ton bulldozers to Pokhara, which was inaccessible by road, for infrastructure projects there. Air mail was another important civil responsibility. NAC carried more than 250,000 passengers and 1,700 tons of cargo in 1975--76. By the end of the 1970s, the annual passenger count had reached 400,000. Cargo traffic was virtually unchanged, held in place by equipment limitations.

NAC's revenues were Rs 385 million in 1980--81, but the company earned just under a 1 percent return on capital. By 1983--84, however, NAC was posting revenues of Rs 577 million and a return of 27 percent. Revenues were Rs 793.1 million for the fiscal year 1985--86. Charter traffic had grown to account for 16.4 percent of revenues, up from just 1.1 percent 15 years earlier. (NAC Publication)

IV) Competition in the Mid-1980s

Nepal had 181,000 tourist visitors in 1985, of which 80 percent arrived by air. NAC carried 38 percent of these tourist passengers, but that number was down from the company's peak market share of 50 percent in 1979. Indian Airlines Corporation was NAC's main competitor, but newer entrants in the business were also competing with NAC for market share. These companies included Singapore Airlines and Lufthansa,

which started direct Kathmandu-Frankfurt service in cooperation with NAC in October 1987.

At the time, NAC network connected 38 domestic and 10 international destinations. NAC was flying directly from Nepal to Hong Kong (home to many Gurkhas employed by the British Army) by 1988 via Boeing 757. In April 1988, NAC and the CAAC (Civil Aviation Administration of China) cooperated to provide scheduled service between Kathmandu and Lhasa in the autonomous province of Tibet.

At that time, the company's fleet of 19 planes included eight Twin Otters, three Boeing 727s, and one state-of-the-art Boeing 757. The 757 was purchased in September of 1987 (Singapore Airlines and Royal Brunei were the only others also operating this advanced 757--200 variant at the time). A second 757 soon followed. The \$110 million order for these two planes was Nepal's largest trade deal at the time, as reported in *Air Transport World*.

Nepal's air traffic infrastructure did not quite keep pace with its new aircraft acquisitions, though. The company's future managing director--Bali Ram Singh--would later lament that in the mid-1960s, the country was building three asphalt airports for its old DC-3s even as newer turboprop aircraft were being delivered. Furthermore, these runways were not extended for the turboprops until the early 1970s, when NAC had already acquired its first jet aircraft.

NAC reported revenues of \$54.3 million in 1988--89, producing an operating profit of \$17 million. With a workforce of 2,200, NAC had become the country's largest employer and largest earner of foreign currency, bringing in roughly \$15 million a year from abroad. Seventy-five percent of the company's passengers were foreign tourists. London, Dubai, Dhaka, Karachi, and Bombay were added to the route network in 1989. (NAC Publication)

V) Struggles in the 1990s

After the start of the Gulf War in 1990, NAC helped retrieve a couple hundred countrymen who had escaped Kuwait for Jordan. At home, NAC was paying \$10 a gallon for fuel, which had to be trucked in through India. The airline's turnover represented one-tenth of Nepal's national budget, according to *Air Transport World*.

NAC suffered a strike by pilots demanding more pay in February 1991. Dozens of domestic and international flights were affected. Prime Minister Krishna Prasad Bhattarai urged them to postpone their wage demands until after general elections to be held that May.

Political unrest delayed a much-needed upgrading of facilities and equipment at the airline, as well. One BAe 748 aircraft was reportedly parked at Kathmandu Airport for three years, according to *Air Transport World*. Managers longed to acquire Boeing 767s to update the aging fleet and enable nonstop service to Japan. The airline, however, was burdened with \$4 million-a-month payments for its existing Boeing 757s, which accounted for nearly all of its earnings.

Half of NAC's 645,000 passengers carried in 1990--91 were on domestic flights. Within Nepal, NAC served 35 airfields--11 of them at tourist destinations. Due to the nature of the terrain, some of NAC's flights had durations of less than ten minutes. Annual revenues exceeded \$110 million in 1991--92. Then, the airline suffered more labor strikes in February 1992. A year later, the company terminated employees with more than 30 years seniority in order to make room for the new generation of workers.

The domestic market was liberalized in 1992, and a handful of new competitors emerged: Necon Air, Nepal Airways, Everest Air, and Himalayan Helicopters. According to R.E.G. Davies in the book *Airlines of Asia Since 1920*, by 1997 these four competitors accounted for 70 percent of Nepal's domestic air traffic.

Scheduled service to Japan was inaugurated in October 1994 with a Boeing 757 aircraft--a 15-hour trip requiring a refueling stop in Shanghai. Prior to that, NAC had been bringing in Japanese tourists with charter flights.

The positive trend that came from inauguration of the Japan route, though, seemed to end just a few months later when a Twin Otter crashed in January 1995, killing its pilot. NAC lost another plane, a Pilatus Porter, in November 1998. Economic constraints soon frustrated NAC's efforts in maintaining enough jet aircraft in its fleet. Finance ministry officials declined to subsidize two new Airbus A330s worth \$100 million each for the airline in April 1997. NAC had by this time begun to post losses.

In October 1998, at the height of the tourist season, NAC had to return a Boeing 727 when it went off lease. The scenario was repeated three months later: when management attempted to lease a Boeing 757, complete with crew, from China Southwest Airlines, NAC's pilots launched an eleven-day strike in March and April 1999 that resulted in the lease being cancelled. NAC went through four chief executive officers in 1998--99, while the airline's board sought a solution to the aircraft shortage and debt problem. Swirling coalition alliances in national politics likely played a hand in the high turnover at the top.

NAC was overwhelmed when Indian Airlines suddenly suspended its operations into Nepal in December 1999 following a hijacking. Indian Airlines had typically carried 1,000 passengers to and from Kathmandu during the height of the tourist season. Thus, NAC added its own service to Bangalore in the south of India within a year.

Adding to NAC's struggles as the millennium approached were allegations of corruption which periodically surfaced. One case involved Dinesh Dhamija, who later founded the Ebookers Internet travel site. Dhamija had been accused of receiving his post as director of NAC's European operations in the early 1990s on account of cronyism with Prime Minister Girija Prasad Koirala. Dhamija won a substantial settlement with the airline after a bitter court battle over these charges.

An even larger scandal revolved around the lease of a Boeing 767 aircraft from Austria's Lauda Air, which entered service in December 2000 over protests from employees and government officials. The latter claimed the deal was unnecessary since NAC was not getting enough usage from its two existing Boeing 757s; further, the actual cost per flight hour of the Lauda jet ended up being \$5,000 (\$1,150 above the cost specified in the

contract). NAC chairman Haribhakta Shrestha was suspended during an investigation, along with other NAC executives; Nepal's tourism and civil aviation minister Tarani Dutt Chataut resigned soon after.

Then another Twin Otter crashed into a hill in July 2000, killing all 25 people aboard. To add insult to injury, in October 2000 a bird strike at Tribhuvan International Airport in Kathmandu knocked out an engine on a Boeing 757, causing \$60 million worth of damage. This was the second such incident in a month. Airport authorities in Nepal began hiring hunters to keep birds away by shooting them down or scaring them off with firecrackers. They blamed the presence of garbage dumps around the airport for exacerbating the problem.

As the company entered the new millennium, and its struggles seemed to continue, the topic of privatization continued to come up regularly at planning meetings--just as it had for the past twenty years. Some felt that the airline would be better equipped to deal with its obstacles if it could operate as a private corporate entity, instead of being restrained by the necessity of answering to the Nepalese government.

Principal Competitors: Asian Airlines; Bhudda Air; Everest Air; Lumbini Airways; Necon Air; Nepal Airways. (NAC Publication)

2.1.1.1 Corporate Structure of NAC

The aviation history of Nepal started in early 1950's. Initially, neighboring Indian aircraft used to land on a mere cow grazing place called Gaucharan in Kathmandu. There are tales that a pilot waiting to land there had to buzz the airfield several times to shoo the cows off it before landing.

Until 1951, only a few foreigners had penetrated into Nepal. They were mainly British officers of the Gurkha troops, a few stray scholars and friends of the Royal family. Later on, Indian air companies started their operation for business purposes, and connected Nepal with Indian cities. After the establishment of the national flag carrier, the NAC, the

route expansion of civil aviation made extensive progress domestically and internationally.

The civil aviation service started in Nepal in 1953 with three old American -made DC-3 Dakotas belonging to an Indian company. After five years, Nepal established her own registered airline, Nepal Airlines Corporation in July 1958 with one DC-3. There were only 96 personnel then. At present around 1600 personnel are working for the corporation. At the beginning, its service was limited to Indian cities like Patna, Calcutta and Delhi in the International Sector and to Simara, Pokhara and Biratnagar in the Domestic Sector. The facilities provided at that time were limited.

Nepal took over an international schedule in 1960. Starting with a fleet of Douglas DC-3's, the airline quickly moved on to the turboprop Fokker F-27.

The commissioning of the remarkable Twin Otter and Pilatus Porter aircraft into the Nepal Airlines fleet in 1970s brought about a quick and easy way of accessing many of the remote regions of the kingdom.

By the early 1970s the airline had introduced Hawker Siddeley HS-748 turboprops, and Boeing 727 jet airliners were introduced in 1972 after Kathmandu's runway had been extended for medium sized jet operations. The Boeing 727s were gradually replaced by Boeing 757s.

At present NAC operates 10 international destinations namely Bangalore, Delhi and Mumbai in India, Bangkok, Hong Kong, Shanghai, Osaka, Singapore and Kuala Lumpur in South East /Far East Asia and Dubai in Middle East. Direct flights to and from Dubai were resumed from June 17, 2002 and flights to Singapore and Kuala Lumpur are recently operated from March, 31st, 2003 this year. In Domestic operations it connects more than 30 destinations inside Nepal.

More than 90 percent of Nepal's area is covered by mountains. Moreover, Nepal is also landlocked. Without the use of air transport, remote places are cut off from point of view of tourism, food supply and other essential requirement. There are places in Nepal where

there are airports, where even though that particular district does not have even a decent road to use bicycles.

The transport system being the main factor for the economic development of the country, and NAC is a strong vehicle for national integration and has proved to be a symbol of freedom movement, both within and outside the country. It is the pride of Nepal. (NAC Publication)

2.1.1.2 Attraction about Nepal

a. Culture and monument

There are few places like Nepal where you will find such a charming variety of sight - seeing attractions, cultural tours and adventure opportunities. This delightful diversity is the result of wildly varying ecosystems supporting an array of vegetation types, wildlife species, cultures and habitats. The land changes from the sweltering tropical jungles in the south to the freezing snow -covered heights in the north- with green hills and valleys in between, all within a distance of 200 km.

b. People

In the balmy hills, the people are as dazzling as the scenery-a hillside of lush terraces pocketed with village of the Tamangs, Rais, Gurungs, Magars and other delightful ethnic groups. The people of the north are as rugged as the mountains they inhabit. Here on the chilly edge of Tibet in the shadow of the Himalaya, live the Sherpas with a Buddhist culture as rich as their yak-butter tea.

c. Art & Crafts

The Kathmandu Valley contains three ancient cities (Kathmandu, Patan, Bhaktpur) including the nation's capital. Each of them is an enchanting urban work of art, filled with statues, temples and medieval palaces. They provide the setting for an exotic culture highlighted by vibrant festivals and a level of piety rarely encountered elsewhere. Over the centuries, the Valley's indigenous Newar

inhabitants developed a refined civilization, based on a unique synthesis of Hinduism and Buddhism. The cultural heritage is so rich that seven of the monuments have been designated as World Heritage Sites by UNESCO.

d. Kathmandu Valley

If you think the Kathmandu Valley is overwhelming, wait till you see the rest of the Kingdom. Nepalis people are a colorful mosaic of different races, ethnic communities and languages. Their lifestyles reflect the changing terrain. On the southern plains, the climate is sultry and the culture spicy. There you will find Tharus in communal longhouses, Maithali women adorning wall paintings, and villages that transport you back to the times of Buddha and Sita.

In Kathmandu and Pokhara, there are deluxe hotels with world-standard comforts, state-of-the-art communication facilities, classy restaurants serving a variety of international cuisine, fashionable shopping centers and modern sports and convention facilities. Fine accommodation is available in the jungle for safari-goers. Elegant resort hotels dot the hillsides to delight Himalayan sight-seers and of course, if you like to rough it off the beaten path, there are numerous places to camp in the wilderness or enjoy the hospitality of remote village lodges.

e. Mountains

Eight of the 10 highest peaks on earth, including Mt. Everest, lie within the Kingdom. Kali Gandaki, the deepest gorge in the world, slices through western Nepal. The highest lake in the world, Tilicho, lofts in the central Himalaya at an altitude of 4,919m. Lumbini the birthplace of the Buddha, and Pashupati, one of the world's holiest Hindu shrines, too is located here.

f. Trekking

If the jungles of the southern plains provide close encounters of the wild kind, the mountains in the north offer unbeatable scenic allurements. One in every four visitors to Nepal goes trekking. Walking through the picturesque foothills of the Himalaya is an experience guaranteed to change your outlook on things. The treks last from a few days to a few weeks and reach elevations in excess of 5000 m.

Trekking trails like the Everest trek take you to the base of the world's tallest peak, and the Annapurna Circuit, which starts and ends at the lakeside resort town of Pokhara in west central Nepal, takes you through the world's deepest gorge and all around the Annapurna mountains. Treks in Mustang offer stark landscapes and bizarre rock formations of the Tibetan Plateau. Treks can be tailored to any need or interest: animal watching or people watching, a light or leisurely schedule, thrills or relaxation.

g. Rafting

White water rafting means bouncing down a river in an inflatable rubber raft over crashing waves and swirling rapids for the excitement of a lifetime. Since the entire country is like a steep incline, the rivers that thunder down from the high Himalaya churn with extra ferocity to provide some of the fastest and most challenging white waters of melting glaciers, the agitated rivers crash down mountain gorges and pass through hills, valleys and jungles on their way to the plains in the south. As they flow between ever-changing landscapes, they offer a tableau of flora and fauna.

River running is thus a terrific way to enjoy Nepal's natural beauty and observe its rural lifestyles- and from a perspective that may not be available to a trekker. Rafting is also a cultural experience. Rivers are held sacred in Nepal, and many religious ceremonies are performed on their banks. River confluences are major pilgrimage sites where devotees take holy dips.

h. Wildlife

More than 10% of Nepal's total land area is covered by national parks and wildlife reserves. Over 30 species of large wild animals and 180 species of mammals make their home here. Rare wildlife like the Royal Bengal Tiger (*Panthera tigris*), one-horned rhinoceros (*Rhinoceros unicornis*), gharial crocodile (*Crocodylus palustris*) and the snow leopard (*Panthera uncia*) lurk in Nepal's Jungles.

The Kingdom is also home to more than 800 species of birds, or about 10% of the world total. Nepal has nearly as many different kinds of birds as the whole of North America. Endangered varieties like the Bengal florican, Sarus crane and swamp partridge thrill nature lovers. Egrets herons, wren babblers, green babblers, blue magpies, Himalayan vultures and other magnificent species criss-cross the skies of Nepal. The Chitwan National Park is one of the richest wildlife habitats of Asia. Here you can go on elephant-back safari to view wild animals and a variety of birds. (NAC Publication)

2.1.1.3 Profile of Aircrafts used in NAC Services.

Douglas DC-3 Dakota

28-seater Dakota, NAC's very first aircraft, has become an icon of Nepal's aviation history. In many parts of the Kingdom, the people's initial encounter with the modern world was the DC-3, long before the cars got here. The last of these planes flew into the sunset in 1973

Fong Shu Harvester AN-2

This 12-seater Chinese plane joined the fleet in 1963. Nepal Airlines had two of them which were in service for a brief period. They flew on domestic route till 1965.

Pilatus Porter PC-6

This single-engine air craft entered service in 1961. Manufactured in Switzerland, it seated six persons. The plane proved extremely suitable for Nepal's mountainous terrain where STOL capability was put to full use. NAC was flying one till 1998

Fokker Friendship F-27

The Fokker launched Nepal into the turboprop era. In operation from 1966 to 1970, it carried 44 passengers and flew to NAC's international destinations. A lot of prestige was attached to travelling in a Fokker in those days.

Hawker Siddeley HS-748 Avro

Nepal Airlines obtained its first Avro in 1970. The 44-seater planes were utilized on domestic and international sectors. The immensely popular sight-seeing excursion -the Mountain Flight -were also conducted by Avros.

Twin Otter DHC-6

The arrival of the Twin Otter was another turning point in the Kingdom's aviation scenario. Brought into service in 1971, this 19-seater Canadian plane was instrumental in opening up the mountainous interior. It could land and take off from small and rough airstrips. And suddenly, far-flung villages and remote trail-heads were only minutes away.

Boeing 727

The national became the proud possessor of a jet plane carrier with the induction of a Boeing 727 in 1972. People would rush to their roof -tops to watch in awe as the sleek craft came in screaming from beyond the hills. Carrying 123 passengers, it connected Kathmandu with regional destinations and remained in service till 1993.

Boeing 757

The first of Nepal Airlines' two 757s arrived in 1987. Flying on long-haul routes and displaying the national flag at world airports, they helped Nepal make its presence felt in the international aviation scene. The 757 holds 190 passengers. (NAC Publication)

2.1.2 Introduction of Marketing Concept

In the current millennium, marketing has entered a new dimension. This is the age of marketing. Every manufacturing organization needs to produce and market product to achieve its foal. Whit increased consumer awareness due to globalization, liberalization and IT development many new challenges have arisen in the market place. Because of

rapid improvement many new challenges have arise in the market place. Because of rapid improvement in technology the marketing environments is beings more competitive day by day. The entire way of communication and marketing logistics have totally changed the marketing practice both at the domestic and international fonts.

Hence survive in such dynamic environment an organization must be able to implement the modern marketing concept, organize the marketing department, monitor scan marketing environment and establish the information networks. It should also be able to plan, implement evaluate and control marketing activates balancing the interest of organization, customers and society. Thus strategic planning and integrate implementation have not only become a demand of time but also an indispensable aspect of the modern marketing. (Koirala,2002)

2.1.2.1 Definition of Marketing

Different individual and association have tried to define marketing in their own terms. For instance, prof. Philip Kotler has defined marketing as " social and want through creating offering and exchanging products of value with others"

American Marketing Management Association (AMMA) has defined marketing as "the process of planning and executing the conception, pricing, promotion and distribution of ideas good and services to created exchange that satisfy individual and organizational goals. Thus in brief, marketing encompasses all the activates aimed at satisfying the needs of the customers through the exchange relationship

To achieve organization objective with social responsibility in a dynamic environment of the target market"

Increasing competition, changing customer want, declining sales, slow growth in the sales and increasing market expenditure are some reasons, which force organization to adopt and embrace the marketing concept. As information is the lifeblood of marketing to analyze marketing opportunities and threat and finding strength and weakness of the organization, marketing research has great role in marketing.

According to Philip Kotler " marketing research is the systematic design, collection, analysis and reporting of data and findings relevant to specific marketing situation facing the company"

According to American Marketing Association " Marketing research is the function which links the consumer, customer and public to the marketer through information used to identify and define marketing opportunities and problem, generate, refine and evaluate marketing actions, monitoring marketing performance and improving marketing as a process.

Thus marketing research is a direct of adoption of the marketing concept by business organization. Marketing concept gives more accurate understanding of consumers need, preference and delivery of most want satisfying product and service to a present and potential consumer. Competitive environment of the market has forced most organization to give up "Hit and trial" method for business and encouraged them to adopt marketing research for better understanding of consumer, competitors and micro and macro market forces. Thus modern marketing concept emphasizes on achieving organizational objective by marketing activates integrated toward determining and satisfying customer need and target market. This new philosophy of marketing need top management support, market intelligence system, organizational restructuring, human resources development and appropriate marketing mix.

2.1.2.2 Marketing Mix

Marketing mix is defined as the set of marketing tools that organization use to pursue their marketing objective in the target market. These tools or marketing mix are known as 4ps product, price place and promotion. The total marketing effort consists of the design implementation and evaluation of the marketing mix. Organization should strike right balance between these 4ps.

1. Product: mix to satisfy consumer need, quality variety, branding, design (shape, size, color), packaging.
2. Price: reasonable, discount in bulk buying too stockiest, allowance, terms of sale.
3. Place: distribution channels its either direct selling approach, through which services can be offered to the customer at a lower cost. Beside this agents and brokers, franchisers and electronic channels which are sue for distribution channel.
4. Promotion: Advertising, sales promotion, public relation personal selling direct marketing.

Beside these 4ps other 3ps are also added in the case of service marketing, they are

5. Physical Evidence: Most services cannot be offered without the support of tangibles. Through customers cannot see the services, they can definitely see the tangibles associated, examine them and try to form an opinion on the service comfortable and timely journey from one place to another will be examined by the planes condition, seating facilities and other physical facilities, the office furniture and equipment being used and also the way in which the employee are responding to customers. All these physical objective are used as evidence by the customer to assets and expect performance from the service provider. Hence, physical evidence plays a critical role in shaping consumer perceptions and also expectations.
6. People: service organization is people-oriented and people-based organizations. \employees of services firm constitute the major competency in is a marketing person, who undertakes either full-time or part-time marketing activity. Whether an employees is involved in direct contact with the customer or not if the was placed on the line of visibility his behavior, activates and performance with have a direct influence on consumers service employees are to be trained and motivated for better performance in marketing activities.
7. Process: Process is a functional activity that assures service availability and quality. The way the physical setting is designed technically and how the function are scheduled and routed to provide promise services to the customers speaks of the efficiency of the process. In simple terms, the management of process is to manage

service encounters effectively. Gronroos has described process as interactive marketing where in moments of truth occur. The challenges of process management are to improve the moment of truth (Koirala,2002)

2.1.2.3 Marketing In Nepal

The marketing philosophy has not been well adopted by most organization in Nepal. The industrial sector is in a developing stage. Although the role of services and production has been flowing in the recent years, marketing has remained fragmented due to the topographical diversity, poor transport and communication facilities. Although public sector remains dominants in Nepalese economy, the transfer of basic marketing skills, capital and technology. It is high time for Nepalese enterprises to adopt modern marketing than to concerate on traditional production and selling concept. This new concept is gradually emerging as a part of the management philosophy for meeting the marketing challenge of 21st century. (Koirala,2002)

2.2 Review of Related Studies

There are some related studies in Nepal.

2.2.1 Related Articles

An article entitled, "The weekly Mirror" by Lohani has shade light on the contribution of NAC in the field of air service and overall development of nations, which is as follow

In Connection with NAC, there is a rising eagerness about its operation among the people, because NAC has been established in our country as the result of national necessary. Though it has impressive growth record, its real performance is not praise worthy. As it is supposed to contribute an incense base for balance up-lifetime of Nepalese backward economy. It is even provided with monopoly powered Lonhani points out mainly three causes for that. They are existence of raising investment resources in the fore of monopoly profits and welfare condition for people in the country.. however the existence of state monopoly alone does not assure profit, to the extent at monopoly

industries controlled by the government like NAC lack the satisfactory profit and provide investment resources needed for expansion in other sectors they have failed in one of their primary objectives. Its failure to generate a reasonable rate of return is a direct social loss. Through NAC as a strictly profit marking institution in any evaluation of corporation must take into accounts both the social as well as private benefits.

Articles entitled "Crying shame" by Damaru Lal Bhandari in Himalayan Time writes, The Nepal Airlines Corporation (NAC) is known to hit the media headlines for wrong reasons. It's in the news this year too. Just in case word has spread around why, here is the update: Come December it will be without both the Boeings for two weeks.

Stranger still is the way the crying shame is being presented as a mere technical snag. The instance of both the Boeings falling into disrepair is being presented as a breakthrough recorded by its engineers. Wores, the arrangement to have them repaired smacks of another scam.

A responsible engineer of the airline only the other day shocked an unsuspecting colleague by saying that he had no knowledge about where the faulty parts of the aircraft have been for servicing. While this could be singled out as a classic case of "generalist" versus "specialist", but that by no means sheds any light on the entire story. Nobody believes the airline is in safe hands in its diamond jubilee year.

More so amid all the chances of the number of aircraft likely to fall while replacements never comes by but that will not alter the destiny of those at the helm who can be compared with the mice inside a ball of cheese. The level of insouciance is always been high. much like my colleague who came back shellshomked that senior technical staffs were no better informed than her , i had encountered an equally bizarre situation a decade ago.

Looking for a business story. i had gone to its head quarters in new road. i was pretty confident that i can dig out something or the other but speaking with the benefit of hindsight i was blissfully unaware of the shock i was in for , i don't now remember why

but i had begun by asking the number of aircraft. the airline had on that day. i was told that come to the planning division instead of the marketing division which should know it.

I took that in good spirit since the guilt of not knowing the number was gnawing me deep down. i hurried to the marketing division . that too did not help and i was told to go to the account department. Once there , i was told to go the operation department . by now i had realized the futility of it all..

Another Article published in Himalayan Time write giving the heading ‘Clipped wings’ The Nepal Airlines corporation (NAC), has yet to come out of its years old crisis of existence. Both of its Boeings -757 were grounded due to technical snags this week. However, one aircraft that had developed faults in New Delhi returned to Katmandu Wednesday. It had faced technical problems in its circuit breaker while starting the engines. The other Boeing still has serious cracks in it flaps. Worse, since the maintenanc3e work is not possible at home, the Boeings have to be flown to Brunei. Such problems are anything but new to the beleaguered airline

Unfortunately, the NAC still depends on two aging Boeing-757s to fly to almost 10 destinations in seven countries. Because of decades of poor management and lack of financial discipline, NAC has proved incapable of coping with the tenuous pressure to increase the number of its flights. Corporation official say they are trying to add one more aircraft, the problems go much deeper. At the time of competition among to add one more aircraft, but the problems go much deeper. At the time of competition among the airlines, the national flag carrier has been reduced to one or two aircraft, whereas private airlines that started from scratch have flourished in the last several years. The question, therefore, is one of restructuring both the ownership and the management of the NAC. It should be allowed to both the ownership and the management of the NAC. It should be allowed to function on purely commercial principles, and a visible and substantial public participation in its stakes is indisputable a pre-requisite.

Another Article published in Kantipur by Rajesh KC (2064/8/12) writes, same as Nepal's political and economy crisis Ethiopia's most successful Corporation is Ethiopian Airlines. In the research of World Bank, it found the reason behind the success of it was the capable of its management. There's only objective was customer Satisfaction. In 2005 AD it was awarded by 'African Airline of the Year' award.

Here NAC passenger wrote his experience on Jestha 10 in Airline quality .com, " I unfortunately booked Nepal Airlines ticket. Was heard bad facts about the Airline but did not experience it, My connecting flight was from Delhi so I went to Katmandu airport but I was just reached airport to hear about the cancellation. Staffs informed to send by Sahara Air. After landing at Delhi I did not found any NAC passenger so I missed another flight. So to manage it I had to expense 700 Dollar. Don't ever use NAC, its worse'.

This site is visited by more than one lakh visitor daily. Buying planes is not the solution, must attract the passengers and this types of service do not attract passengers.

Nepal Rastra Bank (1989) carried out an econometric study with an objective to study and estimate the levels and patterns of tourist expenditure in Nepal to estimate the value added and import contents thereby not foreign exchange earnings from tourism in Nepal and to estimate income and employment generation in the tourism sector of Nepal. The major findings of the study included tourism demand to be income inelastic in both dependent variables, i.e., tourist expenditure and number of tourists. The ratio for import contents for hotels, travel agencies, trekking agencies and airlines were estimated at 53.45 percent, 74.51 percent, 54.04 percent and 67.05 percent respectively. The value added for the tourism sector was estimated at 37.74 percent as compared to 44.66 percent for tourism related sectors and 42.82 percent for the overall sector. The ratio of direct import content when the induce and indirect effects were taken out was estimated at 35.45 percent, 15.12 percent, 10.79 percent and 57.60 percent for hotels, travel agencies, trekking agencies and airlines respectively.

2.2.2 Review of Thesis

Singh, Pingla (1979 A.D) is worth mentioning In her study she observed that the shoe in industry in Nepal made no significant effort to increase their sales. Since the Nepalese factories were unable to sell their product throughout the country themselves, she recommended to concentrate selling through dealers and dealers should be entrusted with exclusive rights for sales on areas basis , she further pointed that the term and condition for dealers should not be changed too frequently nor should they be amended unilaterally by the factory.

Agrawal G. R. and B.R. Sing (1977 A.D.) about the NAC they concluded, Nepalese organization seem to be badly suffering from the acute absence of cost control awareness. Public corporation sector has been the leader and the private sector has been a silent follower in this regards. There are many e. g. increases in price of bricks, sugar, electricity etc. where government meekly allowed the government corporation to make price increase instead of demanding of them effective control of cost in the interest of price stability. The poor accountability coupled with the absence of standards to evaluate their performance has perpetuated the status quo. However, it is essential that there attitude of cost control be inculcated in the working of organizations in Nepal.

Vidya, P.N. (1987) in his study, A case study of NAC”, had pointed some conclusions and recommendation as follows:

-) NAC's contribution in visitor influx to the country has always been significant but due to the growing competition from foreign airlines, it has not been able to maintain its share in trafficking tourist. The situation should be viewed from the total tourism industry perspectives. The industry after making remarkable progress in the sixties and a good progress in the seventies has a virtually stagnated after 1979. However same diversification tendencies in purpose of visit are notice through pleasure seeker group continued to dominate in total tourist arrivals. The situation after 1979 therefore has not been very encouraging to NAC, due to increasing competition and other factors. In bringing tourist in the country it has conceded the lead to Indian airlines though in total share in external service, NAC reigns supreme.
-) NAC has been making considerable efforts to promote tourism in Nepal. It has been making considerable various publicity campaigns, advertisements programs and other sales promotional campaigns. Its effort to sell Nepal as a destination has attracted enthusiastic response. NAC is proving probably the best means to promote the tourism wealth of Nepal. Its publicity, expenses in the 15 years period, have almost groom by 25 times, which indicates the extents of efforts being made by NAC. Yet there are still more areas where NAC's promotional efforts should be directly matched by adequate financial resources.
-) There is a very good prospect for developing interregional tourism as in Europe and North America. Even now Indian tourists constitute the largest chunk of tourists visiting Nepal. In view of the large potential regional market the potentiality for Nepal and NAC to tap it is quite bright. However, only limited attention seems to have been provided in this direction of promoting tourism in region through joint and common strategies. Materialization of South Asian Association for regional corporation (SAARC), however, should make a very favorable impact in this aspect.

Recommendation

-) NAC should extensively expand tourism promotion program through suitable methods or suitable mix of promotional mix tours in the true originating areas like Europe, America, and Japan etc.
-) NAC should enhance sales promotional measures in the proper tourist generating markets.
-) Service improvement is essential in domestic feeder lines, also especially in such routes which the tourist generally use.
-) It should develop adequate contacts and establish relation with world-class travel agents and tour promotional wholesaler to promote tourism packages as well as its services.
-) NAC should start developing strategies to meet the demands of business and official visitors in view of their potential growth.
-) NAC should promote attractive packages to promote tourism from the region and its publicity should get wide coverage. Attention should be provided to give greater courage to the potential market areas.

Bahadur (2044) BS's study, unpublished Master Degree Thesis, One of the constraints of progress of air transports in the underdeveloped countries is the scarcity of capital.

-) The development of air transport depends on the extension of airports and airstrips, because of mountainous topography, suitable stretch of level of land for airports are not easily available in the country. Due to shortage of plain land, it has become obstacle to extend the air services of big planes in the various part of the country.
-) Another major problem of our national airlines is the shortage of well-trained personnel. In this direction, though the friendly countries train many technicians such as engineers, overseers, draftsman and pilots, their number are still insufficient for the need of the country. In this regard, airlines have to adopt appropriate numbers of mechanics must be trained than the more engineers to maintain the aircraft properly. Due to sophisticated technology, corporation has to pay more

money to foreign country for training. This is also a vital problem for the corporation due to lack of aeronautical school.

Pant Yogesh (1993 A.D.) in his study found that most of the Nepalese consumer lack of consciousness for research work. They are unaware of the fact that a research work is beneficial not only for the researchers but also for the country as a whole, So, they do not respond elegantly to the questionnaire distribution to them. This becomes a much more complex problem when the questionnaire is long. They feel monotonous to fill up along questionnaire. So it is suggested to convince the consumers first before the asking the questions for giving the questionnaire so that they feel the study to be conducted is really big benefit for them also. The questionnaire to be used in the study should be short and simple as possible. A short and simple questionnaire can procure more accurate information than a long and complex one.

Shrestha H. P. (2003) in his study concluded that publicity on the facts about country trends to attract the foreign visitors significantly. But the publicity media has not been so effective in both quality and quantity. It is needed to give due alteration to expand the amount of publicity in the effective media of publicity in the country and abroad. No noticeable effort has been made abroad in this respect. Time has come to invade world tourism market in the more vigorous way which we can do by increasing genuine publicity measures.

Shrestha, (2007), has tried to cover the important aspects of the Nepalese aviation and tourism in his book. He has tried to explain the aviation history and the role of aviation in tourism. He further discussed the economic significance and the benefits of tourism in the economy of the host country which is measured mainly in terms of foreign exchange receipt from tourist and its multiplier effects on different activities, contribution to regional balance. Tourism development will also induce new business opportunities by opening markets for local products, promote new skill and encourage positive change in land use and production system

Shrestha, Prabal (2008) in his study the objectives of the research work are as follows

-) To assess the existing market size, growth and distribution policy etc.
-) To assess the product / service of airlines, fares rates (pricing).
-) To access the distribution and policy.

They are explained as follows significant and findings

-) NAC is only the airline of Nepal which establish as a state undertaking with domestic and international flight destination.
-) NAC is only the national flag carrier has been proud to show throughout the world.
-) NAC is the backbone to develop the tourism industry by carrying tourist from different international destination of the world. it is only the airline of the country which has earned fame and glory in national as well as international area.
-) To uplift and develop economic condition and tourism in the country through expanding domestic and international air transport services.
-) To promote tourism activities and opening up remote isolate areas for the benefit of the Nepalese.

NAC had four basic objectives of safety, expansion, profitability and social services. The airline was formed to manage air transport services inside and outside the Nepal in a safe, efficient, economical and proper manner. The corporation was empowered to exercise its power developing air transport services in order to ensure maximum profitability while at the same time it was expected to provide services at economic fares as far as possible.

2.3 Research Gap

The review of above relevant literature has contributed to enhance the fundamental understanding and knowledge, which is required to make this study meaningful and purposeful. There are various researchers conduct on related topic like Nepalese aviation and tourism, A case study of RNAC, A study on Brand Loyalty, marketing strategy of daily news paper etc. In order to perform those analysis researchers have used various data. Some researcher done their research using primary and secondary data and some researcher only use secondary data.

Here in this research conducted on using both primary and secondary data. This study tries to define aggregate introduction of NAC, product and services provided by NAC, marketing strategy of NAC,satisfaction level of customer of NAC and weak aspect of NAC etc are explored. Probably this will be the appropriate and helpful to person to know about Nepal Airlines Corporation.

CHAPTER-III

RESEARCH METHODOLOGY

Research methodology is a systematic way to solve the research problem. Research methodology refers to the various sequential steps to be adopted by researcher in studying a problem, with a certain object in view.

Marketing Research involves specific inquires into specific marketing problems. It is basically problem oriented and based on systematic and careful planning and implementation. The purpose of marketing research is to generate information, which helps the business executive to take appropriate and timely decision. Marketing research helps the business executive to take appropriate and timely decision. Marketing research provides the firm with important customer feed-back and understand the dynamic of the market place. Today, business decisions are increasingly based on the market-place reality than intuitions. The increase in marketing research activities reflects a transition from intuitive to scientific problem solving methods.

Thus this chapter highlights the research methodology which is used during the course of research study regarding "Marketing analysis of Nepal Airline Corporations"

3.1 Research Design

A research Design is the agreement of condition for collection and analysis of data in a manner that aims to combine relevance to the research purpose with economy in procedures. Thus it is not possible for the researcher to conduct a research project without research design.

The research is designed in such a way that it would be more convenient for the researcher to collect the actual data and information during the course of research study. This study follows more descriptive and less analytical research design..

3.2 Population and Sample Size

Population: The term population or universe for researcher means all the member of any well defined class of people event or objects.

Similarly, only the officer level employees (i.e from Grade Vi to X) of marketing department haven taken as a research population by the researcher in the research study.

Where,

Table No. 3.1

Table Indicating About Asking Question to the Employees

Grade	Officer Level Employees
X	1
IX	5
VIII	7
VII	25
VI	29
Total Population	65

Since, the total population of the study was 65 officer level employees.

Sample-A Population in most studies usually consists of a large group of people. Because of its large size it is fairly difficult to collect detailed information from each member of the population. Rather than collecting information from each member a sub-group is called a sample and the method of choosing this sub-group is done by sampling.

In the research study, the whole officer level of employees of marketing department has been taken as a population where as more than 10% of the population has been taken as a

sample which represents the population stated earlier in the study. Since the officer level employees was selected randomly.

Data and Information gathering Techniques: Data and information has been collected by following two methods

-) Primary data and information
-) Secondary data and information

A) Primary Data and Information

While collecting primary data and information the different methods has been taken into consideration. They were

- a) Observation method: By following this method the researcher has frequently visited the organization, observed different department, concentration has been made in marketing department, observed different division as units of the department, existing systems procedures, technology employed in central reservation unit communication unit and Abacus unit of NAC Tickets Reservation and Sales Procedures in International and Domestic sales counter Agency, Tariff schedule sub division of marketing department.
- b) Questionnaire Method: During the course of research study different questionnaires has been designed as per the requirement of research study. The list of questionnaire and their types are attached in the Appendix “I” of the research study. The list of questionnaire has been distributed to the offer level employee randomly to receive information from the different divisions of the marketing department.
- c) Interview Method: In case of getting information for the introductory frame work of research study. Structured and unstructured Interview has been conducted to the different employees of marketing department.

The structured interview has been conducted with Director of Marketing Department made clearer picture to analyze existing condition of marketing department. It helped a lot to identify the problem generated within the department. It was also interviewed in the public relations division and corporate division too.

Similarly structured interview has been conducted to Manger of Sales International Marketing Department Prevails the information that centralization of authority and long document approval and reject are the main causes that delay in making decision regarding flight and flight cancellation, unnecessary political pressure less employee morale is the main defects of the department.

B) Secondary Data and Information

Secondary data are actually the results and data collected by previous investigator. It is provides the researcher with a considerable amount of useful information.

With reference to research study the different secondary information has been collected from different sources. The different sources are – In formations and records kept by department divisions and units, NAC in house journals, profiles. NAC operating plans and budgets, budgets, business magazines, daily newspapers, Swet-patra published by NAC, Nepal Airlines Corportation magazines, on time flight schedule guide etc.

3.3 Analysis Tools and Techniques Used

With reference to research methodology, different tools and techniques has been used by researcher to preset and analyses the existing marketing system.

Use of tools and techniques

-) Tables and figures
-) System approach

- I) Tables and figures: A system is presentation of data in column and row from typically tables are used to present the data and information to make the content clear whereas the term figure usually includes graphs, maps, drawings and charts.
- II) System approach: A system is a group of element or components joined together to fullfill certain fuction.In large context a system is an assemblage has three basic interacting components. They are:

Input

Process

Output

Feedback

Control

CHAPTER-IV

PRESENTATION AND ANALYSIS OF DATA

Once the aircraft will take-off all the unutilized seats, spaces, would be waste. So the seats and spaces is to be sold before the aircraft. will take-off. Therefore airline should have such a marketing strategy that they would be able to sale as maximum as possible before it will be waste. Airline need to be much more sales oriented. For this most of the airlines today have started automatically, by the help of which they will be able to provide efficient and quick service to their valued customers.

Competition is the most challenge factor to modern airlines. Each and every airline has to face competition in their business, Nepal airline, our national flag carrier also has been facing competition in all its sectors.

Airlines product is service oriented. Passenger will prefer that airline which has good service in ground and in air consumer satisfaction is the prime factor in airline business. Most of the airline today are launching different programme to serve its customer and to have maximum consumer satisfaction.

Generally there are these tools are classified into four broad groups that the fours Ps of marketing.

4.1 Product

Product is one of the important factors of marketing mix. Without product no organization can do any business. It is the first step of any kind business in tangible or intangible way. In the airline business seat factor is considered as a product. More the Boeing and twin-otters, more the seat capacity in the international and domestic sectors. As an airline business is service oriented, a service product is a package of a series of service elements executed in keeping with the needs and wants of the customer, with an intension to maximize consumer satisfaction.

There are three elements in basic service package.

1. Core service
2. Facilitating service
3. Supporting service. service

The core service is the reason for being in the market. As in airline core service is for transportation. Facilitating services are those services without which core services cannot be performed. So having the Boeing is not only the solution, tougher it needs comfortable seats, good foods, other entertainment tools inside the planes. Facilitating services make it possible for the passenger to use a core services. But increase the value of the service offering. Thus, NAC can run a restaurant or duty free shop inside the airports or good transport service after and before the flights. As far as the core service and facilitating services are concerned, there will not be much scope for the competitive edge. But in a case of supporting services a high level of differentiation is possible and can enjoy a competitive edge by being up to date, innovative, fast, bold and flexible.

4.1.1 Cargo International

According to Appendix-II: In case of international cargo traffic, also, the cargo transportation is targeted to set at the level of 1971 tons for FY 2006/07 but it exceeds the forecast and was 2505 tons, which is 1.8% growth then previous year.

The above figure is not that satisfactory in spite of the growth of the percentage. we can see the sector like Kathmandu to Bombay, Banglore and Singapore is not satisfactory. Due to the closed operation to Banglore and Singapore, the cargo transported is zero. and NAC also forecast about the FY 2009/10 of the sector like Kathmandu to Banglore , Bombay and Singapore is nill, which show the lack of management skills of NAC and its gradually declining to the path of failure.

Likewise, sector like Kathmandu to Osaka, Shainghai and Dubai v.v are also not satisfactory. NAC needs to reform and try to know the problem about this dehctd statistic. The main reason behind this also can be a lack of Boeing to operate.

India and China are the big economic giants in the world where a lot of business transactions can be done by the Nepalese businessman. Government of Nepal should talk diplomatically to increase and open the new possibilities of business market. If so happened BAC should be fully prepared for the cargo service. What I would like to tell is that government also can play the crucial role in the development of NAC.

4.1.2 Passenger Traffic - Domestic

According to Operating plan Budget FY 2006/7, it was forecasted in FY 2006/07 were 88339 passengers but above table shows the very bad result which is 64507 passengers i.e. -28.3% than previous FY. In FY 2007/08 NAC had forecast its passengers increment to 110324 which is 71%, where we can see 0 passenger in the routes like Kathmandu - Biratnagar v.v and Kathmandu - Nepalgunj and v.v.

NAC must do research to know the reason about this decrease of the passenger. The sectors like Kathmandu - Lamindanda v.v and Kathmandu - Tumlingtar v.v routes passengers are decreased.

Due to peace process in Nepal also didn't help NAC to increase its passenger so there may be other reasons behind it. Another sector like Lukla - Kathmandu v.v is also decreased. This route is famous for the tourist. So what can be the reason behind this decreasing numbers. Maybe the tough competition in domestic market is one of the main reasons. Many private airlines are opened in the airline market where they have been promoting its market through various promotional tools. (Appendix-III)

4.1.3 Cargo Domestic

According to Appendix IV: Cargo upliftment in FY 2006/7 is set at the level of 182 tons with an increase of 7.1% over the last FY 2005/6. But opposite to forecast, FY 2006/7 was only 105.1 tons with a decrease of -33 percent.

NAC forecast for FY 2007/8 is 99.6 tons with a decrease of only -5.2% over the last FY 2006/7.

4.2 Pricing

Pricing is also one of the important aspects of marketing without proper pricing, a product cannot be sold effectively. Price in airline term is called as fare for the passenger and rate for the cargo. NAC being a public enterprise is following government directed pricing.

Pricing has become another prime factor in airlines business of today. Most of the airlines are under cutting their price to secure maximum business. They are offering different incentive to the passengers.

The we see that marketing is the most challenging and important factor for the airline of today. They have to face competition from its production, which is scheduling up to distribution. Consumer satisfaction is the most important factor in airline business. Every thing is to be competitive, like schedule, price, distribution system and service etc everything is competitive to capture its market. For all this a good marketing strategy is essential.

Pricing is the influence factor in consumer decision marketing, related to the purchase. In service marketing mix, price is only 'P' that generates inflow to the company. The revenue of the company will be greatly influence by the pricing decision. Traditional approach of pricing have some problem when applied to services. Taking into consideration the service characteristic and consumer perception, service firms should take the right decision relating to the pricing of services.

Price in airlines term is called as fare for the passenger and rate for the cargo. NAC being a public enterprise is following government directed pricing in its domestic sector and market competitive pricing in its international sector both for passenger and cargo.

Conditions Special of Economy IT fares for sales in Nepal With effect from 01 January 2008. (Appendix V)

1. This fare is valid for all tickets issued on or after 1 January 2008 until further notice.
for RT fare ticket 2nd leg will be valid for one year from commencement of first leg.
If open dated ticket is issued validity of the ticket will be one year from the date of issue.

2. commission: normal agency commission 7% will apply . volume incentive applicable as per agency agreement.
3. taxes, fees and charges(TFC) not included in the fare ,hence shuld be collected separately
4. Ticket must be used in sequence.
5. For ticketing purpose, applicable lowest published directional minimum fare is to be shown in the ticket followed by the tour code.
6. Discount:
 - a children - 25% of the applicable adult fare. Applicable for children who have received their 2nd birthday but have not reached their 12th birthday. Tour code will be respective tour code of adult fare and CH to be entered in the ticket designator box. Date of birth (DOB) should be mentioned in the ticket.
 - b) Infant: - 90% on the above fare: applicable for babies who have not reached their 2nd birthday. Code "IN" and date of birth (DOB) of the infant should be mentioned in the ticket.
 - c) Student: Not applicable
7. Tour Leader:
 - a) 15+1(100%) group discount is applicable for the 16th passenger.
 - b) 10+1 (50%) group discount is applicable for the 11th passenger.
 - c) Two children traveling together will be counted as one adult. Passenger for determining the qualifying number of the group.
 - d) Group must be formed on non-cumulative basis and must travel together up to the destination .however they can travel separately on return travel.
 - e) Group strength should be shown in each ticket.
8. No show charge:
 - a) NPR 1000/ or equivalent apply in case of non-show. If the passenger fail to cancel / postpone the booming before 204 hour of the flight then no show will be applicable. if passenger of floated by immigration, customs or security at airport , 25% of the applicable fare will be charged as no-show charge.

b) No-show is not applicable in USD fare.

9. Refund:

a) Refund charge NPR 500/-n will apply.

b) If partial sectors are used then refund will be made after deducting applicable one way fare for as part I for used portion and refund and no - show charges etc.

c) Refund of unutilized /unused tickets issued by RA officers / agents ticket can be made within three years from the date of issuance.

d) in case of flight disturbance for a week and more for confirmed and even for open dated ticket in of RT fare , 1/2 RT fare of unutilized portion will vbe refunded and no refund charge will be levied.

10. Restriction:

a) Nationality must be mentioned.

b) Respective tour code and fare basis should be shown on appropriate boxes of the ticket.

c) Ticket must be stamped “Valid on RA only”. “Non-Endorsable” and Non-Refundable”

11. J-class fare:

The above fares can be made to J-class charging 25% addition amount of above fare. If pax wants to upgrade 2nd Leg only, the 25% additional charge by RA counter by reissuing ticket/receipt.

12. Baggage allowance: 30 Kg in J-class and 20kg in Y-class.

13. Above fares can be used for PTA purpose by charging USD 25.00 or equivalent currency as PTA charge

14. Advertising and sales: Nepal only.

15. This supersedes all the precious fare circulars in this regard.

NOTE: In case of Interline coupons, an additional of USD 100.00 will be charged to upgrade in J-class for the sector KTM-HKJ/KUL/DXB/OSA or v.v and USD 75.00 will be charge for KTM-BKK or v.v except on AF/ID and APS fare mentioned on the tickets

issued by interline patents. This is applied to upgrade from DSO(I), TAP and from out station as well.

Indo/Nepal fares for sales in Nepal and India From 20 October

Table No. 4.1

Table Indicating Normal USD Fare

Sector	Fare basis	Fare	Class	Application	Validity
KATHMANDU -DELHI OR V.V	OW/J	USD 180	J	Foreigners	One Years
	RT/J	USD 360	J	Foreigners	One Years
	OW/J	USD 150	Y	Foreigners	One Years
	RT/Y	USD 300	Y	Foreigners	One Years

Table No. 4.2

Table Indicating Normal Local Fare

Sector	Fare basis	Fare	Class	Application	Validity
KATHMANDU -DELHI OR V.V	OW/J	NRP 11105	C	Nepal/India	One year
		INR 6940	C	Nepal/India	One year
	RT/J	NRP 22210	C	Nepal/India	One year
		NIR 13880	C	Nepal/India	One year
	OW/J	NRP 8600	M	Nepal/India	One year
		INR 5375	M	Nepal/India	One year
	RT/J	NPR 16800	M	Nepal/India	One year
		INR 10500	M	Nepal/India	One year

Table No. 4.3

Table Indicating Special T Class Fare

Sector	Fare basis	Fare	Class	Tour	Application	Validity
KATMANDU-DELHI OR V.V	Y/OW	NPR 8000	T	S2XZ	NEP/IND	One Year
		INR 5000		S5XZ		
KATHMANDU-DELHI - KATHMANDU OR DELHI	Y/RT	NPR 15600	T	A56Z	IND/NEP	One Year
		INR 9750		S25X		

-KATHMANDU -DELHI						
-------------------	--	--	--	--	--	--

Source Commercial Depart of NAC

Note 1. Student : Not Applicable

2. PTA : Not Applicable

Table No. 4.4

Table Indicating Special Economy Fare Ex-Delhi

Sector	Fare basis	Fare	Class	Tour	Application
DEL-KAT BKK	Y/OW	INR 12750 USD 370	Y Y	IND / NEP FOREIGNER	One Year
	Y/RT	INR 24875 USD 700	Y Y	IND / NEP FOREIGNER	One Year
DEL-KTM HKG	Y/OW	INR 17125 USD 500	Y Y	IND / NEP FOREIGNER	One Year
	Y/RT	INR 32375 USD 950	Y Y	IND / NEP FOREIGNER	One Year
DEL-KTM SHA	Y/OW	INR 17125 USD 500	Y Y	IND / NEP FOREIGNER	One Year
	YRT	INR 32375 USD 950	Y Y	IND / NEP FOREIGNER	One Year
DEL-KTM OSA	Y/OW	INR 21500 USD 750	Y Y	IND / NEP FOREIGNER	One Year
	YRT	INR 41750 USD 1400	Y Y	IND / NEP FOREIGNER	One Year
DEL-KTM DXB	Y/OW	INR 17125 USD 500	Y Y	IND / NEP FOREIGNER	One Year
	YRT	INR 32375 USD 900	Y Y	IND / NEP FOREIGNER	One Year
DEL-KTM KUL	Y/OW	INR 15875 USD 500	Y Y	IND / NEP FOREIGNER	One Year
	YRT	INR 29250 USD 900	Y Y	IND / NEP FOREIGNER	One Year

Note

1. discount
a student – Not applicable
2. Above fare is to shown in the ticket
3. Sales and advertisement limited to India only.

General Conditions

1. Fare are valid for all tickets issued on or after 20 October 2007. If issued for RT fare second leg will be valid for one year from commencement or first leg. If open dated ticket is issued validity of the ticket will be one year from the date of issuance.
2. Commission: a. Normal agency commission 7% will apply.
b. Volume incentive applicable on RA sales only.
3. Taxes fees and charges (ITC) not included in the fare, hence should be collected separately.
4. Ticket must be used in sequence.
5. For ticketing purpose normal published directional promotional minimum economy fare are to be shown in the ticket followed by tour code is given.
6. Discount:
 -) Children: 25% of the applicable adult fares applicable for children who have reached their 2nd birthday but have not reached their 12th birthday. Tour code will be respective tour code of adult fare and code CH and date of birth should be mentioned in the designator box of the ticket.
 -) Infant: 90% on above fare. Applicable for babies who have not reached their 2nd birthday. Code IN and date if birth (BOD) of the infant should be mentioned in the ticket.
 -) Student: 25% of the applicable normal adult fare applicable or students who have not reached their 26th birthday. Tour code will be respective tour code of adult fare and SD to be entered into designator box of the ticket. This discount will be applicable for travel between residence and the institution of the study.
7. Tour Leader:

-) For a group of 15 adult fares paying passengers one free ticket for the 16th tour conductor is allowed.
-) For group of 10 adult fares paying passengers one 50% free ticket for the 11th tour conductor is allowed.

Note I) Two children traveling at the children fare will count as one adult passenger for determining the qualifying number of the group

II) Group must be formed on non-cumulative basis and must travel together up to destination/turn around point.

III) Group strength must be mentioned in all tickets issued in a group.

8 No show charge NPR 1000 or INR 625 will apply in case of No-show except USD fare.

9. Refund charge NPR 500 or INR 315 equivalent USD will apply.

Refund:

-) If partial sectors are used then refund will be made after deducting applicable ow fare for used portion and refund, no show charges etc.
-) In case of flight cancellation ½ RT of collected amount of the fare will be refunded in case of first leg is utilized irrespective of confirmed of open dated ticket.

10. Normal Baggage Allowance 40Kg in J-class and 30Kg in Y-class.

11. Restrictions: Ticket must be stamped “Valid on RA only” or “Non Endorsable”, “Non Rutable”.

12 “Not Valid after “box of the ticket must be filled in.

13. Above fares can be used for PTA Purpose also charging USD 25.00 as PTA charge and for INDO/Nepal sectors local fares PTA charge will be INR 500.00 or NPR 800.00.

14. Advertising and sales: Limited to Nepal & India.

15. Excess Baggage for Delhi-Kathmandu INR 64.00 per kg and for Kathmandu-Delhi NPR 102.00 per kg.

16. Cargo Rates:

Delhi-KAT sectors only

	Net	Gross
Minimum (M)	INR 112.50	INR 125.00
Normal (N)	INR 24.30	INR 27.00
+100	INR 19.80	INR 22.00

Conditions

- a. Charge collect (CC) shipment is not permitted.
- b. Cargo Insurance surcharge USD 0.07 per kg. Per sector is applicable.
- c. The above cargo rate is for general cargo only.
- d. Since the above rate is net. Normal commission will not be applicable.
- e. The above gross is to be shown in the Air Way bill.
- f. Tax, charges and fees are not included in the above rates. Hence the TFC applicable should be collected separately showing in the Air Way bill.
- g. Air Way bill fee should be collected, showing due carrier box in the Air Way bill.

This fare supersedes earlier circular in this regard.

NAC has done very little in the field of Market promotion of International sectors. While I interviewed one of the member according to him in the coordination with Nepal Tourism Board (NTB) NAC are organizing the fair outside Nepal, which can be effective one. Agent can also be one factor promoting NAC within the customers. The agent is the place where customers directly interact. It depends upon the agent behavior.

Before only 2-3 years ago I used to read about the fair event in other countries and AAC used to take a part. But now I found that the staff of public affair of the NAC had no excitement to take part in it. They show the lack of plane and sector behind this reason. NAC had issued new calendar of 2008 AD having scenery of Nepal. This is also one of the promotional tools but calendars are printed in a low quantity that it doesn't give message to the mass customers.

When I visited its website its websites in the internet I hardly found any information about NAC. Internet can be taken as a direct marketing. In direct marketing customers are

the kings. Therefore, NAC must be able to lure and attract the customer through internet. Most of the airline's ticket can be booked through internet but our National flag carrier NA has not leap its step forward for this system.

We only get to read about the problem in NAC in the newspaper. This can spread negative information about the company through word-of-mouth promotional tools. Word-of-mouth communication will influence consumer expectation, preferences and purchase behavior.

4.3 Promotion

Promotion means "to move forward" in its broadest sense. Promotion can be defined as marketing communication that attempts to inform and remind individuals and persuade them to accept, recommended, re-sell or use of product, service or an idea.

Promotion is popularly known as external marketing in services as a traditional marketing. To continue the traditional identity, promotion was included as one of the components of services marketing mix.

-) Advertising
-) Personal selling
-) Publicity and public relation
-) Direct marketing

Today's business can not be expected to be success without a proper promotion policy. NAC being an airline business has to give even more importance in proper promotion activities. To be very frank NAC has not have promote its product in its domestic sector as there is always problem to get seats especially in hilly region sectors. But in the other hand promotion of its product that much effectively in the foreign market. But recent promotion strategies have becoming very effective in international sector also.

4.3.1 Special offers of NAC

-) Insurance

-) Special package
-) Student concession

Special/ Promotional economy IT fares for sales in Nepal with effect from 01 October 2007 until further notice.

Table No. 4.5

Table Indicating One-Year Valid Special Promotional Fare

Sector	Fare Basis	Fare	Class	Tour code	Applicable	Validity
KTM-DXB	Y/OW	NPR20000	Y	A14XZ	Nepal/India	One-Year
		USD 400	Y	SIZ	Foreigners	
KTM-DXB-KTM	Y/RT	NPR 37000	Y	A29XZ	Nepali/Indian	
		USD 650	Y	A15X	Foreigners	
DXB-KTM	Y/OW	USD 400	Y	SIZ	All nationals	
DXB-KTM-DXB	Y/RT	USD 650	Y	A15X	All nationals	

Sources: Commercial Department, NAC

Conditions:

1. This fare is valid for all tickets issued on after 01 October 2007 until further notice. Validity of 2nd leg will be 01 years from commencement of first leg of journey. Validity of Open dated ticket will be one year from the date of issuance.
2. Commission: Normal agency commission 7% will apply. Volume Incentive applicable as per agency agreement.
3. Taxes, fees and charges (TFC) not included in the fare, hence should be collected separately.

4. Tickets must be used in sequence
5. For ticketing purpose applicable lowest published directional minimum fare is to be shown in the ticket, followed by the tour code.
6. Discount:
 -) Children- 25% of the applicable adult fare. Applicable for children who have reached their 2nd birthday but have not reached their 12th birthday. Tour code will be respective tour code of adult fare and CH to be entered in the ticket designation box. Date of birth (DOB) should be mentioned in the ticket.
 -) Infant- 90% on above fare, Applicable for babies who have not reached 2nd birthday. Code "IN" and date of birth (DOB) of the infant should be mentioned in the ticket
 -) Student Not applicable.
7. Tour Leader: Not applicable.
8. No show charge: NPR 3000 or equivalent will apply in case of No-show. If the passenger cancels postpones the booking within 24 hours of the flight then no show will be applicable, No show chafe is not applicable in USD fare.
9. Refund
 -) Refund charge NPR 1000.00 will apply
 -) If partial sectors are used then refund will be made after deducting applicable one-way fare for used portion and refund and no show charges etc.
 -) Refund of unutilized tickets issued by RA offices/Agents can be managed within three years from the date of issuance.
 -) Cancellation/ Date change NPR 100 will be applicable for more than 24 hours before the flight.
10. Normal baggage allowance in Y class: 30 Kg for KTM- DXB only.
11. Restriction.

- a. Nationality must be mentioned.
- b. Respective Tour Code and fare Basis should be shown on appropriate boxes of the ticket.
- c. Ticket must be stamped “valid on RA only” “non-Endorsable” and “Non Refundable”.

12. Upgrade:

- a. This fare can be upgraded to “j” class charging 25% additional fare on above fare, Tour code will be respective tour code +j Up gradation to J class collection additional 25 percent on above fare will be done from RA sales office only by reissuing ticket/issuing receipt.

13. Advertising and Sales: Nepal Only

14. Above fares can be used for PTA purpose by charging USD 25.00 or equivalent currency as PTA change.

This supersedes all the previous fare in this regard.

4.4 Distribution

Business firm or social organization measures their growth in terms of market expansion. When a service provider intends to expand his market operations, there are only two options before organization. Either it has to start service outlets at various place offering the same package and quality or to use private distributor for the purpose. Maintaining standards of performances at the service outlet is always challenging for the service provider. If this job is assigned to middlemen, there may be a danger of decrease in the value of offering and bad reputation to the organization. However, if the distributor has the ability and willingness to offer such services, the risk of failure and damage to the company image gets minimized.

Distribution’s objective is to make service available at the right time and at the right place and accessible to consumer with ease and convenience.

Airline product also can be distributed through both channels that is directly to the customers or through middleman. Middlemen for airline product are travel agents, general sales agent, cargo sales agents etc. NAC is also selling its product to customer. it is also selling its product by appointing different agents inside the country and worldwide outside the country.

4.4.1 Marketing and Station Affair (International Division)

Marketing and station affairs international division is concerned with formulation product policy and strategy regarding international flight. The product policy and strategy is supposed to be changed according to demand and supply. In the field of airline services, airline seats and space are considered as product. Marketing division always think what marketing strategies are appropriate? What strategy follows to compete in the world market? There is popular saying 'don't watch the product life cycle watch the market life cycle'. Similarly the division is concerned to set tariffs and price of the product. Tariff and price are taken as an important aspect in the market. Pricing strategy includes imitating price cuts, imitating price increase, reaction to price changes, responding to competitor's price changes etc.

Market promotion is another activities of this division in includes advertisement through different media such as radio , television, newspaper , magazine and journal , airlines profiles etc. similarly conducting different seminars and participating in seminars conference and exhibitions.

The division is always in touch with their station, how the station is supporting them and providing information to their staffs regarding flight and passenger arrivals and their handling. The location of international stations and management of these stations are the major concern of this division.

Number of planes NAC owns for international flight is only two that is only two that is Boeing 575. NAC was giving its service till 1992/93 with its two Boeing 727 and other two Boeing 757 altogether four Boeing in 9 countries, 13 cities. It sold its both 727

Boeing and took one Boeing on lease for few years. Since 2002 it have been operating with its own 757 Boeing after lot of conflict aroused about the lease agreement.

NOC's two Boeing 757 are also very old. Its production company had already closed its operation since 2004 AD. International airlines have been adding its fleets with more quality and modern technology. The planes being very old, it takes more times as well as cost in maintenance. If only one Boeing is on maintenance or any emergency happens all the flight schedules are affected which can be a negative message to the passengers about NAC.

After government has liberalized its rules and regulation, NAC's monopoly has been ended and it has to compete with airlines. In results, it has more changes to loose the existing market and have to compete in the sectors where NAC is in profit. The reason to stop its Europe flights since 2001, due to tough competition and lack of planes.

At present NAC has been operating by its own plane in international sector like Delhi, Hong Kong, Shanghai, Osaka, Kualalampur and Dubai. Where there is less competition NAC is in profit. In operating international routes like Kualalampur, Dubai, Hong Kong and Bangkok are in profit as well as Osaka Shanghai and Delhi route are in satisfactory level. Despite of profit NAC is not able to add its fleets in sector where there is profit. According to "airline flight theory " less then four flight per week are not profitable and manageable.

4.4.2 NAC's International Routes

Table No. 4.6

NAC's International Routes

S.N.	City	Flight Per Week
1	Delhi	7 flights per week (daily one flight)
2	Bangkok	3 flights per week
3	Hong Kong	3 flights per week

4	Dubai	3 flights per week
5	Kula Lumpur	5 flights per week
6	Osaka	3 flights per week
7	Shanghai	2 flights per week

Source: NAC Swet Patra 2065

As mentioned above Hong Kong, Dubai and Kula Lumpur are the main markets as per market share and no of passengers.

The market which NAC has is not sufficient. It only covers 7 cities around the world and it is very few. As India and china, they are our closet neighbor and also the most populated area in the world. They are also one of the emerging nations in the world and their economic growth is increasing annually. Increasing economic growth means high living standard and saving more money for traveling. If NAC only be successful to tap the market of these emerging nations it would be enough for NAC. So for these large countries only two Boeing is not sufficient. NAC must add its fleets for the incensement of the market. At present it only gives service in Delhi like wise china shanghai and Hong Kong. Nepal is one of country where Chinese government has liberalized its citizen to visit. In result Chinese tourists are increasing day by day, but other private airlines taking this opportunities as well as benefits.

Europe and America have its own specialty. For the quality tourist Western Europe is the main market for NAC. NAC must have capability to reach these places. If appropriate Boeing are added, NAC can add its fleet for Frankfurt and London.

Beside these three are approximately two million people working and studying around the world especially in gulf countries and Europe and the U.S.

4.4.3 NAC International Stations

Table No. 4.7

International Stations

S. No	City	Country
1	Delhi	India
2	Hong Kong	China
3	shanghai	China
4	Dubai	United Arab Emirate
5	Bangkok	Thailand
6	Kuala Lumpur	Malaysia
7	Osaka	Japan

4.4.4 Type of Agents

Table No. 4.8
Type of Agents

Country	Types of Agent			Cargo Agent
	GSA	PSA	BSP	
India	-	23	-	7
Thailand	1	-	-	-
Bangladesh	1	-	-	-
Pakistan	1	-	-	-
UAE	1	-	6	-
Taiwan	1	-	-	-
Japan	-	6	6	1
Hong Kong	-	-	6	1
Korea	-	3	-	-
Kuwait	-	1	-	-
Israel	-	1	-	-
Malaysia	-	1	-	-
Sri Lanka	-	1	-	-
Singapore	-	1	-	1
Spain	-	1	-	-

Switzerland	-	1	-	-
Italy	-	1	-	-
Brunei	-	2	-	-
Nepal	-	52	-	16

Source: NAC, 2065

The conflict arises time to time about the ticket-selling agency. At first it was thought that it would be effective opening general sales agent so NAC opened its GSA at many places. However, without the practical opening GSA there was many conflict about the GSA was unable to collect its cash from GSA and has to bear loss or had to fight in the court. it gave a negative impact of NAC . So AC hasn't opened its GSA instead for sales promotions. it opened BSP agent (Billing and settlement plan IATA Agent). in a result tickets are sold in country lime Hong Kong , Japan, UAE, etc and in India too, NAC is working in progress for BSP agent. in a country lime Malaysia , Singapore , tickets are sold by the PSA (Passenger sales agent) .by time period this management is also changed by the BSP agent.

While selling its tickets through agent, NAC usually gives 7% commission. Beside these for the motivation, it gives less or more to 7% commission in the basis f tickets selling.

Though it is heard public dissatisfaction about the tickets selling. the tradition of holding the seats till the last minute causes the problems lime not getting the ticket but at the time of flight empty seats are flown . NAC must take this problem very seriously. For this the time period of holding the seats must be controlled effectively as other international airline. Likewise, NAC don't have the specific rules and regulation for the establishment of the agencies. The process if selection and recruitment of agent is always in chaos. for the getter agency , different rules and regulation is needed.

4.4.5 Travel Agent

Travel agents are considered as backbone of NAC to sell the tickets in international and domestic markets. Generally marketing department of NAC appoints travel agents

according to their 117 domestic and international authorized travel agents respectively scattered all over the country including both stickiest and non stoking.

Where stockiest travel agents are those agents who generally makes sales volume mire than Rs 50, 00000 / per year and receives prescribed incentive scheme as per the rule of NAC.

on the other hand no stockiest agents are the agents that they sales the airlines ticket on cash minus commission basis.

General procedure to be an authorized travel agent of NAC

In order to be an authorized travel agent the following procedure should be following.

1. The agent should be at least 1-year experience in travel and trade activities.
2. The agent should fulfill the following requirement to be a legal travel agent.
 -) Should be registered in Association of Industry and Commerce.
 -) Should be registered in Nepal Tourism Board.
 -) Should be member of NATA.
 -) Needs authority from Nepal Rastra Bank
 -) Should be registered from Government of Nepal
3. The agents needs to submit request application to NAC marketing department in order to work as an authorized agent.
4. The agents should fill up application from of NAC with details.
5. Agreement documents between NAC and travel agents.
6. The agents should deposit Rs 75000/ in NAC Bank account according to the rule of NAC.
7. Start worming as an authorized travel agent of NAC

In domestic sector travel agents and marketing department communicates through telephone and fax for ticket booking and reservation which is considered as a manual information system. This system needs ticket confirmation and issue by personnel visit to the NAC marketing department for stamp, which is one of the tardiness and ambiguous

jobs for the travel agents. In the one hand where in other hand travel agents and traveler should listen the announce done by radio Nepal for flight confirmation which is taken as traditional system which comparison to other airlines.

Recently, international air transport association (IATA) had announced that from June 1st all the airlines company has to issue electronic ticket.

NAC has also decide to use the electronic tickets from June 1st source says that NAC has already managed the software and account and its on the final step.

to issue the e- ticket travel agents must be the member of IATA and for this Travel agents has to deposit ten thousand dollar bank guarantee. According to BSP travel agent have to bank guarantee the transition of 35 days and had to pay within 15 days.

Needing this big amount, travel agents have been chanting the slogan against this system but at the same time, many travel agents are being member of IATA.

According to IATA airlines company will be saving dollar 9 per ticket. NAC cost is 1-2 dollar per ticket.

Till the last week 43 agents have been already the member of IATA , 19 are on the queue.

E- Ticket

Passengers gets the paper slip instead of air ticket where flight No and flight schedule is written. After booking the ticket it also appears in email. After showing that slip at the airport passenger will get the boarding pass and with the help of it we can travel to our destination. as before we should not be afraid loosing or forgetting the ticket, in this case we can print from our email from cyber near by.

4.4.6 Role of ABACUS

Marketing department, NAC has started using computer technology from the beginning of 1985 A.D .But those computer are used to input and store the data to print out data and information in a certain format. Due to the changes in information technology, the

computers and computers based information technology has been changed somewhat accordingly.

Now the NAC is using computerized based information Technology in central reservation control unit of Marketing department to book and reserve the ticket online only in international sector world wide through the help of SITA(society of International Telecommunication Associates) and ABACUS International (p) Ltd. The head office of SITA is in France. The main function of this company is to provide lines through out the world coordination with Nepal Telecommunication of Nepal.

ABACUS International is the Asia Pacific's largest Global Distribution System(GDS) and computerized reservation system (CRS).The head office of ABACUS International Pvt. Ltd is Singapore .The US based SABRE group and ABACUS signed a multimillion dollars strategic global alliances, which is widely recognized for its travel technology leadership .

ABACUS international holds 65% and the SABRE group holds 35% stake in ABACUS international PVT Ltd. Where ABACUS international is a company owned by top 11 Asian Airlines viz; A Nippon, Garuda Indonesia, Hong Kong Dragon Airlines, Malaysia, Royal Brunei Airlines, Silk Air and Singapore Airlines.

The ABACUS system allows travel agent to book and gain access to information on hundred of airlines, hotels and car rental companies worldwide. The services provided by ABACUS International Pvt Ltd are listed below

-) World Flight Information
-) Fares and Pricing
-) Farex
-) ABACUS Hotel system
-) ABACUS Car System.

Together, ABACUS International and SABRE group formed the Largest GDS information Network Worldwide. It has over 38000 locations over 141000 CRTs in 108 countries.

ABCUS activity markets and support its service through in National Marketing companies. There are now ABACUS NMC in Australia, Bangladesh, Brunei, Cambodia, Hong Kong, India, Indonesia, Korea. Malaysia, Nepal, New Zealand, Pakistan, Philippines, Singapore, Sri-Lanka, Taiwan, Thailand and Vietnam. ABACUS also has an office in Beijing China. The NMC provide training onsite support and help desk to answer quires on to resolve problems.

NAC Relation with ABACUS as an Airline:

As an airline NAC signed a participation agreement with ABACUS in 5 April 1991. Since then NAC seats are being sold by ABACUS subscriber in Asia pacific, ABACUS has helped to sell NA seats through its wide spread subscribers in Asia Pacific.

NAC's relation with ABACUS as a Distributor:

After signing sub-distribution agreement on 26 October 1997, NAC has become National Marketing Company (NMC) of ABACUS in Nepal and has been able to operate the business to market and distribute the ABACUS System and ABACUS. Part of the revenue generated from Nepal for ABACUS is Paid to NAC as a Marketing fee.

NAC has setup a separate business unit under general service department named ABACUS Nepal NMC to look ager the distribution business of AACUS. The section looks after marketing helpdesk, training, onsite support, technical and database functions of ABACUS in Nepal.

Similarly NAC Marketing Department is using Gabriel, DSO AMAEDUS system in CRC unit and sales counter of NAC. The server (Master computer) handles the

information and distributes the information through networking from ticket reservation and sales to the terminal.

4.4.7 Domestic Division

Domestic division of Marketing department is concerned with different activities such as product policy and strategy, Sales Reservation policy, Market promotion, Station management and generates Management information report as per the requirement of the department.

4.4.8 Present Condition of Planes of NAC

Table No. 4.9

Present Condition of Planes of NAC

TwinOtter (one use)	DHC -6	4
TwinOtter (one not use)	DHC -6	3
Avro Plane (damage Condition)	HS -748	1

Source: NAC Swetpatar 2063

NAC owns 7DHC-6 Twin-Otter and one HS-748 Avro which is grounded from 2000AC. Among 7 Twin –Otter only 4 is on use and 1 can be used after maintenance and rest 2 us decided to sold by the organizing committee.

NAC is using 20 to 34 years old planes which are unable to take flight in time and cost more in maintenance. Production Company has already closed its production.

To solve these kinds of problems and to run profitably and to suppers country's Tourism, NAC must add 50-60 seats capacity immediately. Likewise NAC;s only one Avro plane is grounded in hanger. NAC had opened its tender for sale but it's not getting its price, It has to pay millions of rupees to the NAGARIK UDDYAN PRADKIKARAN for grounding the Avro plane.

4.5 Domestic Sales and Reservation of Marketing Department

Sales and reservation of marketing is one of the sub departments of marketing department. Tjos department mainly deals with selling of ticket's seats reservation and ticket retrieval. Sales and reservation is done mainly through three methods i.e through travel agency, through officially and direct visit domestic flight of NAC. Domestic flight of NAC takes citizen and foreigner regularly to the most of the part of the county.

4.6 Marketing Department:

NAC is the biggest airlines of Nepal. There are about 1509 employees working in different departments of NAC. The different departments have its own functions and importance. Each and every department is connected linked with each other according to their requirements. Among the different departments, marketing department is one of the most sensitive departments of NAC which plays numerous roles to uplift and compete in the competitive environment. The success and failure of airlines services depends on the proper and efficient management of marketing department.

Basically, marketing department handles all the function concerned with marketing. The department formulates all the strategies, plans and policies related with marketing activities such as sales promotion pricing, advertising distribution, schedule planning, station management, market research and development etc. the marketing department of NOC consist number of division and it is further divided into units. The structure of marketing department and their respective division and units are presented below.

Marketing Department

1 Marketing and station affairs (international)

-) Product policy and strategy
-) Tariff and price strategy
-) Market promotion
-) Station affair

2 Market department cell

-) Market research and development
-) Tariff review, monitoring and forecasting
-) Schedule planning
-) Management information report

3 Sales international

-) Reservation and sales policy

) Agency policy, distribution and control

) Yield management

4 Domestic

) Product policy and strategy

) Market promotion

) Sales and reservation policy

) Station management

) Management information report

5 Flight support service

6 Airport service

4.7 Airport Services

Airport service is also one of the important divisions of marketing department. It handles about the airline handling of foreign as well as Nepal Airlines. Foreign Airlines has to pay to the Nepal Airline Corporation for using the ground services.

This division also handles the complain about the passenger in-light or in ground. It not only handles complain but also compensate if necessary. While compensation passenger satisfaction must be given importance. Beside these flints review and cargo services are also given by this division

4.8 Analysis of Primary Data

This researcher in the study has designed the questionnaire to collect the primary data and information and has distributed 12set of each questionnaire from to the officer level employees of marketing department, NAC randomly. The total no of respondents were 12 i.e is more than 10% sample of total population stated earlier in the study.

Since from the distributed questionnaire the following data and information has been received and they were tabulated to present and analyzed the data

4.8.1 Reasons for Unsystematic Flow of Information.

Table No. 4.10

Reasons for Unsystematic Flow of Information

Reason	Response	Percentage
Lack of motivation to do work	1	8.3%
Lack of appropriate policies	-	
Lack of network based	10	83.4%
Computerized information system		
Other	1	8.3%
Total	12	100%

Source: Primary Data Based on Questionnaire

Where, table indicates that the total no of Respondents were 12 and 10 of them has emphasize the reason for unsystematic flow of information is due to lack of network-based computerized information system and has the highest percentage

4.8.2 Reason behind Problem in Decision Making in Your Department

Table No. 4.11

Reason behind Problem in Decision Making in Your Department

Reasons	Response	Percentage
Due to less job responsibility	2	16.7%
Due to traditional paper based in		
Information system	8	66.7%
Due to employee absenteeism	1	8.3%
Other	1	8.3%
Total	12	100%

Source: Primary Data Based on Questionnaire

Similarly, table indicates the total No of respondent was 12 and emphasized reason behind problem in decision making is due to traditional paper-based information system and has the higher percentage

4.8.3 Reason Behind Flight Delay and Cancellation

Table No. 4.12

Reason Behind Flight Delay and Cancellation

Reasons	Response	Percentage
Lack of proper information system	9	75%
Inadequate aircraft	1	8.3%
Technical problems	2	16.7%
Total	12	100%

Source: Primary Data Based on Questionnaire

Table indicates reasons behind flight delay and cancellation is due to the lack of proper information which consist higher percentage

4.8.4 Is it necessary to Minimized Traditional Paper Based Information System?

Table No. 4.13

Is it necessary to minimized traditional paper based information system?

Opinion	Response	Percentage
Yes	9	75%
No	1	8.3%
Other	2	16.67%
Total	12	100%

Source: Primary Data Based on Questionnaire

Above table shows the indication for the minimization of traditional paper based information system.

4.8.5 Is Network Based Computerized Information System Necessary?

Table No. 4.14

Is Network Based Computerized Information System Necessary?

Opinion	Response	Percentage
Yes	10	83.3%
No		
Other	2	16.67%
Total	12	100%

Source: Primary Data Based on Questionnaire

Above table shows the indication in favor of the computerized information system to coordinate and communicate different divisions and units of the department. Some of the primary data and information based on questionnaire that has been designed by the researcher which has not been tabulated here, but they were used to present and analyze the marketing department of NAC.

Questionnaires were served at TIA Domestic Terminal lounge to know the frequency of travel by the respondents during the last five years. Out of 60 respondents 22 responded that they travel once a year. This means that 36.67 percentage travel in year. About 14 respondents responded that they travel once in a six months. The table also reveals that 30% or 18 responded that they travel once in a three months. The number of respondent travels that the respondent traveling once a month and daily are least and second least while the number of respondents traveling once year is the highest.

4.8.6 Frequency of Travel by Air Plane by Respondents

Table No. 4.15

Frequency of Travel by Air plane by Respondents

S.N	Frequency of Travel	No. of Passenger	Percentage
1	Once in the year	22	36.67
2	Once in the six month	14	22.33
3	Once in the three month	18	30.00
4	Once in a month	3	5.00
5	Once in fortnight	2	3.33
6	Once a week	1	1.67
7	Daily	0	0
Total		60	100

Source: Primary Data Based on Questionnaire

4.8.7 Analysis of Respondents Purpose of Travel

Table No. 4.16

Analysis of Respondents Purpose of Travel

S.N	Purpose of Travel	No. of Respondent	Percentage
1	Business	25	41.67
2	Official	20	33.33
3	Private	15	25
Total		60	100

Source: Primary Data Based on Questionnaire

The analysis presented, reveals that out of 60 respondents 15 or 25 percentage travels for private purpose the number of respondents traveling for official purposes was 33.33 percentage or 20. The number of respondents to travel for business purpose was 25 or 41.67 percentage.

4.8.8 Analysis on the basis of Selecting the Airlines While Traveling

Table No. 4.17

Analysis on the basis of Selecting the Airlines While Traveling

S.N	Bases of Selecting Airlines	No. of Respondents	Percentage
1	Price	42	20.80
2	Accessibility	25	12.38
3	Amount of information Available	10	4.95
4	Punctuality of Services	22	10.89
5	Reliability of Vehicles	17	8.42
6	Organization's reputation	35	17.33
7	Safety of Life	51	25.25
Total		202	100

Source: Primary Data Based on Questionnaire

Above table shows how the respondents respond to the basis of selecting airlines. About one fourth of responses were being provided for safety of life as the basis of choosing the airlines. Second preferences were given by the respondents to the low fare. The number of responses counts 42 or 20.80 percentage of the total responds for the price. About 17 percent (35 responds) took the opportunity to rank third position for the organization's reputation as the bases of selecting the airlines. Accessibility and punctuality of services ranges the fourth and fifth position with the number of responses 25 or 12.38 percentage and 22 or 10.89 percent respective. Reliability and amount of information available counts the second least and the least in the respondent's preferences for the selection of airlines. The responses for the amount of information available were 4.95 percent or 10. The responses for reliability of vehicles range to 17 or 8.42 percent.

It is sad to say that among 60 respondents almost all the respondents have not seen any promotional activates of NAC. These responses points out the importance of the NAC for promotion.

4.8.9 Respondents Attention towards Promotional Tools

Table No. 4.18

Respondents Attention towards Promotional Tools

S.N	Promotional tools	No. of Respondents	Percentage
1	Advertisement in Newspaper	70	35.0
2	Advertisement in Magazine	40	20.0
3	Advertisements in Television	55	27.0
4	Personal Communication	24	12
5	None of the above	13	6.0
Total		202	100

Source: Primary data Based on Questionnaire

Above table, it is found that a majority of respondents responded for advertisement in newspaper for the promotional tools used for airlines i.e is 70 or 35 percentage. The second highest is for advertisement in television which is 55 respondents or 27 percentage. Similarly advertisement in magazines is in third position with the number of responses 40 or 20 percentage. Personal communication and none of the above counts the second least and the least in the respondent's preferences for the promotional tools. The personal communication was 24 or 12 percentage and none of the above is 13 or 6 percent.

In the last question which was very important for the present condition of the NAC respondents among 60 respondents 33 respondents response was for the bad management and 27 respondents response was for the political pressure

4.9 Competition:

Competition has also become a common challenging factor for today's business enterprise. Airline business can not be the exception of competition as well as, rather they have to face more competition. Their fare should be competitive, schedule competitive

service and all other things should be competitive. NAC facing a lot of competition in its entire international sector with big international airline Indian airlines, Singapore airlines, thai airlines, dragon airlines and other more international airline in other market. In domestic sector also NAC has been facing competition in domestic area also.

As we know, yeti airlines just spread its wings to international sector which is a great leap for the Nepal aviation history but the challenging competition threat to the Nepal airline corporation.

4.9.1 Competitors

Air Ananya

Asian Airline Helicopter

Avia Club Nepal

Balloon Sunrise Nepal

Buddha Air

Cosmic Air

Dynasty Aviation

Fishtail Air

Flight Care Aviation

Garud Air

Gorkha Airlines

Karnali Air Service

Manag Air

Mountain Air

Necon Air

Shangri-La Air

Skyline Airways

Yeti Airlines

4.9.2 NAC Competitors

There are many competitor of NAC. Main competitors of NOC are as follows

- Indian airlines
- Bangladesh Biman
- Thai airways
- Jet airways
- Pakistan intl airlines
- Quatar airways
- Air Sahara
- Air china
- Austrian airlines
- Air Arabia
- GMG(Bangladesh)
- Korean Air
- China southern airlines
- Orient Thai

Just recently Nepal's private airlines yeti airlines has also spread its wing in international market, which is the second domestic airlines playing a role of competitor of NAC before this cosmic air had served in international routes (only in India).

Having such a cut throat competition unfortunately we get to read about the miss-management of NAC.

According to one newspaper, NAC is going to be zero plane condition. The engine of a Boeing which was on C-check so for a week all the flight can be cancelled. The management says engine will be put in anther Boeing and resume the flights.

4.10 Major Findings

Since from above presentational and analysis of existing information system using primary and secondary data the following findings and weak aspects of NAC has been drawn out in the research study.

1. Nepal Airlines is one of the complex organization due to its nature of service and wide area of marketing activities
2. NAC owns very less Boeings and Twin-otter for the international and domestic sector, Due to the growing market it is very less and NAC is losing its opportunity to grave and hold the existing market
3. There are lots of conflicts inside NAC whether to purchase or lease the Boeings.
4. NAC competitors have been offering its flight service in less price than NAC, so it should reform its price policy so that it can attract the economy class people.
5. Due to lack of planes there is no excitement in the staffs to promote its product. In the field of promotion, it has done very less or says nothings in the markets.
6. It has done hardly anything in the field of market research and its implementation. Researches made are also not for the long run because the staffs of the NAC even don't know what happens in the future.
7. As I found about not making the research is that again the lack of planes.
8. In some sectors like Kathmandu-Delhi v.v , Kathmandu –Dubai and Kathmandu – Kuala -Lumpur are satisfactory in passenger Traffic International. Besides there sectors other is also not that satisfactory. NAC must research it and find the problems and cause.
9. Information announced in Nepali medium through Radio Nepal regarding flight schedules by Marketing Department is quite traditional. But nowadays some newspapers too publish about the schedule of domestic as well as international sector.
10. The information system in marketing department is based on traditional paper based information and manually filing system. Manual flow o documents except computerized Reservation System of International flights ticket through Abacus and other CRS software.
11. Centralization of authority, Manual flow of documents and unnecessary political pressure generally creates obstacles to perform marketing activities smoothly.

12. Government handle all the recruiting process for the permanent job and in this process many political pressure plays a role which can never be fair and effective.
13. Government fixes the price of domestic sectors. This had also made a loss in the domestic sector. Government should give subsidies or authority to the NAC to fix .the tickets price.
14. The fresh and young staff doesn't have a job guarantee which creates a fear of job security.
15. There is a huge gap between old and now generations. I found that no employees are less than 40 years.
16. Information does not flow systematically due to absence of Network based computerized information system to coordinate and communicate different divisions and units of marketing department. The employee of the same department don't know what is going in there on department due to lack f communication and coordination.
17. Travel Agents have to struggle a lot for the reservation of tickets
18. Most of the travel agents are motivated by regular service and high rate of profit as well as promotional activities. So agent's promotional activities play a supporting role to capture the market position.
19. It is found that most of agents deal with more than two airlines.
20. Frequent flier program and off-season discount seem more effective.
21. Foreign buy ticket on the basis of the recommendations of the travel agents and hotel.
22. Nepalese customers seems first price sensitivity then gradually prompt service availability consider promotion activities etc.
23. Nepal airlines staff accused of involving in trafficking. This was revealed after UAE warned NAC to stop bringing Nepalese without visa. This should be control.

CHAPTER-V

SUMMARY, CONCLUSION AND RECOMMENDATION

5.1 Summary

Marketing is an exciting, complex, pervasive, useful and changing discipline. It is exciting because it is an interesting and provocative subject, It is a complex field that requires an understanding of the evolving needs of consumers and of competition. The pervasiveness of marketing is evident when we view its application by a myriad of individuals and private public and non-profit organizations in the domestic and international arenas. It is useful in attaining personal and organizational goals. Marketing is changing because society and consumers change and it must respond to those changes.

Marketing can be defined as encompassing exchange activities conducted by individuals and organizations for the purpose of satisfying consumers and achieving the marketer's goal. Exchange is the central feature of marketing negotiations is the vein within which the blood of satisfaction of both parties runs. The heart of marketing can be regarded to market around which the entire marketing flows in and flows out

The complexity of product increases as the gap between the producer and consumer widens. The buyer needs more and more knowledge to make their side, find that a promotional tool permits them to present facts and arguments to the consumers. The problem arises when the arguments are not valid or vague. Hence proper promotional strategy development is essential.

Advertising. Personal selling, sales promotional and publicity are the four pillars upon which the promotional strategy of marketing rests. The purpose of promotion includes informing, persuading, reminding and reinforcing the target customers. NAC was established 1st July 1958 A.D. Infinite numbers of possibilities are available to a firm for developing its promotional strategy. However, the promotional resources available to the

airlines, nature of services strategy of airlines and promotional mix of competing airlines are some of the important factors that have direct impact on the promotional blend of nay airlines.

In Nepal the perception lies in the fact that; advertisement is a luxury at the cost of buyers without any benefits to them. This is not the truth at all that there is no benefit from advertisement of buyers of goods or services advertised. They believe that the advertisement so carried out for those goods that are of poor quality which is an indication of Nepalese peoples lacking awareness on promotion. Both the airlines operate under barter system of business advertising. The exchange of advertisements in magazines, televisions and newspaper with cargo is most familiar. The businesses run under the give and take understanding. Those activist other than personal selling, advertising and publicity that stimulates consumers purchasing and dealer effectiveness, such as display, show and exhibition, demonstrations and various non-recurrent selling effort not in ordinary outing of business may be reamed as sales promotion. NAC has been playing the effective role in the development of the tourism industry. NAC is the first airline company to make travel in different places of Nepal where at that time there were no means of road transportation.

It plays very important ole in the landlocked country like Nepal. It plays a significant contribution in terms if foreign exchange and plays vital role in meeting the needs of trade currents by allowing quicker channels for the movement of cargo and commercial goods. In comparison to other airlines it offers a very less price for the citizens in domestic route as well as in international flights.

It offers seasonal fare and promotional offers. It is the only airlines which gives prompt and regular services in the rural part of Nepal where no other private airlines goes.

At time of natural calamities in the rural part, NAC plays a very important role. As a whole it is one of the important government corporations which should be given excess care and support.

5.2 Conclusion

1. The main tools of Airlines Company are Boeings and Planes. Two old planes can never be punctuality and reliable in the international and domestic flights. To capture the share market and also to be established truly as an international level Company immediately it should add Boeings. For this, its first step for international flight it should purchase one wide body and other narrow body Boeings. For domestic flights two turbo prop planes. For the rural areas it should maintenance its Twin-Otter.
2. While purchasing the Boeings or taking on lease there should be transparency. Due to lack of transparency Corporation and members of management are dejected about the purchase or lease of Boeings.
3. The government owned Corporation must be changed into public-private partnership firm, which gives the sense of belongingness.
4. After this type of organization structure NAC can join hands with other international Airlines for the Strategic Partnership step.
5. For the battement of financial position, it should increase its capital, deduct the unproductive expenses, increase its tax by managing its agents and decrease its internal and external flights expenses.
6. Nepal Airline Corporation is not like other government offices. Its development and progress is adjoins with Nepal's pride. Other government offices should think positively and help NAC.

At last, however NAC is in difficult or critical condition its option is only progress, development and reform. For this Nepal government, staffs of NAC, INGO, Private sector, Bank and Financial Company as well as all the consumers and people of Nepal should help NAC. If it happens it's not hard to make NAC fit and Fine

5.3 Recommendation

1. Arrange the planes to fulfill the lack of Boeings and Planes immediately. It should buy at least tow Boeings and Twin-otter to capture the market share.
2. If not NAC can immediately purchase the Boeings, it should try to give reliability and punctuality service by its remaining two Boeings and Twin-Otters.
3. Increasing rate of tourist, incoming and outgoing in international country and increasing rate of Nepalese going other countries for employment has made NAC more important for the growing market. In 2009. As tourist has reached half a million which is strong base for NAC. Likewise peace in country and incensement in tourist has gave opportunity for NAC.
4. Comparing to other airlines service in the air NAC's service is not satisfactory. NAC should try to give more facility and variety of foods in its international flights.
5. NAC must be able to create positive emotions rater than negative emotion. Positive emotion appeals such as love, joy, fun, pride, sentiment whereas negative emotion appeals fear, guilt or shame.
6. As other airlines are cutting off its price of tickets NAC should also try to minimize its tickets price.
7. The channel of distribution like travel agents, General Sales Agent, Passenger. Sales agents should be controlled effectively as well as motivate them by more commission and perks.
8. NAC had been doing very less effort in promotion, in this 21st century it's the communication age so NAC must promote its service and predict as much as it can.
9. The staff of marketing department should be motivated.

10. While recruiting the staffs it's all controlled by Nepal government which is totally wrong. Government only recruit there political people where they don't have enough knowledge about NAC. It should be political free area.
11. Old staffs should be honored and make the appropriate environment to resign, after there resignation that place should be filled with energetic and fresh young staffs.
12. The sales office of NAC should effective.
13. The newly recruited staffs are temporarily recruited which creates fear among them of insure of there jobs and motivated for the work.
14. There is also a huge gap between old generation and new generation inside the marketing department. So they should have interaction with each other.
15. All the computer of marketing department should be interconnected with each other. With this, makes easy and effective while doing any work and also the staffs will e updated about their own department.

BIBLIOGRAPHY

BOOKS

- Aakar, David a (2000). *Strategic Marketing Management*. New York: Johan Willey & Sons Inc.
- Bhandari, Krishna Pd (2000). *Introductions to Social Research Methodology*. Vanarasi: Rajesh Prakashan, Banaras.
- Blankenship, S.B; and Doly, JB (1971). *Marketing Research Management*. Mumbai DB. Taraporevella Sons and Co Pvt Ltd.
- Brown, Milton P England, Wilbur B ad Mathews, John B.Jr. (1990). *Problems in Marketing Toronto: USA: Mc Graw Hill book Co. Inc*
- Burnett. Hohn J(1999). *Promotion Management*. All India Traveler and Book Seller Publication
- Chisnal, peter M (1996). *The Essence of Marketing Research*. New Delhil: Prentice Hall of India Pvt Ltd.
- Cunfigr, E.J Rdward W: still Richard R and Govoni, Norman A.P (1997). *Fundamental of Marketing*. New Dihil : Prentice Hall of India Pvt Ltd.
- Evans, Toel R and Berman, Barry (1998). *Marketing New York: Macmillan Publishing Co.*
- Farris, Paul W and Quelch, John A (1983). *Advertising and promotion Management: A Manager's Guide to Theory and Practice*. Chilton: Radner Publication Association.
- Fayer weather, John A(1983). *International Marketing*. New Delhi: Prentice Hall of India Pvt Ltd.
- Gupta A.K and Sharma, J.K.(1997). *Management of System*. New Delhi: Mc Millan India Ltd.
- Koirala, K.D (2002). *Marketing Research*. Buddha Academic Publisher & Distributors Pvt Ltd. Kathmandu, Nepal
- Kotler Philip & Keller, Kevin Lane (2006). *Marketing Management*. New Dhlhi: Prentice Hall of India Pvt Ltd

- Marakas GM (2001). *Decision Support System in 21st Century*. New Jersey: Prentice Hall International, Inc
- Mudric, Robert G ross, Joel E.& Claggett, James R.(2000). *Information System for Modern Marketing*. Englewood: Cliffs Prentice Hall Inc.
- Pant, Prem R(1998) *Field Work Assignment and Reporting*. Kathmandu: Veena Academic Enterprises.
- Rao, K, Rama Uohana (2007). *Services Marketing*. Dorling Kindersley India Pvt. Ltd.
- Shretha, Sunity and Silwal, Dhura Prasad (2000), *Statistical methods in Management*. Kathmandu: Taleju Prakashan.
- Wolf, Howard K& Pant, Prem R (1999). *Social Science Research and Thesis Writing*. Kathmandu: Buddha Academic Enterprise Pvt. Ltd
- Yeats, Don Shield, Maura & Helmy, David. (1994). *System Analysis & Design*, Great Britain Prentice hall International Inc.

THESIS

- Acharya, Ishwor (2002). *Implementation of management information system in Royal Nepal Airlines Corporation*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.
- Agrawal, Govinda and Sing B.R (1977) *Aspect of Cost control Unpublished Master Degree Thesis*, Central Department of Management, Tribhuvan University.
- Aryal Krishna (2004) *Promotional Strategies in Nepalese Organization Comparative Study of Buddha Air and Necon air Unpublished Master Degree Thesis*, Central Department of Management, Tribhuvan University.
- Baral Laxmi Prasad(1996). *Communication Effect of Advertisement and Brand Preference*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.
- Bhattarai, Salyan Bhama (1968) *A Study of RNAC*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.
- Kaji, Bimi Ram (1965) *Promotional Strategy of Nepalese Carpet in Foreign Market*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.

- Pant, Yogesh (1993) *A Study on Brand Loyalty*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.
- Rai Thagendra Raj (2000) *A Study on Opportunities and Threats of Private Airlines in Nepal*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.
- Regmi K.P (1996) *Arent equally Good Advertiser*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.
- Sharestha R. S. (1987) *Air Transportation in Nepal*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.
- Singh Pingla (1979) *A Case Study of RNAC*. Unpublished Master Degree Thesis, Central Department of Management, Tribhuvan University.

NEWS PAPER AND JOURNAL

- Annapurna post (Nepalese Daily newspaper)
- Himalayan Times (Nepalese Daily newspaper)
- Kantipur Post (Nepalese Daily newspaper)
- NAC Operating plan and budget (2008)
- NAC Swet Patra (2065)

APPENDIX-I

Dear Sir / Madam,

I am preparing my research work on the topic “A Thesis Proposal on Customer Satisfaction Survey of Nepal Airline Corporation” for the partial fulfillment of the requirement for the degree of Master in Business Study. The questionnaire given below will be very helpful to collect primary data in respect of my research work. Therefore, I would like to request for your grateful opinions and correct information is regarding these questions.

I hope forward for your kind cooperation.

Respondent

Name: -----

Education: -----

Occupation: -----

Position: -----

Researcher

Bikash Sharma

Balkumari College

T.U. Reg. No: 7-2-241-747-99

M.B.S

Date: - / /

Questionnaire

1. What is the reason behind unsystematic flow of information?

Lack of policies

Lack of motivation

Lack of network based computerized

Information system

Others (please specify)

2. What do you think about problems indecision making in your department?

Due to less job responsibility

Due to traditional paper based

Information system

Other (please specify)

3. What is the reason behind irregular flight, flight delay and cancellation?

Lack of proper information system

Inadequate Aircraft

Technical problems

Other (please specify)

4. What is the reason behind irregular flight, flight delay and cancellation?

Lack of proper information system

Inadequate Aircraft

Technical problems

Others (please specify)

4. Is it necessary to minimized traditional paper based information system?

Yes

No

Other (please specify).....

5. Is network based computerized information system necessary?

Yes

No

Others (please specify).....

6. Have you ever seen or heard any promotional activates of Nepal Airline corporation?

Yes

No

7. By what medium had you seen/heard NAC? [if you have any multiple response tick in multiple boxes]

Newspapers

Magazines

Television

Radio Nepal

FM Radio

Hoarding/Billboards

8. Which of the promotional tools of Airlines draws your attention most? [priority base]

Advertisement in Newspaper

Advertisement in Magazines

Advertisement in Television

Personal communication

None of the above

9. What is the main case of failing Nepal Airline Corporation?

Bad management

Political pressure

Thank you for your cooperation

Appendix-II
Cargo International

Year	2003/4	04/05	05/06	06/07	07/08
Kathmandu - Bangkok	316	333	290	200	154
Bankok - Kathmandu	149	220	254	350	179
Kathmandu - Banglore	12	5	1	0	0
Banglore - Kathmandu	11	6	0	0	0
Kathmandu - Bambay	73	80	57	3	0
Bambay - Kathmandu	75	14	1	0	
Kathmandu - Delhi	735	608	490	608	474
Delhi - Kathmandu	191	101	80	112	78
Kathmandu - Dubai	148	313	405	350	165
Duabai - Kathmandu	42	51	44	27	43
Kathmandu - Hong Kong	219	141	219	245	190
Hong Kong - Kathmandu	106	149	158	128	108
Kathmandu - Osaka	88	87	64	54	58
Osaka - Kathmandu	6	2	3	5	23
Kathmandu - Kuala Lumpur	39	129	269	349	159
Kuala Lumpur - Kathmandu	4	19	28	49	272
Kathmandu - Shangai	2	6	19	9	33
Shanghai - Kathmandu	24	30	24	4	32
Kathmandu - Singapore	71	49	20	5	0
<u>Singapore - Kathmandu</u>	<u>29</u>	<u>15</u>	<u>19</u>	<u>9</u>	<u>0</u>
Total	2347	2480	2460	2505	1968
<u>Growth</u>	<u>-12.6</u>	<u>5.7</u>	<u>-0.8</u>	<u>1.8</u>	<u>-21.4</u>
CKT (000)	4697	6195	6450	6337	5328
Growth	-19.1	1.9	4.1	-1.8	-15.9

Source: Budgeting Depart of NAC

Appendix-III

Passenger Traffic - Domenstic

	2003/04	2004/5	2005/6	2006/7	2007/8
Kathmandu - Bhojpur	2339	2478	2496	2729	650
Bhojpur - Kathmandu	2343	2501	2655	2884	3000
Kathmandu - Biratnagar	1575	652	351	246	0
Biratnagar - Kathmandu	1344	349	250	196	0
Kathmandu - Dhangadhi	465	192 0	0	0	
Dhangadhi - Kathmandu	306	30	0	0	0
Kathmandu - Nepalgunj	1226	547	268	177	0
Nepalgunj - Kathmandu	1736	929	801	615	0
Kathmandu - Lamidanda	624	1124	1002	2111	2900
Lamidanda - Kathmandu	670	1140	990	2326	2500
Kathmandu - Lukla	1591	1820	735	384	660
Lukla - Kathmandu	1305	1413	558	424	580
Kathmandu - Pokhara	2592	1171	778	324	540
Pokhara - Kathmandu	3 488	1606	827	672	1100
Kathmandu - Phaplu	3087	3732	3354	2658	1395
Phaplu - Kathmandu	2381	3127	3400	2507	1000
Kathmandu - Ramechhap	2147	2356	1905	684	1200
Ramechhap - Kathmandu	2289	2462	2033	561	200
Kathmandu - Rumjatar	3974	4032	3636	3406	4400
Rumjatar - Kathmandu	3799	4166	3717	3401	4000
Kathmandu - Tumlingtar	1879	1896	1218	672	800
Tumlingtar - Kathmandu	1965	2226	1640	872	900
Sub - total	43125	39949	32614	27849	25823
Other Route	52695	59819	57340	36658	84501
Grand Total	95820	99768	89954	64507	110324

Source: operation and budget depart of NAC

Appendix-IV

Cargo Domestic

	2003/04	2004/5	2005/6	2006/7	2007/8
Kathmandu - Bhojpur	4.7	5.6	6.5	4.6	0.2
Bhojpur - Kathmandu	1.8	1.9	2.7	1.2	2.5
Kathmandu - Biratnagar	3.7	1.2	0.3	0.1	0.0
Biratnagar - Kathmandu	0.9	0.7	0.2	0.0	0.0
Kathmandu - Dhangadhi	0.5	0.2	0.0	0.0	0.0
Dhangadhi - Kathmandu	0.1	0.0	0.0	0.0	0.0
Kathmandu - Nepalgunj	4.8	2.4	0.6	0.2	0.0
Nepalgunj - Kathmandu	2.9	4.6	0.3	0.1	0.0
Kathmandu - Lamidanda	1.1	0.6	1.1	3.6	2.1
Lamidanda - Kathmandu	0.1	0.0	0.0	0.0	0.0
Kathmandu - Lukla	62.0	21.8	6.7	6.0	2.5
Lukla - Kathmandu	0.3	0.1	0.3	0.1	.05
Kathmandu - Pokhara	5.2	1.9	1.8	0.4	0.4
Pokhara - Kathmandu	14.4	7.7	0.1	0.0	1.5
Kathmandu - Phaplu	8.0	12.6	9.5	6.6	13
Phaplu - Kathmandu	0.4	1.1	0.6	2.0	1.0
Kathmandu - Ramechhap	2.1	2.2	2.0	0.3	1.0
Ramechhap - Kathmandu	1.8	5.2	4.7	0.1	0.4
Kathmandu - Rumjatar	8.5	13.4	8.7	6.1	2.1
Rumjatar - Kathmandu	1.8	1.0	1.4	2.3	2.1
Kathmandu - Tumlingtar	7.4	11.0	8.8	3.4	5.0
Tumlingtar - Kathmandu	3.3	2.4	2.5	2.6	1.4
Sub - total	135.7	97.7	58.9	39.8	25.5
Other Routes	87.4	83.0	97.8	65.2	74.1
Grand Total	223.1	180.8	156.8	105.1	99.6
Growth	42.9	-19.0	-13.3	-33.0	-5.2
CTKm (000)	34	28	21	14	16
Growth (%)	41.7	-17.6	-25.0	-33.3	12.3

Source: operating Plan and Budget (2007/08), NAC

Appendix-V
Special economy IT fares for sales in Nepal
With effect from 01 January 2008s

Ex KTM To BKK /HKG / SHA / OSA

Sector	Fare Basis	Fare NPR	Class	Tour Code	Applicable
KTM - BKK	Y / OW	13000	Y	A3XZ	Nepali / indian
		USD 240	Y	S26X	Foreigners
KTM- BKK - KTM	Y / RT	NPR 25000	Y	A15X	Nepali / indian
		USD 420	Y	S8X	Foreigners
BKK - KTM	Y / OW	USD 260	Y	S24X	All Nations
BKK - KTM - BKK	Y / RT	460	Y	S4X	All Nations
KTM - HKG	Y / OW	NPR 20000	Y	A1ZZ	Nepali / indian
		USD 350	Y	S15X	Foreigners
KTM- HKG - KTM	Y / RT	NPR 37000	Y	A27X	Nepali / indian
		USD 650	Y	A15X	Foreigners
HKG - KTM	Y / OW	USD 350	Y	S15X	All Nations
HKG - KTM - HKG	Y / RT	USD 650	Y	A15X	Foreigners
KTM - SHA	Y / OW	NPR 20000	Y	A1ZZ	Nepali / Indian
		USD 350	Y	S15X	Foreigners
KTM- SHA - KTM	Y / RT	NPR 37000	Y	A27X	Nepali / Indian
		USD 650	Y	A15X	Foreigners
SHA - KTM	Y / OW	USD 350	Y	S15X	All Nations
SHA - KTM - SHA	Y / RT	USD 650	Y	A15X	Foreigners
KTM - OSA	Y / OW	NPR 20000	Y	A17XZ	Nepali / Indian
		USD 350	Y	S15X	Foreigners
KTM- OSA - KTM	Y / RT	NPR 52000	Y	A42XZ	Nepali / Indian
		USD 1100	Y	A6Z	Foreigners
OSA - KTM	Y / OW	USD 750	Y	A25X	All Nations
OSA - KTM - OSA	Y / RT	USD 1350	Y	A85X	All Nations

Source: Commercial Depart of NAC