

CHAPTER I

INTRODUCTION

1.1 Focus of the study

Flower business reminded very traditional before 1990. Flower trade was very much narrow and occupied by traditional flower market, before the organized development of cut flower in Nepal. Many types of flowers used to be imported from India and other countries during some special occasions by hotels and nurseries. There were no flower showrooms in Kathmandu Valley. Currently many nurserymen are seriously involved in this business. There is substantial demand for floriculture products in the country, especially in Kathmandu Valley, the production of plants and flowers are not able to cope with the demand. There are many climatic zones in Nepal with condition compared to India, where different floriculture products could thrive commercially. The future of this business is very bright. Nepal has a great potential for producing flowers. Nepal's climate and abundant sunlight, cheap labour, appropriate soil and adequate quantities of water are seen as major advantages.

Traditionally Nepal is used flowers only for pujas. As urban incomes rise, more and more people are displaying flower arrangements and presenting flowers on special occasions. "Previously it seemed only the upper class or tourists bought flowers. Now the middle class are giving flowers for all occasions like when a baby is born, or to someone who's feeling sick." In addition, why not? After all, scientific research show that just having flowers around triggers happy emotions helps us feel more satisfied with life and encourages positive social behavior.

In recent years, initiative from the cut flower entrepreneur and establishment of Floriculture Association of Nepal (FAN) has seen the business being recognized as an independent profitable business in itself. According to FAN, there were only 80 professional flower nurseries in the Kathmandu Valley in 1992. Now there are 600 nurseries in the country and of them 270 are situated in the Kathmandu Valley. Likewise, the number of the showroom in the capital too has grown from one to seventy over the same period. Each day 2,500 roses and 7000 flowers are consumed in the capital valley. Their demands shot up during special celebratory occasions like wedding season, New Year, Valentine's Day and so on.

FAN has carried out the following major activities since its inception.

-) Organized flower exhibition and trade fairs every year in Kathmandu since 1993 and two exhibition on Pokhara, One Butwal and One Dharan.
-) Established Flower Wholesale Market in Kathmandu.
-) Established flower shops in Kathmandu, Pokhara, Chitawan, Nepalgunj etc.
-) Conducted trainings on Flower Arrangements, Nursery management, Gardening, Cut flower production & Management, Nursery Pest & Disease management etc.
-) Packaging, handling and customs regulations.
-) Implemented Gladiolus, Rose, Carnation, Tuberose and Tissue Culture of Chrysanthemum.
-) Production and Marketing program.
-) Annual publication of souvenir, publication of reports on different topics such as Floriculture Directory of Nepal.

-) Production Packaging and Market Business Plan of Different Cut flowers, Trade Competitiveness of Floriculture Sub-sector in Nepal, Nursery Baseline Study, Status and Development of Floriculture etc.
-) Organized an International Floriculture Trade Fair.
-) Conducted Talk programs, Symposiums and Workshops for the development of floriculture industry.
-) Has initiated pilot project on floriculture sector at Kailali, Dhangadhi.

Strategies and Approaches of FAN:

-) Establish formal linkage between line agencies for policy advocacy, information and networking.
-) Offer training for enterprise development, production, post harvest techniques and marketing skills.
-) Enter into twining arrangement with research industries for responsive high quality diagnostic and technical services.
-) Seeks technical and financial support for achieving the objectives of FAN.
-) Encourage production of technical human resources.
-) Develop commodity groups towards cooperation, competitive alliance for the development of the wholesale market.
-) Promote joint ventures and business partnerships.
-) Collaboration with Government organizations, NGOs, INGOs & Other organization for technology development & dissemination, infrastructure development, mother plant production etc.
-) Identify and explore the floriculture potential area throughout the country.
-) Rural development and poverty alleviation.

FAN's Objectives:

-) To promote the floriculture products in the domestic and external markets
-) To make people aware of floriculture as a business by establishing the floriculture business as an export oriented business and motivate them to get involved in this business.
-) To carry out experimentation to standards regarding plants, cut flowers and products.
-) To work towards creating a suitable environment for the enhancement of floriculture activities.
-) To encourage small farmers and entrepreneurs to undertake commercial floriculture production and ultimately endeavors poverty alleviation.
-) To help upgrade the production, management, and marketing skills.
-) To offer quality training and information to its member in effort to produce floriculture products of international standards.

-) To enhance financial income of the country in the long run.
-) To perform activities for the promotion of floriculture business.

The market has seen tremendous growth over last 5 years, a report at Kathmandu University School of Management on a study done for Agro Enterprise Centre, estimated that the retail market of cut flowers only was around Rs. 25 million in the year 2009. It was further mentioned that the local supply accounted for around 70% of the market. It was estimated that around 60% of the demand for cut flowers are from institutional buyers involved in hospitality business, such as hotels, lodges and restaurants. Traditionally, institutional have been the regular and bigger buyer of cut flower. It states that Kathmandu is the single biggest market in Nepal. Current estimate of Cut flower annual market for Kathmandu is over Rs. 40 million.

Another trend that has changed is the amount of flowers imported from India to meet our local demand. “Previously, all our flowers used to come from Delhi, Calcutta or Bangalore. Today, all our summer flowers are grown here and we only import Indian flowers in winter,” says Pradhan. “Five or six years ago, Nepal imported 80 percent of our flowers from India. Now we grow about 80 to 85 percent and import 15 to 20 percent, which is during the off-season. In a year or two we should be able to grow enough all our own.”

A quick scan of the retailers of cut flowers revealed that the individual customers are on rise and many individuals are nowadays buying cut flowers in forms of flower sticks, bunch, bouquets or other decorative varieties. They further mentioned that the institutional market is not growing as individual market.

A stick of Cut flower can vary from Rs. 10 to 60 according to seasons as well as type of flowers. A normal bouquet of cut flowers can vary between Rs. 120 to 700 depending upon number and types of flowers used. As mentioned traditionally the organized cut flower demand is from the institutional buyers. However, it is also seen that there has been constant increase in demand for cut flowers from individual customers. This can also be seen from the fact that the number of retail outlets for cut flowers have grown over the years in Kathmandu.

In today’s context, consumer’s reaction towards company’s marketing mix plays a dynamic role in the success and failure of any business. In other words, consumer power is the sovereign power in the modern business world. Marketing is a social and managerial process by which an individual or group obtain what they need and want through creation, exchange and transfer of value with other. So, it can be defined as an integrated process which is designed to plan, promote, price product and distribute goods and services to

potential customers. It is concentrated to understand and satisfy customer's needs and wants.

Marketing starts with the identification of a specific need on the part of the consumer and ends with the satisfaction of that need. The consumer is the focus throughout the process of marketing. Consumers are very sensitive and rational while using their freedom to spend or not to spend their disposable income in goods and services available in the market place. The buying behaviors of consumers differ from one to another; however, it may be similar sometimes. Usually, the buying process consists of five stages; problem recognition, information search, evaluation of alternatives, purchase and post-purchase evaluation.

The area has emerged as a major player in the booming worldwide trade in high quality Cut Flowers and has shown how export-led growth can be a powerful antidote to rural poverty. In addition, help the local population diversify away from the production of low-value crops to high value-added Cut flowers that are ready for export.

This study seeks to look into the consumers buying behavior of cut flowers in Kathmandu.

The focuses of the study are as follows:

- a. The places and ways the consumers select and purchase decisions
- b. Consumer attitudes towards cut flowers; how do they view cut flowers as a product?
- c. The major decision factors behinds purchase decisions
- d. The purchase occasions of cut flowers
- e. Cut flower consumers' demographic view point
- f. Reasons behind choosing cut flowers for certain occasions over others

1.1.1 Background of Cut flower Industry in Nepal

Due to varying ago climatic conditions Nepal is in a unique position to produce a wide variety of flowering seeds which could be sold in international markets. The availability of varied climatic conditions and inexpensive labour provide Nepal a comparative advantage to produce flower seeds at low cost.

Nepal is becoming self-reliant in Cut flower business. It is an emerging business sector in Nepal. It is existent as an organized business sector in Nepal is just over a decade. People's attraction towards flowers is growing in a remarkable manner and with this growing inclination; sales of flowers are increasing in Kathmandu Valley. In recent years, the business shows a growing market resembling a well-paying business venture.

The market for the flower business was very much limited and was occupied by traditional flower dealer before the organized development of cut flower in Nepal. Earlier, nobody took it as a business but rather the business was recognized as a part time job or a hobby. However, in recent years with the effort of cut flower entrepreneurs, the cut flower market has become a feasible business venture. Further, the establishment of Floriculture Association of Nepal (FAN) and the recognition of cut flower business as an independent profitable business have boosted the scale of this sector.

The flower industry is presently concentrated in the Kathmandu valley. The commercial development of floriculture is still a very early stage of development. Out of nearly 25 flower growers, only five have entered export business in recent times. The development of tissue culture initiated by the National Herbarium and Plant Laboratory at Godavari is opening up opportunities for mass production of flowers, which could be exported from Nepal. Similarly in other Cut flowers carnations, gerbera, rose, gladiolus

primulinus, iris polyanthus, chrysanthemum, narcissus tazella offer very good prospects. It is also feasible to introduce the following varieties for commercial development in Nepal: Exotic orchids - paphiopedilum, cattelya hybrids, arachris, epidendrons, mokara, oncidium and odontoglossums; exotic Cut Flowers -tulipa. anthurium, alstroemeria. Foreign collaboration for the development of Cut Flower to provide technical knowhow for cultivation of flowers is required to meet the standards demanded in international markets and to provide guidance in market identification and development. The availability of direct flight connections to Frankfurt, London, Dubai, New Delhi, Singapore and Hong Kong offer good prospects for the development of a profitable export oriented Cut flower business in Nepal.

After the establishment of FAN, the institutional support required in promoting Cut flower business in Nepal started. The organization also took initiative on organizing the Floriculture exhibitions and has been financing for all those exhibitions.

People have become aware of its advantages and along with it it's different usage with the introduction of cut flower variety to Nepal. It, to some extent, has been successful in promoting itself for more wider and different purposes than the traditional flowers mainly used for religious purposes.

There is good business prospective for Cut flower business both in internal and external market. Internal market for cut flower in the present initially was represented by a small market, mainly limited to Kathmandu valley. However, this market has grown to become a significant market in itself. The internal market for cut flower is divided into two sectors - institutional buyers and individual consumer. The institutional buyers mainly consist of hotels, banks and restaurants. The increasing number of retail shops selling Cut Flowers, suggests that in recent times individual buying has grown.

With worldwide annual transaction ranging in billions of dollars, the external market is well established. In comparison to it, the Nepalese market as said before is in its very in Fancy stage. The wide bio-climatic variation within limited geographical area of Nepal could give the cut flower businesspersons a comparative advantage over the other countries. Experts are of opinion that such wide climatic variation can be used to grow flowers throughout the year in Nepal. However, external market does represent a prospective market for cut flower of Nepal, the question regarding the necessary infrastructure and experience to tap this market has to be discussed.

1.1.2 Domestic Market Situation of Cut flowers in Nepal

With the increasing demand for Cut flowers in different sector such as hospitality, industries and for different purpose such as Father's Day, Anniversary, Baby & Kids Gifts, Birthday, valentine's day and on special occasion.

The cut flower market is said to have made a steady progress through the years. This sub-sector of floriculture business is new in the sense that the first of the retail shops was established only eighteen years ago. However, there were people supplying flowers before then. Nurseries, indigenous cut flower growers and importers supply the cut flower. The institutional buyers such as hotels and banks dominate the demand side. The individual consumer demand has now developed to form a regular usage pattern; it is in form of specific occasion only but still is considerable. Kathmandu valley, in particular Kathmandu Metropolitan, forms the bulk of the demand. An estimated production of cut flower in Nepal was around 11 Lakhs sticks per annum (2008). The estimated import of flowers from India, particularly from Calcutta, Delhi and Kalimpong, was around 4.5 Lakhs sticks per annum. It was seen that the bulk of this import was done during winter months of September to

February. During this period, the local production of cut flower decreases is less and the demand gets a big boost as it coincides with the peak season for Nepal's tourism sector. It must be noted that hotels form a bulk of consumption of cut flowers in Nepal, thus it is of no surprise that demand for cut flower rise with coming of the peak season for tourism.

Gladiolus forms the bulk of cut flower production in terms of annual stick volume, accounting for estimated 70 percent of total production (2008). The Rose production is estimated to account for 25 percent of total annual stick production. In recent years growing of other varieties of cut flowers such as Carnation and Gerbera has also started. The total present market consumption of cut flower was estimated at around Lakhs sticks per year in 2008, which is estimated to have doubled in recent years.

At a retailer's price, the cut flower market of Nepal was estimated to be at over Rs. 2.5 crore in the year 2008. It was estimated that in Kathmandu valley, average daily consumption of cut flower was 4000 sticks daily in 2008.

1.1.3 Types of Cut flowers in the Market

Gladiolus and Rose are kept in almost all the cut flower retail shops for sale. Similarly, Carnation and Gerbera have their presence in most of the shops or outlets. The lists of major cut flowers available in the Kathmandu valley for sale are:

- I. Rose
- II. Gladiolus
- III. Bird of Paradise
- IV. Carnation
- V. Tuberose
- VI. Gerbera

- VII. Chrysanthemum
- VIII. Calendela
- IX. Liliun
- X. Anthurium

Besides these, Tulip, Iris, Gypsophila and Orchids are other varieties that can be accessed only at certain specific sellers. It is to be noted that orchids are usually sold in plant form rather than in the form of cut flowers. Gladiolus is the most sold cut flower variety in the market. The retailers are of view that most of the institutions buy Gladiolus because it can be used to decorate bigger space at lesser cost compared to other flowers. Rose is the second most sold cut flower variety, which is preferred by individual consumers, followed by Carnation and Gerbera.

1.1.4 Retail Market for Cut flowers in Kathmandu

The people who directly deal with the end consumers of the cut flowers are the retailers. The retail business of cut flower has grown over the few years, the first one being set up around eighteen years ago. It is seen that cut flower is slowly catching up as product shelf extensions in gift shops and departmental stores. This is a new trend of retailing evolving in the market, which was confined to specific nurseries and few flower shops.

The places, be it retail shops or the nurseries themselves supplying the cut flowers, where one can get access to flowers is basically concentrated in two areas within Kathmandu valley:

1.1.4.1 Kamalpokhari belt

This belt was developed due to two particular reasons. The first of retail shop in this area, Women in Floriculture (WIF), which was opened by financial assistance of AEC, having a close vicinity to many hotels in Durbar Marg, did

very well. This caused an upsurge in creating people's interest in cut flower retail business and opening of other shops. However, this belt has seen down slide in terms of the number of cut flower retailers being present.

1.1.4.2 Tripureshwore - Teku belt

This belt has developed in recent year as a prime location for cut flower purchases, with numerous flower shops opening up. Other areas where one could get access to cut flowers are Durbar Marg and Jawalakhel area. There are instance of retail shops including gift items/ cards, other agro products such as - honey, herbal tea, seeds, pickles, etc., in their shops to go along with the cut flowers. Further, some of the retail shops also sell pot plants, if the shops are owned by the nurseries.

The retail outlets have four primary sources to depend on for their supply of flowers –

- a. Imports
- b. Nurseries/ growers
- c. Own production
- d. Wholesaler

The imports are a source cut flower only during winter season and the importers themselves or agents who are into this business of importing cut flowers approach the sellers of cut flowers. The imported flowers are said to be expensive than the locally produced ones. The retailers view that supply is not adequate in certain sessions. The winter season is identified as the time when flower inadequacy was felt in Kathmandu, as the local production falls. Marriage seasons, festival time and certain specific celebration principally associated with western culture (e.g., Valentine's Day) are identified as specific occasions when cut flower demand increases.

Normally, cut flowers are sold in the form of bouquets or in baskets, while one can also purchase sticks in singles also. Currently, retail outlets estimated an average daily sale worth Rs.5, 000 to Rs.6, 000 of Cut flowers.

1.2 Statement of the Problem

Floriculture Business has been initiated by the private sector's effort and has received little support from government sector in Nepal. Cut flower production and trade in primary stage. Low productivity and small-scale production are major factor for higher cost of production of flowers in Nepal. Current production is limited to domestic market only. Lack of market expansion for export restricted large and commercial production. Quality of flower is not also appropriate for export.

Producers complain that the existing price is enough to meet the production cost while consumers feel that they are charged high price. This indicates the inefficiency of flower marketing in Nepal. Supply of the flower is less than demand during occasion and ceremonies and hence the gap is supply and demand of flower in the reason for price variation and ultimately it discourages the producers.

Flower has becoming popular in domestic market and in external market as an exportable commodity of Nepal due to its economic and aesthetic value. AEC has prioritized flori business is one of the profitable income earning source of Nepalese people. It is expected to be achieved Rs. 30 million from flower in the year 2009/2010 (AEC, 2008). This situation has created more demand than supply. To meet the gap, AEC has focused flori-business to promote the income level of the people.

Regional specialization of different agricultural practices has been emerging in different micro region of the country. Due to the rapid urbanization, growth of the population and the awareness of the people about aesthetic value of flower its demand are increasing over time. Because of increasing demand and the government's support on flower promoting activities the area and production of different flowers such as cut flower, pot flower, bulb flower has been increasing day by day in Nepal.

The market information is accessible to the traders and therefore, they exploit the producers who are in general unknown to the market information and act just as a price taker. Producers are bound to sell their produce for the price offered by the traders, which is not based on the competitive market mechanism. Producers' are less aware of the marketing system than the traders are and are unable to take benefit of price rise over time. Involvement of large number of intermediaries has been resulting in producer's smaller share. Often most producers find a prior contract before harvesting a safe way to dispose their produce. An efficient marketing mechanism, which provides an opportunity for producers to get a reasonable farm gate price. An incentive for increased production cannot be ignored in this endeavor. Producer's decision on when to sell, whom to sell and how to sell tend to lead the products as prevailing limited market information environment. This confusion led the producers as well as the traders. And, it is said that who are more knowledgeable of market mechanism, to exploit the opportunity created due to asymmetry in information between traders and producers.

If producers are aware of the pricing mechanism and they know better about the marketing system, they can better plan for the disposal of their producers are forced to distress selling of their produce at low price due to lack of adequate knowledge of marketing system. This has not only affected the producer but also the consumers. The lack of information in this regard under Nepalese conditions particularly in Kathmandu Valley is creating a barrier in

the commercial marketing of flowering in this area, which is becoming potential place for flower production to harvest national and international markets.

Preferences and interests of the people change overtime, with the changing business environment of the country. Though the individual consumer market is growing, many questions arise out of this phenomenon. There may be many factors that could be driving this new form of demand. All we know that this form of individual purchase of commercial cut flowers were definitely not a culture of ours in our past. Further, Nepal government has not provided a required facility for the development for this sector but has further imposed export taxes of 20%. How in these conditions can Nepal is competing in the world market? Until now, our exports have flourished through references from earlier buyers to others. Large exports in this industry needs advertisement in the world market. But we don't have the resources to participate in Fairs or to advertise in the world scenario," so we need proper planning, more technical person and marketing promotion to develop this sector in domestic as well as in International sector.

In general, this study focuses in answering the following questions:

- a. What are the factors that influence individual consumers during purchase decisions on buying cut flowers?
- b. Who buys cut flowers in Kathmandu?
- c. When do people buy cut flowers and why do they buy cut flowers?
- d. What are the possibilities of promoting cut flowers consumption?

1.3 Objectives of the Study

The overall objective of the study is to understand the factors that are inducing individuals in Kathmandu to purchase commercial cut flowers and reasons behind such factors.

The specific objectives of the study are:

- a. To identify the factors that are consider before making purchase decision on buying cut flowers
- b. To identify the purchase occasions of cut flowers and explore the reasons behind choosing cut flowers for those occasions
- c. To recommend appropriate inputs to further promote the cut flower industry in Kathmandu

1.4 Importance of the Study

Having lack of adequate knowledge about the flower business people are not aware of its financial benefit. Just over a decade ago, the average Nepalese had only one use for flowers. They tended their garden either just for the sake of decorating their household or so that they could pluck flowers to offer to god and goddess. But in the last decade, there has been a sea change in the culture, tradition and attitude of particularly the urban youths. Exchanging bouquets of flowers as gifts on New Year's Day, birthdays, wedding anniversaries as well as other occasions has gradually taken root among the young generation of Kathmandu.

Cut –flower and floriculture industry can be important source of foreign exchange earning in Nepal after tourism industry, as there is tremendous potential for the cultivation and use of Cut flower in Nepal. However, existing producer and traders possess basic and limited knowledge required for the production and marketing of flower and do not possess intensive knowledge and marketing information required. Further, there is no national institute to provide training on floriculture to the interested candidate from private sector.

Today, Cut flower has emerged as a profitable industry in Nepal. Many nurseries and retailers are involved in this business sector. The Nepalese cut flower producers have also started exporting outside the country and some of the nurseries have been established in collaboration with foreign partners.

The mushrooming number of the flower shops in the Valley proves that the Cut flowers business has bright outlook. Kathmandu still is the biggest market for commercial cut flowers in local scenario, with negligible market in other cities. Earlier the institutional buyers formed the bulk of the local market, however in recent trend the individual purchases or the consumer market for cut flowers have grown.

Any business sector to have stability needs to have a stable domestic market also. Thus, the importance of the individual consumer market in Kathmandu has increased over the period.

This study tries to look into the factors and influences that drive the consumer to purchase commercial cut flowers from retailers in Kathmandu. This study contributes to better understand the individual consumer, which can help in expanding the market of cut flowers in Kathmandu.

Benefits of Cut flower Business:

- Cut flower is an export potential industry.
- Continues employment and income generation.

Nepal as a tourist destination has good market opportunities for Cut flower products. This industry directly contributes to better living and environment.

Nepal has 6 - phyto geographical provinces and 10 - bio climatic zones in very short distance to each other.

1.5 Limitation of the Study

No study can be free from its own limitations. Therefore, the present study has also some limitations. Reliability of statistical tools used and lack of research experience are the major limitations and some other limitations can be enlisted as follows:

1.5.1 Limited scope of the study:

This study is simply presented to fulfill a partial requirement of M.B.S. program. It is neither a Ph.D. thesis, nor any master piece of work.

1.5.2 Financial & Time constraints:

The study is fully based on the Respondent response and secondary data and it is to be conducted and submitted with in a time constraint. Further, the study is not a final study on the subject.

1.5.3 Lack of up - to-date data:

The study is primarily based on the secondary data source such as related journals, magazines, books etc. The up-to-date and complete data are very difficult to obtain due to inability of providing the required data by

concerned authority. Variations in the data itself are also found when comparing with different sources. Therefore, the reliability of conclusion of the study depends upon the accuracy of secondary data. The study is being conducted in Kathmandu with the assumption that the finding on individual consumer in Kathmandu would represent others, since Kathmandu is the single largest local market for cut flowers.

Due to certain resources constraints the study could not involve larger sample for the purpose of the study. Published information on prior study or studies related to consumer behavior on cut flowers was found to be limited, thus, access to such documents to act as reference has been hindered.

1.6 Organization of the Study

The research has been divided into five chapters, which are

Chapter One	:	Introduction
Chapter Two	:	Review of Literature
Chapter Three	:	Research Methodology
Chapter Four	:	Presentation and Analysis of Data
Chapter Five	:	Summary, Conclusion and Recommendation

First chapter, i.e., introduction chapter deals with the focus of the study, general background of cut flower industry in Nepal, domestic market situation of cut flowers in Nepal, types of cut flowers in the market, retail market for flowers in Kathmandu, statement of problem, objectives of the study, importance of the study, limitation of study and organization of the study.

Second chapter is review of literature. It includes review of previous research work, books and journal in Nepalese perspective.

Research methodology will be discussed in chapter three and deal with research approach, research design, population and sampling, sources of data collection, data analysis tools and data analysis method.

In the fourth chapter, collected data and information will be analyzed and presented in a pleasant manner. It mainly will consist of the people having flower garden at home, usage of flower grown in the flower garden at home, familiarity with names of selected flowers, ever bought any kind of flower, reasons for buying flower, perception about cut flowers, ever bought cut flowers, reasons for not buying cut flowers, opinion on current prices of cut flowers, point of purchase of cut flowers, preference of cut flowers as a gift, preference on occasion for cut flowers as a gift, factors that influence the buying decision of cut flowers and description of major finding.

Chapter 5 will consist of the research done along with the summary, recommendations and conclusion of the research.

CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction

The present research aims to analyze the market situation of the Cut flower in Kathmandu and problem related to it. For this purpose, it needs to review related literatures in this concerned area, which will help me to get clear ideas, opinions and other concepts. 'What other has said? What other has done? And what other have written?' these all and other related questions are reviewed which has provided useful inputs in this research work. It provides the foundation for developing a comprehensive theoretical framework from which hypothesis can be developed for testing and minimize the risk of pursuing dead ends in research.

This chapter emphasizes about the literatures, which were concerned in this connections. Therefore, in this chapter conceptual frameworks given by different authors and intellectuals of this area, books, journals, research works, and previous thesis related to Cut flower are reviewed.

Consumer behavior, in simple terms, means behavior shown by consumer before or after purchase, as well as in the process of purchasing. The term consumer behavior refers to searching for, purchasing, using, evaluating and disposing of products and services that they expect will satisfy their needs. (Schiff man Leon G. and Kanuk Leslie L., Consumer Behavior, Prentice Hall of India, New Delhi, 1990)

In this section, review of various models of consumer behavior and consumer buying decision are presented. Further, some prior studies related to consumer behavior are also presented.

2.2 Review of Books & Journals in Nepalese Perspective:

Very few articles relating directly or indirectly with Cut flower are published in Nepal. Some of them, which are significant in this study, have drawn in this section.

Mrs. Minerwa Bista, past president of FAN has conducted a study on market on Cut flower and flower nursery in Kathmandu in 2003 says there is good business in floriculture.,” admits Bista, herself the proprietor of a Cut flower nursery in Kathmandu. In 2002-2003, the Cut flower was an Rs 23,730,000 business, while the nurseries together brought in over Rs 54 million. To boost the floriculture sector, FAN organizes regular technical trainings in pest control, gardening, bouquet arrangement and seasonal flower management workshops. Says Bista, “Five or six years ago, Nepal imported 80 percent of our flowers from India. Now we grow about 80 to 85 percent and import 15 to 20 percent, which is during the off-season. In a year or two we should be able to grow enough all our own.”

The objectives of this study were as follows:

1. To assess the market behavior of Cut flower in Nepal
2. Promotion of Cut flower Business in Nepal.
3. To find out the possibilities of promoting cut flowers consumption.

2.3 Review of Previous Thesis:

In last, few years, prior to this thesis, some students of M.B.S. program have been found conducting research about the Cut flower in Nepal. Some of them, which are supposed to be relevant, have been reviewed and presented in this section.

Gabish Joshi Thesis:

Gabish Joshi concludes as following in his thesis on "A study on individual Behavior of Cut flower consumers in Kathmandu".

His study is more focused in the market situation of the Cut flower in Kathmandu and buying behavior of the consumer and he admits that, Today, Cut flower has emerged as a profitable industry in Nepal and the Nepalese Cut flower producers have also started exporting outside the country .

The objectives of this study were as follows:

1. To identify the factors that are consider before making purchase decision on buying Cut flower.
2. To Profile the individual customer of Cut Flowers in Kathmandu

2.4 Consumer Behavior Models

Almost 80 years ago, John Dewelly itemized the steps in buying decision process. Models of consumer decision making e.g. Nicosia (1969) Howard and Sheth (1969), Engel Kollat and Blackwell (1968), Bettman (1979), Lutz and Bettman (1978) describe consumer's pre-purchase decision making involving extensive informant search and evaluation of alternatives. These

models agree that there are certain steps in consumer buying decision-making process.

2.4.1 Nicosia Model

Francesco M. Nicosia provided a model of consumer decision process in 1969. It focuses on the relationship between firm and its potential consumers. It is an interactive design, according to which “the firm tries to influence consumers and consumers – by their actions – influence the firm.” (Nicosia Francisco M., Consumer Decision Process, Englewood Chiffs N.J. Prentice Hill, 1966)

Nicosia model is divided into four major stages:

- i. Consumer attitude based on the firm’s message – the firm’s marketing strategies and environment and the consumers attitude towards the firm’s marketing mix based upon their interpretation of environment and firm’s communication
- ii. Search and Evaluation of alternatives
- iii. The actual act of purchase
- iv. Feedback

2.4.2 Howard and Seth Model

John a. Hoard ad Jagdish N. Seth provided another model of consumer decision making, which is a major revision of an earlier effort to develop a comprehensive theory of consumer decision making. (Howard John A. and Seth Jagadish N., The Theory of Buyers Behavior, Widey, New York 1969) This model outlines three types of decision-making;

- i. Extensive problem solving
- ii. Limited problem solving
- iii. Routine response behavior

The extensive problem solving behavior is characterized by great amount of information requirement in order to come to a decision and slow decision-making. The limited problem solving requires moderate amount of information, while in routine response behavior very little information is required and the speed of decision-making is almost instantaneous. This model outlines four major variable groups, which influence the type of decision-making. The four major variable groups are:

i. Input variables

-) Physical characteristics
-) Verbal and visual product characteristics
-) Consumers' social environment

- ii. Perceptual and learning constructs of the buyer – the various perceptions that the buyer has either through experience, hearsay and the learning effect of repeat experiences influence the various category of decision-making.
- iii. Outputs either may be a purchase behaviors or anything like attention, intention and/ or brand comprehension
- iv. Exogenous variables such as importance of purchase, consumer personality traits, time pressure and financial status

2.4.3 Engel Kollat and Blackwell Model

It was originally designed to serve as a framework for organizing the fast growing body of knowledge concerning consumer behavior. [Engel James F. and Roger D. Blackwell, Consumer Behavior (fourth Edition), the Dryden Press, Chicago 1982]. It consists of four sections;

- i. Decision Process Stages:
Problem recognition, information search, alternative evaluation,
purchase and outcomes
- ii. Information inputs
- iii. Information processing
- iv. Variables influencing the decision process

2.4.4 Bettman's Information Processing Model of Consumer Choice

The Bettman model has seven basic components;

- i. Processing Capacity
- ii. Motivation
- iii. Attention and perceptual encoding
- iv. Information acquisition and evaluation
- v. Memory
- vi. Decision process
- vii. Consumption and learning processes.

2.4.5 Seth-Family Decision Model

The Seth Family Decision-making Model considered the family as the appropriate consumer decision-making unit and it suggested that joint decision-making trends to prevail in families that are middle class, newly married and close-knit, with few prescribed family roles. It suggests that joint decision-making is more prevalent in situation of high-perceived risk or uncertainty,

when the purchase decision is considered to be important, and when there is ample time to make decision. (Seth Jagadish N., Newman Bruce I. and Cross Barbara L., “Why We Buy What We Buy: A theory of Consumption Values”, A Journal of Business Research)

2.5 Related Past Studies on Product and Store Choice

2.5.1 Product Choice

Recent research in consumer buying behavior supports the fact that consumers' choice may be predicted if one has knowledge of the relative importance or weight occupied in the consumers mind by various product offerings (attributes) in relation to some set of relevant product attributes.

In buying decision process, many product attributes are weighted and evaluated in a complex manner. Most studies show that six or fewer criteria are generally used by most consumers; although Fishbein suggests that the number may go as high as nine.(Fishbein Martin, “Attitude and Prediction of Behavior”, Journal of Marketing, Vol 38, 1974) the extent of involvement present is determined by the scale of consideration or amount of thought required - higher the involvement, the greater the number of evaluative criteria which enters into the decision. It has been mentioned that the price and the quality of the products are the two most important attributes that are evaluated for decision-making process.

Price is considered the most important evaluative criterion, which is widely used by consumers when choosing a product form product varieties. Concern over price varies from product category to category; it has been found that price is of greater significance when the product is felt to be socially visible.

Many studies have shown that price and quality have a positive relationship in these conditions;

- a. when the consumer has confidence in price as a predictor of quality
- b. when there are real and perceived quality variations between brands
- c. when quality is difficult to judge in other ways, especially when there are not other quality connoting criteria

2.5.2 Store Choice

In general, the determinants of store choice are location, depth and breadth of assortments, price, advertisement/ promotion and word-of-mouth communication, stores personnel services, physical attributes of the store and store clientele.

A research on men's clothing store in a college town showed six attributes perceived as having the most salience were assortment of clothing, personnel, atmosphere or the ambiance, service, quality and price. The determinants of this type of choice decision obviously vary by product category as well as the types of stores. (Don L. James, Richard M. Darand and Robber A. Dreves's, A Study on store choice, USA 1997)

Department Store - The choice of department store seems to be influenced by quality of merchandise and ease of the shopping process, post sales service and store location.

Supermarket - The choice of Supermarket is based on attributes such as; cleanliness, low prices, clearly labeled prices, good product department, accurate and pleasant checkout clerk and well-stocked shelves.

Discount Store - In case of discount store, convenient location is the most important attribute in store choice, followed closely by low price and broad merchandise selection as would be expected.

2.6 Literature Review on Consumer Decision Process

Although the number and complexity of operations carried out by a consumer varies with the type of purchase involved, the consumer buying in general has been regarded as a problem solving activity. Despite discernible differences in intensity of problem solving, the consumer decision process involves myriad of decisions made with respect to the choice of the product, brand, vendor, buying quantity, delivery time, modes of payment, etc. (Kotler Phillip, Marketing Management: Analysis Planning Implementation and Control, Prentice Hall of India Ltd. (6th edition), New Delhi 1990)

A normative consumer decision process model as postulated by Howard and Seth (1969), Nicosia (1966), Engel Kollat and Blackwell (1968) and Andresen (1966) involves five steps of problem recognition, information search, alternative evaluation, choice and outcomes. As argued by Bettmen (1978), these steps however need not be sequential. According to him, it is too simplistic view to say that the decisions are made after all necessary information has been gathered because choice and information acquisition occur simultaneously. Moreover, the stages of decision process are also affected by decision inputs (marketing mix offered by the sellers) and socio-cultural background of the decision maker (Schiffman Leon G. and Kanuk Leslie L., Consumer Behavior, Prentice Hall of India, New Delhi, 1990)

The main assumption of such flow chart model of consumer decision making (as presented in following section) is that alternatives exist for buyers and they are rational enough to judge consequences of their actions by evaluating them based on the information available either in memory or from external sources of information.

The model is a simple model, which ties many ideas on consumer decision-making process and is not an exhaustive picture of the complexities of consumer decision making. It consists of Input – Processing – Output components.

Inputs: Firms marketing effort consists of product, price, channels of distribution and promotion. Besides this, socio-cultural environment consists of family, reference groups, other non-commercial sources, social class and cultures.

Product: A product is any offerings that can satisfy customer needs. It can be goods, services, ideas, experiences, events, places, properties, organizations and information.

Price: Price is the amount of money that customers pay for the product. It consists of setting price list, price, discounts & allowances and terms of sale.
Channels of Distribution: It includes various activities undertaken to make the product accessible and available to target customers.

Promotion: Promotion activities include all the activities undertaken to communicate and promote products to the target market.

Processing: It consists of environmental influences and buyer decision processes. Identifying problem, searching for information, evaluation of alternatives, experience and psychological aspects are the basic factors to be considered.

Need Recognition: Consumer recognizes a specific need.

Information Search: Consumer searches information about products. It can be internal or external search.

Evaluation of Alternatives: Product alternatives are evaluated.

Experience: Consumer consider past experiences.

Psychological Field: It consists of motivation, perception, learning, personality & attitudes.

Output: It consists of customer response and goal achievement in terms of profit, market share, social welfare and image. These factors determine the future prospects of any business organization. Besides this, it provides information to redesign inputs and processing.

2.7 Research in Consumer Behavior in Nepal

Very few notable researches have been conducted on consumer behavior in Nepal. Further, studies related to product category like cut flowers are even rare.

Mr. Yogesh Pant did a research on “A Study on Brand Loyalty” in 1992. (Yogesh Pant, A Study on Brand Loyalty, A Journal of Business Research, 1992) The study was based on primary data collected from 100 consumers with the help of a structured questionnaire. The major findings suggested that;

- a. Most of the Nepalese are brand loyal; however, the percentage of consumers showing strong or entrenched loyalty is very low. The consumer belonging to age group 26-40 years old are more brand loyal compared to other age groups.
- b. Brand loyalty is relatively high in products that are frequently needed than those which are needed or used less frequently.
- c. Brand loyalty is strongly associated with consumers’ income.

Similarly, another study “An Examination of role of Purchase Pals in Consumer Buying Decisions for Saree and Suit” conducted by Mr. Dev Raj Mishra in 1992, suggested that most of the buyers use purchase pals when they make decisions. . (DevRaj Mishra, An Examination of role of Purchase Pals in Consumer Buying Decisions for Saree and Suit, an article published in The Rising Nepal, 1992) The role of purchase pals was considered very important in the choice and reduction in post purchase dissonance as to the price.

Another study on “Buyer’s Behavior of Indian Gurkhas and Local People with Reference to Vyas Municipality” by Mr. Jagat Timilsina in 1999 suggested that there are foreign brands or products are considered a better quality product. (Jagat Timilsina, Buyer’s Behavior of Indian Gurkhas and Local People with Reference to Vyas Municipality, an article published in The Kathmandu Post, 1999) The study was concentrated on buyer’s behavior of clothing apparels. The major factors that influenced the choice of products

were price, quality and durability. Further, the report suggested that behavior and attitude of shopkeeper or the seller was also an important determinant for favorable response from customers.

Similarly, a study focusing on individual cut flower consumers carried out in the year 2003 by a team of students in Kathmandu University and Agro Enterprise Center suggested some interesting findings.

The study brought out following findings

- a. Price and quality of cut flowers are the two main important attributes that effects the purchase decision for cut flower consumers.
- b. The purchase occasions for products like cut flowers is very occasion based or in other words the problem (need) recognition is specific to certain occasions only.
- c. The study also suggested that there was a certain degree of link between familiarity with cut flowers and buying decisions.
- d. However, it was also revealed that knowledge about store locations did not impact the buying decision, i.e., the number of places known where cut flowers could be bought was same among buyers and non-buyers.
- e. It further suggested that the price level prevailing then was considered little expensive to most of the respondents

As mentioned earlier specific research on consumer behavior, that too in cut flower is found lacking. This study tries to build on the study carried out earlier

on cut flowers and try to establish some behavioral patterns of individual cut flowers consumers in Kathmandu.

2.8 Review of the Related Studies

2.8.1 Review of Journals

Taha, M.M., 1989: 15 estimated overall productions, including Gladiolus, in Egypt range from 25 to 32 percent. The demand of cut flower in Nepal can be synonymously used as demand of Kathmandu Valley (Shrestha, S.B & Shahi, B.B, 1998:11). The valley has biggest inflow of tourist and has the highest number of hotels, financial institutions and international missions. Moreover, the comunistes of the valley have been exposed to the western culture for long time. In addition, Pokhara, Dharan, Biratnagar are now fast growing cut flower markets (Shrestha, S.B, 2003:9).

Raha, S.K. & Sultana, N., 1995:27, found the marketing system of cut flowers in Dhaka city not well organized. Various marketing function were poorly performed. The average marketing cost of cut flowers accounted for 18.67 percent followed by damage (14.68 percent) and shop rent (13.62 percent). Marketing margin constituted about 54 percent of consumers' price of which 27.04 percent was incurred as marketing cost and 36.96 percent retained as traders' profit.

Shrivastava, G.C., 1994:229-233, has high lightened that the producers' share was inversely related to the consumers' process. He also pointed out that sales of the producers and retailers were directly affected by the consumers' prices.

Verma, A.R., 1989:86, suggested that with the improvement of marketing, marketing cost and margins reduces and it could encourage the producers.

Verma, A.R., 1989: 85, noted that an efficient marketing would guarantee a greater share to the producers in the price paid by the consumers on one hand and greater satisfaction to the consumer on the other.

Shrestha, S.B., 2003: 38-40 Pointed out that non-availability and irregular supply of inputs, poor transportation, and poor quality cut flower due to small-scale production are the major problems in the cut flower production and marketing in Nepal.

Lack of clear- cut policy on floriculture development and basic infrastructure facilities were the major problems of floriculture in Nepal (Shrestha, S.L. and pandey, B.P., 1995:30-31).

Ozkan, B. et al. 1999:491 identified the difficulties in obtaining and keeping qualified human resources as major problems of export oriented flower industry in Turkey.

Rahman, M.S et al. 2001:453-462 identified some problems of Cut flower production and marketing in Bangladesh as lack of technical knowhow. Lack of marketing space, lack of capital, low market price of output, sale of credit, lack of quick marketing facility of produce, and high price as well as non- availability of cut flower.

Malla, K.J., 1998:41-44 pointed out that limited technical knowhow on cultivation. Harvesting, and post harvest handling, irregular supply of low

quality flower, unorganized channels of marketing haphazard flow of plant materials from India were the major constraints of flower marketing in Nepal.

Pandey, K.R., 1996:15-18 revealed that lack of clear cut policy, lack of bank loan of concessional rate, lack of skilled manpower, research and training, lack of basic infrastructure facilities for post harvest care and handling and high air freight for export were the main constraints of floriculture enterprises in Nepal.

2.8.2 Review of Articles

Khuskh, A.M., 2002: 27 estimated production cost of cut flowers in Pakistan at Rs. 3.75 to per Kg, which included plowing, planking, from yard manure (FYM), fertilizer, pesticides, and management of labor.

Laschkewitsch and smith, 2000:137 concluded that fresh cut flowers could be a viable option as a specialty in North Dakota. Their study showed potential gross earnings of \$ 10,000 or more on a half-acer tract of cut flowers. Gladiolus cut flower was a cash earning business in USA stevens (1997).

Khuskh, A.M., 2002:29 Pointed out that cut flower business needs highly skilled labor force and modern farming techniques in Pakistan. Creation of appropriate infrastructure and continuous training of workers was paramount importance to enhance cut flower business in India (Patnaik, G. 1993:25). Khuskh, A.M., 2002:39-41 identified that around 80 percent producers in Pakistan sell their products to the Kantay Wallahs, while only 12 percent to contractors, and 8 percent to wholesalers. Kantav Wallahs assemble produce from growers and sell directly to wholesalers.

2.8.3 Review of Thesis

Pant, S.S., 2002. Effect of Different Doses of Nitrogen and Phosphorus on Growth and Development, cut flower characteristics and vase life of Gladiolus. Thesis, M.sc., IAAS, Rampur, Chitwan.

Objectives: The general objective of the study is to calculate the required doses of Nitrogen and Phosphorus for optimum growth and vase life of Gladiolus as a cut flower characteristic.

To meet the objective, researcher used analytical, descriptive and exploratory research designs based on field survey as well as primary and secondary data.

Findings: For optimum growth of Gladiolus 46% Nitrogen and 18%, Phosphorus is required. The vase life of fresh Gladiolus is 27% higher than other cut flower varieties. The cultivation Knowledge, Packing, storage and Transportation were major problems for early damage of cut flowers.

Regmi, H.N., 2000. Performance Evaluation of Gladiolus Varieties with Respect to Growth, Cut Flower Yield and Vase Life behavior of cut spikes in Rampur, Chitwan. Thesis, M.sc., IAAS, Rampur, Chitwan.

Objectives: The general Objectives of the study is to assess the performance evaluation of Gladiolus with respect to growth, cut flower yield and vase life behavior as comparison to other cut spikes of Rampur, Chitwan.

To fulfill the objective, researcher used case study research with descriptive, field survey cum exploratory research designs by collecting primary as well as secondary data.

Findings: Gladiolus plant having different color flowers is present in Chitwan district. The time for Gladiolus seed to give flower depends on different physiographic and climatic conditions. The vase life of Gladiolus is 27% higher than Rose, Proper care, Knowledge of Production and harvesting with good access to market are problems to be addressed.

Pandey, Pradyumna Raj, 2004. Socio-economic studies in flower marketing: A case study of Kathmandu Valley. Dissertation, M.A., Submitted to the department of Sociology, Tri Chandra campus, Kathmandu.

Objectives: The broad objective of the study is to assist the socio-economic impacts on marketing system and Profitability of flower production.

To fulfill the objective, researcher used primary and secondary data from related sources with descriptive study cum exploratory research designs.

Findings: Floriculture is the main occupation and major sources of income for majority of the farmers followed by agriculture. More than half of the family members in Kathmandu Valley are economically active with average family size of 3.9. Nearly half of the farmers are growing flowers in lease land, mostly used packing materials are paper and jute sacks. Total price paid by consumer to producer is Rs. 4.57 per stick with total marketing cost Rs.3.88 (15.50%).

Her Majesty opens floriculture trade fair

RSS

KATHMANDU, Apr. 8: Her Majesty Queen Komal Rajya Laxmi Devi Shah inaugurated "Floriculture Trade Fair 2003" organized by Floriculture Association Nepal amidst a function here Her Majesty the Queen presented

prizes to Parijat Nursery for the best flower, Sudimas Nursery for plant, Kumari Nursery for best displayed stall, Garden Service Centre for land scape (garden decoration) Dolphin Flowers for Cut flower producers and special award to immediate past president of the Association Suresh Bhakta Shrestha. Her Royal Highness Princess Himani Rajya Laxmi Devi Shah and Her Royal Highness Prerana Rajya Laxmi Devi Shah were present on the occasion. Her Majesty the Queen observed the floriculture trade fair with keen interest. There are 51 stalls of various flowers at the four day long trade fair. On the occasion, president of the Federation of Nepalese Chamber of Commerce and Industry Binod Bahadur Shrestha said His Majesty's Government should adopt appropriate policy for the development of floriculture in the 10th Five-Year Plan. Acting chairperson of the Association Minarwa Bista said the floriculture entrepreneurs are organizing the trade fair as an annual festival and it has helped for the publicity of the flower trade.

From agriculture to floriculture at FAN 2004

Exhibition

The organizers at Floriculture Association Nepal (FAN) are getting ready for Floriculture Exhibition 2004, an annual event plant and flower lovers across the Valley are waiting for. This is where those in the Cut flower and nursery business, those interested in landscaping and the gardener in each of us, can all go to see what's new and in bloom from seasonal to ornamental, indoor to outdoor, tissue cultures to fruit bearing alike. "Last year we had 54 stalls and we're hoping for more participants this year," says FAN President Minarwa Bista. In the past participants from as far and wide as Janakpur, Pokhara, Dharan and Butwal would eagerly arrive at the national exhibition. But due to the security situation, Bista expects fewer participants this year. She adds, "Plants are perishable and people don't want to risk losing their hard work

when they get stuck for hours in security checks.” Mrs. Minerwa Bista, past president of FAN has conducted market on Cut- Flower and flower nursery in Kathmandu in 2003 says there is good business in floriculture. ,” admits Bista, herself the proprietor of a Cut flower nursery in Kathmandu. In 2002-2003, the Cut Flower was Rs 23,730,000 business, while the nurseries together brought in over Rs 54 million. To boost the floriculture sector, FAN organizes regular technical trainings in pest control, gardening, bouquet arrangement and seasonal flower management workshops. Says Bista,“Five or six years ago, Nepal imported 80 percent of our flowers from India. Now we grow about 85 percent and import 15 to 20 percent, which is during the off-season. In a year or two we should be able to grow enough all our own.” “But there is good business in floriculture.” admits Bista, herself the proprietor of a Cut flower nursery in Kathmandu. In 2002-2003, the Cut Flowers were Rs 23,730,000 business, while the nurseries together brought in over Rs 54 million. To boost the floriculture sector, FAN organises regular technical trainings in pest control, gardening, bouquet arrangement and seasonal flower management workshops. Says Bista,“Five or six years ago, Nepal imported 80 percent of our flowers from India. Now we grow about 85 percent and import 15 to 20 percent, which is during the off-season. In a year or two we should be able to grow enough all our own.”

Floriculture Trade Fair kicks off

With a view to promote floriculture business and to inform its prospects, Floriculture Trade Fair 2007 from has kicked off in Kathmandu. Inaugurating the trade fair, Speaker of the Interim Legislature Subash Chandra Nemwang said the all business and enterprise would be flourished with the presence of sustainable peace in the country. He urged all to work collectively to achieve the goal of holding the election of constituent assembly. Speaker Nemwang said" After the formation of interim government, the country is now in the

threshold of challenge, prospects and opportunity so we have to work seriously to lead the country to sustainable peace and development." Organized by Floriculture Association of Nepal (FAN) and co-organized by Agro Enterprise Centre/FNCCI, Trade and Export Promotion Centre and Department of Agriculture, the expo is hosting 64 stalls, 60 professional stalls and 4 informative stalls. The trade fair is showcasing ornamental flower, seasonal flower, Cut flower, dry flower, orchid, compost manure, flower bulb, seeds, equipments, and packaging materials. In the inaugural session, prizes were distributed to the various floriculture entrepreneurs. According to FAN, transaction worth of Rs.6 million and 30,000 footfalls is expected in the fair. FAN is organizing floriculture trade fair since 1994 and it has organized national level floriculture expo for nine times and one international level expo. The fair was organized from April 5 to 9.

Source: www.FANepal.org.np

By [Biz Correspondent](#) on April 05, 2007

Floriculture Trade Fair 2064

Floriculture Association Nepal from 20th Chaitra to 24th Chaitra, 2064 at Bhrikutimandap Exhibition Hall, Kathmandu, successfully organizes floriculture Trade Fair 2064.

Floriculture Trade Fair 2065

Floriculture Association Nepal from 12th Chaitra to 16th Chaitra, 2064 at Bhrikutimandap Exhibition Hall, Kathmandu, successfully organizes floriculture Trade Fair 2065.

Case Study

Suman Pradhan has been running Chameli, a family-owned flower shop in Jhamsikhel since the early 1990s. He started with just a couple buckets of Cut flowers on the sidewalk. The lovely lilies and fragrant roses generated interest, so he set out more buckets. Today, they are a full-fledged flower supermarket. Today, Pradhan's daily income from Cut flowers alone ranges from Rs 3,000 on slow days to Rs 40,000 on special occasions like Valentine's or Mother's Day. And orchids, when they're in, are best sellers. The only problem, says Pradhan, is that there is no regular supply of orchids.

When we asked him what needs to happen to boost the business in floriculture, Pradhan had a thing or two to say: "FAN needs to be more effective. The wholesale they recently opened has benefited us. However, we are working at a very unstable market. Competition is increasing, but it is not guided by specific rules and regulations. People are not competing on the basis of service, but price alone." Another trend that has changed is the amount of flowers imported from India to meet our local demand. "Previously, all our flowers used to come from Delhi, Calcutta or Bangalore. Today, all our summer flowers are grown here and we only import Indian flowers in winter," says Pradhan. At the end of another day's work this week, Pradhan is doing an inventory of flowers and is pleased with sales. "Previously it seemed only the upper class or tourists bought flowers. Now the middle class are giving flowers for all occasions like when a baby is born, or to someone who's feeling sick." And why not? After all, scientific research show that just having flowers around triggers happy emotions helps us feel more satisfied with life and encourages positive social behavior. Pradhan says with a knowing smile: "People are beginning to appreciate flower power."

Bodhi Brikhya Nursery Flower Power (Case study)

With about Rs. 20 million targeted sales this year, Bodhi Brikhya Nursery may seem somewhat big when compared to the units normally

featured in this section of New Business Age. However, the way it started in early 1990s and expanded gradually over the period.

First, the history, Bodhi Brikchya is a unit of Rudyn Agriflora Nepal (P) Ltd., a family firm that has been involved in floriculture for three generations now. Bodhi Brikchya was started as a small unit and assimilated to the group gradually over the period.

In fact, Basanti Pradhan and Yogesh Pradhan had started their journey into business together before they got married. The garment factory they started in partnership exported garments directly to American buyers and flourished quickly but had to be closed down after the economic blockade imposed by India on Nepal (in 1989). Their raw materials were stuck at the customs and caused a total disaster to the business. “Everything that we invested and earned was ruined at one go,” recalls Basanti Pradhan. After the fiasco, she married her friend Yogesh and started working as the Vice Principal of the family owned school. Yogesh’s family was already in the floriculture business with its farm at Bhadrapur, Jhapa district. Being a flower lover herself, she started experimenting in flowers at her parents’ place in Sanepa, Kathmandu in 1992 using about half a ropani of land and one helper. The sales used to be made on wholesale basis. This was a start to Bodhi Brikchya Nursery.

“Being stung with the garment fiasco, we wanted to play it safe with the next venture so we started small and safe, though my husband’s family already had a good experience in the floriculture field,” she explains.

However, the learning curve rose fast. Within six months, they had three helpers and the couple set up a retail shop at Tripureswor. “It was the first retail shop in Kathmandu selling Cut flowers,” she says.

The Nursery flourished sooner than their expectations and the area of Tripureswor shop became narrow. Therefore, in 1996 they shifted to Jhamsikhel hiring nearly two ropanis of land for their showroom, which exhibited the products from their farm at Jhapa for sales. However, the space was still felt insufficient. “Nurseries in foreign countries are spread in huge land areas with restaurants and other shopping facilities within them. We also realized the need for a spacious showroom and were finally able to buy land at Harisiddhi and shifted here in 2003,” she adds. The Harisiddhi showroom has six ropanies of land.

Though the couple used to grow their own flowers, they had to import a lot from Calcutta, in the beginning (particularly the rose). “No one else then knew how to bring flowers to Kathmandu all the way from Calcutta,” she says. Now most of their needs are met through their farm at Jhapa and some from local growers. Jhapa farm boasts of 20 bighas of land dedicated to floriculture. They have recently set up another farm at Dharke, Naubise (25 ropanies).

All in the family

Bodhi Brikchya and Rudyn Agriflora are being managed as a family business with different members of the family looking after specific areas of the business. While Basanti Pradhan and her husband look after local and export marketing aspects, two of the brothers look after the production, the other one (who is a Chartered Accountant) looks after the finance and another brother looks after the tissue culture section. The company has 12 managerial staff managing 50-trained gardeners, 5-trained florists and about 5000 person-days per year of unskilled seasonal labourers.

The exports are carried under the Rudyn banner and the major markets are USA, Japan and Holland where there are regular exports. However, the

company also exports to Denmark, Germany, Taiwan and Korea occasionally. Bodhi Brikchya deals with the local market, i.e. garden design and implementation, garden maintenance services, floral arrangements, plant rental etc.

Right now, the company exports flower bulbs. Jhapa farm grows flower bulbs, ornamental plants, shrubs, plant plugs and Cut flowers. The Naubise farm grows a variety of Cut flowers (Gladiolus, Bird of Paradise, different types of lilies and Anthurium) for future exports. The two farms at Naubise and Bhadrapur complement each other. While the former is located at a temperate zone, the latter is at tropical zone, thus making the company able to supply these flowers throughout the year without interruption. Yet another farm is being planned for cold climatic plants.

The company plans to start exporting plant saplings in the near future. However, it needs some additional investment. For example, the saplings exported should not have any soil in it due to the quarantine regulations in the importing countries. Therefore, a new medium has to be developed. “We are working towards that”, adds Pradhan.

“The world market for Cut flowers alone constitutes of US dollar 32 billion a year,” she informs and adds, “Imagine what the whole industry would fetch. Nepal can do thousands of types of businesses in floriculture to benefit from this huge market. Nepal has high export potential in this industry; gifted with good climatic conditions from the Himal to the Terai, easy access to the world market via international flight, cheap labour and good quality crops. In addition, as agriculture is the predominant sector in the national economy, commercialization of agriculture via high value crops such as the floriculture should be the key to our economic strength. Moreover, the earnings through flower export helps retain at least 70% of the foreign currency within the

country as expenditure for accessories and other raw materials are negligible in this when compared to other industries.”

Then why is this sector limited to such a small volume of exports?

She has many reasons to enumerate. Primary one is the agro subsidy given to their floriculture industries by other countries. Indian floriculture industry still lament about subsidies given in Zambia, Kenya etc. and are fighting for more even when they are getting 50% subsidy in feasibility studies, 25% in purchase of specialized transport units, 50% of the cost in greenhouse and godown facilities, 50-100% subsidy in publications, assistance in participation in exhibitions abroad, packaging development, HRD, sales tour – air travel in economy class and 20 INR per kg. In air freight and the list goes on.

“Nepal government has not provided any of these facilities and, on top of that, has further imposed export taxes of 20%. How in these conditions can Nepal is competing in the world market? Until now, our exports have flourished through references from earlier buyers to others. Large exports in this industry needs advertisement in the world market. But we don’t have the resources to participate in Fairs or to advertise in the world scenario,” she adds.

According to her, floriculture entrepreneurs have to invest a lot in developing infrastructure such as acquiring large expanses of land, and then developing it to be suitable for this industry, constructing greenhouses, godowns, cold storage facilities and acquiring equipment. However, there is no subsidized loan available. Thus, the entrepreneurs have to plough back the profits. “Therefore, everything has to go very slow here in this industry,” she adds.

Though in the year 2002-03 budget the then Finance Minister recognized floriculture as a potential export industry and had announced a rebate on loans to the floriculture sector, but it was sadly unimplemented. The scheme is included also in this year's budget, but Basanti Pradhan does not see anything-serious going on about its implementation so far. "We are lobbying for it from the Floriculture Association of Nepal, but I cannot say when it will actually start being implemented," she informs. Another limitation she points out is the lack of enough tonnage for cargo with the airlines that come to Nepal. The total export of flowers from Nepal is estimated at 40 tons per year. Thus bargaining with the airlines cannot be done satisfactorily. The problem is compounded as other Nepali exports are mostly handled via sea route. "Indian exporters pay one-third of the airfreight as compared to us as their national carrier charges very less and still they get subsidy !!!."

Despite those limitations, Bodhi Brikchya and Rudyn Group are going steady. The existence of large international market and the potential for Nepal (due to its diverse topography) to cater to the market clearly show that floriculture can be developed in Nepal as a good business. To prepare for that the company has started developing its specialization.

In addition, the areas of specialization selected by Bodhi Brikchya and Rudyn Group include flower bulbs, Cut flowers, plant plugs and hybrids. It has already developed a number of hybrids that are named after the children of the family so that interest is created amongst them for sustenance and continuation of this business when they complete their education. However, the firm has not patented these hybrids. "The patenting process is very slow," she explained as the reason for not going for it.

Within a few months, they have plans to start a training centre to train gardeners and provide them employment within and outside the country.

Though Nepal has started producing floriculturists, Basanti Pradhan says they will be needed only when the exports volume increases substantially. Right now, the industry direly needs trained gardeners. Until a few years ago, Bodhi Brikchya was facing the problem of their trained gardeners leaving the company to look for other ventures, but that trend has now reduced, according to Pradhan.

They also plan to go into contract farming with neighboring communities in the coming years. As per their observations, during peak seasons of growth in Kathmandu, neighboring countries have less growth optimist. The trend of growing flowers during these seasons has also reached a potential stage where export seems to be the only resort to attract more growers and stabilize price downfalls. Thus, the company has also realized the importance of marketing these products to other countries “Till now the credit goes to the private sector who has worked towards development of this sector. Now the government should also meet half way to help substantially boost this sector towards its industrialization.”

CHAPTER 3

RESEARCH METHODOLOGY

The different aspects of this thesis work regarding to market and buying behavior of Cut flower consumer have been mentioned in the previous chapters. An introduction relating to this thesis work is made in the first chapter and relevant literatures are reviewed in the second chapter. The 'research methodology', which is used to analyze to collected data, are mentioned in this chapter.

This chapter highlights about the methodology adopted in the process of present study. It also focuses about sources and limitations of the data, which are used in the present study. 'Research Methodology' is a way for systematically solving the research problem. In other words, research methodology indicates the methods and processes employed in the entire aspects of the study. "Research methodology" refers to the various sequential steps (along with a rationale, of each such step) to be adopted by a researcher in studying a problem with certain object .So, it is the methods, steps, and guidelines, which are to be followed in analysis, and it is a way presenting the collected data with meaningful analysis.

3.1 Research Approach

The entire process by which we attempt to solve problems or search the answers to questions is called research Thus; Research is a systematic and organized effort to investigate a specific problem that needs a solution. This process of investigation involves a series of well-thought-out activities of gathering, recording, analyzing and interpreting the data with the purpose of finding answers to the problem. The research is a mix of exploratory and

descriptive research, where exploratory approach was followed by descriptive research.

It was designed and executed with various types of research methods to collect the information needed to achieve the objectives listed in the previous chapter. The information collection focused on followings;

- a. Reasons behind choosing cut flowers for certain occasions over others
- b. The places and ways the consumers select and purchase decisions
- c. Consumer attitudes towards cut flowers; how do they view cut flowers as a product?
- d. Cut flower consumers' demographic point of view
- e. The purchase occasions of cut flowers
- f. The major decision factors behinds purchase decisions

3.2 Research Design

For the orderly and systematic presentation of the collected data, research design of the present study is a framework or a general plan for the study guiding the collection and analysis of data. It focuses on the data collection methods, the research instruments utilized, and the sampling plan to be used. The basic elements of research design are: (1) the problem (2) the methodology (3) data gathering (4) data analysis & (5) report writing.

The present study is based on survey research. The main aim of this study is to reveal the individual buying behavior of cut flower consumers. Therefore, a survey research design is applied for this study.

From the nature of these various kinds of information, it is clear that a mix of methods was needed to collect the required information and data, including;

- a. Observation (Ob) of cut flowers retail outlets to identify major individual consumers.
- b. Literature survey (LS) – obtain published and available reports related to cut flower market
- c. Individuals depth Interviews (IDIs) with selected range of individual from observations, to gain insights into their purchase occasions, reasons, decision factors and decision making process
- d. Administered Questionnaire (AQs) developed after IDIs, to a sample of 100 individuals who form a major profile of cut flowers consumers

The above four data collection methods was carried in order in which they were listed, since each method depended for its execution on information collected by one preceding it.

Specifics for Literature Survey;

- Study the literature and form a basic understanding of consumer market of cut flowers in Nepal, and especially Kathmandu
- Search and obtain published data and reports related to cut flower market in Nepal
- Identify major retail outlet areas or zones in Kathmandu for cut flowers

Specifics for Observations;

- Note and create a rough profile of customers purchasing cut flowers
- Observe customers in-flow at various timing and days in selected areas or outlets
- Note their purchase behaviors

Specifics for IDIs;

- Develop interview questions to be asked
- Recruit interviewees, schedule and conduct interviews
- explore purchase occasions from identified profile of customers, generate a list of occasions
- explore reasons for choosing cut flowers such occasions, explore other alternatives
- explore decision factors and decision making process while purchasing cut flowers
- Process the interview responses

Specifics of AQs

- Use the list of options generated from IDIs to gain some quantitative insight into individual buying process of cut flowers

- Generate demographics and “Life style” characteristics of such customers
- Develop questions based IDIs responses
- Develop questionnaire and pre-test questions
- Administer questionnaire with 60 individuals fitting the rough customer profile derived after observations and AQs.

3.3 Nature and Sources of Data

The primary source of data was collected with the help of questionnaire developed through using information from the interviews and secondary data available. 60 responses will be sought to form the primary data source for the study.

One set of qualitative primary of data was generated from interviews of with retailers of cut flowers. This data, though not explicitly processed or analyzed, was used to develop a questionnaire for individual consumers of cut flowers.

Further, the published reports on cut flower industry were used as a source of secondary data to get insight and knowledge of cut flower market in Nepal. This formed the base on which this study was designed.

3.4 Sampling Plan

Sampling plan consists of target population, sampling unit, sampling size and sampling method.

3.4.1 Sampling Unit

Sampling unit for this study are the individuals who are residing in Kathmandu.

3.4.2 Sampling Size

The target population of this study is very large; therefore, sample is selecting within 60 customers out of population. This is expected to provide useful information to understand consumer behavior of cut flower consumers.

3.4.3 Target Population

The target population of this study consists of local people who are residing Kathmandu and May or may not have bought Cut flowers.

3.4.4 Sampling Method

Judgment based sampling method was used for this study to incorporate individuals who had the ability to contribute towards information required for this study. Since the sample size taken was so small compared to the target population, it was felt that random sampling methods will not be able to reveal important information.

3.5 Data Analysis

Quantitative as well as qualitative statistical techniques are used in analysis of data and conclusion is drawn out. Thus, the purpose of analyzing the data is to change it from an unprocessed form to an understandable presentation. The collected data need to be aggregated into a form that presents the summary of answers from respondents. The raw data convey little information as such. These must therefore, be compiled, analyzed, & interpreted carefully before their full meanings and implications can be understood. The data are thus transformed into information. This process of

transforming data is called analysis: the examination and interpretation to data to draw conclusion.

The qualitative results formed the basis for the quantitative research and data analysis was conducted on the responses collected through the questionnaire developed.

CHAPTER 4

PRESENTATION AND DATA ANALYSIS

This chapter consist presentation and analysis of the collected from the customers and interpreted according to the objectives of the study using different statistical tools explained in third chapter, Research Methodology. The prime (basic) objective of this chapter is to achieve the objectives, which are set in first chapter, Introduction. The first section of this chapter incorporates descriptive statistics of the sample or the customers' profile. The next two sections contain presentation and data analysis as per the objectives of the study. Therefore, it is the focal part of this study.

4.1 Descriptive Statistics of the Sample of Customers

4.1.1 Gender Distribution of Sample of Customers

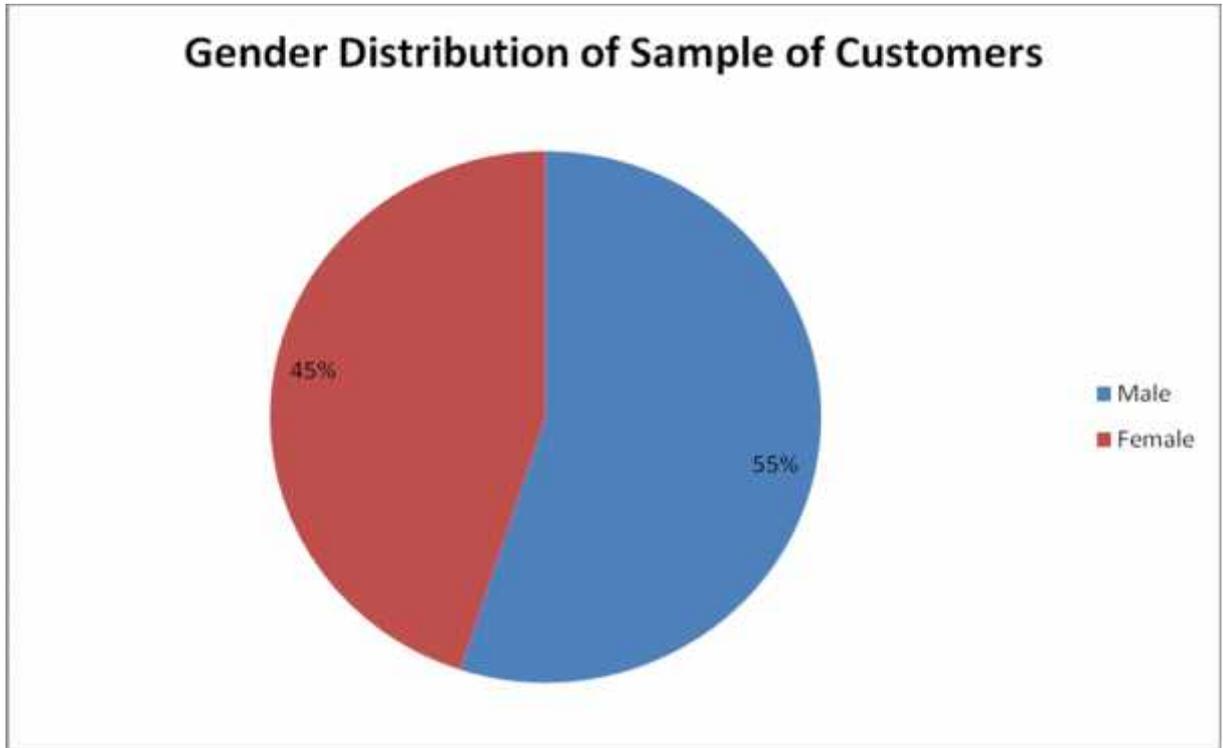
Table 4.1.1

Gender	Frequency	%
Male	33	55
Female	27	45
Total	60	100

Source: derived from questionnaire

The table 4.1.1 shows that out of total 60 customers for the study, 55% was from male customers and 45% from female customers. This can be shown in the following figure.

Figure 4.1.1



4.1.2 Age distribution of the Sample of Customers

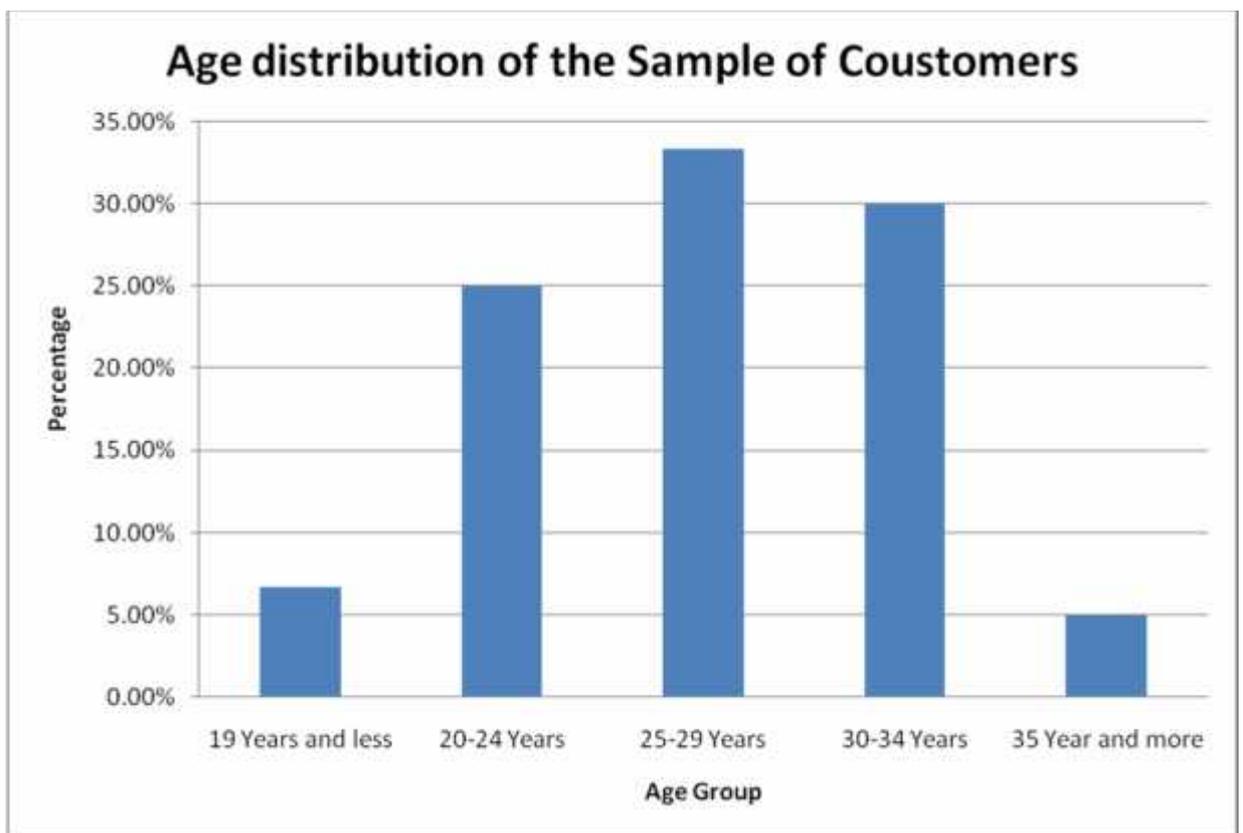
Table 4.1.2

Age	Frequency	%
19 Years and less	4	6.67
20-24 Years	15	25
25-29 Years	20	33.33
30-34 Years	18	30
35 Year and more	3	5
Total	60	100

Source: derived from questionnaire

Table 4.1.2 shows the frequency distribution of the customers as per the age groups. Most of the customers were from age group of 20-34 years. The age group 25-29 years consisted of 33.33% of the customers, followed by 30-34 years and 20-24 years at 30% and 25% respectively. The Table 4.1.2 shows, that only 6.67% of customers were from age group below 19 years, while 5% were from age-group 35 years and more. This can be shown in the following figure.

Figure 4.1.2



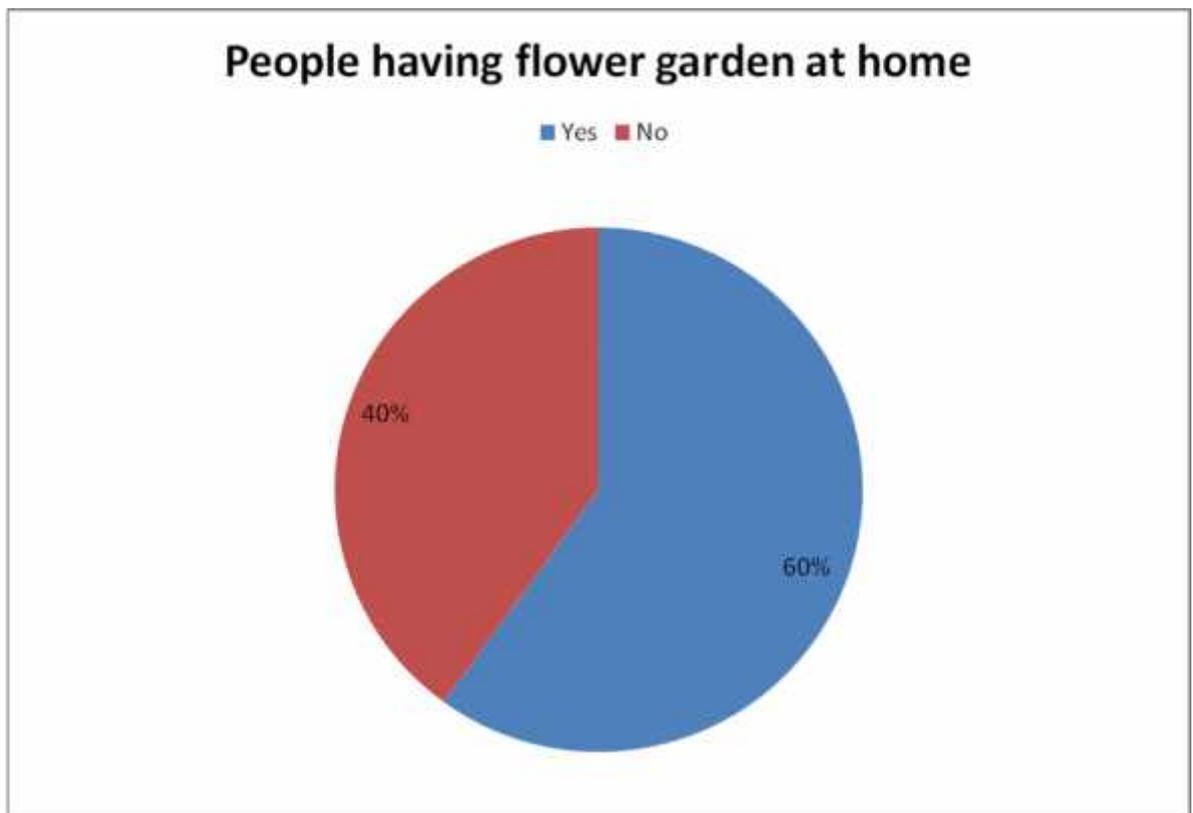
4.2 People having flower garden at home

Table 4.2

Flower garden at home	Frequency	%
Yes	36	60
No	24	40
Total	60	100

The above table 4.2 shows that 60% of the customers had flower garden at home, while the remaining 40% did not have flower garden at home. This can be shown in the following figure.

Figure 4.2



4.3 Usage of flowers grown in the flower garden at home

Table 4.3

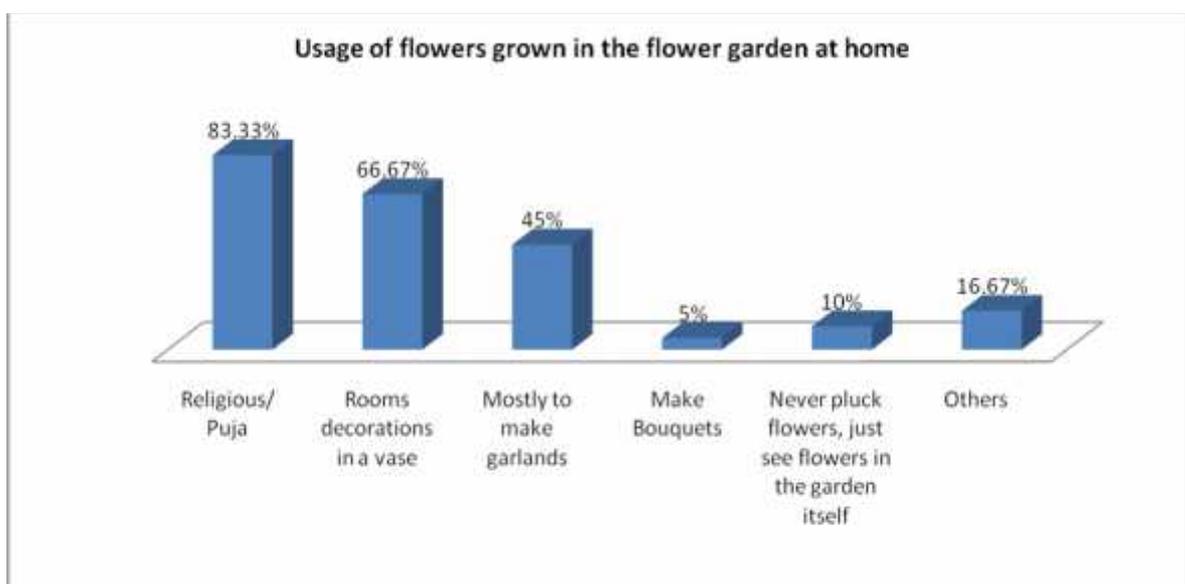
Usage	Frequency	%
Religious/ Puja	50	83.33
Rooms decorations in a vase	40	66.67
Mostly to make garlands	27	45
Make Bouquets	3	5
Never pluck flowers, just see flowers in the garden itself	6	10
Others	10	16.67

* Note: customers were allowed to make multiple choices

The above table 4.3 shows that 83.33% of customers mentioned that they mostly used the flower grown in the flower garden for religious activities or “Puja”. In addition, around 66.67% of respondent mentioned that they used the flowers grown in their garden for decorating their rooms, while 45% mentioned that they also used it to make garlands.

Thus, it can be seen that majority of customers either used the flowers grown at their garden used it for religious activities/ “Puja” or to decorate their rooms. This can be shown in the following figure.

Figure 4.3



4.4 Familiarity with names of selected flowers

Table 4.4

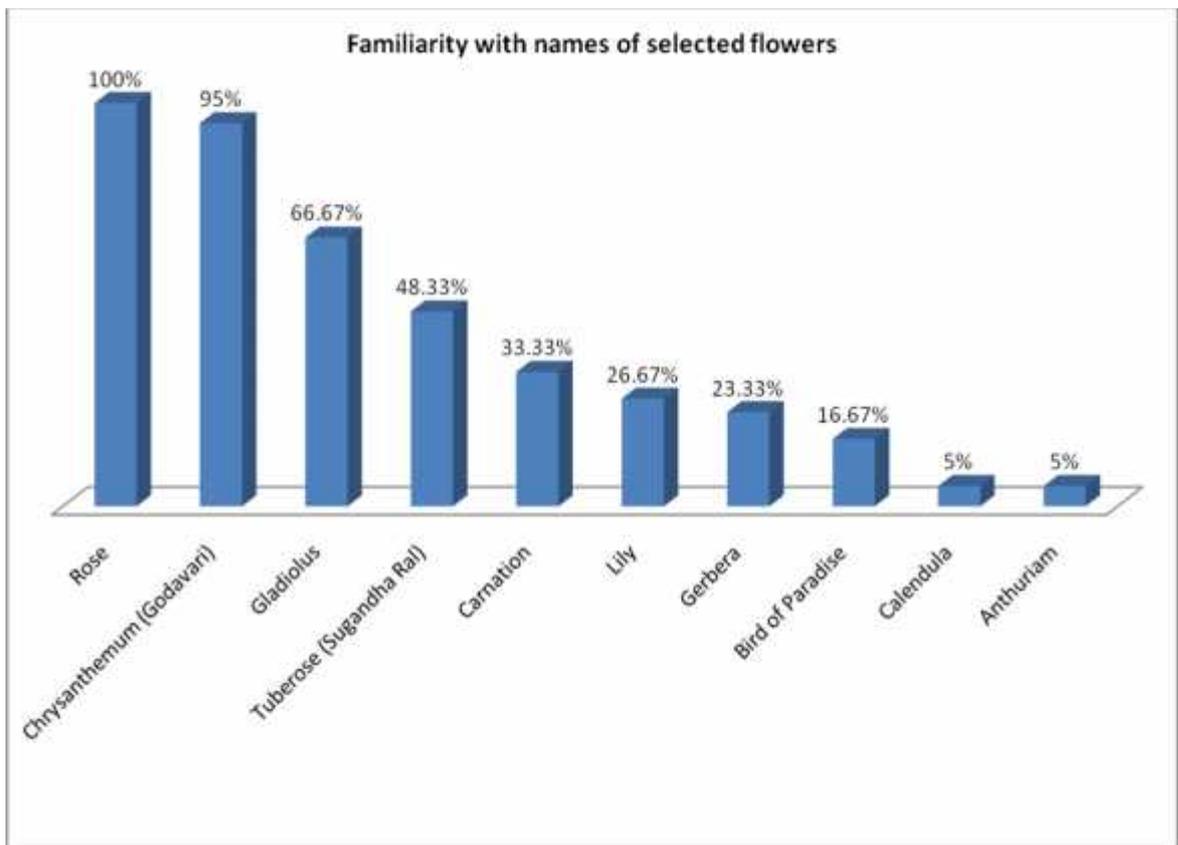
Familiarity with the names of flowers	Frequency	%
Rose	60	100
Chrysanthemum (Godavari)	57	95
Gladiolus	40	66.67
Tuberose (Sugandha Raj)	29	48.33
Carnation	20	33.33
Lily	16	26.67
Gerbera	14	23.33
Bird of Paradise	10	16.67
Calendula	3	5
Anthurium	3	5

* Note: customers were allowed to make multiple choices

Table 4.4 lists the common cut flowers variety available in the local market and customer's familiarity with them. The above table shows that all or 100% of the customers were familiar with Rose as a flower, followed by Chrysanthemum (Godavari) at 95% and Gladiolus at 66.67%.

Around 48.33% of the customers were familiar with Tuberose (Sugandha Raj) and 33.33% familiar with Carnation. Anthurium, Calendula and Bird of Paradise were the least familiar names to the customers. We can see that Rose, Chrysanthemum and Gladiolus are the three most familiar names of flowers among the select 10 names given above. This can be shown in the following figure.

Figure 4.4



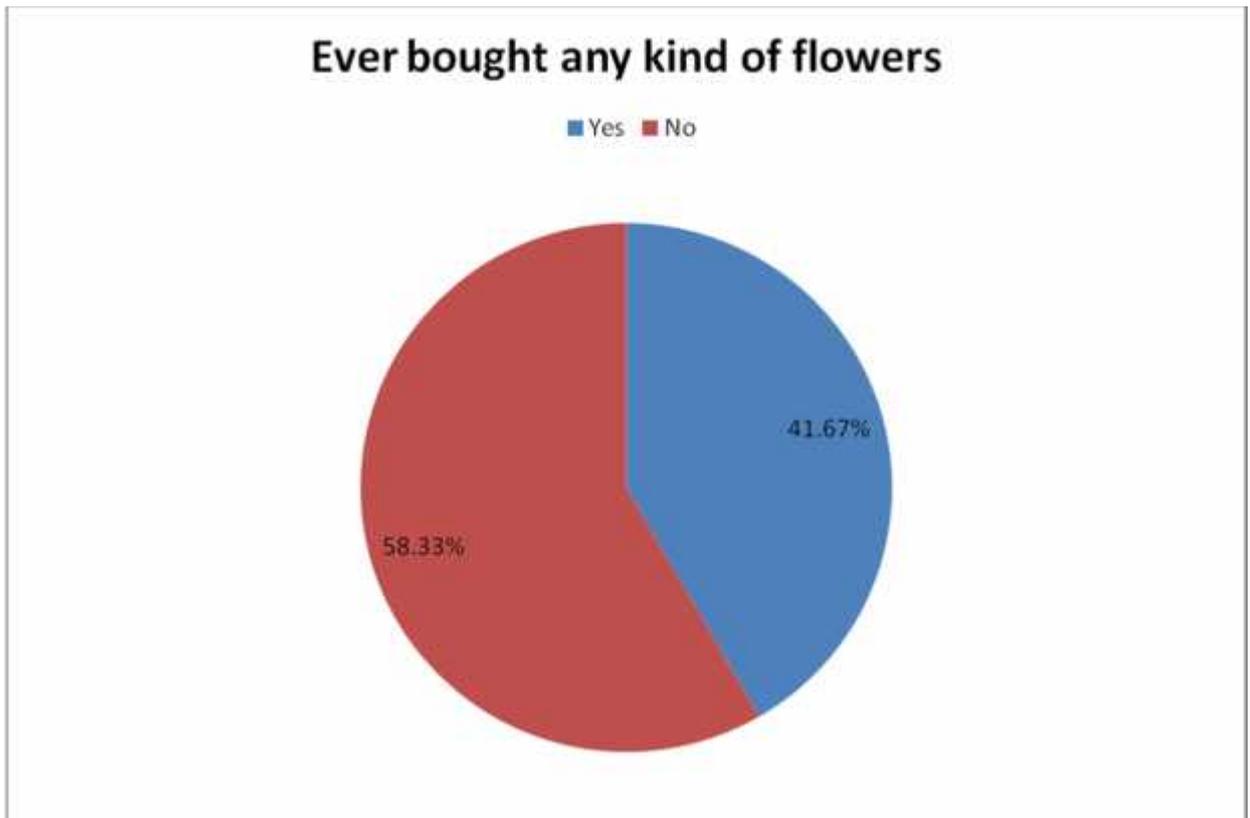
4.5 Ever bought any kind of flowers

Table 4.5

Ever bought any kind of flowers	Frequency	%
Yes	25	41.67
No	35	58.33
Total	60	100

Table 4.5 shows that 41.67% of the customers had bought some kind of flowers, while considerable 58.33% had never bought flowers ever in their life. This shows that majority of the customers had never bought flowers of any form ever. This can be shown in the following figure.

Figure 4.5



4.6 Reasons for buying flowers

Table 4.6

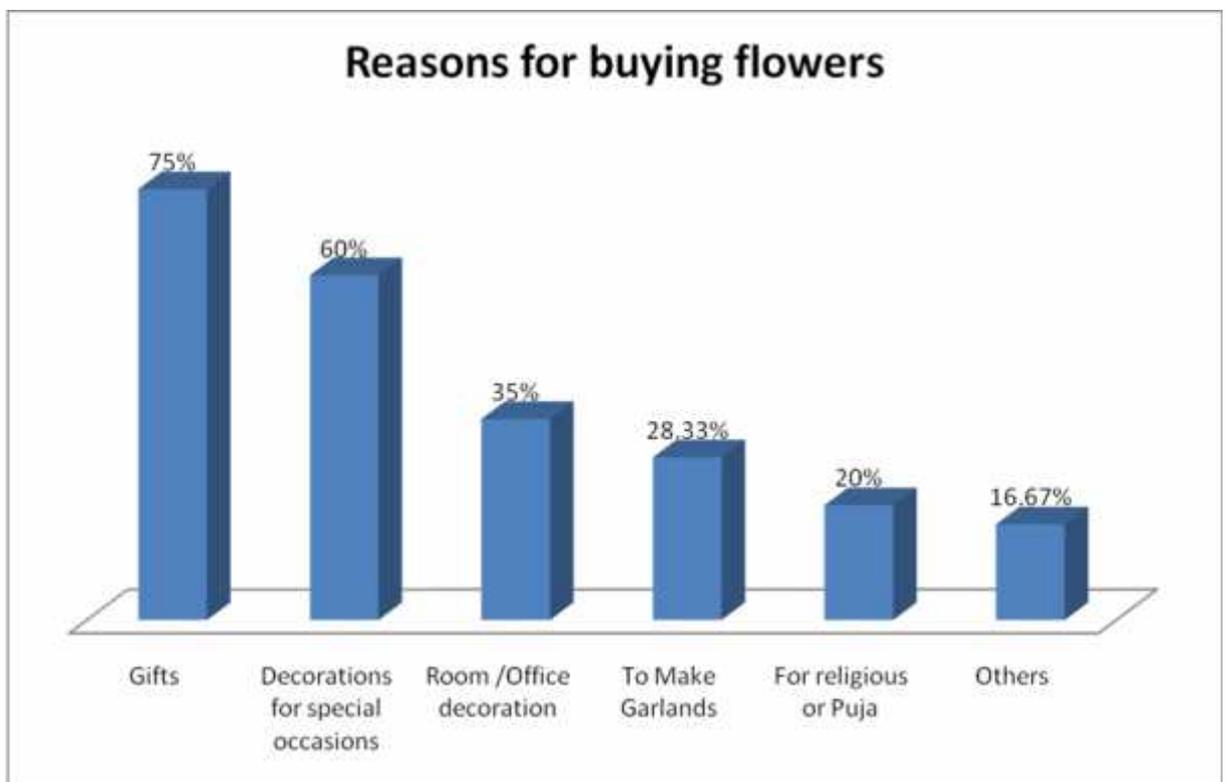
Reasons	Frequency	%
Gifts	45	75
Decorations for special occasions	36	60
Room /Office decoration	21	35
To Make Garlands	17	28.33
For religious or Puja	12	20
Others	10	16.67

* Note: customers were allowed to make multiple choices

The above table 4.6 shows the reasons given by the customers who had bought flower for buying flowers. The table shows that 75% of customers had

bought flowers to be given as gifts, while 60% had bought it for various decorations during special occasions. Only 35% and 28.33% of customers had bought flowers for room/ office decoration and to make garlands respectively. We can see that most of the people buy flowers either to give as gifts or for decorations. We can also see that purchase of flowers is very occasion based, such as people buy to give gifts or for decoration during special occasions. This can be shown in the following figure.

Figure 4.6



4.7 Perception about Cut flowers

Table 4.7

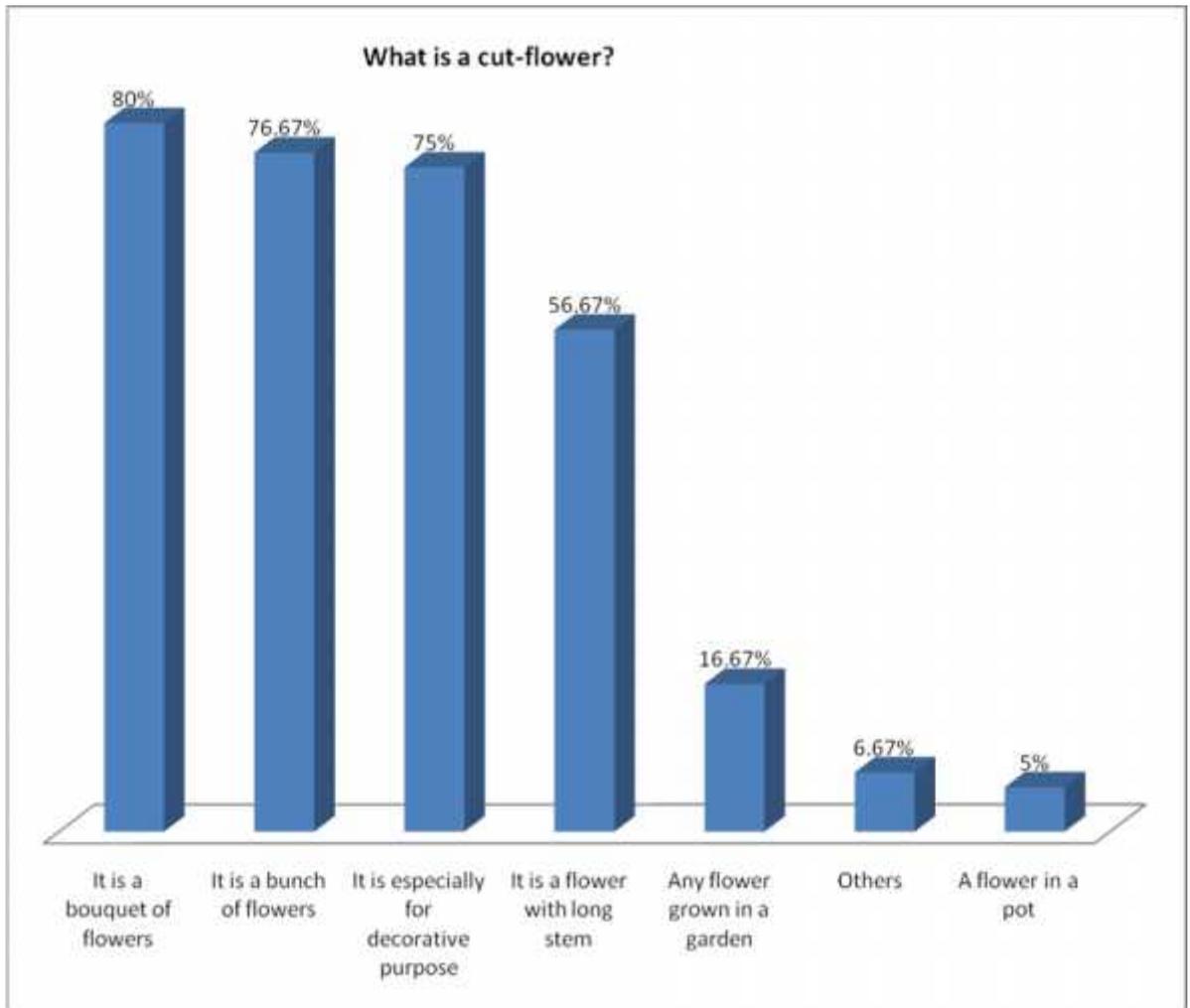
What is a cut flower?	Frequency	%
It is a bouquet of flowers	48	80
It is a bunch of flowers	46	76.67
It is especially for decorative purpose	45	75
It is a flower with long stem	34	56.67
Any flower grown in a garden	10	16.67
Others	4	6.67
A flower in a pot	3	5

* Note: customers were allowed to make multiple choices

The Table 4.7 shows that majority of customers feel that a cut flower is a bouquet of flowers (80%) and/ or a bunch of flowers (76.67%). Further, 75% of the customers mentioned that a cut flower is flower grown especially grown for decorative purpose.

We can see that in the Table above that 56.67% of the customers mentioned a cut flower was a flower with long stem. This can be shown in the following figure.

Figure 4.7



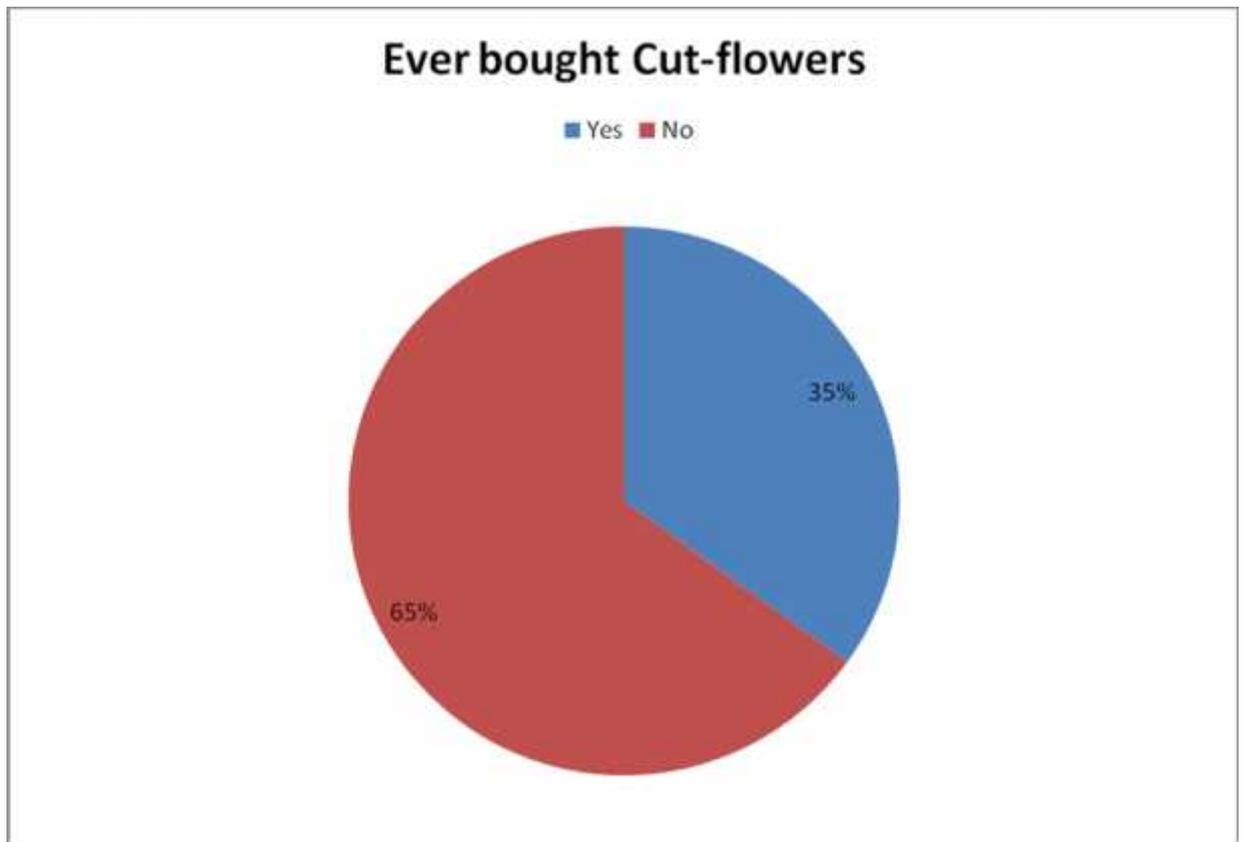
4.8 Ever bought Cut flowers

Table 4.8

Ever bought Cut flowers?	Frequency	%
Yes	21	35
No	39	65
Total	60	100

Table 4.8 shows that 35% of the customers had bought some cut flowers before, while considerable 65% had never bought cut flowers before. This can be shown in the following figure.

Figure 4.8



4.9 Opinion on current prices of Cut flowers

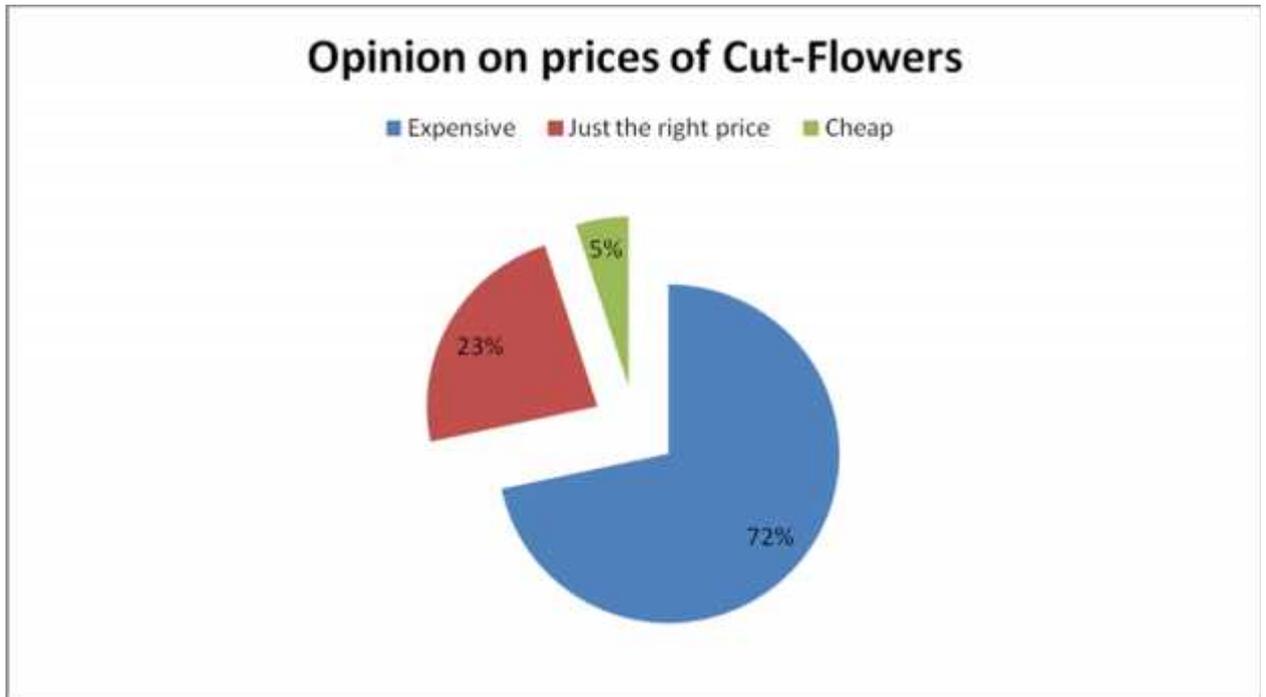
Table 4.9

Opinion on prices of Cut flowers	Frequency	%
Expensive	43	71.67
Just the right price	14	23.33
Cheap	3	5
Total	60	100

The above Table 4.9 shows the opinion given by customers who have bought cut flowers before. Around 71.4% of the respondent mentioned that the

prices of cut flowers were expensive, while only 5.7% mentioned that it was cheap. This shows that the general opinion was that the prices of cut flowers were expensive. This can be shown in the following figure.

Figure 4.9



4.10 Point of Purchase of Cut flowers

Table 4.10

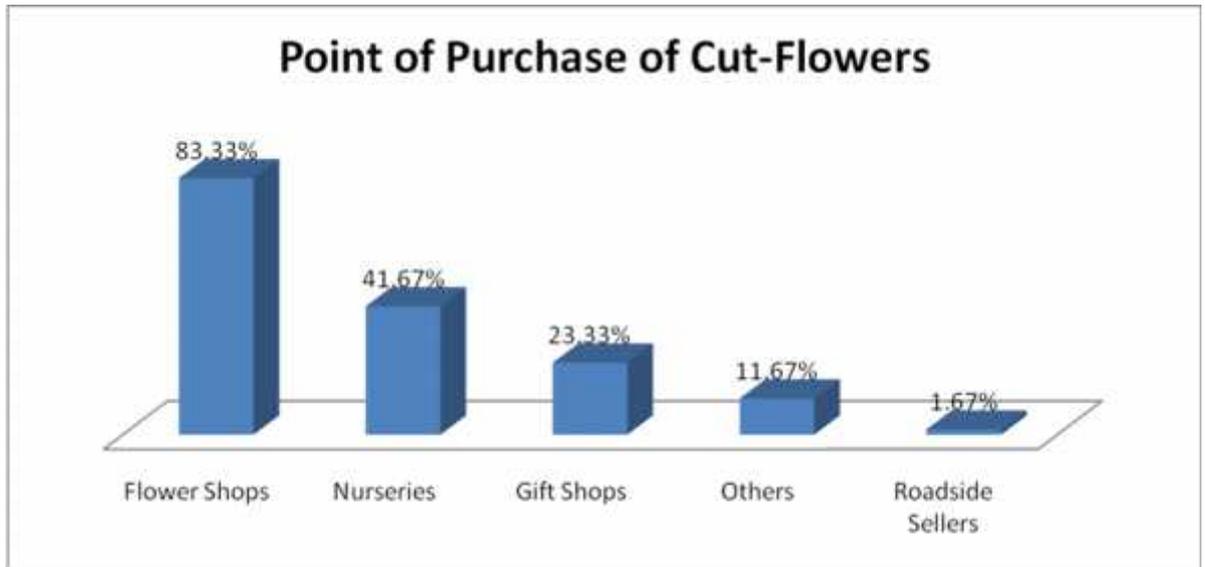
Point of Purchase of Cut flowers	Frequency	%
Flower Shops	50	83.33
Nurseries	25	41.67
Gift Shops	14	23.33
Others	7	11.67
Roadside Sellers	1	1.67

* Note: customers were allowed to make multiple choices

The above Table 4.10 shows that the most of the customers who had bought cut flowers usually purchase the Cut flowers from flower shops, which

was mentioned by 82.9% of the customers. The next places of purchase of cut flowers were at Nurseries followed by gift shops at 42.9% and 22.9% respectively. Around 11.4% mentioned that they purchased it from other sources such as departmental stores. This can be shown in the following figure.

Figure 4.10



4.11 Reasons for not buying Cut flowers

Table 4.11

Reasons for not buying Cut flowers	Frequency	%
Unaware of its uses	13	21.67
Prices are expensive	42	70
Not available in a nearby area	30	50
Do not know where to buy them	3	5
Have not felt the need to do so	42	70

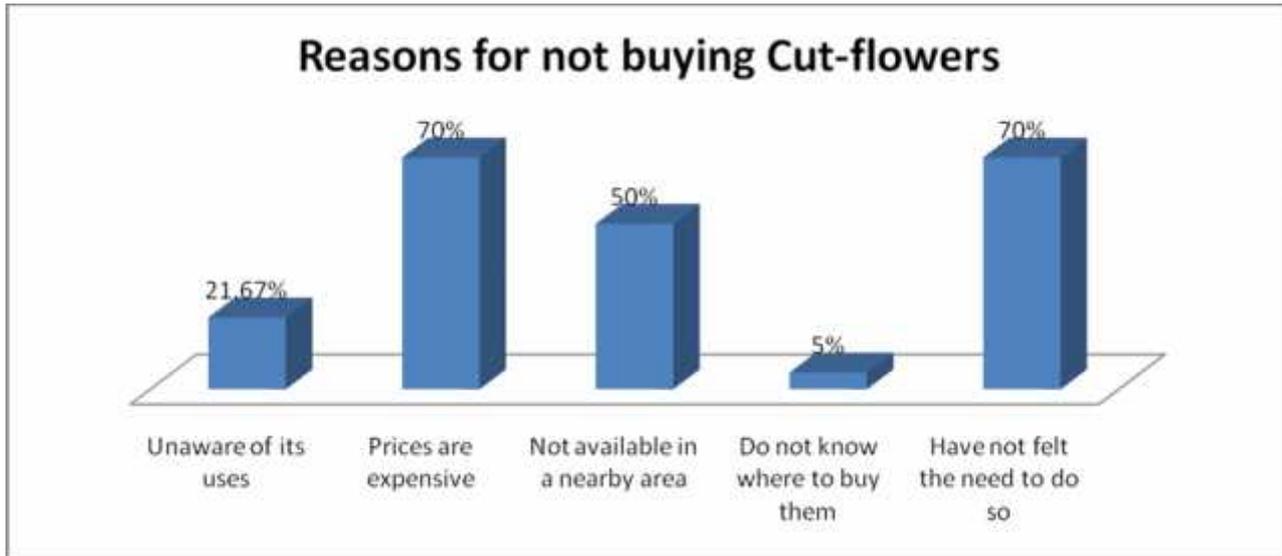
* Note: customers were allowed to make multiple choices

Table 4.11 shows the reasons given by the customers for not buying cut flowers until date. We can see that 70% of the customers mentioned prices being expensive and that they have not felt the need to buy cut flowers. While

50% mentioned that, they have not bought any cut flowers because they are not available in a nearby area.

Further, around 21.67% of the customers mentioned that they had not bought cut flowers until date because they were unaware of utility. This can be shown in the following figure.

Figure 4.11



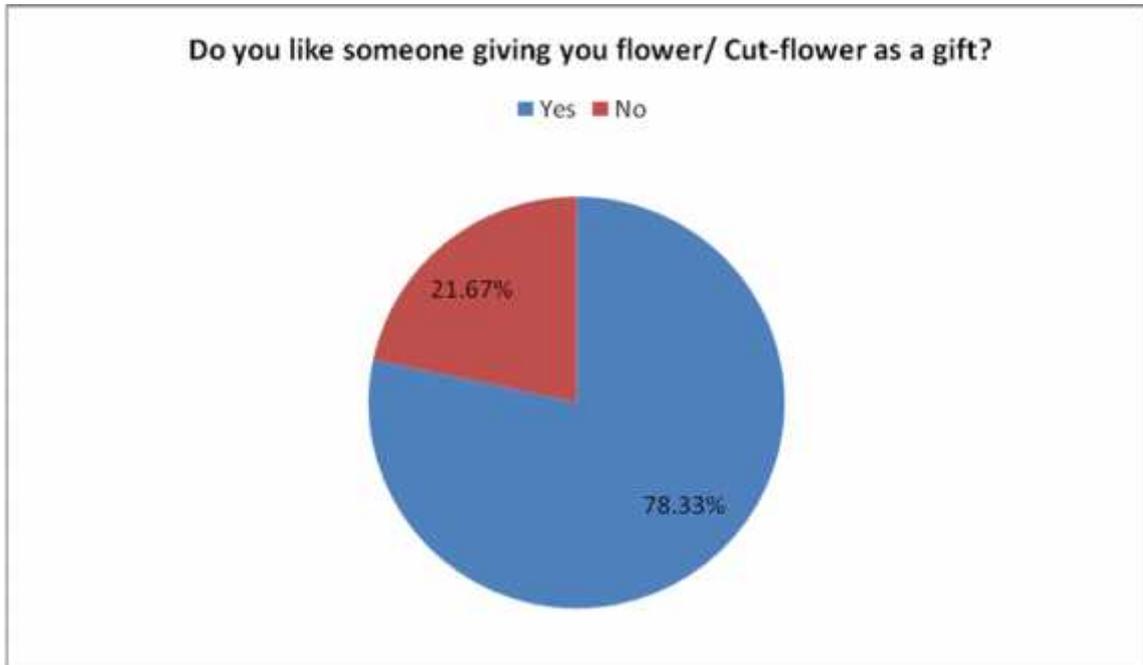
4.12 Preference of Cut flowers as a gift

Table 4.12

Do you like someone giving you flower/ Cut flower as a gift?	Frequency	%
Yes	47	78.33
No	13	21.67
Total	60	100

Table 4.12 shows that 78.33% of the customers liked to be given flowers or cut flowers as a gift, while 21.67% did not liked flowers or cut flowers to be given to them as a gift. This can be shown in the following figure.

Figure 4.12



4.13 Preference on occasion for Cut flowers as a gift

Table 4.13

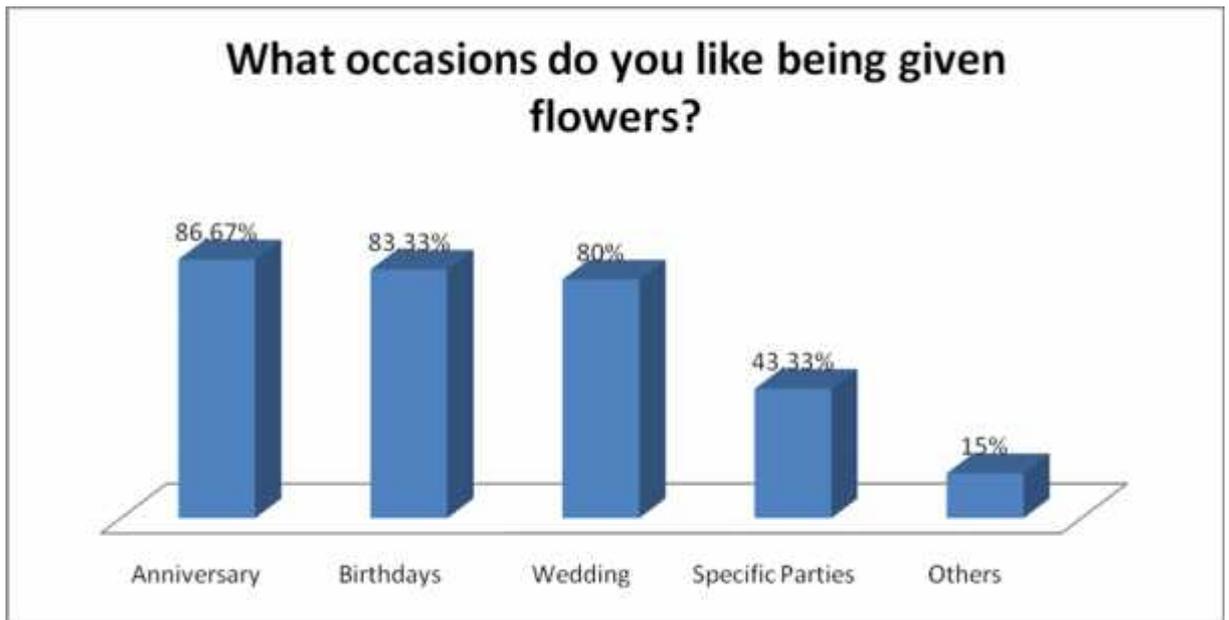
What occasions do you like being given flowers?	Frequency	%
Anniversary	52	86.67
Birthdays	50	83.33
Wedding	48	80
Specific Parties	26	43.33
Others	9	15

* Note: customers were allowed to make multiple choices

The customers who liked flowers or cut flowers to be given to them as gifts were further asked the occasions on which they would prefer such a gift. It was seen that Anniversary, Birthdays and Weddings were the most preferred

occasion when the customers felt that would liked to be given flowers/ cut flowers. Around 86.67% (Table 4.13) of the customers preferred anniversaries as the occasion when they would like flowers or cut flowers to be given to them as gifts, followed by birthdays at 83.33% and wedding at 80%. This can be shown in the following figure.

Figure 4.13



4.14 Factors that influence the buying decision of Cut flowers

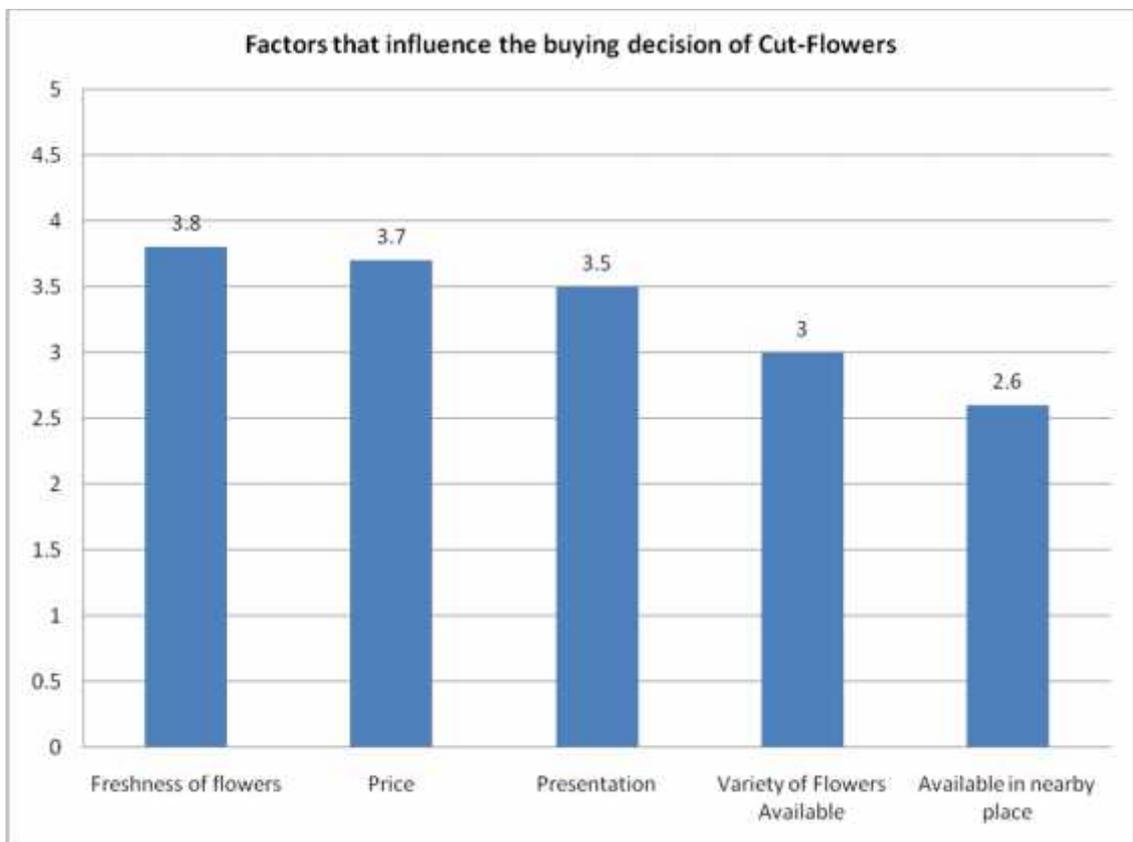
Table 4.14

Factors that influence the buying decision of Cut flowers	Average Importance (1 = Least..... 5 = Most)
Freshness of flowers	3.8
Price	3.7
Presentation	3.5
Variety of Flowers Available	3.0
Available in nearby place	2.6

Table 4.14 shows that freshness of flowers and the price is the two major factors that influence the buying decision for cut flowers. Further, the way the cut flowers are arranged or presented also is a factor that influences whether to buy that particular cut flower or not.

The different varieties of the cut flowers and the cut flowers being available in nearby places are comparatively lesser influencing factor for the buying decision of cut flowers. This can be shown in the following figure.

Figure 4.14



4.15 Description of Major Findings

1. It was also found that higher percentage of females have bought flowers in comparison to the males, also showing that the females are more probable of buying flowers than males.
2. It was found that the individuals less than 30 years old are more likely to buy flowers than those above 30 years old.
3. It was seen that not having flower garden at home increases the probability of people to buy flowers, thus suggesting that there is a relationship between having flower garden at home and people buying flowers.
4. It was seen that majority of customers either used the flowers grown at their garden used it for religious activities/ “Puja” or to decorate their rooms.
5. Rose, Chrysanthemum and Gladiolus are the three most familiar names of flowers among the select 10 names given.
6. It was found that majority (58.33%) of the customers had never bought flowers of any form ever.
7. Most of the people buy flowers either to give as gifts or for decorations, thus the purchase of flowers is very occasion based, such as people buy to give gifts or for decoration during special occasions.

8. It was found that majority of customers feel that a cut flower is a bouquet of flowers and/ or a bunch of flowers.
9. It was found that the majority (65%) of the customers had never bought cut- flowers.
10. It was also found that the general opinion was that the prices of cut flowers were expensive.
11. Major reasons given by the customers for not buying cut flowers until date were that the prices of cut flowers were expensive and that they have not felt the need to buy cut flowers. Another major reason given was that the cut flowers were not available in nearby areas.
12. Most of the customers who had bought cut flowers usually purchase the Cut flowers from flower shops, which were mentioned by 83.33% of the customers.
13. Majority (78.33%) of the customers liked to be given flowers or cut flowers as a gift.
14. It was seen that Anniversary, Birthday and Weddings were the most preferred occasion when the customers felt that would liked to be given flowers/ cut flowers.
15. The freshness and the price of flowers are the two major factors that influence the buying decision for Cut flowers. Further, the way the cut flowers are arranged or presented is a major factor that influences whether to buy the particular cut flower or not.

CHAPTER 5

SUMMARY, RECOMMENDATIONS AND CONCLUSION

The chapter first to chapter fourth includes the introduction, review of literatures, research methodology and presentation and analysis of secondary data respectively. In this final chapter, an attempt has been made to present major findings, issues and gaps, recommendations and summary and conclusions. The noteworthy points, which are found in course of study, are presented under the head of major findings. The issues and gaps found and the factors to cause those issues and gaps are also presented under the head of issues and gaps. Considering the major findings, issues and gaps, some suggestions are provided to improve the existing conditions in this field, which is presented under the head of recommendations. Moreover, summary and conclusions is presented in the last part of this chapter.

5.1 Summary

This study seeks to look into the consumers buying behavior of cut flowers in Kathmandu. The overall objective of the study was to understand the factors that are inducing individuals in Kathmandu to purchase commercial cut flowers and reasons behind such factors.

It has been seen that there has been a sea change in the culture, tradition and attitude of particularly the urban youths. Exchanging bouquets of flowers as gifts on New Year's Day, birthdays, wedding anniversaries as well as other occasions has gradually taken root among the young generation of urban areas who grew up watching MTV. There has been constant increase in demand for cut flowers from individual customers and its direct effect has been the increase in the number of retail outlets for cut flowers in Kathmandu.

It was seen that majority of people used the flower grown at home either for religious activities or “Puja” and/ or to decorate their rooms. It was also found that significant amount of individuals used flowers grown at to make garlands.

It was found that most of the people do not buy flowers as seen from the findings that 58.33% had never bought flowers ever in their life.

It was seen that Rose, Chrysanthemum and Gladiolus were the three most familiar names of flowers. The major reasons given for buying flowers were that people bought it to be given as gifts and/ or as decorations for special occasions. Thus, it can be seen that most of the people buy flowers either to give as gifts or for decorations. This shows that the purchase of flowers is very occasion based, such as people buy to give gifts or for decoration during special occasions. It was also found that majority of people (78.33%) liked being given flowers as a gift as seen from the findings. It was found that Anniversary, Birthdays and Weddings were the most preferred occasion when the respondents felt that would like to be given flowers. This aspect further strengthens the fact that buying flowers is often associated with some specific or special occasions.

It was found that relatively few people do buy cut flowers, as seen from the findings that only 35% had done so. Further, most of the people do not buy cut flowers because the prices are expensive (72%) or they have not felt the need to do so (70%). So it can be seen that major hurdles for people to buying cut flowers are the price being expensive and people not having the need to buy them. It was also found that most of the people who had bought cut flowers before felt that the prices were expensive.

The freshness of the available cut flowers, the price and the presentation of the cut flowers were considered the major influencing factors while making a decision to buy a particular cut flower. It was also seen that most of the purchase of cut flowers were done at flower shops, followed by nurseries and gift shops. This shows that gift shops can also serve as alternative retail outlets for the cut flowers.

5.2 Recommendations

Based on the findings following recommendations have been made;

1. They should give the difference kinds of offer especially for male; it helps to increase the percentage of the male customers.
2. Consumer preference towards buying cut flowers change with age and gender. It was found that most of the active buyers of cut flowers were below 30 years old and females. Thus, it is suggested that the marketing activities should be focused to the customers of age 30 years and below to get the attention and motivation to buy cut flowers. Females should be given the focus of marketing activities.
3. It was also seen that there exists a negative relationship between having flower garden at home and buying cut flowers. Lesser number of people who have flower garden at home tends to buy cut flowers than those who do not have a flower garden. Thus, if one is attract people to buy cut flowers, one has to present them as of higher quality. Further it also must be noted that most of the people felt that the current prices of cut flowers were expensive and was a major hurdle in buying cut flowers. So it is essential

that the marketers present and communicate to consumers that the price is a predicator of quality.

4. There should be trained technicians to provide on-the-spot advice to assist local farmers develop top-quality flower seed and flowers. The FAN should be encouraging them to produce the difference kinds of seasonal flowers, promotion of flower in the commercial market.
5. It was also seen that majority of people only knew or were familiar with very less varieties of cut flowers available in the market. Unless there is a mass awareness about a certain product, it is very difficult to increase the market for such products. Thus, marketers of cut flowers need to focus on making general people more aware of cut flowers and its varieties.
6. The FAN should be making aware to customers the value of flower in difference kinds of occasions; they should discourage the foreign greetings cards and gift items instead of the flower.
7. It is positive finding to know that majority of people liked being given cut flowers as gifts, which means that there exists a potential for the growth of the cut flowers market. Since it was found that purchase of cut flowers was very occasion based, marketers need to put their efforts to promote these special occasions as well as motivate people to give cut flowers as gifts.
8. The FAN should be encouraged to the customers to visit the exhibition and the value of cut flowers and the variation of flowers in the market.

9. There should be done business promotion and other marketing strategy to the target customers who had never bought cut flowers of any form ever.
10. The FAN should make the price mechanism for the trust of the customers; it helps to customer's psychologically reasonable price.
11. The shop of the flowers should be decentralized in difference places as the reasonable prices.
12. Most of the consumers bought cut flowers from flower shops and nurseries. Thus, these are the main distribution channels for cut flowers marketers. However, it must be noted that significant number of people mentioned that they had not bought cut flowers because it was available in nearby areas and it was also found that most of the flower shops were concentrated in few locations only. Thus, in order to make cut flowers more accessible to the consumers; alternative channels of distribution have to be identified so that people can access and buy cut flowers from their own convenient locations.
13. The FAN should be encourage to the customers not only gifts but also the difference occasions and festivals.
14. The FAN should be encouraged for decoration of home and office, worship the God and occasions also.
15. The FAN should be developing the quality inspections, modern cooling systems and easy transportation.

5.3 Conclusions

Though the people are now accustomed with the importance of flowers than before, people dealing in Cut flowers are facing cutthroat competition in the market to get a good business return. Besides this, it can be seen that the marketers of cut flowers have not done good job of making people aware of cut flowers, its varieties and its utilities. The cut flowers are still familiar to a small percentage of general population and are considered expensive and very difficult to get access for buying (available in selected places only).

The study on consumers buying behavior of cut flower in Kathmandu showed that people's attraction toward flowers is growing in a remarkable manner and with this growing inclination, sales of flowers are also increasing in Kathmandu Valley. It can be concluded that there exists enough potential to grow the cut flower market for individual consumers in Kathmandu. People in general accept cut flowers as special occasion gifts and also like to receive such gifts. This indicates that there exists a demand for cut flowers in local market of Kathmandu.

This study provides some useful basis to understand consumer's behavior regarding cut flowers in Kathmandu. At last, we can conclude that Cut Flower in the Kathmandu Valley is slowly gaining popularity and is assuming a commercial dimension.

There is still low production standards and quality, lack of trained farmers and managers, lack of knowledge of international markets, absence of effective trading channels and business contacts and inadequate support infrastructure and high export costs, Floriculture Association of Nepal (FAN) and Government of Nepal's support is required in promoting Cut flower Business in Nepal.

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Annex 1

Date:

Name:

Gender: 1. Male 2. Female

Age: year

Address:

(Please circle the numbers beside the appropriate answers)

1. Do you have your own flower garden at your home?

1. Yes (go to question 1a) 2. No (go to question 2)

1a. how do you use the flowers from your garden?

1. Religious/ Puja 2. Rooms decorations in a vase
3. Mostly to make garlands 4. Make bouquets
5. Never pluck flowers, just see flowers in the garden itself
6. Others (Please specify).....

2. Which of the names of given flowers are you familiar with?

1. Gladious
2. Carnation
3. Rose
4. Chrysanthemum (Godavari)
5. Gerbera
6. Bird of Paradise
7. Calendela
8. Lily
9. Anthuriam
10. Tuberose (Sugandha Raj)

3. Have you ever bought any kind of flowers?

1. Yes (go to question 3a) 2. No (go to question 4)

3a. for what purposes have you bought flowers.

1. Gifts
2. Room/ office decoration
3. Decorations for special occasions
4. To make garlands
5. for religious or puja
6. Others (please specify).....

4. What is a CUT FLOWER?

1. Any flower grown in a garden
2. A Flower in a pot
3. It is a flower with long stem
4. It is a bouquet of flowers
5. It is especially for decorative purpose
6. It is a bunch of flowers
7. Others (please specify).....

4a. Have you ever bought CUT FLOWERS.

1. Yes 2. No.

4b. what is your opinion on the prices of Cut flowers?

1. Expensive 2. Just the right price 3. Cheap

4c. where do you usually buy cut flowers.

1. Flower shops
2. Nurseries
3. Roadside sellers
4. Gift Shops
5. Others (please specify).....

5. Why do think people are not interested in buying CUT FLOWER yet?

1. Unaware of its uses
2. Prices are expensive
3. Not available in a nearby area
4. Do not know where to buy them
5. Have not felt the need to do so

6. Do you like someone giving you flower/ CUT FLOWER bouquets and/ or bunch?

1. Yes
2. No

7. What occasions do you like being given flowers?

1. Birthdays
2. Wedding
3. Anniversary
4. Specific Parties
5. Others (please specify).....

8. In your opinion, to what extent do the following factors influence consumers buying decision to buy flowers or CUT FLOWERS? (Rank in scale of 1 to 5, 1 as the least influencing and 5 as the most influencing factor)

Factors	Least Most				
Price	1	2	3	4	5
Freshness of Flowers	1	2	3	4	5
Presentation	1	2	3	4	5
Variety of Flowers available	1	2	3	4	5
Available in nearby place	1	2	3	4	5