

CHAPTER – I

INTRODUCTION

1.1 Background

Nepal's history of economic development is relatively short. Planned economic development started only since 1956 A.D. though an earlier attempt was made in 1948 A.D. Nepal has accomplished 9 five year plans and now nearing the end of 10th five year plans. Various efforts are being put on to attain a faster growth rate. Nepal's economic growth during the 1970s barely kept up with the Population growth. The efforts in the early 1980 to accelerate economic growth through expansionary fiscal policies led to considerable macroeconomic instability. In 1993/94, Nepal experienced its best macro-economic performance in the decade of nineties. In 1991-92 and early 93, Nepal undertook a series of reforms aimed at economic areas while they have been less satisfactory in other areas. The growth rate reached 5.79% in 1995/96 and 60% in 1999/2000 while it was low during 1994/95 and 1998/99. In 1993-94, it is estimated that domestic saving and investment increased to 14.7 % and 22.4% of GDP respectively, widening the resources gap and requiring foreign financing for nearly 8 percent of the GDP. Export growth after recording negative growth in 1994-1995 has recorded steady growth thereafter. Exports increased by about 85.5 percent in 1991/92, and are expected to grow at 19.8 percent in 1999/2000. Growth of imports declined in 1997/1998 and 1998 /99 mainly due to decline in imports of gold (Shrestha, 2001:1-2)

The history of garment industry in Nepal is as old as 25 years. Nepalese garment has occupied the 1st position in terms of overseas export. Garment sector has made a significant contribution to the National economy of the country. It accounts for around 18% of the total export and 40% of foreign exchange among the overseas export earnings. The sector has provided employment to about 1, 00,000 Nepalese people which is 12% of total industrial employment. About 3, 50,000 people including the family members of the employees, have benefited from this industry (TPC, 2005:4)

After entering the WTO and phasing out the quota system under the WTO provision. Nepalese Ready Made Garment (RMG) industry faces the cut throat competition in international market with strong competitors. In the current situations, RMG industry faces the severe threats and challenges with technologically advanced countries. Nepal loses the huge amount of market shares which she got from the U.S. market under the MFA. Budhathoki (2001) found, "Due to very reason, 95 percent of industries have been closed down and rest of the industries are operating with lower capacity" (p 4)

At present the garment sector in Nepal is on the razor edge. A massive fall down in export growth rate since the second half of 2001 has forced many industries to withhold production and some to close down. Both internal and external factors are responsible to create the prevailing hardship to this once flourishing sector in the Nepalese businesses and economy. The changes brought about by the WTO system indicate a formidable challenge to the Nepalese entrepreneurs as they are already facing the adjustment problem related to higher production cost and delivery time frame. Nepal may have to face not only difficult

adjustment problems but also risk collapse of the industry as a result of intensified international competitions and its inability to cope with the changes situation in this product line ([http:// www.ganasso. org](http://www.ganasso.org))

The vulnerable situation of Nepalese garment sector is due to the internal constraints from outdated manufacturing process to the logistic system and non conducive government policy and attitude to the geographical disadvantage of being a landlocked country. The cost of production in Nepal is higher by approximately 25% than the production cost in other countries in South Asia. Further the lead time from the date of shipment of the goods to USA, a major world market for garments in 19 days, whereas it takes a minimum of 45 days for Nepal ([http://www ganasso.org](http://www.ganasso.org))

US government has diverted its trade from Nepal to sub-Saharan African and Caribbean Basin countries under the act of (USTADA) of 2000. Why this happen? Because of the poor marketing strategy of Nepalese entrepreneur. They couldn't win the mid and heart share of the American buyers because of higher production cost poor quality and time delivery frame.

RMG industry basically has to depend on an assortment of materials such as fabrics, threads, zippers, buttons and labels and so on. Everything from the fabrics to the thread sewing machine to the needle has to be imported from another country. Nepal doesn't produce fabrics and threads don't also meet the standard required for the production. According to the trade promotion report, Nepali textile should be 15% cheaper than foreign textile to compete in the garment market. Skilled manpower, as labor input another crucial factor for the development of garment industry, has also been imported from the neighboring country India (Adhikari, 1995:6)

Ignoring the diversification of market will be harmful for any business. Nepalese RMG industry was heavily dependent upon US market. Thus it is very necessary to explore new markets to provide a secure future for Nepalese garment industry. Nepalese garment producers should also develop direct contact with the prospective buyers. Till now most of the Nepalese garment producers depend upon India agents for their market abroad.

The business world is changing fast in this dynamic world. Business Environment is determined by the development of science and technology, economic, social and political factors. These factors keep industrial development changing. In order to cope with the changes, industrialists / businessman should be able to have appropriate marketing strategy and ensure its effective implementation.

It is obvious that no business can flourish without application of appropriate marketing tools and strategies. In the competitive market, marketing plays a key role to boost up industrial production and attain success. Marketing is an attempt to produce the desired response by creating and offering values to the market (Kotler, 1972:50). The role of marketing must be attained to social improvement rather than economic gain, human aspiration rather than merely human needs, conservation rather than consumption, intrinsic worth rather than price and the consumer and the firm as entities of a greater society rather than price and the consumer and the firm as entities of a greater society rather than only as economic factors (

Shuptrine and Osmanski, 1975:65) . Marketing has been an indispensable factor for all kind of products. Marketing focuses on making the product available at the right place, at the right time, at a price that is acceptable to customers and on informing customers in a way that helps them determine if the product is consistent with their needs. In fact the importance of marketing has been growing every day due to its effectiveness on the success or failure of an enterprise. The reason for attracting increasing attention by marketing is not only due to its inherent influence on the success or failure of an enterprise but also due to its increasing dimensions and scope.

Production without marketing is a waste of time, money and energy. The realization of the importance of marketing is to identify customer's requirements and to satisfy them. Though Nepal is one of the developing countries, It can't stay away from adopting sound marketing strategies. Because of increasing international competition Nepal. Despite being basically a product oriented country, has not been able to fulfill production and demand requirement of the people. The industrialists today have realized that top priority should be given to marketing. It has been understood from study or contact with industrialists that though they have known the importance and influence of marketing in the business, they still do not seem to be fully employing it. Many factors have been responsible for it. Reportedly, the industrialists have been unable and in some cases even unwilling to fully adopt marketing strategies in their business (Shrestha , 2001: 4)

In our constantly changing environment the key to corporate survival lies not so much in the quality of our long range planning as in the clarity of our thinking. To survive and flourish, organization must face the future knowing what they want to be – strategic planning – as well as how to get there long range planning and operational decision – making. Marketing strategies should be designed with the general organizational strategies. The enterprises have been forced by the emerging challenge of competition from within and outside the country to evaluate and assess their hitherto production oriented policies. Appropriate marketing strategies and policies enable enterprise to mould suitable ways of action to attain predetermined purpose. Globalization initiatives emerging since the eighties has put further impetus for adopting more aggressive marketing strategies in view of substantial growth in the level of competition.

1.2 History of RMG Nepalese Industry

"Clothing" in Nepal in the past was done by a group of people known as "Damai" a tailoring cast group and "Sujikar" as professional group of Newar community. Both of these groups had their own determination in The area of work. The curative side to this division always belonged to the Sujikar. So they used to stay and run their business activities in urban are or the vicinity, scarcity, poverty and continued their tailoring for livelihood and subsistence. By the passing of time the preference of the People to the house tailored garments had changed with the increasing trend of RMG imported in the country (Budathoki, 2003:10)

The history of garment industries in Nepal is not very old. It was instated about two decades ago. Though there were handfuls of garments trader in the middle of 1970s, sector has been

magnificent. At present, garment industry is the second largest currency earner, after woolen carpet industry. Besides, it has also played an important role in employment generations. Initially, the industry was dominated by the India exporters when the US government imposed quota system on import of RMG from the third world countries. India being one of import of the products, this induced the Indian garment entrepreneurs to come to Nepal. Nepalese entrepreneurs learned a lot from their Indian counterparts in this process and the growth story of the industry began (Pant 2002:50)

This young industry's initiation was very haphazard and with no set policies by the government, though this scenario has changed quite a lot during the years. The government has set some policies which are deemed friendly to this industry. As a matter of fact, the garment industries flourished during the only due to continuous efforts made by the industrialist albeit government policies aimed at developing this sector appeared once in a while. Signals are being noticed in the country's export industries following the change in the world trade and global shift to liberalized economic policy. Since the garment industries being export based and have to compete with any countries, especially with the neighboring countries in the international market, the policies adopted by these countries are bound to have direct impact in the garment export of Nepal (<http://www.ganasso.org>)

This statistical record of Nepal's garment export are 3.93 billions rupees in 1992-93; 5.48 billions rupees in 1993-94; 5.36 billions rupees in 1994-95; 5.41 billions rupees in 1995-96 and 1998-99 it was wired up 8.37 billion. This also indicates the urgent need promote and consolidate this industry (<http://www.ganasso.org>)

In the early days of commencement most of factories are established under financial and technical collaboration with Indian industrialist. At that time more subsistent investment were covered by Indian industrialist. But the fact is quite opposite right now. Most of the participants like labors and financiers are Nepalese. Among labors the women who are taken as ideal work force in the country are participating significantly. The demand for rural female labour and the massive movement of woman from rural house holds to production lines can help transform their social and economic status. This flush can be used not only for industrial advancement by countries (<http://www.ganasso.org>)

It has roughly two decades since the garment industry started its export business but till preteen it imports raw materials and accessories from India, Indonesia, Malaysia, Hong Kong, China etc. But 95% accessories are imported from India alone. The garment entrepreneurs' do not have their say in choosing the materials and accessories. With the approved by the buyers.

The garment sector expanded unprecedently for about decade after a decade after the mid eighties. The numbers of registered industries, which was only 58 in 1982-83, increased to 757 in 1992-93 and reached a peak of 1,067 in 1994-95. Since then there has been a continuous decline in the number of operating industries, now standing of 212. About 51% of the registered industries are of sole proprietorship, 40% partnership, and 9% are foreign joint venture (GAN survey, 2001). The statistics reveal that over the past few years the garments industries have made considerable contribution to the export sector by absorbing growing numbers of unemployed population and by helping reduce deficit to a certain

extent. The garment industry provides direct and indirect employment opportunities to over a hundred thousand people, establishing as the second leading source of foreign exchange.

1.3 *Statement of the Problem*

Income generate this Industry faces the critical situation and time has come to save the existence of this industry on the shoulders of entrepreneurs. To overcome and copes the threats and challenges. CEO of entrepreneurs must take the rational decision making by implementing the effective and pertinence marketing strategy.

Problem confronting this industry are supply side constraint heavily depend on US market, foreign labor, high cost, poor logistic, non conducive government policies poor R&D support difficultly of access of foreign market, demand constraints (2002; Pant 2003; & GAN,2001)

In addition the most crucial challenges of Nepalese garment industry is to complete with the technologically advanced countries. It is definitely sure that this industry will be collapsed if the effective and pertinent marketing strategy is not implemented to win the market share, heart share and mind share of the prospective buyers. In comparison to the other countries, RMG entrepreneurs of Nepal lack the implication of the long term strategic marketing management planning in their overseas business. Within the period of 1 ½ decade, it was the enough time for Nepalese entrepreneur to get international marketing experiences and to build its competitive position. But nobody has taken care about the matter. As matter of fact this industry lies inside between the necks as a bone whether to throw of swallow.

Regionalization of trade in textile and clothing antidumping and countervailing duties increased customs checks to ensure that trans – shipment activities do not take place, rigorous application of ethical standards to prevent child labor a ' sweatshops' and compulsion to adapt eco-labels will be some of the key drivers and trade parameters determining exports of textile and apparels after 2004.

Not only the macro economic analysis (particularly in domestic environment) but also the marketing strategy is the crucial factor for any business entities to survive and thrive, either big or small, under the changing global trading environment. But the Nepalese RMG entrepreneurs are more concerned on government policy. Enterprises can't exploit the opportunities and copying the threats-even the government policy or environment is favorable to business-if they are not strategically ready to interact with the business environment.

Since trade will not be regulated by quantitative restriction (QRS), there will be intense competition in the market to the US, Canada, Europe and Japan. But at the same time, there will be many markets in the South East Asian Countries and the developing countries. Nepalese apparel producers can concentrate on these new markets through deliberate marketing strategy implementation. Thus entrepreneurs should become proactive in nature rather than reactive.

1.4 Objectives of the Study

The objective of this study is to “analyze the marketing strategies to find out the pertinent marketing strategies for suggesting the entrepreneurs and for trying to seek out the ways of saving the existence and increasing the competitiveness of Nepalese RMG industry”. Its specific objectives can be pointed as below:

- a. To analyze the view of entrepreneurs, CEO of marketing managers about the strategic marketing concept.
- b. To analyze the present condition of industry in terms of marketing strategies.
- c. To know the executives understand competitors and choose competitive position.
- d. To know how effectively the RMG entrepreneurs have planning and implementing the marketing strategies in present situation.
- e. Make recommendation for effective management of threats and challenges faces by RMG industry in present situation.

1.5 Hypothesis

To make the research specific, precise and objective, hypotheses have been posed related to the dependency of independency of entrepreneur’s preferential category and increasing the competitive position and of their related mean score among industries (i.e. Large, Medium & Small)

Entrepreneur’s preferential category has been categorized as appropriate marketing strategy and conducive government policy (massive support from government) for the sake of hypothesis, entrepreneurs have two option either marketing strategy or conducive government policy they are mutually exclusive and their attitude towards increasing of competitive position either choosing the marketing strategy of choosing the conducive government policy will have been taken for hypothesis testing.

Garment industries have been categorized in three sizes (i.e. Small, Medium, and Large) for the sake of hypothesis. The hypothesis will be tested to know whether the ‘mean range’ of different scale industries is significantly different or not.

Hypothesis 1

Ho : There is no significant relationship between the entrepreneur’s preferential category and increasing of competitive position. In other words, entrepreneur’s preferential category and increasing competitive position are independent.

H1: There is significant relationship between the entrepreneur’s preferential category and increasing of competitive position. In other words,

entrepreneur's preferential category and increasing of competitive position are depended.

Hypothesis 2

Ho: The differences in 'Range of mean' within different scale of industry are independent. In other words, three scale of industry have the same 'range of mean'.

Or

There is no significant difference between the scale of industry and their rated mean score.

H1: The differences in 'range of mean' within different scale of industry are dependent. In other words, three scale of industry have not the same 'range of mean'.

Or

There is significant difference between the scale of industry and their rated mean score.

Hypothesis 3

Ho : There is no significant difference between the scale of industry(i.e. Large & medium) and their rated mean score.

H1: There is significant different between the scale of industry (i.e. Large & Medium)

Hypothesis 4

Ho: There is no significant difference between the scale of industry (i.e. Medium & Small) and their rated mean score.

H1: There is significant different between the scale of industry (i.e. Medium & Small)

Hypothesis 5

Ho: There is no significant difference between the scale of industry (i.e. Large & Small) and their rated mean score.

H1: There is significant different between the scale of industry (i.e. Large & Small)

1.6 *Rationale of the study*

Although some of the research works on RMG industry had been done by previous researchers, this topic called "Marketing Strategies in Nepalese Ready Mate Garment

Industry” is almost virgin, as not enough research has been undertaken on it. Almost all of the research works was focused on the topic of socio-economic, problem and prospects, WTO and its impact to RMG industry. But none of the research works has been basically focused on marketing strategies to suggest and save the existence and to strengthen the competitive position of the RMG industry. So the present study can be considered as worthily from the following period.

- a. It provides the data and information of entrepreneur’s point of view about the marketing strategies, which helps to build and improve the pertinent marketing strategies for further period.
- b. This study is not only beneficial for RMG industry but also to other exporting industry.
- c. It provides the insight of the concerned study. So Nepalese trade policy maker, teachers and students of any university and The person who are interested to seek the knowledge about the topic can be benefited.
- d. It helps and guided the entrepreneurs, CEO and marketing managers to strengthen the competitive position of the RMG industry.
- e. The present study will serve as the foundation for further research works on specialized area on the concerned subject matter.

1.7 Limitation of the Study

The study is carried out within the following limitations

- a. The study is concern with marketing concept rather than trade concept.
- b. Only limited studies and surveys are available in this area.
- c. The study has focused only on marketing aspect of the industries. It doesn’t vigorously consider the macro economic aspect of the industries. The study of WTO’s provision has not been mentioned here.
- d. The use of questionnaire and personal visits was made to acquire necessary data for the study. Lack of appropriate database, unavailability of performance data and poor response in some cases were the principle problems encountered in the course of study. The result may constrained by these limitation.
- e. Samples have been taken within the Kathmandu valley. They don’t represent the whole nation.
- f. Staticians recommend to take at least 50 respondents while testing chi-square test but researcher has taken only 10 respondents, so 95% (Where 5% level of significance) correct result may not be appeared.
- g. Most of the questions are, an attitudinal rating scale type, so personal biased might be happened.

1.8 Organization of the Study

This thesis will be divided in to five chapters. There are as follows:

- a: Introduction – Background, A brief history of Nepalese RMG industry, statement of problems, objectives of the Study, Hypothesis, Rational of the Study, Limitation of the study and Organization of the study.
- b: Review of Literature – Conceptual/ Theoretical Review and Review of related studies.
- c: Research Methodology – Introduction, Research design, Sources of data , population samples, Data collecting instrument , Components of Questionnaire, Data processing & Tabulation, Data Presentation and analysis & Statistical Analysis.
- d: Presentation of the Data – Introduction, Data presentation & analysis, Analysis of Hypothesis test and the Major findings of the study.
- e: Summary and Conclusion- Summary, conclusion and recommendation.

Chapter II

Review of Literature

This Chapter consists of two parts: Conceptual/ theoretical review and review of related studies. In conceptual review, it reviews the concepts concerning the subject matter that are written on related journals, magazines and concerned books while in review of related studies, It reviews the pervious studies which are related to the subject matter of this study. Review of related study further divided into theme paper and master degree & PHD thesis.

2.1 *Concept of Marketing*

Along with opportunities today's business (marketing) environment is full of threats and challenges. Among such kind of complicated environments are organization needs to produce and market products to achieve their goal as well as survive and thrive for their existence. This is the age of globalization. It has brought the drastic change in global market. Development of S & T makes a world as a global village and it influences the marketing activities of the business organization. Seller of one corner of the world can sale his product to the buyers of the opposite corner of the world at a click of mouse. Better, faster and more competitive organization can overcome the threats and exploit the opportunities through pertinent marketing management and strategy. So marketing becomes a hot subject for every business organization in this fast changing world.

Pro. Govinda Ram Agrawal (2001) identifies the today's marketing environment characteristics as follow:

- ◆ Globalization: Global corporation are present in most of the markets, no domestic market is safe from competition.
- ◆ Technological Change: Technological advances have shortened time and distance. New products appear worldwide in a short time. Consumers are using Internet and computers for shopping propose.
- ◆ Liberalization: Deregulation has brought competition everywhere. Public enterprises are being privatized (page 1)

For a managerial definition, marketing has often been described as “the art of selling products” but people are surprised when they hear that the most important part of marketing is not selling! Selling is only the tip of the marketing iceberg (Kotlers,2003:9) The above definition outlines that marketing is not only the art of selling products but also the integrative activates of marketing where the selling is the part of marketing activities.

Pro Agrawal (2001) identifies it in this way

To get the general public, marketing is selling through advertising and sales promotion. However, selling and sales promotions are only part of marketing. Marketing success belongs to those who can create, promote and deliver products that customers are able and willing to purchase (Page 1-2)

For our every day to day life, what we used are affected , concerned and influenced by marketing activities.

Pro. Dr. E. Jerome Mc Carthy & Dr. William D. Perreault (1990) agrue the affects of marketing in almost every aspect of our daily life are as follows:

When it's time to roll bed in the morning: does your general electric alarm makes you with a buzzer or playing your favorite radio station? Is the station playing rock, classical of country music? Will you slip into Levi's your shirt from L.L. Bean, and your Niles, or does the day call for your brooks brothers suit? Will breakfast be Kellogg's corn flakes- made with corn from American's heartland – or some “extra large” eggs and Hormel bacon cooked in a Panasonic microwave imported from Japan? Will it be Maxwell house coffee-grown in Colombia – or some minute Maida or orange juice? May be you're late and plan to get and gee Mc Muffin at the Mc Donald's driverthru. When you leave home, will it be in a Toyota, on a huffy bike, Or on the bus that the city brought from General Motors?

when you think about it, you can't get very far into a day without bumping into marketing and what the whole marketing system does for you. It affects every aspect of our lives – often in ways we don't ever consider (Page no 3)

It means that most of the human and social needs are extremely related with marketing activities. An organization can achieve its goals by fulfilling the customer's need of satisfying them through proper marketing activities. Marketing helps organization to find out what their customers needs and wants. After identifying the customer needs and wants, it also helps to decide what products to offer to satisfy customer's needs and wants. The ultimate achievement of the marketing is to win the large marketing share, heart share and mind share of the Customers.

Some of the important definitions of prominent writers are as follows:

According to Prof. Cundiff, Still& Govini (1982:5)

Marketing activities are those most directly concern with the demand stimulating and demand fulfilling efforts of the enterprise. These activities interlock and interact with one another as components of the total system- by which a company develops and makes its product available distributes them through marketing channels promotes them and prices them. From the above definition we can understand that the marketing is the combination of 4ps (i.e. Product, Place, Price and Promotion)

Prof. Philip Kotler (2003) in his famous book marketing management defines marketing as, “ a social and managerial process by which individuals and groups obtain what they need want through creating, offering and freely exchanging products and services of value with others” (Page 9)

The above definition outlines the some core marketing concepts like needs, wants and demand, products & services, utility, value and satisfactions; exchange, transaction and relationship; social & managerial process; marketing and marketers and individual – single buyer and group – institutional buyers.

According to American Marketing Association “ Marketing is the process of planning and executing the conception, pricing, promotion and distribution of ideas, goods and services to create exchange that satisfy individual and organization objectives”. This definition focuses on the following aspects of marketing (Koirala, 2000:1)

- It recognizes marketing as a process. The process involves planning and implementation of the marketing activities, such as conception, Pricing, promotion and distribution of products (ideas , goods and services)
- These marketing activities are undertaken to create exchanges that meet individual and organizational goals. The individual goals include satisfaction and utility from the product. The organizational goals include profit and long terms survival of the organization.

2.2 Marketing Management

Marketing management involves several activities, including environmental scanning market opportunity analysis, marketing strategy programming and implementation and control. An overview of the basic components of marketing management and their interrelationship are as follows (Cravens, Hills & Woodruff, 1988: 14-24)

Figure 2.1
Marketing Management in Action



a. *Organization Mission*

The mission of an organization defines the organization’s basic purpose and what the organization wants to accomplish.

b. *Environmental Scanning*

Environmental Scanning is information collection and interpretations concerning outside forces, events and relationships as they affect or may affect the future of the organization. It helps identifying market opportunities and threats and provides guidelines for the design of marketing strategy.

Environmental forces are changes emanating from the environment with the potential of impacting organization's market opportunities and strategies.

Building adaptive strategies requires an understanding of both the nature and the rate of change. And extremely few environmental forces are easy to predict. So management should be consciously aware of environmental forces.

c. *Market opportunity Analysis*

Marketing opportunity analysis is the step by step process of defining, describing and estimating the size and characteristics of each product-market of interest to a company, as well as the way and the extent to which each product – market is served by competition. It can be used to investigate a potential market opportunity or better understand a market already served. A precise description of the size and characteristics of a target market can show how a firm's marketing approach can be improved.

d. *Market Strategy*

Marketing strategy is the set of guidelines and policies used for effectively matching marketing programs (Products, Price, Promotions and distribution) with target market opportunities in order to achieve organizational objectives.

Marketing cannot fulfill its managerial (or societal) role unless customer needs and wants are understood and satisfied. The development of an overall marketing strategy helps ensure the mutually beneficial exchange occurrence (part of definition of marketing). It is oriented toward the long run, comprised of fundamental decision (not day to day adjustments) and developed with an eye to competition as well as markets. Developing marketing strategy includes deciding which customers to target and how to position products (and the organization) relative to competitors in the minds of existing and potential customers.

Developing marketing programs involves identifying alternative combinations of marketing variables and then judging how well these combinations match the market opportunity. The core of such matching is forecasting potential customer's response to the mix of marketing variables. Then, the program with the greatest potential is implemented.

e. *Target Market Selection*

A target market may consist of all end users or one or more sub-groups in a product market. Marketing decision about target markets is one of Management's most important tasks.

Target market selection is guided by an organization's mission and objectives, so target market decision must be properly positioned within this target context and their

strategic implications assessed. Once selected, the target market provides the focus for setting marketing objectives and designing the marketing programs.

f. *Marketing Objectives*

Marketing objectives should be consistent with corporate objectives and should be stated for each target market in terms of sales, market share, profit contribution and other qualitative aims, such as strengthening a brand image. Objectives are sometimes divided into two groups: Market performance objectives and market support objectives. The former are specific outcomes such as sales and profits. The latter pertain to tasks that precede the final performance outcomes and may include building customer awareness, engaging in educational efforts and creating a brand image.

Objectives help shape the marketing mix for each target market. A firm seeking to increase sales in a target market by 6 percent for the coming year would properly make only limited changes in the existing marketing programs. Alternatively striving for a substantial sales increase, say 20 percent could require major changes in the composition of the marketing program, including increases in the marketing budgets for elements of the program (e.g. size of the sales forces)

Objectives must, at least to some degree be measurable; otherwise, identifying progress toward their achievement is impossible. This is often done. Objectives should be worded very carefully with the intention of developing measurable and attainable standards.

g. *Marketing Program*

A firm's marketing must consist of an integrated strategy aimed at providing customer satisfaction. To develop such a strategy, a firm uses demand-influencing variables that together constitute the marketing mix. The marketing mix like a puzzle has numerous pieces that must be appropriately combined for a successful result. It includes the product (or service) offered by the distribution channel it uses (wholesalers, distributors, retailers) to make the product available to customers, the price it charges for the product and Promotion (advertising, personal selling, sales promotion and publicity). Other terms often used to describe the components of the marketing mix are the marketing program, the marketing Offer and the 4 Ps (product, Place, Price & Promotion). These variables must be consistent with one another and ideally they complement one another for a synergistic result. Building a quality prestige product combining it with inconsistent mix ingredients such as heavy price discounting would yield a poorly integrated internally inconsistent marketing program. The mix ingredients would conflict with one another in the mind of customers.

The creative role that management must play in moving from knowledge of the market to the formulation of marketing programs is both a major challenge and an opportunity.

h. *Implementation and control of marketing strategy*

Marketing implementation is the execution of marketing practices consistent with marketing programs and strategies.

Good marketing strategies too often fail due to poor marketing implementation. Poor implementation can also make it difficult to judge whether or not a marketing strategy is itself appropriate. For this reason, if performance is poor, it is usually best to first consider making adjustment in marketing implementation. Marketing implementation brings us to the lowest level of marketing, the actual day execution of marketing tactics and practices. The finest marketing strategies will fail unless the implementation link that makes the contact with customer is strong.

Marketing control is the setting of standards and the monitoring of marketing performance to keep performance in line with objectives.

The purpose of evaluation and control is to bring the result of the firm's marketing efforts as close as possible to its marketing objectives. Control accounts for a large portion of the marketing manager's daily activities in most companies, whereas planning is more demanding during the early stages of a new business venture control determines whether modifications are needed in marketing strategies.

Control is an integral part of marketing management.

2.3 *International Marketing*

International Marketing is performance of business activities designed to plan, price, promote and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit. The only difference between the definition of domestic marketing and international marketing is that in the latter case marketing activities take place in more than one country. This apparently and diversity found in international marketing operations. Marketing concepts, processes and principles are universally applicable and marketer's task is the same whether doing business in Dimebox, Texas or Dar es Salaam, Tanzania. Business's goal is to make a profit by promoting, pricing and distributing, products for which there is a market (Cateora & Graham, 2002:7-8)

The answer lies not with difference concepts of marketing but with the environment within which marketing plans must be implemented. The uniqueness of foreign marketing comes from the range of unfamiliar problems and the verity of strategies necessary to cope with different levels of uncertainty encountered in foreign markets (Cateora & Graham, 2002:8)

Generally speaking the marketer cannot control or influences their uncontrollable elements but instead must adjust or adapt to them in a manner consistent with a successful outcome. What make marketing interesting are the challenges of molding the controllable elements of the marketing decision (Product, Price, and Promotion) within the framework of the uncontrollable elements of the market place (competition, politics, and laws, consumer behavior, level of technology and so forth) in such a way that marketing objectives are achieved. Even though marketing principles and concepts are universally applicable the environment within which the

marketer must implement marketing plans can change dramatically from country to country or region to region. The difficulties created by different environment are the International marketer's primary concern (Cateora & Graham, 2002:8)

The Business organization must consider the uncontrollable elements for adjusting or adapting them scan the environments for coping the unfamiliar problems and plan implement and control the varieties of strategies necessary to cope with different levels of uncertainty encountered in foreign market.

2.3.1 The International Marketing Task

The Major Task of International marketer is to analyze and interpret the international marketing environment, which can affect the marketing program (Marketing mix) of a firm. In domestic marketing the marketer has to analyze only two levels of environment; while in International marketing the marketer ha to analyze at least four levels of environment (Shrestha 2003:6)

The international marketer's task is more complicated than that of the domestic marketer because the International marketer must deal with at least two levels of uncontrollable uncertainly instead of one. Uncertainly is created by the uncontrollable elements of all business environments, but each foreign country in which a company operates add its own unique set of uncontrollable factors (Cateora & Graham, 2002:8)

a. Domestic Controllable

- i) Business location
- ii) Financial Position
- iii) Organizational Manpower and their working skill
- iv) Research and Development activities
- v) Production & Marketing facilities
- vi) Company image in the market

b. Domestic Uncontrollable

- i) Economic Environment
- ii) Scio-Cultural Environment
- iii) Political- Legal Environment
- iv) Demographic Environment
- v) Competitive Environment
- vi) Technological Environment
- vii) Natural Environment

c. Levels of Environment in International Marketing

- i) Domestic Controllable
- ii) Domestic Uncontrollable

d. Foreign Uncontrollable, Which Includes

- i) Economic Environment
- ii) Scio-Cultural Environment
- iii) Political- Legal Environment

- iv) Demographic Environment
- v) Competitive Environment
- vi) Technological Environment
- vii) Natural Environment

e. International Environment

- i) Inter regional forces, including regional cooperation groups and their regulations
- ii) International organization, including IMF, UNCTAD, ITC, World Bank, WTO etc

2.3.2 Comparison between Int'l trade and Int'l Marketing:

Dimension	Int'l Trade	Int'l Marketing
a. Actor / Parties	National are the business Partners	Individual firms a companies are the bsiness partners
b. Goods move Across frontiers	Yes goods and services move across frontiers	Goods and services need not move across the frontiers the marketer can establish plants in the host country to distribute them in that country.
c. Impetus/Export Motivation	Comparative advantage is the main reason behind the trade between two countries.	It depends upon the company decision, it is usually Profit motivated.
d. Information Source	The main information source of international trade is the nation's balance of payments	The main information source of international marketing includes individual company records
e. Marketing Information Buy & Sell	Yes, there should be buying and selling activities	Yes, there should be buying and selling activities
Physical Distribution	Yes, there should be distribution of goods and services	Yes, there should be distribution of goods and services
Pricing	Yes, price should be determined for products or services	Yes, price should be determined for products or services
Marketing Research	Generally, a country does not involve in market research activities	Yes, Individual firms or companies involve in market research activities
Product Development	Generally, a country does not involve in developing products for export purpose	Yes, individual firms or companies involve in developing products for export purpose
Promotion	Generally, a country does not involve in promoting goods and services in foreign countries	Yes, individual firms or companies involve in promoting goods and services in foreign countries
Distribution channel management	No, a country does not involve in managing distribution channel	Yes, individual firms or companies involve in managing distribution channel

2.3.3 *Export Marketing*

Export marketing is a part of international marketing. It is concerned with the foreign trade of a country. It simply implies exporting of goods to importing countries. Each country must have some exports to pay for its imports. Exports are of vital importance for a developing country like Nepal as they bring required foreign exchange so very essential for the development of a country.

Export marketing means selling our products successfully overseas. It implies marketing our products abroad. This type of marketing is a highly specialized activity. It is quite different from that of domestic marketing. There are a number of distortions in such a type of trade flows. These have emerged due to certain policies pursued and institutions developed to regulate their trade by certain countries. These distortions are in form of a) import Restriction b) Trade Agreements and CO Regional Grouping / Trade Blocs (Kalkundrikar & Wali, 1993:3)

2.4 *Marketing Information System*

Marketing information system (MKIS) is the mechanism for providing decision making information and data to the marketing managers. MKIS is “a set of procedures and methods for the regular and planned collection analysis and presentation of information for use in marketing decision, MKIS provides a continuous flow of information about prices, advertising, sales, competition and distribution. It is the major tool for scanning and monitoring the external environmental forces of marketing. MKIS collects vital information from various sources analyze and synthesize them and supply to the marketing decision makers(Koirala, 2002 :4)

Prof. Kotler (2005) defines the MKIS as “A marketing information system consist of people, equipment and procedure to gather, short analyze, evaluate and distribute needed timely and accurate information to marketing decision makers (Page 123)

Prof. K.D. Koirala (2002) beautifully highlights the above definition characteristic as follows:

- MKIS consists of people working for the organization as managers, supervisors, salespersons and intermediaries who provide vital information about the market and environment.
- The system is based on communication equipment and computers that help in The collection, classification, analysis and dissemination of information.
- The system is designed to provide essential, reliable and prompt information feed- back to marketing decision makers.

Marketing information has become very important in the current marketing decision process due to the following factors:

- Extension of marketing goals from understanding and satisfying customers need to want creation and delivery which requires a deep probing into customer’s buying decision.
- Diversion from price to non- price competition requiring a variety of information on product positions effectiveness of promotional tools produce differentiation etc.

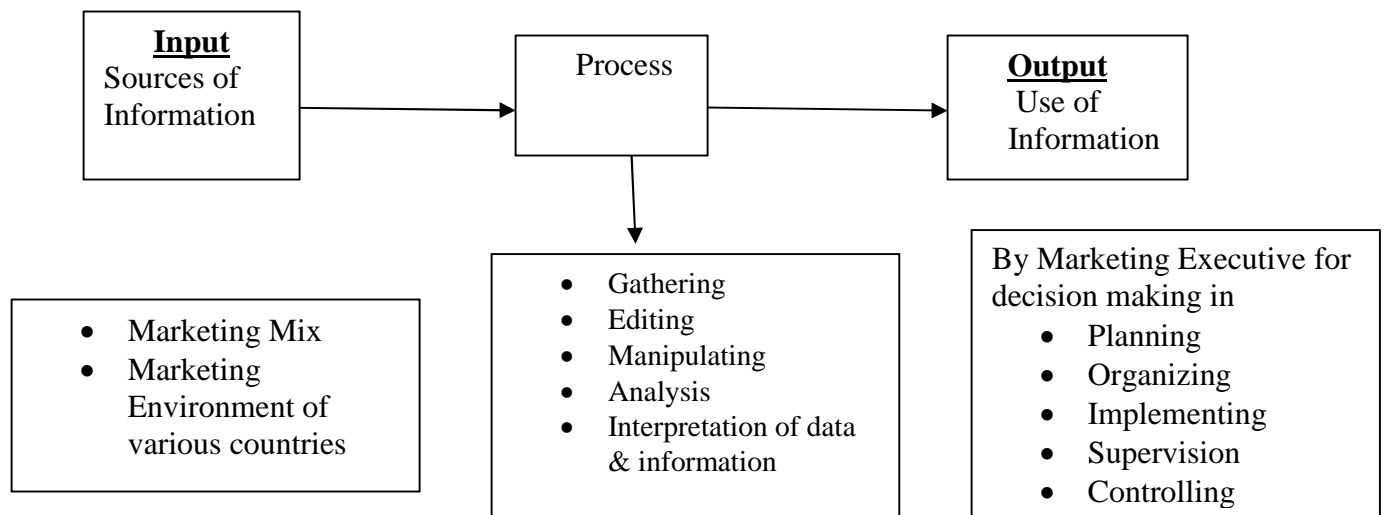
Information demand has been growing in the business sector in Nepal although many businessmen still prefer to use hunches and intuitions in business decision. The information supply side however is growing slower than the demand side thus creating a severe information glut in the country (Page 5)

For the marketing managers with a multinational responsibility, accurate information on a global basis is the necessary pipeline for the effective performance of his decision making function.

Marketing information system consists of there components the sources of information, processing of information and use of information for decision making.

Figure 2.2

International Marketing Information System



Source : Shrestha, 2003: 114

. Kotler (2005) defines the marketing intelligence system as follows:

“A marketing intelligence system is a set of procedures and sources used by managers to obtain everyday information about development in the marketing environment.” Marketing intelligence is the inevitable part of modern marketing philosophy. It helps an organization to exploit the opportunities and to overcome the threats.

2.5 *Concept of corporate Strategy*

No enterprises big or small, safe from threats and challenges in a present situation. Today is the age of globalization. Intense competition is everywhere and it forces every organization to scanning the environment and to adopt the strategies.

Prof. Agrawal (2004) States

Modern business organizations are facing significant challenges. Environmental changes are taking places due to globalization, advanced information technology. Political economic groupings and social cultural shifts. Globalization has brought competition everywhere. The world is becoming one big market. Increasing size of organization has increased complexity and diversity.

Such changes are having for searching impact on business organization. They are creating conditions of hyper competition that creates constant disequilibrium and change (page 1)

Only appropriate strategy can help the organization to operate in a dynamic environment. So every organization must concern about strategy. To achieve the desire objectives every organization must need a strategic orientation for a long term future direction. It shows an organization a way to move long – term means five years or more. Strategy is a broad game plan and action plan for achieving organization objectives. Every activity influenced by strategy is concerned with organizational goals. So strategy means to achieve organizational objectives.

The thrust of strategy is to search for competitive advantage for the organization. It is a means to achieve organizational objectives. It focuses on matter of strategic importance. It is a broad indicator of the direction to achieve objectives (Govinda Ram Agrawal 2004:1)

Some useful definition of eminent writers retrieved by Prof. Agrawal (as cited in chandler, 1962; Jauch & Glueck, 1988; & Johnson & Scholes, 2002)

According to Prof. Agrawal

“A Strategy is the determination of Basic long term goals and objectives of an enterprise and the adoption of the courses of action and the allocation of resources necessary for carrying out these goals”

According to Jauch and Glueck

“ A Strategy is unified, comprehensive and integrated plan that relates the strategic advantages of the firm to the challenges of environment.

According to Johnson and Scholes (2002)

Strategy is the direction and scope of an organization over the long term, which achieves advantages for the organization through its configuration of resources within a changing environment and to fulfill stockholder expectations.

2.6 *Concept of Business Strategy.*

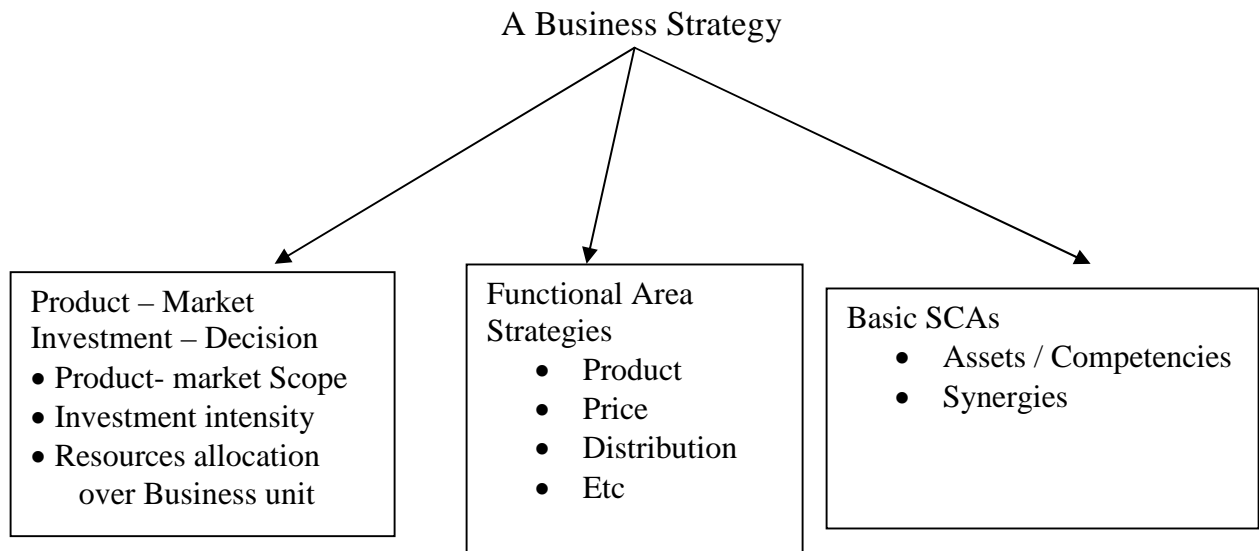
Prof. David A. Aaker (2001:4-6) has defined and described the business strategy in six elements and dimension, which are as follows:

- a. The product market in which the business is to compete
The scope of a business is defined by the products it offers and chooses not to offer by the markets it seeks to serve and not serve, by the competitors it chooses to compete with and to avoid and by its level of vertical integration. Some times the most important business scope decision is what products of segmentations to avoid because such a decision if followed by discipline can conserve resources needed to complete successfully elsewhere.
- b. The Level of investment
Although there are obvious variations and refinements, it is useful to conceptualize the alternatives as
 - i) Investment to grow (or enter the product market)
 - ii) Invest only to maintain the existing position.
 - iii) Milk the business by minimizing investment.
 - iv) Recover as many of the assets as possible by liquidating of divesting the business.
- c. The functional area strategies needed to compete in the reputed product market.
The specific way to compete will usually be characterized by one or more functional areas strategies, such as a
 - i) Product line strategy
 - ii) Communication messaging strategy
 - iii) Pricing Strategy
 - iv) Distribution strategy
 - v) Manufacturing strategy
 - vi) Information technology strategy
 - vii) Segmentation strategy
 - viii) Global strategy
- d. The strategic assets of competencies that underlie the strategy and provide the sustainable competitive advantages (SCA)
A Strategic competency is something a business unit does exceptionally well such as manufacturing of promotion which has strategic importance to that business. A strategic asset is a resource such as a brand name of installed customer's base that is strong relative to that of competitors. Strategy formulation must consider the cost and feasibility for a sustainable competitive advantage.

Besides the above other remaining two are introduced when the Business exists in an organization with other business unit, which are as follows:

- e. The allocation of resources over the business Units
Financial resources generated either internally of externally, plus non- financial resources such as plant, equipment and people all need to be allocated. Even for a small organization, the allocation decision is a key to strategy.

Figure 2.3



All Six elements of the strategy concept can be capsule into three core elements:

- ❖ The product market investment decision that encompasses the product market scope of the business strategy, its investment intensity and the resources allocation over multiple business.
- ❖ The functional areas strategies – what you do
- ❖ The basis of a sustainable competitive advantage (SCA) – the assets, competencies, and / or synergies matched with functional area strategies.

2.7 *Strategic Market Management*

2.7.1 *A Historical Perspective*

The process of developing and implementing strategies has been described over the years by various term, including budgeting, long range planning, strategic planning and strategic market management. All these terms have similar meanings and are often used interchangeably. However, when they are placed in a historical perspective some useful distinctions emerge (Aaker, 2001:9-12)

a. **Budgeting**

The development of budgeting management systems can be roughly associated with the early 1900s. The emphasis is on controlling deviations and managing complexity. An annual budget is set for various departments and deviations from the budget are carefully scrutinized to find explanations and determine whether remedial action is appropriate. The basis assumption is that the past will repeat itself.

b. Long- Range Planning

The second management system is long planning, the development of which Igor Ansoff, long a leading strategy theorist has associated with the 1950s and 1960s. Its focus is on anticipating growth and managing complexity. The basic assumption is the past trends will continue into the future. The planning process typically involves projecting sales, costs, technology and so into the future using data and experience from the past. The planning task is then to develop human resource and facilities to accommodate the anticipated growth or contraction. The time frame is not necessarily as limited as in the budgeting system and can anticipate two, five or ten years depending on the context

Included under long-range planning is gap analysis. A gap occurs if projected sales and profits do not meet the organizational goals. Changes in operation, such as increasing the sales forces and / or plant capacity are the considered to remove the gap.

c. Strategic Planning

Strategic planning the emergence of which is associated with the 1960s , 1970s and 1980 is concerned with changing strategies thrusts and capabilities. The basic assumption is that past extrapolations are inadequate and that discontinuities from past projection and new trends will require strategic adjustment. An adjustment in strategic thrust or direction could involve moving into a new product market. The enhancement of research and development competence could represent an adjustment in strategic capability.

Strategic planning focuses on the market environment facing the firm. This, emphasis is not only on projection, but also on an in – depth understanding of

One characteristic that strategic planning shares with budgeting and long – range planning management system is that it is largely based on a periodic planning system usually are annual system is that it is largely based on a periodic planning system usually are annual system. Typically, an organization will develop a strategic plan in the spring and summer and then during the fall will use that plan as a base for developing the annual operating plans and budgets for the next year. The periodic planning cycle does provide a time in which managers must address strategic questions. Without such a device, artificial though it may be, even managers who realized the importance of strategic thinking might find their time absorbed by day- to – day operations and crises.

The difficulty with the periodic planning process is that the need for strategic analysis and decision – making does not always occur on an annual basis. The environment and technology may change so rapidly and environmental shock may occur so unexpectedly that being tied to a planning cycle can be disadvantageous an even disastrous. If the planning process is allowed to suppress strategic response outside the planning cycle, performance can suffer, particularly in dynamic industries.

A study of managers making strategy decisions in a simulated business focused on the impact of planning. The study found that when the environment was made more turbulent (by reducing product life cycle and increasing product change) those business

that were asked to plan formally (by projecting performance using planning forms) had performances inferior to those that did not plan. Planning enhanced those in a less turbulent environment, however

d. Strategic Market Management.

Strategic market management or simply, strategic management is motivated by the assumption that the planning cycle is inadequate to deal with the rapid rate of change that can occur in a firm's external environment. To cope with strategic surprises and fast developing threats and opportunities, strategic decision need to be precipitated and made outside the planning cycle.

Recognition of the demands of a rapidly changing environment has stimulated the development of increased use of methods, and options that are responsive. In particular, it suggests a need for continuous, real time information system rather than, or in addition to, periodic analysis, more sensitive environmental scanning, the identification and continuous monitoring of information need areas of uncertainty that will affect strategy, such as an emerging consumer interest area. Strategic flexibility involves strategy options that allow quick and appropriate responses to sudden changes in the environment.

Strategic market management is proactive and future oriented. Rather than simply accepting the environment as given with the strategic role confined to adaptation and reaction, strategy may be proactive, affecting environmental changes. Thus, governmental policies customer needs and technological developments can be influenced-and perhaps ever controlled- with creative, active strategies.

2.7.2 Why strategic Market Management

Strategic market management is often frustrating because the environment is so difficult to understand and predict. The communication and choices required within the organization can create strain and internal resistance. The most valuable organization resource, Management time, is absorbed. The alternative of simply waiting for and reacting to exceptional opportunities often seems efficient and adequate.

Despite these costs and problems, however, strategic market management has the potential to

- a. Precipitate the consideration of strategic choices. What is happening externally that is creating opportunities and threats to which a timely and appropriate reaction should be generated? What strategic issues face the firm? What strategic option should be considered? The alternative strategic market management is usually to drift strategically, becoming absorbed in day – to –day problems. Nothing is more tragic than an organization that fails because a strategic decision was not addressed until it was too late.
- b. Force a long – range view- The pressures to manage with a short-term focus are strong and frequently lead to strategic errors.
- c. Make visible the resource allocation decision- Allowing allocation of resources to be dictated by the accounting system, political strengths, or inertia (the same as last year) is too easy. One result of this approach is that the small but promising business with "no

problems" or the unborn business may suffer from a lack of resources, whereas the larger business areas with "problems" may absorb an excessive amount.

- d. Aid strategic analysis and decision – making. Concepts models and methodologies are available to help a business collect and analyze information and address difficult strategic decisions.
- e. Provide a strategic management and control system. The focus on assets and competencies and the development of objectives and programs associated with strategic thrusts provide the basis for managing a business strategically.
- f. Provide both horizontal and vertical communicate problems and proposed strategies within an organization; in particular, its vocabulary adds precision.
- g. Help a business cope with change. If a particular environment is extremely stable and the sales patterns are satisfactory, there may be little need for meaningful strategic change – either in direction of intensity. In that case, strategic market management is Much less crucial. However, most organization now exists in rapidly changing and increasingly unpredictable environments and therefore need approaches for coping strategically (Pp 15-16)

2.7.3 *An overview of strategic market management*

Strategic market management is a system designed to help management both precipitate and make strategic decision as well as create strategic vision. A strategic decision involves the creation change or retention of a strategy. In contrast to a tactical decision, a strategic decision is usually costly in term of the resources and time required to reverse of change it. The cost of altering a wrong decision may be so high to threaten the very existence of an organization. Normally, a strategic decision has a time frame greater than one year; sometime decades are involved (Aaker, 2001:18)

A Strategic vision is a vision of a future strategy or sets of strategies. The realization of an optimal strategy for a firm may involve a delay because the firm is not ready or the emerging condition are not yet in place. A vision will provide direction and purpose for interim strategies and strategic activities (Aaker, 2001:18)

An important role of The system is to precipitate as well as make strategic decision. The identification of the need for a strategic response is frequently a critical step. Many strategic blunders occur because a strategic decision process was never activated, not because an incorrect decision was made. Furthermore, the role of strategic market management is Not limited to selecting from among decision alternatives.

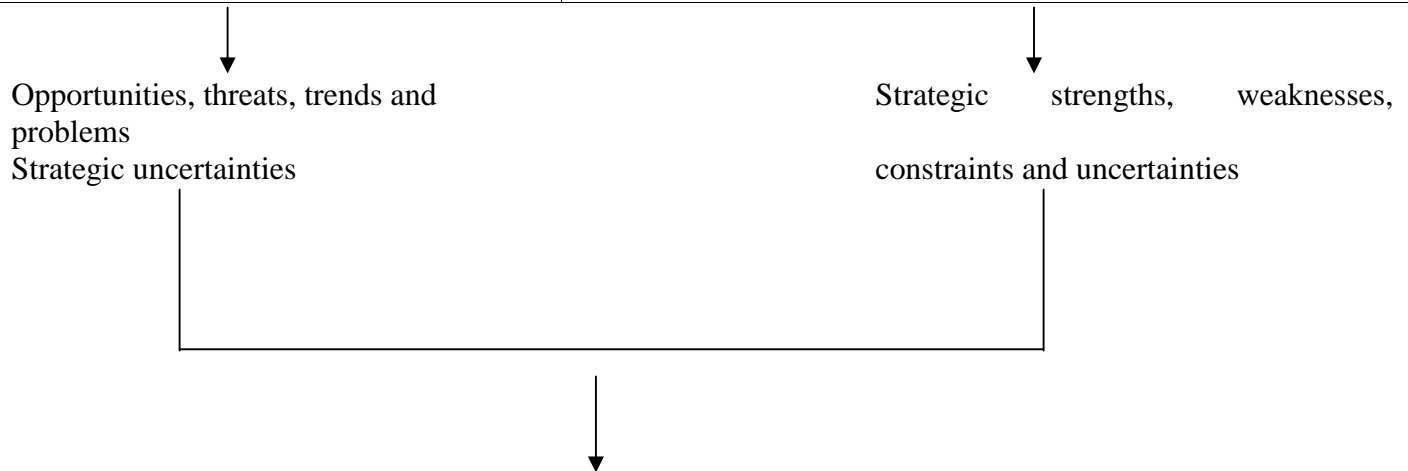
Brief overview of its three principal elements are as follows

a) External Analysis

External analysis involves an examination of The relevent elements earned to an organization. The analysis should be purposeful, focusing on the identification of opportunities, threats, trends, strategic uncertainties, and strategic choices.

Fig 2.4
Overview of Strategic Market Management Strategic Analysis

External Analysis	Internal Analysis
Customer Analysis : Segments, motivations, unmet needs	Performance Analysis: Profitability, Sales, Shareholder value analysis, Customer satisfaction, Product quality, brand associations, relative cost, new products,
Competitor Analysis: Identity strategic groups, performance, image, objectives, strategies, culture, costs, structure, Strengths, weaknesses.	Employee capability and performance, product portfolio analysis.
Market Analysis: Size, Projected Growth profitability, entry barriers, cost structure, distribution systems, trends, key Success factors.	Determinants of strategic options: Past and current strategies, strategic problems, organizational capabilities and constraints, financial resources and constraints strengths and weaknesses
Environmental Analysis : Technological, governmental, economic, cultural, Demographic, scenarios, information - need areas.	



Strategy identification and selection

- Identify strategic alternatives
- Product – market investment strategies
- Functional area strategic
- Assets, competencies, and synergies
- Select strategy
- Implement the operating plan
- Review Strategies

Source : Aaker, 2001 : 19

One output of external analysis is an identification and understanding of opportunities and threats, both present and potential, facing the organization. An opportunity is a trend or event that could lead to a significant upward change in sales and profit patterns- given the

appropriate strategic response. A threat is a trend or event that will current sales and profit patterns. For example, consumer's concern with high quality and fashion apparels with minimum price & time delivery represents a threat to the Nepalese ready – made garment industry.

Another output is the identifications of strategic uncertainties regarding a business or its environment that have the potential to affect strategy. If the uncertainly is important and urgent, an in depth analysis leading to a strategy decision may be needed, otherwise, an information gathering effort is usually appropriate.

External analysis is divided into four section or components; customer analysis, competitor analysis, market analysis, and environmental analysis.

1. Customer Analysis

Customer analysis involves identifying the organization's customer segments and each segment's motivation and unmet needs. Segment identification defines alternative product markets and thus structures the strategic investment decision (What investment levels to assign to each market) . The analysis of customer motivation provides information needed to decide whether the firm can and should attempt to gain or maintain a sustainable competitive advantage. An unmet need (a need not currently being met by exit

2. Competitor Analysis

Competitor analysis starts with the identification of competitors, current and potential. Some competitors compete more intensely than others. Although intense competitors should be examined most closely, all competitors are usually relevant to strategy development.

Especially when are many competitors, it is helpful to combine those with similar characteristic (e.g., size and resources), strength (e.g., brand name, distribution), and strategies (e.g., high quality) into strategic groups.

- **Performance**

What do this competitor's sales growth and profitability indicate about its health?

- **Image and personality**

How is the competitor positioned and perceived?

- **Objectives**

Is this competitor committed to the business? Does this competitor aim for high growth?

- **Current and past strategy**

What are the implications for future strategic moves?

- **Culture**

What is most to the organization cost control, entrepreneurship, or the customer?

- **Cost structure**

Does the competitor have a cost advantage?

- **Strength and weaknesses**

Is the brand name distribution, or R and D strength or a weakness?

Of special interest are the competitor's strength and weaknesses .Strategy development often focuses on exploiting a competitor's weakness or neutralizing or bypassing a competitor's strength.

3. Market Analysis

Market analysis has two primary objectives. The First is to determine the attractiveness of the market and submarkets. On average, will competitors earn attractive profits or will they lose money? If the market is so difficult that every one is losing money, it is not a place in which to invest. The second objective is to understand the dynamics of the market so that threats and opportunities can be detected and strategies adopted. The analysis should include an examination of the market size, growth profitability, cost structure, channels, trends and key success factors.

- **size**

A basic characteristic of a market (or a submarket) is its size .In addition to current sales, the analysis should consider the markets potential ,that is, the additional sales that could be obtained if new users were attracted ,new users were found ,or existing buyers were enticed to use the product or service more frequently.

- **Growth prospects**

The analysis needs to assess the growth trend and product life cycle stage for the industry and its submarkets .An investment in a declining industry is not always unwise, but it would be if the strategist held the erroneous impression that it was a growth situation .Conversely,it is important to recognize growth contexts even though they will not always be attractive investments for a given firm.

- **Market Profitability**

The profitability of the market depends on five factors the number and vigor of existing competitors the threat of new competitors the threat of substitute products the profit impact of the powerful suppliers and the power of customers to force price concession. Important structural competitors entering the industry.

- **Cost Structures**

One issue is that value added stage represents the most important cost components .Achieving a cost advantage in an important value added stage can be crucial .Another cost issue is whether the industry is appropriate for a low cost strategy based on the experience curve model.

- **Distribution Channels**

An understanding of the alternative distribution channels and trends can be of strategic value.

- **Market trends**

Trends within the market can affect current or future strategies and assessments of market profitability.

A key Success factor is any competitive asset or competence that is needed to win in the marketplace, whether it is an SCA (actually representing a sustainable Point of advantage) or merely a point of parity with the company's competitors.

4. Environment Analysis

Important forces outside an organization immediate markets and competitors will shape its operation and thrust. Environmental analysis is the process of identifying and understanding emerging opportunities and threats created by these forces. It is important to limit environmental analysis to what is manageable and relevant, because it can easily get bogged down by expensive scope and volume. It is helpful to divide environmental analysis into five components: technological, governmental, and cultural economic and demographic.

A technologic development can dramatically change an industry and create difficult decisions for those who are committed to profitable, old technologies. For example, the microprocessor, the Internet, and wireless communication have changed a host of those hotels able to develop and exploit systems that allow them to service customers more efficiently and with a personalized touch.

The governmental environment can be especially important to Multinational Corporation that operates in politically sensitive countries.

Strategic judgments in many contexts are affected by cultural environment .For example; the key success factor for many clothing industries is the capability to be in tune with current fashion.

Knowledge of the economic environment facing a country or an industry helps in projecting that industry sale over time and in identifying special risks as threats.

Demographic trends are important to many firms .Age patterns are crucial to those whose customers are in certain age groups, such a infants, students, baby boomers, or retirees.

A strategic uncertainty stimulated by any external analysis component can generate an information need are, a strategically important area for which there is likely to be a continuing need for information .Special studies and ongoing information gathering might be justified .

A strategic uncertainly can also be used to create two of three future scenarios, relatively comprehensive views of the future environment .One scenario might be optimistic, another pessimistic and a third in between.

b) Internal Analysis

Internal analysis aims to provide a detailed understanding of strategically important aspects of the organization .In particular, it cover performance analysis and an examination of the key determinates of strategy, such as strength, weakness and strategic problems .Internal analysis like external analysis, usually has an SBU as a frame of reference but can also be productive at the level of aggregations of SBUs such as divisions of firms.

i. Performance Analysis

Profitability and sales provide an evaluation of past strategies and an indication of the current market viability of product line .Return on Assets (ROA),the most commonly used measure of profitability, needs to be compared to the cost of capital in order to determine if the business is adding value for the shareholder .ROA can be distorted by the limitations of accounting measures in particular ,it ignores intangible assets ,such as brand equity . Sales are another performance measure that can reflect changes in the customer base that have long term implications.

Shareholder value analysis is based on generating a discounted present value of the cash flow associated with a strategy. It is theoretically sound and appropriately forward looking as opposed to current financials that measure of rather than on other indicators of strategic performance. Development the needed estimates are difficult and subject to variety of biases. Other, non financial performance measure often provides better measures of long term business health:

- Customer satisfaction /brand loyalty-How are we doing relative to our competitors at attracting customers and building loyalty?
- Product / service quality – Is our product delivering value to the customer and is it performing as intended?
- Brand/ firm Associations – What do our customers associate with our business in terms of perceived quality, innovativeness, product class expertise, customer orientation, and so on?
- Relative cost – Are we at a cost disadvantage with respect to materials, assembly, product design, or wages?

- New product activity- Do we have a stream of new products or product improvements that have made an impact?
- Manager/employee capability and performance more we created the type, quantity, and depth of personnel needed to support projected strategies?
- Product portfolio Analysis- This analysis considers the performance/strength of each business area, together with the attractiveness of the business area in which it competes. One goal is to generate a business mix with an appropriate balance between new and mature product. An organization that lacks a flow of new of new products faces stagnation or decline. A balance must also exist between products that generate cash and those that use each.

ii. Determinants of strategic options

Internal analysis should also review characteristic of the business that will influence strategic options. Five areas determine the strategic options are past and current strategy, strategic problem, and organizational capabilities and constrains, financial resources and constraints, and strength and weaknesses.

- **Strategy Review**

The past and current strategy provides an importance reference point and should be understood. Has the strategy been one of milking maintenance, or growth? Has it involved differentiation or low cost? What are its target segments? what is the sustainable competitive advantage?

- **Strategic Problems**

A strategic problem is one that, if uncorrected, could have damaging strategy implications. A weakness is more a characteristic, such as a bad location, that the organization may have to endure. Of course a weakness can often be corrected; a organization's location can be changed. In general, however, problems are corrected, and weaknesses are neutralized by a strategy of over come by strengths.

- **Organizational capabilities and constraints**

Internal analysis includes and examination of the internal organization, its structure, systems, people and culture. The internal organization can be important strategically when it is a source of

A Strength- The culture in some firms can be so strong and positives as to provide the basis for a sustainable competitive advantage,

A Weakness- A firm may lack the marketing personnel to compete in a business in which a key success factor is marketing.

A Constraint – A proposed strategy must fit the internal organization. A realistic appraisal of an organization may preclude some strategies.

- **Financial resources and Constraints:**

An analysis of the financial resources available for investment, either from planned cash flow of from debt financing, helps determine how much net investment should be considered.

- **Strength and weakness**
Future strategies are often developed by building on strength and neutralizing weaknesses. Strength and weaknesses are based on assets such as brand name, or competencies, such as advertising or manufacturing.

Strategic alternatives and to provide criteria for selecting from among them.

i. Identifying strategic alternative

There are three ways to identify strategic alternatives. The first is selecting the product markets which the firm will operate and deciding how much investment should be allocated to each; the second is developing the functional area strategies; and the third is determining the bases of sustainable competitive advantage in those product markets.

ii. Product market investment strategies

- **Product Definition –**

As a practical matter, many strategic decisions involve products –which product lines to continue, which to add, and which to delete.

- **Market Definition**

Business needs to select markets in which they will have a competitive advantage.

- **Vertical Integration**

A strategic option not covered by product market scope is vertical integration.

- **Growth directions**

It is crucial in strategy development to have a focus that is dynamic rather than static. The concept of product mix matrix is helping for identifying options and encouraging a dynamic perspective.

In the product market, four growth options are considered. The first is to penetrate the existing product market. A firm may attempt to attract customers from competitors of increase usage by existing customers. A second option involves product expansion while remaining in the current market.

- **Investment Strategies**

For each product market, four investment options are possible. The firm could invest to enter or grow, invest to hold the existing position, milk the business by avoiding any investment, or exit. The exit option might arise if prospects become extremely unattractive or if the business area becomes incompatible with the overall thrust of the firm.

iii. Functional area strategies

The development of a business strategy involves the specification of the strategies in functional areas such as sales, brand management, R and D, manufacturing, and finance. It can be difficult to coordinate various functional area strategies so that they don't know at cross-purposes. The role of strategic objectives is to help in that task.

iv. Bases of sustainable competitive advantage

To be effective over time, a strategy needs to involve assets and competencies or synergies based on unique combinations of business. Thus, identifying which assets, competencies, and synergies to develop or maintain becomes a key decision.

- **Strategic positioning**

Strategic positioning specifies how the business is to be perceived relative to its competitors and market by its customers and employees/partners. It represents the essence of a business strategy.

v. Selecting among strategic Alternatives

Consider scenarios –A future scenario can be stimulated by strategic uncertainties or environment opportunities or threats. It is useful and prudent to evaluate strategic options in the contest of any major scenarios identified.

- **Pursue a sustainable competitive advantage**

A useful operational criterion is whether a sustainable competitive advantage exists as part of the strategy. Unless the business unit has or can develop a real competitive advantage that is sustainable over time in the face of competitor reaction an attractive long term return will be unlikely. To achieve a sustainable competitive advantage, a strategy should exploit organizational assets and competencies and neutralize weaknesses. Be consistent with organizational vision and objective –A primary purpose of an organizations vision what future strategy should be and objectives is to help make strategic decisions. Thus, it is appropriate to look forward them for guidance. They can be changed of course, if circumstances warrant. An explicit decision to change a strategy is very different from ignoring it in the face of a tempting alternative.

Be feasible – A practical creation is that the strategy be feasible. It should be within the resources of the organization. It also should be internally consistent with other organizational characteristic, such as structure, systems, people and culture.

Consider the relationship to other firm strategies.

A Strategy can relate to other to other business units by balancing the sources and uses of cash flow. Some business units should generate cash and others should provide attractive places to invest that cash.

Enhancing flexibility: Flexibility is generally reduced when heavy commitments are made in the firm of fixed investment, long term contracts, and vertical integration.

Exploiting synergy: A firm that does not exploit potential synergy may be missing an opportunity.

vi. Implementation

The implementation stages involve converting strategic alternatives into an operating plan. If a new product market is to be entered, then a systematic program is required to develop or acquire products as an entry vehicle. If a strong R & D group is to be needed. The operating plan may span more than one year. It might be useful to provide a detailed plan for the upcoming year that contains specific short term objective.

vii. Strategy Review

One of the key questing in a strategic market management system is to determine when a strategy requires review and change .It is usually necessary to maintain a limited number of key measures of strategy performance and the environment .Thus sales ,market share ,margins, profit and ROA may be regularly reported and analyzed .Externally ,the process is more difficult ,requiring and effective information Scanning system .The heart

of such a system will be an identified set of strategic uncertainties or issues that need to be continuously considered.

2.8 *Identifying Competitive Position*

Competition can be in terms of product class, brand, generic or geographic organization face competition when they all are engaged in satisfying the same customer needs. Competitive position refers to market position of an organization relative to its competitors on key strength factors (Agrawal, 2004:72).

He further argue that forces in the external environment, the pressure of competition the strength of organizations resources and competencies and the market factors influence the competitive position of a business organization (P.72).

Following are the steps to identify an organizations competitive position:

- a. Competitor analysis
- b. Strategic group analysis
- c. Market analysis
- d. Market attractiveness and business strength analysis.

a. Competitor Analysis

Prof .Agrawal (2004) identifies competitor analysis, as competitors are rival organization with similar products aimed at the same customer groups.

Organization must identify and analysis their current and potential competitors. Competitors analysis consists of (Agrawal, 2004:73-75).

- i. Identification of competitors
- ii. Evaluation of competitors
- iii. Anticipating future mores of competitors

i. Identification of competitors: Who is the competitor?

This task consists of preparing a profile of key competitors. They can be at local, national or global levels.

They can be competing at product class, brand, generic product, and price and non-price levels. Their identification can be based on:

- Customer – based approach: This grouping of competitors is based on competitions for customer's choice. For example, coke with Pepsi.
- Strategic group approach: A strategic group consists of organizations with similar competitive strategies, similar characteristics and similar image in a given industry.

ii. Evaluation of competitors: What is the competitor doing?

Competitors can be evaluated in terms of:

- Objectives and strategies: Objectives are desired results in terms of profit, market share, leadership, image etc. They drive the competitors.

Strategies are broad action plan to achieve objectives. Current and past strategies of competitors should be studied. They can be leader, challenger, and follower or nicer strategies. Their competitive approaches and action should be watched.

Objectives and strategies of competitors should be continuously monitored.

- Strength and weaknesses: They should be assessed by gathering information about their:
 - Resources and capabilities: Resources can be people, money, technology and information, performance track record is capability.
 - Vulnerability to competitive pressures.
 - Share of target market served by the competitor current position in industry.
 - Share of mind and heart of customer for the competitors. Share of heart is image of competitor in customer's perception. Share of heart is preference by customer to buy the product of competitor.

iii. Anticipating future moves of competitors: What the competitor can do next ?

The future moves and reaction patterns of competitors should be carefully estimated .They can be:

- Laid back reaction : Slow reaction to rivals moves.
- Selective reaction: Attacking selective moves of the rivals.
- Tiger reaction :Reacting swiftly to all the rivals moves
- Stochastic reaction : No predictable reaction to rival moves

Organization should search for competitive advantage through competitor analysis. They Should design and manage their competitive intelligence system to aid competitor analysis .They should work for increasing their competitive strength.

b. Strategic group analysis

Prof .Michael Exporter has defined , "A strategic group is the group of firm in an industry following the same or a similar strategy along the strategic dimensions .A strategic group is a set of business units or firms, which adopt similar strategies with similar resources. It is very useful to set the strategic group categorizing business units from an industry in order to understand better competitive environment because a company structure and culture belongs to particular strategic group within the same industry which tends to strong rivals and more similar to each other than the competitors in other strategic group within the same industry (Gautam,2002.72).

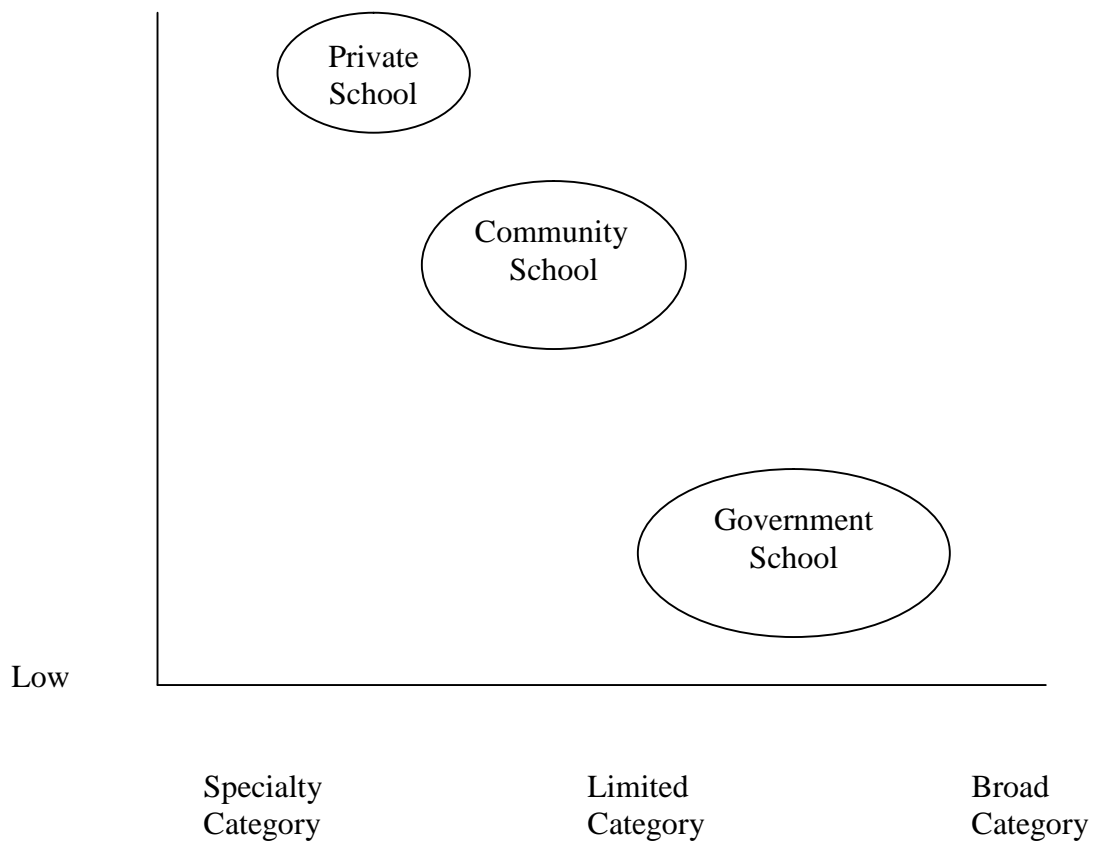
Prof .Agrawal (2004:77) point out the steps for constructing strategic groups maps are :

- i. Identify competitive characteristic that differentiate firms from one another in a industry
- ii. Plot firms on a two variable map using at least two differentiating characteristics.
- iii. Assign firms having common competitive characteristics to a strategic group.
- iv. Draw circles around each group .The size of circle should indicate marker share of each group.

Fig . 2.5

Strategic group map for schools in Nepal

High



Product/ Geographic Coverage
Source: Agrawal,, 2004: 78

The concept of strategic group is useful in the following ways:

- To understand direct competitors of an org.
- To identify the basis of competition within each group and between groups.
- To assess possibility of Mobility from one group to another.

C. Market analysis

To identify the competitor strength and weakness, the organization should gather relevant information on each competitor business including data of sales, market share, profit

margin, return on investment, cash flow, new investment and capacity utilization. The strength and weaknesses of competitor can be learned through secondary data personal experience, hearsay, primary research and collection of feedback from customers, suppliers, dealers etc. All these information help the organization to identify the competitive position (Gautam, 2002;73)

Market analysis for identifying organization competitive positions is concerned with how well customer needs are satisfied. Prof. Agrawal (2004, 78-81) points out that;

I. Market Power

It is the capacity of the organization to influence the behavior of competitors in the market. Such organization tends to be the leaders in their chosen market strengths. Market power is based on market share and market growth in chosen segment.

II. Market Share

There is important relationship between market share and market power. Organization aims to capture the largest share of the market.

Market share of a specific organization is the share in total sales of product during a given period in a specific market. It can refer to industry, segment or area.

Market share can be measured in three ways;

- Overall market share: It is the sales of a specific organization expressed in percentage of total market sales.
- Served market share: It is the sales of a specific organization expressed as percentage of the sales of its key competitors; Relative market share is the key source of market power. It should be more than 100% to make a market leader.

Organization should protect and expand their market share to improve their competitive position.

According to Volker Klemm (2004, March)

"Sales of the products have greatly been influenced by technology, changing business environment, changed customer needs, so we must understand the situation before forming any kind of strategy".

For effective sale, mechanization should be given on the need to identify relevant change at first and evaluate changes as threats or opportunities define the sales goal and evaluate alternatives before going for sales (P. 58)

III. Market growth

Market growth is an indication of market power. Market growth refers to all round annual growth rates in sales, market share and profits. It should be analyzed in relation to key competitors.

Opportunities in the environment and unique resources and competencies provide potential for market growth. An organization must have high rate of market growth to maintain and improve its competitive position.

IV. Methods of increasing market power

Market power should be increased to sustain competitive advantage for improving competitive position of an organization. The methods can be:

- **Improving customer value:** Value represents ratio of benefits to costs perceived by the customers. Organization can add value for customers. This helps attract value-conscious customers.
- **Offering New Products:** New products can be product innovation, modification or imitation. They are new to the organization and the market. New products serve as the source of market power.
- **Competitive Market positioning:** Positioning describes how an organization's brand differs in relation to the brands of its competitors in the minds of customers. It can be based on quality, price technology, service, benefits and product attributes. Competitive positioning positions products as better than that of key competitors. This increases market power by improving the image of organization.
- **Latest marketing practices** .They can consist of e-commerce and virtual marketing .Internet is used to eliminate middlemen and reduce distribution and promotion costs. This enhances market power.
- **Customer satisfaction** an organization should effectively satisfy the needs of its customers. It should build long-term customer relationships to ensure their loyalty .Loyal customers add to market power.

d. Market Attractiveness and business strength analysis

Prof. Agrawal (2004) identifies, as an organization to be successful should

- i. Enter attractive markets
- ii. Possess business strength to succeed in those markets.

i. Market Attractiveness

The factors of market attractiveness are:

- Market size
- Annual market growth rate
- Profit margin
- Competitive intensity
- Inflationary Vulnerability
- Technological requirements
- Environmental impact

ii. Business Strength

The factors of business strength are:

- Market share and its growth
- Product quality and brand reputation
- Distribution network
- Promotional effectiveness
- Production capacity and efficiency
- Unit costs
- Customer service
- Research and development performance

- Management Competencies

Competitive position requires SBUs with high market attractiveness and strong business position. More resources need to be allocated to such types of SBUs to improve competitive positions.

2.9 Competitive Analysis and Strategy

A firm's competitive strategy consists of the ways and means by which it intends to win in the marketplace. What we want to isolate are the distinction or differences that set our business apart from its competitors and which are also meaningful to customers, economically sustainable, and difficult to match. Given this understanding we are well on the way to making the crucial judgment as to whether our firm has, or could develop a sustainable competitive advantage (Fry and Killing, 1989: 10).

Industry Analysis: Forces influencing competition.

A useful way of gaining insight into competitors is through industry analysis. As a working definition an industry can be defined as a group of firms that produce products that are close substitutes for each other. In any industry, competition works to drive down the rate of return on invested capital toward the rate that would be earned in the economy. "Perfectly competitive" industry. Rates of return that are greater than this so-called competitive rate will stimulate an inflow of capital either from new entrants or from existing competitors making additional investment. Rate of return below this competitive rate will result in withdrawal from the industry and a decline in the levels of activity and competition (Keegan, 2000: 370).

Harvard professor Porter's five forces model to gain insights into the competitiveness of the firm's industry are as follows:

a. Threats of New Entrants

New entrants to an industry bring new capacity, a desire to gain market share and position, and very often new approaches serving customer needs. The decision to become a new entrant in an industry is often accompanied by a major commitment of resources. New players mean that price will be pushed downward and margins squeezed, resulting in reduced industry profitability (Porter, 1980: 7-33).

The most common barriers to entry are:

- i. Economies of scale – These are cost advantages that occur through having large-scale operations.
- ii. The existence of considerable cost benefits to be gained from experience. Here the advantages stem not from large-scale facilities but from the experience gained through repeatedly producing the product or service many times.
- iii. Brand preferences and customer loyalty making it difficult for a new entrant to price customers away from their existing suppliers.

"A product is something that is made in a factory; a brand is something that is bought by a customer. A product can be copied by a competitor; a brand is unique. A product can be quickly outdated; a successful brand is timeless".

- iv. Capital requirement – just the sheer up front cost of entering the industry act as a deterrent.
- v. Cost disadvantages independent of size – These might be done for example, to access to cheap labor or raw materials.
- vi. Access to distribution channel- If you cannot reach the customer as effectively as the incumbent firms then it will not be your products or services that are sold.
- vii. Government actions and policies: Legislation, tariff and non-tariff and barriers patents, etc.

b. Threats of Substitute products

A second force influencing competition in an industry is the threat of substitute products. The availability of substitute products places limits on the prices market leaders can change in an industry; high price may induce buyers to switch to the substitutes (Keegan, 2000:373).

If substitutes pose on credible threat, then, firms in the industry will be prevented from raising their prices or from falling to develop and improved their product /services (Bowman, 1996:29).

The competition from substitutes is effected by the ease with which buyers can switch to substitutes. A key consideration is usually the buyer's switching costs (The costs facing the buyer in changing from one product to a substitute products).

b. Bargaining power of buyers

The ultimate aim of industrial customer is to pay the lowest possible price to obtain the products or services that is uses as inputs. Usually, therefore, the buyer's best interests are served if they can drive down profitability in the supplier industry. To accomplish this, the buyers have to gain leverage over firms in the supplier industry. One way they can do this to purchase in such large quantities that supplier firms depends on the buyers' business for survival. Second, when the supplier's products are viewed as commodities that are, as standard or undifferentiated, buyers are likely to bargain hard for low prices, since many firms can meet their needs. Buyers will also bargain hard when the supplier industry products or services represent a significant portion of the buying firm's costs. A fourth source of buyer power is the willingness and ability to achieve backward integration (Keegan, 2000: 373).

c. Bargaining power of suppliers

Supplier power over industry firms is the "flip side of the coin" to buyer power. If suppliers have enough leverage over industry firms, they can raise prices high enough to significantly influence the profitability of their organizational customers. The ability of suppliers to gain leverage over industry firms is determined by several factors. Suppliers will have the advantage if they are large and relatively few in member. Second, when the

suppliers' products or services are important inputs to industry firms, or are differentiated, or carry switching costs, the suppliers will have considerable leverage over buyers. Suppliers will also enjoy bargaining power if their business is not threatened by alternative products. A fourth source of supplier power is the willingness and ability of suppliers to pursue a strategy of forward vertical integration and develop their own products if they are unable to get satisfactory terms with industry buyers (Keegan, 200:374).

E. Rivalry among competitors

This is the most obvious form of competition: the head to head rivalry between firms making similar products and selling them in the same market. Rivalry can be intense and cut – throat or it may be governed by unwritten 'rules': gentlemen's agreements which help the industry to avoid the damage that excessive price-cutting, advertising and promotion expenses can inflict on profits. Competition can be restricted to one dimension. (e.g. Price) or many (e.g. service, product quality, retail outlets, advertising, product innovation, credit).

Prof: Bowman (1996) points out the rivalry as rivalry is usually intense where some of the following conditions are in evidence:

- I. As the number of competitors increases and as they become more equal in size and capability.
- II. When demand for the product is growing slowly.
- III. When competitors are tempted by industry condition to use price cuts or other competitive weapons to boost unit volume.
- IV. When competitor's products and services are so similar that customers incur low costs in switching from one brand to another.
- V. When it costs more to get out of a business than to stay in and compete.
- VI. Rivalry becomes more volatile and unpredictable the more diverse competitors are in terms of their strategy, personalities, corporate priorities, resources and countries of origin.
- VII. When strong companies outside the industry acquire weak firms in the industry and launch aggressive, well funded moves to transform the newly acquired competitors into a major market contender (p.28)

2.10 E-Marketing

Prof. Kotler has described the e-marketing as follows:

The newest channels for direct marketing are electronic E-business describe a wide variety of electronics platforms, such as the sending of purchase orders to supplier via electronic data interchange (EDI) or extranets; the use of fax and email to conduct transactions; the use of ATMs, EFTPOS, and smart cards to facilitated payment and obtain digital cash; and the use of internet and online services. All of these involve doing business in a "markets space" as compared to a physical "Market place".

The internet today function as an information source, an entertainment source, a communication channel, a transaction channel, and even a distribution channel. One can use it as a shopping mall, a TV set, a newspaper, a library, or a phone. Users can send email, exchange views, shop for products, and access news, recipes, art, and business information.

The Internet provides marketers and consumers with opportunities for much greater interaction and individualization. Companies in the past would send standard media magazine, newsletter, and ads-without any individualization or interaction. Today these companies can send individualized contents and consumers themselves can further individualize the content; and today companies can interact and dialogue with much larger groups than ever in the past.

2.11 Strategic marketing planning

The strategic marketing plan develops broad marketing objectives and strategies. It is based on an analysis of the current market situation and opportunities in the environment. The aim is to shape and reshape marketing mix to realize target profits and growth to keep healthy in the long run (Agrawal, 2001:226).

There key areas of strategic marketing plan consists of; managing a company's businesses as an investment portfolio; assessing each business's strength by considering the market's growth rate and the company's position and fit in that market; establishing a strategy.

Prof Kotler (2003:90) States that most large companies consist of four organizational levels; the corporate level, the division level, the business unit level, and the product level.

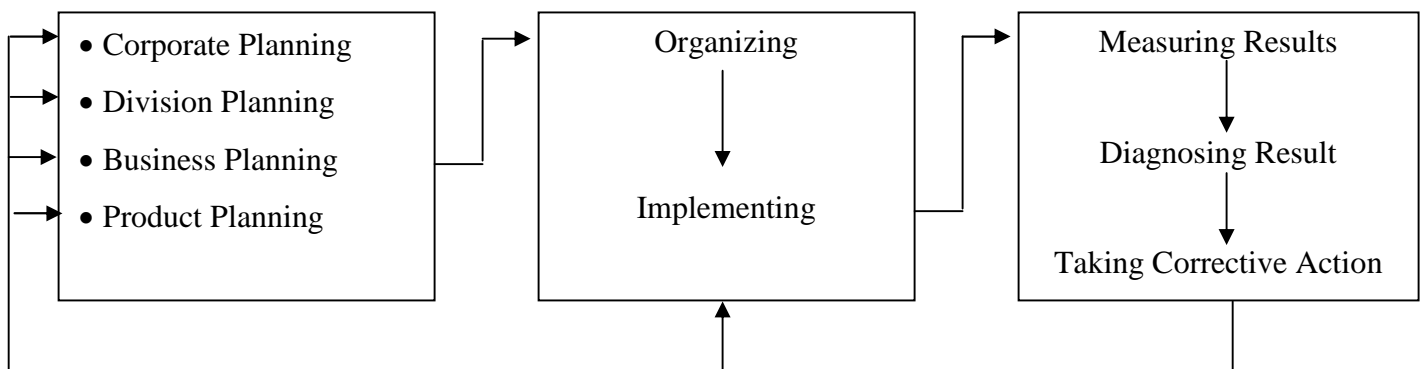
The marketing plan operates at two levels: strategic and tactical. The strategic marketing plan lays out the target markets and the value proposition that will be offered, based on an analysis of the best market opportunities. The tactical marketing plan specific the marketing tactics, including product features, promotion, merchandising, pricing, sales channels, and services.

The marketing plan is the control instrument for directing and coordinating the marketing effort. Today, the marketing department dose not set the marketing plan by itself. Plans are developed by teams, with inputs and sigh offs from every important function. These plans are then implemented at the appropriate levels of the organization. Results are monitored and corrective action is taken when necessary.

Here we only discus the business and product planning strategy.

Fig – 2.9

The Strategic Planning, Implementation and Control Process



Business unit strategic planning

Prof. Kotler (2003) points out the

The business unit strategic-planning processes in seven steps are as follows:

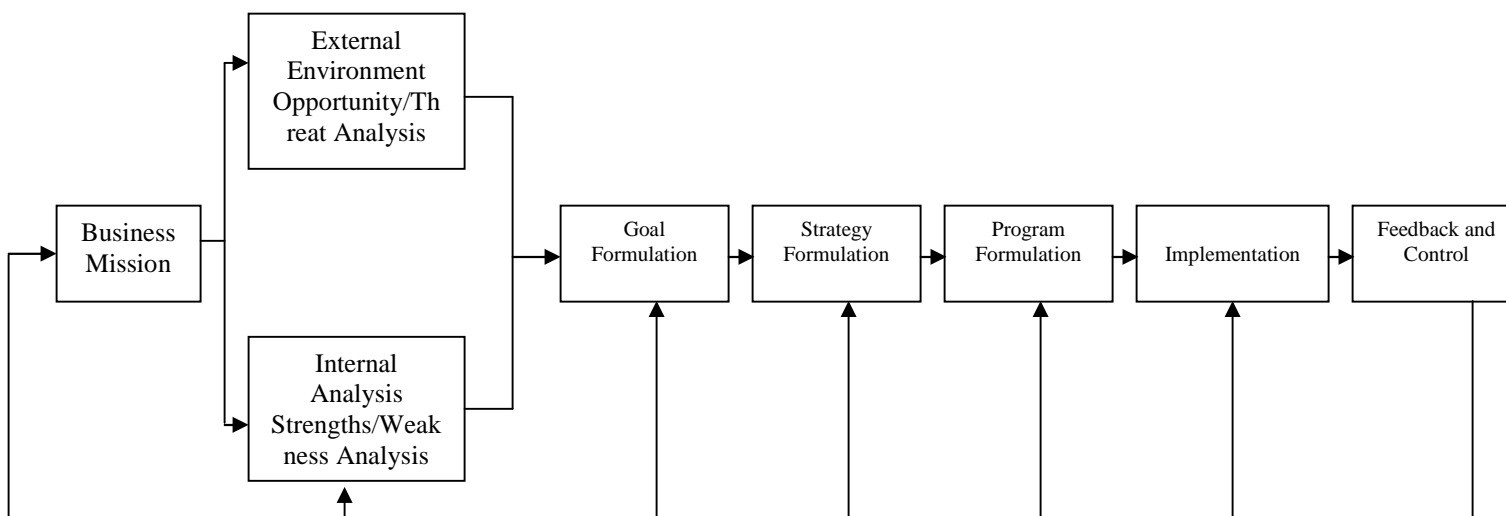
- a. Business mission
- b. SWOT analyses: External Environment, Internal Environment
- c. Goal Formulation
- d. Strategy formulation
- e. Programme Formulation
- f. Implementation
- g. Feedback and control

a. Business Mission

Even business unit needs to define its specific mission within the broader company mission . It should define the major competitive scopes within which marketing will operate.

Fig. 2.10

The Business Strategic Planning Process:



b. SWOT Analysis

The overall evaluation of a company strengths weaknesses, opportunities ,and threats is called SWOT analysis .

i. External environment analysis (Opportunity and threat analysis)

External environment consists of macro environmental forces (demographic-economic , technological , political –legal and social cultural) and a significant micro environmental factor (Customers, competitors, distributors, suppliers) that affects its ability to earn profits. The business unit should set up a marketing intelligence system to track trends and important developments. For each trend or development, management needs to identify the associated opportunities and threats. (Kotler ,2003:102).

A major purpose of environmental scanning is to discern new marketing opportunities . A marketing opportunity is an area of buyer need or potential interest in which a company can perform profitably (Kotler,2003:102).

Some developments in the external environment represent threats. An environmental threat is a challenged posed by an unfavorable trend or development that would lead-in

the absence of defensive marketing action, to deterioration in sales or profit (Kotler ,2003:104).

iii. Internal Environment Analysis (Strength/ weaknesses Analysis)

Strength and weakness analysis is performed to evaluate the firm is evaluated by marketing factors, finance factors, manufacturing factors and organization factors (Koirala, 2000:164). A firm or SBU may not be strong or weak in all areas. The strength and weakness analysis helps the firm in the following decisions (Koriaala, 2000:165).

- Should the firm maintain its current strength and weakness status and try to capitalize on the new opportunities?
- This is a high risk strategy. Competitors may be stronger and affect the firm's profitability from the new opportunity by attacking the firms weakness factors.
- Should the firm rectify its current weaknesses and capitalize on the opportunity with a higher confidence leave? This is a medium risk strategy. Competitors are unlikely to attack the weakness factors after their rectification.
- Should the firm work for further consolidating its strength factors and capitalize the opportunity more aggressively than its competitors?

This is a low risk strategy. The firm can build its market share on the strength factors. Still there is a high chance of being attacked on its weakness factors.

c. Goal Formulation

Once the company has performed a SWOT analysis, it can proceed to develop specific goals for the planning period . This stage of process is called goal formulation. Managers use the term goals to describe objectives that are specific with respect to magnitude and time (Kotler ,2003: 105).

Most business units pursue a mix of objectives including profitability, sales growth, market share improvement ,risk containment, innovation and reputation, Goals or objective should be (Kotler, 2005: 106).

- i Arranged hierarchically from the most to the least important .
- ii. Objectives should be started quantitatively whenever possible.
- iii. Goals should be realistic. They should arise from an analysis of the business units opportunities and strengths, not from wishful thinking.
- iv. Objectives must be consistent. It is not possible to maximize both sales and profits simultaneously.

d. Strategy formulation

Goals indicate what a business unit wants to achieve, strategy is a game plan for getting there. Every business must design a strategy for achieving its goals, consisting of a

marketing strategy, and a compatible technology strategy and sourcing strategy (Kotler,2003 :106).

Marketing strategy can be

- i Porters generic strategy –Overall cost leadership differentiation and focus.
- ii Operational effectiveness and strategy
- iii Strategic alliances
- iv Market alliances

e. Program Formulation

The program formulation is based on the marketing strategies. The marketing department formulates supporting program that help the firm to achieve its corporate and business goals. The marketing programs also support the marketing strategies. The marketing department formulates detailed program for new product development, market research, new marketing network development, and human resource development. Such program can also be formulated for special advertising campaigns, public relations, and market development. The marketing programs must be supported by a cost estimate for launching the program. It should also present the financial and sales benefits together with the risk involved in each program (Koirala, 2002, 167)

f. Implementation

A great marketing strategy can be sabotaged by poor implementation. The marketing program should be carefully implemented.

g. Feed back and control

As it implements its strategy, the firm needs to track the results and monitor new developments. Some environments are fairly stable from year to year. Other environments evolve slowly in a fairly predicible ways. Still other environments change rapidly in major and unpredictable ways. Nonetheless, the company can count on one thing: The market place will change; and when it does, the company will need to review and revise its implementation, programs, strategies, or even objectives (Kotler, 2003,110)

2.12 Implementation of the strategic plan

Prof. Agrawal (2001) identifies that implementation means assignment and direction of personnel and resources to carry out the marketing strategic plan in a coordinated manner. He points out that a strategic plan can be meaningful only when it is implemented effectively:

- a. Strategy addresses the "what and why " of marketing activities.
- b. Implementation addresses the "who, where, when and how" of marketing activities. It is action assignment. Strategy and implementation are closely related.

A. Action assignment:

The action assignments for the marketing mix can be:

i. **Product: it may consist of**

- Developing new products.
- Differentiating and positioning of existing product.
- Managing market strategies in life cycle stages of the product.
- Designing and implementing product support services, etc

ii. Price: it may consist of

- Selecting pricing objectives
- Selecting pricing methods, etc.

iii. Place: it may consist of

- Designing and selection of channel structure.
- Logistics management actions.

iv. Promotion: it may consist of

- Selecting the promotion mix
- Assigning promotion budget
- Evaluating impact, etc.

2.13 *Elements of successful implementation / business practices*

Prof. Kotler (2003: 109) has argued that according to McKinsey & Company, strategy is only one of seven elements in successful business practices. The first three elements – strategy, structure, and system-are considered the "hard-ware" of success. The next four – style, skills, staff, and shared values are the "software".

Again he argued that the first "soft" element, style, means that company employees share a common way of thinking and behaving. MC Donald's employees smile at the customer, and IMB employees are very professional in their customer dealings. The second, skills, means that the employees have the skill needed to carry out the company's strategy. The third, staffing, means that the company has, hired able people , trained them well, and assigned them to the rights jobs. The fourth, shared value means that the employees share the same guiding values. When these elements are present, companies are usually more successful at strategy implementation (Pp 109- 110)

2.14 *Review of related studies*

This section consists of theme paper & previous masters of degree & Ph.D. thesis.

2.14.1 *Review of theme paper*

In the process of reviewing literature, different theme papers were also analyzed. Some important related parts of such studies were mentioned and explained as under:

Nepalese garment industry under changing global trading environment

This study was a theme paper on implication of MFA phase out under the WTO system, and the impact of the US African and Caribbean Bills, on Nepalese Garment industry with a policy recommendation.

Some of the extremely related parts of the study were included as follows

- a. **Major bottlenecks:** The garment industry in Nepal has been suffering from a number of bottlenecks at different levels: from lacks of infrastructures to narrow export base, from problematic government policies to market access in foreign countries. He classified the problems in following major grouped areas:

Supply aide constraints: The supply side is characterized by a narrow expert base and non-competitive technology. Limitations in product adaptation to international demand, higher production cost as well as inefficient marketing and delivery are the important limitations related to supply side. A major cost disadvantage arises from the higher cost of transportation of goods in external trade. Inadequate quality and packing also cause serious problems in that export trade.

Inadequate trade support service: Some of the major problems related to trade support services are lacks of logistics and transport services, international price and trade information; export marketing services; and export financing support (e.g. higher collateral and interest rates, etc)

Non – conducive government policies: Exporters must face lengthy administrative procedures ineffective incentives (like duty drawbacks) , unfriendly labor policy, inappropriate export tariff etc. These problems have involved extra cost to garment exports from Nepal.

Difficulty of access to foreign markets: Nepalese garments are subject to tariffs and quotas in major market like the US. They face complicated rules of origin for preferential market access in the EU, and difficulty in complying with standard and technical regulation in the target markets sometimes.

Demand constraints: buyers are sometimes reluctant to accept Nepalese garments due to non – competitive price and unreliable deliveries as the lead time from the due of order to date of delivery is 120 – 150 days as against only 19 – 45 days in India.

Changing pattern in international trade: The pattern of international trade in textile and clothing has been changing due to the elimination of the MFA quotas Nepalese exporters are expected to face extensive use of non – tariff barriers in the post MFA clothing trade. They are also facing the trade diversion problem due to the US and EU policy of the special and preferential market access to particular countries and regions under the free trade agreement (FTAS) Pp 5 -6

- b. **A Major threat:** Apart from the implication of the WTO provision, the future of Nepal's garment trade would also be influenced adversely by the recent United States announcement to provide duty free access to clothing made in the developing nations of African and the Caribbean basin (see annex to learn more about AGOA & CBTPA). The United States, the single largest from the developing countries of sub – Saharan African and the Caribbean basin under the US trade and development act (USTDA) of 2000. Apparently, the Caribbean nation, such as Honduras, EL Salvador, Dominican Republic and Jamaica, are among the fastest growing suppliers of clothing to the US, after Mexico. Countries like the Dominican Republic, Costa Rica, Honduras and Guatemala are among the top ten exporters of clothing items that are of interest to Nepal exporters. In fact, the United States is clearly favoring suppliers in The US hemisphere and Africa at the cost of the Asian developing suppliers including Nepal. A gradual increase in the exports from these countries indicates a formidable challenge to Nepalese exporters to the American Market and would further marginalize Nepal's position in the international clothing trade (p-22)
- c. **Diversity markets and procedures:** Despite permission, liberalization of quotas may offer good opportunities to Nepalese garment exporters in developing country markets. It is very likely that they will be able to diversify their products to the developing countries, which have unilaterally reduced high tariff that they have been applying. Demand for garments in such countries is gradually increasing with rise in their per capita income, and consumers in such markets are relatively flexible regarding quality. There will be no quota barriers in such countries also, so Nepalese exporters can benefit from this if they are competitive enough. The chance of market diversification will depend upon how the buyer's specification is followed, whereas the development of own design and brands would determine the product diversification. An extensive study, however, may be required to achieve this goal

Nepalese exporters should concentrate on the Asian market that is rising rapidly in Textile and clothing trade. Asian market can be important because of a demographic status and rise in their per capita income over time, intra – Asian trade in textiles and clothing is the second largest after Europe. Nepal should eye on the Indian market as an immediate market diversification goal. HMG should focus on the possibility of The Indian market for Nepalese garment while dealing with the Nepal-India trade arrangements (Pp 36-37)

Some of the extremely related parts of the study were included here

- a. **Performance Appraisal:** Relatively low cost of labor will be the key advantage to Nepalese apparel producers in the liberalized system. However, lower worker productivity will offset the advantage of Low wages. The labor productivity in garment industry in Nepal is about 60 – 70 % that of Chinese workers, who are considered the most productive in the world. The suggest for investment in productivity enhancement with application of latest technology and fashion urgently. At the same time it is also required to overcome the internal bottlenecks, related to supply constraint, high transaction cost, lack of quality and inadequate infrastructure to sustain in international clothing trade after 2004.

The country's overall apparel export performance is largely determined by the export to the US. Overtly depended on One single market and the minuscule export shares by the other two major exports destinations: Canada the EU, had subjected to High volatility. Although modest the EU looks promising as the annual average shares has remained about one – tenth of the total export, and has been at increasing rate in later years, which could be mainly because of The duty free market access to Nepalese apparels under the Generalized system of Performances (GSP) under the EBA scheme of the EU. The facility of derogation from the EU GSP rules of origin since 1997 has to some extent encouraged Nepalese exports under the GSP scheme. Unlike that the export to Canada does not look that encouraging, despite the GSP privilege (Pp 4-5)

- b. **Changing patterns of apparel trade:** Bearing the production efficiency and policy flows, Nepalese traders should perceive the changes taking place in The global trading environment if they wanted to retain their position even in Post MFA, which is going to be one of The biggest transformations in the apparel trade history. In a quota – free trade, Nepal's strength of a guaranteed market access in the US will perish, and that will apparently turn into a tough competition. Since the country has never faced the quota constraint, the determining factors for its survival in the quota free trade will be the competitive product pricing with the efficient delivery system. If that would be a decisive factor, Nepal has nothing to gain from the quota phase out . The gainer of the trade would be the country having capacity to manufacture apparels in "vertical" production or to make from yarn to fabrics and to fashion in order to trim the cost of production efficiently. Since the apparel industries in Nepal are confined to the cut make – trim (CTM) process they wouldn't be That effective to slash chain to face stiff competition, reducing the global apparel prices unprecedentedly (p – 6)
- c. **Price:** It is necessary to understand that the advantage of lower wage would be not sufficient to offset other costs to be price competitive. Although wages in least developed countries (LDC), Like Bangladesh is 20 -30 % lowers than in china, for example, wage costs are only 10% of the cost of a garment making the wage advantage insufficient to offset other costs disadvantage relating to production and exports. Like Bangladesh, Nepal is also endowed with a pool of cheaper labor for garment manufacturing, which seems to be insufficient cost advantage to surmount the existing higher production and delivery costs now estimated to be about 25% higher than neighboring countries. Yet the labor component still matters in developed countries where labor cost is relatively at large portion. In finance, the labor costs is 50% of the total costs as against less than half in Portugal and only one – third in china . Even with customs levies and transport the shirt from china would therefore cost little more than half the shirt made in finance (P – 9)
- d. **Post MFA preparation:** Keeping all these possibilities aside, it is inevitable that the Nepalese garment sector should get prepared itself to face the intense competition in the quota – free trade, either by trimming the costs or by delivering the international fashion requirement. This is possible only if the industry get consolidated to a larger scale of Production with the technology up gradation and procedural implication assuring a full package of Production and service to foreign buyers. Comparative advantage to

Nepalese apparels will largely depends not just on cheap labor but on a workforce that is both relatively cheap and technologically skilled, seeking increased investment in training and skill development for the future and drawing on the latest information technologies and marketing system. Unlike the buyer- driven on the latest information technologies and Marketing system. Unlike the buyers – driven commodity chain (i.e. the buyer practice of instructing where to Buy and source fabrics and ancillaries) followed by Nepalese manufactures, it would be required for them to develop their own supply chain to improve their competitiveness in the future. It would be important for Nepalese manufactures to have flexibility in sourcing for securing fabrics from the cheapest source with the quality and design, meeting the buyer's expectation. Such kind of practice will gain momentum in sourcing of materials for optimization. Even the Indian garment industries, which are relatively efficient, are thinking over sourcing linen from china, where "fabrics can be as much as 30% cheaper than India"

On the other hand, the distribution channel in the post MFA will be shorter. That means Nepalese exporters would require direct marketing network and Manage supply-chain to gain markets on their own. To meet all these requirements it would be essential for garment industries to aim at vertical production base with the efficient trade infrastructure, providing a full package of manufacturing and delivering system. Although most of These activities are directly concerned to individual industries, the stable government policy is indispensable to consolidate the production and delivery system in an integrated way. One of the measures that the government can more precisely take could be developing an industrial cluster, focusing on the entire production and delivery system at a specified place to reduce cost and delivery time expeditiously (p22)

2.14.2 Review of Unpublished Literature (Unpublished Theses)

Several Theses works have been conducted by various students regarding the various aspects of Nepalese RMG industry. Some of the relevant studies are mentioned herewith:

- Pushpa Raj Adhikari (1995) has conducted a study entitled "ready made garments industry in Nepal ("past, present and future") with the objectives of:

Basis objective: To find out the problems faced by the garments industry right at the moment and the contribution made by this sector to economic development.

Other objectives:

- a. To show the trends of development of readymade garments industry in Nepal.
- b. To examine the role of garments industry in revenue and employment generation.
- c. To study the impact of GATT on readymade garment industry.
- d. To find out the problems faced by the garments entrepreneurs and to provide suggestions for remedies.

The study was carried out by the following methodology

The study was based on survey method. It was primarily descriptive one.

Data collection: Both primary and secondary sources of data have been used. For the primary data, field survey has been done and for the secondary data, publication of different governmental and non-governmental institution was used.

Out of 100 operating units, 50 units were selected as sample size. Among 50 units, only 30 units i.e. 60% of sample industry responded. Purposive sampling has been used for the study.

The major findings of the study are as following

- Foreign currency earner this industry, occupied second position in the overseas export, was initiated in Nepal a decade ago by Indian exporter was primarily based on imported raw materials and covered 90% share in quantity and value of export. Most of the ready made garment export is done through agents with none or very little direct contact with the main buyers.
- Although the international market for ready made garments is unlimited, the Nepalese garment industry has not been able to fulfill even a limited number of US quota allocated to Nepal. The production of ready made garments mostly depends on the demands of the Indian middlemen (buyers and exporters).
- This industry has used Indian technology and piece rate system in garments marketing. Industry has produced and exported the basic garments only.....
- Indian employers highly paid and skilled person not easily available in Nepal were more efficiency and productive than those of Nepalese employees. They were very much sincere about their work and were very much discipline and did not create problem by labor unionism.
- Due to lack of capital and direct contact with main buyers i.e. Lack of marketing tie ups, most of the Nepalese entrepreneurs could not transform the piece rate system,i.e. Production process, into assembly line or chain system. Risk taking ability was lacked in Nepalese entrepreneurs. By using the assembly line production system, which could make high quality and quantity of high fashion garments could minimize over dependency upon India.
- Most of the garment entrepreneurs were not satisfied with the government policy.
- Garments entrepreneurs were very much serious about the impact of GATTs new provision of phasing out of multi fiber arrangement (MFA) within a period out of 10 yrs starting from 1st Jan 1995. Joint effort should be made immediately between the government and the entrepreneurs sector to minimize the impact or to gain as more as possible from the GATTs new provisions.

The problems faces by this industry were as follows

a. Problem regarding labors

a. Lack of skilled manpower

iii. Lack of proper labor law to regulate production process

b. Problem regarding import of raw materials

i . Government policy, i.e. Fabrics must be imported under letter of credit, was not favorable to Nepalese entrepreneurs because they couldn't use the credit facility from the fabric

supplier. Under this policy, commission should be given to basis which automatically increases the cost of product.

- ii. Swatches matching system of custom was impractical. This system sometimes created great problems due to misplacement or mishandling of the swatches by which entrepreneurs had to pay the import duty of fabrics with penalty.
- iii. Release of bank guarantee taken for the import of fabric is impractical.
- iv. There is no provision of L/D in US dollars for the import of raw materials from India. If Nepalese exported could give L/D in US dollar for the import of raw materials then Indian raw materials supplier could offer cheaper price compared to L/C in Indian currency. This was because: Indian supplier can get incentive from their government for export in US dollars, which ultimately reduce the cost of product.

c. Problems regarding the use of Nepalese fabrics

- i. There was no needed supply and variety in colors and quality of fabrics to be used in garment industry. The cost of local fabrics was high compared to imported fabrics. Government had imposed various taxes and duties to Nepalese textile industries by which their product was costlier compared to imported fabrics.

d. Problems regarding policy and tax

- i. Lack of clear –cut government policy regarding garment industry.
- ii. Time to time changing policy for quota distribution creates the uncertainly the production of garments.
- iii. Lack of clear-cut tax policy which sometimes create harassment of the entrepreneurs.
- iv. Provision of high rate of export duty and high rate of visa fees.
- v. Provision of sales tax on local fabrics and other raw materials.
- vi. There is no needed representation from the private sector in framing the policy and program of the government.
- vii. There is no up to date profile of RMG of Nepal.

e. Problems regarding export procedures

- No clear –cut fixation of working hour in custom office was created sometime very serious problems. This created sometime the refusal of consignment from the buyers showing the cause of late delivery.
- Provision of royalty to be paid to RNAC in case of freighter service by foreign airlines for the delivery of cargo.
- Lack of promotional activities for the export of RMG abroad.

f. Problems regarding technology

- Production system was still based on traditional Indian technology.
- There was no product specialization for the production of quality garment.

g. Problems regarding dry container service.

Till now there was no Provision of dry port or container services in Nepal's land because of which shipment of goods by land & sea is not reliable and prompt that raises the cost of product and timely delivery remains unfulfilled.

h. Problems regarding finance

- There was no proper financing system in this sector. Till now there was no provision for long – term credit (loan) facility for the promotion of the RMG industry.

i. Problems regarding marketing of the producer

Most of the garment exporter did not have direct contact with potential buyers abroad. Marketing of Product is mostly done through Indian agents.

j. Problems regarding impact of GATT (WTO)

Till now no precautionary action or activity had been done to Minimize the impact of GATT's new provision (i.e. Phasing out of MFA) On RMG industry.

Recommendations of the study are as follows

a. Regarding labor

- i. There should be the establishment of training institute to train the manpower according to the need of garment industry.
- ii. There should be the provision of on the job training also.
- iii There should be the provision of proper punishment for the labor that hampers the production process.

b. Regarding import of raw materials

- i There should not be compulsory provision of L/C to import raw materials under bonded warehouse facility.
- ii. Swatches matching system of custom should be based on quality of fabrics rather than color wise.
- iii. Release of bank guarantee should be based on export of imported fabrics rather than to base on payment receipt from abroad.
- iv. There should be the immediate provision for ther revolving bank guarantee for the import of raw materials.
- iv. There should be the provision of bonded warehouse facility for all kinds raw materials imported from Indian and third countries.
- v. There should be the provision of time L/C (90days,60 days) for the import of raw materials from Indian and third countries.

c. Regarding use of Nepalese fabrics

- i. To make competitive in price there should be the provision of exemption income tax, sales tax and excise duty for Nepalese fabrics be used in garment making.

d. Regarding policy and tax

There should be the clear –cut policy regarding garment industry.

- ii. Abolishment of export duty and reduction in visa fees are needed.
- iii. There is the need of proper representation from the private sector in framing the policy and program of the government.
- iv. There should be the publication of up to date profile of RMG industry in Nepal.
- v. There should be the simplification of the bureaucratic procedure in order to increase the efficiency of the industry and timely assistance when needed.

- vi. Implementation of the policy and program regarding the establishment of a separate export promotion zone and rehabilitation of the export oriented RMG industry units within that zone.

e. Regarding exports procedures

In view of sensibility of apparel business, custom clearance should be easy and prompt.

- i) Abolition of royalty to be paid to RNAC in case of freighter service by foreign airlines is essential for the export promotion and timely delivery of the consignment.
- ii) Establishment of dry port or container service available in Nepal's land is essential for the shipments of goods by lands and sea.

f. Regarding technology

- Production system should be changed from piece rate systems to assembly line system.

g. Regarding finance

- Financial institutions should support this industry.

h. Regarding marketing of product

- To make the marketing strategy effective there should be a proper market information system.
- Market should diversify from US to other countries.
- Product designing should be based on the demand of the particular country.
- GAN should lead as an advertiser
- Nepalese entrepreneurs should be provided opportunities to participate in the international textiles and garment fair.
- Arrangement should be made for the trade visit to the Nepalese entrepreneurs for the direct contact with the potential buyers abroad.
- Feasibility study should be conducted by experts for the market diversification.
- Encourage joint ventures with foreign investors to top the market very efficiently.

i. Regarding ancillary industry

- There should be the encouragement for the establishment of modern textile industry, which can produce suitable cloth required for garments export. This can be done in collaboration with India or Pakistan or any other friendly country and all garments industries of Nepal should be made shareholders of the textile industry.

Marina Adhikari (1999) has conducted a study entitled " Integration of MFA into WTO : its implication on Nepalese Readymade garment Industry " with the objectives of :

- a. Examine the status of garment industry in Nepal.
- b. Analyze the different facets of multi –Fiber arrangement (MFA)
- c. Assess the factors affecting comparative advantage of garment industry.
- d. Identify major problems of Nepalese garment industry and to develop appropriate measures to survive in the competitive market.
- e. Examine the major implications of integration of MFA into WTO on Nepalese garment industry.

The study was carried out by using the following methodology

The study has based on survey method to attain defined objectives. it was primarily descriptive one .

Date collection: Both primary and secondary sources of data have been used in the study. Questionnaire and interview (top level manger and employers) were the tools used to collect data from the primary sources while data from the secondary sources were us follows:

- Ministry of Finance (MOF) Trade promotions centre (TPC) Nepal Rastra Bank (NRB), Garment association Nepal (GAN), Federation of Nepalese chamber of commerce and industry (FNCCI), Central Bureau of statistic (CBS) and Ministry of Commerce (MOC).

Out of total 50 operating units only 30 units were selected as a sample size. Among 30 sampled units only 20 units i.e. 67 percent sample industry responded.

The major findings of the study were as follows

- USA in the major importer of Nepalese RMG with 90 percent of share.
- The integration of MFA into the WOT can result in significant net trade wins for developing countries including Nepal. Elimination of the MFA, trade in textile and clothing products would tend to gravitate back to large exporters like India, China or Far East. LDC like Nepal might face some problem staying in Business.
- Before integration into MFA, Nepalese government has to improve its comparative competitiveness among other competitors.
- The numbers of registered industries are decreased from 1400 units. 1995 to only 300 units in 1998. Out of them only 70-80 units are running its business regularly.
- Although there are majority of small-scale industries, there are also few and big scale industries. On an average, per industry has 60 sewing machines and the biggest fixed capital investment is more than 200 millions.
- Nepalese garment industry actually has a good. Prospects however, government has to form various promotional policies regarding the garment industry in Nepal.

The problems and constraints regarding the growth and promotion of the RMG as pointed out by this study are

- Insufficient incentives and facilities.
- Lack of skilled labor and technicians.
- Lack of qualitative fabrics and other raw materials.
- Lack of conducive government policies for supporting the garment industry.
- Absence of direct contact of the Nepalese entrepreneurs with the buyers/importers of the third countries.
- Lengthy bureaucratic procedures and problems in seaport.
- Lack of dry port facility.
- Indifferent and uncooperative attitude and behavior of the concerned authorities as well as unwillingness on the part to sender services to the industries.

Finally, the study recommends that if this industry is to continue as one of the leading sectors of exports of trade, a substantial incentive package has to be provided to the promote of this industry and policies have to formulate accordingly. The industry is already in critical situation

because of phasing out of MFA. If we cannot improve our garment, then it will be collapsed. Following measures are suggested in the study:

- Improvement in labor laws and provision for skill development.
- Need for a clear and consistent government policy.
- Improvement in transportation facilities.
- Incentives to indigenous producers to establish textile industry. Need for improvement in Technology.
- Establishment of fashion school Improvement in marketing facilities.

Dr. Ram Krishna Shrestha (2001) has conducted a study entitled "marketing strategies in textile industry of Nepal" with the objective of:

Basic Objective: To evaluate the marketing practices and strategies being followed by Nepalese textile industries.

Complementary objectives

- a. To identify the existing marketing system and strategies adopted by Nepalese textile industrialist
- b. To find out, assess and evaluate the nature of marketing strategies of the textile industries.
- c. To identify marketing problems being encountered by the industry.
- d. To recommend appropriate marketing strategies to the industry and suggest measures for development.

The study was carried out by using the following methodology Research Design.

The study was based on survey and analytical design to attain defined objectives. Inferential and statistical analyses are done to support the survey.

Data collection

Both primary and secondary sources of data in the study. Questionnaire and interview were the tools used to collect data from the primary sources while data from the secondary sources were as follows:

1. Office records, publication, annual report, economics survey, journals and magazines and both published and unpublished books/reports.
2. Reports and studies related to concerned industries.
3. Records and Reports of Ministry of Finance, HMG/N.
4. Various publication, books, journals, newspapers and Report.

Out of the total 134 textile industries of spinning weaving category, 44 textile industries were selected as sample size. These 44 textile industries represent small, medium and large-scale textile industries.

Major findings of the study were deduced from the study

a. Goals

i. Most of the enterprises have myopic vision and do not consider broad industrial and national perspectives.

ii. The enterprise has given high performance to profit and low importance to service to the consumers. It further shows the lack of proper concern of the textile industry in Nepal towards the consumers and the market.

The enterprises did not give much priority to build up sound organizational capabilities. Their management also was not good and effective.

b. Planning

- Most of the responding enterprises have short term planning only. They may be conveniently termed as shortsighted.
- The enterprises did not evaluate their competitor's plans and policies. Factors of marketing mix were not found to be adequately considered.

c. Strategies

- The enterprises were found to be engaged in the evaluation of the strategies and policies, which were in general, rated not very satisfactorily. Strategy formulation further was not rated to scientific and satisfactory. The total strategy formulation exercises were lacking. It appeared to be inefficient not transparent.
- Review of strategy and policy were found to have been done regularly. The enterprises were found analyze their strength and weaknesses annually but it showed lack of clarity. Market competition is strong but strategy did not appear to be capable enough to meet the situation.
- Marketing management may not be systematic and effective in Nepalese textile industry because of the implementation part of poor marketing strategies and policies in the view of general manager.
- The general Manager observed that the production capacity was reported to be strong but agreed that their marketing aspect was weak. It reveals that the enterprises have not given due attention to marketing and markets.

d. Environment

- Political and economic environment were not rated to be favorably .Technology has not been accord high priority. Competition has not been considered as major issue.
- Employed technology was not compatible with the market.
- The prevalent market situation was reported to be very competitive.

e. Human Resources

- The enterprises were reported to be deficient in professionals. The implementation of the plans and program was generally found to be ineffective. It indicated that management was poor in the textile industry of Nepal.

f. Products

- The enterprises appeared to be adopting trial and error approach to introduce new products. They did not appear to have made adequate market studies.

- They did not have proper system of keeping information and evaluating it about the products.
- They did not have any strategy to improve technology to produce quality product.
- The enterprises did not appear to know the market and real market to fulfill the product need.
- They apparently had not developed any mechanism to understand and assess the market demand.
- They did not have strategy for introduction of new products nor for withdrawing the old ones.
- They did not appear to be adopting any branding strategy.
- Consumers were perceived as highly conscious of price and quality of the products, but the enterprises did not appear to have any concrete strategy to meet them.

g. Price

- The enterprises did not appear to give due importance to other pricing strategies rather than cost – plus .Their pricing strategy may not be appropriate as per the market situation .The enterprises have concentrated or given emphasis on cost only.
- Competitors and consumers influenced pricing decisions .It showed that enterprises undermined the internal factors that affect pricing of the products. They were found to be reviewing pricing annually but were not able to satisfy consumers.
- The enterprises have adopted mixed pricing strategy i.e. higher pricing for new products, moderate price for established products and low pricing for declining products, to suit different kinds of consumers but did not seem to have worked properly in this direction .
- The enterprises have not adopted appropriate pricing policy strategy to face competitors pricing strategy.
- Pricing policies adopted by the enterprises may not be suitable and functional.

h. Distribution

- The enterprises, found to consider control in market and access to market while selecting the market, have appointed dealers for distribution of their products. The channel costs were to be satisfactory and effective.
- Available channel has been rated to have access to total potentials market for their products. Still, the market is not found to be good.
- The products were also directly distributed by the enterprises .It showed competition with distributors It may not be considered a good proactive.
- Distribution strategies in the industry were poor.
- The textile industry did not appear to segment market properly. It also showed that they do not seem to understand the benefits and significance of market segmentation.

i. Promotion

- The enterprises did not use the most powerful tools of promotion advertising and sales promotion, radio, TV door to door campaign were major promotional tool to have been used by enterprises.
- The promotional tools being adopted by the enterprises were rated to be effective. it indicates that they really may not have understood the market and the textile products as the industry appear to be fast declining.

- Majority of the enterprises did not at all allocate budget for promotion. It showed that they did not understand the importance and effectiveness of market promotion.
- Most of enterprises undermined the importance of training of their sales force.
- The enterprises did not appear to be ready to change the mode of promotional tools.
- The enterprises received market information from middlemen and customers. They did not conduct market research nor did they appear to have understood its importance.
- The general manager observed that customers were poor in product knowledge. It further proved that they were not effective in market promotion and may have a problem not understanding their customers.
- The enterprises did not have a promotion strategy as such, and marketing and promotions appeared to be the weakest areas.

j. Conclusion

- The marketing strategies of the industry were found to be weak in view of the existence of differences in the views of the general managers and the marketing managers in key areas.
- The statistical tools proved that the industry is declining.

It may be concluded that the textile industry in Nepal has been adopting mostly traditional approaches and does not appear to be taking necessary initiatives to redress the declining position of the industry.

Recommendation of the study as follows

- The textile industry should clearly identify its goals and formulate strategies in accordance with the changing environment and market.
- Goals and objectives must be reviewed and evaluated periodically in order to ascertain whether or not they are properly defined and suited to the changing market environment and competition. If necessary, modifications and amendments must be made in good time.
- The enterprises should give more emphasis on marketing strategy to meet the complex situation.
- RD should be conducted on a continual basis to understand the market. Competitors' plans and programmes should be studied before formulating own plans and policies.
- SWOT analysis should be regularly done.
- The technology should be appropriate to meet market needs and competition. It should focus on how to improve and meet the market needs.
- Professionals and expertise should be used for designing marketing policies, strategies and programmes. There is a big gap in understanding the customers and the markets.
- Market surveys should be done before the introduction of new products in the market. The changing consumer needs should be identified for proper designing of production. Market needs must be assessed regularly, not on an ad-hoc basis.
- Both national and int'l competitors' marketing strategy should be studied and monitored.
- Pricing strategy must adopt marketing-oriented pricing strategies, which should be reviewed and adjusted according to the change in the market.

- Distribution channel should be reviewed and evaluated from time to time and corrective measures should be taken if needed. Appropriate channels suitable to the product and markets should be appointed in order to supply products regularly and effectively. The channels must be changed if they do not work effectively.
- Appropriate promotion tools should be used and they should be evaluated periodically. The enterprises must design appropriate promotion tools, methods and media to promote product.
- Market segmentation should be appropriately and timely done to capture the market. Market segmentation should be done on the basis of consumer diversity, market structure, price, income level, and sociological characteristics and versus rural consumer behavior.

MKIS should be adopted to know customer's feedback and to position the products properly. The MKIS should concentrate on market situation, competitor's position and marketing strategy.

2.22 Research Gap (Difference between the current Research and Previous Research)

There is gap between the present research and the previous researches. Previous researches conducted on the topics concerning on the macro economic aspects. Most to the study were based on trade aspects rather than marketing aspects. The findings of the previous researches were mostly based on secondary data. Most of the previous researches didn't disclose what kinds of marketing strategies should be implemented in Nepalese RMG industry. Thus to fill up those gap the current research is conducted. This research is a survey type of research. It is completely based on the primary sources of data. It examines the view of entrepreneurs about the marketing strategies, competitive situation of Nepalese RMG industry, implementing condition of marketing strategies by the industry. Probably this might be the first research study carried on this topics regarding on Nepalese RMG industry.

CHAPTER –III

RESEARCH METHODOLOGY

3.1. Introduction

In the chapter, efforts have been made to present and explain the specific research design for the sake of attaining the research objective. It includes research design, source of data, population and sample data gathering procedure and data processing procedures.

3.2. Research design

Data were mainly collected from primary sources. Primary data were collected through questionnaire, interview and discussions.

3.3 Sources of Data

Data were mainly collected from primary sources. Primary data were collected through questionnaire, interview and discussions.

Population and sample size

There were total of 155 (according to GAN) garment units. Among them, more than 90% were operating in KTM valley. Out of them only 25-35 were found to be in operation at the time of survey. For the purpose of survey, those industrial units, which were in operation during the survey period, were accounted, hence, out of Total operating units only 10 units (3 units from small scale, 4 units from medium scale and 3 units from large scale) were selected as a sample size. Purposive or judgmental (non probability sample) was followed to find out the fact and to analyze the marketing strategies of Nepalese RMG industry.

3.4 Data collecting instruments

Primary data was collected by using the questionnaire. The set of questionnaire was distributed to CEO, MD and marketing manager or entrepreneurs of the selected industries. Interviews were also conducted with the few executives and managers in order to acquire in depth information and support the survey for the stud.

3.5. Components of Questionnaire

The questionnaire prepared for data collection contained questions related marketing strategies. They also inquired about the background information of industries, objective, business polices, market situations for the product, organizational and managerial competitive strategies, external and internal business environment and planning and implementation of the industries. The questionnaire included three types of questions, closed ended scaled and preferential rating. In closed ended question, appropriate alternatives were given to enable the respondents to make simple but correct choices. In the

scaled questionnaire, five point scale was given in ranging from 1 (most favorable) to 5 (most unfavorable) and in the preferential rating questionnaire, number 1 was given for most preference, number 2 for second most preference and so on. The questionnaires were included in the annex.

3.6 *Questionnaire Administration*

The questionnaire was administered to the CEO, MD, marketing manager or entrepreneurs of the selected industries. Personal interviews were also taken for clarifications of information. Personal visits also made during the study periods. Personal visit was made to have direct contact with the interviewees so that more information and data could be collected and relative accuracy ensured.

3.7 *Data processing and Tabulations*

Primary data were processed and tabulated as per the need of the study. The computed mean scores (M.S) could range from 1 to 5. 1 has been interpreted as favorable and 5 as unfavorable. However, the score range from 1-5 was given. The range has been interpreted in the following ways;

1.00 to 2.5	Favorable (Maximum)
2.5 to 3.5	indifferent (Moderate), and
3.5 to 5.0	Unfavorable (Minimum)

Percentage of response was also incorporated.

3.8 *Data Presentation and Analysis*

3.8.1 *Survey*

The information received is described in the study. Percentage and mean scores were computed and the results interpreted.

3.8.2 *Statistical Analysis*

Chi – square (χ^2) test was used to measure the degree of relationships and differences in the relevant sections of the primary data.

CHAPTER – IV

Presentation and Analysis of Survey Data

4.1 Introduction

The basic objective of this study is to "analyze the marketing strategies in Nepalese RMG industry to find out the pertinent strategies for suggesting the entrepreneurs and trying to seek out the way of saving the existence and increasing the competitiveness of "Nepalese RNG Industry". Hence, in order to identify the nature of marketing strategies, the existing status of marketing and their attitude towards market, a survey of RMG industry was made. In each RMG industry, the CEO, MD, marketing manager, export managers or entrepreneurs were interviewed using structures questionnaire included in the appendix "A" The result of the survey are presented here under:

Table: 4.1
Effectiveness of Marketing strategies and policies

S.N.	Factor	Mean
1	Effectiveness of marketing strategies and policies	2.9

Source: field survey

An attempt has been made to rate the effectiveness of marketing strategies and policies. The assessment of effectiveness of strategies and policies help an enterprise to take necessary steps to further develop or rectify them. The executives rated the effectiveness of their strategies at the mean score of 2.9. It shows that effectiveness of marketing strategies and policies is neither very satisfactory nor of much consequences. Moreover the study reveals that the executives did not give due attention to proper formulation of their marketing strategies and policies. It is ironic that they do realize the limitation of their strategies but have not initiated effort to correct them.

Table: 4.2
Timing of Analysis of Marketing Strategies

S.N	Factor	No of Respondents	Percentage
1	Annually	2	20%
2	At the time of formulating Plan	1	10%
3	No fixed Period	7	70%
Total		10	100%

Source: Field Survey

Generally business organizations analyze their marketing strategies time to time. The analysis of marketing strategies of an organization is conducted to complete the competitors and to increase the competitive position of the organization. 20 percent respondents started that they analyzed the marketing strategies annually. 10 percent of the respondents stated that they analyzed the marketing strategies at the time of formulating plan. 70 percent of the respondents stated that they analyzed it any time. It shows that analyzing the marketing strategies is neglected by Nepalese RMG industrialists. They don't have any rule of frequently reanalyzing the marketing strategies. Due to very reason, except the WTO provision, sales of Nepalese RMG industry might be decrease by 41 percent in present time.

Table: 4.3
Achieving the desire objectives only through the marketing strategies

5	Factor	No of Respondents	Percentage	Mean
1	NO	4	40	-
2	Yes	6	60	2.83
Total		10	100	

Source: Field Survey

Without proper and appropriate marketing strategies, no organization can achieve the desired objectives. Despite other factors, marketing strategy is one of the important factors for any business organization. Out of 10 respondents, 4 respondents or 40% are not agree to achieve desired objectives only through marketing strategies but 6 respondents or 60 percent are agree to achieve desire objectives only through marketing strategies and they have rated it at the mean score of 2083. Although most of them are agree with the above statement, they have not given more emphasis about the marketing strategies only. It is inferred that other factors (e.g. conducive govt. policy, attitude of buying countries, WTO provision and competitors activities etc.) have played the crucial role whether to achieve the desire objectives or not.

Table: 4.4
Overcoming almost all the problem that industry faces in the quota free market by pertinent marketing strategies.

S.N	Factor	Mean
1	Overcoming almost all the problems that industry faces in the Quota free marketing by pertinent marketing strategies	3.0

Source: Field Survey

Pertinent marketing strategy is one of the important activities of the business organization to overcome the problems and to make the competitive position of the organization. Most of the organizations face the problems because of poor marketing strategies, so pertinent marketing strategy is must. The executive rated the pertinent marketing strategies to overcoming almost all the problems that industry faces in the quota free market by the mean score of 3. It shows that they are neither agreed nor disagreed with the above statement. It is also inferred they have pointed out the other factors which is mentioned in preceding table.

Table: 4.5**Need approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment**

S.N	Factor	Mean
1	Need approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment	2.4

Source: Field Survey

Business organization is a dynamic entity and it is existed in a rapidly changing and increasingly unpredictable environment. Static approaches or only one approach cannot be suitable for today's vast environment. So, for thriving and surviving in today's rapidly unpredictable business environment, it is necessary to copying rapidly unpredictable business environment strategically. The executive rated it at the mean score of 2.4. It shows that they have quite positive attitude towards the above statement. They felt the necessities of effective strategies in today's business environment.

Table: 4.6
Product Strategies

S.N	Factor	No of Respondents	Percentage
1	Product expansion with increasing product	1	10
2	Product expansion with decreasing product	-	-
3	Product contraction with increasing product	-	-
4	Product contraction with decreasing product	-	-
5	None of the above (as per the buyers requirement)	9	90
	Total	10	100

Source: Field Survey

Among the various product strategies, here the researcher mentioned 4 product strategies. Out of 10 industries, only 1 or 10% industry has adopted the "product expansion with increasing product items" strategies and 9 or 90% industries have not adopted any product strategies. They depend on the requirement of merchandiser. The study reveals that they have poor product strategies. The future of this industry is uncertain because of heavily depending on merchandisers. It implies that they have poor market power in terms of product.

Table: 4.7
Price adaptation strategies

S.N	Factor	No of Respondents	Percentage
1	Geographical Pricing	-	-
2	Promotional Pricing	-	-
3	Discriminatory Pricing	-	-
4	Negotiating Price with buyers	10	100%
Total		10	100%

Source: Field Survey

Pricing is one of the critical variables in the marketing mix. Many regard pricing decision as one of the most critical decision. The role of pricing may often depend upon how other marketing mix variables are used (Cravens, 1982:307). Organization should consider the other marketing mix variables and the situation of market and the behavior of customer to adapt the pricing strategies. Out of 10 respondents, all the respondents didn't adopt the price adaptation strategies. The all have adopted the negotiating price with buyers (Agents). The study shows that they don't have any price adaptation strategies. This implies that they have poor market power in terms of price.

Table: 4.8
Distribution strategies

S.N	Factor	No of Respondents	Percentage
1	Exclusive Distribution	1	10
2	Selective Distribution	1	10
3	Intensive Distribution	-	-
4	Distribution through Agents	8	80
Total		10	100%

Source: Field Survey

Distribution is to get the products in adequate quantities in accessible location at the right time when customers desire them. Distribution is also to Link producers with ultimate consumers. Marketing channel are the paths, goods-and title to link producers with ultimate consumers. The pathways consist of intermediaries. Distribution is a very important function which helps the ultimate attainment of the purpose of production by linking the producers with the consumers. Products can be distributed by exclusively selectively of intensively. Regarding this, 10% stated that they distributed extensively, 10% stated that they distributed selectively. No one stated that they distributed intensively. But, 80% stated that they distributed through the agents. The study shows that very few industries have distributed the products through their own effort. But the large numbers of industry have distributed their products through the agents. It reveals that they don't have market power in terms of distribution.

Table: 4.9

Promotion strategies

S.N	Factor	No of Respondents	Percentage
1	Consumer Promotion (Pull Strategy)	2	20
2	Dealer Strategy (Push Strategy)	5	50
3	None of the above	3	30
Total		10	100%

Source: Field Survey

The main objective of promotion is to make consumers aware about the product. Promotional efforts include activities such as advertising, personal selling, publicity and a multitude of others such as fairs, sampling, contests and coupling. Anonymous (1977) defines promotion as " the function of informing, persuading and influences the consumer's purchase decision." Anonymous (1981) in this connection opined that "marketing must speak to the consumer's rationale side about product advantages. They must cater to the consumer's emotional side and drive home the sale through the physiological senses. The goal is to make the consumer happy.....through the purchase of his product. Among the promotion strategies, there are two promotion strategies i.e. consumer promotion and dealer promotion. Out of 10, 2, or 20% industries have adopted consumer promotion strategies, 5 or 50% industries have adopted dealer promotion strategies and 3 or 30% industries have not adopted any promotion strategies. The study shows that few industries have been doing promotion directly to the consumer. It implies that they have direct contact with consumer and which may be beneficial for their business in future. The large numbers of industries are promoted through dealers (Agents) It implies that they don't have adequate market power in terms of promotion. Remaining industries don't have any promotion strategies. They have poor market power in terms of promotion.

Table: 4.10

Evaluation of external Environment for the Operation, growth and Expansion of Enterprises

S.N	Factor	No of Respondents
1	Political	4.7
2	Economic	4.1
3	Socio-Culture	2.3
4	Technology	2.7
5	Competitive	4.0

Source: Field Survey

External environment plays a vital role in the smooth operation, growth and expansion of enterprises. If external environment is not suitable and conducive, the organizational goals and objectives can't be fulfilled. Therefore, changes in the firm's environment must be constantly monitored and if they suggest basic modification to policy, these should be given every careful consideration. Marketing environment is important in that it provides the enterprises basic guidelines in the course of attaining conceived goals. The political

environment is one of the components of marketing environment. The response to political environment has been rated to the mean score of 4.7 showing extremely unfavorable environment for the industry. Economic environment plays a vital role in designing marketing strategies. The executives rated the mean score of 4.1 showing extremely adverse environment for industry. Socio-culture environment include many aspects of society and its various constituents, such as attitudes, beliefs, desires, expectations, education, customs, demographic components, role of women and view towards themselves, society and Nation. The executives rated the Mean score of 2.3 showing favorable environment for the industry. Technology brings innovativeness. Science has invented many sophisticated technologies. These technologies have been adopted by today's business and industries. The technological environment was rated at the mean score of 2.7. This shows that industries have given high priority it. Another crucial external factor is competition. Because of globalization and liberal economic policies, the level of competition in the Market is increasing at a phenomenal pace. The enterprise must always be able to go along with the nature and the level of competition. One can stand in the business world when it can meet the challenges. In this regard, the respondents rated response at the mean score of 4.0. It reveals that the strong competitors are existed in the market and rivalries among competitors are very high.

Table: 4.11
Important strength and weakness of enterprises

S.N	Factor	Mean
Strength:		
1	Production Capacity	1.7
2	Manpower	
3	Technology	2.5
4	Organization	2.5
5	Brand Name	4.2
6	Market Logistic	3.2
7	Marketing Information System	3.6
Weaknesses		
1	Financial Position	3.5
2	Marketing Problems	2.7
3	Skilled Manpower	3.2
4	Capital	3.7
5	High Cost Production	2.6
6	Slow Distribution	3.1

Source: Field Survey

Every business organization has some strengths and weaknesses. An organization can exploit the opportunities and overcoming or neutralizing the threats through its strength and by reducing its weaknesses. The executives rated the mean score of its strength factors as production capacity of 1.7, manpower of 2.4, technology of 2.5, organization of 2.5, brand name of 4.2 , market logistic of 3.2 and marketing information system (MKIS) of 3.6

respectively. They rated the mean score of its weaknesses factors as financial position of 3.5, marketing problems of 2.7, skilled manpower of 3.2, capital of 3.7, high cost Of production of 2.6 and slow distribution of 3.1 respectively. The study shows that the industries have more strength on product capacity and manpower, moderate strength on technology, organization and market logistic and the least strength on brand name and marketing information system.

Table: 4.12

Preference given by industrialist or executives to cope the adverse effect existed through (USTAD 2000) providing duty free access to clothing made of African and Caribbean basin countries by USA

S.N	Factor	Mean
1	Pertinent marketing strategies	1.6
2	Conducive govt. Policy	1.0
3	Lobbying the large importing countries (Specially the USA)	1.0
4	Strategic alliances with other countries	1.9

Source: Field Survey

To overcome the adverse effect existed in Nepalese RMG industry through the USTAD act 2000; the researcher has included the four major factors to know the preferential factors of executives or industrialist strategies, 1.0 for conducive or favorable govt. policy, 1.0 for lobbying the large importing countries and 1.9 for strategic alliance with other countries. The study shows that the industrialists have given top most preference to conducive govt. policy and lobby, second most preference has given to pertinent marketing strategies and the least preference has given to strategic alliances with other countries. It implies that they are surer of coping the problems through conducive govt. policy and lobby rather than implementing pertinent marketing strategies and strategic alliance with other countries.

Table: 4.13

Need of changes in Marketing Strategies

S.N	Factor	Present mean	Desired mean
1	Product Quality	1.4	1.0
2	Price Strategy	3.4	1.4
3	Extensive Promotion	3.6	1.9
4	Extensive distribution	3.2	1.9
5	Market Segmentation	3.2	1.6

Source: Field Survey

The changing environment induces an organization to change their marketing strategies. The study asked the executives to give their opinion as to what kind of changes in marketing strategies they have adopted and what they would like to adopt? The respondents were also asked to give their present status and desirable output of the marketing strategies. The

response shows that a mean score of 1.4 has been given for the present marketing. The response shows that a mean score of 1.0 for product quality. The respondents awarded the mean score of 3.4 for the present marketing strategies and the desired and desired mean score of 1.9 for extensive promotion. The distribution strategies also has been rated at the mean score of 3.2 and at the desired score of 1.9 followed by the mean score of 3.2 for present marketing strategies and the desired score of 1.6 for market segmentation. The prevailing product quality is highly satisfactory and executives want further improvement than before. Price, promotion, distribution and segmentation are below middle score. However, they desired significant improvement these components, too.

Table: 4.14
Focusing activities of industry

S.N	Factor	Mean
1	Heavily focusing their activities in international trade rather than international marketing	1.2

Source: Field Survey

Any export oriented business organization must focus its business activities in both. No organization can survive and thrive in long term without concerning both in today's competitive world market. In this regard, the industrialist rated the mean score of 1.2 showing their attention towards international trade. This indicates that international marketing practices are the neglected part of their business activities.

Table: 4.15
Rating of understanding competitors when there are many

S.N	Factor	Mean
1	Similar characteristic (Size and resources)	2.5
2	Strength (e.g. product quality distribution, low cost etc)	1.6
3	Strategies into strategic group	3.0
4	Country wise product	2.3

Source: Field Survey

To understand the competitors is one of the inevitable activities of business organization. Those organizations who can understand the competitors can make the effective marketing strategies and also can win the large market share or make strong position in the battle field. The researcher found that mean score of 2.5 was rated for and 2.3 for country wise product by the executives. The study shows that they have given more preference to understand the competitors by seeing in the strength factors of them. Second most preference has given to country wise product. Third most preference has given to similar characteristic and the least preference has given to the competitors, except similar characteristic and strategies into strategic group, in terms of strength factors country wise product.

Table: 4.16

Rating of Understanding the competitor's activities and status

S.N	Factor	Mean
1	Performance	1.5
2	Image and personality	2.2
3	Objectives	2.0
4	Current and past strategies	1.9
5	Organizational Culture	2.7
6	Cost structure	1.2
7	Strengths and Weaknesses	1.8

Source: Field Survey

Before understanding the competitors, organization should understand their activities and status. After understanding their activities and status, organization can make the effective marketing strategies for being market leader, follower or niche marketer whatever is suitable. Hence, for long term survival and thriving, understanding the competitor's activities and status is must. In this regard, the executive rated this aspect at the mean score of 1.5 for performance, 2.2 for image and personality, and 2.0 for objectives. 1.9 for current and past strategies, 2.7 for organizational culture, 1.2 for cost structure and 1.8 for Strength and weakness. The study present that they have given top most emphasis on cost, Performance, strength and weakness, current and past strategies, objectives, image and personality an organizational culture respectively. It also indicates that what they have rated is quite consequences except organizational culture (moderately)

Table: 4.17
Affect of competitive situation in enterprises

S.N	Factor	Mean
1	Affect of competitive situation in enterprises	1.6

Source: Field Survey

The executive rated the "Affect of competitive situation in enterprises" at the mean score of 1.6. It indicates that Nepalese RMG industry is extremely affected by the competition in the present time.

Table: 4.18
Ranking of major competitors of Nepalese RMG Industry

S.N	Country	Rank													
		1	%	2	%	3	%	4	%	5	%	6	%	7	%
1	India	3	30	4	40	-	-	3	30	-	-	-	-	-	-
2	Bangladesh	2	20	1	10	5	50	1	10	1	10	-	-	-	-
3	Sri Lanka	-	-	-	-	-	-	2	20	1	10	6	60	1	10
4	China	3	30	4	40	2	20	1	10	-	-	-	-	-	-
5	East Asia	-	-	-	-	1	10	-	-	6	60	3	30	-	-
6	African & Sub-Saharan	2	20	1	10	2	20	3	30	2	20	-	-	-	-
7	Others	-	-	-	-	-	-	-	-	-	-	1	10	9	90

Source: Field Survey

According to the above table, biggest competitors of Nepalese RMG industries are India and China. Out of 10 respondents, 30%, 40% and 30% respondents ranked India as a major competitor by ranking 1,2 and 4 respectively. Similarly, out of 10 respondents, 30%, 40%, 20% and 10% respondents ranked China as a major competitor by ranking 1, 2, 3 and 4 respectively. Bangladesh and African & Sub Saharan countries are the major competitors after India and China. 20%, 10%, 50% 10% and 10% respondents ranked Bangladesh as a major competitor by ranking 1, 2, 3, 4 and 5 respectively. 20%, 10%, 20%, 30% and 20% respondents ranked African & Sub-Saharan countries as major competitors as China, India, Bangladesh and African & Sub Saharan countries. However they might become the major competitors in future if Nepal couldn't implement the effective marketing strategies. 20%, 10%, 60%, and 10% respondents ranked Sri Lanka as a competitors by ranking 4, 5, 6 & 7 respectively. 10%, 60%, and 30% respondents ranked East Asia as a competitor by ranking 3, 5 and 6 respectively. 10% and 90% respondents ranked other countries as competitors by ranking 6 and 7 respectively.

Table: 4.19
Sources of getting information about the competitors

S.N	Factor	Rank									
		1	%	2	%	3	%	4	%	5	%
1	Website (WTO,ITC,FNCCI etc)	1	10	3	30	3	30	3	30	-	-
2	Govt. Agency (MICS,TPC)	-	-	3	30	4	40	3	30	-	-
3	Garment Association Nepal (GAN)	7	70	2	20	1	10	-	-	-	-
4	Experts	2	20	2	20	2	20	4	40	-	-

Source: Field Survey

Information has the greater role in business organization. One of the important functions of information is to understand the competitor. It helps by formulating effective marketing strategies and policies to beat the competitors and to strengthen the competitive position. According to the above table, Garment Association Nepal (GAN) is the major informational sources for getting information about the competitors. They have awarded the 70% score as ranked 1. They have given second rank to the website by scoring 30%, third rank to the government agencies by scoring 40% and fourth rank to the experts by scoring 40%. The study shows that they are highly depended on garment Association Nepal only.

Table: 4.20

Establishment of marketing intelligence department to assess the competitor's activities and strategies

S.N	Option	No of Respondent	Percentage
1	Yes	-	-
2	No	10	100%
3	Total	10	100%

Source: Field Survey

Business organization must establish the marketing intelligence department to know the competitor's activities and strategies for surviving and thriving in the long term and for attacking their weak point to grab the large market share. the 10 or 100% industries do not have established the marketing intelligence department. It implies that they have poor marketing strategies because of lacking marketing intelligence personnel.

Table: 4.21

Adoption of the benchmarking type by the enterprises

S.N	Factors	No of Respondent	Percentage
1	Performance benchmarking: It compares one's own performance with that of best performer	6	60%
2	Process benchmarking : It compares process and practices with that of best process and practices	1	10%
3	Strategic benchmarking: It compares organization's strategic decision and action with the best strategic decision and action of other organization	-	-
4	All of the above	2	20%
5	None of them	1	10%
	Total	10	100%

For improving the overall strategies, adoption of benchmarking is must. No organization can achieve the desired objective without comparing with the concerned competitors. Benchmarking is the activity which enhances the further movement of its business activities. 6 or 60% respondents have adopted the performance benchmarking type. 1 or 10% respondents has adopted the process benchmarking type. 2 or 20% respondents have adopted all of the benchmarking type and only 1 or 10% respondent has not adopted any benchmarking type. It shows that they have given more emphasis to performance benchmarking and other remaining is highly neglected by them.

Table: 4.22

Using the FIT, an international trade center (ITC) benchmarking tool, for comparative analysis with competitors

S.N	Option	No of Respondent	Percentage
1	Yes	-	-
2	No	10	100%
3	Total	10	100%

Source: Field Survey

The all (100%) of respondents did not use this tool for comparative analysis. In spite of recommending using this tool by the ITC for the developing and the least developed countries in quota free market, Nepalese executives didn't have used this tool. During the interview, the research also found that they didn't know about the tools. It implies that they are unknown about the benefit and importance of the FIT.

Table: 4.23

Existence of Competitors

S.N	Factors	Mean
1	Internal Competitors	3.5
2	Foreign Competitors	1.3

Source: Field Survey

The executives awarded the mean score of 3.5 for internal competitors and 1.3 for foreign competitors. It shows that numbers of forging competitors are very high and those of domestic competitors are quite low. The study implies that the domestic competitors don't have to severely compete with each other.

Table: 4.24
Rate of approaches to identify the competitors

S.N	Factors	Mean
1	Customers based Approach: This grouping of competitors is based on competitors for customers	1.9
2	Strategic group Approach: A strategic group consists of organization with similar competitive strength, similar characteristic and similar image in a given industry	3.1

Source: Field Survey

The executives rated the mean score of 1.9 for customers based approach and 3.1 for strategic group approach. It reveals that they have given high priority to customer based approach and moderate priority to strategic group approach for identifying the competitors. It can be inferred that have less awareness of competitors strategies.

Table: 4.25
Timing of monitoring the objectives and strategies of competitors

S.N	Factors	Mean
1	Monitoring the objectives and strategies of competitors	2.7

Source: Field Survey

The executives rated the mean score of 2.7 for "monitoring the objectives and strategies of competitors". The study shows that they are moderately monitoring the objectives and strategies of competitors. In other words, they are monitoring neither continuously nor discontinuously. During the interview, the researcher also found that they usually monitor the objectives and strategies annually. It reveals that they have fixed time.

Table: 4.26
Anticipating the future moves and reaction patterns of competitors after phasing out the Multi Fiber Arrangement (MFA) or Quota System

S.N	Factors	No. of Respondents	Percentage	Mean
1	No	4	40%	-
2	Yes	6	60%	-
3	a. Laid back reaction (Slow reaction)			2.66
	b. Selective reaction (attacking selective moves of the rivals)			2.66
	c. Tiger reaction (Reacting swiftly to all the rival's moves)			2.33
	d. Stochastic reaction (no predictable reaction to rival's moves)			2.83
	Total	10	100%	

Source: Field Survey

Out of 10 respondents, 4 or 40% respondents have responded that they didn't anticipate the future moves and reaction pattern of competitors. It indicates that they are unaware of competitor's reaction pattern. But 6 or 60% respondents have responded that they anticipated them by scoring the mean score of 2.66, 2.66, 2.33 and 2.83 respectively. It shows that competitor will highly and moderately react to "all of their moves" and to "selective of their moves" respectively slow and unpredictable reaction will also be in moderate rate.

Table: 4.27
Competitive Position of Enterprises

S.N	Factors	Mean
1	Competitive Position of Enterprises	2.1

Source: Field Survey

The executives rated the mean score of 2.1 for competitive position of their enterprises. They are, till now, in competitive position rather than survival position. It can be inferred that existing industry (remaining industry) of Nepal has satisfactory reputation among buyers (Merchandisers, Agents)

Table: 4.28
Satisfying the need and wants of customers

S.N	Factors	Mean
1	Satisfying the need and wants of customers	2.2

Source: Field Survey

The executives awarded the mean score of 2.2 for satisfying the need and want of customers. This shows that they have been fulfilling the customer's desire. During the interview, the researcher found that they were able to meet the merchandisers (agent) need and want instead of ultimate customer. It implies that they have poor proximate to ultimate consumers.

Table: 4.29

Rating the market power, market share and market growth of enterprise

S.N	Factors	Mean
1	Market Power	3.1
2	Market Share	3.5
3	Market Growth	4.0

Source: Field Survey

The main essence of marketing strategies is to increase the market power, market share and growth of enterprises. The executives have rated the mean score of 3.1, 3.5 and 4.0 for market power, market share and growth respectively. The study reveals that they are neither satisfactory nor dissatisfactory of their market power. But they are highly dissatisfactory of their market share and market growth. It implies that their marketing strategies are quite poor.

Table: 4.30

Rating the market power, market share and market growth of enterprise

S.N	Factors	Mean
1	Improving customers	1.7
2	Offering New Product	2.0
3	Competitive market positioning and Brand	1.8
4	Latest marketing practices (E-commerce)	1.9
5	Customer Satisfaction	1.2

Source: Field Survey

Without market power, no organization can achieve its desire objectives in long term. Increasing market power is must for being leader and challenger. The main essence of increasing market power is to survive and thrive in long term. In this regard, the researcher wanted to know their preferential factor to increase the market power. The executives rated the mean score of 1.2, 1.7, 1.8 1.9 and 2.0 for customer satisfaction, improving customer value, competitive market positioning and brand, latest marketing practices (E-commerce) and offering new products from high to low preference respectively. The study shows that they have given high preference to all these factors. But, during the discussion with the respondents, the researcher found that they didn't use it in practice.

Table: 4.31

Allocation of resources to increase the business strength of enterprises

S.N	Factors	Mean
1	Allocation of resources to increase the business strength of enterprises	2.2

Source: Field Survey

To increase the business strength, more resources must be allocated. The executives rated the mean score of 2.2. It shows that they have been allocating their resources satisfactorily. But, during the interview, researcher found that they didn't allocate their resources to enhance the marketing department.

Table: 4.32

Business Strength of enterprises

S.N	Factors	Mean
1	Market Share and its growth	3.2
2	Product Quality	1.8
3	Distribution network	3.0
4	Promotional Network	3.0
5	Product Capacity and efficiency	2.1
6	Unit Cost	2.5

7	Customer Service	2.2
8	R&D Performance	4.0
9	Management Competencies	2.5

The table present that the executives rated the mean score of 1.8, 2.1 & 2.2 for product quality, product capacity and efficiency and customer services respectively. It indicates that their business strength on these factors is satisfactorily. But, during the discussion with executives, the investigator found that what they provided the service was for merchandiser (agents) not for ultimate customer. They rated the mean score of 2.5, 2.5, 3.0 and 3.0 for unit cost, management competencies, distribution network and promotional network. It reveals that their business strength of these factors is neither satisfactory nor dissatisfactory. they rated the mean score of 3.2 and 4.0 for market share its growth and R & D performance. It shows that their business strength of there factors are dissatisfactory. TO consider all of these factors their business strength is in dissatisfactory level.

Table: 4.33

Ranking of industry's Preferential Sourcing Destination

S.N	Country	Rank							
		1	%	2	%	3	%	4	%
1	China	6	60	4	40	-	-	-	-
2	India	3	30	5	50	2	20	-	-
3	East Asia	1	10	1	10	8	80	-	-
4	Other	-	-	-	-	-	-	10	100

Source: Field Survey

The above table presents that 6 or 60% respondents have ranked China as a first destination of source. 5 or 50% respondents have ranked India as a second sourcing destination. 8 or 80% and 10 or 100% respondents have ranked East Asia and other countries as third and fourth sourcing destination.

Table: 4.34

Effectiveness of Value Chain of Company

S.N	Factor	Mean
Primary Value Activities		
1	Inbound logistic: Material Handling & Warehousing	2.1
2	Operation : Transforming input into final product	1.9
3	Out bound logistic: Order processing & distribution	2.4
4	Marketing sales : Communication, pricing & Channel Management	2.9
5	Service: Post Sales Services	3.6
Secondary Value Activities		
1	Procurement : Procedure & Information System	3.0
2	Technology Development: Improving the product and Process system	2.1

3	Human Resource Management : Hiring, Training, motivating & Compensation	2.6
4	Firm Structure : General Management, Finance, Accounting Govt. Relations & Quality Management	

Firms create value for their buyers the activities they perform. The measure of the value of these activities is the price the firm's customers are willing to pay for its product or services. If the price is greater than the total cost of all the activities the firm performs, the firm makes a profit (Keegan, 2000:327). The ultimate purpose of all value chain activity and the firm is to create value for customers. The greater the value, the greater the potential margin. The executives rated the mean score of 2.1, 1.9, 2.4, 2.9 and 3.6 for inbound logistic, operation, Outbound logistic, marketing & sales and services respectively. It shows that their primary value chain is quite satisfactorily effective; expect services and marketing, which are ineffective and moderately effective respectively. The rated the mean score of 3.0, 2.1, 2.6 and 2.3 for procurement, technology development, human resources management activities and firm infrastructure are satisfactorily effective but procurement and human resources management of them are moderately effective.

Table: 4.35

Evaluation of the Competitive situation of industry

S.N	Factors	Mean
1	Threats of substitute product	2.8
2	Bargaining power of Buyers	1.3
3	Bargaining power of suppliers	1.3
4	Rivalry among competitors	2.4

Source: Field Survey

The availability of substitute products places limits on the price, market leaders can in an industry; high price may induce buyers to switch to the substitute (Keegan, 2000; 373). If substitute pose of credible threats, then firms in the industry will be prevented from raising their prices or from failing to develop and improve their product services (Bowman, 1996:29) . The executives rated the mean score of 2.8 showing the moderate condition of threats of substitute product. The ultimate aim of industrial customers is to Pay the lowest possible price to obtain the products or services that it uses as input. Usually, therefore, the buyer's best interests are served if they can drive down profitability in the supplier industry. The executives rated the mean score of 1.3 showing the strong bargaining power of buyers. Supplier's power over industry firms is the "flip side of the coin" to buyer power. If suppliers have enough leverage over industry firms, they can raise price high enough to significantly influence the profitability of their organizational customers. The executive rated the mean score of 1.3 showing the strong bargaining power of suppliers. The head to head rivalry between firms makes similar products and selling them in the same market. Rivalry can be intense and cut throat or it may be governed by unwritten "rules"; gentlemen's agreements which help the industry to avoid the damage the excessive price cutting, advertising and promotion expanses can inflict on profit. The executives rated the mean score of 2.4 showing high rivalry among competitors.

Table: 4.36
Adoption of Generic Strategies by the Industry

Competitive Scope	Lower Cost		No of Respondents	%	Differentiation	No of Respondents	%
	Broad Target	Cost Leadership	3	30	Differentiation Focus	-	-
Narrow Target	Cost Focus	6	60	Differentiation	-	-	
None of the above		1	10		-	-	
Total		10	100		-	-	

Source: Field Survey

Prof. Porter pointed out that there are only two routes to superior performance you either become the lowest cost producer in your industry, or you differentiate your product\ service in ways that are valued by the buyers to the extent that he or she will pay a premium price to get those benefit. Firms can choose to apply either of these strategies to a broad market or to a narrow followed market. Cost leadership advantage is based on a firm's position as the industry's low cost producer in broadly defined markets or across a wide mix of products. Key to a successful differentiation strategy is to be unique in ways that are valued by buyers. The majority 60% of respondents adopted the cost focus strategy in narrow target and the least 30% adopted the cost leadership strategy in broad target. But no industry adopted the differentiation strategy only one industry didn't adopt any strategy.

Table: 4.37
Kinds of Periodic Plans

S.N	Factors	No. of Respondents	Percentage
1	Short Terms	5	50%
2	Medium Term	1	10%
3	Long Term	1	10%
4	Perspective Plan	-	-
5	No fixed Period	3	30%
Total		10	100%

Source: Field Survey

Marketing planning is very important to determine volume for production. It is also equally important for the proper and effective use of resources. Its absence in an organization leads to directionlessness. Anonymous, 1984 have rightly stated that "Marketing planners often need to forecast product demand at various alternatives price levels to develop pricing strategies and set sales goals for their firms". There are usually adequate historical data that

can be used to project future market behavior. Majority 50% respondents maintained that they formulated short terms plans. 10% indicates that they designed medium term plans and also 10% stated that they practiced long term planning. 30% stated that they formulated plan in anytime. And no, one formulated perspective plan. The study shows that most of the enterprises do not have long term planning. They extremely believe in short term planning. It also indicates that the entrepreneurs of this category of Industry do not have a long term development program and not do they have appropriate plans and strategies from a longer term perspective.

Table: 4.38
Evaluation of company's formulating the marketing plan

S.N	Factors	Mean
1	Formulating the goal after assessing the SWOT analysis	1.9
2	Formulating the strategies after assessing the SWOT analysis and formulating the goal	2.2
3	Formulating the program according to the strategies	2.2

Source: Field Survey

The above table shows that the executives rated the mean score of 1.9, 2.2 and 2.2 for the above statement respectively. It shows that formulation of marketing plan is in satisfactory level. But, during the discussion, the research found that what they have formulated the marketing plan is for short term.

Table: 4.39
Consideration and evaluation of the rival's plans and policies while formulating own plans and strategies

S.N	Factors	No. of Respondents	Percentage
1	No	2	20
2	Yes	8	80
Total		10	100%

Source: Field Survey

Business is very competitive today. They should make plans and policies according to their own nature of business. No company formulates its plans policies without a deep study of competitor's plans and policies. They do not remain silent observers, they rather keep their eyes and ears open all the time on rival's business plans and policies. In references to this, it was found in this study that the substantial majority of 80% stated that they evaluated their rival's plans and policies before formulating their own plans and strategies while 20% did not think it was necessary. The study reveals that the executives are well aware of the importance of the study of the competitor's marketing plans and strategies.

Table: 4.40
Ranking of the considering factors while developing marketing plan

S.N	Country	Rank													
		1	%	2	%	3	%	4	%	5	%	6	%	7	%
1	Consumers	3	30	4	40	1	10	2	20	-	-	-	-	-	-
2	Competition	5	50	2	20	2	20	1	10	-	-	-	-	-	-
3	Govt. Policy	-	-	1	10	2	20	3	30	1	10	2	20	1	10
4	Firm's Strength & Weaknesses	-	-	-	-	2	20	-	-	2	20	4	40	2	20
5	Economic	1	10	2	20	2	20	2	20	3	30	-	-	-	-
6	Technological Development	-	-	-	-	1	10	1	10	4	40	3	30	1	10
7	Political Condition	1	10	1	10	-	-	1	10	-	-	1	10	6	60

Source: Field Survey

The above table shows that the majority 50% of the respondents ranked the competition as a number 1 considering factors. 40% respondents ranked the consumers as a number 2 considering factors 20%, 30%, 40% and 60% respondents ranked the factors of economic, Govt. policy, Technological development, Firm's strength and weaknesses and political condition as a number 3,4,5,6 and 7 considering factors respectively.

Table: 4.41
Timing of evaluating the implementation of marketing plan

S.N	Factors	Mean
1	Timing of evaluating the implementation of marketing plan	2.9

Source: Field Survey

The executives rated the mean score of 2.9 for the above statement. It reveals that they evaluated the implementation of marketing plan moderately. In other words, they didn't give enough time to evaluate it even though the industry has been facing the tough market condition.

Table: 4.42
Rating of the implementation of company's program according to market plan

S.N	Factors	Mean
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1	Implementation of company's program according to market plan	2.7
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Source: Field Survey

The executive rated the mean score of 2.7 for the implementation of company's program according to market plan. The study shows that the implementation of industry's program according to market plan is neither excellent nor poor. It implies that they didn't take into careful consideration the above statement very much even though the industry has been facing the tough market condition.

Table: 4.43

Timing of evaluating the feedback (result) and control of enterprises

S.N	Factors	Mean
1	Evaluating the feedback (result) and control of enterprises	2.4

Source: Field Survey

The executives rated the mean score of 2.4 for the above statement. It stated that they evaluated the feedback and control of enterprises satisfactorily (frequently). In other words, they gave enough time to evaluate them. But, it can be implied, by considering previous table, that the effectiveness of evaluating the feedback and control of enterprises is poor because of not taking into careful consideration the implementation of industry's program according to market plan.

Test of Hypothesis

Hypothesis 1

2 x 2 contingency table

Executive's Preferential Category	Increasing of Competitive position		Total
	Yes	No	
Marketing Strategy	0(a)	3(b)	$r_1 = 3$
Conducive Govt. Policy	2(c)	5(d)	$r_2 = 7$
Total	C1 = 2	C2 = 8	N = 10

Solution:

Null Hypothesis H_0 :

There is no significant relationship between the executive's preferential category and increasing of competitive position. In other words, executive's preferential category and increasing of competitive position are independent.

Alternative Hypothesis H_1 : There is significant relationship between the executive's preferential category and increasing of competitive position. In other words, executive's preferential category and increasing of competitive position are dependent.

Since in all cell, frequencies are not $>$ than 5, Yates correction should be made by adding and subtracting 0.5 at each cell respectively, starting from 'a' cell, we get

Executive's Preferential Category	Increasing of Competitive position		Total
	Yes	No	
Marketing Strategy	0.5(a)	2.5(b)	$r_1 = 3$
Conducive Govt. Policy	1.5(c)	5.5(d)	$r_2 = 7$
Total	C1 = 2	C2 = 8	N = 10

Now,

$$\chi^2 = \frac{N [(ad-bc)-N/2]^2}{r_1 \times r_2 \times c_1 \times c_2}$$

$$= \frac{10 [(0.5 \times 5.5 - 2.5 \times 1.5) - 10/2]^2}{3 \times 7 \times 2 \times 8}$$

$$\chi^2 = 1.071$$

Degree of freedom (d.f) = $(r-1)(c-1) = (2-1)(2-1) = 1$

Tabulated value of χ^2 at 0.05 level of significance for 1 d.f. is 3.841

Result:

Since the calculated value of $\chi^2 = 1.071$ is less or than tabulated value of χ^2 at 5% level of significance for 1 d.f. is 3.841, the null hypothesis is accepted. Therefore, we conclude that the executive's preferential category and increasing of competitive position are independent.

Hypothesis 2

Table of rated Mean Score among Three Scales of Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Large	62	24	10	96

Medium	56	23	17	96
Small	36	34	26	96
Total	154	81	53	288

Solution:

Null Hypothesis Ho: The differences in 'range of mean' within different scale of industry are independent. In other words, three scale of industry have the same 'range of mean.'

Or

There is no significance different between the scale of industry and their rated mean score

Alternative Hypothesis H1: The differences in 'range of Mean' within different scale of industry are dependent. In other words, three scale of industry have not the same 'range of mean'

Or

There is significance difference between the scale of industry and their rated mean score.

Test Statistics under H0 is

$$\chi^2 = \frac{N}{E} \sum (O-E)^2$$

Where,

O = Observed Frequency

E = Expected Frequency = $\frac{RT \times CT}{N}$

RT = Row Total

CT = Column Total

N = Grand Total

Calculation of χ^2

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
62	51.33	10.67	113.84	2.21
24	27	-3	9	0.33
10	17.67	-7.67	58.82	3.32
56	51.33	4.67	21.8	0.424
23	27	-4	16	0.592
17	17.67	-0.67	0.4489	0.0254
36	51.33	-15.33	235.008	4.578
34	27	7	49	1.814
26	17.67	8.33	69.38	3.926
				$\frac{\sum (O-E)^2}{E} = 17.2194$

$$\text{Calculated } \chi^2 = \frac{N}{E} (O-E)^2 = 17.2194$$

Degree of freedom (d.f.) = (r-1)(c-1) = (3-1)(3-1) = 4

Tabulated value of χ^2 at 0.01 for 4 d.f. is 13.277

Result

Since the calculated χ^2 is greater than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is rejected or alternative hypothesis H_1 is accepted. Therefore, we conclude that there is significant difference between the scale of industries and their rated mean score.

Hypothesis 3

Table of Rated Mean Score between Large and Medium Scale Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Large	62	24	10	96
Medium	56	23	17	96
Total	118	47	27	192

Solution:

Null Hypothesis H_0 : There is no significant difference between the scale of Industry (i.e. Large & Medium) and their rated mean score.

Alternative Hypothesis H_1 : There is significance difference between the scale of industry (i.e. large & medium) and their rated mean score.

Calculation of χ^2

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
62	59	3	9	0.1525
24	23.5	0.5	0.25	0.0106
10	13.5	-3.5	12.25	0.9074
56	59	-3	9	0.1525
23	23.5	-0.5	0.25	0.0106
17	13.5	3.5	12.25	0.9074
				$\frac{(O-E)^2}{E} = 2.141$

$$\text{Calculated } \chi^2 = \frac{N}{E} (O-E)^2 = 2.141$$

E

Degree of freedom (d.f.) = (r-1) (c-1) = (2-1) (3-1) = 2

Tabulated value of χ^2 at 0.01 for 2 d.f. is 9.210

Result:

Since the calculated χ^2 is lesser than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is accepted or alternative hypothesis H_1 is rejected. Therefore, we conclude that there is no significant difference between the scale of industries (i.e. large & medium) and their rated mean score.

Hypothesis 4

Table of Rated Mean Score between medium & small Scale Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Medium	56	23	17	96
Small	36	34	26	96
Total	92	57	43	192

Solution:

Null Hypothesis H_0 : There is no significant difference between the scales of Industry (i.e. Medium & Small) and their rated mean score.

Alternative Hypothesis H_1 : There is significance difference between the scales of industry (i.e. Medium & Small) and their rated mean score.

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
56	46	10	100	2.17
23	28.5	-5.5	30.25	1.061
17	21.5	-4.5	20.25	0.941
36	46	-10	100	2.17
34	28.5	5.5	30.25	1.061
26	21.5	4.5	20.25	0.941
$\frac{(O-E)^2}{E} = 8.344$				

$$\text{Calculated } \chi^2 = \frac{N \sum (O-E)^2}{E} = 8.344$$

$$\text{Degree of freedom (d.f.)} = (r-1)(c-1) = (2-1)(3-1) = 2$$

Tabulated value of χ^2 at 0.01 for 2 d.f. is 9.210

Result:

Since the calculated χ^2 is lesser than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is accepted or alternative hypothesis H_1 is rejected. Therefore, we conclude that there is no significant difference between the scales of industries (i.e. Medium & small) and their rated mean score.

Hypothesis 5

Table of Rated Mean Score between Large & Small Scale Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Large	62	24	10	96
Small	36	34	26	96
Total	98	58	36	192

Solution:

Null Hypothesis H_0 : There is no significant difference between the scales of Industry (i.e. Large & Small) and their rated mean score.

Alternative Hypothesis H_1 : There is significance difference between the scales of industry (i.e. Large & Small) and their rated mean score.

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
62	49	13	169	3.45
24	29	-5	25	0.862
10	18	-8	64	3.55
36	49	-13	169	3.45
34	29	5	25	0.862
26	18	8	64	3.55
				$\frac{\sum (O-E)^2}{E} = 15.724$

$$\text{Calculated } \chi^2 = \frac{N \sum (O-E)^2}{E} = 15.724$$

E

Degree of freedom (d.f.) = (r-1)(c-1) = (2-1)(3-1) = 2

Tabulated value of χ^2 at 0.01 for 2 d.f. is 9.210

Result:

Since the calculated χ^2 is greater than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is rejected or alternative hypothesis H_1 is accepted. Therefore, we conclude that there is no significant difference between the scales of industries (i.e. Large & small) and their rated mean score.

Major Findings of the Study

On the basis of comprehensive analysis of the data, the study has following findings:

- ❖ The enterprises were found to be engaged in the evaluation of strategies and policies of RMG industry may not be sound or effective. Analysis of marketing strategies, further, was not in satisfactory level. Analyzing the Marketing strategies was neglected by Nepalese RMG industrialist. They didn't have any rule of frequently analyzing them for evaluating the effectiveness of their marketing strategies. Due to vary reason, ignoring other factors (e.g. WTO Provision etc) sales of Nepalese RMG industry might be decreased by 41%.
- ❖ 40% respondent didn't accept the statement (achieving the desired objectives only through the marketing strategies) . It shows that they were pessimistic about the marketing strategies. 60% respondents accepted the given statement but they rated it moderately. It shows that they were considered the other determining factors (e.g. Govt. policy, WTO Provision, Competitive Situation etc.) Their view about the marketing strategies is not adequately considerable.
- ❖ The most of the executive's are disagree with the statement (i.e.) overcoming almost all the problems that industry faces in the quota free market by pertinent marketing strategies). It showed that other determining factors (e.g. Govt Policy, WTO Provision, Competitive situation etc) play the crucial roles in term of their view. Their view about the pertinent marketing strategies is also not adequately considerable.
- ❖ The industrialist/ CEO/Manager's view about the "need approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment" is quite positive. They felt the necessary ness of effective strategies in today's business environment.
- ❖ The industry has poor product strategy. The further of this industry is uncertain because of heavily dependent on merchandiser (agents) requirement instead of direct buyers. So it has poor market power in terms of Product strategy. It didn't adopt the price adaptation strategies. It has adopted in negotiating price with buyers (agents). It stated that the industry has poor market Power in terms of Prices strategies. very few industry has distributed

their product through their own effort but must of them distributed through agents (specially India). The industry has poor market power in terms of distribution strategies. Very few industries have direct "Promotion Strategies". The industry has poor market power in terms of promotional strategies regarding to the ultimate customers.

- ❖ Marketing environment plays a vital role for smooth operation, growth and expansion of enterprises. political and economics environment were not rated to be favorable. Socio- Cultural factors was rated to be satisfactory. Technology has not been accorded high priority. Competitive has Not been considered as a major issue. The enterprises have not taken any steps or measure to solve it. They have just blamed the government Policy.
- ❖ Every business organization must increase its strength and reduce its weakness for Long term survival and flourishing. It can exploit the opportunities and overcoming or neutralizing the threats and challenges through its strength and by reducing its weakness. Product capacity and manpower (managerial) were rated to be satisfactorily strength factors. Technology, organization and market logistic were rated to be moderately strength factors. These factors have not been accorded high priority. Brand name and market information system (MKIS) were rated to be the least (unsatisfactorily) strength factors. They extremely didn't take into consideration on these factors. Marketing production cost and distribution were rated to be highly weaknesses factors. Skilled manpower (labor) was rated to be moderate weaknesses factor, and the last weaknesses factors were financial position and capital.
- ❖ The executives rated the mean score of 1.6, 1.0, 1.0 and 1.9 of pertinent marketing strategies, conducive government policy, lobbying the large importing country and strategic alliances with other countries respectively to cope the adverse effect existed through (USTAD ACT 2000) providing duty free access to clothing made of African and Caribbean basin by USA. It showed that they have been given top most preference to conducive govt. policy and lobby rather than pertinent marketing strategies and strategic alliances with other countries.
- ❖ Although the prevailing product quality was rated to be highly satisfactory, the executive wanted further improvement than before. Price, Promotion, Distribution and market segmentation were rated to be dissatisfactory. However, they desired significant improvement in these components too.
- ❖ The executives were highly agreed with the statement (i.e. Heavily focusing their activities in int'l trade rather than int'l marketing) . It showed that int'l marketing practices were the neglected part of their business activities.
- ❖ Similar characteristic (Size & Resources etc) and strategies into strategic were rated to be moderately satisfactory to understand competitors when there are many groups. It showed that they didn't take into careful consideration in these factors. Strength factors (brand name, distribution, low cost etc) and country wise products were rated to be satisfactory. It revealed that they have taken into careful consideration in these factors.
- ❖ Performance, image and personality, Objective, current and Past strategies, cost structure; strength and weaknesses of the competitors are the Major

factors which were rated to be satisfactory to understand the competitor's activities and status. Organizational cultural factor was rated to be moderately satisfactory. It showed that what they had rated was quite was quite consequences expect the factor of organizational culture.

- ❖ The affect of competitive situation in enterprise was rated to be maximum. It indicated that RMG industry was extremely affected by the competition in present time.
- ❖ China and India are the biggest competitors of RMG industry. They were ranked number 1 and 2 respectively. Bangladesh, African & Sub- Saharan countries are the third and fourth competitors of Nepal respectively and followed by East Asia and Sri Lanka is the fifth and sixth competitors of Nepal. Other countries are the least competitors of Nepal which were ranked number 7.
- ❖ Garment association Nepal is the main sources of getting information about the competitors. They ranked it as a number 1 source. Website (WTO, ITC etc.) is the number 2 source of information, and followed by govt. agency (MICS and TPC etc) and expert are the Number 3 and 4 source of getting information respectively.
- ❖ 100% industries do not have established the marketing intelligence department. It implied that they have poor marketing strategies because of lacing the marketing intelligence personnel.
- ❖ Among the three benchmarking types (i.e. Performance Benchmarking, Process Benchmarking and Strategic Benchmarking) most of them have been adopted the performance benchmarking and very few industry have been adopted process benchmarking and all of them. No industry have been adopted Strategic Benchmarking.
- ❖ No Industry use the FIT (i.e. FIT is the benchmarking tool developed by international trade center). In spite of recommending using this tool by ITC for the developing and the least developed countries in quota free market, Nepalese executives didn't use this tool
- ❖ The number of foreign competitors is very high and those of domestic competitors are quite low. The domestic competitors don't have to seriously compete with each other.
- ❖ The industry has given high priority to customer based approach (i.e. this grouping of competitors is based on competitions for customers) and moderate priority to strategic group approach (i.e. A strategic group consists of organization with similar competitive strategies, similar characteristic and similar image in a given industry) for identifying the competitors.
- ❖ The executives have been moderately monitoring the objectives and strategies of competitors. in other words, they have been monitoring the objectives and strategies of competitors neither continuously nor discontinuously. During the interview, the researcher found that they usually monitor them annually.
- ❖ 40% respondents didn't]t anticipate the future moves and reaction pattern of competitors. It implies that they are unaware of competitor's reaction pattern. 60% respondents anticipated them. In their view, competitor's will highly and moderately react to "all of their moves" and to "selective of their moves"

respectively. Competitor's reaction will also be moderately slow and unpredictable in the future.

- ❖ The existing industries are in competitive position, and they have been fulfilling the customer's desire satisfactorily. But, during the interview, the researcher found that they have been able to satisfy the merchandiser (agent) desire instead of the ultimate customers.
- ❖ The executives have given high preference to concerned factors (i.e. improving customer's value, offering new product, competitive market positioning and brand, latest marketing positioning and customer's satisfaction). But, during the discussion with the respondents, the researcher found that they didn't use it practice. Anyway, they have positive attitude about these factors.
- ❖ The industry's business strength in the factors of unit cost, management competencies, distribution and promotional network are neither satisfactory nor dissatisfactory. Its business strength in the factors of market share growth and R&D performance is in dissatisfactory level. They have been allocating their resources some of these factors satisfactorily but they have not been allocated their resources to enhance the market department and R&D and also to increase market power, share and its growth.
- ❖ The executives ranked the China and India as a number 1 & 2 and followed by East Asia and other countries as the third and fourth rank for sourcing destination to increase the customer value and industry's profit.
- ❖ The industry's primary value chain actives are quite satisfactorily effective except service and marketing which are ineffective and moderately effective respectively. In secondary value chain activities, technology development and human resources management of them are moderately effective.
- ❖ The industry has moderate threats of substitute products. Both the buyers and supplies have string bargaining power. Rivalry among competitors is also very high in this industry.
- ❖ The majority 60% executives adopted cost focus strategy in narrow target and the least 30% executives adopted the cost leadership strategies in broad target. But no industry adopted the differentiation strategy. Only one executive didn't adopt any generic strategy.
- ❖ Most of the industries do not have long term planning. The extremely believe in short term planning. The study also indicates that the executive of this category of industry do not have a long term development program and nor do they have appropriate plans and strategies from a longer term prospective.
- ❖ Formulation of marketing plan by the industry is in satisfactory level. But, during the discussion, the researcher found the they have formulated the marketing plan is in short term.
- ❖ The majority (80%) of the executives stated that they evaluated their rival's plan and policies before formulating their own plans and strategies while 20% of the executives didn't think it was necessary.
- ❖ The majority (30%) of the executives ranked ' competition' as a number 1 considering factors while developing marketing plan. 40% of the executives ranked the 'consumer' as a number 2 considering factor. 20%, 30%, 40%, 40%, & 60% of the executive ranked ' economic' , Govt Policy.

Technological development' firm's Strength and Weaknesses and Political Condition as a number 3, 4, 5, 6, & 7 considering factors while developing marketing plan respectively.

- ❖ The executives evaluated the implementation of marketing plan moderately. In other words, they didn't give enough time to evaluate it even though they have been facing the tough market condition. 'Implementation of industry's program according to market plan is neither excellence nor poor. It implies that they didn't take into careful consideration the above statement very much even though they have been facing the tough market condition.
- ❖ The executives evaluated the feedback and control of enterprises them. Satisfactorily (frequently). In other words, they have given enough time to evaluate them. But, it can be implied, by considering previous table, that the effectiveness of evaluating the feedback and control of enterprises is poor because of not taking into careful consideration the implementation of industry's program according to market plan.

CHAPTER –III

RESEARCH METHODOLOGY

3.1. Introduction

In the chapter, efforts have been made to present and explain the specific research design for the sake of attaining the research objective. It includes research design, source of data, population and sample data gathering procedure and data processing procedures.

3.2. Research design

Data were mainly collected from primary sources. Primary data were collected through questionnaire, interview and discussions.

3.4 Sources of Data

Data were mainly collected from primary sources. Primary data were collected through questionnaire, interview and discussions.

Population and sample size

There were total of 155 (according to GAN) garment units. Among them, more than 90% were operating in KTM valley. Out of them only 25-35 were found to be in operation at the time of survey. For the purpose of survey, those industrial units, which were in operation during the survey period, were accounted, hence, out of Total operating units only 10 units (3 units from small scale, 4 units from medium scale and 3 units from large scale) were selected as a sample size. Purposive or judgmental (non probability sample) was followed to find out the fact and to analyze the marketing strategies of Nepalese RMG industry.

3.5 Data collecting instruments

Primary data was collected by using the questionnaire. The set of questionnaire was distributed to CEO, MD and marketing manager or entrepreneurs of the selected industries. Interviews were also conducted with the few executives and managers in order to acquire in depth information and support the survey for the stud.

3.6. Components of Questionnaire

The questionnaire prepared for data collection contained questions related marketing strategies. They also inquired about the background information of industries, objective, business polices, market situations for the product, organizational and managerial competitive strategies, external and internal business environment and planning and implementation of the industries. The questionnaire included three types of questions, closed ended scaled and preferential rating. In closed ended question, appropriate alternatives were given to enable the respondents to make simple but correct choices. In the

scaled questionnaire, five point scale was given in ranging from 1 (most favorable) to 5 (most unfavorable) and in the preferential rating questionnaire, number 1 was given for most preference, number 2 for second most preference and so on. The questionnaires were included in the annex.

3.6 *Questionnaire Administration*

The questionnaire was administered to the CEO, MD, marketing manager or entrepreneurs of the selected industries. Personal interviews were also taken for clarifications of information. Personal visits also made during the study periods. Personal visit was made to have direct contact with the interviewees so that more information and data could be collected and relative accuracy ensured.

3.9 *Data processing and Tabulations*

Primary data were processed and tabulated as per the need of the study. The computed mean scores (M.S) could range from 1 to 5. 1 has been interpreted as favorable and 5 as unfavorable. However, the score range from 1-5 was given. The range has been interpreted in the following ways;

1.00 to 2.5	Favorable (Maximum)
2.5 to 3.5	indifferent (Moderate), and
3.5 to 5.0	Unfavorable (Minimum)

Percentage of response was also incorporated.

3.10 *Data Presentation and Analysis*

3.10.1 *Survey*

The information received is described in the study. Percentage and mean scores were computed and the results interpreted.

3.10.2 *Statistical Analysis*

Chi – square (χ^2) test was used to measure the degree of relationships and differences in the relevant sections of the primary data.

CHAPTER – IV

Presentation and Analysis of Survey Data

4.2 Introduction

The basic objective of this study is to "analyze the marketing strategies in Nepalese RMG industry to find out the pertinent strategies for suggesting the entrepreneurs and trying to seek out the way of saving the existence and increasing the competitiveness of "Nepalese RNG Industry". Hence, in order to identify the nature of marketing strategies, the existing status of marketing and their attitude towards market, a survey of RMG industry was made. In each RMG industry, the CEO, MD, marketing manager, export managers or entrepreneurs were interviewed using structures questionnaire included in the appendix "A" The result of the survey are presented here under:

Table: 4.1
Effectiveness of Marketing strategies and policies

S.N.	Factor	Mean
1	Effectiveness of marketing strategies and policies	2.9

Source: field survey

An attempt has been made to rate the effectiveness of marketing strategies and policies. The assessment of effectiveness of strategies and policies help an enterprise to take necessary steps to further develop or rectify them. The executives rated the effectiveness of their strategies at the mean score of 2.9. It shows that effectiveness of marketing strategies and policies is neither very satisfactory nor of much consequences. Moreover the study reveals that the executives did not give due attention to proper formulation of their marketing strategies and policies. It is ironic that they do realize the limitation of their strategies but have not initiated effort to correct them.

Table: 4.2
Timing of Analysis of Marketing Strategies

S.N	Factor	No of Respondents	Percentage
1	Annually	2	20%
2	At the time of formulating Plan	1	10%
3	No fixed Period	7	70%
Total		10	100%

Source: Field Survey

Generally business organizations analyze their marketing strategies time to time. The analysis of marketing strategies of an organization is conducted to complete the competitors and to increase the competitive position of the organization. 20 percent respondents started that they analyzed the marketing strategies annually. 10 percent of the respondents stated that they analyzed the marketing strategies at the time of formulating plan. 70 percent of the respondents stated that they analyzed it any time. It shows that analyzing the marketing strategies is neglected by Nepalese RMG industrialists. They don't have any rule of frequently reanalyzing the marketing strategies. Due to very reason, except the WTO provision, sales of Nepalese RMG industry might be decrease by 41 percent in present time.

Table: 4.3
Achieving the desire objectives only through the marketing strategies

5	Factor	No of Respondents	Percentage	Mean
1	NO	4	40	-
2	Yes	6	60	2.83
Total		10	100	

Source: Field Survey

Without proper and appropriate marketing strategies, no organization can achieve the desired objectives. Despite other factors, marketing strategy is one of the important factors for any business organization. Out of 10 respondents, 4 respondents or 40% are not agree to achieve desired objectives only through marketing strategies but 6 respondents or 60 percent are agree to achieve desire objectives only through marketing strategies and they have rated it at the mean score of 2083. Although most of them are agree with the above statement, they have not given more emphasis about the marketing strategies only. It is inferred that other factors (e.g. conducive govt. policy, attitude of buying countries, WTO provision and competitors activities etc.) have played the crucial role whether to achieve the desire objectives or not.

Table: 4.4
Overcoming almost all the problem that industry faces in the quota free market by pertinent marketing strategies.

S.N	Factor	Mean
1	Overcoming almost all the problems that industry faces in the Quota free marketing by pertinent marketing strategies	3.0

Source: Field Survey

Pertinent marketing strategy is one of the important activities of the business organization to overcome the problems and to make the competitive position of the organization. Most of the organizations face the problems because of poor marketing strategies, so pertinent marketing strategy is must. The executive rated the pertinent marketing strategies to overcoming almost all the problems that industry faces in the quota free market by the mean score of 3. It shows that they are neither agreed nor disagreed with the above statement. It is also inferred they have pointed out the other factors which is mentioned in preceding table.

Table: 4.5**Need approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment**

S.N	Factor	Mean
1	Need approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment	2.4

Source: Field Survey

Business organization is a dynamic entity and it is existed in a rapidly changing and increasingly unpredictable environment. Static approaches or only one approach cannot be suitable for today's vast environment. So, for thriving and surviving in today's rapidly unpredictable business environment, it is necessary to copying rapidly unpredictable business environment strategically. The executive rated it at the mean score of 2.4. It shows that they have quite positive attitude towards the above statement. They felt the necessities of effective strategies in today's business environment.

Table: 4.6
Product Strategies

S.N	Factor	No of Respondents	Percentage
1	Product expansion with increasing product	1	10
2	Product expansion with decreasing product	-	-
3	Product contraction with increasing product	-	-
4	Product contraction with decreasing product	-	-
5	None of the above (as per the buyers requirement)	9	90
	Total	10	100

Source: Field Survey

Among the various product strategies, here the researcher mentioned 4 product strategies. Out of 10 industries, only 1 or 10% industry has adopted the "product expansion with increasing product items" strategies and 9 or 90% industries have not adopted any product strategies. They depend on the requirement of merchandiser. The study reveals that they have poor product strategies. The future of this industry is uncertain because of heavily depending on merchandisers. It implies that they have poor market power in terms of product.

Table: 4.7
Price adaptation strategies

S.N	Factor	No of Respondents	Percentage
1	Geographical Pricing	-	-
2	Promotional Pricing	-	-
3	Discriminatory Pricing	-	-
4	Negotiating Price with buyers	10	100%
Total		10	100%

Source: Field Survey

Pricing is one of the critical variables in the marketing mix. Many regard pricing decision as one of the most critical decision. The role of pricing may often depend upon how other marketing mix variables are used (Cravens, 1982:307). Organization should consider the other marketing mix variables and the situation of market and the behavior of customer to adapt the pricing strategies. Out of 10 respondents, all the respondents didn't adopt the price adaptation strategies. The all have adopted the negotiating price with buyers (Agents). The study shows that they don't have any price adaptation strategies. This implies that they have poor market power in terms of price.

Table: 4.8
Distribution strategies

S.N	Factor	No of Respondents	Percentage
1	Exclusive Distribution	1	10
2	Selective Distribution	1	10
3	Intensive Distribution	-	-
4	Distribution through Agents	8	80
Total		10	100%

Source: Field Survey

Distribution is to get the products in adequate quantities in accessible location at the right time when customers desire them. Distribution is also to Link producers with ultimate consumers. Marketing channel are the paths, goods-and title to link producers with ultimate consumers. The pathways consist of intermediaries. Distribution is a very important function which helps the ultimate attainment of the purpose of production by linking the producers with the consumers. Products can be distributed by exclusively selectively of intensively. Regarding this, 10% stated that they distributed extensively, 10% stated that they distributed selectively. No one stated that they distributed intensively. But, 80% stated that they distributed through the agents. The study shows that very few industries have distributed the products through their own effort. But the large numbers of industry have distributed their products through the agents. It reveals that they don't have market power in terms of distribution.

Table: 4.9

Promotion strategies

S.N	Factor	No of Respondents	Percentage
1	Consumer Promotion (Pull Strategy)	2	20
2	Dealer Strategy (Push Strategy)	5	50
3	None of the above	3	30
Total		10	100%

Source: Field Survey

The main objective of promotion is to make consumers aware about the product. Promotional efforts include activities such as advertising, personal selling, publicity and a multitude of others such as fairs, sampling, contests and coupling. Anonymous (1977) defines promotion as " the function of informing, persuading and influences the consumer's purchase decision." Anonymous (1981) in this connection opined that "marketing must speak to the consumer's rationale side about product advantages. They must cater to the consumer's emotional side and drive home the sale through the physiological senses. The goal is to make the consumer happy.....through the purchase of his product. Among the promotion strategies, there are two promotion strategies i.e. consumer promotion and dealer promotion. Out of 10, 2, or 20% industries have adopted consumer promotion strategies, 5 or 50% industries have adopted dealer promotion strategies and 3 or 30% industries have not adopted any promotion strategies. The study shows that few industries have been doing promotion directly to the consumer. It implies that they have direct contact with consumer and which may be beneficial for their business in future. The large numbers of industries are promoted through dealers (Agents) It implies that they don't have adequate market power in terms of promotion. Remaining industries don't have any promotion strategies. They have poor market power in terms of promotion.

Table: 4.10

Evaluation of external Environment for the Operation, growth and Expansion of Enterprises

S.N	Factor	No of Respondents
1	Political	4.7
2	Economic	4.1
3	Socio-Culture	2.3
4	Technology	2.7
5	Competitive	4.0

Source: Field Survey

External environment plays a vital role in the smooth operation, growth and expansion of enterprises. If external environment is not suitable and conducive, the organizational goals and objectives can't be fulfilled. Therefore, changes in the firm's environment must be constantly monitored and if they suggest basic modification to policy, these should be given every careful consideration. Marketing environment is important in that it provides the enterprises basic guidelines in the course of attaining conceived goals. The political

environment is one of the components of marketing environment. The response to political environment has been rated to the mean score of 4.7 showing extremely unfavorable environment for the industry. Economic environment plays a vital role in designing marketing strategies. The executives rated the mean score of 4.1 showing extremely adverse environment for industry. Socio-culture environment include many aspects of society and its various constituents, such as attitudes, beliefs, desires, expectations, education, customs, demographic components, role of women and view towards themselves, society and Nation. The executives rated the Mean score of 2.3 showing favorable environment for the industry. Technology brings innovativeness. Science has invented many sophisticated technologies. These technologies have been adopted by today's business and industries. The technological environment was rated at the mean score of 2.7. This shows that industries have given high priority it. Another crucial external factor is competition. Because of globalization and liberal economic policies, the level of competition in the Market is increasing at a phenomenal pace. The enterprise must always be able to go along with the nature and the level of competition. One can stand in the business world when it can meet the challenges. In this regard, the respondents rated response at the mean score of 4.0. It reveals that the strong competitors are existed in the market and rivalries among competitors are very high.

Table: 4.11
Important strength and weakness of enterprises

S.N	Factor	Mean
Strength:		
1	Production Capacity	1.7
2	Manpower	
3	Technology	2.5
4	Organization	2.5
5	Brand Name	4.2
6	Market Logistic	3.2
7	Marketing Information System	3.6
Weaknesses		
1	Financial Position	3.5
2	Marketing Problems	2.7
3	Skilled Manpower	3.2
4	Capital	3.7
5	High Cost Production	2.6
6	Slow Distribution	3.1

Source: Field Survey

Every business organization has some strengths and weaknesses. An organization can exploit the opportunities and overcoming or neutralizing the threats through its strength and by reducing its weaknesses. The executives rated the mean score of its strength factors as production capacity of 1.7, manpower of 2.4, technology of 2.5, organization of 2.5, brand name of 4.2 , market logistic of 3.2 and marketing information system (MKIS) of 3.6

respectively. They rated the mean score of its weaknesses factors as financial position of 3.5, marketing problems of 2.7, skilled manpower of 3.2, capital of 3.7, high cost Of production of 2.6 and slow distribution of 3.1 respectively. The study shows that the industries have more strength on product capacity and manpower, moderate strength on technology, organization and market logistic and the least strength on brand name and marketing information system.

Table: 4.12

Preference given by industrialist or executives to cope the adverse effect existed through (USTAD 2000) providing duty free access to clothing made of African and Caribbean basin countries by USA

S.N	Factor	Mean
1	Pertinent marketing strategies	1.6
2	Conducive govt. Policy	1.0
3	Lobbying the large importing countries (Specially the USA)	1.0
4	Strategic alliances with other countries	1.9

Source: Field Survey

To overcome the adverse effect existed in Nepalese RMG industry through the USTAD act 2000; the researcher has included the four major factors to know the preferential factors of executives or industrialist strategies, 1.0 for conducive or favorable govt. policy, 1.0 for lobbying the large importing countries and 1.9 for strategic alliance with other countries. The study shows that the industrialists have given top most preference to conducive govt. policy and lobby, second most preference has given to pertinent marketing strategies and the least preference has given to strategic alliances with other countries. It implies that they are surer of coping the problems through conducive govt. policy and lobby rather than implementing pertinent marketing strategies and strategic alliance with other countries.

Table: 4.13

Need of changes in Marketing Strategies

S.N	Factor	Present mean	Desired mean
1	Product Quality	1.4	1.0
2	Price Strategy	3.4	1.4
3	Extensive Promotion	3.6	1.9
4	Extensive distribution	3.2	1.9
5	Market Segmentation	3.2	1.6

Source: Field Survey

The changing environment induces an organization to change their marketing strategies. The study asked the executives to give their opinion as to what kind of changes in marketing strategies they have adopted and what they would like to adopt? The respondents were also asked to give their present status and desirable output of the marketing strategies. The

response shows that a mean score of 1.4 has been given for the present marketing. The response shows that a mean score of 1.0 for product quality. The respondents awarded the mean score of 3.4 for the present marketing strategies and the desired and desired mean score of 1.9 for extensive promotion. The distribution strategies also has been rated at the mean score of 3.2 and at the desired score of 1.9 followed by the mean score of 3.2 for present marketing strategies and the desired score of 1.6 for market segmentation. The prevailing product quality is highly satisfactory and executives want further improvement than before. Price, promotion, distribution and segmentation are below middle score. However, they desired significant improvement these components, too.

Table: 4.14
Focusing activities of industry

S.N	Factor	Mean
1	Heavily focusing their activities in international trade rather than international marketing	1.2

Source: Field Survey

Any export oriented business organization must focus its business activities in both. No organization can survive and thrive in long term without concerning both in today's competitive world market. In this regard, the industrialist rated the mean score of 1.2 showing their attention towards international trade. This indicates that international marketing practices are the neglected part of their business activities.

Table: 4.15
Rating of understanding competitors when there are many

S.N	Factor	Mean
1	Similar characteristic (Size and resources)	2.5
2	Strength (e.g. product quality distribution, low cost etc)	1.6
3	Strategies into strategic group	3.0
4	Country wise product	2.3

Source: Field Survey

To understand the competitors is one of the inevitable activities of business organization. Those organizations who can understand the competitors can make the effective marketing strategies and also can win the large market share or make strong position in the battle field. The researcher found that mean score of 2.5 was rated for and 2.3 for country wise product by the executives. The study shows that they have given more preference to understand the competitors by seeing in the strength factors of them. Second most preference has given to country wise product. Third most preference has given to similar characteristic and the least preference has given to the competitors, except similar characteristic and strategies into strategic group, in terms of strength factors country wise product.

Table: 4.16

Rating of Understanding the competitor's activities and status

S.N	Factor	Mean
1	Performance	1.5
2	Image and personality	2.2
3	Objectives	2.0
4	Current and past strategies	1.9
5	Organizational Culture	2.7
6	Cost structure	1.2
7	Strengths and Weaknesses	1.8

Source: Field Survey

Before understanding the competitors, organization should understand their activities and status. After understanding their activities and status, organization can make the effective marketing strategies for being market leader, follower or niche marketer whatever is suitable. Hence, for long term survival and thriving, understanding the competitor's activities and status is must. In this regard, the executive rated this aspect at the mean score of 1.5 for performance, 2.2 for image and personality, and 2.0 for objectives. 1.9 for current and past strategies, 2.7 for organizational culture, 1.2 for cost structure and 1.8 for Strength and weakness. The study present that they have given top most emphasis on cost, Performance, strength and weakness, current and past strategies, objectives, image and personality an organizational culture respectively. It also indicates that what they have rated is quite consequences except organizational culture (moderately)

Table: 4.17
Affect of competitive situation in enterprises

S.N	Factor	Mean
1	Affect of competitive situation in enterprises	1.6

Source: Field Survey

The executive rated the "Affect of competitive situation in enterprises" at the mean score of 1.6. It indicates that Nepalese RMG industry is extremely affected by the competition in the present time.

Table: 4.18
Ranking of major competitors of Nepalese RMG Industry

S.N	Country	Rank													
		1	%	2	%	3	%	4	%	5	%	6	%	7	%
1	India	3	30	4	40	-	-	3	30	-	-	-	-	-	-
2	Bangladesh	2	20	1	10	5	50	1	10	1	10	-	-	-	-
3	Sri Lanka	-	-	-	-	-	-	2	20	1	10	6	60	1	10
4	China	3	30	4	40	2	20	1	10	-	-	-	-	-	-
5	East Asia	-	-	-	-	1	10	-	-	6	60	3	30	-	-
6	African & Sub-Saharan	2	20	1	10	2	20	3	30	2	20	-	-	-	-
7	Others	-	-	-	-	-	-	-	-	-	-	1	10	9	90

Source: Field Survey

According to the above table, biggest competitors of Nepalese RMG industries are India and China. Out of 10 respondents, 30%, 40% and 30% respondents ranked India as a major competitor by ranking 1,2 and 4 respectively. Similarly, out of 10 respondents, 30%, 40%, 20% and 10% respondents ranked China as a major competitor by ranking 1, 2, 3 and 4 respectively. Bangladesh and African & Sub Saharan countries are the major competitors after India and China. 20%, 10%, 50% 10% and 10% respondents ranked Bangladesh as a major competitor by ranking 1, 2, 3, 4 and 5 respectively. 20%, 10%, 20%, 30% and 20% respondents ranked African & Sub-Saharan countries as major competitors as China, India, Bangladesh and African & Sub Saharan countries. However they might become the major competitors in future if Nepal couldn't implement the effective marketing strategies. 20%, 10%, 60%, and 10% respondents ranked Sri Lanka as a competitors by ranking 4, 5, 6 & 7 respectively. 10%, 60%, and 30% respondents ranked East Asia as a competitor by ranking 3, 5 and 6 respectively. 10% and 90% respondents ranked other countries as competitors by ranking 6 and 7 respectively.

Table: 4.19
Sources of getting information about the competitors

S.N	Factor	Rank									
		1	%	2	%	3	%	4	%		
1	Website (WTO,ITC,FNCCI etc)	1	10	3	30	3	30	3	30		
2	Govt. Agency (MICS,TPC)	-	-	3	30	4	40	3	30		
3	Garment Association Nepal (GAN)	7	70	2	20	1	10	-	-		
4	Experts	2	20	2	20	2	20	4	40		

Source: Field Survey

Information has the greater role in business organization. One of the important functions of information is to understand the competitor. It helps by formulating effective marketing strategies and policies to beat the competitors and to strengthen the competitive position. According to the above table, Garment Association Nepal (GAN) is the major informational sources for getting information about the competitors. They have awarded the 70% score as ranked 1. They have given second rank to the website by scoring 30%, third rank to the government agencies by scoring 40% and fourth rank to the experts by scoring 40%. The study shows that they are highly depended on garment Association Nepal only.

Table: 4.20

Establishment of marketing intelligence department to assess the competitor's activities and strategies

S.N	Option	No of Respondent	Percentage
1	Yes	-	-
2	No	10	100%
3	Total	10	100%

Source: Field Survey

Business organization must establish the marketing intelligence department to know the competitor's activities and strategies for surviving and thriving in the long term and for attacking their weak point to grab the large market share. the 10 or 100% industries do not have established the marketing intelligence department. It implies that they have poor marketing strategies because of lacking marketing intelligence personnel.

Table: 4.21

Adoption of the benchmarking type by the enterprises

S.N	Factors	No of Respondent	Percentage
1	Performance benchmarking: It compares one's own performance with that of best performer	6	60%
2	Process benchmarking : It compares process and practices with that of best process and practices	1	10%
3	Strategic benchmarking: It compares organization's strategic decision and action with the best strategic decision and action of other organization	-	-
4	All of the above	2	20%
5	None of them	1	10%
	Total	10	100%

For improving the overall strategies, adoption of benchmarking is must. No organization can achieve the desired objective without comparing with the concerned competitors. Benchmarking is the activity which enhances the further movement of its business activities. 6 or 60% respondents have adopted the performance benchmarking type. 1 or 10% respondents has adopted the process benchmarking type. 2 or 20% respondents have adopted all of the benchmarking type and only 1 or 10% respondent has not adopted any benchmarking type. It shows that they have given more emphasis to performance benchmarking and other remaining is highly neglected by them.

Table: 4.22

Using the FIT, an international trade center (ITC) benchmarking tool, for comparative analysis with competitors

S.N	Option	No of Respondent	Percentage
1	Yes	-	-
2	No	10	100%
3	Total	10	100%

Source: Field Survey

The all (100%) of respondents did not use this tool for comparative analysis. In spite of recommending using this tool by the ITC for the developing and the least developed countries in quota free market, Nepalese executives didn't have used this tool. During the interview, the research also found that they didn't know about the tools. It implies that they are unknown about the benefit and importance of the FIT.

Table: 4.23

Existence of Competitors

S.N	Factors	Mean
1	Internal Competitors	3.5
2	Foreign Competitors	1.3

Source: Field Survey

The executives awarded the mean score of 3.5 for internal competitors and 1.3 for foreign competitors. It shows that numbers of forging competitors are very high and those of domestic competitors are quite low. The study implies that the domestic competitors don't have to severely compete with each other.

Table: 4.24
Rate of approaches to identify the competitors

S.N	Factors	Mean
1	Customers based Approach: This grouping of competitors is based on competitors for customers	1.9
2	Strategic group Approach: A strategic group consists of organization with similar competitive strength, similar characteristic and similar image in a given industry	3.1

Source: Field Survey

The executives rated the mean score of 1.9 for customers based approach and 3.1 for strategic group approach. It reveals that they have given high priority to customer based approach and moderate priority to strategic group approach for identifying the competitors. It can be inferred that have less awareness of competitors strategies.

Table: 4.25
Timing of monitoring the objectives and strategies of competitors

S.N	Factors	Mean
1	Monitoring the objectives and strategies of competitors	2.7

Source: Field Survey

The executives rated the mean score of 2.7 for "monitoring the objectives and strategies of competitors". The study shows that they are moderately monitoring the objectives and strategies of competitors. In other words, they are monitoring neither continuously nor discontinuously. During the interview, the researcher also found that they usually monitor the objectives and strategies annually. It reveals that they have fixed time.

Table: 4.26
Anticipating the future moves and reaction patterns of competitors after phasing out the Multi Fiber Arrangement (MFA) or Quota System

S.N	Factors	No. of Respondents	Percentage	Mean
1	No	4	40%	-
2	Yes	6	60%	-
3	e. Laid back reaction (Slow reaction)			2.66
	f. Selective reaction (attacking selective moves of the rivals)			2.66
	g. Tiger reaction (Reacting swiftly to all the rival's moves)			2.33
	h. Stochastic reaction (no predictable reaction to rival's moves)			2.83
	Total	10	100%	

Source: Field Survey

Out of 10 respondents, 4 or 40% respondents have responded that they didn't anticipate the future moves and reaction pattern of competitors. It indicates that they are unaware of competitor's reaction pattern. But 6 or 60% respondents have responded that they anticipated them by scoring the mean score of 2.66, 2.66, 2.33 and 2.83 respectively. It shows that competitor will highly and moderately react to "all of their moves" and to "selective of their moves" respectively slow and unpredictable reaction will also be in moderate rate.

Table: 4.27
Competitive Position of Enterprises

S.N	Factors	Mean
1	Competitive Position of Enterprises	2.1

Source: Field Survey

The executives rated the mean score of 2.1 for competitive position of their enterprises. They are, till now, in competitive position rather than survival position. It can be inferred that existing industry (remaining industry) of Nepal has satisfactory reputation among buyers (Merchandisers, Agents)

Table: 4.28
Satisfying the need and wants of customers

S.N	Factors	Mean
1	Satisfying the need and wants of customers	2.2

Source: Field Survey

The executives awarded the mean score of 2.2 for satisfying the need and want of customers. This shows that they have been fulfilling the customer's desire. During the interview, the researcher found that they were able to meet the merchandisers (agent) need and want instead of ultimate customer. It implies that they have poor proximate to ultimate consumers.

Table: 4.29

Rating the market power, market share and market growth of enterprise

S.N	Factors	Mean
1	Market Power	3.1
2	Market Share	3.5
3	Market Growth	4.0

Source: Field Survey

The main essence of marketing strategies is to increase the market power, market share and growth of enterprises. The executives have rated the mean score of 3.1, 3.5 and 4.0 for market power, market share and growth respectively. The study reveals that they are neither satisfactory nor dissatisfactory of their market power. But they are highly dissatisfactory of their market share and market growth. It implies that their marketing strategies are quite poor.

Table: 4.30

Rating the market power, market share and market growth of enterprise

S.N	Factors	Mean
1	Improving customers	1.7
2	Offering New Product	2.0
3	Competitive market positioning and Brand	1.8
4	Latest marketing practices (E-commerce)	1.9
5	Customer Satisfaction	1.2

Source: Field Survey

Without market power, no organization can achieve its desire objectives in long term. Increasing market power is must for being leader and challenger. The main essence of increasing market power is to survive and thrive in long term. In this regard, the researcher wanted to know their preferential factor to increase the market power. The executives rated the mean score of 1.2, 1.7, 1.8 1.9 and 2.0 for customer satisfaction, improving customer value, competitive market positioning and brand, latest marketing practices (E-commerce) and offering new products from high to low preference respectively. The study shows that they have given high preference to all these factors. But, during the discussion with the respondents, the researcher found that they didn't use it in practice.

Table: 4.31

Allocation of resources to increase the business strength of enterprises

S.N	Factors	Mean
1	Allocation of resources to increase the business strength of enterprises	2.2

Source: Field Survey

To increase the business strength, more resources must be allocated. The executives rated the mean score of 2.2. It shows that they have been allocating their resources satisfactorily. But, during the interview, researcher found that they didn't allocate their resources to enhance the marketing department.

Table: 4.32

Business Strength of enterprises

S.N	Factors	Mean
1	Market Share and its growth	3.2
2	Product Quality	1.8
3	Distribution network	3.0
4	Promotional Network	3.0
5	Product Capacity and efficiency	2.1
6	Unit Cost	2.5

7	Customer Service	2.2
8	R&D Performance	4.0
9	Management Competencies	2.5

The table present that the executives rated the mean score of 1.8, 2.1 & 2.2 for product quality, product capacity and efficiency and customer services respectively. It indicates that their business strength on these factors is satisfactorily. But, during the discussion with executives, the investigator found that what they provided the service was for merchandiser (agents) not for ultimate customer. They rated the mean score of 2.5, 2.5, 3.0 and 3.0 for unit cost, management competencies, distribution network and promotional network. It reveals that their business strength of these factors is neither satisfactory nor dissatisfactory. they rated the mean score of 3.2 and 4.0 for market share its growth and R & D performance. It shows that their business strength of there factors are dissatisfactory. TO consider all of these factors their business strength is in dissatisfactory level.

Table: 4.33

Ranking of industry's Preferential Sourcing Destination

S.N	Country	Rank							
		1	%	2	%	3	%	4	%
1	China	6	60	4	40	-	-	-	-
2	India	3	30	5	50	2	20	-	-
3	East Asia	1	10	1	10	8	80	-	-
4	Other	-	-	-	-	-	-	10	100

Source: Field Survey

The above table presents that 6 or 60% respondents have ranked China as a first destination of source. 5 or 50% respondents have ranked India as a second sourcing destination. 8 or 80% and 10 or 100% respondents have ranked East Asia and other countries as third and fourth sourcing destination.

Table: 4.34

Effectiveness of Value Chain of Company

S.N	Factor	Mean
Primary Value Activities		
1	Inbound logistic: Material Handling & Warehousing	2.1
2	Operation : Transforming input into final product	1.9
3	Out bound logistic: Order processing & distribution	2.4
4	Marketing sales : Communication, pricing & Channel Management	2.9
5	Service: Post Sales Services	3.6
Secondary Value Activities		
1	Procurement : Procedure & Information System	3.0
2	Technology Development: Improving the product and Process system	2.1

3	Human Resource Management : Hiring, Training, motivating & Compensation	2.6
4	Firm Structure : General Management, Finance, Accounting Govt. Relations & Quality Management	

Firms create value for their buyers the activities they perform. The measure of the value of these activities is the price the firm's customers are willing to pay for its product or services. If the price is greater than the total cost of all the activities the firm performs, the firm makes a profit (Keegan, 2000:327). The ultimate purpose of all value chain activity and the firm is to create value for customers. The greater the value, the greater the potential margin. The executives rated the mean score of 2.1, 1.9, 2.4, 2.9 and 3.6 for inbound logistic, operation, Outbound logistic, marketing & sales and services respectively. It shows that their primary value chain is quite satisfactorily effective; expect services and marketing, which are ineffective and moderately effective respectively. The rated the mean score of 3.0, 2.1, 2.6 and 2.3 for procurement, technology development, human resources management activities and firm infrastructure are satisfactorily effective but procurement and human resources management of them are moderately effective.

Table: 4.35

Evaluation of the Competitive situation of industry

S.N	Factors	Mean
1	Threats of substitute product	2.8
2	Bargaining power of Buyers	1.3
3	Bargaining power of suppliers	1.3
4	Rivalry among competitors	2.4

Source: Field Survey

The availability of substitute products places limits on the price, market leaders can in an industry; high price may induce buyers to switch to the substitute (Keegan, 2000; 373). If substitute pose of credible threats, then firms in the industry will be prevented from raising their prices or from failing to develop and improve their product services (Bowman, 1996:29) . The executives rated the mean score of 2.8 showing the moderate condition of threats of substitute product. The ultimate aim of industrial customers is to Pay the lowest possible price to obtain the products or services that it uses as input. Usually, therefore, the buyer's best interests are served if they can drive down profitability in the supplier industry. The executives rated the mean score of 1.3 showing the strong bargaining power of buyers. Supplier's power over industry firms is the "flip side of the coin" to buyer power. If suppliers have enough leverage over industry firms, they can raise price high enough to significantly influence the profitability of their organizational customers. The executive rated the mean score of 1.3 showing the strong bargaining power of suppliers. The head to head rivalry between firms makes similar products and selling them in the same market. Rivalry can be intense and cut throat or it may be governed by unwritten "rules"; gentlemen's agreements which help the industry to avoid the damage the excessive price cutting, advertising and promotion expanses can inflict on profit. The executives rated the mean score of 2.4 showing high rivalry among competitors.

Table: 4.36
Adoption of Generic Strategies by the Industry

Competitive Scope	Lower Cost		No of Respondents	%	Differentiation	No of Respondents	%
	Broad Target	Cost Leadership	3	30	Differentiation Focus	-	-
Narrow Target	Cost Focus	6	60	Differentiation	-	-	
None of the above		1	10		-	-	
Total		10	100		-	-	

Source: Field Survey

Prof. Porter pointed out that there are only two routes to superior performance you either become the lowest cost producer in your industry, or you differentiate your product\ service in ways that are valued by the buyers to the extent that he or she will pay a premium price to get those benefit. Firms can choose to apply either of these strategies to a broad market or to a narrow followed market. Cost leadership advantage is based on a firm's position as the industry's low cost producer in broadly defined markets or across a wide mix of products. Key to a successful differentiation strategy is to be unique in ways that are valued by buyers. The majority 60% of respondents adopted the cost focus strategy in narrow target and the least 30% adopted the cost leadership strategy in broad target. But no industry adopted the differentiation strategy only one industry didn't adopt any strategy.

Table: 4.37
Kinds of Periodic Plans

S.N	Factors	No. of Respondents	Percentage
1	Short Terms	5	50%
2	Medium Term	1	10%
3	Long Term	1	10%
4	Perspective Plan	-	-
5	No fixed Period	3	30%
Total		10	100%

Source: Field Survey

Marketing planning is very important to determine volume for production. It is also equally important for the proper and effective use of resources. Its absence in an organization leads to directionlessness. Anonymous, 1984 have rightly stated that "Marketing planners often need to forecast product demand at various alternatives price levels to develop pricing strategies and set sales goals for their firms". There are usually adequate historical data that

can be used to project future market behavior. Majority 50% respondents maintained that they formulated short terms plans. 10% indicates that they designed medium term plans and also 10% stated that they practiced long term planning. 30% stated that they formulated plan in anytime. And no, one formulated perspective plan. The study shows that most of the enterprises do not have long term planning. They extremely believe in short term planning. It also indicates that the entrepreneurs of this category of Industry do not have a long term development program and not do they have appropriate plans and strategies from a longer term perspective.

Table: 4.38
Evaluation of company's formulating the marketing plan

S.N	Factors	Mean
1	Formulating the goal after assessing the SWOT analysis	1.9
2	Formulating the strategies after assessing the SWOT analysis and formulating the goal	2.2
3	Formulating the program according to the strategies	2.2

Source: Field Survey

The above table shows that the executives rated the mean score of 1.9, 2.2 and 2.2 for the above statement respectively. It shows that formulation of marketing plan is in satisfactory level. But, during the discussion, the research found that what they have formulated the marketing plan is for short term.

Table: 4.39
Consideration and evaluation of the rival's plans and policies while formulating own plans and strategies

S.N	Factors	No. of Respondents	Percentage
1	No	2	20
2	Yes	8	80
Total		10	100%

Source: Field Survey

Business is very competitive today. They should make plans and policies according to their own nature of business. No company formulates its plans policies without a deep study of competitor's plans and policies. They do not remain silent observers, they rather keep their eyes and ears open all the time on rival's business plans and policies. In references to this, it was found in this study that the substantial majority of 80% stated that they evaluated their rival's plans and policies before formulating their own plans and strategies while 20% did not think it was necessary. The study reveals that the executives are well aware of the importance of the study of the competitor's marketing plans and strategies.

Table: 4.40
Ranking of the considering factors while developing marketing plan

S.N	Country	Rank													
		1	%	2	%	3	%	4	%	5	%	6	%	7	%
1	Consumers	3	30	4	40	1	10	2	20	-	-	-	-	-	-
2	Competition	5	50	2	20	2	20	1	10	-	-	-	-	-	-
3	Govt. Policy	-	-	1	10	2	20	3	30	1	10	2	20	1	10
4	Firm's Strength & Weaknesses	-	-	-	-	2	20	-	-	2	20	4	40	2	20
5	Economic	1	10	2	20	2	20	2	20	3	30	-	-	-	-
6	Technological Development	-	-	-	-	1	10	1	10	4	40	3	30	1	10
7	Political Condition	1	10	1	10	-	-	1	10	-	-	1	10	6	60

Source: Field Survey

The above table shows that the majority 50% of the respondents ranked the competition as a number 1 considering factors. 40% respondents ranked the consumers as a number 2 considering factors 20%, 30%, 40% and 60% respondents ranked the factors of economic, Govt. policy, Technological development, Firm's strength and weaknesses and political condition as a number 3,4,5,6 and 7 considering factors respectively.

Table: 4.41
Timing of evaluating the implementation of marketing plan

S.N	Factors	Mean
1	Timing of evaluating the implementation of marketing plan	2.9

Source: Field Survey

The executives rated the mean score of 2.9 for the above statement. It reveals that they evaluated the implementation of marketing plan moderately. In other words, they didn't give enough time to evaluate it even though the industry has been facing the tough market condition.

Table: 4.42
Rating of the implementation of company's program according to market plan

S.N	Factors	Mean
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1	Implementation of company's program according to market plan	2.7
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Source: Field Survey

The executive rated the mean score of 2.7 for the implementation of company's program according to market plan. The study shows that the implementation of industry's program according to market plan is neither excellent nor poor. It implies that they didn't take into careful consideration the above statement very much even though the industry has been facing the tough market condition.

Table: 4.43

Timing of evaluating the feedback (result) and control of enterprises

S.N	Factors	Mean
1	Evaluating the feedback (result) and control of enterprises	2.4

Source: Field Survey

The executives rated the mean score of 2.4 for the above statement. It stated that they evaluated the feedback and control of enterprises satisfactorily (frequently). In other words, they gave enough time to evaluate them. But, it can be implied, by considering previous table, that the effectiveness of evaluating the feedback and control of enterprises is poor because of not taking into careful consideration the implementation of industry's program according to market plan.

Test of Hypothesis

Hypothesis 1

2 x 2 contingency table

Executive's Preferential Category	Increasing of Competitive position		Total
	Yes	No	
Marketing Strategy	0(a)	3(b)	$r_1 = 3$
Conducive Govt. Policy	2(c)	5(d)	$r_2 = 7$
Total	C1 = 2	C2 = 8	N = 10

Solution:

Null Hypothesis H_0 :

There is no significant relationship between the executive's preferential category and increasing of competitive position. In other words, executive's preferential category and increasing of competitive position are independent.

Alternative Hypothesis H_1 : There is significant relationship between the executive's preferential category and increasing of competitive position. In other words, executive's preferential category and increasing of competitive position are dependent.

Since in all cell, frequencies are not $>$ than 5, Yates correction should be made by adding and subtracting 0.5 at each cell respectively, starting from 'a' cell, we get

Executive's Preferential Category	Increasing of Competitive position		Total
	Yes	No	
Marketing Strategy	0.5(a)	2.5(b)	$r_1 = 3$
Conducive Govt. Policy	1.5(c)	5.5(d)	$r_2 = 7$
Total	C1 = 2	C2 = 8	N = 10

Now,

$$\chi^2 = \frac{N [(ad-bc)-N/2]^2}{r_1 \times r_2 \times c_1 \times c_2}$$

$$= \frac{10 [(0.5 \times 5.5 - 2.5 \times 1.5) - 10/2]^2}{3 \times 7 \times 2 \times 8}$$

$$\chi^2 = 1.071$$

Degree of freedom (d.f) = $(r-1)(c-1) = (2-1)(2-1) = 1$

Tabulated value of χ^2 at 0.05 level of significance for 1 d.f. is 3.841

Result:

Since the calculated value of $\chi^2 = 1.071$ is less or than tabulated value of χ^2 at 5% level of significance for 1 d.f. is 3.841, the null hypothesis is accepted. Therefore, we conclude that the executive's preferential category and increasing of competitive position are independent.

Hypothesis 2

Table of rated Mean Score among Three Scales of Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Large	62	24	10	96

Medium	56	23	17	96
Small	36	34	26	96
Total	154	81	53	288

Solution:

Null Hypothesis Ho: The differences in 'range of mean' within different scale of industry are independent. In other words, three scale of industry have the same 'range of mean.'

Or

There is no significance different between the scale of industry and their rated mean score

Alternative Hypothesis H1: The differences in 'range of Mean' within different scale of industry are dependent. In other words, three scale of industry have not the same 'range of mean'

Or

There is significance difference between the scale of industry and their rated mean score.

Test Statistics under H0 is

$$\chi^2 = \frac{N}{E} \sum (O-E)^2$$

Where,

O = Observed Frequency

E = Expected Frequency = $\frac{RT \times CT}{N}$

RT = Row Total

CT = Column Total

N = Grand Total

Calculation of χ^2

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
62	51.33	10.67	113.84	2.21
24	27	-3	9	0.33
10	17.67	-7.67	58.82	3.32
56	51.33	4.67	21.8	0.424
23	27	-4	16	0.592
17	17.67	-0.67	0.4489	0.0254
36	51.33	-15.33	235.008	4.578
34	27	7	49	1.814
26	17.67	8.33	69.38	3.926
				$\frac{\sum (O-E)^2}{E} = 17.2194$

$$\text{Calculated } \chi^2 = \frac{N}{E} (O-E)^2 = 17.2194$$

Degree of freedom (d.f.) = (r-1)(c-1) = (3-1)(3-1) = 4

Tabulated value of χ^2 at 0.01 for 4 d.f. is 13.277

Result

Since the calculated χ^2 is greater than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is rejected or alternative hypothesis H_1 is accepted. Therefore, we conclude that there is significant difference between the scale of industries and their rated mean score.

Hypothesis 3

Table of Rated Mean Score between Large and Medium Scale Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Large	62	24	10	96
Medium	56	23	17	96
Total	118	47	27	192

Solution:

Null Hypothesis H_0 : There is no significant difference between the scale of Industry (i.e. Large & Medium) and their rated mean score.

Alternative Hypothesis H_1 : There is significance difference between the scale of industry (i.e. large & medium) and their rated mean score.

Calculation of χ^2

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
62	59	3	9	0.1525
24	23.5	0.5	0.25	0.0106
10	13.5	-3.5	12.25	0.9074
56	59	-3	9	0.1525
23	23.5	-0.5	0.25	0.0106
17	13.5	3.5	12.25	0.9074
				$\frac{(O-E)^2}{E} = 2.141$

$$\text{Calculated } \chi^2 = \frac{N}{E} (O-E)^2 = 2.141$$

E

Degree of freedom (d.f.) = (r-1) (c-1) = (2-1) (3-1) = 2

Tabulated value of χ^2 at 0.01 for 2 d.f. is 9.210

Result:

Since the calculated χ^2 is lesser than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is accepted or alternative hypothesis H_1 is rejected. Therefore, we conclude that there is no significant difference between the scale of industries (i.e. large & medium) and their rated mean score.

Hypothesis 4

Table of Rated Mean Score between medium & small Scale Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Medium	56	23	17	96
Small	36	34	26	96
Total	92	57	43	192

Solution:

Null Hypothesis H_0 : There is no significant difference between the scales of Industry (i.e. Medium & Small) and their rated mean score.

Alternative Hypothesis H_1 : There is significance difference between the scales of industry (i.e. Medium & Small) and their rated mean score.

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
56	46	10	100	2.17
23	28.5	-5.5	30.25	1.061
17	21.5	-4.5	20.25	0.941
36	46	-10	100	2.17
34	28.5	5.5	30.25	1.061
26	21.5	4.5	20.25	0.941
$\frac{(O-E)^2}{E} = 8.344$				

$$\text{Calculated } \chi^2 = \frac{N \sum (O-E)^2}{E} = 8.344$$

$$\text{Degree of freedom (d.f.)} = (r-1)(c-1) = (2-1)(3-1) = 2$$

Tabulated value of χ^2 at 0.01 for 2 d.f. is 9.210

Result:

Since the calculated χ^2 is lesser than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is accepted or alternative hypothesis H_1 is rejected. Therefore, we conclude that there is no significant difference between the scales of industries (i.e. Medium & small) and their rated mean score.

Hypothesis 5

Table of Rated Mean Score between Large & Small Scale Industries

Frequency of Scale of Industry	Range of Mean			Total
	1.0-2.5	2.5-3.5	3.5-5.0	
Large	62	24	10	96
Small	36	34	26	96
Total	98	58	36	192

Solution:

Null Hypothesis H_0 : There is no significant difference between the scales of Industry (i.e. Large & Small) and their rated mean score.

Alternative Hypothesis H_1 : There is significance difference between the scales of industry (i.e. Large & Small) and their rated mean score.

O	$E = \frac{RT \times CT}{N}$	O-E	$(O-E)^2$	$\frac{(O-E)^2}{E}$
	N			E
62	49	13	169	3.45
24	29	-5	25	0.862
10	18	-8	64	3.55
36	49	-13	169	3.45
34	29	5	25	0.862
26	18	8	64	3.55
				$\frac{\sum (O-E)^2}{E} = 15.724$

$$\text{Calculated } \chi^2 = \frac{N \sum (O-E)^2}{E} = 15.724$$

E

Degree of freedom (d.f.) = (r-1)(c-1) = (2-1)(3-1) = 2

Tabulated value of χ^2 at 0.01 for 2 d.f. is 9.210

Result:

Since the calculated χ^2 is greater than tabulated χ^2 at 0.01 level of significance, the null hypothesis H_0 is rejected or alternative hypothesis H_1 is accepted. Therefore, we conclude that there is no significant difference between the scales of industries (i.e. Large & small) and their rated mean score.

Major Findings of the Study

On the basis of comprehensive analysis of the data, the study has following findings:

- ❖ The enterprises were found to be engaged in the evaluation of strategies and policies of RMG industry may not be sound or effective. Analysis of marketing strategies, further, was not in satisfactory level. Analyzing the Marketing strategies was neglected by Nepalese RMG industrialist. They didn't have any rule of frequently analyzing them for evaluating the effectiveness of their marketing strategies. Due to vary reason, ignoring other factors (e.g. WTO Provision etc) sales of Nepalese RMG industry might be decreased by 41%.
- ❖ 40% respondent didn't accept the statement (achieving the desired objectives only through the marketing strategies) . It shows that they were pessimistic about the marketing strategies. 60% respondents accepted the given statement but they rated it moderately. It shows that they were considered the other determining factors (e.g. Govt. policy, WTO Provision, Competitive Situation etc.) Their view about the marketing strategies is not adequately considerable.
- ❖ The most of the executive's are disagree with the statement (i.e.) overcoming almost all the problems that industry faces in the quota free market by pertinent marketing strategies). It showed that other determining factors (e.g. Govt Policy, WTO Provision, Competitive situation etc) play the crucial roles in term of their view. Their view about the pertinent marketing strategies is also not adequately considerable.
- ❖ The industrialist/ CEO/Manager's view about the "need approaches for coping strategically the existed rapidly changing and increasingly unpredictable environment" is quite positive. They felt the necessary ness of effective strategies in today's business environment.
- ❖ The industry has poor product strategy. The further of this industry is uncertain because of heavily dependent on merchandiser (agents) requirement instead of direct buyers. So it has poor market power in terms of Product strategy. It didn't adopt the price adaptation strategies. It has adopted in negotiating price with buyers (agents). It stated that the industry has poor market Power in terms of Prices strategies. very few industry has distributed

their product through their own effort but must of them distributed through agents (specially India). The industry has poor market power in terms of distribution strategies. Very few industries have direct "Promotion Strategies". The industry has poor market power in terms of promotional strategies regarding to the ultimate customers.

- ❖ Marketing environment plays a vital role for smooth operation, growth and expansion of enterprises. political and economics environment were not rated to be favorable. Socio- Cultural factors was rated to be satisfactory. Technology has not been accorded high priority. Competitive has Not been considered as a major issue. The enterprises have not taken any steps or measure to solve it. They have just blamed the government Policy.
- ❖ Every business organization must increase its strength and reduce its weakness for Long term survival and flourishing. It can exploit the opportunities and overcoming or neutralizing the threats and challenges through its strength and by reducing its weakness. Product capacity and manpower (managerial) were rated to be satisfactorily strength factors. Technology, organization and market logistic were rated to be moderately strength factors. These factors have not been accorded high priority. Brand name and market information system (MKIS) were rated to be the least (unsatisfactorily) strength factors. They extremely didn't take into consideration on these factors. Marketing production cost and distribution were rated to be highly weaknesses factors. Skilled manpower (labor) was rated to be moderate weaknesses factor, and the last weaknesses factors were financial position and capital.
- ❖ The executives rated the mean score of 1.6, 1.0, 1.0 and 1.9 of pertinent marketing strategies, conducive government policy, lobbying the large importing country and strategic alliances with other countries respectively to cope the adverse effect existed through (USTAD ACT 2000) providing duty free access to clothing made of African and Caribbean basin by USA. It showed that they have been given top most preference to conducive govt. policy and lobby rather than pertinent marketing strategies and strategic alliances with other countries.
- ❖ Although the prevailing product quality was rated to be highly satisfactory, the executive wanted further improvement than before. Price, Promotion, Distribution and market segmentation were rated to be dissatisfactory. However, they desired significant improvement in these components too.
- ❖ The executives were highly agreed with the statement (i.e. Heavily focusing their activities in int'l trade rather than int'l marketing) . It showed that int'l marketing practices were the neglected part of their business activities.
- ❖ Similar characteristic (Size & Resources etc) and strategies into strategic were rated to be moderately satisfactory to understand competitors when there are many groups. It showed that they didn't take into careful consideration in these factors. Strength factors (brand name, distribution, low cost etc) and country wise products were rated to be satisfactory. It revealed that they have taken into careful consideration in these factors.
- ❖ Performance, image and personality, Objective, current and Past strategies, cost structure; strength and weaknesses of the competitors are the Major

factors which were rated to be satisfactory to understand the competitor's activities and status. Organizational cultural factor was rated to be moderately satisfactory. It showed that what they had rated was quite was quite consequences expect the factor of organizational culture.

- ❖ The affect of competitive situation in enterprise was rated to be maximum. It indicated that RMG industry was extremely affected by the competition in present time.
- ❖ China and India are the biggest competitors of RMG industry. They were ranked number 1 and 2 respectively. Bangladesh, African & Sub- Saharan countries are the third and fourth competitors of Nepal respectively and followed by East Asia and Sri Lanka is the fifth and sixth competitors of Nepal. Other countries are the least competitors of Nepal which were ranked number 7.
- ❖ Garment association Nepal is the main sources of getting information about the competitors. They ranked it as a number 1 source. Website (WTO, ITC etc.) is the number 2 source of information, and followed by govt. agency (MICS and TPC etc) and expert are the Number 3 and 4 source of getting information respectively.
- ❖ 100% industries do not have established the marketing intelligence department. It implied that they have poor marketing strategies because of lacing the marketing intelligence personnel.
- ❖ Among the three benchmarking types (i.e. Performance Benchmarking, Process Benchmarking and Strategic Benchmarking) most of them have been adopted the performance benchmarking and very few industry have been adopted process benchmarking and all of them. No industry have been adopted Strategic Benchmarking.
- ❖ No Industry use the FIT (i.e. FIT is the benchmarking tool developed by international trade center). In spite of recommending using this tool by ITC for the developing and the least developed countries in quota free market, Nepalese executives didn't use this tool
- ❖ The number of foreign competitors is very high and those of domestic competitors are quite low. The domestic competitors don't have to seriously compete with each other.
- ❖ The industry has given high priority to customer based approach (i.e. this grouping of competitors is based on competitions for customers) and moderate priority to strategic group approach (i.e. A strategic group consists of organization with similar competitive strategies, similar characteristic and similar image in a given industry) for identifying the competitors.
- ❖ The executives have been moderately monitoring the objectives and strategies of competitors. in other words, they have been monitoring the objectives and strategies of competitors neither continuously nor discontinuously. During the interview, the researcher found that they usually monitor them annually.
- ❖ 40% respondents didn't]t anticipate the future moves and reaction pattern of competitors. It implies that they are unaware of competitor's reaction pattern. 60% respondents anticipated them. In their view, competitor's will highly and moderately react to "all of their moves" and to "selective of their moves"

respectively. Competitor's reaction will also be moderately slow and unpredictable in the future.

- ❖ The existing industries are in competitive position, and they have been fulfilling the customer's desire satisfactorily. But, during the interview, the researcher found that they have been able to satisfy the merchandiser (agent) desire instead of the ultimate customers.
- ❖ The executives have given high preference to concerned factors (i.e. improving customer's value, offering new product, competitive market positioning and brand, latest marketing positioning and customer's satisfaction). But, during the discussion with the respondents, the researcher found that they didn't use it practice. Anyway, they have positive attitude about these factors.
- ❖ The industry's business strength in the factors of unit cost, management competencies, distribution and promotional network are neither satisfactory nor dissatisfactory. Its business strength in the factors of market share growth and R&D performance is in dissatisfactory level. They have been allocating their resources some of these factors satisfactorily but they have not been allocated their resources to enhance the market department and R&D and also to increase market power, share and its growth.
- ❖ The executives ranked the China and India as a number 1 & 2 and followed by East Asia and other countries as the third and fourth rank for sourcing destination to increase the customer value and industry's profit.
- ❖ The industry's primary value chain actives are quite satisfactorily effective except service and marketing which are ineffective and moderately effective respectively. In secondary value chain activities, technology development and human resources management of them are moderately effective.
- ❖ The industry has moderate threats of substitute products. Both the buyers and supplies have string bargaining power. Rivalry among competitors is also very high in this industry.
- ❖ The majority 60% executives adopted cost focus strategy in narrow target and the least 30% executives adopted the cost leadership strategies in broad target. But no industry adopted the differentiation strategy. Only one executive didn't adopt any generic strategy.
- ❖ Most of the industries do not have long term planning. The extremely believe in short term planning. The study also indicates that the executive of this category of industry do not have a long term development program and nor do they have appropriate plans and strategies from a longer term prospective.
- ❖ Formulation of marketing plan by the industry is in satisfactory level. But, during the discussion, the researcher found the they have formulated the marketing plan is in short term.
- ❖ The majority (80%) of the executives stated that they evaluated their rival's plan and policies before formulating their own plans and strategies while 20% of the executives didn't think it was necessary.
- ❖ The majority (30%) of the executives ranked ' competition' as a number 1 considering factors while developing marketing plan. 40% of the executives ranked the 'consumer' as a number 2 considering factor. 20%, 30%, 40%, 40%, & 60% of the executive ranked ' economic' , Govt Policy.

Technological development' firm's Strength and Weaknesses and Political Condition as a number 3, 4, 5, 6, & 7 considering factors while developing marketing plan respectively.

- ❖ The executives evaluated the implementation of marketing plan moderately. In other words, they didn't give enough time to evaluate it even though they have been facing the tough market condition. 'Implementation of industry's program according to market plan is neither excellence nor poor. It implies that they didn't take into careful consideration the above statement very much even though they have been facing the tough market condition.
- ❖ The executives evaluated the feedback and control of enterprises them. Satisfactorily (frequently). In other words, they have given enough time to evaluate them. But, it can be implied, by considering previous table, that the effectiveness of evaluating the feedback and control of enterprises is poor because of not taking into careful consideration the implementation of industry's program according to market plan.

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High Agree	1	2	3	4	5	Highly Disagree

5. Do you agree that Nepalese RMG industries now exist in rapidly changing and increasingly unpredictable environment and therefore need approaches for coping strategically?

High Agree	1	2	3	4	5	Highly Disagree

6. Which of the following product strategies do you adopt in quota free market?

- Product expansion with increasing product item ()
- Product expansion with decreasing product item ()
- Product contraction with increasing product item ()
- Product contraction with decreasing product item ()
- As per the buyer requirement ()

7. Which of the following price adaptation strategies do you adopt in quota free market?

- Geographical Pricing ()
- Promotional Pricing ()
- Discriminatory Pricing ()
- Negotiating price with buyers ()

8. Which of the following distribution strategies do you adopt in quota free market?

9. Which of the following promotion strategies do you adopt in quota free market?

10. How do you rate your external environment for the operation, growth and expansion of your enterprises?

Political & Legal	Highly Favorable	1	2	3	4	5	Not Favorable
Economic	Highly Favorable	1	2	3	4	5	Not Favorable
Socio – Cultural	Highly Favorable	1	2	3	4	5	Not Favorable
Technological	Highly Favorable	1	2	3	4	5	Not Favorable
Competitive	Highly Favorable	1	2	3	4	5	Not Favorable

11. How do you rate the important strength and weaknesses of your enterprises?

STRENGTH OF ENTERPRISES:							
Production Capacity	Max	1	2	3	4	5	Min.
Man Power	Max	1	2	3	4	5	Min.
Technology	Max	1	2	3	4	5	Min.
Organization	Max	1	2	3	4	5	Min.
Brand Name	Max	1	2	3	4	5	Min.
Market Logistic	Max	1	2	3	4	5	Min.
Market Information System(MKIS)	Max	1	2	3	4	5	Min.
Others	Max	1	2	3	4	5	Min.
WEAKNESSES OF ENTERPRISES:							
Financial Position	Max	1	2	3	4	5	Min.
Market Problem	Max	1	2	3	4	5	Min.
Skilled Manpower	Max	1	2	3	4	5	Min.
Capital	Max	1	2	3	4	5	Min.
High Cost of Production	Max	1	2	3	4	5	Min.
Slow Distribution	Max	1	2	3	4	5	Min.

Others	Max	1	2	3	4	5	Min.
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12. Providing duty free access to clothing made of African and Caribbean basin by the USA is adversely influenced the exports of Nepalese RMG Industries. What extent do you give preference to cope this problem?

Pertinent Market Strategies	Max	1	2	3	4	5	Min.
Conducive Govt. Policy	Max	1	2	3	4	5	Min.
Lobbying the large importing countries (Specially USA)	Max	1	2	3	4	5	Min.
Strategies Alliance with other countries	Max	1	2	3	4	5	Min.

13. What kind of changes in marketing Strategies is essential to attain effective marketing? Each of the following are you adopting and would like to adopt?

PRESENT								DESIRED							
Product Quality	High	1	2	3	4	5	Low	High	1	2	3	4	5	Low	
Price Strategies	High	1	2	3	4	5	Low	High	1	2	3	4	5	Low	
Extensive Promotion	High	1	2	3	4	5	Low	High	1	2	3	4	5	Low	
Extensive Distribution	High	1	2	3	4	5	Low	High	1	2	3	4	5	Low	
Market Segmentation	High	1	2	3	4	5	Low	High	1	2	3	4	5	Low	
Any Other	High	1	2	3	4	5	Low	High	1	2	3	4	5	Low	

14. Do you agree that Nepalese RMG industry heavily focuses their activities in international trade rather than international marketing?

Highly Agree	1	2	3	4	5	Highly Disagree

15. Nepalese RMG entrepreneurs can save the existence and increase the competitive position of industries through the pertinent marketing strategies or the conducive government policies (Massive support from the government) in present situation which of the following statement do you prefer (Tick preferred one)

i) Marketing Strategy: Nepalese RMG industry can cope the present challenges and threats through the implementation of appropriate marketing strategies. () Go to question 'a' below.

ii) Conducive government policy: Nepalese RMG industry can cope the present challenges and threats through the conducive government policy (Massive support from the government) () Go to question 'b' below.

a) Do you agree that implementation of pertinent marketing strategy (without conducive government policy) only can increase the competitive position of Nepalese RMG industry?
Yes () No ()

b) Do you agree that receiving massive support from the government (without appropriate marketing strategies) only can increase the competitive position of Nepalese RMG industry?
Yes () No ()

Similar Characteristic (size & Resources)	Max	1	2	3	4	5	Min
Strength (e.g. brand Name, distribution, low cost etc.)							
Strategies into strategic group							
Country wise product							

16. How do you rate to understand competitors when there are many?

17.

18.

17. How do you rate to understand the competitor's activities and status?

Performance	Max	1	2	3	4	5	Min
Image and Personality	Max	1	2	3	4	5	Min
Objective	Max	1	2	3	4	5	Min
Current and Past Strategy	Max	1	2	3	4	5	Min
Organizational Culture	Max	1	2	3	4	5	Min
Cost Structure	Max	1	2	3	4	5	Min
Strength and weaknesses	Max	1	2	3	4	5	Min

18. To what extent has competitive situation affected your enterprises?

Extremely	1	2	3	4	5	Not at all

19. Which countries are the major competitors of Nepalese RMG industry? Give your performance 1 to the most and 5 to the least.

India () Bangladesh () Sri Lanka () China ()
 East Asia () African and sub Saharan Country () other ()

20. What are the sources that you get information about the competitors? Give your performance 1 to the most and 2 the second most and so on.

Web sites (WOT, ITC etc) ()
 Government agencies (MICS, TPC) ()
 Garments Association Nepal (GAN) ()
 Experts ()
 All the above ()

If Other, Please Specify

21. Does your enterprise have marketing intelligence department to assess the competitor's activities and strategies?

Yes () No ()

If No, Which department has taken the responsibility?

22. Which of the benchmarking type does your company follow/ adopt?

- Performance benchmarking: It compares one's performance with that of best performer ()
 Process benchmarking: It compares process and practices with that of best process and practices. ()
 Strategic benchmarking: It compares organization's strategic decision and actions with the best strategic decision and action of other organization. ()
 All of above ()
 None of above ()
 If other, Please specify

23. Do you use the FIT, an International Trade Center (ITC) benchmarking tool, for comparative analysis with competitors?

Yes () No ()

24. Rate the competitors of your company?

Internal Competitors	Max	1	2	3	4	5	Min
Foreign Competitors	Max	1	2	3	4	5	

25. How do you rate to identify the competitors?

Customer – based approach: This grouping of competitors is based on competitions for customers.

Max	1	2	3	4	5	Min

Strategies group approach: A strategic group consists of organization with similar competitive strategic, similar characteristic and similar image in a given industry.

Max	1	2	3	4	5	Min

26. How do you rate to continuously monitor the objective and strategies of competitors?

Max	1	2	3	4	5	Min
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27. Do you anticipate the future moves and reaction pattern of competitors after phasing out the Multi Fiber Arrangement (MFA)?

Yes () No ()

28. How do you rate the competitive position of your enterprises?

Highly Competitive	1	2	3	4	5	Highly Survival
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29. How do you rate that you enterprise has satisfied the need and wants of customers?

Highly Satisfaction	1	2	3	4	5	Highly Dissatisfaction
---------------------	---	---	---	---	---	------------------------

30. How do you rate your enterprise?

Market Power	High	1	2	3	4	5	Low
Market Share	H.S.	1	2	3	4	5	H.D.S
Market Growth	High	1	2	3	4	5	Low

H.S. = Highly Satisfactory

H.D.S. = Highly Dissatisfactory

31. To what extent have you allocated the resource to increase the business strength of your enterprise?

More	1	2	3	4	5	Less
------	---	---	---	---	---	------

32. What kind of period plans do you formulate?

- Short term (up to 1year) ()
- Medium term (1 to 3 years) ()
- Long term (5 years) ()
- Perspective Plan (10 years & more) ()
- Other, Please specify.....

33. How do you rate about your company formulating

The goals after assessing the SWOT analysis	Max	1	2	3	4	5	Min
the strategy after assessing the SWOT analysis and formulating the goal	Max	1	2	3	4	5	
the program according to the strategy	Max	1	2	3	4	5	Min

34. Do you consider and evaluate your rival's plan and Policies while formulating your plans and strategies?

Yes () No ()

35. What factors do you consider while developing marketing plans? Give 1 to the most performance and 2 to the second most performance and so on

Consumers () Economic ()

Competition	()	Technological Development	()
Government Policy	()	Political Development	()
Firm's strength & weakness	()	any other	()

36. How often do you evaluate the implementation of marketing plan?

Frequently	1	2	3	4	5	Less Frequently
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37. How do you rate the evaluating of feedback (result) and control of your company?

Frequently	1	2	3	4	5	Less Frequently
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Thank you very much for your kind cooperation.

Appendix B:

A.C. Garments

Contact person: Ashok Agrawal

Lalitpur, Nepal

Tel.: 5530335

Fax: 977-1-5537921

E-mail: chainashok@wlink.com.np

Adam & Eve Boutique

Contact Person: Chhote L. Rauniyar

Kathmandu, Nepal

Tel.: 4270074, 4276194

Fax; 977-1-4278153

Email: adameve@mos.com.np

Akash Garment Industries

Contact Person: P. B. Singh

Lalitpur, Nepal

Tel.: 5544678, 5544679, 5544680

Fax: 977-1-5544681

E-mail: sherpa@akashinc.com.np

Akash Incorporates P. Ltd.

Contact Person: P. B. Singh

Lalitpur, Nepal

Tel.: 5544678, 5544679, 5544680

Fax: 977-1-5544681

E-mail: sherpa@akashinc.com.np

Amar Deep Garment Industries P. Ltd.

Contact Person: Iman Singh Lama

Lalitpur, Nepal

Tel.: 5580026, 5580027, 5580028

Fax: 977-1-5580025

E-mail: amardeep@wlink.com.np

Ami Apparels P. Ltd.

Head Office:

Contact Person: Ashish K. Sengupta

Kathmandu, Nepal

Tel.: 4255536, 4241437

Fax: 977-1-4227538, 4249392

E-mail: aapl@aexgrp.com

Factory:

Contact Person: Prashant K. Pokharel

Khanar, Sunsari

Tel.: 025-580706, 581566

Fax: 977-25-580506

E-mail: amifty@eworld.com.np

Antique Fashion

Head Office:

Contact Person: Sunil Taparia

Kathmanu, Nepal

Tel.: 4350452

Fax: 977-1-4350398

E-mail: jayanti@wlink.com.np

Factory:

Contact Person: Anil Taparia

Biratnagar, Nepal

Tel.: 021-530196

Fax: 977-21-524441

E-mail: antbrt@eworld.com.np

A-Odds Fashion

Contact person: Abishek Dikshit

Kathmandu, Nepal
Tel.: 4487282
Fax: 977-1-4487282
E-mail: a_odds@wlink.com.np
Website: www.a-odds.com

Arihant Apparel P. Ltd.

Contact Person: Hemant Golchha / Hitesh Golchha

Head Office:

Kathmanu, Nepal
Tel.: 4250001, 4266360
Fax: 977-1-4249723
E-mail: ktm@golchha.com

Factory:

Contact Person: Mr. Nag Rajan/Sawarmal Agrawal

Nawalparashi, Nepal
Tel.: 056-523746
Fax: 977-56-522085
E-mail: arihantapprl@wlink.com.np

Aseatic Fashion Industries

Contact Person: Binod Shrestha

Kathmandu, Nepal
Tel.: 4410595
Fax: 977-1-4412679
E-mail: speedway@mos.com.np
Website: speedwaycargo.com

Asian Fashion

Contact Person: Bhaskar Sharma

Kathmandu, Nepal
Tel.: 4273168
Fax: 977-1-4273961
E-mail: bhaskar@wlink.com.np
/asianfash@wlink.com.np

Atharai Garments P. Ltd.

Contact Person: Chaitanya Sitaula

Kathmandu, Nepal
Tel.: 4445844
Fax :
E-mail: devrajsedai@yahoo.com

Avinash Garments Export P. Ltd.

Contact Person: Bijaya Jajodia

Kathmandu, Nepal
Tel.: 4473792
Fax: 977-1-4473792
E-mail: jajodia_bijay@hotmail.com
Website: pashminapassion.com

Baba Apparels p. Ltd.

Contact Person: Nabin Khetan

Kathmandu, Nepal
Tel.: 4470742, 4482231
Fax: 977-1-4478432
E-mail: nabin@babaapp.wlink.com.np

Banshidhar Fashion P. Ltd.

Contact Person: Mrs. Ishwori Dhungel

Kathmandu, Nepal
Tel.: 4470586, 4474019
Fax: 977-1-4472448
E-mail: shreeram@hons.com.np

Basu's Export House

Contact Person: Basu K. C.

Kathmandu, Nepal

Tel.: 4278112, 4278302, 4278053

Fax: 977-1-4272092

E-mail: basu@wlink.com.np

Beena Apparels P. Ltd.

Contact Person: M. Rajan

Kathmandu, Nepal

Tel.: 4471288

Fax: 977-1-4471288

Bhandari Garment Industry

Contact Person: Shambhu Pd. Bhandari

Kathmandu, Nepal

Tel.: 4478964, 4476265

Fax: 977-1-4476263

E-mail: bhandari@garment.wlink.com.np

Bidhya Apparels P. Ltd.

Contact Person: Bhupendra Kumar Basnet

Kathmandu, Nepal

Tel.: 4470677

Fax: 977-1-4487119

E-mail: biapltd@wlink.com.np

Bindvasini Garment Ind. P. Ltd.

Contact Person: Narpal Singh Jain

Kathmandu, Nepal

Tel.: 4474427, 4483240

Fax: 977-1-4474826

E-mail: navrang@ccsl.com.np

Binita Fashion Ind. P. Ltd.

Contact Person: Kedar Pd. Poudel

Kathmandu, Nepal

Tel.: 4473934

Fax: 977-1-4473570

E-mail: binita@wlink.com.np

ISO 9001/2000 & SA 8000 Approved Industry in Nepal.

Blue Bird Garments P. Ltd.

Contact Person: Pradeep Upreti

Kathmandu, Nepal

Tel.: 4489323

Fax: 977-1-4470267

E-mail: bluebird@aahana.wlink.com.np

Body Fashion Industry

Contact Person: Dilip Swar, Madan Malla

Kathmandu, Nepal

Tel.: 2100394

Fax: 977-1-4488348, 4479226

E-mail: bdyfashion@mos.com.np

Capital Garment industries

Contact Person: Narayan Das Manandhar

Kathmandu, Nepal

Tel.: 4354944, 4221825, 4224997

Fax: 977-1-4221360

E-mail: laxmi@mail.com.np

Casual Comfort Apparels Ind.

Contact Person: Amar Roka

Kathmandu, Nepal

Tel.: 4487910

Fax: 977-1-4490956

E-mail: casual@wlink.com.np

Choudhary Apparels

Contact Person: M. P. Choudhari

Bhaktapur, Nepal

Tel.: 6611866, 2130058, 2130064*Fax:* 977-1-6611866*E-mail:* choudhary@mos.com.np**Choudhary Garment Udhog****Contact Person: M. P. Choudhari**

Bhaktapur, Nepal

Tel.: 6611866, 2130058*Fax:* 977-1-6611866*E-mail:* choudhary@mos.com.np**City Apparels P. Ltd.****Contact Person: Sunil Lamsal**

Kathmandu, Nepal

Tel.: 4496372*Fax:* 977-1-4467493*E-mail:* sunil@htp.com.np**Classic Casual P. Ltd.****Contact Person: Sharad Dhakal**

Kathmandu, Nepal

Tel.: 4481126, 4481125*Fax:* 977-1-4488446*E-mail:* classic@mos.com.np**Continental Exports P. Ltd.****Contact Person: Tulasi Ghimire**

Kathmandu, Nepal

Tel.: 4499142*Fax:* 977-1-4476690*E-mail:* conti@mail.com.np**Cotton Comfort P. Ltd.****Contact Person: Subrat Dhital/Arun K.C./****Balkrishna Thapa**

Kathmandu, Nepal

Tel.: 4473825, 4481746, 4474190*Fax:* 977-1-4473544*E-mail:* comfort@mos.com.np /cotton@mos.com.np**Deepak Garment Industries****Contact Person: Narayan Bajaj, Shraman Bajaj**

Kathmandu, Nepal

Tel.: 4495768, 4249493, 4250018*Fax:* 977-1-4488463, 4249865*E-mail:* bajaj@bajaj.wlink.com.np**Denimo Creation P. Ltd.****Contact Person: N. M. Patel**

Bhaktapur, Nepal

Tel.: 6631777, 6631818,*Fax:* 977-1-6632422, 4485361*E-mail:* denimo@mos.com.np**Destination Apparels P. Ltd.****Contact Person: Naresh Lama**

Kathmandu, Nepal

Tel.: 4223214, 4220073, 4476500*Fax:* 977-1-4226021*E-mail:* dan@ntc.net.np**Deurali Garments P. Ltd.****Contact Person: Naresh Dangol, R. K. Maharjan**

Kathmandu, Nepal

Tel.: 4280027, 4278056*Fax:* 977-1-4412679*E-mail:* deurali@wlink.com.np**Dhaulisati Garment Udhog**

Contact Person: Suvash Kumar Saraf

Kathmandu, Nepal

Tel.: 4493879

Fax: 977-1-4493879

E-mail: sksubhash@wlink.com.np

Dreams Apparels**Contact Person: Madav Rimal**

Kathmandu, Nepal

Tel.: 5534469

Fax: 977-1-5533704

E-mail: logo@ntc.net.np

Duke Nepal P. Ltd.**Contact Person: Dinesh Sharma**

Kathmandu, Nepal

Tel.: 4274210, 4274139

Fax: 977-1- 4280544

E-mail: dukenepl@wlink.com.np

Eagel Fashion Ind. P. Ltd.**Contact Person: B. C. Pandey**

Kathmandu, Nepal

Tel.: 4472958, 4494034

Fax: 977-1-4499334

E-mail: bcp@ccsl.com.np

Easywear Exports P. Ltd.**Contact Person: Pawan Kr. Binjrajka****Head Office / Factory:**

Biratnagar, Nepal

Tel.: 021- 521429,522308,522191

Fax: 977-21-528957

E-mail: easywear@ecomail.com.np

Kathmandu Office:**Contact Person: Pawan Kr. Agrawal**

Tel.: 4249674

Fax: 977-1-255994

E-mail: easywear@wlink.com.np

Elegenza Garment Ind. P. Ltd**Contact Person: Bhupendra Karki**

Kathmandu, Nepal

Tel.: 4417651, 4474303

Fax: 977-1-4474627

E-mail: priyanka@ccsl.com.np

Elina Garment Industries P. Ltd**Contact Person: Kedar Bdr. Amatya, Sanjaya****Amatya**

Lalitpur, Nepal

Tel.: 5525548, 5527445

Fax: 977-1-5527920

E-mail: elina@ccsl.com.np

Elisha Apparels**Contact Person: Amit Shah**

Kathmandu, Nepal

Tel.: 4411516

Fax: 977-1-4411406

E-mail: khusboo@mail.com.np

Elite Creation P. Ltd.**Contact Person: Meena Rajbhandari/Rabindra Shrestha**

Kathmandu, Nepal

Tel.: 4477557, 4473557

Fax: 977-1-4493117

E-mail: elite@vianet.com.np

Eshworambha Apparels P. Ltd.**Contact Person: Rahul Agrawal / Kamal Singh****Karki**

BHaktapur, Nepal

Tel.: 6633003, 6633004, 6630949

Fax: 977-1-6630477

E-mail: karki@kci.wlink.com.np

Everest Creation Incorporation P. Ltd.**Contact Person: Govinda Pariyar**

Kathmandu, Nepal

Tel.: 4492702

Fax: 977-1-4248474

E-mail: everinc@wlink.com.np

Evergreen Apparels P. Ltd.**Contact Person: Y. B. Panta**

Kathmandu, Nepal

Tel.: 4495056, 4477241

Fax: 977-1-4490956

E-mail: evergreen@ecomail.com.np

Exotica Designs P. Ltd.**Contact Person: Dipesh M. Munakarmi**

Kathmandu, Nepal

Tel.: 4491779

Fax: 977-1-4260396

E-mail: sitori@enet.com.np

Fashion Fabrics (Export)**Pvt. Ltd.****Contact Person: Kishan K. Todi**

Biratnagar, Nepal

Tel.: 021-524027, 530472

Fax: 977-21-522221

E-mail: fashion@bcn.com.np

Gaurav Exports**Contact Person: Rohit Sethi**

Kathmandu, Nepal

Tel.: 4469818, 4474481

Fax: 977-1-4474481

E-mail: nrgaurav@wlink.com.np

Genesish Garment P. Ltd**Contact Person: Durga Pd. Pathak**

Kathmandu, Nepal

Tel.: 4474024, 4490332

Fax: 977-1-4479612

E-mail: mrdurga@wlink.com.np

Website: www.fusion.biff.ch

Golden Fashion**Contact Person: Atul Sarabagi**

Kathmandu, Nepal

Tel.: 4473198

Fax: 977-1-4488138

E-mail: atulsa@enet.com.np

Gyalord Garment Ind. P. Ltd.**Contact Person: Sandeep Agrawal**

Bhaktapur, Nepal

Tel.: 6630990, 6631612

Fax: 977-1-6630830

E-mail: makharia@wlink.com.np

H. M. Apparels**Contact Person: Sunil Tamrakar**

Bhaktapur, Nepal

Tel.: 6612336, 6611472

Fax: 977-1-6613666
E-mail: lovely@wlink.com.np

Heritage Fashion

Contact Person: Sanjay Agrawal

Lalitpur, Nepal
Tel.: 5537918, 5537840
Fax: 977-1-5537966

E-mail: fashion@mos.com.np

Hilsan Garment & Bag Ind. P. Ltd.

Contact Person: Shyam Sundar Rungta

Kathmandu, Nepal
Tel.: 4241871, 4222525
Fax: 977-1-4241873

E-mail: nsrungta@wlink.com.np

Himalaya's Creation P. Ltd.

Contact Person: Ananda Bhandari

Bhaktapur, Nepal
Tel.: 6630784, 6633902
Fax: 977-1-6630827

E-mail: luxury@ccsl.com.np

Himalyan Apparels Ind. P. Ltd.

Contact Person: Shesh Kanta Bhattarai

Kathmandu, Nepal
Tel.: 4424949, 4433466
Fax: 977-1-4414743

E-mail: skbhats@wlink.com.np

Website: www.skbhatsandfeltbogs.com

Hollywood Garments

Contact Person: Shyam Sundar Khetan

Kathmandu, Nepal
Tel.: 4489270, 4484290
Fax: 977-1-4489562

E-mail: contitex@wlink.com.np

I. Z. Exports

Contact Person: Iftikar Ahmed / Phiroj Ahmed

Kathmandu, Nepal
Tel.: 4270228

Imperial Garment Udhyog

Contact Person: Sanjay Agrawal / Rajeev

Agrawal

Kathmandu, Nepal
Tel.: 4474046
Fax: 977-1-4488255

E-mail: imperial@wlink.com.np

Interknit Industries P. Ltd.

Contact Person: R. K. Todi

Lalitpur, Nepal
Tel.: 5524563, 5548935
Fax: 977-1-5524338, 5535134

E-mail: info@interknitnepal.com

International Fashion

Contact Person: Y. K. Ananda

Kathmandu, Nepal
Tel.: 5536922, 4424507
Fax: 977-1-4424507

E-mail: paneru@wlink.com.np

J. D. Apparels

Contact Person: Harish Todi / Punam Dhanawat

Biratnagar, Nepal
Tel.: 021-526737, 523384, 522128, 525713

Fax: 977-21-524536
E-mail: harish_todi@jdapparels.com /
nepal@jdapparels.com

J. K. Garments

Contact Person: Jaya R. Shrestha
Kathmandu, Nepal
Tel.: 4472935, 4487833
Fax: 977-1-4487833
E-mail: sankata@ntc.net.np

Jampha Knitting Industries

Contact Person: Pradhymna Shrestha
Kathmandu, Nepal
Tel.: 4250702, 4416919, 4436115
Fax: 977-1-4426982
E-mail: pelage@wlink.com.np
Website: www.pelageexporters.com

Jasun Fashion

Contact Person: Chandni Pd. Aryal
Kathmandu, Nepal
Tel.: 4439362
Fax: 977-1-4427416
E-mail: jasun@wlink.com.np

Jora Fashion Industries

Contact Person: Raju Rana
Kathmandu, Nepal
Tel.: 4488431
Fax: 977-1-4473618
E-mail: rajurana52@hotmail.com /
raju_rana34@yahoo.com

Jay Exports P. Ltd.

Contact Person: Udaya Kumar Karna
Biratnagar, Nepal
Tel.: 021-533272, 526158
Fax: 977-21-522563, 530955
E-mail: jepl@wlink.com.np

Jay Jagadamba Fashion Ind. P. Ltd.

Contact Person: D. Lama
Lalitpur, Nepal
Tel.: 5544823, 5544825, 5543239
Fax: 977-1-5543238
E-mail: lamajjfashion@info.com.np /
kamaljffashion@info.com.np

KNK Apparels Industries

Contact Person: Pradeep Lal Shrestha
Kathmandu, Nepal
Tel.: 4360055
Fax: 977-1-4232011
E-mail: knkapparels@hotmail.com /
pradipls@yahoo.com

Karuna Fashion Industries

Contact Person: Ramesh Thapa
Kathmandu, Nepal
Tel.: 4488219
Fax: 977-1- 4488382
E-mail: karuna@kfi.wlink.com.np

Kathmandu Apparels

Contact Person: Bhuvan Jain
Lalitpur, Nepal
Tel.: 5537418, 5542715, 4243133, 4244611
Fax: 977-1- 5542716, 4244597

E-mail: jain@mos.com.np

Khushboo Fashion Industries P. Ltd.

Contact Person: Amit Shah

Kathmandu, Nepal

Tel.: 4411516

Fax: 977-1-4411406

E-mail: khusboo@mail.com.np

Laxmi Garments

Contact Person: Gajananda Agrawal

Kathmandu, Nepal

Tel.: 4436678, 4436676, 4413364

Fax: 977-1-4418003

E-mail: laxmi@garments.wlink.com.np

rajan@garments.wlink.com.np

Logo Industries Nepal P. Ltd.

Contact Person: Bhuvan Dev Panta

Head Office:

Lalitpur, Nepal

Tel.: 5534469

Fax: 977-1-5533704

E-mail: logo@ntc.net.np

Factory:

Thimi, Bhaktapur, Nepal

Tel.: 6631380, 6635170, 6635171

Fax: 977-1-6630694

E-mail: logo@ntc.net.np

Lovely's Collection

Contact Person: Sunil Tamrakar

Bhaktapur, Nepal

Tel.: 6611007, 6612336, 6611472

Fax: 977-1-6613666

E-mail: lovely@wlink.com.np

Luxury Fashion Ind. P. Ltd

Contact Person: Ananda Bhandari

Bhaktapur, Nepal

Tel.: 6630784, 6633902

Fax: 977-1-6630827

E-mail: luxury@ccsl.com.np

M. A. Garments

Contact Person: Ashok Agrawal

Lalitpur, Nepal

Tel.: 5524923

Fax: 977-1-5537921

E-mail: chainashok@wlink.com.np

Mahabir Garment Industries

Contact Person: Pratap Mal Jain

Kathmandu, Nepal

Tel.: 4243133, 4244611, 4223188, 5542715

Fax: 977-1-4244597, 5542716

E-mail: jain@mos.com.np

Mahalaxmi Garment Ind.

Contact Person: Mr. Brij Gopal Innani

Kathmandu, Nepal

Tel.: 4421048, 4418741, 4273731

Fax: 977-1-4421258, 4420887, 4273714

E-mail: mgigroup@inani.com.np

mgigroup@wlink.com.np

Mahashakti Apparels

Contact Person: Sandeep Agrawal

Bhaktapur, Nepal

Tel.: 6630990, 6631612

Fax: 977-1-6630830
E-mail: makharia@wlink.com.np
Website: www.mahashkti.com.np

**Makalu Cashmere Fashion
P. Ltd.**

Head Office:

Contact Person: Ms. Aashmi Bista

Kathmandu, Nepal

Tel.: 4277924, 4288672

Fax: 977-1-4279662

E-mail: makalukt@mos.com.np /
makalucashmere@yahoo.com

Factory:

Contact Person: Nirmal Sharma

Rani-17, Biratnagar, Nepal

Tel.: 021-524775, 525539

Fax: 977-21-525062

E-mail: makalubt@cworld.com.np

Mamata Fashion

Contact Person: Mrinalini Giri

Lalitpur, Nepal

Tel.: 5580139, 5580140, 5580485

Fax: 977-1-5580033

E-mail: mirugiri@mail.com.np

Mnakamana Fashion & Designers P. Ltd.

Contact Person: D. D. Pant/K. R. Pant

Kathmandu, Nepal

Tel.: 4412086, 4484605

Fax: 977-1-4484605

E-mail: sweta@mos.com.np /style@wlink.com.np

Momento Apparels P. Ltd.

Contact Person: Chandi Raj Dhakal

Head Office:

Kathmanu, Nepal

Tel.: 4495362,4471717, 4495206, 4496762

Fax: 977-1-4473652

E-mail: momento@apparel.wlink.com.np

Factory:

Contact Person: R. R. Dhakal/Tika Raj Dhakal

Bhadrapur, Jhapa, Nepal

Tel.: 023-520891, 520072

Fax: 977-23-520052

E-mail: momento@ntc.net.np

Mount Apparels P. Ltd.

Contact Person: D. Lama

Lalitpur, Nepal

Tel.: 5544823, 5543239

Fax: 977-1-5543238

E-mail: lamajjfashion@info.com.np

/kamaljjfashion@info.com.np

Neeki Fashion Industries

Contact Person: Tribhuban Man Shrestha

Biratnagar, Nepal

Tel.: 021-526193, 524130

Fax: 977-21-527193

E-mail: nikki@hotmail.com.

Nepal Fashion P. Ltd.

Contact Person: Hari Prasad Bhatta

Kathmandu, Nepal

Tel.: 4411043, 4418130

Fax: 977-1-4410818

E-mail: sambala@export.wlink.com.np

Nepalese Clothing P. Ltd

Contact Person: Bishwa Nath Neupane /Buddhi Thapa

Kathmandu, Nepal

Tel.: 4410697, 4350070

Fax: 977-1-4426746

E-mail: nepcloth@wlink.com.np

/buddhi@wlink.com.np

Website: www.nepcloth.com

Nepali Bhangro Udhyog P. Ltd

Contact Person: Ake Dev Aryal

Bhaktapur, Nepal

Tel.: 6612174, 6611467

Fax: 977-1-6611446

E-mail: sadle@mos.com.np

Nir Fashion Industries

Contact Person: Nir Bahadur Shrestha

Kathmandu, Nepal

Tel.: 4496616

Fax: 977-1-4496616

E-mail: nirfashion@mail.com.np

Om Sai Fashion

Contact Person: Rabi Binod Sharma

Kathmandu, Nepal

Tel.: 4473505

Fax: 977-1-4472516

E-mail: omsai80@ntc.net.np

Om Shiva Shakti Knitting Ind. P. Ltd

Contact Person: Lali Shekhar (Sita Ram)

Kathmandu, Nepal

Tel.: 4480164, 4269140

Fax: 977-1-4497853

E-mail: osski@wlink.com.np

Orient Fashion

Contact Person: Rajendra Choraria

Kathmandu, Nepal

Tel.: 4421924, 4441489, 4421765

Fax: 977-1-4441492

E-mail: orient@mos.com.np

Ozone Apparels P. Ltd.

Contact Person: Achute Bikram Rana

Kathmandu, Nepal

Tel.: 4251959

Fax: 977-1-4242162

E-mail: abr@mos.com.np

Pamila Apparels P. Ltd.

Contact Person: Shree Ram Dhungel

Kathmandu, Nepal

Tel.: 4470586, 4474019

Fax: 977-1-4472448

E-mail: shreeram@hons.com.np

Paushak Nepal P. Ltd.

Contact Person: Narayan Bajaj

Kathmandu, Nepal

Tel.: 4495768, 4249493, 4250018

Fax: 977-1- 4249865, 4488463

E-mail: bajaj@bajaj.wlink.com.np

Pinkcity Fashions

Contact Person: N. S. Jain/Chandresh Jain

Kathmandu, Nepal

Tel.: 4474427, 4483240

Fax: 977-1-4474826

E-mail: navrang@ccsl.com.np

Pooja Fashion Industries P. Ltd.

Contact Person: Bakhan S. Lama /Mina K. Lama

Kathmandu, Nepal

Tel.: 4371914, 4377969

Fax: 977-1-4377969

E-mail: singhdan@mos.com.np

/singhdah@wlink.com.np

Prabha Apparels

Contact Person: Shree Ram Sharma

Kathmandu, Nepal

Tel.: 4432346, 4432056, 4431763

Fax: 977-1-4431674, 4432346

E-mail: rohan@wlink.com.np /prabha@mos.com.np

Pradhanang Apparels Industry

Contact Person: Mrigendra Bdr. Pradhanang

Kathmandu, Nepal

Tel.: 4416453, 4410317, 4415242

Fax: 977-1-4414560

E-mail: mail@pradhnang.wlink.com.np

Prasuna Fashion

Contact Person: Kiran P. Saakha

Kathmandu, Nepal

Tel.: 4482026, 4481197

Fax: 977-1-4481198, 4421490

E-mail: saakha@prasuna.wlink.com.np

Prazwal Fashion Industries

P. Ltd.

Contact Person: Naresh Lama

Kathmandu, Nepal

Tel.: 4223214, 4220073, 4476500

Fax: 977-1-4226021

E-mail: prazwal@ntc.net.np

Prizma Export House

Contact Person: Naresh Lama

Kathmandu, Nepal

Tel.: 4223214, 4220073, 4476500

Fax: 977-1-4226021

E-mail: prazwal@ntc.net.np/dan@ntc.net.np

Radiant Fun Wear Fashion

P. Ltd.

Contact Person: Chandi Raj Dhakal

Kathmandu, Nepal

Tel.: 4495362, 4471717, 4495206

Fax: 977-1-4473652

E-mail: tej@radiant.wlink.com.np

Rajat Garments

Contact Person: Raju Malik

Kathmandu, Nepal

Tel.: 4431083, 4434352

Fax: 977-1-4431702

E-mail: rajat@ccsl.com.np

Rara Apparels

Contact Person: Shyam Sundar khetan

Kathmandu, Nepal

Tel.: 4489270, 4484290

Fax: 977-1-4489562

E-mail: contitex@wlink.com.np

Rara Apparels P. Ltd

Contact Person: Harsh Garg

Kathmandu, Nepal

Tel.: 4487577, 4486334, 4473924, 4487356

Fax: 977-1-4474512

E-mail: rara@mos.com.np

Resu Industries P. Ltd.**Head Office:****Contact Person: Suresh Kumar Agrawal**

Tel.: 4227182, 4240775

Fax: 977-1-4228765

E-mail: resu@wlink.com.np

Factory:**Contact Person: Ramesh Kumar Agrawal**

Jhapa, Nepal

Tel.: 023-560158

Fax: 977-23-560541

Roli Garments P. Ld.**Contact Person: Pavan Mittal**

Kathmandu, Nepal

Tel.: 4224995, 4229256, 4350497

Fax: 977-1-4222577

E-mail: roli@ccsl.com.np

Royal Stitchers**Contact Person: Ashwini K. Acharya**

Kathmandu, Nepal

Tel.: 4473716

Fax: 977-1-4473716

E-mail: ashwini@wlink.com.np

/acharyakashwini@hotmail.com

S. International Fashion**Contact Person: B. B. Shah**

Kathmandu, Nepal

Tel.: 4226041

E-mail: brl@wlink.com.np

S. P. Garments**Contact Person: J. P. Agrawal**

Kathmandu, Nepal

Tel.: 4480470, 4496779

Fax: 977-1-4491567

E-mail: spjp@wlink.com.np

Sabnam Garment Ind. P. Ltd.**Contact Person: Rishikesh Dhakal / Mahesh****Goyal**

Kathmandu, Nepal

Tel.: 4481127, 4467676

Fax: 977-1-4467493

E-mail: sabnam@wlink.com.np

Sai Garment Industries P. Ltd**Contact Person: Sunil Sharma**

Kathmandu, Nepal

Tel.: 4488312, 4491004

Fax: 977-1-4467750

E-mail: saisunil@wlink.com.np

Saichha International P. Ltd.**Contact Person: Rajendra Shrestha**

Kathmandu, Nepal

Tel.: 4439407

E-mail: ayush_vinsanity@hotmail.com

Sarowar Garment Ind. P. Ltd.**Contact Person: Kamal Kr. Agrawal**

Kathmandu, Nepal

Tel.: 4417391, 4423312

Fax: 977-1-4423049

E-mail: sarowar@wlink.com.np

Satyam Wears P. Ltd.

Contact Person: Ramesh Rupakhety/Pawan Kedia

Lalitpur, Nepal

Tel.: 5524111, 5540603

Fax: 977-1-5536560

E-mail: pawankedia@infoclub.com.np

Seetex Garments Industries

Contact Person: Sarad Khemka

Kathmandu, Nepal

Tel.: 4424383, 4438257, 6630400

Fax: 977-1-4434564

E-mail: seetex@mos.com.np / seetex@ntc.net.np

Shah Fashions P. Ltd.

Contact Person: Sanjay Agrawal

Lalitpur, Nepal

Tel.: 5537918, 5537840

Fax: 977-1-5537966

E-mail: fashion@mos.com.np

Shangrila Fashion P. Ltd.

Contact Person: A. R. Kansakar

Bhaktapur, Nepal

Tel.: 6630383, 6631756,

Fax: 977-1- 6631757

E-mail: pkansakar@wlink.com.np

Shangrila Int'l Apparels P. Ltd

Head Office:

Contact Person: Ratan Goyal

Katmandu, Nepal

Tel.: 4260973, 4263385

Fax: 977-1-4263385

E-mail: sia@duhabi.wlink.com.np

Factory:

Contact Person: Rajendra Raut

Duhabi, Nepal

Tel.: 025-540481, 540059

Fax: 977-25-540472

E-mail: sia@bcn.com.np

Sherpa Outdoor Sports Goods Industries

Contact Person: Kazi sherpa

Kathmandu, Nepal

Tel.: 4411676, 4438320

Fax: 977-1-4416970

E-mail: sherpao@csl.com.np

Shibhanshi Apparels P. Ltd

Contact Person: Shyam S. Chetri

Kathmandu, Ne pal

Tel.: 4499504

Fax: 977-1-4472448

E-mail: shibhanshi@hotmail.com

Shraman Apparels

Contact Person: Pradip M. Shakya

Lalitpur, Nepal

Tel.: 5526505, 5541430, 5541501

Fax: 977-1-5526853

E-mail: shraman@wlink.com.np

Sirin Garment Industries P. Ltd.

Contact Person: Udaya Raj Pandey

Kathmandu, Nepal

Tel.: 4477232, 4476775
Fax: 977-1-4476776
E-mail: sirin@uday.wlink.com.np

Siwani Fashion Garment P. Ltd.

Contact Person: Bharat Pd. Dhakal
Kathmandu, Nepal
Tel.: 4473585, 4481272
Fax: 977-1-4478907
E-mail: siwani@wlink.com.np

Star Fashion

Contact Person: Ashok Man Shakya
Lalitpur, Nepal
Tel.: 5546508, 5546118
Fax: 977-1-5546117, 5550376
E-mail: star@mos.com.np

Style Craft P. Ltd

Contact Person: D.D. Panta
Kathmandu, Nepal
Tel.: 4412086, 4484605
Fax: 977-1-4484605
E-mail: sweta@mos.com.np/style@wlink.com.np

Subha Garment Industries

P. Ltd.

Contact Person: Suyash Shrestha / Rupesh Shrestha
Lalitpur, Patan, Nepal
Tel.: 5552605, 5521046
Fax: 977-1-5552605
E-mail: subhasai@wlink.com.np

Sun Apparels Industries

Contact Person: Pavan Chawala
Bhaktapur, Nepal
Tel.: 6630172, 6630411, 6633566
Fax: 977-1-6633224
E-mail: sai@mos.com.np

Sun Int'l Apparels P. Ltd.

Contact Person: Dipak Bahndari
Kathmandu, Nepal
Tel.: 4466891
Fax: 977-1-4472973
E-mail: shivgrover@mos.com.np

Sun Shine Apparels P. Ltd

Contact Person: Avnish Vij
Thimi, Bhaktapur, Nepal
Tel.: 6630025
Fax: 977-1-6632096
E-mail: sunshine@info.com.np

Sundar Tayari Poshak Udhyog

Contact Person: Ram Bahadur Thapa / Shankar Bahadur Basnet
Kathmandu, Nepal
Tel.: 4487165, 4481253
Fax:

Sunny Fashion

Contact Person: Ganesh Agrawal
Hattiban, Lalitpur, Nepal
Tel.: 5524111, 5527997
Fax: 977-1-5536560
E-mail: vishappktm@mail.com.np

Surya Nepal P. Ltd.

Contact Person: Sanjiv Puri

Kathmandu, Nepal
Tel.: 4220909, 4248260, 4228794
Fax: 977-1-4227585
E-mail: stc@mos.com.np/
anil@stc.com.np/sanjiv@stc.com.np/singhal@stc.com.np

Tankeshwor Garment P. Ltd.

Contact Person: Pushkar Dev Panta / Ravi

Krishna Shrestha

Kathmandu, Nepal
Tel.: 4270205, 4274016
Fax: 977-1-4270986
E-mail: tank@wlink.com.np /
pantapushkar@hotmail.com

Texport Industries

Contact Person: Suresh Bhandari

Kathmandu, Nepal
Tel.: 4476265, 4478964
Fax: 977-1-4476263
E-mail: bhandari@garment.wlink.com.np

Tiru Garment Industries

Contact Person: Ashok Ahuja

Kathmandu, Nepal
Tel.: 4276258
Fax: 977-1-4271805
E-mail: tirugrmt@mail.com.np

Trade Associates Apparels P. Ltd.

Contact Person: Chaitanya Sitaula

Kathmandu, Nepal
Tel.: 4444845
E-mail: devrajsedai@yahoo.com

Trance Trip Garment P. Ltd

Contact Person: Krishna Pd. Pandey

Kathmandu, Nepal
Tel.: 4418751
Fax: 977-1-4418751
E-mail: trancetrip@wlink.com.np

Trishul Garment Industries P. Ltd.

Contact Person: K. N. Rana

Kathmandu, Nepal
Tel: 4373515,4373173
Fax: 977-1-4374164
E-mail: knrana@ccsl.com.np

Triveni Garments P. Ltd.

Contact Person: Shree Ram Sharma

Kathmandu, Nepal
Tel.: 4423202, 4438702, 4424643, 4432346
Fax: 977-1-4431674, 4432346
E-mail: rohan@wlink.com.np

U. T. Garment Industries P. Ltd.

Contact Person: Anup Chalise

Lalitpur, Nepal
Tel.: 5539729
Fax: 977-1- 5539729
E-mail: utg@wlink.com.np

U-like Apparels

Contact Person: Ramesh Kumar Karna

Biratnagar, Nepal
Tel.: 021-531436
Fax: 977-21-526823

E-mail: ulike@bcn.com.np

Unique Fashion

Contact Person: Govinda Khatiwada

Biratnagar, Nepal

Tel.: 021-530881

Fax: 977-21-530664

E-mail: ufbtr@wlink.com.np

Unique Wear P. Ltd.

Contact Person: Susila Dhakal

Kathmandu, Nepal

Tel.: 4473585

Fax: 977-1-4478907

E-mail: siwani@wlink.com.np

Utility Garment Industries

Contact Person: Dinesh Pd. Upadhaya

Kathmandu, Nepal

Tel.: 4480534

Fax: 977-1-4474229

E-mail: mlt@mos.com.np

Vikash Fashion Industries

P. Ltd.

Contact Person: Sumit Ajitsariya

Lalitpur, Nepal

Tel.: 5550531, 5550546

Fax: 977-1-5550643

E-mail: vfashion@mos.com.np

Vishal Apparels

Contact Person: Ganesh Kumar Agrawal

Kathmandu, Nepal

Tel.: 5524111, 5527997, 5526465

Fax: 977-1-5536560

E-mail: vishappktn@mail.com.np

Vishal Garment Industries

Contact Person: Pramod Khetan

Kathmandu, Nepal

Tel.: 4489270, 4484290

Fax: 977-1-4489562

E-mail: contitex@wlink.com.np

Voge Apparel Ind. P. Ltd.

Contact Person: Dipank Sharma

Lalitpur, Nepal

Tel.: 5546400

Fax: 977-1-5525966

E-mail: vogueapparel@wlink.com.np

Yeti Fashion

Contact Person: Namgyal Lama

Kathmandu, Nepal

Tel.: 4417030, 4420568

Fax: 977-1-4423543

E-mail: muktinat@ntc.net.np

Yeti Land

Contact Person: Babukaji Shrestha

Kathmandu, Nepal

Tel.: 4262751, 4260073

Fax: 977-1-4219029

E-mail: knitwear@wlink.com.np

Website: www.yetiland.com