

CHAPTER- I

INTRODUCTION

1.1 Background

1.1.1 Geographical background of Nepal

Nepal is a small country lying on the southern lap of Himalayas. It is a land-locked country enclosed by China in the north side and India in the south, east and west side. The total area of Nepal is 1,47,181 square kilometers, which is 0.03 percent of the total land area of the earth and 0.3 percent of the total land area of Asia. Nepal extends from 26^o12' N to 30^o22' N latitude and from 80^o4' E to 88^o12' E longitude. It is rectangular in shape. It is wider in the west than in the east. Its length from west to east is 885 kilometers but the width is not equal everywhere. The maximum width is 241 kilometers and minimum is 145 kilometers (north-south).

Nepal is a country of about 23.5 million people out of which about fifty percent are male and female, having a growth rate of 1.08 percent. The literacy rate of the country is still about 53 percent. Nepal has been divided into five development regions and further divided into 14 zones and 75 districts. In the geographical bases, it has been divided into three geographical regions. The Terai region, The hilly region and the Himalayan region. The Terai region occupies the 17 percent of the total land area of the country and about 40 percent of its land is good for cultivation. The hilly region covers the 68 percent of the country of which only one tenth is suitable for cultivation. Likewise, the Himalayan region encompasses 15 percent of the total land area of the country and only 2 percent of its area is arable.

Nepal is one of the predominating agricultural countries. Agriculture occupies a key place in country's economy because developing countries basically depend on agricultural sector. Nepal is also the developing country. More than 81.1 percent

people are engaged in agricultural sector directly and indirectly and rest is engaged in non-agricultural sector. Agriculture is the main source of the national income. It provides 50 percent of the internal revenue to the government. Likewise, 80 percent of the items that Nepal exports is the agricultural productions.

1.1.2 Introduction of Kailali District

Kailali district lies in the Far-Western Region, the Far-Western part of Nepal. It is bordered with Karnali river, Bardia & Surkhet district in east, Kanchanpur & Dadeldhura district in west, Doti, Dadeldhura and Surkhet district in north and Lakhimpur Khiri of Uttar Pradesh of India in South. It has an area of 3235 square Kilometers. It extends from 28⁰22' to 29⁰05' north latitude and 80⁰30' to 81⁰18' east longitude. According to the Population Census 2058, the total population of Kailali is 6,20,035 out of which 50.4 percent are male and 49.60 percent are female. The population growth rate of this district is 3.93 percent. As the record of District Development Office, Kailali, its literacy rate is 48 percent. It has 6 election constituencies, 13 DDC Ilakas, 42 VDCs and 2 Municipalities. About 79.8 percent people are engaged on agriculture and 20.2 percent people are engaged on non agriculture.

Research area selected for the present study is Dhangadhi, the headquarter of Kailali District which lies in the Far-western Region. It is the top most commercial centre of Kailali and also the Far -western Region. Being the most populated place, it may prove to be the most suitable area for the purpose of our research. Since, most of modern hotels, restaurants and bakeries are found in Dhangadhi. The consumption of this (PEPSI) cold drink is immense here. As such the survey held in the process our research reveals the true characteristics of this drink available in the market.

1.1.3 Background of the Study

In the modern time industries are developing rapidly in Nepal. Every year new fields of industrial importance are being uncovered. Similarly, the number of units at different types of industries are also increasing in the country. All these have

introduced a tough competition in the Nepalese market. Today, a product not only needs quality enhancement but also better promotion and presentation in the market. The product should be presented with right price, at suitable place, with good brand promotion, label and package. The product should be able to win the heart of consumers to be successful in the market.

The rapid urbanization in Nepal has induced a culture of drinking cold drink by the people. Moreover, population density has been creating hot climate, which in turn has increased the demand for cold drink. The variety of cold drink brands sold in the Nepalese market has also increased in recent years. Generally cold drink stands for alcohol-less drink. Cold drinks are sold in bottles, plastic, containers or cans. Most people in Nepal, contrary to the people of developed countries, perceive cold drink as a drink to be used in the hot season only. That's why demand of cold drink in Nepal goes comparatively high in the hot summer season.

The present study tries to focus on the marketing of Pepsi in Dhangadhi. Pepsi Cola Incorporation, a New York based multinational company, which produces and sales its products in about 190 countries, began its operation in Nepal in 1986 the local bottler, Swastika Area led Pvt. Ltd. It was introduced to Nepalese market about 10 years later than Coca- Cola. Now Pepsi products have been growing popularity and capturing its good market share.

The management of Pepsi bottler in Nepal was undertaken by Varun Beverages (Nepal) Pvt . Ltd. was controlled and managed by Jaipuria Group India. Its territorial head office and factory was situated at Sinamangal Kathmandu. The producer of PEPSI in Nepal claims that it holds 35 percent of the market share.

The purpose of Varun Beverages (Nepal) Pvt. Ltd. is to make availability of different brands of beverage all over the kingdom to fulfill the consumer's taste and their changing preferences. These products are distributed all over the kingdom through distributors and retailers. There is tremendous opportunity in this industry in Nepal because there is growing trend of drinking in cinema halls, stadiums, consumers daily travels, social gathering etc. Its target customer's mainly comprise the young generation across the country.

The Nepalese market has been gradually heading towards cutthroat competition. In this context, different types of product with a large number of alternative brands are available in the market. We can see different brand of cold drinks in market just as Pepsi, Coke, Mirinda, Fanta, Sprite, 7 up, Slice, Lemon Fanta etc. The competition is very tough in the cold drink market. But Pepsi and Coke are mainly two competitors in cold drinks market in Nepal. Marketing strategy, investment pattern, brand out look and acceptance of the brand by the public are all different from competitors. The company is also implementing different and very aggressive marketing strategies to enhance its competitiveness. Consumer schemes have always proved to be effective tools of promotion.

Time to time, Pepsi company has been launched many different types of sales promotion schemes to increase their sales. The company has always set different strategy than Coke and other soft drinks.

The company had provided the sales schemes to offer a pack of WAI WAI noodles for these customers who buy 1.5 liter and 2 liter bottle of Pepsi drink.

In other size bottles, the company had offered PUNTE and MAMA Bhujiya .

1.2 Focus of the study

Marketing in its true sense helps to increase effective demand for a product through the re-education of distribution cost and also help to explore markets for new products. The role of marketing with regard to dissemination of information is very important for consumers as well as producers to buy and produce goods. It helps in ringing markets competitive thus increasing efficiency of resources use. Likewise, its role with regard to satisfying consumers and making inputs available at reasonable price as services has its own importance. Therefore, the impact of marketing is deep as far reaching.

The present study tries to focus on the marketing of cold drink (Pepsi) in Dhangadhi municipality. This study will examine the present marketing strategies of Pepsi in Dhangadhi and try to find out the marketing variables affecting this cold

drink. The research also focuses on the role played by taste, ability, willingness and purchase behaviour of Pepsi in study area.

1.3 Statement of the problem

Pepsi and Coke are mainly two competitors in cold drinks market in Nepal. The prestigious growth of the market between these Cola giants has been growing ever since Pepsi to Nepal in 1986. Since Coke entered Nepal in 1979, it had been enjoying market leadership in soft drink industry. So, Coke had a sort of monopoly in the market till then. The stiff competition in the marketing of these products has forced the marketers to adopt a variety of marketing tools and techniques in the market place. The manufacturers of Pepsi in variety of media use different types of advertisement. The company spent large amount of money on the promotion of this drink. Also, it is very essential for company to know about their consumer's, their choice and purchasing behaviour. For regular sales and distribution of Pepsi in the study area we must know about which is the best advertising media, which advertising media can be more effective? Therefore, this research starts with the following problems-

- i. What is the purchasing behaviour of consumer's of Pepsi in Dhangadhi municipality?
- ii. Which are the most effective factors that consumers consider while making buying decisions?
- iii. What type of impacts have the advertisements made on the sales of Pepsi in study area?
- iv. What is the effect of sales promotions schemes on sales of Pepsi in the study area?

1.4 Objectives of the Study

The main motto of this study is to point out the availability, consumption and marketing aspects of Pepsi in Dhangadhi municipality. Relating to this, the study has the following objectives-

- i. To identify the consumer's profile in the purchase of Pepsi in Dhangadhi municipality.
- ii. To evaluate the impact of advertisement and sales promotion schemes on the sales of Pepsi in the study area.
- iii. To evaluate the factors that influence consumer purchase decision.
- iv. To find out the popular media of advertising for Pepsi in the study area.

1.5 Importance of the Study

Consumers are the god of the market, so consumer's satisfaction is the main motto of any organization or producer. Success of any industry depends on the function of successful marketing of the products. In an era of cutthroat competition, successful marketing of the products demands a through understanding of consumers taste, choice, ability, preferences and consumption behaviour. For getting such information about consumer, market studies are conducted from time to time. It is very essential for the manufacturers and marketers of the products to know the buying behaviour of target customers to achieve its goods. Therefore, the research will occupy the following importance-

- i. This research will help the other researchers while reviewing their literature.
- ii. This study will be helpful to those who want to know the marketing of Pepsi in Dhangadhi municipality.
- iii. This study will also be useful to the advertising agency to assess their performance.
- iv. This study will be good assets for the library.

1.6 Limitation of the Study

This study may not apply totally for the Kailali district, it has been only limited to the Dhangadhi municipality. So, there could be several limitations-

- i. Lack of the time and cost, the researcher used the very small sample size of consumers and retailers for the sampling method.
- ii. Due to the small sample size, it may not reach some areas of respondents.
- iii. This study is based on the primary information collected through a questionnaire survey of limited number of consumers and retailers.
- iv. This study does not concentrated on the other economic activities, but only concern to the marketing activities of this soft drink.

1.7 Organization of the Study

This thesis has been prepared under five specific chapters.

The first chapter is introduction chapter. It includes geographical background of Nepal, introduction of Kailali district, background of the study, focus of the study, statement of the problem, objectives of the study, importance of the study, limitations of the study and organization of the study.

The second chapter provides review of literature. It contains conceptual review and review of previous studies in Nepal. Conceptual review includes market, marketing, marketing mix, marketing strategies, marketing system, marketing environment, role of marketing in industrialization, introduction of advertising, introduction of promotional activities and marketing channels.

Research methodology has been incorporated in the third chapter. It presents research design, population and sample, nature and sources of data, data collection procedures and data processing and analysis.

The fourth chapter contains data presentation and analysis. It also includes consumer survey and retailer survey.

The last chapter presents the summary, conclusion and recommendations of the study.

The bibliography and appendices are also presented at the end of the study report.

CHAPTER- II

REVIEW OF LITERATURE

Review of literature is the study of concept and theories. As well as review of previous research and their findings. The purpose of reviewing the literature is to develop some expertise in one's area, to see what new contributions can be made, and to receive some ideas for developing a research design.

Scientific research must be based on past knowledge. The previous studies cannot be ignored because they provide the foundation to the present study. In other words there has to be continuity in research. This continuity in research is ensured by linking the present study with the past research studies.

Thus, the purpose of literature review is to find out what research studies have been conducted in one's chosen field of study, and what remains to be done.

2.1 Conceptual Review

In this part, concept of the topic and its related meaning are presented, which help to know the research and its findings. In this study, conceptual review includes market, marketing, marketing mix, marketing strategy marketing system, marketing environment, role of marketing in industrialization, introduction of advertising, introduction of promotional activities and marketing channels.

2.1.1 Market

There are many usage of the term in economic theory, in business in general and in marketing in particular. A market may be defended as a place where buyer and sellers meet, product or service is offered for sales, and transfer of ownership occurs. "A market consists of all the potential customers sharing a particular need or want who might be willing and able to engage in exchange to satisfy that need or

want."¹ A market may also be defined as the demand made by a certain group of potential buyers for a product or service. "A market represents the aggregate demand of the buyers and potential buyers for a product or services over a specific period of time."² Market is defined as people or organizations with wants, to satisfy, money to spend and willingness to spend it. Thus, in the market demand for any given product or service, there are three factors to consider. People or organization with wants their purchasing power, and their buying behaviour. Market is a group of individual organization who may want the goods or services being offered for sale and who meet these three additional criteria.

- i. Members of a market must have the purchasing power to be able the product being offered.
- ii. Market members must be willing to spend their money or exchange other resources to obtain the product.
- iii. Market members must have the authority to make such expenditures.

2.1.2 Marketing

Marketing is the economic process by which goods and services are exchanged and their values determined in terms of money prices. "Marketing is concerned with regular the level, timing and character of demand for one or more products of an organization."³ "Marketing consists of all business activities involved in the flow of goods and services from the point of initial production unit they are in the hands of the ultimate consumer. Thus, agricultural marketing is a process by which the producer and buyer of agricultural goods are brought together."⁴

The marketing process establishes forward linkages for agricultural activities, that is, it provides economic rewards for the production process. It includes not only storage and transportation activities of the middlemen but also encompasses all

1 Philip Kotler, "*Marketing Management*", Prentice Hall, Ninth Edition P. 13

2 Victor P. Buell, "*Marketing Management*", P. 18

3 Philip Kotler, "*The task of Marketing Management*", 1937, P. 42

4 Macmillan Dictionary of Modern Economics. Fourth Edition P. 117

activities linking the consumer and producer. A marketing programmer plays a crucial role in the physical distribution of any product. Therefore, each and every firm should have marketing system for channel. The product to the market to satisfy the customers needs and wants. Sometimes they have to face the marketing problems of capturing the market and creating good will. "Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products, services and ideas to target markets in order to achieve organizational objectives."⁵

A more modern definition in turn with greatly expanded productive capacity might emphasize the adaptation of production facilities to the market. Specially, marketing might be defined as the response of businessmen to consumers demand through adjustments in production capabilities. Adjusting production, accounting, finance and marketing in the light of the changing needs of consumers who are affluent enough to have varied buying choices.

"Marketing is concerned with designing an efficient and fair system which will direct an economy's flow of goods and services from producers to consumers and accomplish the objective of the society."⁶

Marketing can be defined in a simple manner as the activities done by the company to deliver the product from the place of production to the place of production to the place of consumption. It means that marketing is the process of the transfer of ownership of the product in exchange of something of value. "Marketing is the business process by which products are matched with markets and through which transfers of ownership are effected."⁷

Different authorities define marketing in different ways. "Marketing is the exchange taking place between consuming groups on the one hand and supplying

5 W.J. Stanton & C. Futrell, *"Fundamentals of Marketing"* 8th Ed.

6 E .Jerome McCarthy, *Basic Marketing*", 5th Ed. P. 18

7 Cundiff and Still, *"Fundamentals of Modern Marketing"*, 3rd Ed.

groups on the other."⁸ "Marketing is the anticipation stimulation, facilitation, regulation and satisfaction of consumer and public demand for products services, organizations, people, place and ideas through the exchange process."⁹ "Marketing is human activity directed at satisfying needs and wants through exchanges process."¹⁰

In light of above definitions, it can be concluded that marketing is a process of delivering goods and services produced to satisfy the needs of producers to the consumers in an effective way so that the objectives of the producers are fulfilled. Marketing thus satisfies the objectives of the producers by making it possible to sell their products on the market in one hand and on the other hand helps consumer to get the maximum of satisfaction by providing goods and services for their consumption.

In the modern marketing era every marketer should understand the consumer needs. Successful marketing understands consumer taste, quality and choice. If there is no satisfaction of consumer that product doesn't give good result. For consumer satisfaction, the product that is available easily and everywhere than customer attracts in that product easily.

2.1.3 Marketing Mix

Marketing mix is one of the most fundamental concepts associated with the marketing process. It is well understood by most modern marketers and is systematically applied in many industries especially those that deal with physical products. Yet it is easy to assume that, because most managers have heard about it and /or use it, there is no need to mention it again in a book on marketing.

The sad truth is that quite often the precise role and scope of the concept and its underlying principles are not fully appreciated by those who tackle about it or use it. Many managers see no more than a theoretical encompassed by the marketing

⁸ Wroe Alderson, *"Marketing Behavior and Executive Action"* Home Wood Richard D.Irwin 1957 P. 42

⁹ Joel R. Evans & Barry Berman, *"Marketing"*, P. 7

¹⁰ Kotler, *"Marketing management, Planning Analysis & control"*, 4th Edition.

task regard it. In many situation it is considered as no more than an aid to highlighting the fact that 'Marketing' is a much broader concept that just 'Selling' and 'prompting'.

A brief review of the main principles surrounding the marketing mix can help to clarify its true role in the development a mid execution of an effective marketing effort.

"The marketing mix is the set of marketing variables which the organization blends to achieve the marketing goal in a defined target market. the marketing mix consists of everything the organization can do influence the demand for its product in the target market ."¹¹

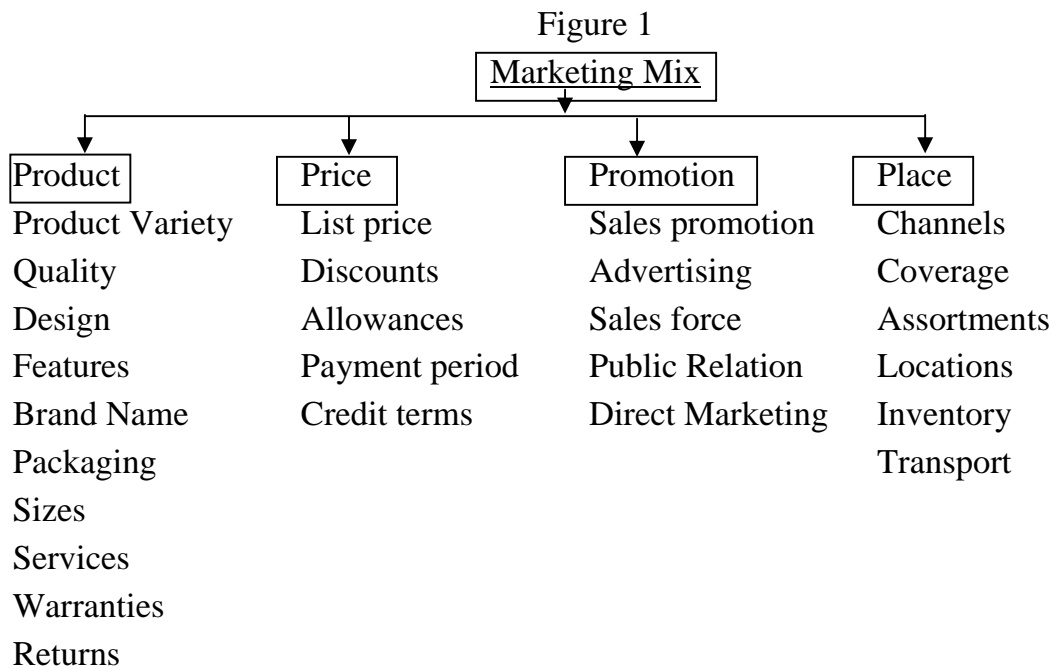
As stated earlier the marketing mix represent as assemblage of tasks and subtasks, which ultimately will help to satisfy the customer requirements in such a way as to enable the firm to attain its objectives in an optimum fashion. The subtle part of the concept is that different company in the same business may option to develop different mixes. In face it is that difference that may provide one company with a competitive advantage over its competitors.

the concept of marketing mix essentially premises that the decision making executive must analyze certain market forces and certain elements of marketing if the executive is ultimately to determine a sound 'mix' of marketing elements which promises to be effective and profitable. The 'four Ps model ' of the marketing mix has probably gained acceptance because of its elegance rather than its validity in all situations. Regrettably, what has been gained in simplicity has been sacrificed in universal appropriateness. It is easy to find examples of marketing programmers, which do not outside that this model is not of universal validity.

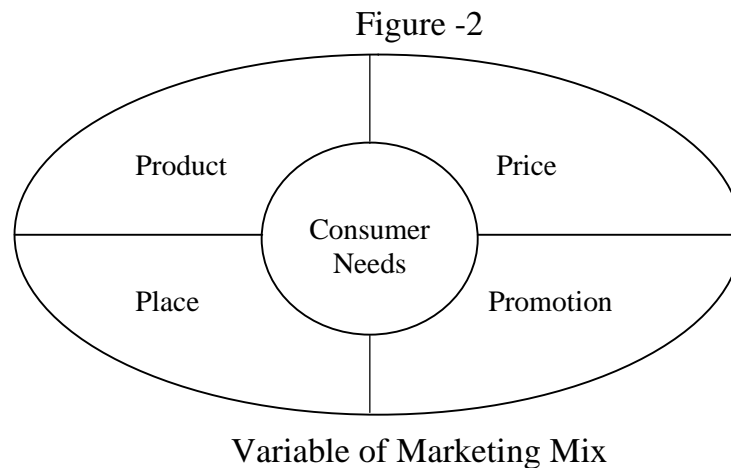
The theory underlying the four Ps is that if one manages to achieve the right product at the right price with the appropriate promotion, and in the right place, the marketing programme will be effective and successful. However, one must bear in mind that each of the four Ps can be broken down into a number of sub-

¹¹ McCarthy, "*Basic Marketing*", 1996

components." Marketing mix is the settings of the firm's marketing decision variables at a particular point in time."¹²



"Marketing mix is one of the key concepts in modern marketing. It refers the set of variables that the business uses satisfy consumer needs."¹³ Marketing mix may be considered as consisting of four Ps-Product, Price, Promotion and Place.



2.1.3.1 Product

Product is one of the most important parts of the marketing mix. Without product we cannot sell or buy the things. The product area is concerned with developing the

¹² Philip Kotler, "The task of Marketing Managment,"1973

¹³ Govinda Ram Agrawal. "Marketing for small business" P. 15

right product for the target market. This product may involve a physical product and / or some combination of services. The crux of the matter in the product area is to develop something, which will satisfy the customer's needs.

Most of the text will be concerned with tangible product, but the principles in most cases also apply to services. It is important to keep this in mind, since the service side of our economy is growing. It is also important to see the product concept as including services, because it is too easy to become overly occupied with producing and selling tangible products. Too many production-oriented people fall into these trap and neglect important opportunities for satisfying needs in other ways. Automobile manufactures and dealers.

"A product is anything that can be offered to a market to satisfy a want or need. Products that are marketed include physical goods, services, persons, places, organizations and ideas." ¹⁴

"Product mix includes decisions on product line and mix, product quality, variety, design features, branding, packaging, labeling etc. It also includes important activities such as product planning and development."¹⁵ "The product offered by an organization is what the business (or no business) entity is all about. While we tend to think of product as objects we can see and touch the term product may be used in referring to tangible services and ideas as well. So product is a market's offering as perceived by the market." ¹⁶

A product is set of tangible and intangible attribute including packaging, colour, price, manufactures prestige, retailer's prestige and manufactures and retailers services, which the buyer may accept as offering want satisfaction.

14 Kotler, *Marketing Management: Analysis, Implementation and control*" 7th ed. 1991

15 K.D. Koirala, " *Marketing Management*" 1992, P.11

16 Victor P. Buell, " *Marketing Management*" P. 23

2.1.3.2 Place

A product is not much good to a customer if it is not available when and where he/she wants it. We must consider where, when and by whom the goods and services are to be offered for sale.

Goods and services do not flow from producers to consumers automatically. They move through channels of distribution where a great deal of marketing work is done. Channel members may or may not handle the goods. Some may own provide return and repair services, while also storing and transporting them. And others may be primarily concerned with transmitting money and information. In other words, a number of things flow through a channel, besides goods in both ways.

Place or distribution mix includes design of the distribution channels, distribution networks, dealer, promotion and motivation systems and physical distribution of the product. Any sequence of marketing institutions, from producer to final user or consumer, including any number of middlemen is called a channel of distribution. Marketing managers must work in and through such channels and so our study of place will be very important to marketing strategy planning.

Even though marketing intermediaries are primarily a non controllable environmental factor, a marketing executive has considerable latitude when working with them. Management's responsibility is:

- i. To select and manage the trade channels through which the products will reach the right market a the right time and
- ii. To develop a distribution system for physical handling products and then transporting them through the appropriate channels.

2.1.3.3 Promotion

Promotion, one of the four major variables with which the marketing managers works, is communicating information between seller and buyer with view to

changing attitudes and behaviour. The marketing manager's job is to sell target customers that the right product is available at the right place at the right price.

"Promotion is the ingredient used to inform and persuade the market regarding a company's products. The major promotional activities."¹⁷ The major promotional methods include personal selling involves direct face to face relationships between sellers and potential customers. Mass selling is designed to communicate with large numbers of customers at the same time. Advertising is the main form of mass selling, but it also involves publicity. Sales promotion refers to specific activities that complement personal and mass selling such as point of purchase displays, booklets, leaflets and direct mailings.

"Promotion is any method of informing, persuading or reminding consumers; wholesalers, retailers, users or final consumers about the marketing mix of product, place and price which has been assembled by the marketing manager."¹⁸

Companies face the task of distributing the total promotion budget over the five promotional tools: advertising, sales promotion, public relations and publicity, sales force and direct marketing. Within the same industry, companies can differ considerably in how they allocate their promotional budget. It is possible to achieve a given sales level with varying promotional mixes. Promotion includes all the activities the company undertakes to communicate and promote its products to the target market.

2.1.3.4 Price

Price is also one of the major parts of the marketing mix. While the marketing manager is developing the right product and promotion, he/she also must decide on the right price. One that will stand out in his marketing mix and make it as attractive as possible. In setting the price, he must consider the nature of competition in his target market as well as existing practices on mark-up, discounts and terms of sale. He also must consider legal restrictions affecting prices.

¹⁷ W.J. Stanton & Futrell, "Fundamentals of Marketing", P.56

¹⁸ E.J. McCarthy, "Basic Marketing" 1996

"Price mix includes such as analysis of competitors prices, formulation of pricing objectives, setting the price, determining terms and conditions of sales, discounts and commission etc. In pricing, management must determine the right base price for its products. It must then decide on strategies concerning discounts, freight payments and many other price related variables."¹⁹

In economic theory, we learn that price, value and utility are related concepts. Utility is the attribute of an item that makes it capable of satisfying human wants. Value is the quantitative measure of the worth of a product to attract other products in exchange. Price is value expressed in terms of dollars and cents or any other monetary medium of exchange. In Pricing we must consider more than the physical product alone. A seller usually is pricing a combination of the physical product and several services and want-satisfying benefits. Price is the value placed on goods and services. Price is the amount of money and for product that are needed to acquire some combination of another product and its accompanying services.

"It is the variable that creates sales revenue. Consumers pay price to buy products for their need satisfaction. It may be fixed on the basis of cost, demand or competition. It may involve discounts, allowances, credit facilities etc. Price has become the second most important variable of marketing mix because of inflationary pressures in recent years."²⁰

2.1.4 Marketing Strategy

Marketing strategy is both unique and common place. That might sound like a contradiction of term but it is not. The term "Strategy" is widely used to describe a seemingly endless number of marketing activities. Today, everything in marketing seems to be "Strategic". There is strategic pricing, strategic market entry, strategic advertising and may be even strategic strategy. The glut of competition has focused more attention on performing the traditional marketing actions strategically with an eye towards beating the competition. In that sense, marketing strategy is common

¹⁹ W.J.Stanton & Futrell, "*Fundamentals of Marketing*". P 56

²⁰ Agrawal, "*Marketing management in Nepal*"

place. In recent years, it seems to have been appended to nearly every marketing action.

Marketing strategy is also unique. There is not one unified definition upon which marketers agree. Marketing strategy is a commonly used term, but no one is really sure what it means.

A strategic sector is one in which you can obtain a competitive advantage and exploit strategic sectors are the key to strategy because each sector's frame of reference is competition. The largest competitor in an industry can be unprofitable if the individual strategic sectors are dominated by smaller competitors. Boyd and Larreches (1970) had found in the history of marketing strategy that tremendous confusion over just what strategy is. The term "Strategy" as used in marketing has been applied to at least three types of issues, each at a different level of aggregation.

At the macro level, there are marketing strategies which focus on manipulations of the marketing mix variables-product, price, place and promotion. According to that definition, setting a strategy for a product consists of selecting a price for a product, designing an advertising campaign then deciding on a plan of distribution. Finally, there are product market entry strategies, which include strategies that look at specific marketing decisions. Strategies that call for a firm to build market share harvest profit (and share) or defend share from competitors.

Another widely used definition of strategy in marketing emphasizes the broader perspective of strategy emphasizes. That definition views strategic market planning as a four step process-

- i) Defining the business
- ii) Setting a mission
- iii) Selecting functional plans for marketing, production and other areas and
- iv) Budgeting for those plans (A bell and Hammond 1979) in that sense, marketing strategy is more akin to corporate strategy.

Strategic marketing is a major component of the strategic planning. Its main objective is to establish the product/market scope of a business. Strategic and marketing is the method that concern trades on the market to serve, the competition and related moves. Formally, strategic marketing deals with the following questions-

- i) Where to complete?
- ii) How to complete?
- iii) When to complete?

"Strategic marketing helps to define the market in entering and competing. That may be the entire market or one or more segments of the entire market. Strategic marketing provides inputs or techniques for solving customer need. That technique may be either an introduction of a new product or existing product with improvements. Similarly, strategic marketing tries to identify an appropriate time for entering to the market defined. The appropriate time to enter the market may be the first in the market or wait until primary demand is established".²¹

2.1.4.1 Product Strategy

In a very narrow sense, a product is a set of tangible physical attributes assembled in an identifiable form. Each product carries a commonly understood descriptive name, such as apples, steel or baseball bats. "A product is set a of tangible and intangible attributes, including packaging, colour, price, manufacture's prestige, retailers' prestige and manufacturer's and retailer's service."²² "Product is anything that can be offered to a market for attention, acquisition, use of consumption and that might satisfy a want or need. Products include more than just tangible goods. Broadly defined, product includes physical objects, services, persons, places organizations, ideas or mixes of these entities."²³ A product is anything that is potentially valued by a target market for the benefits of satisfaction it provides. The General principle is that a firm must have a right product that can satisfy the needs

²¹ Shyam K. Shrestha, "Marketing Strategy and Management" P7

²² Stanton & Futrell, "Fundamentals of Marketing" P 190

²³ Kotler & Armstrong, " Principle of Marketing", P 238

and wants of the consumers. But a product can not satisfy their needs and wants over the time period, because of several reasons.

First, like living creatures a product also has a life during which a firm has reformulate or modify or differentiate or standardize it to maintain its position in the market.

Second consumer demand goes on changing over the time period. As such, the same consumer may demand different products over the time period.

Finally, the requirement of all consumers is not alike, different consumers may demand for different product attributes (Such as quality, product service, branding, good. packaging, attractive color and design prestige, problem, solution etc.) at the same time.

Product is what marketers offer to consumers. They include goods, service, ideas and any other things that can be exchanged by a supplier and a buyer or consumer. The term product concept refers to the marketing strategist's selection and blending of a product's primary characteristics and auxiliary dimensions into a basic idea or concept emphasizing a particular set of consumer benefits.

"It clearly indicates that the product decision is not only an important decision in the marketing but also a most challenging asks for the marketers. To succeed the competitive markets the marketer must be able to study each and every aspects of the product including product life cycle, new product development, product mix and product line, product positioning, branding, packaging etc."²⁴

Product strategy is the core of strategic planning for the enterprise and it plays a pivotal role shaping marketing strategy. Management's strategic decision about the product to be offered is among the most important of those affecting the future of company. No other strategic decision has such widespread impact, cutting across every functional area and affecting all level of an organization. This key strategic

role should not come as a surprise since meeting people's needs and wants with goods and services is what business is all about. A product strategy consists of :

- i. Deciding how to position a business unit's product offering (Specific product, line or mix) to serve its target market.
- ii. Setting strategic objectives for the product offering.
- iii. Selecting a branding strategy.
- iv. Developing and implementing a management strategy for a new and existing products.

2.1.4.2 Pricing Strategy:

Price is one of the four major elements that the marketing manager must consider while preparing the marketing program. Price is regarded as a backbone on which the success of the marketing program largely depends. No. rational product policy, no product design and no marketing strategy can be formulated without consideration of price; no price is set in isolation of the total strategy. Since price decisions affect not only the firm's sales and profit but also determines its future prospects, they must be taken into account seriously.

In general, price is value or amount of money sacrificed to obtain a particular product or service. Price may also be defined as the exchange of something of value between parties involved in a transaction. In economic sense, price is value expressed in terms of rupees of dollars or any other monetary medium of exchange.

Pricing in the other means the determination of proper value to a particular product or service. In broader sense, price settings involve the determination of some object that can be used to establish the value of the exchange to all parties involved in the transaction determining the values to base price is a strategic decision pricing as a strategic variable in marketing it should be based on systematic decisions to assign a value to communication the seller's estimate worth of the offering.

Price strategy has many characteristics in common with a bomb! The consequences of pricing decision can be explosive and far-reaching and it may be difficult to alter

a strategy once it has been implemented, particularly if the change calls for significant price increase. Price has many possible uses as a strategic instrument in corporate and marketing strategy.

We define a price strategy as: "Deciding how to position price within the range of feasible prices; establishing whether price shall be used as an active or passive element in the marketing program, setting the specific objectives to be accomplished by price; and establishing policies and structure for guiding pricing decisions."²⁵

2.1.4.3 Distribution Strategy

Distribution is one of the major marketing functions. Without its effective and efficient management the whole marketing system may be failed. So that, clever marketing manager should have given due attention towards its better functioning. Simply speaking, distribution is the delivery of the products to the right time, place and consumers. It is not a single element, but it is a mixed of various to consolidate functions. Such as channel of distribution, transportation, warehousing and inventory control etc.

Most producer work with marketing intermediaries to bring their product to market, they try to forget a distribution channel. A producer should decide how many middlemen he should seek at each level of distribution. He will determine the numbers of retailers, wholesalers, agents and so on.

"Distribution may be defined as an operation or a series of operation which physically bring the goods manufactured or produced by any particular manufactures in to the hands of the final consumers or users"²⁶. Distribution channels are the major factors in the effective development of the market share, internationally to maintain quality and ensure services; direct distribution is also under taken by many manufacturers. Also, the use of multiple channels will expand

25 David W. cravens, "Strategic Marketing Management", P 237

26 David W cravens, "Strategic Marketing management."

and include Tele-marketing, direct response marketing, mail-order and computer assisted buying.

Distribution is concerned with activities involved in transferring goods from producer to final buyers and users. It includes not only physical activities, such as transporting and storing goods, but also the legal promotional and financial activities performed in the course of transferring ownership. Since a succession of enterprises is generally involved in the distribution process leading to the final sale to the consumer or user to understand distribution one must analyze both the different kinds of marketing institutions and the marketing channels in which they operate.

The means of distribution have a very significant effect upon the prices of goods and a single means is not enough due to the geographical diversity. Where there is single system this has led to the rise in the price of commodities on the one hand and the non availability of them in time, on the other hand. These problems have pointed to the necessity of a new management in the means of distribution which specially considers the factors like the nature of the commodity, the behaviour of the customers, effectiveness of time, education and social values.

Distribution Channels

The distribution channel moves goods from producers to consumers. It's overcome time, place and possession gaps that separates goods and services from those who would use them. The different distribution channels are useful for receiving information, finding and communicating with perspective buyers, attempting to agree on price and the other terms that the transfer of ownership possession can happen.

A channel of distribution is an organized network of agencies and institutions which in combination perform all the activities required to link producers with users and users with producers to accomplish the marketing task.

These intermediaries or channel of distribution tend to be used for several reasons:

- i. The number of sellers and buyers and the distance of product movement are relatively large.
- ii. The frequency of purchase is high.
- iii. The lot sizes needed by end users are small
- iv. Markets are decentralized.

There are three levels of marketing channels.

- i. Direct channel
- ii. Indirect channel
- iii. Mixed channel.

Under direct channel, producer himself distributes goods and services to the end users. No intermediaries are used in this case. Under indirect channel, several intermediaries such as whole sealers, retailers, dealers, agents etc are used to supply goods and services from production point to the consumption point. Under mixed channel, producer uses both direct as well as indirect channels at the same time for the purpose.

Physical Distribution

Physical distribution is concerned to the management of physical flow of goods from the points of suppliers to the points of purchasers. "Physical distribution is concerned with the actual movement and storage of products after their production and before their consumption."²⁷ "Physical distribution involves the physical flow of products. Physical distribution would involve.

- i) The movement of finished goods from the production line to the final customer and
- ii) The flow of raw materials from their source of supply to the production line."²⁸

²⁷ Cundiff, Still and Govoni, "Fundamentals of Modern Marketing"

²⁸ Stanton & Futrell, "Fundamentals of Marketing",

The main objective of physical distribution is getting the right product safely to the right places at the right time at the least possible cost. More specifically, the objectives of physical distribution are:

- i. To provide customer service.
- ii. To distribute goods more safely.
- iii. To minimize the total cost.
- iv. To supply goods to the right target market function of physical distribution.

A physical distribution system consists of a set of interrelated functions with specific boundaries. The inter-related functions include the following elements:

- i) Transportation
- ii) Warehousing
- iii) Inventory management and control
- iv) Order processing
- v) Material Handling

2.1.4.4 Promotional Strategy

Promotional strategy is also one of the most important marketing strategies. There is various type of promotion. These include advertising, personal selling, sales promotion various miscellaneous efforts. When management has a message to pass to target consumer's promotion is the proper vehicle.

A company needs to make marketing decisions only in the areas of segmentation, product offering, pricing and distribution but also in the area of promotion. Promotion is "any marketing effort whose function is to inform or persuade actual or potential consumers about the merits of a (given) product or service for the

purpose of inducing a consumer either to continue or to start purchasing the firm's product or service at some (given) price."²⁹

Promotion is persuasive communication. It is a highly visible element in the marketing mix. It tells the target customers about product, price and place. It is also known as marketing communications. Promotion is applied communication used by marketers to exchange persuasive messages and information between buyers and sellers.

"Promotion represents the various communications to inform and persuade people that a firm directs towards its market targets, channel organizations and the public at large. These communications consists of advertising, personal selling, sales promotion and publicity activities. Personal selling, sales promotion and publicity activities. Increasing, marketing management is finding it profitable to combine advertising, personal selling, packaging, point of purchase, direct mail, product sampling, publicity and public relation decisions into an integrated promotion strategy for communicating with buyers and other involved in marketing purchasing decision. Since each type of promotion has certain strengths and short comings, the strategy adopted should capitalize upon the advantages of component in shaping a cost effective communications mix."³⁰

There are various promotion methods-

- Advertising
- Personal Selling
- Sales Promotion
- Publicity
- Public Relations

29 Alderson & P.E. Green, "Planning & problem solving in Marketing, P 270

30 David W. Cravens, "Strategic Marketing Management" P 319

2.1.5 Marketing System

A system is set of units with relationships among them. Marketing is a total system of business activities designed to plan, price, promote and distribute want satisfying product to target market to achieve organizational objectives.

The concept of marketing system is given by the system approach to marketing based upon the work of Ludwig van Bertalanffy. "Marketing is a total system of business activities designed to plan, price, promote and distribute want-satisfying products to target market to achieve organizational objectives"³¹

The term "marketing system" consists of two separate words "Marketing" and "system". Marketing is a human activity directed at satisfying needs and wants through exchange processes. On the other, the term "system" means regularly interacting group of activities forming a unified whole. In other words, system means systematic or regular flow of any thing directed at fulfilling basic goals.

Marketing system deals with the smooth functioning of the marketing activities for the fulfillment of the consumer needs and wants. If a marketer fails to do so, then one must know that there is something wrong with the marketing organization. And, in this situation no marketer can work successfully. So, the marketing manager must be able to analyze the marketing system in a systematic manner.

2.1.6 Marketing Environment

The Marketing environment consists of external forces that directly or indirectly influence an organization's acquisition of inputs and generation of outputs. Examples of inputs include skilled personnel, financial resources, raw materials and information. The output should be information, packages, goods, services or ideas. Environment is outside organization but potentially relevant to the firm's market and marketing activities. It consists of the factors that affect the firm's ability to develop and maintain both the successful transactions and the relationship with its target customers. The marketing environment as consisting of six categories of

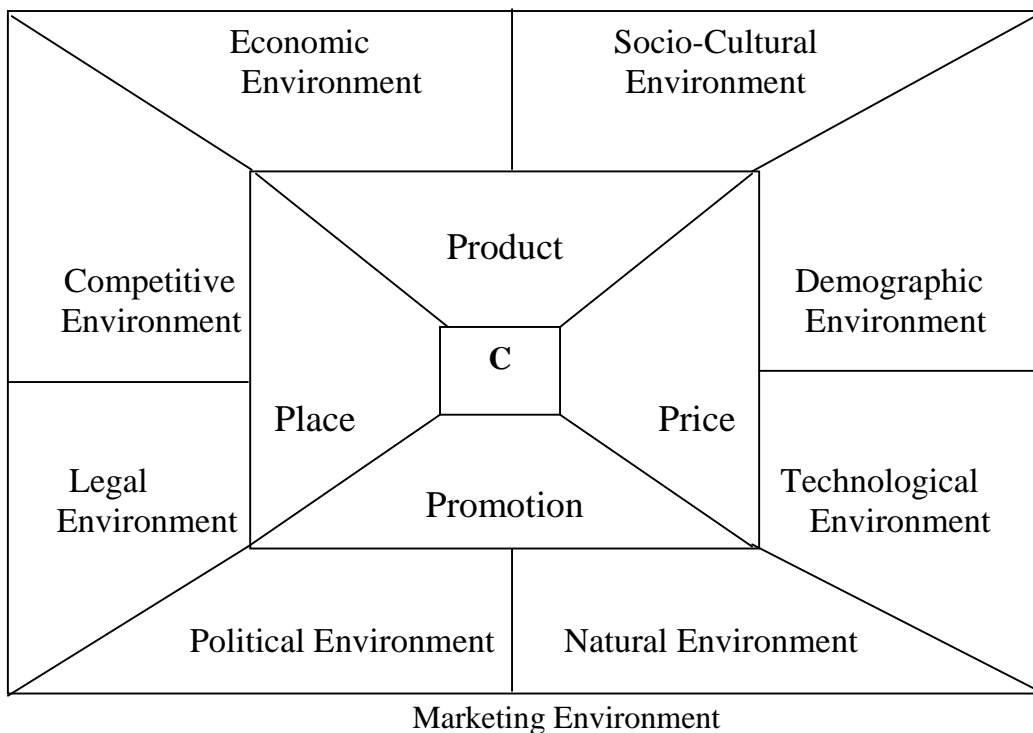
³¹ Candiff, Still & Govoni," Fundamentals of Modern Marketing"

forces: political, legal, regulatory, societal, economic & competitive and technological.

"The company's decision is directly affected by the marketing mix and the marketing mix decision is affected by the marketing environment. Therefore, while deciding marketing mix, a comprehensive study and analysis on marketing environment must be made to make the decision more effective and suitable marketing environment includes forces such as, economic, socio-cultural, demographic, competitive, technological, political & legal natural etc." ³²

In this sense marketing environment lays upon limits or constraints on the firms marketing activities, such as marketing information system, marketing planning system, implementation system, control system, production activities, pricing, promotion, placing etc. The effect of marketing environment can not be measured in term of expectations, assumptions and predictions but in terms of goal achievements. That's why; investing a huge amount of time, money, energy etc has become a new life style of almost marketing enterprises.

Figure-3



The importance of marketing environment to the management has been increasing these days than even before, because there are several opportunities and threats or challenges within the marketing environment, which should be forecasted and rightly analyzed by the marketing manager to enjoy the opportunities. A successful marketer is one who can appropriately analyze these forces. A successful marketer can acquire several opportunities through these forces amid successfully run his business. The key to marketing success lies more now than ever, on knowing: what a firm is; what it is in the competitive environment; and who its competitors are.

2.1.7 Role of Marketing in Industrialization

Industrialization is the impetus of overall development of country. Today, industrialization is considered as synonymous to development. The countries, which are industrialized are developed too and vice-versa. Many countries which we say the most developed countries like UK, USA, Japan, China etc. have been fully industrialized and the countries which are under developed or developing are also stepping gradually a head toward that direction. All Nepal, a developing country too is not exception to this phenomenon of the world.

Marketing plays a very significant role in accelerating the pace of industrialization, which in turn, aims at making the economy developed and strong. In this connection, it is significant to note that marketing is the most important multiplier of economic development. The development of marketing makes possible economic integration and the fullest utilization of assets and productive capacity an economy already possesses. It mobilizes latent economic energy and finally contributes to the greatest needs: that for the rapid development of entrepreneurs and in manages.

Marketing plays important role in the process of industrialization. The proceeds of industrial activity are passed on to the society through the process of marketing. Hence, the success or failure of business largely hinges upon the art and science of marketing, which is composed of explorative knowledge, act, and talent of veteran practitioners. In the global market, The multinational companies like-Sony, Hitachi, Toshiba, Philips, Proctor & Gamble, Johnson & Nichol son and many others have

been permeating throughout the world with the help of modern marketing practices and methods. So are The Tata, The Birla, The Ambani, The Bajaj India, and STC, Thai food (RARA Noodles), Bottlers Nepal and Panchakanya Iron in Nepal. Marketing in this sense has made the producers as well as the customers more conscious toward comparative service, values, safety, satisfaction and convenience.

2.1.8 Introduction of Advertising

Advertising is directly toward a group of people who are also called prospects to influence in the buying decision. This view may be clear by the view of Kenneth A. Longman. He has said, "When a persuasive communication is directed toward large group of individuals it is called advertising.

Advertising media is the vehicle through which advertiser's message goes to target audiences. It is the vital connection between the company that manufacturer's product and the consumers who buy it. Advertising media is a type of communication. Producers want to give a lot of information about his products but he can not to do so by personal efforts, by personal contract or by mail. The advertising media is the carrier of the advertising message.

"Advertising consists of all the activities involved in presenting to a group a non-personal or oral, visual openly sponsored message regarding a product, service or idea." ³³

Figure 4

<p>1) Print Advertising Media:</p> <ul style="list-style-type: none"> • Newspapers • Magazines • Other 	<p>3. Direct Advertising Media:</p> <ul style="list-style-type: none"> • Envelop Enclosures • Catalogue & Booklets • Sales letters • Gift novelties
<p>2) Electronic Advertising Media</p> <ul style="list-style-type: none"> • Radio • Television • Video • Cinema • Electric Signs • Sky Writing 	<p>4) Computer Advertising</p> <ul style="list-style-type: none"> • Internet • E-mail • Fax

Medium of Advertising Media

The medium or communication channels can be impersonal or interpersonal. Mass media consists newspapers, magazines, billboards, radio, television, internet and interpersonal media is a internal formal conversation between a sales persons and customers.

2.1.9 Introduction of Promotional Activities

According to the E.J. Mc. Carthy promotion is any method of informing, persuading or reminding consumers; wholesalers, retailers, users or final consumers about the marketing mix of product, place and price which has been assembled by the marketing manager.

Promotion is related to communication. Most of the companies use the various types of promotional activities-marketing materials, promotional materials, information about the company and product and every kind of information is provided to the customers from various types of promotional tools. The major promotional tools is advertising, personal selling, sales promotion, publicity and public relations.

Advertising

Advertising can be described as any paid form of non-personal communication by a sponsor. According to the national associations of marketions Teacher of America- Advertising is any paid form of non personal presentation of goods, services or ideas to a group, such presentation being openly sponsored by the advertiser. "Advertising includes any persuasive message carried by a mass medium and paid for by a sponsor who sings the message"³⁴

Personal Selling

Personal selling is an oral presentation in a conversation with one or more prospective customers for the purpose of marking sales. Personal selling can be a very intense means of promotion. Personal selling consists of person-to person

³⁴ Philip Kotler, "Marketing Management".

communication between sales person and their prospects. Unlike advertising, it involves personal interaction between the source and the destination. "Personal selling is the personal communication of information to persuade a prospective customer to buy a good, Service or idea."³⁵

Sales Promotion

According to American marketing Association-Sales promotion refers to those marketing activities, other than personal selling, advertising and publicity that stimulate consumer purchasing and dealer effectiveness, such as displays, show and expositions, demonstration and various non-recurrent selling efforts not in the ordinary routine. Sales promotion activities are impersonal and usually nonrecurring and are directed to ultimate consumers, industrial consumers and personal selling efforts. Examples of sales promotion are free product samples, trading stamps, store displays, premiums, coupons and trade shows.

Publicity

Publicity is a means of promoting to the mass market. Publicity is similar to advertising, except that it is free, is found in the editorial portion of news media and pertains to news media and pertains to newsworthy events. "Publicity is any promotional communication about an organization or its products that is presented by the media, but it is not paid for by the organization."³⁶

The most common type of publicity are news releases or press conference, annual function, exhibition, photographs and features stories.

Public Relations

Marketers engage in public relations in order to develop a favorable image of their organizations and products in the eyes of the public, they direct this activity to parties other than target consumers. These 'others' include the public at large labour union, the press and environmentalist groups. Public relations activities include

35 K.D. Koirala, "Marketing Decisions, 2nd Edition.

36 Stanton and Walker, " Marketing Strategy and Plan,"

sponsoring floats in parades, lobbying and using promotion messages to persuade members of the public to take a desired position.

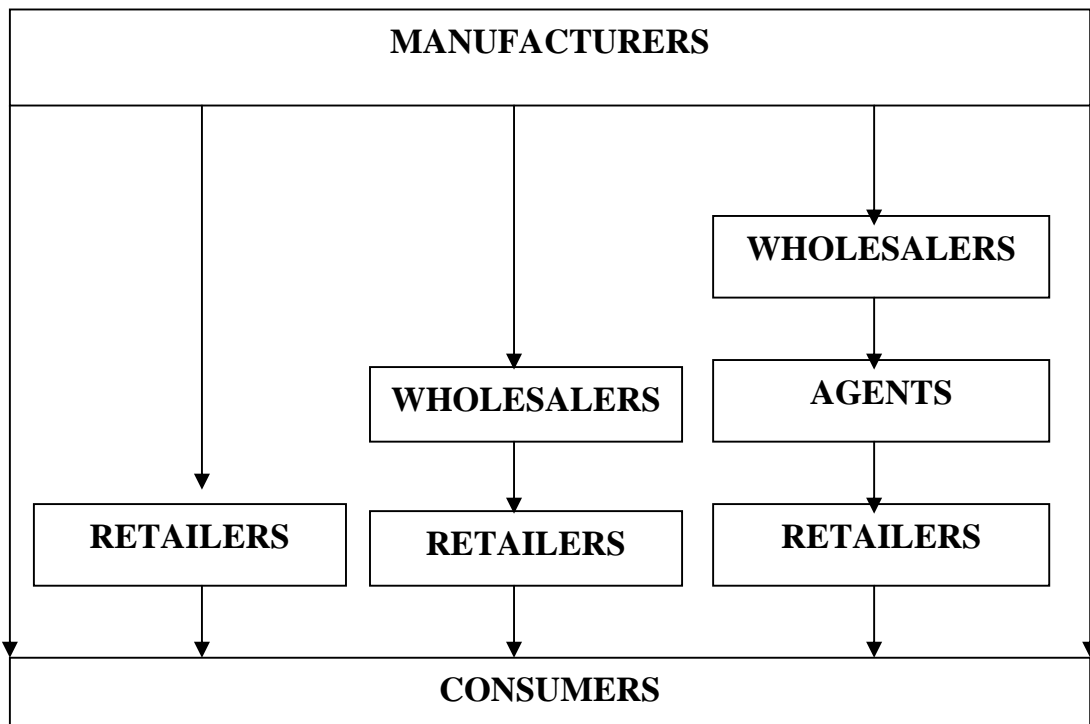
It is the variable that communicates to the consumer about other variable of marketing mix for their need satisfaction. It consists of advertising. Publicity, personal selling, sales promotion and public relations.

2.1.10 Marketing Channels

According to Stanton and Futrell- A marketing channel or channel of distribution is a group of interrelated intermediaries who direct products from producers to consumers or industrial users.

Most producers do not sell their product directly to the final consumers. That is why, they use variety of intermediaries. Channels are the medium for taking the goods and services to ultimate buyer. These organizations and agencies are grouped together in various combinations linking particular producing units through the channel of distribution.

Figure 5

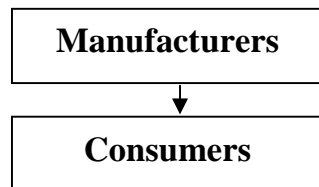


Distribution Channel for Consumer Goods

For the consumer goods, marketing channels are divided into following parts.

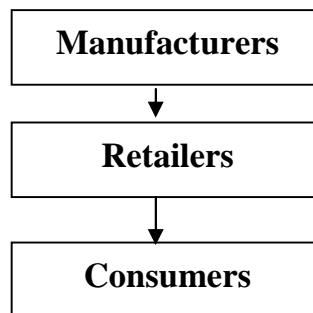
i) Zero level channel

In this level, the producers or manufacturers sell their product to final consumers directly. This is one of the very simple and short medium to distribute and sell the product. This can be seen in following figures-



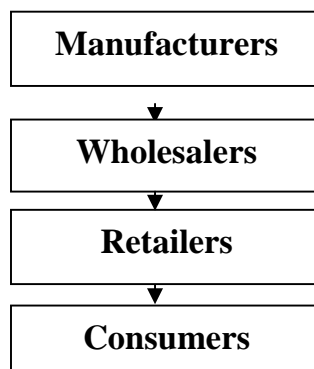
ii) One level Channel

In this channel, manufacturers sell their product to retailers at first. Then, retailers sell these products to final consumers. It can be seen in following figures-



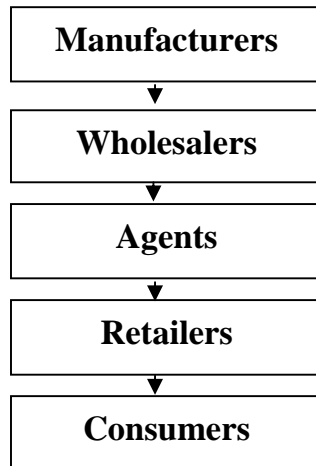
iii) Two-level Channel

At this channel, manufacturers use two levels of intermediaries. Wholesales and retailers, by the help of them manufacturers sell the product to the final consumer. Manufacturers sale the product to wholesalers, retailers purchase this product from wholesalers, and retailers sell it to final consumers. It can be seen in following figures-



iv) Three-Level-Channel

This is the largest medium to distribute and sell the consumer goods. At this channel, manufacturers use the three types of intermediaries: wholesalers, agents, and retailers. It can be seen in the following figures-



2.2 Review of Previous Studies in Nepal

2.2.1 Pathak, Krishna Prasad, "Coffee Marketing system in Nepal"

The study was undertaken in 1998 with the following objectives.

- i) To analyze the present phenomena, problems for the farmers engaged in coffee farming.
- ii) To assess the existing coffee marketing system.
- iii) To analyze the challenges, problems and profitability of farming processing and marketing of professional standards.
- iv) To recommend measures for improvement.

From this study the following conclusions have been deduced. Nepalese farmers are motivated to plant coffee for better yields and they need technical support and training for professional farming skills. There is no support to farmers. Input, supply and sales security were very weak. Recently emerging community activities show better symptoms in this respect. Pricing to support farmers was effective due to increased competition. Market promotion is weak and packing is the first place

to start place to start promotional campaign. New push sales is the only measure and no promotions are done. Distribution system components are assembly transportation, processing and order processing. Through Nepalese domestic production covers only 22.9 percent of domestic market, Nepalese coffee is worth exporting and Nepalese consumers prefer instant coffee mainly imported from India. It shows that Nepal can develop coffee, as an important cash crop to generate exports, which should help in economic growth, employment generation and mitigating the ever-increasing unavoidable balance of trade, for this professional and institutional approach, is warranted for.

The study has recommended that select better seeds appropriate for Nepalese landscape and climate should be conducted. Interest rate 17 percent is not appropriate for farming and is very high. Enterprising farmers should be trained so as to make them the bridge between the ordinary farmers and technical experts. Wet pulping should be introduced and farmers should be facilitated to pulp, hull and grade the beans and green beans should be introduced in trade. There should be improved in packing of roasted coffee. Demonstration farms should be developed as the catalysts to incorporate rural people in modern business ethics professionalism should be encouraged in coffee marketing.

2.2.2 Thapaliya, Anup Kumar, "A study in Market situation of Instant Noodle Yum Yum in Kathmandu"

A case study mainly focused in market situation of Yum Yum in Market having following main objectives-

- i) To test the market of "Yum Yum" in Kathmandu.
- ii) To obtain and analyze the information on the sales of different kinds of instant noodles in Kathmandu.
- iii) To obtain the consumers opinion on price, quality and test of different brands.
- iv) To compare the position of "Yum Yum" instant noodles with other brands.
- v) To assess the average percentage of consumer's loyalty over several brands.

- vi) To compare the price, quality & taste of "Yum Yum" with other brands.
- vii) To suggest the company of "Yum Yum" for overall marketing activities for better distribution.
- viii) To assess the status, usage pattern, attitude and Image of Yum Yum.

On the basis of field survey and subsequent analysis, the study has found followings. All wholesalers are under the distributorship of Chitwan supplier, the single, distributor to of Yum Yum in Kathmandu. Wholesalers prefer the brands of noodles on the basis of sales volume. On the basis of sales volume Wai-Wai stands at the top and Yum Yum stand in second. Few wholesalers have expressed the view that some retailers complain over the price of Rara, Wai-Wai, hits and on the taste of Yum Yum. After introduction of Yum Yum in the market, 90% of wholesalers expressed that it is satisfactory and rest of the wholesalers expressed that the quality is not satisfactory regarding the distribution of different brands by their quality. Wai Wai is the best quality noodle and Yum Yum was second position. Out of 100 percent 65 percent use noodles as Tiffin and rest 35 percent respondents use it as both Tiffin and dinner.

This study concluded that the use of instant noodles has become a general consumption Phenomenon in Kathmandu. There are various brands of instant noodles available in the market and market noodles has turned to be competitive in recent years. The company does not have effective & reliable channel to collect information from wholesalers, distributors & consumers.

The study has recommended that an improvement in the test and quality and fixing reasonable price can be helpful measure to increase the incentive to the wholesalers/ distributors so as to motivate & encourage them to focus their transactions on Yum Yum. The company should diversity its market by penetrating into potential rural areas. It should establish efficient distribution networks and provide reasonable amount of commission at each level.

2.2.3 Lmichhane, Hari "Marketing of Cold drinks in Kathmandu"

The study was focused with following main objectives-

- i) To examine the potential consumers in purchasing cold drinks.
- ii) To identify the purchases behaviour of consumers who purchase cold drinks.
- iii) To estimate demand of cold drinks in Kathmandu.
- iv) To identify the best choice of consumers on cold drinks on the basis of selecting brands advertising, habitual testing, asking questions & personal inspection.
- v) To find the relationship between the brand preference and advertising
- vi) To find out the popular media of advertising for the cold drinks, which can easily attract the potential consumers on each company, branded cold drink.
- vii) To estimate sales of cold drinks in Kathmandu.

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

The study has recommended that advertising should be more believable and effective, So manufacturers are suggested to advertise their product through television and other media. Most of consumers are found brand loyal. If they don't get the desired brand they use the alternative brand. So the marketers are suggested to give proper attention on their distribution system. It is suggested that the manufacturers of cold drink should try to fulfill consumer's demand on cold drinks of their choice.

2.2.4 Bhatta, Shree Chandra. "Sales Promotion and its effect on sales: A case study of Beer Market of Nepal".

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

- i) To find out whether sales promotion does impact on sales of beer.
- ii) To find out what mode of sales promotion is more acceptable by the Nepalese consumers.
- iii) To find out what mode is more wisely use by the manufacturers as a sales promotion tools.
- vi) To evaluate effectiveness of sales promotion activities in the sales of beer in Nepal.
- v) To find out which media is suitable to advertise about the sales promotion.
- vi) To predict the sales of coming year if every factors would be the same.

On the basis of analysis of the consumers view point and sales data separately. The following findings are drawn. The people with high income group highly educated and from business people tend to drink beers more. The people drink beer at restaurants for relaxation rather than other cause. The people prefer San Miguel brand than other beers. In the case of sales promotion the cash prizes out of all the tools insist people. In advertising, electronic media is very popular among the people. It the expenses on sales promotion among the people. If the expenses on sales promotion increase the sales increase in high speed. From the regression it is clearly seen that if the expenses on the sales promotion increases the sales of the product will be increases. It is concluded that sales promotion works as a starter to the beer drinkers. Most people who are not so educated, are no loyal to wards any

particular brand. Due to this the sales promotions easily quench the attention of those beer drinkers and as a result the sales of the beer will increase.

The people who drink beers accept electronic media. So far sales promotion purpose, the electronic media is very suitable. The sales promotion is very powerful tools which can easily boots the sales. The study has recommended that low income group as well as low education group should be launched the beer. In advertising, the electronic media is very popular. So, the heavy media coverage should be acquired. People like cash prizes, so company should cut down the prize like motorcycles, fridge, T.V etc. Findings proved that the sales promotion have positive impacts on the sales of the beers. But the companies launched the sales promotion programmes for only 3 months. It is strongly advised that sales promotion programmes should be launched at least for six months. At last, sales promotion is very important if the use would be in a proper way.

CHAPTER-THREE

RESEARCH METHODOLOGY

Research is the systematic and scientific effort in order to identify the truth. It is a fact-finding action. Thus research is searching and answers to questions. It is a systematic and organized effort to investigate a specific problem that needs a solutions.

Methodology is the set of research method used to collect information, analyze and interpreted the data and test the hypothesis. Therefore, methodology can be designed as a systematic procedure of solving the problem. It may be understood as a science of studying how research is done scientifically.

The objective of this study is to examine the marketing of 'Pepsi' is Dhangadhi. In this study, the necessary relevant data have been colleted from the sample consumers and retailers. To achieve the objective, the study follows a research methodology, which has been described as the research design, population and sample, nature and sources of data, data collection procedures and data processing and analysis.

3.1 Research Design

Research design is layout of a research. It is always purposeful scheme of action proposed to be carried out in a sequece during the process of research, focusing on the management problem to be tackled.

Research design is scheme for doing research work. It is the plan, structure and strategy of investigation conceived so as to obtain answer to research questions and to control variance.

Basically, the research design has two purposes. The first purpose is to answer the research questions or test the research hypothesis. The second purpose of a research

design is to control variance. Several typologies have been suggested for classifying a wide variety of research designs used in social science. McGrath suggested five models of different types of research designs; controlled experiment, study, survey, investigation and action research. Selltiz and others suggest three broad categories of research design, formative or exploratory studies, descriptive studies and studies testing causal hypothesis. Boyd, west, starch suggest two broad categories of research design; exploratory research and descriptive research design. In this study research design are to be categories according to Boyd, west and stach.

There are mainly two types of research design exploratory and descriptive. Exploratory design is essential for formulating hypothesis. It is done to investigate possible cause and effect relationships by exposing one or more control group to one or more treatment conditions and comparing the results to one or more control groups but not receiving the treatment. Descriptive research design is a type of fact-finding research. It is conducted under respondent's options.

The descriptive research designs will be followed in the study. Such design provides a description of a specific situation in such a ways as to help the researcher identify cause effect relationship.

This study is based on the survey research design. A limited scale survey has been conducted among the consumers and retailers of Pepsi in Dhangadhi. The questionnaires have been administered in order to generate data and other in formation relating to the research questions adopted for this study.

3.2 Population and Sample

As the total population of 'Pepsi' users presently available is hard to find in number, the study take the population as the total consumers of Pepsi drink in Dhangadhi municipality. The study has included 50 consumers and 50 retailers of 'Pepsi' drink based in Dhangadhi. Sampling is the practice of selecting group of consumers considered to be represent active of the entire population because it is neither feasible nor practical for research to contact to all the members of a population. Though, the sample size is very small in comparison to he total population,

sufficient efforts have been made to make the sample representative by including consumers from the different professions, age group educational background and sex.

3.3 Nature and Sources of Data

Data are mainly two types, one is Primary data and another is Secondary data. Primary data are the first hand data, generated by original research to solve the specific and current research questions. The major advantage of primary data is that the information is specific, relevant and up-to-date. There are two principal method of collecting primary data: Observation and Questionnaire

Secondary data are information that are already collected for other purposes and is readily available. The advantage of this type is its availability and lower cost than primary data.

For this study, both primary and secondary data and information are used. But research is mainly based on primary data or original data collected directly through the questionnaires and oral conversation from the concerned and consumers .The questionnaires were distributed to the consumers and retailers of Dhangadhi collecting necessary information.

3.4 Data Collection Procedure

The data have been collected through a self-administered questionnaire survey at respondent's place at mutually convenient time. The questionnaire distributed through personal contact in which the respondents were requested to fill up the questionnaires. The respondent were supported by oral explanation at the point where they got confused or unable to understand content of the questionnaires. The researcher personally visited to take interview of the retailers and consumers. Consumers where chosen from different socio-economic background for interview. Sample of the questionnaires is given in Appendix A & B.

3.5 Data processing and analysis

The raw data collected through the questionnaire have been manually processed and presented in the form of table. Once the data are arranged sequentially, simple statistical tools were used for analysis. The processed data have also been presented Graph, Bar-diagram and Pie-chart. All the questionnaires were distributed and collected by the researcher herself. So, there was no delay in collection of the questionnaires distributed to the consumers. Every questionnaire was thoroughly checked after the collection.

CHAPTER- FOUR

DATA PRESENTATION AND ANALYSIS

Since this chapter is analytical and interpretative by nature, it consists of various activities that the researcher has undertaken. The data and information collected from the consumers and retailers have been presented, analyzed and interpreted in this chapter for attaining the stated objectives of the study. The data were presented in suitable table with appropriate headings to provide clear picture of what was intended to show. While preparing these tables, it was tried to the best to remove complexities. In course of analysis, both the mathematical and statistical tools, which were previously explained in the third chapter, were used. This chapter first presents the consumer level survey and then after the retailers level survey.

4.1 Consumer's Survey

This chapter particularly consists of the analysis and interpretation of the following.

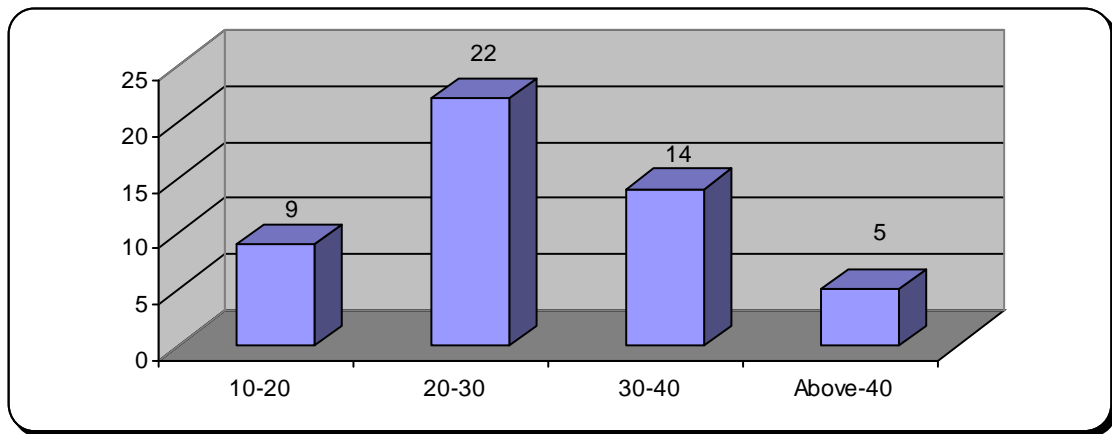
- Consumer's profile.
- Most preferred time for taking Pepsi drink.
- Suitable place for having Pepsi drink.
- Reason for having Pepsi drink.
- Size of Pepsi drink most preferred.
- Factors that influence to have Pepsi drink.
- The most effective advertising media.
- Frequency of purchase of Pepsi drink.
- Participation in the process of Pepsi drink.
- Reason for changing Brand.

4.1.1 Consumer's Profile

Table No. 4.1.1.1

Users of Pepsi drink-Age wise

Age	No. of Respondent	Percentage
10-20	9	18%
20-30	22	44%
30-40	14	28%
Above-40	5	10%
Total	50	100%



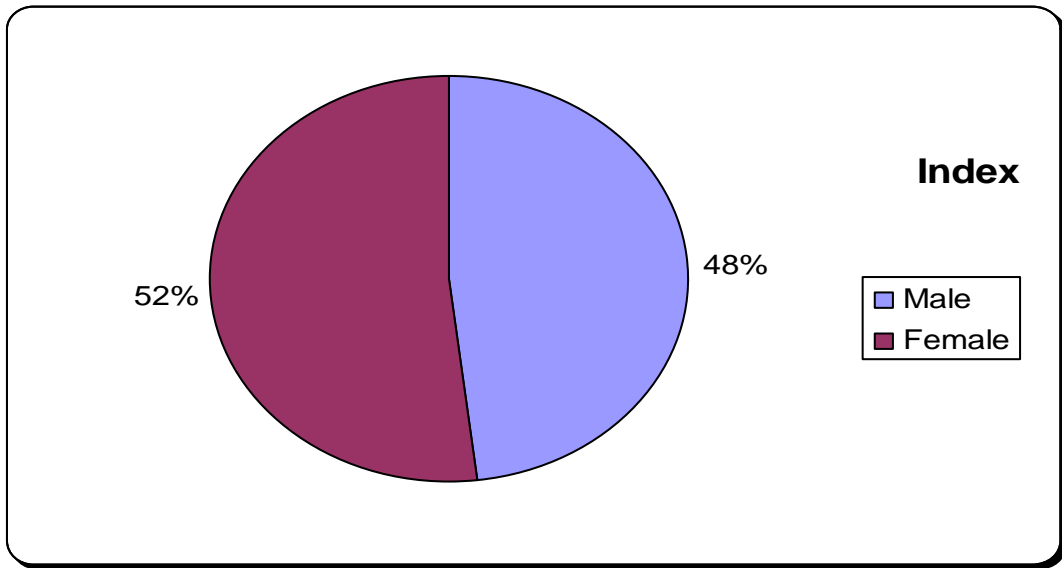
Source:- Field Survey 2065

As shown in table no 4.1.1.1 among the sample selected for the study, 18 percent of consumer of Pepsi drink lies in the 10-20 age groups, 44 percent lie in the 20-30 age group, 28 percent lie in the 30-40 age group and 10 percent lie the above 40 age groups. From this table it can be inferred that users of Pepsi drink can be found across the different age group.

Table No 4.1.1.2

Users of Pepsi drink-Gender wise

Gender	No. of Respondent	Percentage
Male	24	48%
Female	26	52%
Total	50	100%



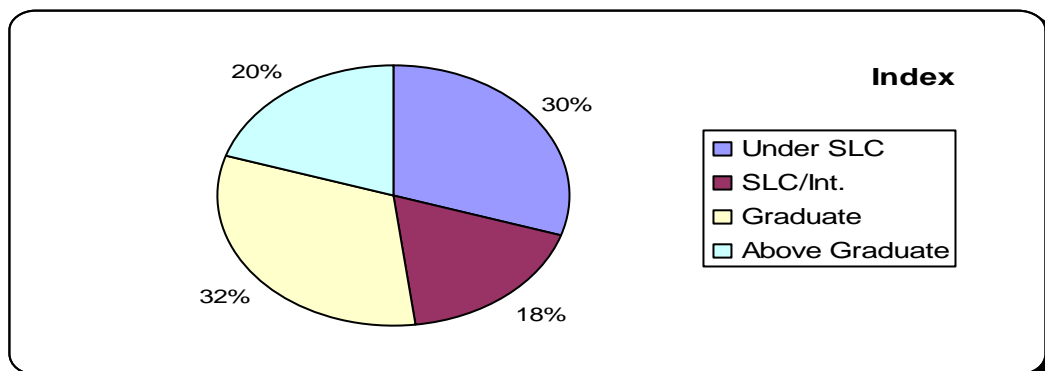
Source- Field Survey 2065

The above table 4.2 shows that among the total respondents, 48 percent male consumers like to consume Pepsi drink and 52 percent female consumers are consume this product.

Table No. 4.1.1.3

Users of Pepsi drink-Education Wise

Education	No. of Respondent	Percentage
Under SLC	15	30%
SLC/Int.	9	18%
Graduate	16	32%
Above Graduate	10	20%
Total	50	100%



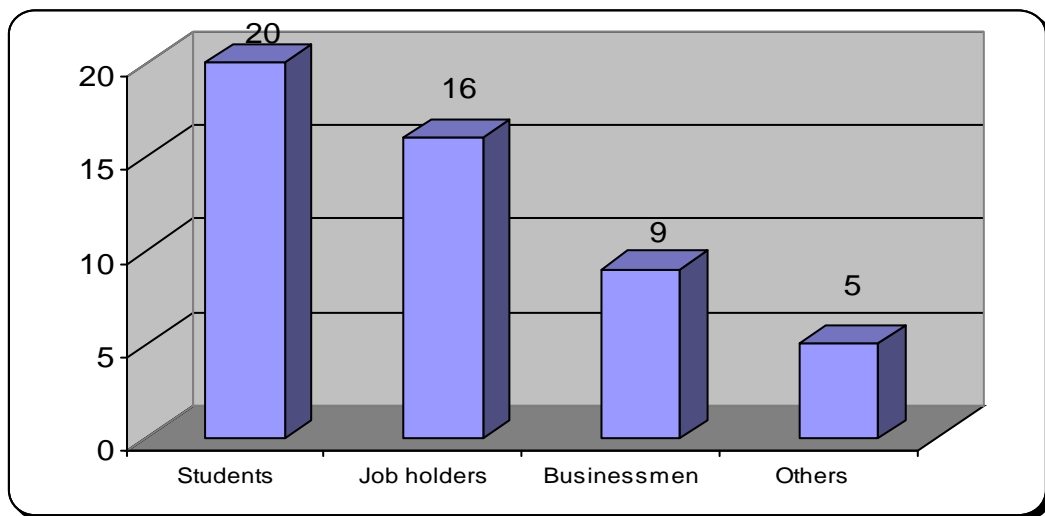
Source- Field Survey 2065

Table no 4.1.1.3 presents the education profile of the respondents. Out of the 50 respondents surveyed, 30 percent are under SLC, 18 percent are SLC and intermediate, 32 percent are graduate and 20 percent are above graduate. From this explanation, it is clear that according to the respondents, graduate level respondents are most preferred to drink Pepsi.

Table No. 4.1.1.4

Users of Pepsi drink-Occupation wise

Occupation	No. of Respondent	Percentage
Students	20	40%
Job holders	16	32%
Businessmen	9	18%
Others	5	10%
Total	50	100%



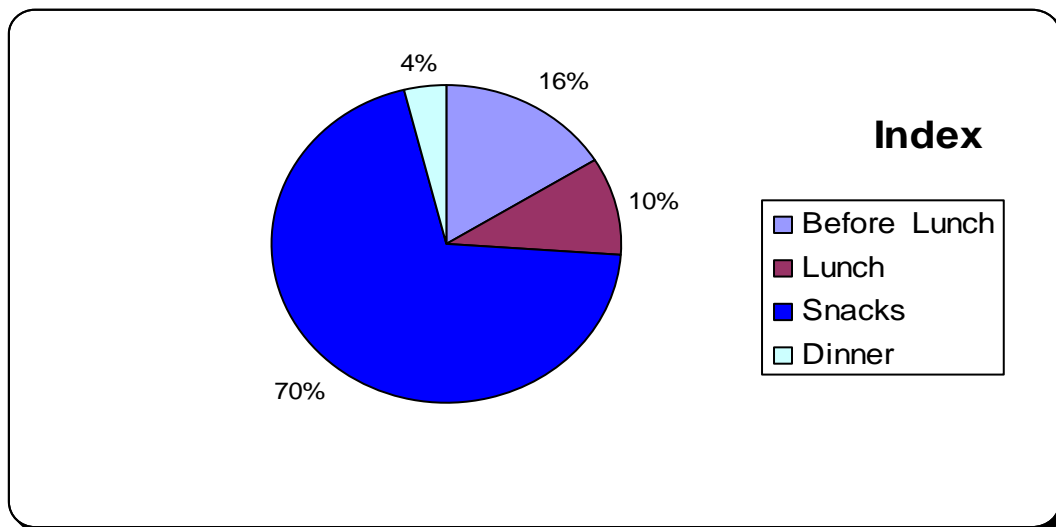
Source-Field Survey 2065

As shown in table no. 4.1.1.4, according to the occupation background, 40 percent are students, 32 percent Job holders, 18 percent business men and 10 percent from other occupations are consumed Pepsi drink.

4.1.2 Most Preferred time for taking Pepsi drink

Table No.4.1.2

Time	No. of Respondent	Percentage
Before Lunch	8	16%
Lunch	5	10%
Snacks	35	70%
Dinner	2	4%
Total	50	100%



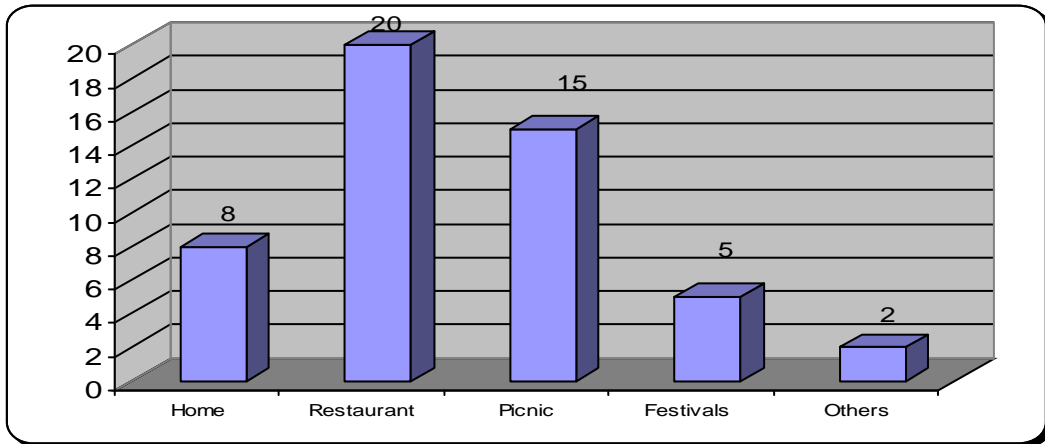
Source- Field Survey 2065

From the above table no. 4.1.2., it proves that the most preferred time for taking Pepsi is snacks time. Among the 50 respondents survey in Dhangadhi, 70 percent of the respondents are found to take Pepsi in Snacks time, 16 percent of the respondents take before lunch, 10 percent take at lunch and 4 percent respondents take Pepsi at dinner time.

4.1.3 Suitable Place for having Pepsi drink

Table no 4.1.3

Time	No. of Respondent	Percentage
Home	8	16%
Restaurant	20	40%
Picnic	15	30%
Festivals	5	10%
Others	2	4%
Total	50	100%



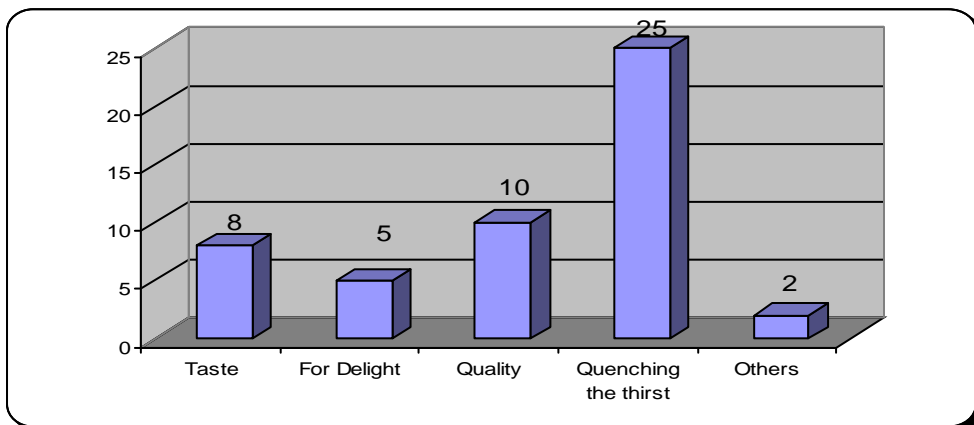
Source- Field Survey 2065

As shown in table no. 4.1.3, the most suitable place for having Pepsi drink is restaurant. 40 percent of the respondents is found to consume Pepsi at restaurant. While 30 percent of the respondents consume Pepsi in Picnic, 16 percent of the respondents consume Pepsi in their own house, 10 percent of the respondents consume Pepsi in festivals and only 4 percent respondents consume in other places.

4.1.4 Reason for having Pepsi Drink

Table No. 4.1.4

Opinion	No. of Respondent	Percentage
Taste	8	16%
For Delight	5	10%
Quality	10	20%
Quenching the thirst	25	50%
Others	2	4%
Total	50	100%



Source- Field Survey 2065

As shown in table no. 4.1.4, 50 percent of respondents opine that the best reason for having Pepsi drink is quenching the thirst. While 20 percent of respondents are found to consume Pepsi for quality, 16 percent of respondent for the taste, 10 percent of respondents for delight and 4 percent respondents concludes for other interests and hobby.

4.1.5 Size of Pepsi drinks most Preferred

Table No 4.1.5

Size	No. of Respondent	Percentage
200 ml	4	8%
250 ml	36	72%
500 ml	2	4%
1 lit.	3	6%
1.5 lit.	5	10%
Total	50	100%

As shown in table no. 4.1.5, the most preferred size is 250 ml., 72 percent of consumers preferred for this size, 10 percent of consumers followed by 1.5 lit bottle, 8 percent of consumers preferred 200 ml bottle size, 6 percent of consumer like 1 lit while 4 percent of consumer like 500 ml size the least preferred size.

4.1.6 Factors that influence to have Pepsi drink

Table No 4.1.6

Option/Rank	I	II	III	IV	V	Total
Quality	25	15	5	3	2	50
Price	10	15	15	5	5	50
Taste	20	15	5	5	5	50
Advertisement	7	10	15	13	5	50
Others	5	10	15	10	10	50
Total			50	100%		

Source- Field Survey 2065

In table no. 4.1.6 different factors influencing consumption of Pepsi drink have been ranked according to consumer's choice. Consumers have ranked the quality of

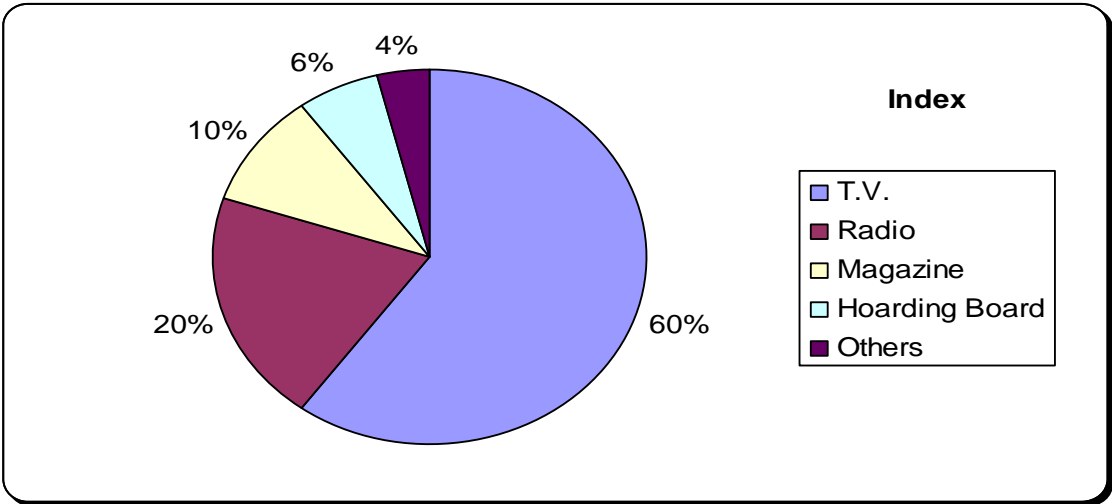
the Pepsi drink as the most important factor (25 first rank and 15 second rank), followed by taste (20 first rank and 15 second rank). The price is in the third position with 10 first ranking and 15 second ranking. Similarly, advertisement is in the fourth position and others are in the fifth position.

This indicates that consumers give higher preference to the quality and taste in the choice of Pepsi, moderate level preference to price and advertisement and lower preference to the other factors.

4.1.7 The most effective advertising media

Table No 4.1.7

Media	No. of Respondents	Percentage
T.V.	30	60%
Radio	10	20%
Magazine	5	10%
Hoarding Board	3	6%
Others	2	4%
Total	50	100%



Source- Field Survey 2065

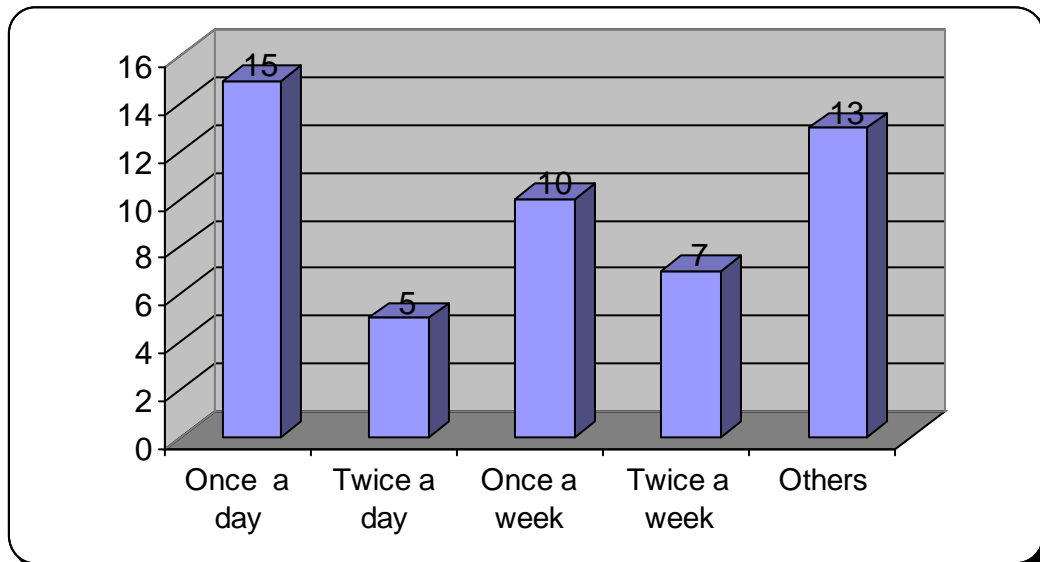
Consumer's perception of the most effective media is presented in table 4.1.7. The table indicates that consumers feel that the T.V. is the most effective media (60 percent), followed by Radio (20 percent), Magazines (10 percent), Hoarding Board (6 percent) and others (4 percent). The survey shows that even though the exposure

of Pepsi drink advertisements through radio is found to be low, Yet consumers feel that it is an effective medium for advertisement of Pepsi after the T.V.

4.1.8 Frequency of Purchase of Pepsi drink.

Table No. 4.1.8

Options	No. of Respondents	Percentage
Once a day	15	30%
Twice a day	5	10%
Once a week	10	20%
Twice a week	7	14%
Others	13	26%
Total	50	100%



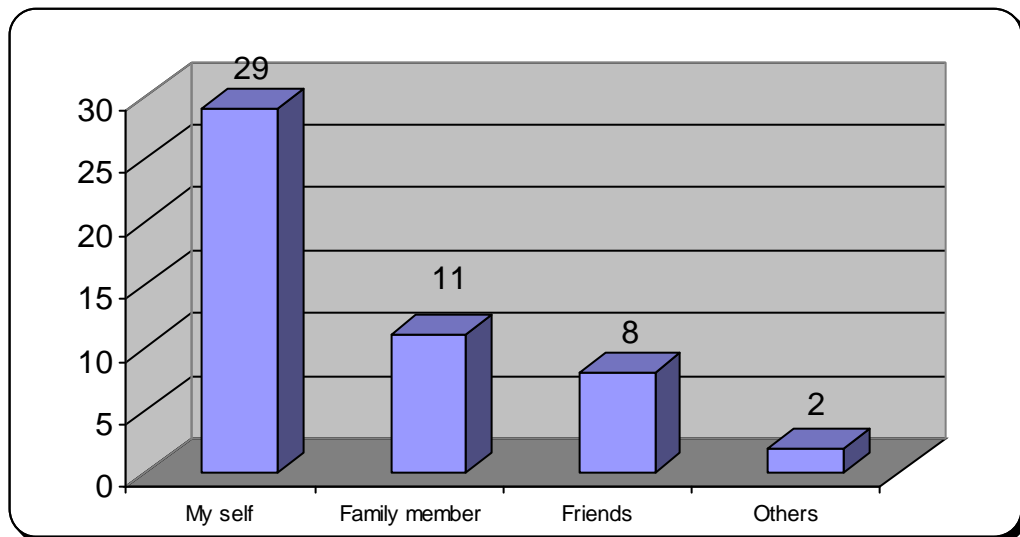
Source- Field Survey 2065

The above table shows that the frequency of having Pepsi of the consumers. According to this table, 30 percent of consumers are found to have Pepsi once a day, 10 percent of consumers have twice a day, 20 percent of consumers have Pepsi once a week, 14 percent of consumers have Pepsi twice a week and 26 percent of consumers have Pepsi whenever they like to have. From above explanation, it is clear that most of consumers consume Pepsi once a day.

4.1.9 Participation in the process of Pepsi drink

Table No. 4.1.9

Options	No. of Respondents	Percentage
My self	29	58%
Family member	11	22%
Friends	8	16%
Others	2	4%
Total	50	100%



Source- Field Survey 2065

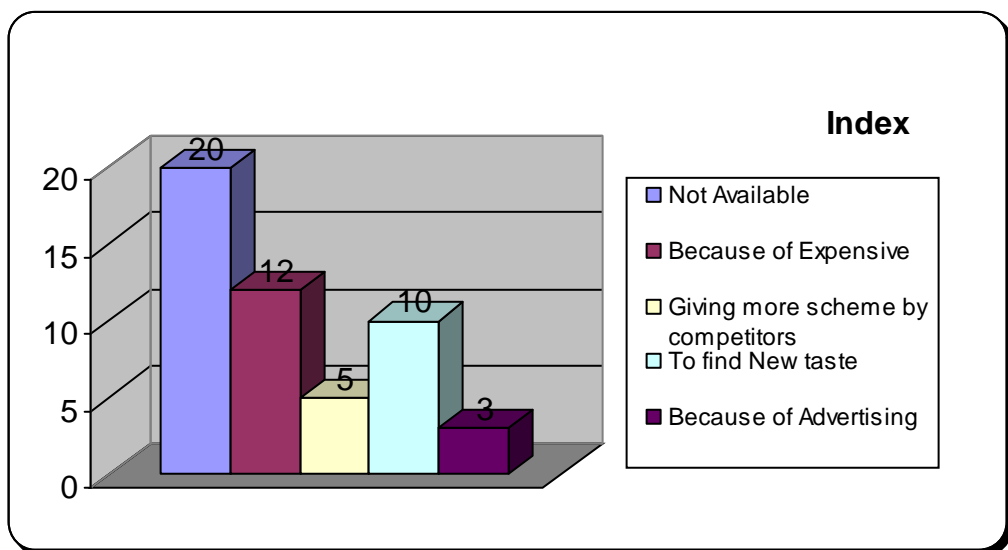
Table no 4.1.9 shows that out of total consumers, 58 percent of consumers purchase for Pepsi drink themselves, 22 percent of consumers purchase through their family members, 16 percent of consumers purchase through their friends and 4 percent of consumers purchase this drink though other people.

From the above analysis, we can say that most of the consumers purchase Pepsi drink for themselves.

4.1.10 Reasons for Changing Brand

Table No 4.1.10

Reason	No. of Respondents	Percentage
Not Available	20	40%
Because of Expensive	12	24%
Giving more scheme by competitors	5	10%
To find New taste	10	20%
Because of Advertising	3	6%
Total	50	100%



Source- Field Survey 2065

As presented in table 4.1.10, consumers are found often trying other brands as 20 percent respondents change their brand to find new taste. While 40 percent respondents change their brand when they are most preferred brand is not available. Another 24 percent of respondent change their brand because of price factor, 10 percent of respondents change their brand when competing brand provides different sales schemes and only 6 percent of respondents are found to change their brand due to advertisement. Thus, it includes that a large number of respondents change their brand to find the new taste.

4.2 Retailers Survey

This chapter particularly consists of the analysis and interpretation of the following-

- Year in Business
- Retail Sales of Pepsi in Per day
- Size of bottles sold most
- Type of Packaging preferred for selling
- Satisfaction from the distribution
- Reason for preference to sell the brand
- Influence of advertising on sales
- Factors for Increase in sales of Pepsi
- Sales promotion schemes to induce sales.

4.2.1 Year in Business

Table No-4.2.1

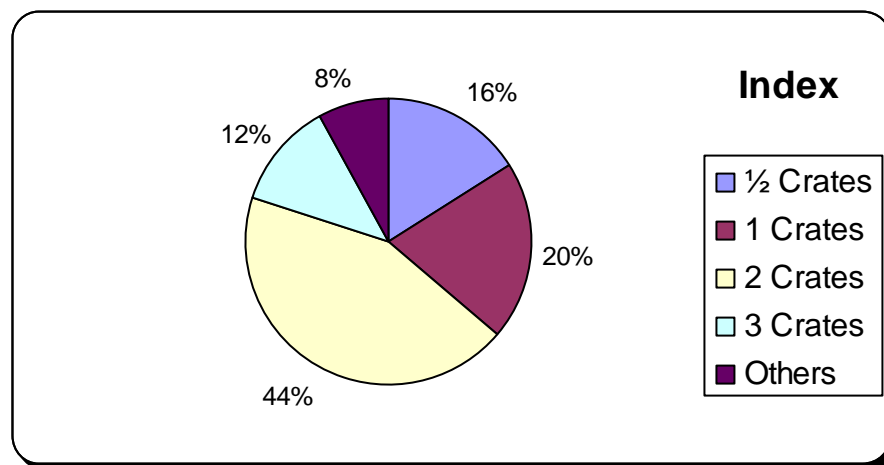
Reason	No. of Respondents	Percentage
0-5	30	60%
5-10	14	28%
10-15	5	10%
15 Above	1	2%
Total	50	100%

As shown in table no 4.2.1, among the 50 retailers surveyed 60 percent of retailers have been running their business for last five years. 28percent of retailers for the last 5 to 10 years, 10 percent of retailers for the last 10 to 15 years and 2 percent of the retailers have been running their business for the last 15 years.

4.2.2 Retail Sales of Pepsi in per day

Table No-4.2.2

Crates	No. of Respondents	Percentage
½ Crates	8	16%
1 Crates	10	20%
2 Crates	22	44%
3 Crates	6	12%
Others	4	8%
Total	50	100%



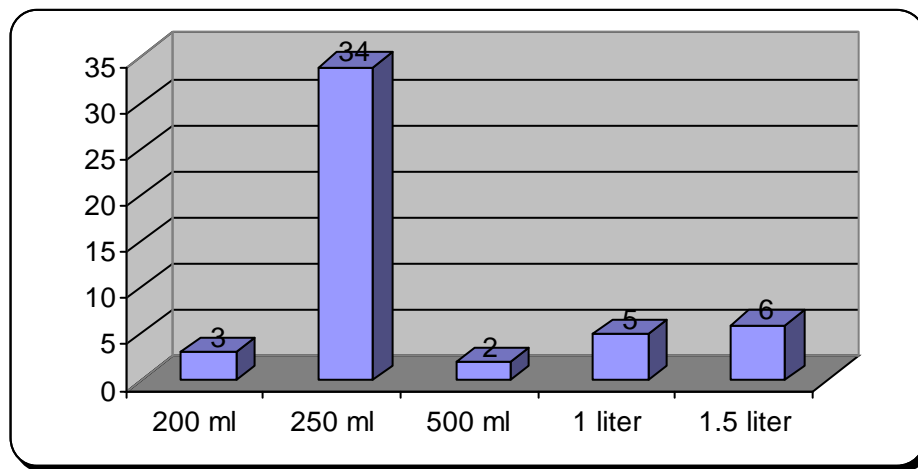
Source- Field Survey 2065

Table no 4.2.2 shows that out of 50 retailers 44 percent sells 2 crates of Pepsi drink in a day. 20 percent sells 1 crates per day, 16 percent sells ½ crates per day, 12 percent sells 3 crates per day and 8 percent of retailers sell less than half crates in day. From the above table it may be inferred that the retail sales per store is generally between one to two crates of Pepsi drink in a day.

4.2.3 Size of bottles sold most

Table No. 4.2.3

Size	No. of Respondents	Percentage
200 ml	3	6%
250 ml	34	68%
500 ml	2	4%
1 liter	5	10%
1.5 liter	6	12%
Total	50	100%



Source- Field Survey 2065

As shown in table 4.2.3, 68 percent of the retailers opined that 250 ml bottle has the highest sales. Similarly, 12 percent of retailers sell 1.5 lit, 10 percent of retailer sell 1 lit. 6 percent of retailers sell 200 ml and 4 percent of retailers sell 500 ml bottles. From this analysis it is clear that the most preferred size is 250 ml and the least preferred size is 500 ml bottle.

4.2.4 Type of Packaging preferred for selling

Table No. 4.2.4

Options	No. of Respondents	Percentage
Can	7	14%
Bottle	43	86%
Total	50	100%

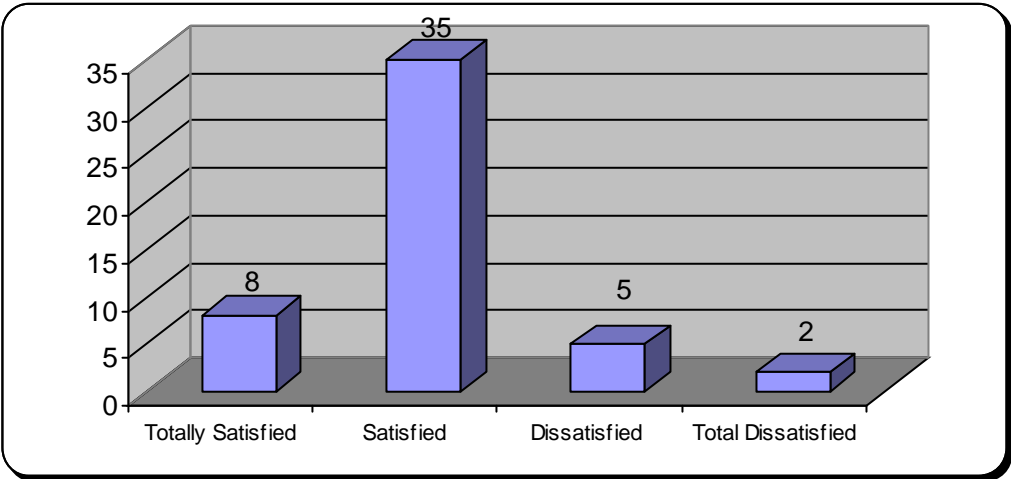
Source-Field Survey 2065

As shown in 4.2.4, 86 percent of the retailers opined that it is easy to sell Pepsi drink in bottles. Only 14 percent of the retailers are found to say it is easy to sell Pepsi drink in cans. The above table proves that it is easy to sell the Pepsi in bottles for the retailers.

4.2.5 Satisfaction from the Distribution

Table No. 4.2.5

Options	No. of Respondent	Percentage
Totally Satisfied	8	16%
Satisfied	35	70%
Dissatisfied	5	10%
Total Dissatisfied	2	4%
Total	50	100%



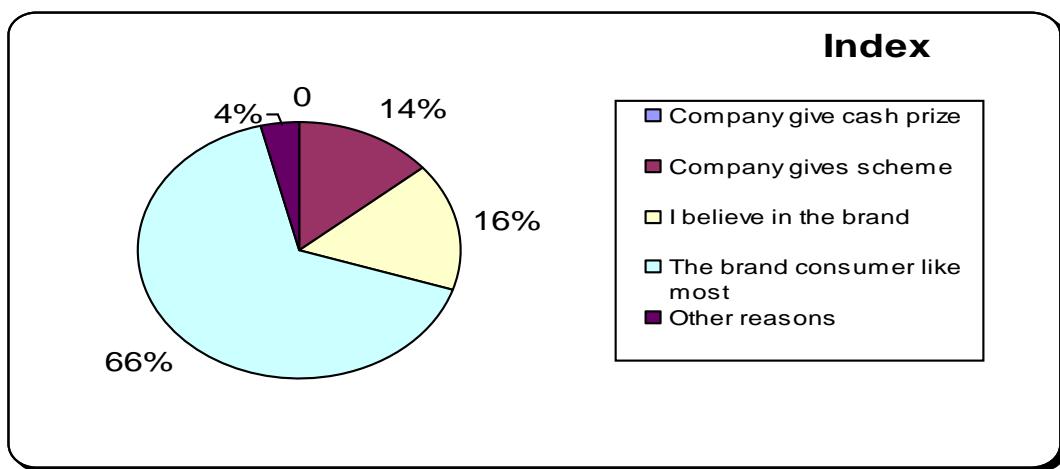
Source- Field Survey 2065

As presented in table no. 4.2.5, 70 percent of retailers are satisfied by the current distribution, 16 percent if retailers are totally satisfied, while 10 percent of retailers are dissatisfied and 4 percent of retailers are totally dissatisfied. The analysis indicates that the retailers in general are satisfied from the performance of the distributors of Pepsi in Dhangadhi.

4.2.6 Reason for Preference to sell the Brand

Table No. 4.2.6

Reason	No. of Respondents	Percentage
Company give cash prize	0	0
Company gives scheme	7	14%
I believe in the brand	8	16%
The brand consumer like most	33	66%
Other reasons	2	4%
Total	50	100%



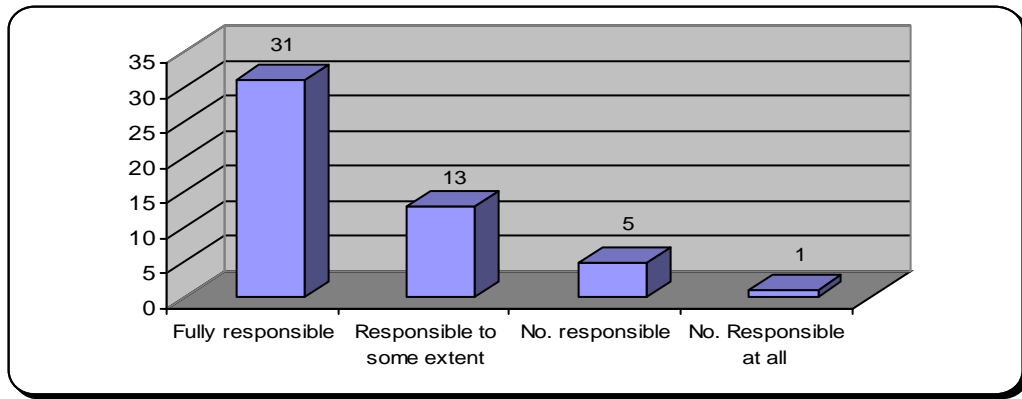
Source- Field Survey 2065

As shown in table no. 4.2.6, 66 percent of the retailers like to sell Pepsi mainly because the consumers like the drink most. While 16 percent of the retailers like to sell Pepsi because they believe in the brand, 14 percent of the retailers prefer to sell the brand because the company provides them with sales schemes. 4 percent of the retailers like to sell the Pepsi for the other reasons.

4.2.7 Influence of advertising on sales

Table No. 4.2.7

Options	No. of Respondent	Percentage
Fully responsible	31	62%
Responsible to some extent	13	26%
No. responsible	5	10%
No. Responsible at all	1	2%
Total	50	100%



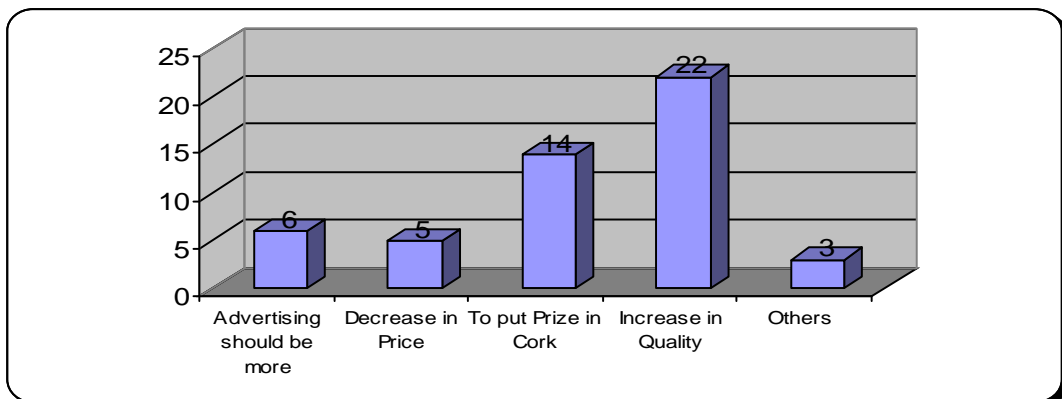
Source- Field Survey 2065

Table no. 4.2.7 Shows that the retailers have high faith on advertising effect on sales as 62 percent of them opined that the advertisement is fully responsible for the sales of the brand. While 26 percent of retailers opined that as it is partly responsible for the sale of brand, 10 percent of retailers declared that it is not responsible and only 2 percent of the retailers declared that it is not responsible at all for sales. So, the above table has proved that most of the retailers feel that the advertisement is responsible for the sales of the brand.

4.2.8 Factors for Increase in sales of Pepsi

Table No. 4.2.8

Options	No. of Respondents	Percentage
Advertising should be more	6	12%
Decrease in Price	5	10%
To put Prize in Cork	14	28%
Increase in Quality	22	44%
Others	3	6%
Total	50	100%



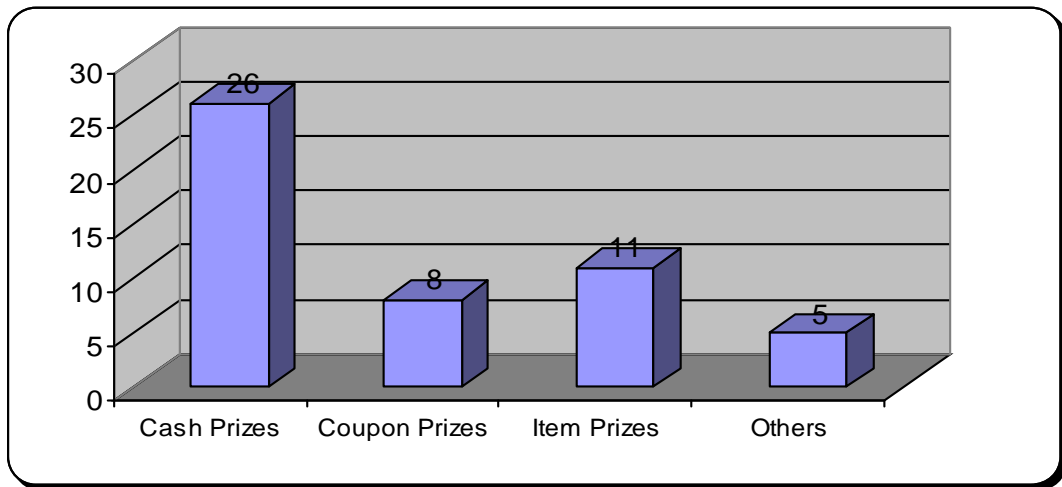
Source-Field Survey 2065

According to the table 4.2.8, 44 percent of retailers claim that the quality should be better to increase the sales, 28 percent of retailers want the prize in cork, 12 percent of retailers said that the advertisement should be increased, 10 percent of retailers want to decrease in price and 6 percent of retailers said that other factors are better to increase the sales. From the above table, it may be inferred that quality and sales schemes are essential to increase in sales of Pepsi drink.

4.2.9 Sales Promotion Schemes to induces Sales

Table No. 4.2.9

Options	No. of Respondents	Percentage
Cash Prizes	26	52%
Coupon Prizes	8	16%
Item Prizes	11	22%
Others	5	10%
Total	50	100%



Source-Field Survey 2065

As shown in table 4.2.9, 52 percent of retailers said that cash prizes induces sales of Pepsi drink, while 22 percent of retailers found that the item prize is more effective on sales, 16 percent of them are in favour of coupon prizes and 10 percent retailers are said that other sales promotion schemes are better to induce sales of Pepsi. This indicates that retailers of study area are in favour of cash prizes and item prizes.

CHAPTER- FIVE

SUMMARY, CONCLUSION AND RECOMMENDATIONS

This is the last chapter of this study. In this section, the researcher tried to present the aggregate view expressed by specially the consumers of the Pepsi drink and on that basis, the conclusion and recommendation have been concluded. Specifically, this chapter includes summary, conclusions and recommendations.

5.1 Summary

Consumer is the king in modern business, the success and failure of any business firm entirely depends on consumer's reactions to its offers. It is, therefore, essential for the marketers or manufacturers of the products and services to understand the consumer buying behaviour for long term survival in today's changing and competitive business environment. However, understanding of consumer's behaviour is becoming more complex and complicated day by day; it requires continuous efforts of investigations and exploration of consumers. But, such practices of investigation and exploration on consumers buying behaviour are too rare or entirely absent in Nepalese business perspectives.

Varun Beverages (Nepal) Pvt. Ltd. has been producing Pepsi products under technical celebration with Pepsi Co. New York. The company is producing seven brands within different flavours and packs. Pepsi drink has its competition with coke in terms of Coca Cola Vs Pepsi Cola.

Nepal is a small and poor country and so Nepalese consumers seems to be bias and they use any products depending upon availability. Most of the marketing policies, strategies and work forces are heavily borrowed from India. However, Nepalese market is small, the researcher tries to enhance or support to understand the consumers' behaviour in Nepal

This Study or research is very small. So, the researcher has set limited objectives. In this study, the researcher has tried to find out the marketing of Pepsi in Dhangadhi. Review of literature includes conceptual review and review of previous studies in Nepal. In this study, the research methodology includes research design, population and sample, nature and sources of data, data collection procedures and data processing analysis.

This study has been conducted to identify to consumers profile in the purchase of Pepsi in Dhangadhi. Its aim to evaluate the impact of advertisement and sales promotion schemes on sales of Pepsi and evaluate the distribution network and marketing strategies of Pepsi Company. It also aims to measure the effect of sales promotion schemes on the sales of Pepsi and tried to find out the effectiveness of advertising media in consumers purchase decisions.

This study has been conducted through a survey of consumers and retailers. All together 50 consumers and 50 retailers opinions have been collected by administering questionnaires. In consumer survey different age group, profession and educational background related consumers consume Pepsi drink. Consumers of the study area are thought that the most preferred time to take Pepsi in snacks time and the suitable place is restaurant. Most of the consumers fifty eight percent of consumers consume Pepsi drink for themselves and they consume Pepsi once a day. The most effective advertising media is television. In the other hand, in retailer survey it has been found that sixty percent of retailers have been running their business for last 5 years. Fourty four percent retailers sold 2 crates of Pepsi and they like to sell Pepsi in bottle. The most preferred size is 250ml in Dhangadhi. In the study area retailers are satisfied from the performance of the distributors of Pepsi in Dhangadhi municipality. Sixty six percent of retailers like to sell Pepsi because they believe in the brand. Retailers of the study area are thought that the company should launched many sales schemes for the promotion of the Pepsi drink.

5.2 Conclusion

Consumers have their own interest in using various types of goods through which most of them have almost the same type of nature for consuming. As analyzed in the above data presentation and analysis chapter, we come to conclude as to the marketing to Pepsi drink described by follows-

- i) Varun Beverages (Nepal) Pvt. Ltd. produces the Pepsi products and it claims that it holds 35 percent of the market share and the rest by Coke.
- ii) Seventy percent of consumers are generally found to consume Pepsi drink during the snacks time and the most common place for having Pepsi drink by consumer is restaurant (40 percent).
- iii) The best reason for having cold drink is "quenching the thirst", followed by quality, taste, for delight and other interest and hobby and most preferred size is 250 ml, 72 percent of consumers preferred for this size, followed by 1.5 lit, 200 ml, 1 lit and 500 ml.
- iv) Consumers are found to give higher preferences to the quality and taste in the choice of Pepsi, moderate level prefer to price and advertisement and lower prefer to the other factors.
- v) Consumers firstly prefer to the most effective advertising media is Television. Radio provides the second important effective media, followed by Magazine, Hoarding board and other media.
- vi) The frequency of consumption of Pepsi drink is quite high in Dhangadhi. Consumers who take Pepsi daily are about 30 percent. Consumers generally purchase Pepsi drink for themselves or through their family members.
- vii) Consumers are found often trying other brands as 20 percent respondents change their brand to find new taste. About 40 percent consumers are found to change their brand when their most preferred brand was not

available. While some consumers are found to change their brand because of price factor, when competing brand provided different sales schemes and very few due to advertisements.

- viii) In this study, it may be inferred that the retail sales per store in generally between one to two crates of Pepsi drink in a day. Most of the retailers opined that 250 ml size bottle has the most preferred size and it is easy to sell the Pepsi in bottle.
- ix) The study indicates that the retailers in general are satisfied from the performance of the distributors of Pepsi in Dhangadhi. The retailers are found to prefer to sell the Pepsi because of its high demand in the market.
- x) The study reveals that the retailers have high faith on advertising for it's effect on sales and it may be inferred that the quality and sales schemes are essential to increase the sales of Pepsi. Retailers are found to prefer cash prizes to induce sales of Pepsi, followed item prize, coupon prize & others.

5.3 Recommendations

Based on the conclusions derived from this study, the following recommendations have been suggested to the companies selling Pepsi drink in Dhangadhi.

- i) Since consumers are found to give high weightage to "quenching the thirst" and "for delight", the advertisements **of** the Pepsi drink should be built around these two major attributes.
- ii) As consumers are found to give higher preference to the quality and taste in the choice of Pepsi, the advertisements should also be focused on these aspects. Consumers have more exposure of Pepsi drink advertisements through the television and magazines, so these media should be extensively utilized.

- iii) Since consumers are found often trying other brands mainly to find new taste or unavailability of the most preferred brand. So the companies should focus on a better availability of their brands.
- iv) Advertising of the company is dependent an Indian origin but in Nepal, it should be focused on Nepali origin. In advertising, visuals & slogans should be also oriented toward Nepalese origin.
- v) Promotional schemes are not efficient; they are only focusing to wholesalers or dealers. Therefore, the company should improve their promotional policy.
- vi) The quality sales schemes are essential to increase the sales of Pepsi. Retailers are found to prefer cash prizes to induce sales of Pepsi, followed by item prizes and coupon prizes. Companies should focus on these sales for promotional schemes.

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APPENDIX-I

Questionnaires for Consumers

I am Kalpana Pathak student of Kailali Multiple Campus, Dhangadhi. I am writing a thesis for the partial fulfillment of the requirement of Masters Degree in Business Studies. Right Now, I am in need of your help regarding some information as to Pepsi drink and its Marketing in Dhangadhi.

In this connection, I have presented some questionnaire for your valuable information about the consumption pattern of Pepsi and your expectation. Without your kind Co-operation it will be difficult to complete the research.

I assure you that the data and information provided by you will be kept most confidential and used only for my research purpose.

Please fill up these questions.

Thank you!

1. Have you drink Pepsi?
a) Yes, I have b) No, I have
2. Which time generally do you prefer for having Pepsi drink?
a) Before lunch b) Lunch c) Snacks d) Dinner
3. Which size of bottle do you prefer?
a) 200 ml b) 250 ml c) 500 ml d) 1 lit. e) 1.5 lit
4. Usually where do you prefer to have Pepsi?
a) Home b) Restaurant c) Picnic d) Festivals e) Others
5. What is good about the Pepsi you choose to have, So it comes in your mind first?
a) Taste b) Price c) Quality d) Others

6. Which one of the following do you prefer much while making a decision to buy a Pepsi? Give 'no.1' to the first preferred and 'No5' to the last preferred.
- a) Quality b) Price c) Taste d) Advertisement
 e) Sale schemes f) Other Reasons.
7. Why do you take Pepsi?
- a) To quench Thirst b) For fun c) For delight/ freshness d)
 For Taste e) For Quality f) Others
8. Which form of advertisement inspired you to have Pepsi?
- a) Newspapers/ Magazines b) Radio c) Television
 d) Hoarding/Banners/Posters e) Others
9. Do you change the brand after seeing the new advertisement?
- a) Yes, I do b) No, I don't believe in ads.
10. Which form of advertisement do you think is more effective for Pepsi drink?
- a) Television b) Radio c) Magazines d) Hoarding Board
 e) others
11. Do you change the brand? If you do, what are the reasons.
- a) Because of non availability of my brand.
 b) Because my brand's price has gone up.
 c) Because of schemes given by other brands.
 d) Because of advertisement.
 e) In order to have new taste.
12. How many bottles of Pepsi do you take on an average?
- a) One bottle a day b) Two bottle a day c) Once bottle a week
 d) Twice a week e) Others
13. Generally who buys the Pepsi drink?
- a) My self b) Family members c) Friends d) others.
14. Having watching the advertisement or noticing the advertisement. When do you buy a Pepsi drink?
- a) Immediately b) After watching the advertisement more often
 c) After gathering more information d) As soon as I feel to drink.

APPENDIX - II

Questionnaire for Retailers

1. How long have you been running the shop?
 - a) Recently
 - b) Less than one year
 - c) Up to two years
 - d) 3 to 5 years
 - e) More than 5 years
 - f) 10 or more years.
2. How many crates of Pepsi do you sell in one day?
 - a) Less than one
 - b) one to two
 - c) Two to five
 - d) More than five
 - e) More if any
 - f)
3. Which size of Pepsi bottles do you sell more?
 - a) 200 ml
 - b) 250 ml
 - c) 500 ml
 - d) 1 lit.
 - e) 1.5 lit.
4. Which one is easy to sell among the followings:
 - a) Pepsi in Bottle
 - b) Pepsi in Can
5. Mention the level of Satisfaction you have with the service of distributors.
 - a) Totally Satisfied
 - b) Satisfied
 - c) Dissatisfied
 - d) Totally Dissatisfied
6. Why do you give more emphasis to sell Pepsi?
 - a) Because the company provides with 'Cash-reward'
 - b) Because the company provides with 'New schemes'
 - c) Because I believe in the brand.
 - d) Because People like the brand more.
 - e) Other reasons.
7. What reasons do you think of for the more selling of the Pepsi drink?
.....
8. How does advertisement affect the selling of Pepsi?
 - a) Fully responsible
 - b) Responsible to some extent
 - c) No responsible
 - d) No responsible at all
9. Which one of the following should be done to boost up the selling of Pepsi?
 - a) More advertisement
 - b) More Prizes reward for consumers through promotional schemes.
 - c) Reduction of Price
 - d) Emphasis on quality
 - e) Change in taste
 - f) Others

10. Which of the following schemes does the company offers you?

- a) Cash prizes b) Coupon prizes c) Items prizes d) Others

11. Which of the above schemes do you think as best? Mention the name

.....

Name:-

Age:

Gender: Male: Female:

Educational Background:

Under SLC

SLC/Int.

Graduate

Above Graduate