

# Chapter 1-One

## INTRODUCTION

### 1. General Background

It is generally believed that the wright brothers of Dayton, made the first powered flight in a heavier than air machine. That the wright brothers with no formal education as engineers were able to reason out the essential elements of controlling the flight was Indeed remarkable .The wright brother not only discovered that control was the key to success they made aerodynamic research in a wind tunnel of their own construction, a central element of the program .they tested hundreds of airfoils and applied their findings to both wing and propellers (encyclopedia; 1996)

From those brilliant manufacturing and research efforts, culminating in the first flight of a heavier-than aircraft in December 17, 1903, at kitty hawk NAC,has grown one of the major Industries of the 20th century the wright brothers were greeted with disinterest and had caused excitement and a flurry of activity . In France they were received with great praise and adulation. The wright sold the patents to their aero plane in 1908 to the French Astra syndicate, thus making the first significant business transaction of new Industry a flying school was set up in pau Franc and willow wright personally trained its first three students.

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

### 1.1 Nepal Airline corporation (NAC)

NAC is one of the largest public enterprises which were established for the institutional development of air transport service of Nepal. Air transport service in Nepal was initiated from early 1950's .At that time flight to Pokhara Simara ,Biratnagar and Bhairahwa was operated from ktm by Indian company . NAC, then RNAC was establishment in 1st july ,1958 under a special act by the Government of Nepal as a joint ventures corporation with majority of shares held by the Government .

At present, It has air services almost all over the country and few in international service .At the time of establishment it had only DC-3 aircraft and 97 staff in total ,but now it has given employment to 1509 employees ,109 at rent and 61in international stations.

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

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

The concept of short take -off and landing (STOL) technology was adapted in 1971 to develop a network of air services also in the hilly areas .It was made possible by the introduction of Canadian twin- otter (DHC-6) aircrafts and Swiss Pilates (pc-6) planes .By the introduction of these aircrafts a number of hilly places like jumla, Baglung, Lukla, Rumjatar, Lamidanda, Tumlingtar etc were connected with the capital kathmandu similiary by 1980's other remaining places like Rolpa ,Manang Bajura etc was also connected with the capital of Nepal.

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

|                                   |         |    |
|-----------------------------------|---------|----|
| 1. Boeing (on use )               | B-757=2 |    |
| 2. Avro planes (grounded)(HS-748) | =1      |    |
| 3. twin -otter (on use)           | DHC-6   | =4 |
| 4. twin-otter(not on use)         | DHC-6   | =3 |

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

it is very important to develop the industry like airlines as we know the fact that our country is land locked and lush of possibilitilies of tourism.

## NAC management and its human resources

NAC has been operating under the act of 2019. In the organization committee, president is from nagarik udyan mantralaya's director member of aartha mantralaya and mahaprabhandhak from Nepal government, 3 private members altogether 6 members in organizing committee.

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

### Crew service

|                            |           |
|----------------------------|-----------|
| cockpit crew (Boeings)     | 52        |
| Cockpit crew (Twin -otter) | 12        |
| Cockpit crew (for both)    | <u>96</u> |
| Total                      | 160       |

### Technical service

|   |           |
|---|-----------|
| Licensed engineer for maintenance of Boeing | 9         |
| Licensed engineer for Twin -otter           | 10        |
| 4 or more than 4 grade technicians          | 200       |
| 4 or less than 4 grade technicians          | <u>50</u> |
| Total                                       | 269       |

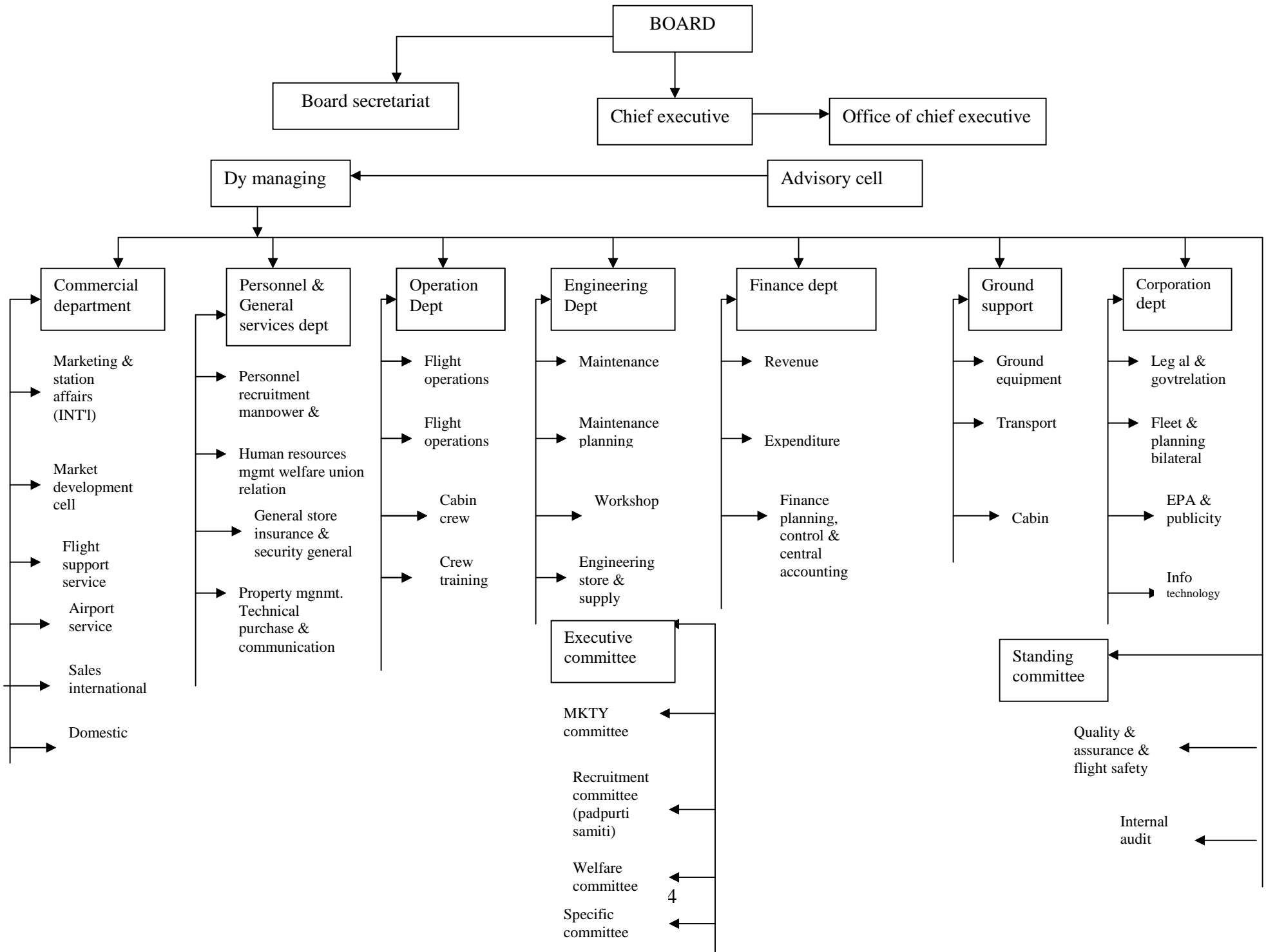
### Administration service

|   |            |
|---|------------|
| 4 or more than 4 grade administration workers | 362        |
| 4 or more than 4 grade accounting workers     | 118        |
| 4 or more than 4 grade administrative worker  | <u>437</u> |
| Total   | 917        |

|                        |           |
|------------------------|-----------|
| Workers on lease       | 119       |
| External local workers | <u>44</u> |
| Total                  | 1509 Nos  |

Source: NAC swet patra 2063.

# Organisational structure of NAC



## **Department of NAC and their function**

NAC is one of the biggest airline of Nepal. There are number of people working in different department of NAC .All the department have its own function and importance Each and every department is connected with each other and all the department are working together to achieve some objectives set by the government .

There are altogether seven departments in NAC. The number of departments and their function are given below:

1. Commercial department
2. personal and general services department
3. 3 operation department
4. 4 engineering department
5. finance department
6. Ground support department
7. corporate department

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

Personnel department handles personnel from recruitment to Retirement .ie department recruits, select trains and places the personnel .It also performs the functions like upgrading the staffs to higher position, on the basis of performance evaluation, taking, disciplinary action like reward and punishment terminations, etc. This department also handles property management, technical purchase and communication .And also handles general stores, insurance and security matter.

3 operations department handle all the flight operation international and domestic. It also selects the cabin crew and gives them required training.

4 Engineering departments handle all the problems related to maintenance of Boeings, maintenance planning and its workshop.

Finance department of NAC control over all financial activates of the organizations .It also prepares all the financial statement of NAC like clearance sheet ,profit and loss statement etc and also does the financial and budgetary control .

Ground support department of NAC handles all the related equipment to ground and transport as well as cabin cleaning.

Corporate department plans at a corporate level .It prepares the annual plans and controls the revenue and expenses of the organization. It also handles the function like purchase or lease of aircraft, fleet evaluation, making annual operation plan, etc.

### **Future plans and polices of NAC**

Nepal Airline Corporation. Has now entered in the 21<sup>st</sup> century and it has to be proud of its past. During this period the airline has gone through varied experiences mixed with both property and paucity. The demand for standardized airline services is increasing. The competition to meet the demand is also increasing day by day. so in order to meet such challenges, NAC should be change according to the time so, to meet the present competitive market NAC has formulated some plans and programs which can be discussed as.

- a) It is looking forward to establish its services in more and more countries.
- b) It is trying to bring more and more tourist.
- c) It is trying to link many other places of the country.
- d) It is trying to win the hearts of rural people by giving the quality social services.

### **Objectives of NAC**

The main objective of NAC is to develop the air transport in Nepal. It has contributed a lot for the upliftment of economic state of the country NAC has established with a view to achieve some objectives as follows.

- a) To uplift and develop economic condition and tourism in the country through expanding domestic and international air transport services.
- b) To manage air transport services inside and outside Nepal in a safe, efficient, economical, and with a professional manner.
- c) To promote tourism activities and opening up remote isolated areas for the benefit of the Nepalese.
- d) To continue diversifying air transport services.
- e) To provide rescue services at the occurrence of natural calamities like earthquake, flood, landslide, etc.
- f) To provide employment opportunities and the economical air transport services within and outside the country.
- g) To ensure optimum profitability while offering services at economical fares as far as possible.

## **1.2 Statement of the problem**

As marketing of airline services is very complex. It is not that much old concept in this region even though it is not completely new. The airline has to be very specific and careful to determine its marketing strategies to get success in the organization. While analyzing the characteristics of our own national carrier, NAC there are few questions before us which can be termed as a problem area this study.

The questions are as follows:

- Has the NAC been able to maximize its sale and capture its share in the market?
- The present challenge of NAC is it has to be more market oriented .that is it has to given more emphasis to marketing management. But has the NAC been more market oriented and hasit given more importance to marketing management?
- Has it been promoting its product most suitably all over the world?
- Has the NAC got sufficient of product to service the customers?
- Has it been able to established most suitable distribution (place) internally and externally?

## **1.3 Objective of the study**

- The main objectives of the study are as here under
- To assess the product service of airlines.
- To assess the existing market size, growth etc.
- To assess the fares, rates (pricing).
- To recommend measures for improvement.
- To assess the promotion policy.
- To assess the distribution policy.

## **1.4 Importance of the study.**

In our country the first means of transportation is air because it seems impossible to reach hilly places through road as well as it takes a long time to travel through road.

As the world is termed as a global, village by the excess development of communication and the fast and easy means of transportation from one place to another place airline has its own importance to fulfill the demand of the present condition. Despite of this importance it has got more importance in a country like ours because it is one of landlocked countries in the world.

This study with reference to NAC has been conducted which a number of reasons. Which are as follows?

- NAC is the backbone to develop the tourism industry by carrying tourist from different international destination of the world.
- NAC is the only airlines of Nepal which was established as a state undertaking with domestic and international flight destination.
- NAC is only national flag carrier has been proud to show throughout the world.
- NAC is only the airline which is responsible to provide rescue service at the time of natural calamities.
- NAC is only the airline of the country which has earned fame and glory in national as well as international area.

## **1.5 Limitation of the study.**

Due to constraints of time, money, etc. As is always in many of the researchers, this study geographically limits it self inside Kathmandu valley. As marketing department is a very a big department it is hard to gather all the document and finding but had collected as much as possible.

- This research study is generally based on data and information that has been provided by the NAC and its marketing department.
- This research study has been based on primary and secondary data to present and analyze the present situation of marketing department.
- The research study has been taken officer level employers i.e. from grade vi-x as a research population and more than 10% sample has taken to distribute questionnaire and conduct interview to justify the problem of marketing department.
- Data and information has been used in the research study from the year 2002-2008.



## **1.6 Organization of the study.**

### **Chapter 1 Introduction**

The first chapter deals with general background of Nepal Airlines Corporation, statement of the problem, objectives of the study, importance of the study and limitations of the study and the organization of the study

### **Chapter 2 Review of literature**

The second chapter review of literature deals with the review of related literatures and available studies written and prepared by different experts and research fellows in the field of marketing analysis of Nepal Airlines Corporation.

### **Chapter 3 Research Methodology**

The third chapter research methodology presents the methodology used in the study it deals with research design, population and sample, data collection techniques and analysis of tools and techniques used.

### **Chapter 4 Data presentation and Analysis**

The fourth chapter fulfills the objectives of the study by presenting the data and analyzing them. This chapter consists of marketing and station affairs of international division, Sales international division, Market development cell, domestic division, flight support service, airport services, and system view of NAC. Data flow diagram of marketing department and analysis of primary data.

### **Chapter 5 Summary, conclusion and recommendations**

The fifth chapter includes summary of the study, conclusions derived from the analysis of data and major findings of the study and recommendations. Besides these chapters bibliography and appendices have been included in this study work.

# **Chapter 2-Two**

## **Review of literature:**

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

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

### **2.1 Conceptual review**

#### **Introduction of marketing concept**

This is the age of marketing as marketing has entered a new dimension. Every manufacturing organization, in order to achieve its goal try to produce and market products .with the increased consumer awareness due to globalization liberalization and IT development ,many new challenges have arisen in the market place. Because of rapid improvement in technology, the marketing environment is being more competitive day by day .The entire way of communication and marketing logistics have totally changed the marketing practice both at the domestic and international fonts.

Thus to survive in such dynamic environment, an organization must be able to implement the modern marketing concept, organize the marketing department, monitor and scan marketing environment and establish the information networks. It should also be able to plan, implement, evaluate and control marketing activities balancing the interest of the organization customers and society.

Thus strategic planning and integrated implementation have not only become demand of time but also an indispensable aspect of the modern marketing.

#### **Definition of marketing**

Different individual and association have tried to define marketing in their own term. for instance, (American marketing association (AMA) has define marketing ,as the process of planning executing the conception ,pricing , promotion and distribution of

ideas ,goods and services to created exchanges that satisfy individual and organizational goals.

At the same time Prof. Philip kotler has defined marketing as "social and managerial process by which individual and groups obtain what they need and want through creating, offering and exchanging product of value with others."

Thus in brief, marketing encompasses all the activities aimed at satisfying the needs of the customer through the exchange relationship to achieve organizational objective with social responsibility in a dynamic environment of the target market.

The reasons which force organization to adapt and embrace the marketing concept are increased competition changing customer wants ,declining sales ,slow growth in the sales and increasing market expenditure .As information is the lifeblood marketing to analyze marketing opportunities and threat and finding out organization strength and weaknesses of the marketing research has great role in marketing .

### **Definition of marketing research.**

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

According to philip kotler,

"Marketing research is the systematic design, collection, analysis and reporting of date and finding relevant to a specific marketing situation facing the company."

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

## **Marketing mix**

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

a) **Product mix** :- to satisfy customer need, quality, variety, branding, design, packaging.

b) **Price mix** :- Reasonable, discount in bulk buying too stockiest, allowance, terms and conditions of sale.

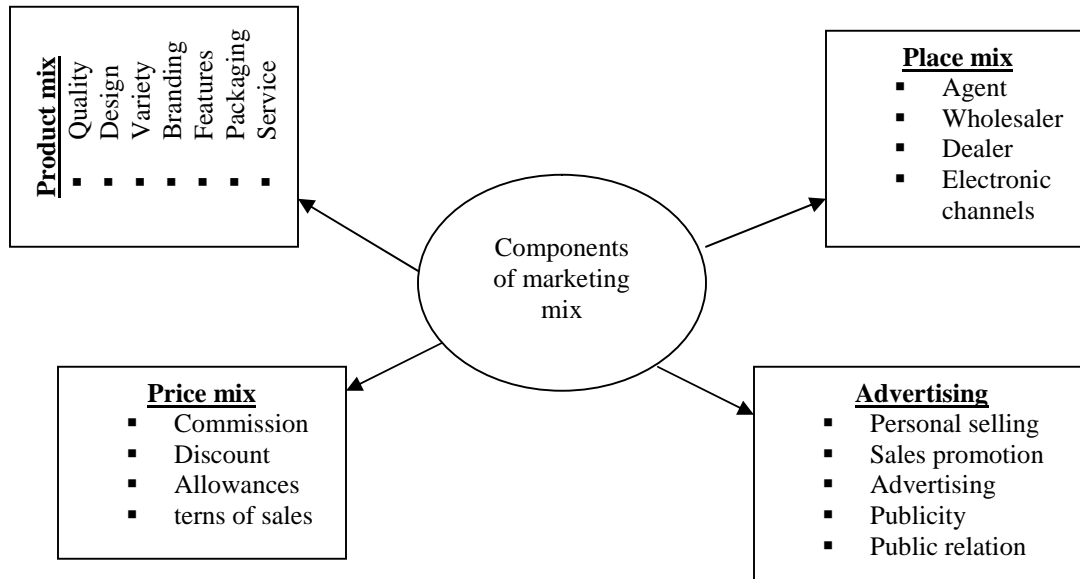
c) **place mix**:-Distribution channel - its either direct selling approach, through which services can be offered to the customer at a lower cost. Besides these, agents and broken, dealers franchisers and electronic channels which are used for distribution channel.

d) **Promotion mix**:- Advertising, sales promotion, person selling, Advertising, sales promotion, person selling, publicity, public relation and direct marketing .

e) **Physical evidence**:-Most services cannot be offered without the support of tangibles. Though customers cannot see the service, they can definitely see the tangibles associated, examine them and try to form an opinion on the service provider for, instance, a passenger of airline organizations promise of a safe comfortable and timely journey from one place to another will be examined by the planes. Condition,seating facilities and other physical facilities the office furniture and equipment being used and also the way in which the employees are suspending to customers all these physical object are used as evidence by the customer to eases and expect performance from the service providers hence physical evidence plays a critical role in shaping consumer perceptions and also expectations.

f) **people** : service organization is people oriented and people based organization employees of a service firm constitute the major competency in undertaking business operations every employee in undertaking business operation every employee of the service organization is a marketing person who undertakes either full-time or part time marketing activity whether on employee is implied in direct contact with the customer or not if he was placed on the line of visibility, his behavior, activities and performance will have a direct influence on consumers service employees are to be trained and motivated for better performance in marketing activities.

**g) Process**: It is a functional activity that assures service availability and quality. The way, the physical setting is designed technically and how the functions are scheduled and routed to provide promise services to the customers speaks of the efficiency of the process. In simple terms, the management of process is to manage services encounters effectively. Gronroos has described the process, as interactive marketing, wherein moments of truth occur.



## **Marketing in Nepal**

The industrial sector in Nepal is still in a developing stage although the role of services and production has been growing in recent years. Marketing has remained fragmented due to the topographical diversity, poor transport and communication facilities. That's the reason, that marketing philosophy has not been well adopted by most organizations in Nepal. Although public sector remains dominant in Nepalese economy, The private sector is developing. The advent of global Companies had resulted in the transfer of basic marketing skills, capital & technology. It is high time for Nepalese enterprises to adopt modern marketing than to concentrate on traditional production & selling concept. This new concept is gradually emerging as a part of the management philosophy.

## **2.2 Related studies in Nepal:**

The related studies in Nepal are in few. They are:

### **2.2.1 Related articles:**

An article entitled. 'Crying shame' by Damarulal Bhandari in Himalayan times writes the Nepal airlines corporation (NAC) is known to hit the media headlines for wrong reasons. It's in the new this year too. Just in case word has not spread around why, here is the update. Come December, it will be without both the Boeings for two weeks.

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

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

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

) An article entitled, "The weekly mirror" by Lohani has shade light on the contribution of RNAC in the field of air service and overall development of Nations which is as follows;

In connection with RNAC, there is a rising eagerness about its operation among the people, because because RNAC has been established in our country as the result of national necessity. Though it has impressive growth record, its real performance is not praise worthy. As it is supposed to contribute an incense base for balance upliftment of Nepalese backward economy. It is even provided with monopoly powered Lohani points out mainly three cause for that They are existence of scale economics possible usually through states monopoly, the possibility of raising investment resources in the force of monopoly profits and welfare consideration for people in the country however, the existence of state monopoly alone does not assure profit to the extent at monopoly industries controlled by the Government like RNAC lacks the satisfactory profit and provide investment resources needed for expansion in other sectors they have failed in one of their primary objectives. Its failure to generate a reasonable rate of return is a direct social loss. Though RNAC as a strictly profit making institution, any evaluation of corporation must take into accounts both social as well as private benefits.

An article published in Himalayan time write giving the heading "clipped wing " the Nepal airline corporation (NAC) has yet to come out of its years old crisis of existence .Both of its Boeing -757's were grounded due to technical snags this week .however ,one aircraft that had developed faults in New Delhi returned to kathmandu Wednesday. It had faced technical problem in its circuit breaker while starting the engines. The other Boeing still has serious cracks in its flaps worse. Since the maintenance work is not possible at home Boeings have to be flown to Brunei. Such problems are anything but new to the beleaguered airline.

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

At the same time another article published in kantipur by Rajesh K.C (2064|8|12) writes same as Nepal's political and economy crisis Ethiopia's most successful corporation is Ethiopian airlines. In the research of World Bank, it found the reason behind the success of it was the capable of it's management there's objective was customer satisfaction. In 2005 A.D it was awarded by "African airline of the year" award.

Here NAC passenger wrote his experience on Jestha 10 in Airline quality com, "I unfortunately booked Nepal airlines ticket was heard bad facts about the airline but did not experience it my connecting flight was from Delhi so I went to kathmandu airport but I was just reached airport to hear about the cancellation staffs informed to send by Sahara Air. After landing at Delhi I did not found any NAC passenger so It missed another flights. So to manage it had to expence700 dollar, don't ever use NAC; it's worse."

This site is visited by more than one lakh visitors daily. Buying plane is not the solution must attract the passengers and this type of service do not attract passengers.

### **2.2.2 Review of Master degree thesis:**

A study done by Dr. Govind Ram Agrawal and BR Singh (1977.A.D) about the aspects of cost control of NAC. Concluded that Nepalese organization seem to be badly suffering from the acute absence of cost control awareness public corporation sector has been the leader and the private sector has been silent followers in this regard. There are many e.g. increase in price of bricks; sugar; electricity; etc. where government meekly allowed the government corporation to make price increase instead of demanding of them effecting control of costs in the interest of price stability. The poor accountability coupled with the absence of standard to evaluate their performance has perpetuated the status quo. However, it is essential that there attitudes of cost control be inculcated in the working of organizations in Nepal.

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

Mr. Hari Prasad Shrestha in his study, "A study on factor affecting the tourist influx in Nepal, with special reference to accommodation, transportation and publicity. " concluded that publicity on the facts about country trends to attract the foreign visitors significantly. But the publicity media has not been so effective in both quality and quantity. It is needed to give due alteration to expand the amount of publicity in the effective media of no noticeable effort has been made abroad publicity in the country and abroad in this respect. Time his come to invade world tourism market in the more vigorous way which we can do by increasing genuine publicity measures.

Mt.Shyam Bdr Ranjit's study, unpublished Master degree thesis 2044 B.S one of the constraints of progress of air transport in the underdeveloped countries is the scarcity of capital

- ) The development of air transport depends on the extension of airports and airstrips, because of mountainous topography, suitable stretch of level of land for airports are not easily available in the country. Due to shortage of plain land, it has become obstacle to extend the air services of big planes in the various parts of the country.
- ) Another major problem of our national airlines is the shortage of well trained personnel. In this direction, though the friendly countries train many technicians such as engineers, overseers, draftsman and pilots, their number still insufficient



for the need of the country. In this regard, airlines have to adopt appropriate number of mechanics must be trained than to more engineers to maintain aircraft properly. Due to sophisticated technology, corporation has to pay more money to foreign country for training. This is also a vital problem for the corporation due to lack of aeronautical school.

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

Mr P.N vidya's study, "A case study of RNAC", 1987 had pointed some Conclusions and recommendation as follow;

- ) NAC's contribution in visitor's influx to the country growing has always been significant but due to the growing competition from foreign airlines' it has not been able to maintain its share in trafficking tourist. The situation should be viewed from the total tourism industry perspectives. The industry after making remarkable progress in the 60's and a good progress in 70's has a virtually stagnated after 1979. However, same diversification tendencies in purpose of visit is noticed through pleasure seeker group continued to dominate in total tourist arrivals the situation after 1979, therefore has not been very encouraging to RNAC, due to increasing competition and other factors. In bringing tourist in the country it has conceded the lead to Indian airlines though in total share in external service, RNAC reigns supreme.
  
- ) RNAC has been making considerable efforts to promote tourism in Nepal. It has been making considerable various publicity campaigns, advertisements programs and other sales promotional campaigns. Its effort to sell Nepal as a destination has attracted enthusiastic response. RNAC is proving probably the best means to promote the tourism wealth of Nepal. Its publicity, expenses in the 15 years period have almost groomed by 25 times, which indicates the extents of efforts being made by RNAC. Yet there are still more areas where NAC's promotional efforts should be directly matched by adequate financial resources.

- ) There is a very good prospect for developing interregional tourism as in Europe and North- America. Even now Indian tourists constitute the largest chunk of tourists visiting Nepal. In view of the large potential regional market the potentiality for Nepal and RNAC to lap it is quite bright. However, only limited attention seems to have been provided in this direction of promoting tourism in region through joint and common strategies. Materialization of south Asian Association for regional co-operation (SAARC) However should make a very favorable impact in this aspect.

**Recommendation:**

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

# **Chapter -3 Three**

## **Research Methodology**

This section describes the research procedure, the research procedure includes overall research design; general research activities, Data collection method (i.e .how and by and what means and from where data were collected) besides, this section also highlights data analysis tools and procedure. Methodology also highlights some symbols used in the flow chart.

Research methodology is a systematic way to solve the research problem. Research methodology refers to the various sequential steps to be adopted by researcher in studying a problem with a certain object in view. Marketing research involves specific inquiries into specific marketing problems. It is basically problem oriented and based on systematic and careful planning and implementation. The purpose of marketing research is to generate information, which helps the business executive to take appropriate and timely decision. Marketing research provides the firm with important customer feedback and understands the dynamics of the market place. Today, business decisions are increasingly based on the market places reality than intuitions. The increase in marketing research activities reflects a transition from intuitive to scientific problem solving methods.

### **3.1 Research design**

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

Further, the research is descriptive & analytical in nature. It's design is statistical & uses statistical tools in presenting & analyzing the collected data. The research is designed in such a way that it would be more convenient for the researcher to collect the actual data and information during course of research study.

### **3.2 Population & sample:**

#### **Population:**

The term "Population" or "Universe" for the researcher means all the number of any well defined class of people event or objects.

Similarly, only the officer level employees that are from grade VI to x of marketing department have been taken as a research population by the researcher in the research study.

| Where            |                         |
|------------------|-------------------------|
| Grade            | Officer level employees |
| x                | 1                       |
| ix               | 5                       |
| viii             | 7                       |
| vii              | 23                      |
| vi               | 29                      |
| Total Population | 65                      |

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

### **Sample:**

Population Study means study of the large sector but the sample means the selected study of the population. A population in most studies usually consists of a large group of people because of its large size. It is fairly difficult to collect detailed information from each member of the population. Rather than collecting information from each member a sub-group is called sample & the method of choosing this sub-group is done by sampling.

In this research study under the title "Marketing analysis of airlines service with reference to NAC" the whole officer level of employees of marketing department has been taken as a population. Where as more than 10% of the population has been taken as a sample which represents the population stated earlier in the study. Since, the officer level employees were selected randomly.

### **3.3 Data collection techniques:**

Data & information has been collected by two method primary data & information & secondary data & information.

#### **1). Primary data & information:**

While collecting primary data and information the different methods have been taken into consideration which was as follows:-

##### **a). Observation method:**

Observation method is one of the best ways for the researcher to get the real information. It is more direct way to gather information from the particular field, area & event. By following this method the researcher has frequently visited the organization observed different department, concentration has been made in marketing department, observed different divisions & units of the department, existing system, procedures, technologies employed in central reservation unit, communication unit and abacus unit of NAC, tickets reservation and sales procedures in international and domestic sales counter agency, tariff schedule sub divisions of marketing department.

### **b). Interview method :**

The interview is a face to face method used for collecting the required data. In other words, this is a method allowing the researcher to ask questions which will enable him or her to answer research questions. In case of getting information for the introductory phase work of research study. Structured & unstructured interview has been conducted to the different employees of marketing department. The structured interview has been conducted with director of marketing department made clearer picture to analyze existing condition of marketing department. It helped a lot to identify the problem the generated with in the department. It was also interviewed in the public relations divisions & corporate division too.

Similarly, structured interview has been conducted to manager of sales international marketing department prevails the information that centralization authority and long document approval and reject are the main causes that delay in making decisions regarding flight & flight cancellation, unnecessary political pressure, less employees morale are the main defects of the department of NAC.

### **c). Questionnaire method:**

During the course of research study different questionnaires has been designed as per the requirement of research study. The list of questionnaire and their types are attached in the appendix I of the research study. The list of questionnaire has been distributed to the officer level employees randomly to receive information from the different divisions of the marketing department.

## **2). Secondary data & information:-**

Secondary data is classified as the results and data collected by previous investigators/ researchers. It provides the researcher with a considerable amount of useful information with reference to the research study. The different secondary information has been collected from different sources. The different sources are:-

- Information & records kept by the department divisions and units.
- NAC in house journals.
- Profiles.
- NAC operating plans & Budgets.
- Business magazines.
- Daily newspapers.
- Swet patra published by NAC.
- Nepal Airlines corporation magazines.
- On time flight schedule guide etc.

### **3.4 Analysis of tools techniques used:**

With references to research methodology, different tools and techniques has been used by the researcher to present and analyze the existing marketing system:

Uses of tools and techniques:

- a). Tables and figures.
- b). System approach methods.
- c). Data flow diagram.
- d). Flow Charts.

#### **a). Tables & figures:-**

A table is a presentation of data in columns and row form. Typically tables are used to present data and information to make the content clear whereas the term figure usually include graphs, maps, drawings and charts.

#### **b). System approach method:-**





A system is a group of elements of components joined together to fulfill certain function. In large context a system is an assemblage has three basic inter acting components. They are:-

- Input: - It involves capturing and assembling elements that enter the system to be processed.
- Process: - It involves transformation processes that convert input into output.
- Output:- It involves transferring elements that have been produced by the transformation process in to their ultimate destination.
- Feedback: - It is the data about the performance of a system.
- Control: - It is the major system function that monitors and evaluates feedback.
- System boundary: - It is not that system doesn't exist in a vacuum rather it exists and function in an environment containing other system. If a system is one of the components of a large system it is called a sub-system and the large system is its environments. And the system separated from its environments and other system by its system boundary.

#### **c). Data flow diagram:-**

It is an important tools used in analysis of system. A data flow diagram models a system by using external entities or data stores. Stored May also flow to process as inputs. The main merits of data flow diagram is that can provides and overview of what data system would process what information of data are done. What data are stored and which stored data are used and where the result flow. Thus, data flow diagram is a graphical network which magnifies the relation between different procedures with in the system. The concept data flow diagram was developed by De Micro in 1978 A.D.







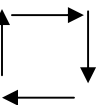
(General symbol used in data flow diagram):-

- a).  = It indicates data flowing through the system.  
[Data Flow]
- b).  = It indicates external entities.  
[Entity]
- c).  = It indicates processing function in which data flowing in are changed in form [process] value, or location before existing.
- d).  = It indicates data source.  
[Data source]

D). Flow Chart:-

A flow chart is a pictorial presentation of a program that graphically shows each step in elaborating a problem it is a series of steps which are needed to present the procedures or functions in the system.

General Symbol used in flow chart:

- a).  = Start/ End.  
[oval]
- b).  = Input/ Output.  
[parallelogram]
- c).  = processing.  
[Rectangle]
- d).  = Decision making.
- e).  = Connector.
- f).  = Loop.
- g).  = Direction of flow flow lines

## **Chapter 4**

### **Data Analysis and Presentation**

The Success of any business however depends on efficient management system. A Good business is the outcome of a good management. It is the management which leads the organization rather to success or failure. If the management is not good and efficient one, sometimes the existence of business itself may be a matter of doubt. A good management system covers all the aspects of management that is marketing, financial, production, personnel etc. It has also to interact with all the environments external as well as internal prevailing around it. If the management cannot interact and adjust with the environments around it then it will be very difficult for the enterprise to service and run smoothly.

Marketing which is one among all the components of management has become one of the most important and challenging aspects of today's business organization. It has become one of the most difficult tasks to handle. If the organization is not well prepared to handle its marketing aspects, then the organization can never get the success and exist. The growing importance of marketing in the present day is in basically due to its impact on the success or failure of an enterprise. Now let us briefly see what this most important aspect of management that is "Marketing is?" Drucker describe that the aim of marketing is to know and understand the customer so well that the product or service fits him and sells itself. In the view of Levitt management must think of it self not as producing products but as producing customers creating value satisfactions. Here, both Drucker and Levitt are trying to give more emphasis on customer and their satisfaction which is most important and challenging aspects of modern marketing management.

According to AMA,

"Marketing is an organizational function and a set of process for creating, communicating and delivering value of customers and its stake holders.

According to Kotler,

"Marketing is the means through which organization identify unfulfilled human needs, convert them into business opportunities and create satisfaction for others and profit for themselves.

Marketing strategies should be comprehensive and proper modeled with general organizational strategies. It should be able to suit with existing and changing environment. Strategies designed and planned with due analysis of future probabilities encompassing all essential aspects of marketing and organizational



needs will be the most valuable tool in attaining goals. In general marketing activities cover from product planning and designing to distribution with the help of suitable promotional tools. It covers every aspect from the production of goods and service to its sales. Marketing covers all the 4 p's of marketing mix such as product, price place and promotion. Each and every aspect should be given equal importance.

Today's world is growing world. Everyday or even every moment new things are coming competition is increasing every second. In such a situation there is a great scope and importance of marketing because the success of any business depends upon efficient management in turn the management itself get success only when it will have good marketing strategy.

Most of the developing and under developed countries like Nepal used to give more emphasis on production line. They believe that the production is the most important once the goods and services will be produced. They would be consumed very easily. But the production has become in such a huge lot that it has been very difficult and even impossible to sale such production. So gone are the days of production oriented economy .Due to a lot of competition in all aspects, the distribution aspect has become most important and complex too. Marketing tries to balance the production and distribution aspect in such a situation but such an important aspects of management that is marketing can not be in isolation. It should be as per the need of the organization .It should be able to adjust itself with the need of organization and as per the environments prevailing around it. There has been a lot of development in marketing philosophy. it should be able to catch every opportunities that the organization would pass through .there should be suitable strategy through marketing that the organization would be able to catch all the opportunities and encounter away all the threats. A proper marketing strategy should lead the organization the zenith of glory.

In the present world, airlines also can not escape from the environment and threats prevailing under it .The airline to be success, needs good marketing like any other organizations of present day .There has become a lot of competition in airline business also .The successful airline will be that one can compete with other airlines and hold its share in the market .Airlines product is highly perishable. Once, the aircraft will take -off all the unutilized seats space will go waste .So the seats the space is to be sold before aircraft will take-off .Therefore ,airlines should have such a marketing strategy that they would be able to sell as maximum as possible before it will be wasted. Airlines need to be much more sales oriented. For this most of the airlines today have started automation, by the help of which they will be able to provide efficient and quick service to their valued customers.

For the modern airlines, competition has become a most challenging factor. Each and every airline has to face competition in their business. Nepal airlines, our national flag carrier also has been facing competition in all its sectors airlines product is service oriented. Passenger will prefer that airline which has business. Most of the airlines today are launching different programs to serve its customers and to have maximum consumer satisfaction. good service in ground and in air consumer satisfaction is the prime factor in air line business Most of the airlines today are launching different program's to serve its customers to have maximum consumer satisfaction Generally,

there are the tools that are classified in to, groups i.e. the 4 p's of marketing. they are:

- a) product.
- b) Price.
- c) Promotion. d) Place.

### **Product:**

It is one of the important factors of marketing mix. No organization can do any business without the product. It is considered to be the first step of any kind of business in tangible or intangible way seat factor is considered as a product in the business of airline. More the Boeings and Twin- otters more the seat capacity in the international and domestic sector. As airline business is service oriented a service product is a package of a series of services elements executed in proper order in keeping with the needs and wants of the customers, with an aim to maximize customer satisfaction. There are three elements in basic service package, they are

- a) Core service.
- b) Facilitating service.
- c) Supporting service.

The core service is the reasons for being in the market. As in airline, core services for transportation. Facilitating services are those services without which core service cannot be performed. So having the Boeing, is not only the solution, together it needs comfortable, goods, other entertainment tools inside the planes. Facilitating services make it possible for the passengers to use a core service. But at the same time supporting service. But at the same time supporting services do not facilitate the consumption or use of core services. But increases the value of the service offering. Thus NAC can run a restaurant or duty free shop inside the airport or after and the good transport service after and before the flights. As for as the core service and facilitating services are concerned, there will not be much scope for the competitive edge. But in case of supporting services a high level of differentiation is possible, and as such the firm can enjoy a competitive edge by being up to date, innovative, fast, bold and flexible.

## **Pricing**

Pricing is also an important factor of marketing mix. A product cannot be sold effectively unless it is properly priced. In airlines, the term "price" refers to as fare for the passenger and rate for the cargo NAC is following a government directed pricing as NAC is one of the public enterprises. For the airline business pricing has become an important factor. Most of the airlines are undercutting there prices to secure maximum business. There are offering different incentives to passengers.

For the airlines of today, marketing is the most important and challenging factor as they have to face competition from its production, which is scheduling up to distribution. Consumer satisfaction is the most important factor in airlines business. Each and every thing like schedule, price, distribution system, service on ground, on air, etc should be competitive to capture its share of market for all which a good marketing strategy is essential. Pricing is the influencing factor in consumer decision making, related to the purchase. In service marketing mix, price is the only 'p' that generates inflow to the company. The revenue of the company will be greatly influenced by the pricing decision. Traditional approaches of pricing, when applied to services to have some problems. Therefore the service firms should take the right decision relating to the pricing of services by taking in consideration the service characteristics and consumer perception.

## **Promotion:**

It is also one of the important factor of marketing promotion can defined as the "Marketing communication that attempts to inform and remind individuals and persuade them to accept, recommended, resell or use of product, service or an idea. Promotion is popularly known as external marketing in services as a traditional marketing. The four components of promotion are as follows:

### **a) Personal selling:**

Organizations establish communication channels through their sales force with the target market which is called personal selling, It is a face to face communication in which feedback can be spontaneous and customers can clarify doubts on the sport. It is very costly and difficult to reach the mass market all employees in a service organization are marketing employees some sales in full time basis while other in part time. But every one contributes to sales.

### **b) advertising:**

It is a cost effective and powerful means to reach the mass that is. It is non-personal mass communication by an identified sponsor. When compared to other promotional approaches, the cost per unit of exposure is the lowest in advertising. Informative, educative and persuasive objectives can be achieved through advertising.

### **C) Publicity and Public relations:**

Publicity is a promotional campaign through a third party (Press, opinion leaders and other indirect sources). It's a deliberate attempt by the organization to establish relations with various people like customers, suppliers, creditors, shareholder, media and social organizations who are capable of influencing directly or indirectly, business prospects. Both public and publicity are powerful techniques for the promotion of services with the use of these two, a favorable word-of-mouth communication can be generated in the market.

### **D) Direct Marketing:**

Direct marketing is one in which there is no involvement of marketing intermediaries between the producers and consumers. It is not the recent concept. It is one of the alternatives for the product to reach the market. The concept of direct marketing has been promoted as one of the promotional tools due to the revolutionary changes that promotional mix, in the areas of communication system and networking, information technology transport and technology.

NAC being an airlines business has to give even more importance in proper promotional activities. To be very frank NAC has not have promoted its product in its domestic sector as there is always a problem to get seats especially in hilly region sectors. But on the other hand promotion plays vital role in its international sector where as there has not been promotion of its product that much effectively in the foreign market. But recent promotion strategies have becoming very effective in international sector also.

### **E)Distribution:**

The one and only objective of distribution is to make services available at the right time and at the right place and accessible to consumer with ease and convenience. Business firms or social organizations measure their growth in terms of market expansion when a service provider intends to expand his market operations; there are only two options before an organization. Either it has to start service outlets at various places offering the same package and quality, or to use private distributors for the purpose. Maintaining standards of performance at the service outlets is always challenging for the service provider. If this job is assigned to middlemen, there may be a danger of decrease in the value of offering and bad reputation of the organization. However, if the distributors have the ability and willingness to offer such services, the risk of failure and damage to the company image gets minimized.

For the distribution of airlines product both channels i.e. either direct or indirect channels are used. In other words product may be distributed directly to customers or indirectly through middlemen such as travel agents, General sales agent, cargo sales agents; etc NAC is also selling its product to its customers directly by its own offices that are district sales offices and different regional offices outside the

country. It is also selling its product by appointing different agents inside the country and worldwide outside the country.

### **F) Competition:**

For today's business, competition has become one of the common challenging factors. In comparison to other types of business airlines business have to face more competition their fare should be competitive schedule, service and all other things should be competitive. NAC is also facing a lot of competition in all its international sectors with international airlines like Delhi and Calcutta with Indian airlines ,Singapore with Singapore airlines ,in Bangkok with Thai air lines in honking with dragon air and yet there are more other international airlines in other market . Thus, even a single sector is not without competition. In domestic sector also, NAC has been facing a little bit competition with road transport especially in Terai region. As we know yeti airlines have just spread its wings to international sector which is a great leap for the Nepal aviation history but challenging competition threat to the Nepal airline corporation.

### **Marketing department :**

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

Marketing department handles all the function concerned with marketing .It formulates all the strategies, plans and policies related with marketing activities such as sales promotion , pricing , advertising, distribution, schedule planning, station management, market research and development etc. This department also consists a number of divisions and it's further divided into units.

The structure of marketing department and their respective divisions and units are Presented below:

#### Marketing Department

- a) Marketing and station affairs (International)
  - station affairs
  - Market promotions
  - product policy and strategy
  - Tariff and price strategy
- b) Market Development cell.
  - Market research and Development

- Schedule planning
  - Tariff review, monitoring and forecasting
  - Management information report
- c) Sales International.
- Reservation and sales policy
  - Agency policy, distribution and control
  - Yield management
- d) Domestic
- Station management
  - Product policy and strategy
  - Sales and reservation policy
  - Market promotion
  - Management information report
- e) Flight support service
- f) Airport service

### **Duties and responsibilities of marketing Department**

The Director of marketing department has to perform the following Duties and responsibilities.

- To ensure smooth operation of the sales and marketing functions related to area of the department.
- To formulate and implement marketing and sales plans and programs of the department.
- To carry out market research activities and market studies of existing as well as potential routes and report to chief executive through Deputy managing director.
- To plan and implement operation of schedule, non- schedule and charter flight in co- ordination with other departments as and when required.
- To monitor tariff is yields in different routes and implement measures for improvement of yields.
- To suggest measure for maximizing revenue from sales and other activities and its implementation.
- To prepare and submit annual traffic and revenue forecast and to make efforts to achieve the target and review the target vs. achievement quarterly.
- To prepare and implement annual expenditure budget of the department upon approval as per prevailing rules and regulations.
- To delegate authorities to subordinates to ensure that they perform their jobs timely and efficiently.

- To assist chief executive in carrying out his responsibilities in respect of area of marketing department and perform any other jobs assigned by him from time to time.
- To prepare and submit management information reports (MIR) on time as per requirement.
- To maintain Financial discipline and control expenses within the approved budgetary limit and as per the existing finance rule of corporation.
- To keep close liaison with Government offices, Interline partners, agents, tour operators and other travel trade related authorities to enhance the revenue, image and goodwill of the corporation.
- To monitor and evaluate the performance and activities of the General sales agent's passenger sales agents and cargo sales agents appointed by R.A and submit report.
- To monitor and evaluate the performance of the different units, sections and Divisions of the department.
- To implement the directives of the chief executive and board.

### **Executive Authorities**

In order to carry out the responsibilities and duties of marketing department smoothly and efficiently. The following authorities should be delegated to director of marketing.

- To evaluate performance of the staff of department and send to concerned department regularly.
- To exercise full administrative control over staff of marketing department including approval of leave and passage of the staffs as per the rules of corporation.
- To transfer staffs up to grade VIII with in the department.
- To take disciplinary action against the staffs up to grade VIII of the department in line with the provision of the service rule.
- To send staff on duty up to a maximum period of 30 days within the Nepal & India and 7 days to other countries as per requirement with the approved budget.
- To approve overtime of staff within the limit of approval budget.
- To execute domestic and international postings of staff as per the posting criteria and the provision of service rule in consultation with the chief executive.
- To authorize and approve all the expenses pertaining to the department within the budgetary provision as and when required.
- To represent RA on various travel and tourism related committee /seminars /conferences trade meets, marts, etc. concerning the activities of marketing department after due approval .

- To appoint cash minus commission agents .CVD Stockiest agents may be appointed after due approval.
  - To upgrade passengers to J class strictly on need basis only for building RA image and business.
  - To organize agents / interline get -Together at the cost of corporation at different place when ever required.
  - To approve and authorize re-routing of passenger cargo up to an intermediate or destination point in case of disturbances / cancellations and overbooking of flights.
  - To re- arrange and implement temporary schedule including delay, re-routing, postponement or cancellation of the flight as and when necessary.
  - To certify all bills and expenses pertaining to area of responsibility of the department for payment subject to budget provision.
  - To sanction in cash or by free ticket without service charge as compensation to passengers in case of disturbances of flights as mishandling of baggage or any other general service complaints relating to us.
  - To exercise financial authority as per finance by-rule 2046 and revision there of.
  - To provide free / rebated and special fares/ rates with or without service charge in line with the policy of promotional activities strictly in need basis only.
- a) Interline and agencies.
  - b) Tickets to FAM trips organized by agents & Interline.
  - c) cargo / excess baggage transportation RA flight.
  - d) Tickets for promotional purpose to external agents.

**With Information to chief executive:**

- a). to decide on special Interline prorates for both passenger and cargo.
- b). to decide on code sharing with other Airlines.
- c). to decide normal passenger fares and cargo rates. Excursion fares, promotional fares/rates and special agency/ interlines fares to suit the market situation.
- d). the annual agency fares will continue to be decided by the marketing/ finance sub-committee. However the same could be revised by marketing department to respond to the market situation and informed to marketing committee.

**4.1 Marketing and station affairs (International Division):**

A Marketing and station affair is an International division which is concerned with formulation of product policy and strategy regarding international flight. The product and policy strategy is supposed to be changed according to the demand and supply. In the field of airlines service, airlines seats and space are considered as product. Marketing division always think what marketing strategies are appropriate?



What strategy should we follow to compete in the world market? There is familiar saying- Do not watch the product life cycle, watch the market life cycle. Similarly, the division is concerned to set tariffs and price of the product. Tariff and price are taken as an important aspect in the market; pricing strategy includes initiating price cuts, initiating price increase reactions to price changes, responding to competitors price change etc.

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

This division also includes another activity market promotion, which in turn includes advertisement through different media such as radio, television, newspaper, magazines and journals Airlines profile etc. Similarly conducting different seminars and participating in seminars, conference and exhibitions.

NAC owns only two international flights that is Boeing 575. NAC was giving its service till 1992/93 with its Boeings 727 and other two Boeings 757 altogether four Boeings in 9 countries, 13 cities. It sold its both 727 Boeings and took one Boeing on lease for few years. Since 2002 May it have been operating with its own 757 Boeing after a lot of conflict aroused about the lease agreement.

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

NAC'S monopoly seems to be ended after Government has liberalized its rules and regulation. That means, It has to compete with other airlines. In result, it has more chances to loose the exiting market and have to compete in the sectors where NAC is profit. The reason to stop its Europe flights since 2001, due to tough competition and lack of planes.

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

### **4.1.1 NAC'S international Routes:-**

The market which NAC has is not sufficient. It only covers 7 cities around the world and it is very few. As India and China, they are our closest neighbors and also the most populated area in the world. They are also one of the emerging nations in the world and their economic growth is increasing annually. Increasing economic means high living standard and saving more money for traveling. If NAC only be successful to the tap the market of these large emerging nations it would be enough for NAC. So, for these emerging nations it would be enough for NAC. So, for these large countries only two Boeing is not sufficient. NAC must add its flight for the incensement of market. At current, it only gives services in Delhi. Likewise, In China too it only gives services in Shanghai. Nepal is one of the countries where Chinese Government has liberalized its citizens to visit. In result, Chinese tourists are increasing day by day, but other private airlines taking this opportunities as well as benefits.

Europe and America have its own specialties for the quality tourist. Western Europe is the main market for NAC. NAC must have capability to reach these places. If appropriate Boeing are added NAC can add its fleet for Frankfurt and London. Besides, there are approximately two million people working and studying around the world especially in Gulf countries and Europe and the US.

NAC has the following International routes.

|                 |  |
|-----------------|--|
| Delhi           | 7 flights per week ( daily one flight) |
| Kuala Lumpur    | 5 flights per week                     |
| Bangkok         | 3 flights per week                     |
| Hong Kong       | 3 flights / week                       |
| Dubai           | 3 flights / week                       |
| Shanghai/ Osaka | 2 flights / week                       |

Source: NAC swet patra 2063

### **4.1.2 NAC's International stations.**

| s.n | city         | country              |
|-----|--------------|----------------------|
| 1.  | Delhi        | India                |
| 2.  | Hong Kong    | China                |
| 3.  | Shanghai     | China                |
| 4.  | Dubai        | United Arab emirates |
| 5.  | Bangkok      | Thailand             |
| 6.  | Kuala Lumpur | Malaysia             |
| 7.  | Osaka        | Japan                |

### **4.1.3 Competitors of NAC**

The major competitors of Nepal airline are:

- Indian airlines
- Bangladesh Biman
- Thai airways
- Jet airways
- Gulf Air
- Druk air
- Pakistan Intel airlines
- Qatar Airways
- Air Sahara
- Air China
- Austrian Airline
- Air Arabia
- GMG(Bangladesh)
- Korean Air
- China southern Airlines
- Orient Thai

Just recently Nepal's private airline yeti airlines has also spread its wing in International market ,which is the second domestic airlines playing a role of competitor of NAC ,before this cosmic Air had served in International routes only in India .Having such a cut -throat competition Unfortunately we get to read about the mismanagement of NAC .

According to one newspaper, NAC is going to be zero plane condition .The engine of a Boeing which was on c-check in Brunei is used in the Boeing of another 757. Now ,the operating Boeing needs c-check so for a week all the flight can be cancelled .The management says engine will be put in another Boeing and resume the flights.

### **4.1.4 Special offers of NAC**

- Insurance
- special package
- student concession

**Nepal Airlines commercial department special economy IT fares for sales in Nepal With effect from 01 January 2008**

Ex ktM To BkK/Hkg /Sha/Osa

One year valid special IT fare:

| <b>Sector</b> | <b>Fare Basis</b> | <b>Fare</b> | <b>Class</b> | <b>Tour code</b> | <b>Applicable</b> |
|---------------|-------------------|-------------|--------------|------------------|-------------------|
| KTM-BKK       | Y/OW              | NPR 13000   | Y            | A3XZ             | Nepali/Indian     |
|               |                   | USD 240     | Y            | S26X             | Foreigners        |
| KTM-BKK       | Y/RT              | NPR 25000   | Y            | A15X             | Nepali/Indian     |
|               |                   | USD 420     | Y            | S8X              | Foreigners        |
| BKK-KTM       | Y/OW              | USD 260     | Y            | S24X             | All nationals     |
| BKK-KTM       | Y/RT              | USD 460     | Y            | S4X              | All nationals     |
| KTM-HKG       | Y/OW              | NPR 20000   | Y            | A1ZZ             | Nepali/Indian     |
|               |                   | USD 350     | Y            | S15X             | Foreigners        |
| KTM-HKG       | Y/OW              | NPR37000    | Y            | A27X             | Nepali/Indian     |
|               |                   | USD 650     | Y            | A15X             | Foreigners        |
| HKG-KTM       | Y/OW              | USD 350     | Y            | S15X             | All nationals     |
| HKG-KTM       | Y/RT              | USD 650     | Y            | A15X             | Foreigners        |
| KTM-SHA       | Y/OW              | NPR 20000   | Y            | A1ZZ             | Nepali/Indian     |
|               |                   | USD 350     | Y            | S15X             | Foreigners        |
| KTM-SHA       | Y/RT              | NPR 37000   | Y            | A27X             | Nepali/Indian     |
|               |                   | USD 650     | Y            | A15X             | Foreigners        |
| SHA-KTM       | Y/OW              | USD 350     | Y            | S15X             | All nationals     |
| SHA-KTM       | Y/RT              | USD 650     | Y            | A15X             | foreigners        |
| KTM-OSA       | Y/OW              | NPR 20000   | Y            | A17XZ            | Nepali/Indian     |
|               |                   | USD 350     | Y            | S15X             |                   |
| KTM-OSA       | Y/RT              | NPR52000    | Y            | A42XZ            | Nepali/Indian     |
| OSA-KTM       | Y/OW              | USD 750     | Y            | A6Z              | foreigners        |
| OSA- KTM      | Y/RT              | USD 1350    | Y            | A85 X            | All nationals     |

source; Commercial Department NAC

### **Conditions:**

- This fare is valid for all tickets issued on or after 01. January 2008 until further notice. For RT fare ticket 2nd leg will be valid for 01 year from commencement of first leg. It open dated ticket is issued validity of the ticket will be one year from the data of issue.
- Commission; Normal agency commission 7% will apply. Volume incentive applicable as per agency agreement.
- Taxes, Fees and charges (TFC) not included in the fare, hence should be controlled separately.
- Tickets must be used in sequence.
- for ticketing purpose applicable lowest published directional minimum fare is to be shown in the ticket, followed by the tour code.

### **Discount:**

- a) Children - 25% of applicable adult fare. Applicable for children who have received their 2nd birthday but have not reached their 12th birthday. Tour code will be respective tour code of adult fare and CH to be entered in the ticket designator box. Date of birth (DOB) should be mentioned in the ticket.
- b) Infant- 90% on the above fare. Applicable for babies who have not reached their 2nd birthday. Code "IN" and data of the data of birth (DOB) of the infant should be mentioned in the ticket.
- c) Student- Not applicable.

### **Tour leader:**

- a) 15+1 (100%) group discount is applicable to for the 16th passenger.
- b) 10+1 (50%) group discount is applicable for the 11th passenger.
- c) Two children traveling together will be counted as one adult. Passenger for determining the qualifying number of group.
- d) Group must be formed on Non- cumulative basis and must travel together up to the destination. However they can travel separately on return travel.
- e) Group strength should be shown in each ticket.

### **No show charge:**

- a) NPR 1000/- or equivalent apply in case of Non-show. If the passengers fails to cancel / postpone the booking before 24 hours of the flight then No show will be applicable. If passengers off loaded by Immigration customs or security at airport, 25% of the applicable fare will be charged as Non-show charge.
- b) No-show is not applicable in USD fare.

## **Refund:**

- a) Refund charge: NPR 500/ will apply.
- b) If partial sectors are used then refund will be made after deducting applicable one- way fare for as part I for used portion and refund & no show charges etc.
- c) Refund of unutilized / unused tickets issued by RA offices / Agents ticket can be made within three years from the date of issuance.
- d) In case of flight disturbances for a week and more for confirmed and even for open dated ticket in of RT fare, 1/2 RT fare of unutilized portion will be refunded and no refund charge will be levied.

- **Restriction** a) Nationality must be mentioned B)Respective tour code and fair basis should be shown on appropriate boxes of the ticket-C) Ticket must be stamped valid RA only 'non endorsable' and non refundable class fare:

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

- Baggage allowance: 30kg in J- class and 20kg in Y-class.
- Above fares can be used for PTA purpose by charging USD 25.00 or equivalent currency as PTA charge.
- Advertising and sales- Nepal only.
- This supersedes all the previous fare circulars in this regard.

**NOTE:** In case of Interline coupons, an additional of USD 100.0 will be charged to upgrade in J-class for the sector KTM- HKG / KUL /DXB/ OSA or V.V and USD 75.00 will be charged for KTM-BKK or V.V expect on AD/ID and APS fare mentioned on the tickets issued by interline partners. This is applied to upgrade from DSO (I), TAP and from out stations as well.

## **Nepal airlines commercial department Indo/ Nepal fares for sales in Nepal and India from 20 October.**

### **Part I (A) Normal USD fares.**

| <b>Sector</b> | <b>Fare basis</b> | <b>Fare</b> | <b>Class</b> | <b>Application</b> | <b>Validity</b> |
|---------------|-------------------|-------------|--------------|--------------------|-----------------|
| Kathmandu     | OW /J             | USD 180     | J            | Foreigners         | One year        |
| Delhi or V.V  | RT/J              | USD 360     | J            | "                  | "               |
|               | OW/j              | USD 150     | Y            | "                  | "               |
|               | RT/Y              | USD 300     | Y            | "                  | "               |

**Part I(B) Normal local fare**

| Sector       | Fare basis | Fare       | Class | Application  | Validity |
|--------------|------------|------------|-------|--------------|----------|
| Kathmandu    | OW / J     | NPR 11105  | C     | Nepal/ India | One year |
| Delhi or v.v |            | INR 6940   | C     | "            | One Year |
|              | RT /J      | NPR 22210  | C     | "            | "        |
|              |            | INR 13880  | C     | "            | "        |
|              | OW /J      | NPR 8600   | M     | "            | "        |
|              |            | INR 5375   | M     | "            | "        |
|              | RT /y      | NPR 16800  | M     | "            | "        |
|              |            | INR 10,500 | M     | "            | "        |

**Part II Special T class fare.**

| Sector  | Fare basis | Fare                     | Tour         | Class | Application | Validity |
|---|------------|--------------------------|--------------|-------|-------------|----------|
| Kathmandu<br>-Delhi or<br>V.V                               | Y /OW      | NPR<br>8000<br>INR 5000  | S2xz<br>S5xz | T     | Nep / India | One year |
| Kathmandu-<br>Delhi<br>-Kathmandu<br>or Delhi-<br>KTM-Delhi | Y/ RT      | NPR<br>15600<br>INR 9750 | A56Z<br>S25x | T     | IND /Nepal  | One year |

**Note:** 1. Student: Not applicable.  
2. PTA: Not applicable.

**Source:** Commercial department, NAC.

**Part III through special Economy Fare. Ex- Delhi**

| Sector      | Fare Basis | Fare      | Class      | Applicable    | Validity |
|-------------|------------|-----------|------------|---------------|----------|
| DEL-KAT-BKK | Y/OW       | INR 12750 | Y          | Nepali/Indian | 1 Year   |
|             |            | USD 370   | Y          | Foreigners    |          |
|             | Y/RT       | INR 24875 | Y          | Nepali/Indian | 1 Year   |
|             |            | USD 700   | Y          | Foreigners    |          |
| DEL-KTM-HKG | Y/OW       | INR 17125 | Y          | Nepali/Indian | 1 Year   |
|             |            | USD 500   | Y          | Foreigners    |          |
|             | Y/RT       | INR 32375 | Y          | Nepali/Indian | 1 Year   |
|             | USD 950    | Y         | Foreigners |               |          |
| DEL-KTM-OSA | Y/OW       | INR 21500 | Y          | Nepali/Indian | 1 Year   |
|             |            | USD 750   | Y          | Foreigners    |          |
|             | Y/RT       | INR 41750 | Y          | IND/ NEP      | 1 Year   |

|             |      |           |   |            |        |
|-------------|------|-----------|---|------------|--------|
|             |      | USD 1400  | Y | Foreigners |        |
| DEL-KTM-DXB | Y/OW | INR 17125 | Y | IND/ NEP   | 1 Year |
|             |      | USD 500   | Y | Foreigners |        |
|             | Y/RT | INR 32375 | Y | IND/ NEP   | 1 Year |
|             |      | USD 900   | Y | Foreigners |        |
| DEL-KTM-DXB | Y/OW | INR 15875 | Y | IND/ NEP   | 1 Year |
|             |      | USD 500   | Y | foreigners |        |
|             | Y/RT | INR 29250 | Y | IND/ NEP   | 1 Year |
|             |      | USD 900   | Y | foreigners |        |

Source; Commercial Department, NAC

**Note:**

1. Discount
  - a. Student-not applicable.
2. Above fare is to be shown in the ticket.
3. Sales and advertisement limited to India only.

**General condition:**

1. Fares are valid for all tickets issued on or after 20 October 2007. If issued for RT fare second leg will be valid for one year from commencement of first leg. If open dated ticket issued validity of the ticket will be one year from the date of issuance.

2. Commission:
  - a) Normal agency commission 7% will apply.
  - b) Volume incentive applicable on RA sales only.

3. Taxes, fees and charge (TFC) not included in the Fare, hence should be collected separately.

4. Tickets must be used in sequence.

5. For ticketing purpose normal published directional promotional minimum economy fare are to be shown in the ticket followed by tour code wherever tour code is given:

6. Discount:

a) Children: 25% of the applicable adult fares applicable for children who have reached their 2nd birthday but have not reached their 12th birthday. Tour code will be respective tour code of adult fare and code 'CH' and data of birth should be mentioned in the designator box of the ticket.

b) Infant - 90% on above fare Applicable for babies who have not reached their 2nd birthday. Code 'IN' and date of birth (DOB) of the infant should be mentioned in the ticket.

c) Student: 25% of the applicable normal adult fare applicable for students who have not reached their 26th birthday. Tour code will be respective tour code of adult fare



and 'SD' to be entered into the designator box of the ticket this discount will be applicable for travel b/w residence and the institution of the student.

7. Tour leader:

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

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

**Note:**

1) Two children traveling at the children fare will count as one adult passenger for the purpose of determining the qualifying number of the group.

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

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

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

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

**Refund:**

a) If partial sectors are used then refund will be made after deducting applicable OW fare for used portion and refund, no show charges, etc.

b) In case of flight cancellation, 1/2 RT of the collected amount of the fare will be refunded in case of first leg is utilized irrespective of confirmed of open dated ticket.

10. Normal Baggage allowance: 40 kg in J- class and 30 kg in Y- class.

11. Restrictions: Tickets must be stamped " Valid on RA only" or "Non endorsable " , "Non- Routable".

12. "Not valid after" box of the ticket must be filled in.

13. Above fares can be used for PTA purpose also charging USD 25.00 as PTA charge and for INDO /NEP sectors local fares PTA charge will be INR 500 or NPR 800.

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

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

16. Cargo rates:

**DEL-KAT sectors only**

|            | <b><u>Net</u></b> | <b><u>Gross</u></b> |
|------------|-------------------|---------------------|
| Minimum    | INR 112.50        | INR 125.00          |
| Normal (N) | INR 24.30         | INR 27.00           |
| +100       | INR19.80          | INR22.0             |

**Condition:**

- a. Charge collected (cc) shipment is not permitted.
- b. Cargo Insurance surcharge USD 0.07 per kg. per sector is applicable.
- c. The above cargo rate is for genera; cargo only.
- d. Since the above rate is net Normal commission will not be applicable.
- e. The above gross is to be shown in airway bill.
- f. Tax, charges and fees are not included in the above rates. Hence, the TFC applicable should be collected separately showing in the airway bill.

This fare supersedes earlier fare circular in this regard. NAC has done very little in field of market promotion of International sectors. While I interviewed one of the member according to him in the co-ordination with Nepal tourism Board (NTB) NAC are organizing the fare outside Nepal, which can be effective one. Agent can also be taken as promoting factor of NAC within the customers. The agent is the place where customers directly interact. It depends upon the agent behaviors.

NAC: before 2-3 years NAC used to take part in the fair event. But now I found that the staff of public affair of the NAC had no excitement to take part in it. They show the lack of plane and sector behind this reason. NAC had issued new calendar of 2008 A.D. having scenery of Nepal. This is also one of the promotional tools but calendars are printed in a low quantity that it does not give message to the mass customers.

Internet can be taken as a direct marketing .But when I visited its websites in the Internet I hardly found any information about NAC .In direct marketing customer are the king .So ,NAC must be able to lure and attract the customer through Internet .Most of the airline ticket can be booked through Internet but NAC has not leap its step forward for this system

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

**Nepal Airlines corporation, commercial department. Special / promotional economy IT fares for sales in Nepal with effect from 01 October 2007 until further Notice .**

One year valid special promotional fare

| Sector | Fare basis | Fare | Class | Tour code | Applicable | Validity |
|--------|------------|------|-------|-----------|------------|----------|
|--------|------------|------|-------|-----------|------------|----------|

|             |       |                       |        |               |                                  |          |
|-------------|-------|-----------------------|--------|---------------|----------------------------------|----------|
| KTM-DXB     | Y /OW | NPR 20,000<br>USD 400 | Y<br>Y | A14xz<br>51Z  | Nepali /<br>Indian<br>Foreigners | One year |
| KTM-DXB-KTM | Y /RT | NPR 37,000<br>USD 650 | Y<br>Y | A29xz<br>A15x | Nepali /Indian<br>Foreigners     | One year |
| DXB-KTM     | Y /OW | USD 400               | Y      | S1Z           | All<br>Nationals                 |          |
| DXB-KTM-DXB | Y /RT | USD 650               | Y      | A15x          | All<br>Nationals                 |          |

Source, Commercial Department, NAC

### **conditions:**

1. This fare is valid for all tickets issued on after 01 October 2007 until further notice validity of 2nd leg will be 01 year from commencement of first leg of Journey. Validity of open dated ticket will be one year from the date of issuance.

2. Commission: Normal agency commission 7% will apply volume incentive applicable as per agency agreement.

3. Taxes, Fees and charges (TFC) not included in the fare, Hence, should be collected separately.

4. Ticket must be used in sequence.

5. For ticketing purpose applicable lowest published directional minimum fare is to be shown in the ticket, followed by the tour code.

### **6. Discount:**

a) Children- 25% of the applicable adult fare. Applicable for children who have reached their 2nd birthday but have not reached their 12th birthday. Tour code will be respective tour code of adult fare and 'CH' to be entered and date of birth (DOB) should be mentioned in the designator box of the ticket.

b) Infant: 90% on above fare .Applicable for babies who have not reached their 2nd birthday, Code IN' and date of birth of the infant should be mentioned in the ticket.

c) Student: not applicable.

**7. Tour leader:** Not applicable.

8. No show charge: NPR 3000 or equivalent will apply in case of No show. If the passenger cancels or postpones the booking within 24 hours of the flight then No show will be applicable. No show charge is not applicable in USD fare.

9. Refund:

- a. Refund charge NPR 1000.00 will apply.
- b. If partial sectors are used then refund will be made after deducting applicable one way fare for used portion and refund and no show charges etc
- c. Refund of unutilized tickets issued by RA offices. Agents can be made within three years from the date of issuance.
- d. Cancellation \date charge NPR 1000.00 will be applicable for more than 24hour before the flight.

10. Normal baggage allowance in y class 30kg for KTM -DXB only

11. Restriction:

1. Nationality must be mentioned
2. Respective tour code and fare basis should be shown on appropriate boxes of the ticket.
3. Ticket must be stamped "valid on RA only ", 'Non -Endorsable "and non -Refundable ".

12. Upgrade:

a. This fare can be upgraded to 'J' class charging 25% additional fare on above fare. Tour code will be respective tour code +J. Up gradation to J class collecting additional 25% on above fare will be done from RA sales office only by reissuing ticket \issuing receipt.

13. Advertising and sales: Nepal only

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

This supersedes all the previous fare circulars in this regard.

## **4.2 Sales International Division**

This division is concerned with agency policy distribution and control. Agency policy is specially made for the travel agent and the international tickets agent who reserve and sales the ticket for international passenger. Yield management is the concern of this division. The main function of this division is to formulate the reservation and sales policy and provide information regarding changes in policy.

NAC had been selling its ticket through its own ticket counter beside this it also sells through various channels as below.

- General sales agent (GSA)
- Sole agent

- Passenger sales agent cargo sales agent (PAS\CSA)
- Billing and settlement plan (BSP) agent.

### **4.2.1 Travel agent**

The function of travel agent is to sell the ticket in International and domestic markets .Generally ,marketing department of NAC appoints travel agents according to their 117 domestic and International authorized travel agents respectively scattered all over the country including both stockiest and Non-Stockiest. Where stockiest travel agents are those agents who generally makes sales volume more than Rs50, 00,000 /- per year and receives prescribed incentive schemes as per the rule of NAC. On the other hand, Non-Stockiest agents are the agents that they sales the airlines ticket on cash minus commission basis.

### **General Procedures to be an authorized Travel agent of NAC.**

In order to be an authorized travel agent, the following general procedures should be followed:

1. The agent should be at least 1 year experiences in travel and trade activities.
2. The agent should fulfill the following requirement to be a legal travel agent.
  - Should be registered in Nepal tourism board.
  - Should be registered in association of Industry and commerce.
  - Should be member of NATA.
  - Needs authority from Nepal Rastra Bank.
  - Should be registered from HMG of Nepal.
3. The agents need to submit request application to NAC marketing department, In order to work as an authorized agent.
4. The agents should fill up application form of NAC with details.
5. Agreement documents between NAC and travel agents.
6. The agent should deposit Rs.75, 000/- in NAC Bank account according to the rule of NAC.
7. Start working as an authorized travel agent of NAC.

In domestic sectors travel agents And Marketing department communicates through telephone and fax for ticket booking and reservation which is considered as a manual information system. This system needs ticket confirmation and issue by personnel visit to the NAC. Marketing department for stamp, which is one of the tardiness and ambiguous job for the travel agents in one hand where in the other hand travel agents and traveler should listen the announce done by radio Nepal for flight confirmation which is taken as traditional system with comparison to other airlines.

Recently, International air transport association (IATA) had announced that from June 1st all the airlines company has to issue electronic tickets from June 1st sources say that NAC has already managed the software and account and its on the final step.

Travel agents, In order to issue the e- ticket must be the member of IATA and for these travel agents has to deposit ten thousand dollar bank guarantee. According to BSP, travel agents have to bank guarantee the transaction of 35days and had to pay within 15days. Needing this big amount travel agents have been chanting the slogan against this system but at the same time many travel agents are being member of IATA.

What is e- ticket?

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

According to IATA airlines company will be saving dollar 9 per ticket. NAC cost is 1-2 dollar per ticket. Till the last week, 43 agents have been already the member of IATA and 19 are on the queue.

### **4.2.2 Types of Agents**

NAC had the following types of Agents:

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

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

**Source:** NAC, swet patra 2063.

Regarding the ticket selling agency, there were many conflicts aroused from time to time. At first it was thought that it would be effective opening General sales agent so NAC opened its GSA at many places. But with out the practical opening of GAS there was a lot of conflict about the GSA. NAC was unable to collect its cash from GSA and has to bear loss or had to fight in the court. It gave a negative impact of NAC. SO NAC hasn't opened its GSA instead for sales promotion it opened BSP agent (Billing & Settlement plan- IATA- Agent). In result, tickets are sold in countries like Hong Kong, Japan, UAE, etc and in India too, NAC is working in progress for BSP agent. In countries like Malaysia, Singapore tickets are sold by the PSA (Passenger sales agent) by the time period this management is also changed by the BSP agent.

NAC usually gives 7% commission, while selling its tickets through agent. Besides these, for the motivation it gives less or more to 7% commission in the basis of tickets selling. Though it is heard public dissatisfaction about the tickets selling. The tradition of holding the seats till the last minute causes the problems like not getting the ticket but at the time of flights empty seats are flown. NAC must take this problem very seriously for this, the time period of holding the seats must be controlled effectively as other international airlines. Likewise, NAC don't have the specific rules and regulation for the establishment of the agencies. The process of selection and recruitment of agent is always in chaos. For the better agency, different rules and regulation is needed.

### **4.2.3 Role of ABACUS**

NAC has started using computer technology from the beginning of 1985 A.D. But those computers are used to input and store the data to print out data and information in a certain format. Due to the changes in Information technology, the computers and computer based information technology has been changed some what accordingly.

ABACUS International is the Asia Pacific's largest global distribution system (GDS) and computerized reservation system (CRS). The head office of ABACUS International private limited is in Singapore. The US based SABRE group and ABACUS signed a multimillion dollar strategic global alliances, which is widely recognized for its travel technology leadership.

NAC, Now is using computerized based information technology in central reservation control unit of marketing department to book and reserve the ticket online only in international sector world wide through the help of SITA (Society of International

Telecommunication Associates) and abacus International provides lines through out the world co-ordination with Nepal communication of Nepal.

ABACUS international holds 65% and the SABRE group holds 35% stake in ABACUS International private Ltd, Where ABACUS International is a company which is owned by Top 11 Asian airlines VIZ, A NIPPON, Garuda, Indonesia, Hong-Kong, Dragon airlines, Malaysia airlines, Royal Brunei airlines, silk air and Singapore airlines. The ABACUS system allows travel agent to book and gain access to information on hundred of airlines, Hotels and car rental companies world wide.

The services provided by ABACUS International private LTD are listed below:

- World flight Information.
- Fares and Pricing.
- Fare.
- ABACUS Hotel system.
- ABACUS car system.

ABACUS International and SABRE group, together formed the largest GDS information Network worldwide. It has over 38,000 locations over 141000 CRTs in 108 countries.

ABACUS activity markets and supports its service through its National marketing companies. There are now ABACUS NMC in Australia, Bangladesh, Brunei, Cambodia, Hong - Kong, India, Indonesia, Korea, Malaysia, Nepal, New Zealand, Pakistan, Philippines, Singapore, Sri lanka, Taiwan, Thailand and Vietnam. ABACUS also has an office in Beijing china. The NAC Provide training on site support and help desk to answer queries on to resolve problems.

### **NAC's relation with ABACUS as a Distributor.**

NAC after signing sub- distribution agreement on 26 October 1997 has become National marketing company (NMC) of ABACUS in Nepal and has been able to operate the business to market and distribute the ABACUS system and ABACUS service in Nepal under a sub-license from ABACUS. Part of the revenue generated from Nepal for ABACUS is paid to NAC as a marketing fee.

A Separate business is set up by NAC under general service department named ABACUS Nepal NMC after the distribution business of ABACUS. The section looks after marketing helpdesk, training, onsite support, technical and database functions of ABACUS in Nepal.

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



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

### **NAC'S relation with ABACUS as an Airline**

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

### **4.3 Market Development Cell :-**

This division accommodates all the activities for market development. It is concerned with different activities such as Market research and development, Traffic review, monitoring and Forecasting, schedule planning, Management Information report and statistics.

Market research and development conduct different research activities regarding new destination, customer want & taste and market feasibility for new flight. Similarly traffic review, monitoring and forecasting is another important function of this division. The frequency of flights should be maintained. Reviewing a traffic system and monitoring it so that hazards situation arises and forecast it for the future to run NAC smoothly and efficiently. Schedule planning is done according to the number of aircraft available for both international and domestic Airlines and schedules are programmed according to the market demand and schedules are subject to be changed due to prior notice, Domestic and International flights schedule and their times are announced through radio Nepal everyday. Many private newspapers too publish schedules as well as in the internet too.

The function of this division is management Information report, which is based on computer. It generates information monthly in a printed form regarding marketing activities to submit monthly report. At the same time statistics unit is concerned with keeping different statistical data and report for future purpose. The result it gives is accurate and reliable.

### **Definitions of Marketing Research:-**

According to Paul Green, Donald Tull and Gerald Albaum, "Marketing research is a systematic and objective search for and analysis of information relevant to the identification and solution of any problem in the field of marketing."

For the long run operation of each and every organization has to conduct a research of its organization. Researches help the company to go forward in the future smoothly and effectively. It gives the ideas about the next step to be taken by the company which causes a minimum risk and high return.

According to AMA( American Marketing Association ), "Marketing research is the function which links the consumer, customer and public to the marketer through information- information used to identify and define marketing opportunities and problems, generate, refine and evaluate marketing actions, monitor marketing performance, and improve understanding of marketing as a process. Marketing research specifies the information required to address these issues; designs the method for collecting information, manages and implements the data collection process, analysis the results and communicates the findings and their implication."

### **4.3.1 Future prospect :-**

The benefits generated by NAC to Nepalese Society can be counted upon in at least four areas, namely its contribution to national revenue, tourists dollar earnings, creation of employment opportunities and offer of economic air transport services within the country, beside of course non-quantifiable social benefits of breaking physical and economic isolation of communities, linking surplus to deficit areas and helping the desire for development on national scale effectively.

NAC, now employs over 2400 people and through its annual activity, the airlines has generated over millions of rupee in a year towards the national revenue by way of difficult taxes, excise, duty and fees.

Basically, NAC was a domestic operator with one DC-3 flying with 700 kilometers in 1958 to what it is now an international operator expanding it's wing to Frankfort and London in the west, Hong Kong in the east and Singapore in the south. In the years to come as a growing organization, NAC has a plan to expand its service further more. Its the need of the current market position. To exist in the market profitably and to survive in this cut-throat competition, NAC has a plan to extend its services from Hong Kong to Seoul and one point in Japan in Far-east and from Singapore to Australia. The airlines also have a plan to get wide body aircrafts replacing B-757 and B-767, possibility of international charters in the other sectors also is there.

NAC, in domestic side has a plan to add a Turbo prop and to maintain the existing twin otters to give service in rural areas of the country. It has also plan to resume its mountain flights. Mountain flights are one of the main attractions of tourists visiting to Nepal. It could be a good income source of NAC.

NAC had hardly made any plans in the field of promotion. There is no excitement in staffs to give any promotions at the media. They say that due to the lack of planes it is not worthy to give advertisements through different means. At the same time, privatization of the airlines is in the offering a study is currently going on for determining mode extent and timing of privatization of airlines.

Finally, NAC is planning to diversify its service adding more service in its cargo complex a Tribhuvan International airport for providing cargo go down services for NA flights as well as to other incoming airlines similarly, in a couple of years NAC may have it's own flight kitchen to supply in flight meals not only for NAC flights but also to cater other airlines. May be in future NAC will operate its own hotels too so as to enable to provide a complete package service to its passengers.

### **4.3.2 Passenger- Traffic domestic:-**

|                            | 2003/04      | 2004/05      | 2005/06      | 2006/07      | 2007/08       |
|----------------------------|--------------|--------------|--------------|--------------|---------------|
| Kathmandu- Dhangadhi       | 465          | 192          | 0            | 0            | 0             |
| Dhangadhi- kathmandu       | 306          | 30           | 0            | 0            | 0             |
| Kathmandu- Bhojpur         | 2339         | 2478         | 2496         | 2729         | 650           |
| Bhojpur- Kathmandu         | 2343         | 2501         | 2655         | 2884         | 3000          |
| Kathmandu- Biratnagar      | 1575         | 652          | 351          | 246          | 0             |
| Biratnagar- Kathmandu      | 1344         | 349          | 250          | 196          | 0             |
| Kathmandu- Nepalgunj       | 1226         | 547          | 268          | 177          | 0             |
| Nepalgunj- Kathmandu       | 1736         | 929          | 801          | 615          | 0             |
| Kathmandu- Lamidanda       | 624          | 1124         | 1002         | 2111         | 2900          |
| Lamidanda- Kathmandu       | 670          | 1140         | 990          | 2326         | 2500          |
| Kathmandu- Lukla           | 1591         | 1820         | 735          | 384          | 660           |
| Lukla- kathmandu           | 1305         | 1413         | 558          | 424          | 580           |
| Kathmandu- Pokhara         | 2592         | 1171         | 778          | 324          | 540           |
| Pokhara- Kathmandu         | 3488         | 1606         | 827          | 672          | 1100          |
| Kathmandu- phaplu          | 3087         | 3732         | 3354         | 2658         | 1395          |
| Phaplu- Kathmandu          | 2381         | 3127         | 3400         | 2507         | 1000          |
| Kathmandu- Ramechhap       | 2147         | 2356         | 1905         | 684          | 1200          |
| Ramechhap- Kathmandu       | 2289         | 2462         | 2033         | 561          | 200           |
| Kathmandu- Rumjatar        | 3974         | 4032         | 3636         | 3406         | 4400          |
| Rumjatar- Kathmandu        | 3799         | 4166         | 3717         | 3401         | 4000          |
| Kathmandu- Tumlingtar      | 1879         | 1896         | 1218         | 672          | 800           |
| Tumlingtar- Kathmandu      | 1965         | 2226         | 1640         | 872          | 900           |
| <b>Sub Total</b>           | <b>43125</b> | <b>39949</b> | <b>32614</b> | <b>27849</b> | <b>25823</b>  |
| <b>Other Routes</b>        | <b>52695</b> | <b>59819</b> | <b>57340</b> | <b>36658</b> | <b>84501</b>  |
| <b>Grand Total</b>         | <b>95820</b> | <b>99768</b> | <b>89954</b> | <b>64507</b> | <b>110324</b> |
| <b>Growth %</b>            | <b>12.0</b>  | <b>4.1</b>   | <b>-9.8</b>  | <b>-28.3</b> | <b>71.0</b>   |
| <b>RP kilometer ('000)</b> | <b>14667</b> | <b>14691</b> | <b>12885</b> | <b>9093</b>  | <b>16116</b>  |
| <b>Growth %</b>            | <b>18.3</b>  | <b>0.2</b>   | <b>-12.3</b> | <b>-29.4</b> | <b>77.2</b>   |
| <b>SF (%)</b>              | <b>82.3</b>  | <b>84.4</b>  | <b>83.7</b>  | <b>85.9</b>  | <b>83.9</b>   |

Source: Operating plan and Budget (2007-08), NAC

According to operating plan Budget fiscal year(FY) 2006-07, It was foercasted in FY 2006-07 was 88339 passengers but above table shows the very bad result which is 64507 passengers that is -28.3% then previous FY. In FY (2007/08) NAC had forecasted its passengers increment to 110324 which is71.% where we can see 0 passengers in the routes like Kathmandu, Biratnagar V.V and kathmandu/ Nepalgunj and V.V.

NAC therefore must undergo research to know the reasons about this decrease of the passengers. The sector like Kathmandu Lamidanda V.V and Kathmandu Tumlingtar V.V, Routes passengers are decreased. Due to peace process in Nepal also didn't help NAC, to increase its passengers. So, there may be other reasons behind it. Another sector like Lukla Kathmandu V.V. is also decreased. This route is famous for the tourist. So, what can be reason behind this decreasing numbers? May be the tough competition in domestic market is one of the main reason. Many private airlines are operated in the airlines market, where they have been promoting its market through various promotional tools.

### **4.3.3 Cargo Domestic:-**

|                            | <b>Ton</b>     |                |                |                |                |
|----------------------------|----------------|----------------|----------------|----------------|----------------|
|                            | <b>2003/04</b> | <b>2004/05</b> | <b>2005/06</b> | <b>2006/07</b> | <b>2007/08</b> |
| Kathmandu- Dhangadhi       | 0.5            | 0.2            | 0.0            | 0.0            | 0.0            |
| Dhangadhi- kathmandu       | 0.1            | 0.0            | 0.0            | 0.0            | 0.0            |
| Kathmandu- Bhojpur         | 4.7            | 5.6            | 6.5            | 4.6            | 0.2            |
| Bhojpur- Kathmandu         | 1.8            | 1.9            | 2.7            | 1.2            | 2.5            |
| Kathmandu- Biratnagar      | 7.5            | 1.2            | 0.3            | 0.1            | 0.0            |
| Biratnagar- Kathmandu      | 0.9            | 0.7            | 0.2            | 0.0            | 0.0            |
| Kathmandu- Nepalgunj       | 4.8            | 2.4            | 2.6            | 0.2            | 0.0            |
| Nepalgunj- Kathmandu       | 2.9            | 4.6            | 0.2            | 0.1            | 0.0            |
| Kathmandu- Lamidanda       | 1.1            | 0.6            | 1.1            | 0.6            | 2.1            |
| Lamidanda- Kathmandu       | 0.1            | 0.0            | 0.0            | 0.0            | 1.6            |
| Kathmandu- Lukla           | 62.0           | 21.8           | 6.7            | 6.0            | 2.5            |
| Lukla- kathmandu           | 0.3            | 0.1            | 0.3            | 0.1            | 0.5            |
| Kathmandu- Pokhara         | 5.2            | 1.9            | 1.8            | 0.4            | 0.4            |
| Pokhara- Kathmandu         | 14.4           | 7.7            | 0.1            | 0.0            | 1.5            |
| Kathmandu- Phaplu          | 0.0            | 12.6           | 9.5            | 6.6            | 1.3            |
| Phaplu- Kathmandu          | 0.4            | 1.1            | 0.6            | 2.0            | 1.0            |
| Kathmandu- Ramechhap       | 2.1            | 2.2            | 2.0            | 0.3            | 1.0            |
| Ramechhap- Kathmandu       | 1.8            | 5.2            | 4.7            | 0.1            | 0.4            |
| Kathmandu- Rumjatar        | 8.5            | 13.4           | 8.7            | 6.1            | 2.1            |
| Rumjatar- Kathmandu        | 1.8            | 1.0            | 1.4            | 2.3            | 2.1            |
| Kathmandu- Tumlingtar      | 7.4            | 11.0           | 8.8            | 3.4            | 5.0            |
| Tumlingtar- Kathmandu      | 3.3            | 2.4            | 2.5            | 2.6            | 1.4            |
| <b>Sub Total</b>           | <b>135.7</b>   | <b>97.7</b>    | <b>58.9</b>    | <b>39.8</b>    | <b>25.5</b>    |
| <b>Other Routes</b>        | <b>87.4</b>    | <b>83.0</b>    | <b>97.8</b>    | <b>65.2</b>    | <b>74.1</b>    |
| <b>Grand Total</b>         | <b>223.1</b>   | <b>180.8</b>   | <b>156.8</b>   | <b>105.1</b>   | <b>99.6</b>    |
| <b>Growth %</b>            | <b>42.9</b>    | <b>-19.0</b>   | <b>-13.3</b>   | <b>-33.0</b>   | <b>-5.2</b>    |
| <b>CT kilometer ('000)</b> | <b>34</b>      | <b>28</b>      | <b>21</b>      | <b>14</b>      | <b>16</b>      |
| <b>Growth %</b>            | <b>41.7</b>    | <b>-17.6</b>   | <b>-25.0</b>   | <b>-33.3</b>   | <b>12.3</b>    |

Source : Operating plan and Budget (2007/08) NAC

Cargo upliftment in FY 2006/07 is set at the level of 182 tons, with an increase of 7.1% over the last FY 2005/06 But opposite to forecast FY 2006/07 was only 105.1 tons with a decrease of -33.0 %.

NAC forecast for FY 2007/08 is 99.6 tons with a decrease of only -5.2% over the last FY2006/07.

### 4.3.4 Passenger traffic - international

|                                 | 2003 \04      | 2004\05       | 2005\06       | 2006\07       | 2007\08       |
|---------------------------------|---------------|---------------|---------------|---------------|---------------|
| <b>3\4<sup>th</sup> freedom</b> |               |               |               |               |               |
| Kathmandu-Bangkok               | 18575         | 13745         | 15203         | 20880         | 19032         |
| Bangkok-Kathmandu               | 16685         | 11553         | 13145         | 13143         | 20384         |
| Kathmandu-Bangalore             | 10584         | 6276          | 2487          | 0             | 0             |
| Bangalor- Kathmandu             | 10044         | 5477          | 2140          | 0             | 0             |
| Kathmandu-Bombay                | 11101         | 7195          | 4799          | 1106          | 0             |
| Bombay-Kathmandu                | 10086         | 6564          | 4969          | 885           | 0             |
| Kathmandu-Delhi                 | 49281         | 30291         | 33972         | 56233         | 44244         |
| Delhi-Kathmandu                 | 38680         | 27105         | 25163         | 43759         | 44159         |
| Kathmandu-Dubai                 | 11024         | 12046         | 18318         | 22160         | 21125         |
| Dubai-Kathmandu                 | 6851          | 7610          | 11799         | 12540         | 19825         |
| Kathmansdu-Hongkong             | 21916         | 20661         | 20560         | 22092         | 21588         |
| Hongkong-Kathmandu              | 21090         | 19692         | 19594         | 20278         | 20272         |
| Kathmandu-Osaka                 | 6933          | 4387          | 5017          | 7074          | 5069          |
| Osaks-Kathmandu                 | 6125          | 3887          | 4517          | 6099          | 4978          |
| Kathmandu-Kuala lumpur          | 13673         | 13183         | 26302         | 41321         | 33310         |
| Kuala lumpur-Kathmandu          | 5330          | 11671         | 20468         | 30489         | 29707         |
| Kathmandu -Shanghai             | 3956          | 4657          | 5065          | 5690          | 4223          |
| shanghai- Kathmandu             | 3071          | 3285          | 3897          | 4833          | 4223          |
| Kathmandu -Singapore            | 1940          | 1993          | 1814          | 803           | 0             |
| Singapore-Kathmandu             | 2065          | 2174          | 1643          | 563           | 0             |
| <b>total</b>                    | <b>268974</b> | <b>213449</b> | <b>240872</b> | <b>309948</b> | <b>292138</b> |
| <b>Growth(%)</b>                | <b>1.1</b>    | <b>-20.6</b>  | <b>12.8</b>   | <b>28.7</b>   | <b>-5.7</b>   |
| <b>RP km(1000)</b>              | <b>635971</b> | <b>549872</b> | <b>659364</b> | <b>820550</b> | <b>772296</b> |
| <b>Growth(%)</b>                | <b>6.7</b>    | <b>-13.5</b>  | <b>19.9</b>   | <b>24.4</b>   | <b>-5.9</b>   |
| <b>SF (%)</b>                   | <b>66.8</b>   | <b>57.2</b>   | <b>64.9</b>   | <b>72.3</b>   | <b>76.0</b>   |

\* \* Forecast

Source: Operating plan and budget (2007\08) NAC,

As it was forecasted that only 24.3% i.e. 295093 passengers would travel by NA in the year 2006\01 but due to the improvements in domestic situation and planned operation of weekly two direct flights to Kuala Lumpur throughout the fiscal year 2006\07 had made it possible to increase by 28.7 % i.e. 309948 passengers which is a positive indication for NAC.

But above table shows the forecast of decrease rate in passenger by -5.7 % due to the closed operation in Bombay and Singapore sector. This type of decreasing trend should be stopped immediately.

If NAC had an enough Boeing the Current fruitful market is Korea and Riyadh just recently; the government of Nepal had Signed the bilateral documents about labors so

,that Nepalese can fly to Korea in working visa .Beside these our neighboring country China and India are very big market for NAC .But it is sad to say that the existing sector of Bangalore is closed and Bombay in the coming future .The trends of traveling in these countries China and India are increased due to the huge economic development .So, why not NAC be prepared to take this opportunity of these increasing markets .

For the qualitative tourist, Europe and America is the best place to increase its market .These profit making sectors are occupied by other international airlines if NAC can add its Boeings, Frankfurt and London are the best sector to increase the quality tourist.

### **4.3.5 Cargo -International**

|                                 | 2003\04      | 2004\05     | 2005\06     | 2006\07     | 2007\08      |
|---------------------------------|--------------|-------------|-------------|-------------|--------------|
| <b>3\4<sup>th</sup> freedom</b> |              |             |             |             |              |
| Kathmandu-Bangkok               | 316          | 333         | 290         | 200         | 154          |
| Bangkok-Kathmandu               | 149          | 220         | 254         | 350         | 179          |
| kathmandu-Banglor               | 12           | 5           | 1           | 0           | 0            |
| Bangalore-Kathmandu             | 11           | 6           | 0           | 0           | 0            |
| Kathmandu-Bombay                | 73           | 80          | 57          | 3           | 0            |
| Bombay-kathmandu                | 82           | 75          | 14          | 1           | 0            |
| Kathmandu-Delhi                 | 735          | 608         | 290         | 608         | 474          |
| Delhi-Kathmandu                 | 191          | 101         | 80          | 112         | 78           |
| Kathmandu-Dubai                 | 148          | 313         | 405         | 350         | 165          |
| Duabi- Kathmandu                | 42           | 51          | 44          | 27          | 43           |
| Kathmandu-Hongkong              | 219          | 141         | 219         | 245         | 190          |
| Hongkong- Kathmandu             | 106          | 149         | 158         | 128         | 108          |
| Kathmandu-Osaka                 | 88           | 87          | 64          | 54          | 58           |
| Osaka- Kathmandu                | 6            | 2           | 3           | 5           | 23           |
| Kathmandu-Kuala lumpur          | 39           | 129         | 269         | 349         | 159          |
| kuala lumpur- Kathmandu         | 4            | 19          | 28          | 49          | 272          |
| Kathmandu-Shanghai              | 2            | 6           | 19          | 9           | 33           |
| Shangahai- Kathmandu            | 24           | 30          | 24          | 4           | 32           |
| Kathmandu-Singapore             | 71           | 49          | 20          | 5           | 0            |
| Singapore- Kathmandu            | 29           | 15          | 19          | 9           | 0            |
| <b>Total</b>                    | <b>2347</b>  | <b>2480</b> | <b>2460</b> | <b>2505</b> | <b>1968</b>  |
| <b>Growth(%)</b>                | <b>-12.6</b> | <b>5.7</b>  | <b>-0.8</b> | <b>1.8</b>  | <b>-21.4</b> |
| <b>CTKM(in 'ooo)</b>            | <b>4697</b>  | <b>6195</b> | <b>6450</b> | <b>6337</b> | <b>5328</b>  |
|                                 | <b>-19.1</b> | <b>31.9</b> | <b>4.1</b>  | <b>-1.8</b> | <b>-15.9</b> |

\*\* Forecast

Source: Operating plan and Budget (2007\08) NAC

In case of International cargo traffic also ,the cargo the transportation is targeted to set at the level of 1971 tons for fiscal year 2006\07 but it exceeds the forecast and was 2505 tons which is 1.8% growth than previous year .

The above figure is not satisfactory in spite of the growth of the percentage .We can see the sectors like Kathmandu to Bombay, Bangalore and Singapore is not satisfactory. Due to the closed operation to Bangalore and Singapore ,the cargo transported is zero .And NAC also forecast about the fiscal year 2007/08 of the sector like Kathmandu to Bangalore ,Bombay and Singapore is nil which shows the lack of management skills of NAC and its gradually declining to the path of failure.

Likewise sector like Kathmandu to Osaka, Shanghai and Dubai v.v are also not satisfactory .NAC needs to reform and try to know the problem about these defected statistics .The main reason behind this also be a lack of Boeings to operate .

India and China are the big economic giants in the world where lot of business transactions can be done by the Nepalese businessmen .Government of Nepal should talk diplomatically to increase and open the new possibilities of business market .If so happened NAC should be fully prepared for the cargo service .That mean the Government also can play the crucial role in the development of NAC.

## **4.4 Domestic Division**

Domestic division of marketing department concerned with different activities such as product policy and strategy, sale reservation policy, market, promotion, station management and it generates management information report as per the requirement of the department.

### **4.4.1 Present condition of plane of NAC**

NAC owns 7DHC-6 twin otter planes and one HS-748 Avro which is grounded from 2000A.D .Among 7 twin otters only 4 are on use. It can be used after maintenance and rest 2 are decided to be sold by the organizing committee.

|                                      |               |          |
|--------------------------------------|---------------|----------|
| <b>Avro plane (damage condition)</b> | <b>HS-748</b> | <b>1</b> |
| <b>Twin -otter(not on use)</b>       | <b>DHC-6</b>  | <b>3</b> |
| <b>Twin otter (on use)</b>           | <b>DHC-6</b>  | <b>4</b> |

Source: NAC swet patra, 2063

NAC is using 20 to 34 years old planes which are unable to take flight in time and cost more in maintenance .Production company has already closed its production .To solve these kinds of problems and to run profitably and to support country's tourism NAC must add 50-60 seats capacity immediately ,likewise NAC's only one Avro plane is grounded in hunger .NAC had opened its tender for sale but its not getting its price .It has to pay millions of rupees to Nagarik uddyam pradhikaran for grounding the Avro plane.

## **4.4.2 Domestic stations**

Domestic stations of NAC have been classified on the basis of area into following groups;

1. Eastern development area.
2. Mid development area.
3. Western development area.
4. Mid -western development area.
5. Far -western development area.

### **1. Domestic stations in eastern development area**

| <b>S.N.</b> | <b>Place</b> | <b>District</b> |
|-------------|--------------|-----------------|
| 1           | Biratnagar   | Morang          |
| 2           | Lukla        | Solukhumbu      |
| 3           | Bhojpur      | Bhojpur         |
| 4           | Tumglintar   | Shankhuwasabha  |
| 5           | Lamindanda   | khotang         |
| 6           | Rumjatar     | Okhaldhunga     |
| 7           | Taplejung    | Taplejung       |
| 8           | Phaplu       | Solukhumbu      |
| 9           | Thamkharka   | Khotang         |
| 10          | Kagildanda   | Solukhumbu      |

### **2. Domestic stations in Mid-Development area:-**

| <b>S.N.</b> | <b>Place</b> | <b>District</b> |
|-------------|--------------|-----------------|
| 1           | kathmandu    | kathmandu       |
| 2           | Ramechap     | Ramechap        |
| 3           | Bharatpur    | Chitwan         |

### **3. Domestic stations in Western-Development area:-**

| <b>S.N.</b> | <b>Place</b> | <b>District</b> |
|-------------|--------------|-----------------|
| 1           | Pokhara      | Kaski           |
| 2           | Manang       | Manang          |
| 3           | Jomsom       | Mustang         |
| 4           | Bhairahawa   | Rupandehi       |

### **4. Domestic stations in Mid-Western Development area:-**

| <b>S.N.</b> | <b>Place</b> | <b>District</b> |
|-------------|--------------|-----------------|
| 1           | Nepaljung    | Banke           |
| 2           | Simikot      | Humla           |
| 3           | Surkhet      | Surkhet         |
| 4           | Dolpa        | Dolpa           |
| 5           | Jumla        | Jumla           |
| 6           | Rukum salle  | Rukum           |
| 7           | Dang         | Dang            |
| 8           | Chourhjari   | Rukum           |
| 9           | Talcha       | Mugu            |



## **5. Domestic stations in Far- Western Development area:-**

| <b>S.N.</b> | <b>Place</b> | <b>District</b> |
|-------------|--------------|-----------------|
| 1           | Dhangadhi    | Kailali         |
| 2           | Bajura       | Bajura          |
| 3           | Bajhang      | Bajhang         |

## **4.4.3 Competitors**

- a). Air Ananya
- b). Asian airlines Helicopter
- c). Asia club Nepal
- d). Ballon Sunrise Nepal
- e). Buddha Air
- g). Dynasty Aviation
- h). Fishtail Air
- i). Flight Care Avaition
- j). Garud Air
- k). Gorkha Airlines
- l). Karnali Air Service
- m). Manang Air
- n). Mountain Air
- o). Necon Air
- p). Shangrila Air
- q). Skyline Airways
- r). Yeti Airlnes.

## **4.4.4 Domestic NPR fare:-**

| <b>S.N.</b> | <b>Station</b>                   | <b>OW<br/>(Adult)<br/>NPR<br/>Fare</b> | <b>OW<br/>(Child)<br/>NPR<br/>Fare</b> | <b>OW<br/>(Infant)<br/>NPR<br/>Fare</b> | <b>OW<br/>(student)<br/>NPR<br/>Fare</b> | <b>Equit<br/>Fare For<br/>IND/NEP</b> | <b>YR Fuel<br/>Surcharge</b> |
|-------------|----------------------------------|--|--|---|--|---------------------------------------|------------------------------|
| 1           | Biratnagar- Bhojpur or V.V.      | 1075.00                                | 620.00                                 | 230.00                                  | 810.00                                   |                                       | 145.00                       |
| 2           | Biratnagar- Lamidanda or V.V.    | 1325.00                                | 730.00                                 | 245.00                                  | 994.00                                   |                                       | 178.00                       |
| 3           | Biratnagar- Phaplu or V.V.       | 1715.00                                | 730.00                                 | 175.00                                  | 1286.00                                  |                                       | 231.00                       |
| 4           | Biratnagar- RajBiraj or V.V.     | 885.00                                 | 555.00                                 | 210.00                                  | 730.00                                   |                                       | 165.00                       |
| 5           | Biratnagar- Rumjatar or V.V.     | 1470.00                                | 800.00                                 | 255.00                                  | 1103.00                                  |                                       | 198.00                       |
| 6           | Biratnagar- Taplejung or V.V     | 1895.00                                | 950.00                                 | 285.00                                  | 1421.00                                  |                                       | 191.00                       |
| 7           | Biratnagar- Thama karaka or V.V. | 1175.00                                | 588.00                                 | 118.00                                  | 882.00                                   |                                       | 158.00                       |
| 8           | Biratnagar- Tumlinator or V.V.   | 1225.00                                | 685.00                                 | 240.00                                  | 919.00                                   |                                       | 165.00                       |
| 9           | Bhairawaha- Bharatpur or V.V.    | 1800.00                                | 900.00                                 | 180.00                                  | 1350.00                                  |                                       | 303.00                       |
| 10          | Dang- Rukum or V.V.              | 930.00                                 | 660.00                                 | 230.00                                  | 724.00                                   |                                       | 198.00                       |
| 11          | Dang- Chaurjhari or V.V.         | 880.00                                 | 635.00                                 | 230.00                                  | 724.00                                   |                                       | 165.00                       |
| 12          | Dhangadhi- Bajhang or V.V.       | 1420.00                                | 775.00                                 | 255.00                                  | 1065.00                                  |                                       | 191.00                       |
| 13          | Dhangadhi- Bajura or V.V.        | 1765.00                                | 925.00                                 | 275.00                                  | 1324.00                                  |                                       | 237.00                       |
| 14          | Kathmandu- Bhairahawa or V.V.    | 2200.00                                | 1100.00                                | 220.00                                  | 165.00                                   |                                       | 310.00                       |
| 15          | Kathmandu- Baratpur or V.V.      | 1350.00                                | 700.00                                 | 240.00                                  | 1013.00                                  |                                       | 197.00                       |
| 16          | Kathmandu- Bhojpur or V.V.       | 2550.00                                | 1275.00                                | 330.00                                  | 1913.00                                  |                                       | 257.00                       |
| 17          | Kathmandu- Biratnagar or V.V.    | 3000.00                                | 1500.00                                | 350.00                                  | 2250.00                                  |                                       | 348.00                       |
| 18          | Kathmandu- Chaurjhari or V.V.    | 3775.00                                | 1890.00                                | 380.00                                  | 2831.00                                  |                                       | 527.00                       |

|    |                               |         |         |         |          |          |        |
|----|-------------------------------|---------|---------|---------|----------|----------|--------|
| 19 | Kathmandu- Dang or V.V.       | 3530.00 | 1765.00 | 380.00  | 2648.300 |          | 527.00 |
| 20 | Kathmandu- Dhangadhi or V.V.  | 5580.00 | 2790.00 | 560.00  | 4185.00  |          | 582.00 |
| 21 | Kathmandu- Jomsom or V.V.     | 3000.00 | 1500.00 | 300.00  | 2250.00  |          | 343.00 |
| 22 | Kathmandu- Kangedanda or V.V. | 1720.00 | 860.00  | 175.00  | 1290.00  |          | 231.00 |
| 23 | Kathmandu- Lamidanda or V.V.  | 1960.00 | 980.00  | 290.00  | 1470.00  |          | 198.00 |
| 24 | Kathmandu- Lukla or V.V.      | 2200.00 | 1135.00 | 220.00  | 1650.00  |          | 237.00 |
| 25 | Kathmandu- Lukla or V.V.      |         |         |         |          | USD-4000 | 237.00 |
| 26 | Kathmandu- Nepaljung or V.V.  | 3725.00 | 1865.00 | 400.00  | 2794.00  |          | 441.00 |
| 27 | Kathmandu- Phaplu or V.V.     | 2090.00 | 1045.00 | 300.00  | 1568.00  |          | 211.00 |
| 28 | Kathmandu- Pokhara or V.V.    | 1910.00 | 1010.00 | 290.00  | 1433.00  |          | 254.00 |
| 29 | Kathmandu- Rajbiraj or V.V.   | 2250.00 | 1125.00 | 300.00  | 1688.00  |          | 297.00 |
| 30 | Kathmandu- Ramechhap or V.V.  | 1435.00 | 750.00  | 255.00  | 1076.00  |          | 145.00 |
| 31 | Kathmandu- Rukum or V.V.      | 3775.00 | 1890.00 | 380.00  | 2831.00  |          | 527.00 |
| 32 | Kathmandu- Rumjatar or V.V.   | 1765.00 | 885.00  | 275.00  | 1324.00  |          | 178.00 |
| 33 | Kathmandu- Sutkhet or V.V.    | 4120.00 | 2060.00 | 415.00  | 3090.000 |          | 553.00 |
| 34 | Kathmandu- Thamkharka or V.V. | 2155.00 | 1078.00 | 216.00  | 1417.00  |          | 218.00 |
| 35 | Kathmandu- Jumlingtar or V.V. | 2600.00 | 1300.00 | 320.00  | 1950.00  |          | 283.00 |
| 36 | Lukla- Phaplu or V.V.         | 720.00  | 490.00  | 210.00  | 618.00   |          | 132.00 |
| 37 | Lukla- Rumjatar or V.V.       | 1110.00 | 630.00  | 230.00  | 833.00   |          | 132.00 |
| 38 | Nepaljung- Bajhang or V.V.    | 2065.00 | 1060.00 | 300.00  | 1549.00  |          | 277.00 |
| 39 | Nepaljung- Bajura or V.V.     | 1910.00 | 985.00  | 285.00  | 1433.00  |          | 257.00 |
| 40 | Nepalung- Chaurjhari or V.V.  | 1075.00 | 620.00  | 230.00  | 930.00   |          | 165.00 |
| 41 | Nepaljung- Dang or V.V.       | 1240.00 | 650.00  | 230.00  | 930.00   |          | 165.00 |
| 42 | Nepaljung- Dolpha or V.V.     | 1865.00 | 970.00  | 285.00  | 1399.00  |          | 251.00 |
| 43 | Nepaljung- Jumla or V.V.      | 1910.00 | 985.00  | 285.00  | 1433.00  |          | 257.00 |
| 44 | Nepaljung- Rukum or V.V.      | 1275.00 | 710.00  | 240.00  | 956.00   |          | 172.00 |
| 45 | Nepaljung- Sanfebagar or V.V. | 222.00  | 1110.00 | 3000.00 | 1665.00  |          | 224.00 |
| 46 | Nepaljung- S' Doti or V.V.    | 2290.00 | 1145.00 | 315.00  | 1718.00  |          | 231.00 |
| 47 | Nepaljung- Simikot or V.V.    | 2550.00 | 1275.00 | 330.00  | 1913.00  |          | 343.00 |
| 48 | Nepaljung- Surkhet or V.V.    | 1110.00 | 615.00  | 230.00  | 930.00   |          | 165.00 |
| 49 | Nepaljung- Talcha or V.V.     | 2060.00 | 1030.00 | 206.00  | 1545.00  |          | 277.00 |
| 50 | Pokhara- Bharatpur or V.V.    | 1300.00 | 660.00  | 235.00  | 975.00   |          | 132.00 |
| 51 | Pokhara- Bhairawa or V.V.     | 1500.00 | 750.00  | 150.00  | 1125.00  |          | 172.00 |
| 52 | Pokhara- Jomsom or V.V.       | 1370.00 | 725.00  | 250.00  | 1028.00  |          | 139.00 |
| 53 | Pokhara- Jomsom or V.V.       |         |         |         |          | USD-2500 |        |
| 54 | Pokhara- Manang or V.V.       | 1075.00 | 540.00  | 230.00  | 810.00   |          | 145.00 |
| 55 | Pokhara- Manang or V.V.       |         |         |         |          | USD-2500 |        |
| 56 | Rajbiraj- Lamidanda or V.V.   | 1125.00 | 665.00  | 230.00  | 845.00   |          | 132.00 |
| 57 | S' Doti- Sanfebagar or V.V.   | 855.00  | 555.00  | 210.00  | 705.00   |          | 165.00 |
| 58 | Sanfebagar- Bajhang or V.V.   | 618.00  | 310.00  | 62.00   | 465.00   |          | 56.00  |
| 59 | S' Doti- Dhangadhi or V.V.    | 1240.00 | 670.00  | 240.00  | 930.00   |          | 126.00 |
| 60 | Simiot- Talcha or V.V.        | 870.00  | 435.00  | 90.00   | 655.00   |          | 119.00 |
| 61 | Surkhet- Chaurjhari or V.V.   | 930.00  | 560.00  | 220.00  | 698.00   |          | 132.00 |

Source:- Commercial department, NAC.

### **Conditions:-**

1. Above fares are valid for sales on/ after 05 January 2007.
2. Commission; 7% agency commission applicable.

3. Foreigners who have been staying in Nepal having Visa for a period of at least six months can get Residential fare; the fare will be double of the local fare in all RA domestic sectors. However, they have to present photocopy of the passport having evidence of a stay and a letter from the institute where they are serving in Nepal.

**4. Discount:**

a). 25% youth fare discount will be applicable for domestic USD fare for foreigners other than Indian/Nepali those who have not crossed the age of 30 years. He/ She must produce documents reflecting date of birth and is to be attached while issuing tickets. YZ-D is to be mentioned in the fare basis column of the ticket.

b). 50% Child discount is applicable adult fares for children who have reached their 2nd birthday. Code CH' to be mentioned in the ticket along with the date of birth.

c). 90% infant discount on the applicable adult fares applicable for infant who have not reached their 2nd birthday. code' IN' must be mentioned along with date of birth.(DOB) Infant ticket is to issued at the airport only before departure

d). 20% less for FIT only for adult. Full fare to be shown in ticket with tour code 'S2X'.

e). In residential fare 20% less will not be applicable.

**5. Cancellation Charge:-**

a). 25% of the applicable fare will be charged for canceling ticket before 24 hours of the flight.

b). 50% of the applicable fare will be charged for canceling ticket before 1 hour of the flight.

6. Applicable taxes mentioned above to be collected while issuing tickets.

7. Tourists flight fare for Nepalese and Indian for the sector kathmandu- Lukla V.V., NPR equivalent USD 40,000 Pokhara-jomsom V.V. and Pokhara- Manang V.V. NPR equivalent USD 25,000 will be applicable.

8. Passenger traveling to KTM-BWA via for BHR or PKR have to bear the applicable airport charges and lay over if required will be at passengers who can have to stay either at PKR or BHR. E.g. - KTM-PKR-BWA or.

9. Cargo rate will be 1.5% of the local normal fare plus other charges will be applicable as follows;

➤ -Service charges NPR 25,00 for per consignment.

➤ Terminal charges NPR 1.13 per kg including VAT.

10. Cargo rate will 1% of the local normal fare for the period, December to 31 January for the sector Kathmandu- Lukla and Pokhara- Jomsom only.

11. Cargo rate for kathmandu-Lukla for the period May, June 7 July will 1% of normal adult fare per kg.
12. Excess baggage rate for Kathmandu- Lukla for the period may, June & July will be 2% of normal adult fare per kg,
13. Excess baggage rate 2.5% per kg of adult local fare will be applicable.
14. Reconfirmation is not required. If fare ticket numbers are found, the agent is to be charged 25% of the value of the sectors booked and confirmed.
15. This fare supersedes to the previous circular in this regards.

#### **4.4.5 Domestic sales and reservation of marketing department:-**

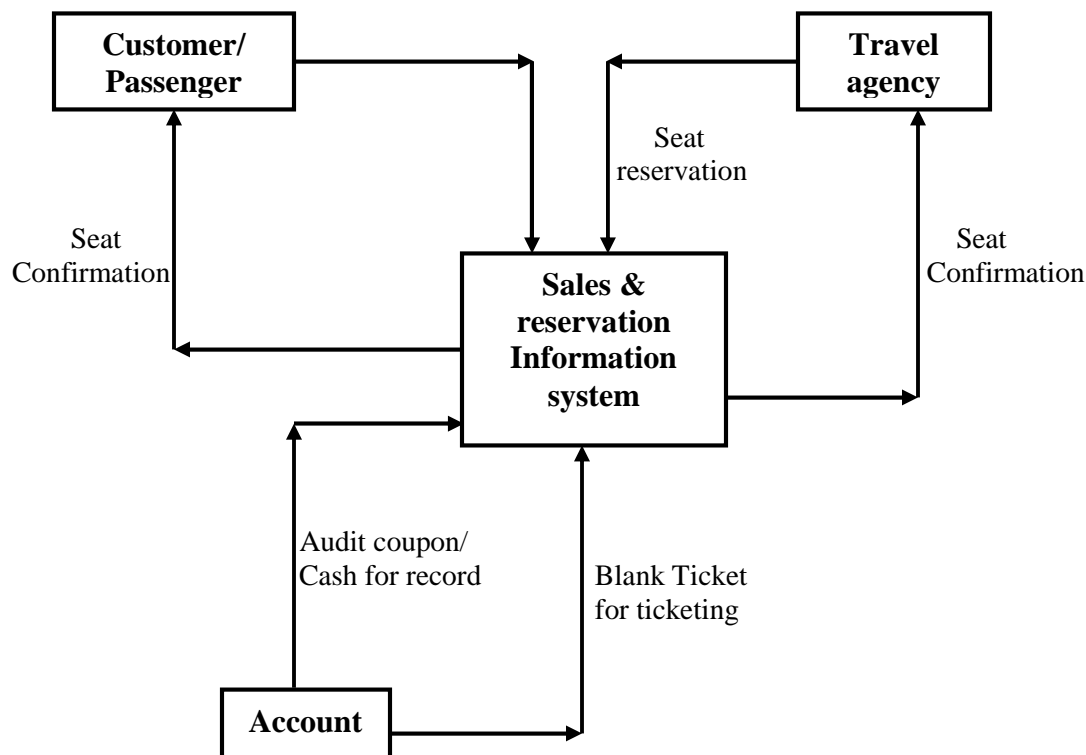
Sales and reservation of marketing is one of the sub departments of marketing department. This department mainly deals with selling of tickets, seats reservation and ticket retrieval.

Sales and reservation is done mainly through three methods: i.e. through

- 1). Travel agency.
- 2). Officially.
- 3). Direct visit domestic flight of NAC.

Domestic flight of NAC takes citizen and foreigner regularly to the most of the part of the country.

#### **Context level DFD of sales and reservation information system:**



In the context level DFD of Domestic and sales and reservation information system of marketing department there are two entities.

1. Input &
2. Output entities.

Though the sale and reservation department includes many entities, basically three inputs are mostly in use. i.e. passenger, travel agency and account department. The domestic sales and reservation information system is based on this three inputs entities. Input entities input the inquiry for seat reservation and blank ticket. These inputs are processed by a single processor. Domestic sales and reservation information system. After processing, it gives the output as seat confirmation for passenger and travel agency and adult coupon for the account department.

### **System level DFD of sales and reservation of marketing department:-**

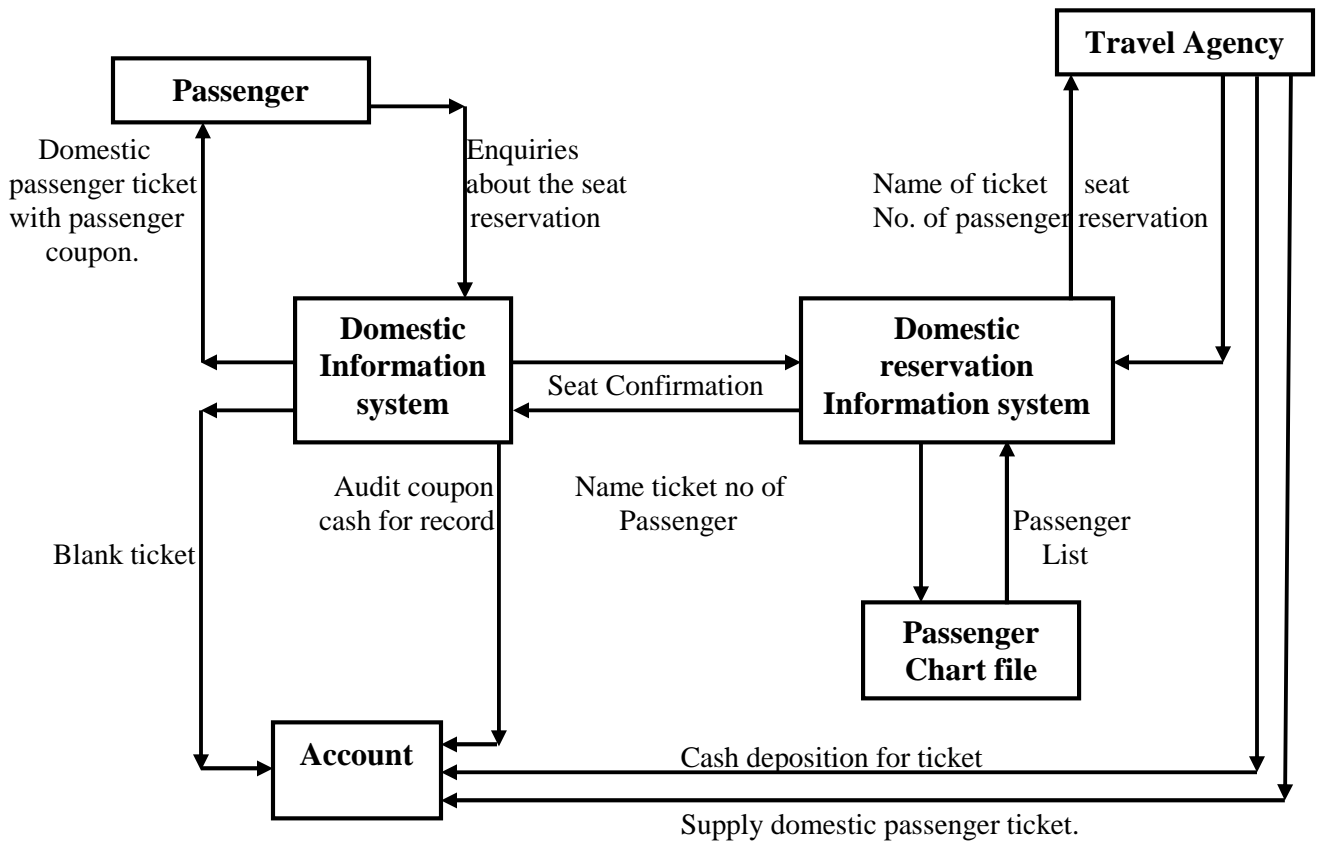
System level DFD is the detail description of the process of domestic sales reservation system. There are 3 entities for this reservation, They are;

1. passenger
2. Travel agency and
3. Account department.

There are altogether two processor in system level of DFD of Domestic sale and reservation information system. Sales department get enquiry on reservation department for seat confirmation. If there is a seat available the name and ticket no Of passenger are processed to the reservation department. The passenger statement and office coupon is stored on the data files of the reservation section. It last the domestic passenger ticket is processed to the passenger.

Where as, Travel agency enquiry on reservation department for the seat confirmation. The travel agency deposits certain cash for the withdrawal of ticket of flight and ticketing process is done directly by travel agency. Account department supply the blank ticket for ticketing on sale department and cash and sales statement are processed to the account department. The following figures show DFD of Domestic sales and reservation of marketing department.

## System level DFD of sales and reservation of marketing department:



### Sub system level DFD of sales & reservation of marketing department:-

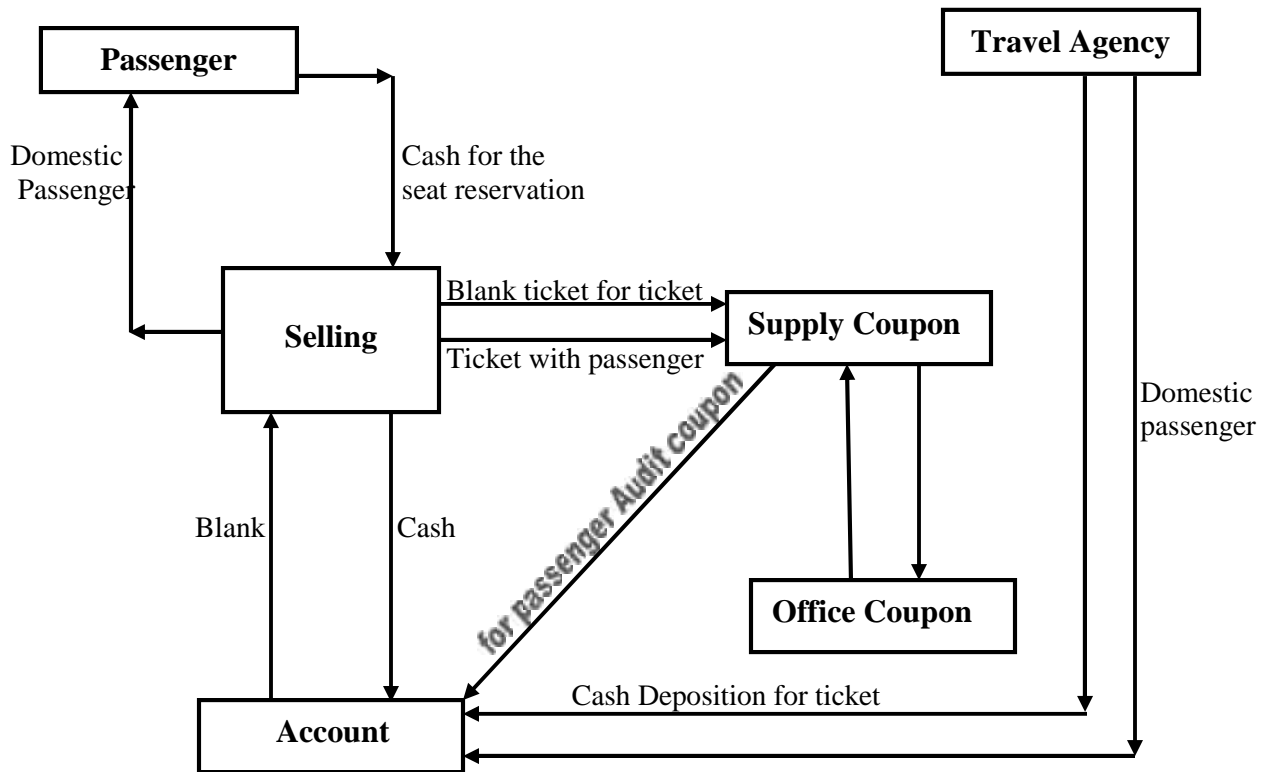
Sub system level DFD is the more description of the process selling or ticketing information system of domestic sales & reservation section of marketing department. Same as context level and system level it contains three entities they are;

1. passenger
2. Account department &
3. Travel agency.

It consists of two process ticketing and coupon distribution. During the ticket process, the blank ticket for ticketing and cash and sales statement is processed to the account department.

The travel agency made a cash deposition for ticket withdraw from NAC and the domestic passenger ticket to the travel agency. During the booking process the blank ticket with flight coupon is filled up and the audit coupon, flight coupon and passenger coupon are formed. the audit coupon is transferred to the account department, the passenger coupon is transferred to the passenger and office coupon is filled on the

reservation section of the domestic department. Audit coupon and sales statement are storage on the file of the account department and the collected cash are storage on bank and bank provides the voucher to the account department.



#### **4.5 Flight support service:**

This division of NAC is also one of the new & important division of marketing department. This division works for the catering stores and supply and also the in-flight meal supply and contract.

While the passengers are in the flight, all the satisfaction of the passenger depends on the service employee given during the flight time. So in this sense, this division can be taken as one of the important division and its roles too. Generally, this division stores the catering to supply in the flight time. The mechanism of the stores should be sound and efficient. There should be no complaining about the equality of the catering and the entire passenger gets the satisfaction.

After storing in the efficient way, alone is not all the solution. How it maintains the quality till it is served in the flight. These matters are handled by NAC on the contract basis. Contract should be fair and transparent.

### **4.5.1 NAC Services:-**

NAC's two Boeings B-757 and which have 174 economic classes which are also denoted 'Y' and 16 Business classes which is denoted by 'Z', altogether 190 seats. As I surfed in the internet about the NAC service in the flights it is as follows:-

#### **1). Economy class:**

##### **a). Comfort:-**

In Nepal airlines economy travel is equally very comfortable. Special fares are available in some sectors; passenger should contact their nearest local agent for these fares. Depending upon availability in some section upgrade to Shangri-la class is also available on payment of certain charge.

##### **b). Baggage:-**

The passengers of economy class are given a personalized service which ensured that your baggage is handled swiftly and carefully. All economic passengers enjoy baggage allowances of 20kg's on all destinations.

##### **c). Meals on Board:-**

On our Economy class we serve exclusive meals specially prepared by chefs of renowned five star hotels in kathmandu for the gastronomic delight of our passenger. You can also choose from an array of drinks. There is something for everybody- cocktail, wine and a range of fish or mutton based, vegetables meals are available on special request at the time of reservation.

#### **2). Business class:-**

As a Shangri-la class or business class passenger of Nepal airlines, you are entitled to an array of benefits privileges and personalized service on board of the flight. Our business class passengers are offered special- check in priority. Baggage handling, a wide range of reading materials, comfortable wide seats and a choice of fine cuisine along with a top class section of wines.

##### **➤ More space, more comfort:**

Our business class has a 16 seats configuration you don't have to worry about sitting in middle because, there is no middle seat. The two-seats-in-a-row arrangement assures more leg room and comfort.

##### **➤ Wine, champagne and Gourmet meal:**

We serve exclusive meals specially prepared by chefs of renowned five star hotels in kathmandu for the Gastronomic delight of our business class passenger. You can also choose from an array of drinks. There is something for Everybody-cocktail, whisky, Gin, Vodka, Brandy, Champagne wine and a range of soft drinks includes diet 7-up and diet coke. The three courses Gourmet meals served on board is either chicken,



Fish or mutton based vegetable meals are served in a special request. All foods and drinks are served in Exquisite China and Crystal ware.

➤ **Privileges come in big baggage's:-**

Our business class passengers are given a personalized baggage handling. You will enjoy the privileges of an extra 10 kilograms baggage allowances. Now who says good things only come in small packages?

➤ **Easy Come, Easy go:-**

Business class passengers are directed to the appropriate boarding gate by the ground staff. Since the business class is located right behind the cockpit, time is saved during entry and exit.

➤ **In Touch with the world:-**

Magazines of international reputed and local newspaper are available on the board.

➤ **Other Special service:-**

Our cabin attendants are there on stand by to take care of your needs. There is a closet to hang your coats and hat. A comfortable pillow and a blanket are also provided to our business class passengers.

The competition in the market is in such a high level that just recently Singapore airlines have introduced the biggest aircraft A380 in the world. Though our NAC can't reach in such a level for at least ten years but take a big lesson from it. Singapore airlines have promoted its aircraft in a time magazine likewise.

On 25 October 2007, the world's first A380 operated by Singapore Airlines made its historic first flight from Singapore to Sydney.

The Singapore airlines A380 are designed to carry 471 passengers in the grandest style. the cabin is configured in three classes with 12 Singapore airlines. Since 60 Business class seats and 399 Economy class seats. The A380 is the world's largest passenger aircraft. It is also the quickest and most fuel efficient-a true environment champion designed to meet the demands of air travel today and in the future.

With a host of innovative features masterfully crafted to meet your every need, experiences your own bedroom, office cinema and dining area- all the comfort of your personal suite.

Or for the first time ever, experiences the pleasure of sleeping on standalone bed; not one converted from seat. Along with our signature turn-down service, fine linen and full-sized pillows, you are assured to restful slumber.

With only 12 extra ordinary suites, available to the most discerning guests on each of our A380 aircraft, the Singapore airlines suites is truly a class beyond first- a class that yours alone.

### **UNPRECEDENTED LEVELS OF PRIVACY**

Each cabin features sliding doors and windows blinds, offering you the freedom to decide on the level of privacy you prefer.

Even the leather and wood finishes have been designed in soothing natural hues to enhance the sense of serenity.

Whether discussing business or sharing a relaxing moment, your Singapore airlines suite is exceptionally accommodating, with a soft leather chaise lounge across from the armchair and a large dining table.

The premium cabin has also been laid out to offer more storage space for your cabin baggage and personal items, and a full-length wardrobe-all within easy reach.

### **Exclusive Dining when you want it**

A selection of the finest cuisine waits, served whenever you desire. Sheer culinary bliss, available at any hour.

Our exquisite menus are created by the Singapore airlines International culinary panel, comprising the world's most awarded chefs; and presented on elegant tableware, specially designed by Givenchy for the Singapore airlines suites.

To complement your meal we also offer a selection of the finest wines to ever grace a cellar. Each one thoughtfully hand-picked by our panel of wine experts.

### **Indulge your senses**

Comfortably cocooned in your private cabin, revel in kris world, our state-of-art in-flight entertainment system offering 1000 entertainment options including the latest movies, TV shows, music, 3D games, language courses and office applications on a 23-inch wide LCD screen- the largest in the sky.

The suite also features an easy access multipart with video-in, headphone and USB drive connections.

With the Singapore airlines suites and the in-flight service even other airlines talk about, you will discover an experience beyond any other.

This type of promotion tools that also in the Time magazine, anyone can imagine how much effort does it has given to marketing tools, Better the products, Better the

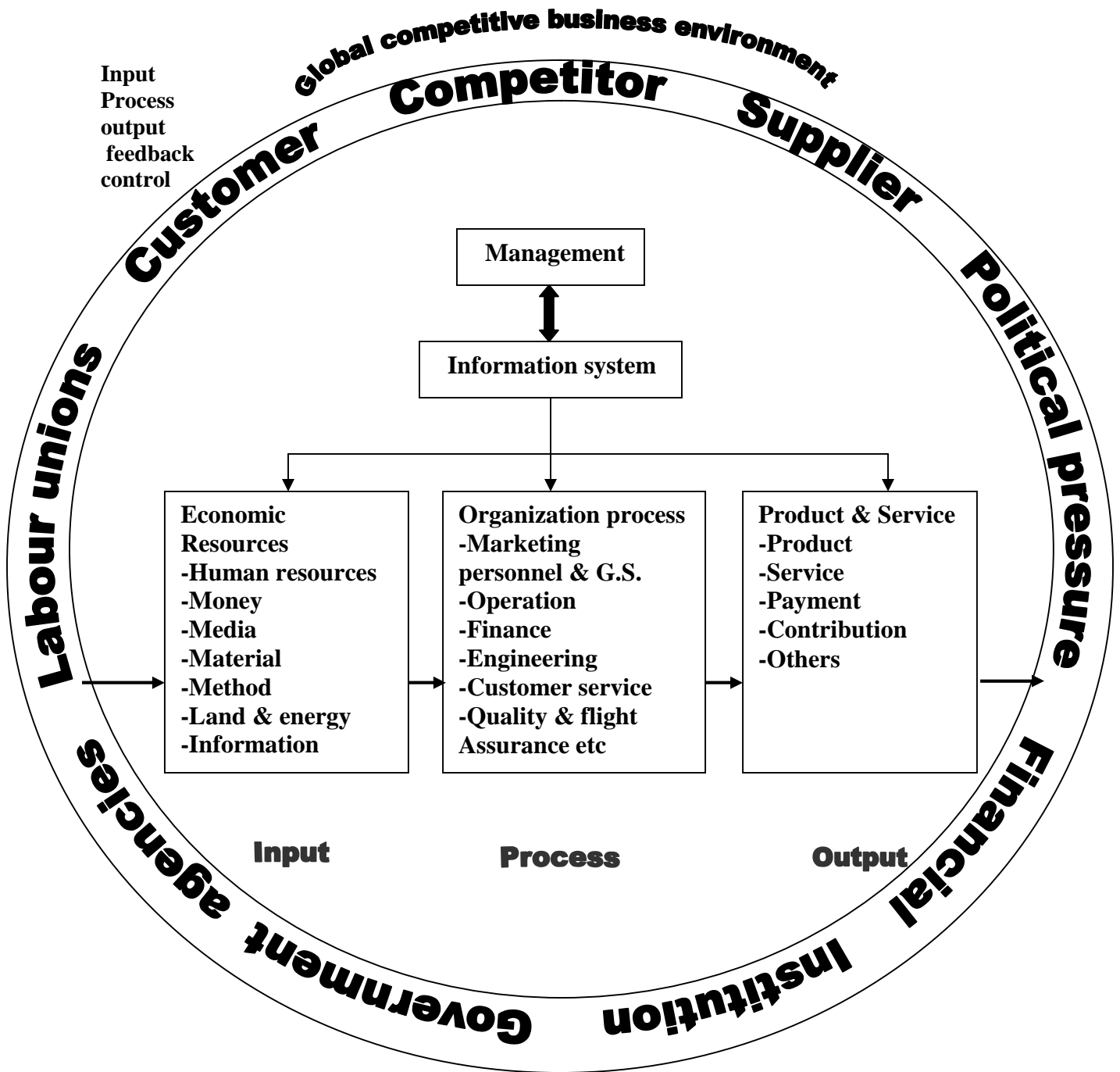
promotion and can be served as it is said confidently. This type of promotion inspires to think for every passenger to take its service once in a life time period at least in a dream.

#### **4.6 Airport Services**

This division is Also one of the important divisions of marketing department which handles about the airlines handling of foreign as well as Nepal Airlines. Foreign Airline has to pay to Nepal Airlines corporation for using the ground service.

This division also handles the complains of the passengers in-flight or in ground. It not only handles complain but also compensates if necessary. While compensating passengers satisfaction must be given importance. Besides these flights review and cargo services are also given by this division.

## 4.7 System view of NAC:-



## **4.7.1 Data flow Diagram of Marketing department:-**

Data flow diagram represents the flow of data, how does it flow? where does it flow? For what purpose does it flow? Actually, Data flow diagram is a graphical network which magnifies the relationship between different procedures within system. Thus, it is a means of representing system & it acts as a component between users and system developers.

With references to analysis of existing information system in marketing department as a first step context diagram of marketing department which gives an entire system overview. From the above diagram marketing department is a processor and its divisions and office of the chief executive are considered as the external entities of data flow diagram.

The external entities flow the information/data to the processor. The processor processed those data/information and gives positive or negative response or it provides suggestion and advice to the external entities if necessary.

In the diagram, we can see each and every entities how they are flowing data? for what purpose they are flowing data? Similarly how and where the processor (i.e. marketing department) is responding. According to the diagram, the external entities marketing & station affairs International division provides the information regarding product policy, Tariff and price strategy. Then the processor i.e. marketing departments respond negatively or positively. If the response is positive, then they are in execution if the response negative the strategy should be changed. Similarly, the entities flow the information regarding need of market promotion and extension of station, the marketing department respond by evaluating those information.

Marketing department cell division is another entity which flow the information related to the market development activities such as market. Research and development, traffic review, monitoring and forecasting, schedule planning, management and information report statistics etc. According to the diagram (market development cell). Entities flow the information regarding of flight schedules and planning in order to fulfill the need of marketing department. Similarly, Marketing department flow the information regarding market research and development budget to the entities for adjustment on the other hand, the entities flow daily and monthly information report to the marketing department.

Similarly, sales International division is another entity of the context level. ( Data flow diagram ) which provides processor processed the information and response positively and negatively where, yield management of airlines is another concern of domestic division which flow the information regarding sales reservation market promotion and station management report to the processor. Whereas the processor, processes the information for planning, monitoring and controlling the domestic activities and

response accordingly in some cases the entities needs authority to change the product and price strategy in domestic field and it flows request for quick response.

Similarly, the regional division is considered as the entities which flow the information regarding regional stations of India, viz.; Delhi, Bombay, Calcutta and Bangalore, whereas, the processor process the information and flow the information regarding changes in product policy, tariff and price strategy as well as market promotion activities to the regional divisions and the division response and performs accordingly. Here, office of the chief executive is considering as last and entity which is more sensitive than other entities, it needs the overall information of marketing department to measure the performance and it is fully authorized to take corrective actions whenever needed. The different plans, policies, procedures and strategies are formulated if the special request is done by the marketing department. The office of the chief executive responds positively and negatively according to the organizations strength and weakness.



**Data flow Diagram of marketing department**

## **System level Data flow diagram:-**

Generally, most of the activities of marketing department are concerned with selling of goods & services in order to fulfill needs, wants & demand of the customer. i.e. customer service. The system level data flow diagram of marketing department has been emphasized in sales and reservation of ticket & confirmation & issue of ticket for customer service.

The system level diagram consists of 5 entities;

- Central reservation control
- Sales domestic
- Sales manager
- sales International &
- Airlines customer.

The entities sales International has to deal with number of external activities such as airlines ticket sales & reservation, sales promotion & its achievement co-ordinate with International travel agents, preparation of sales budget, & monitor tariff v/s yields in different routes formulate & implement sales reservation policy etc.

Central Reservation control is other entities concerned with reservation of airlines ticket world wide through online computer reservation system, It updates the information & support the sales & reservation system of NAC.

Sales domestic entities are concerned with sales and reservation of ticket within the country i.e. domestic flight ticket. This entity deals with domestic airlines customer, ticket reservation & sales activities is done manually. Sales manager is another entity who has to co-ordinate with sales & reservation system & ticket confirmation & issue system to provide better service to airlines customer & generally record the up to date information to provide needed information for sales international & sales domestic.

Airlines customer is the last entity in this system level diagram who receive information from the sales international & domestic regarding ticket confirmation when the ticket is confirmed he or she provides payment to the ticket confirmation & issue system which provides the ticket to customer.

The system level diagram shows that sales International is concerned with sales & reservation of International ticket. Ask the ticket for reservation to sales & reservation system then sales reservation system provides information about availability of international ticket. Similarly, sales domestic request sales & reservation system for ticket reservation, the system manually reserves the domestic ticket where the system is operated under the direct supervision of central reservation control unit when the ticket is reserved according to the request of sales international & domestic. The system has its database file to record the reserved ticket.

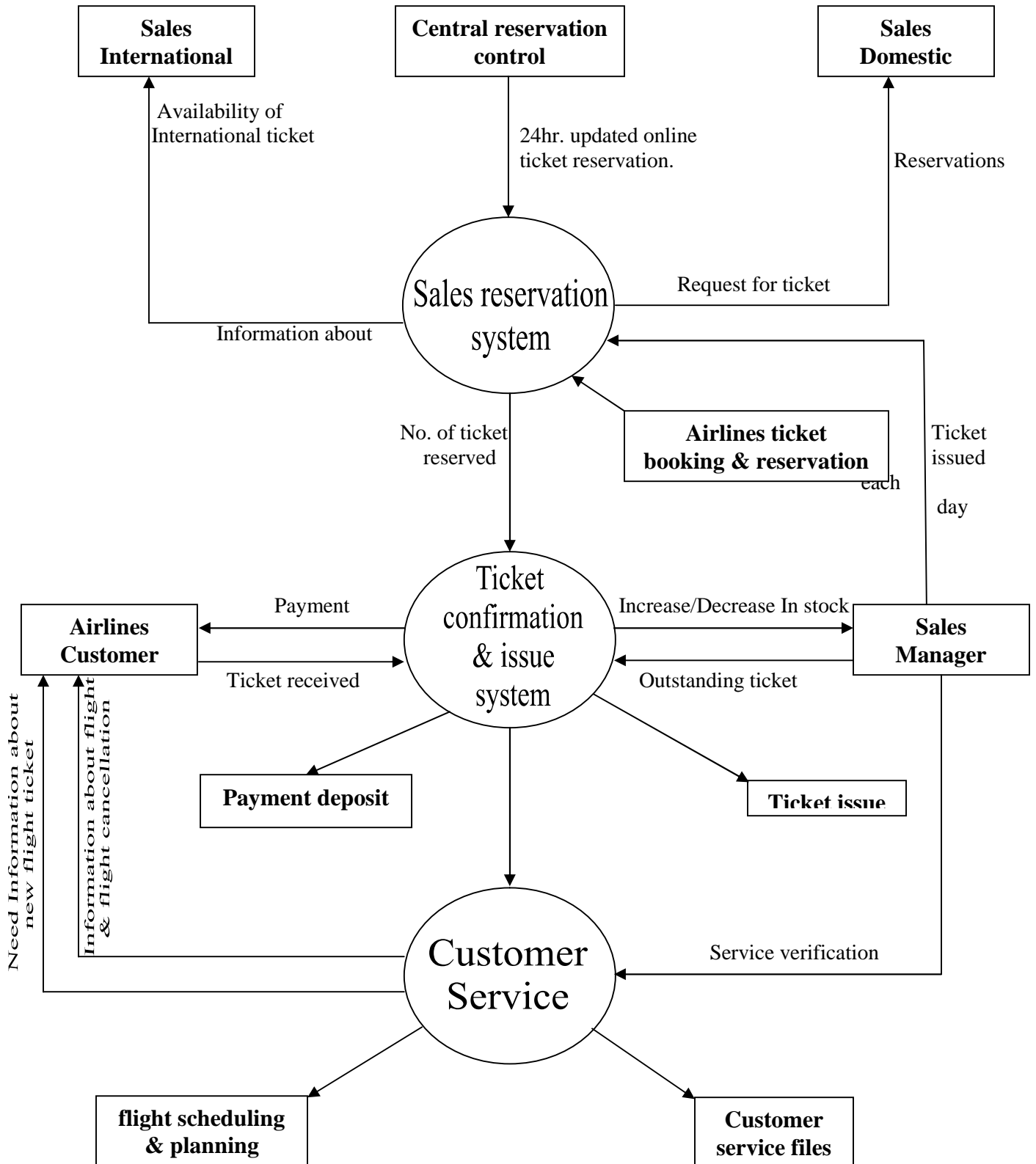
The entity airlines customer sales manager who has their direct relationship with ticket confirmation & issue system and the airlines customer confirms & provides payment. The



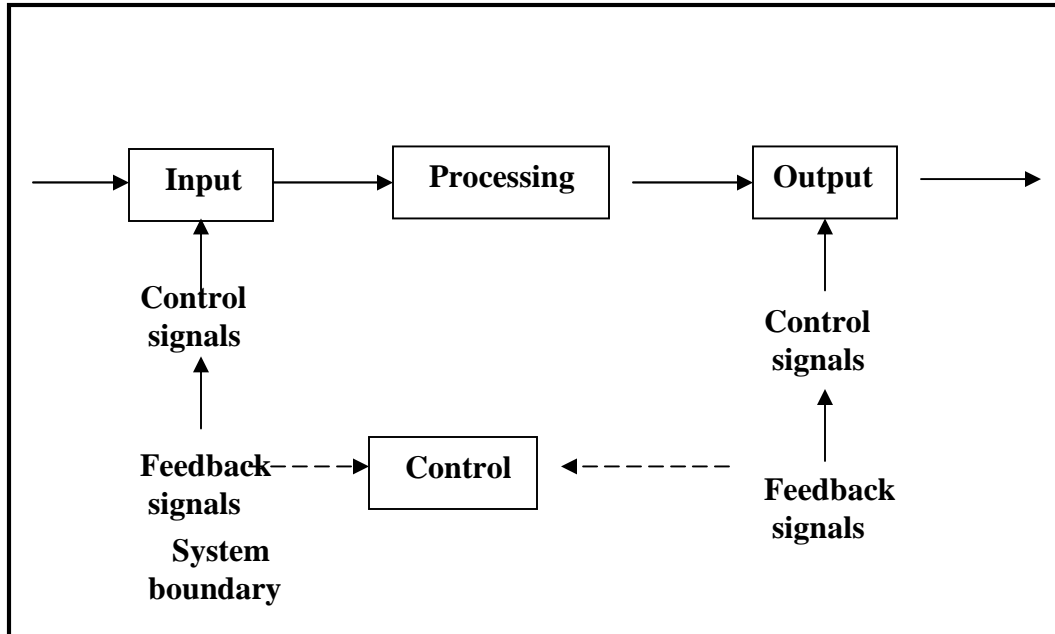
system issues the ticket and the system deposits the payment & keeps record in payment received file on the other hand it updates the ticket issued file to inform sales manager to decrease in stock.

Here, the Airlines customer needs a lots of information regarding flight rules & regulations, flight schedule, airport, reporting time, baggage weight & banned items, etc. thus the customer service is responsible to inform and handle the customer in the airport before departure of airlines. It keeps service record file to know the number of customer departure and incase the time of flight cancellation due to environment and technical problem of aircraft. it informs customer about flight cancelled & next flight scheduled for their service. It updates information from flight scheduling & planning database file where the sales manager requires service verification for future prospects.

**System level Data flow diagram:**



## 4.7.2 Marketing department of NAC as a system:-



The major inputs of marketing department are;

- **Input:**
  - Human resources
  - Technology
  - Travel agencies
  - Divisions
  - plan, policy & strategy
  - Market promotion, research & Development activities
  - Budget, etc.

Where as, the process involves transformation of these inputs into output. Therefore, the process includes the no. of functioning activities. They are;

- **Process:**
  - Utilization of skills and capacity.
  - collection of information regarding air passenger, identifying customers to book reserve and sales the airlines tickets.
  - Divisional functions which supports the overall functions of marketing department.
  - Computerized reservation system (ABACUS), GABRIEL, AMADUS are computerized reservation system software's which are under operation 24 hours, which process updates each and every information regarding ticket booking and reservation.
  - Implementing formulated plans and policies and strategies.
  - Conducting meeting, seminars, conference, participation in different activities and exhibitions and mobilizing market research and development committees, etc.
  - Investment of budget according to the requirement.

After the completion of transformation process, the system generates outputs. The output may be different and the output is based on input and the quality of output depends on the quality of inputs and the transformation process. Thus, the objectives and outputs of the marketing department of NAC are as follows;

➤ **Outputs:**

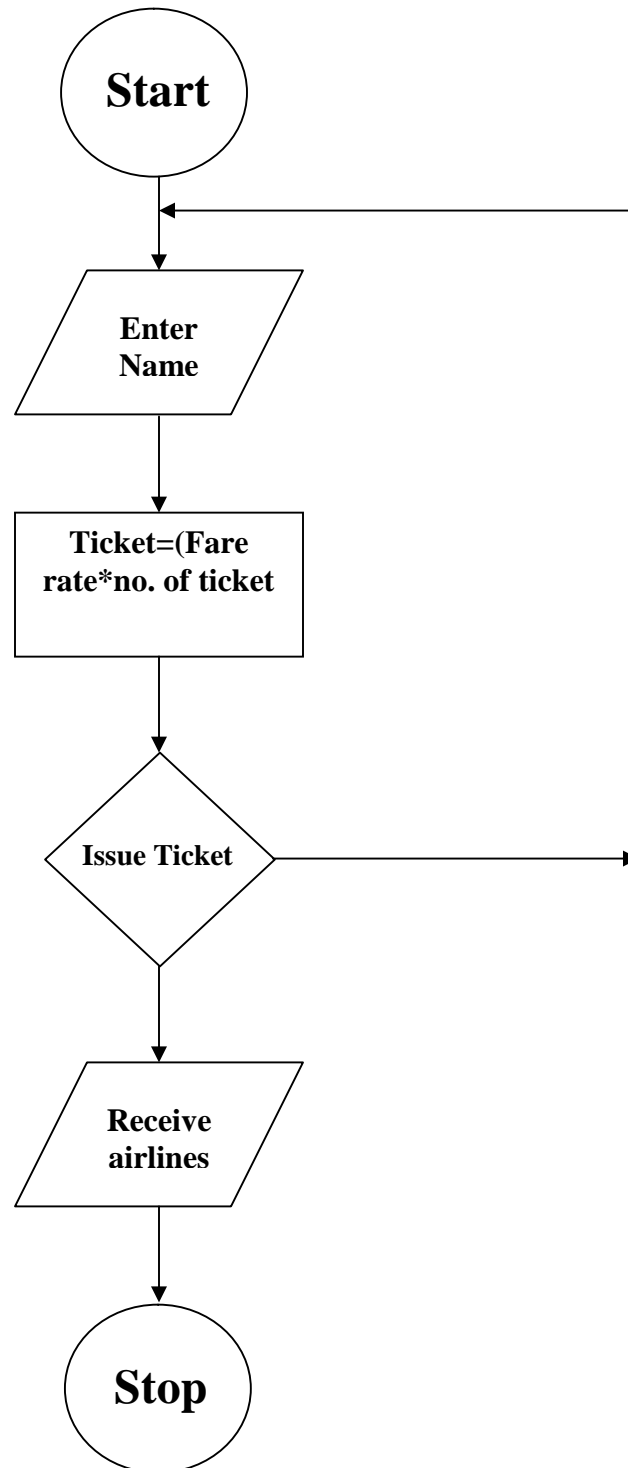
- Customer service and satisfaction
- Airlines goodwill
- Generation of revenue
- Contribution to the country
- Worldwide recognition
- Experience, etc.

Generally feedback and control are taken as a part of system concept where feedback is data about the performance of a system and control is a major system function that monitors and evaluates feedback to determine whether the system is moving towards the achievement of its goals and objectives.

If a system performs properly; it generates positive feedback, which signals the control functions to maintain the system's current course towards its goals. A system whose performance is deteriorating deviating from the attainment of its goal generates negative feedback where the negative feedback allows the system manager to take corrective actions whereas the positive feedback signals the proper management of the system.

As shown in the inner rectangular line represents the system boundary that means the system of marketing department takes place. The system boundary plays separating role from its environment and other system. Note that the system does not exist in a vacuum, rather it exists and functions in an environment containing other system. The other system would be the system of engineering department, corporate department, Finance department, etc.

### 4.7.3 Flow Chart ( Ticketing system of marketing department )



The above figure emphasizes the business organization is an open system because it is operating within a business environment. The organization whether it is business organization or service organization. It consists of the following interrelated system components.

**a). Inputs:-**

Economic resources such as people, money, material, method, land and energy, information are required by a business organization from its environment and used in its system activities.

**b).Process:-**

organizational process such as marketing operations, finance, engineering, customer service quality assurance and flight safety transform inputs into output.

**c). Output:-**

Product and services payment to employees and suppliers contributions. Taxes and information are all output produced by organization and exchange with or transferred to its environment.

**d). Feedback:-**

The primary role of information system is serving as the feedback components of an organization system. They provide information to management concerning the performance of the organization.

**e). Control:-**

management is the control component of an organization system management controls the operation of a business organization so that its performance meets organizational goals.

**4.8 Analysis of primary Data:-**

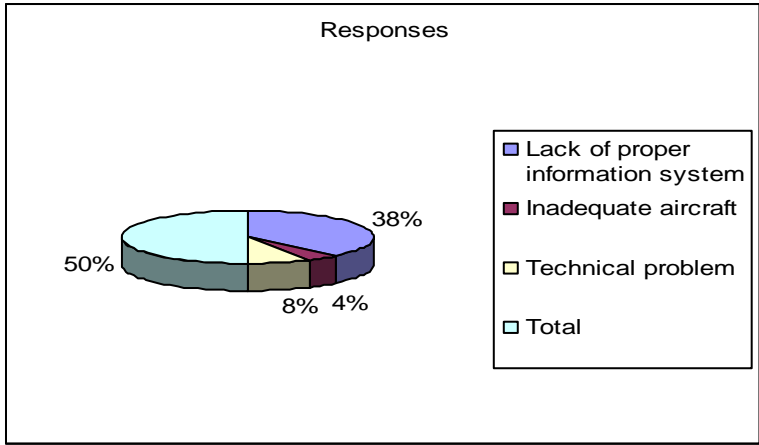
In this research study, the researcher has designed the questionnaire to collect the primary data and information. The researcher has distributed 12set of each questionnaire form to officer level employees of marketing department, NAC randomly. The total numbers of respondents were 12 i.e. more than 10% sample of total population stated earlier in the study.

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

**4.8.1 Reason behind flight delay and cancellation:-**

| <b>Reasons</b>                    | <b>Responses</b> | <b>Percentage</b> |
|-----------------------------------|------------------|-------------------|
| Lack of proper information system | 9                | 75%               |
| Inadequate aircraft               | 1                | 8.3%              |
| Technical problem                 | 2                | 16.7%             |
| Total                             | 12               | 100%              |

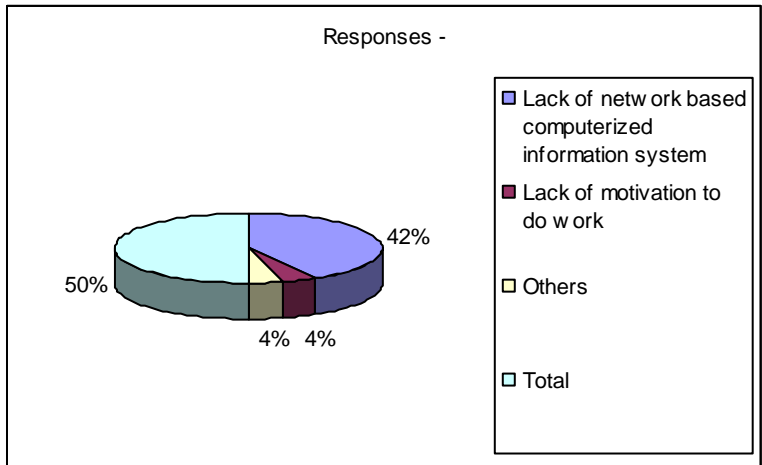
The above table indicates reasons behind flight delay and cancellation is due to the lack of proper information which consist higher percentage.



**4.8.2 Reasons for unsystematic flow of information.**

| Reasons   | Responses | Percentage |
|---|-----------|------------|
| Lack of appropriate policies                          | -         | -          |
| Lack of network based computerized information system | 10        | 83.4%      |
| Lack of motivation to do work                         | 1         | 8.3%       |
| Others  | 1         | 8.3%       |
| Total   | 12        | 100%       |

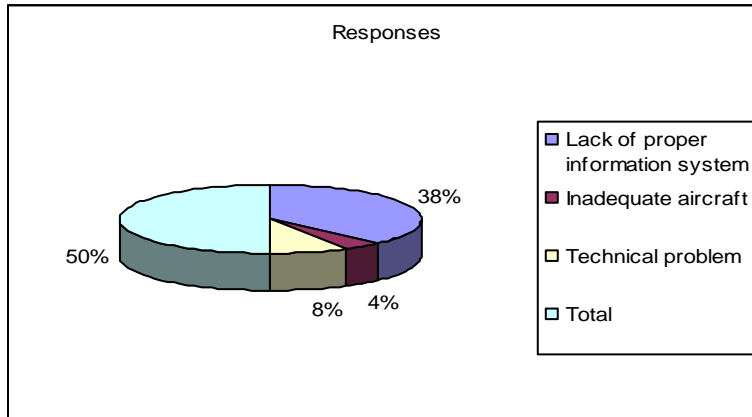
The above table indicates that the total no. of respondents were 12 & 10 of them has emphasized the reason for unsystematic flow of information is due to lack of network based computerized information system and has the highest percentage.



**4.8.3 Reason behind the problem in decision making in your department.**

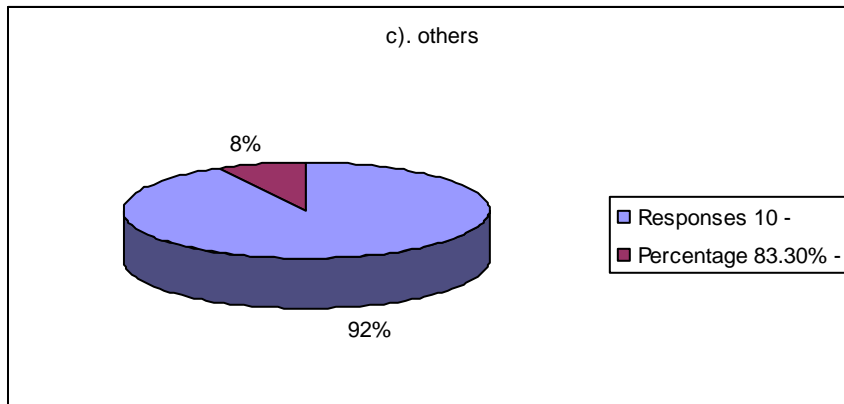
| Reasons                           | Responses | Percentage |
|-----------------------------------|-----------|------------|
| Lack of proper information system | 9         | 75%        |
| Inadequate aircraft               | 1         | 8.3%       |
| Technical problem                 | 2         | 16.7%      |
| Total                             | 12        | 100%       |

The above table indicates that the total no. of respondents were 12 & emphasized the reason behind problems in decision making is due to traditional paper based information system and has the highest percentage.



#### 4.8.4 Is network based computerized information system necessary?

| Opinion    | Responses | Percentage |
|------------|-----------|------------|
| a). Yes    | 10        | 83.3%      |
| b). No     | -         | -          |
| c). others | 2         | 16.7%      |
| Total      | 12        | 100%       |



This table shows the indication infavour of the computerized information system to co-ordinate and communicates different divisions and units of the department. Some of the primary data and information based on questionnaire that has been designed by the researcher which has not been tabulated here, but they were used to present and analyze the marketing department of NAC.

Questionnaires were served at TIA Domestic terminal lounge to know the frequency of travel by the respondents during the last five years. Out of 60 respondents 22 responded that they travel once a year. This means that 36.67% travel in a year. About 14 respondents responded that they travel once in a six months.

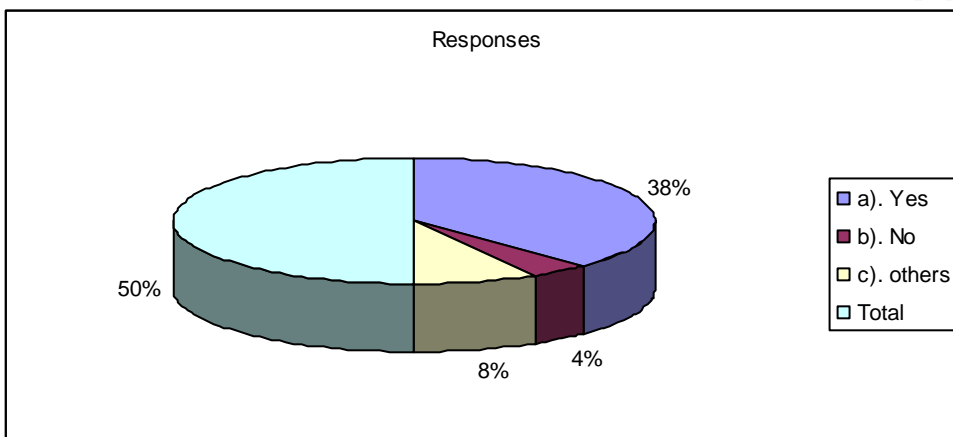


The table also reveals that 30% or 18 respondents travel once in three months. The number of respondents traveling once in a month is 3% or 5%.only 12.67%or one respondent travels once a week. Out of 60 respondents none traveled daily. This table reveals that the respondent traveling once a month and daily are least and second least while the number of respondents traveling once a year is the highest.

#### **4.8.5 Is it necessary to minimized traditional paper based information system?**

| Opinion    | Responses | Percentage |
|------------|-----------|------------|
| a). Yes    | 9         | 75%        |
| b). No     | 1         | 8.3%       |
| c). others | 2         | 16.7%      |
| Total      | 12        | 100%       |

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

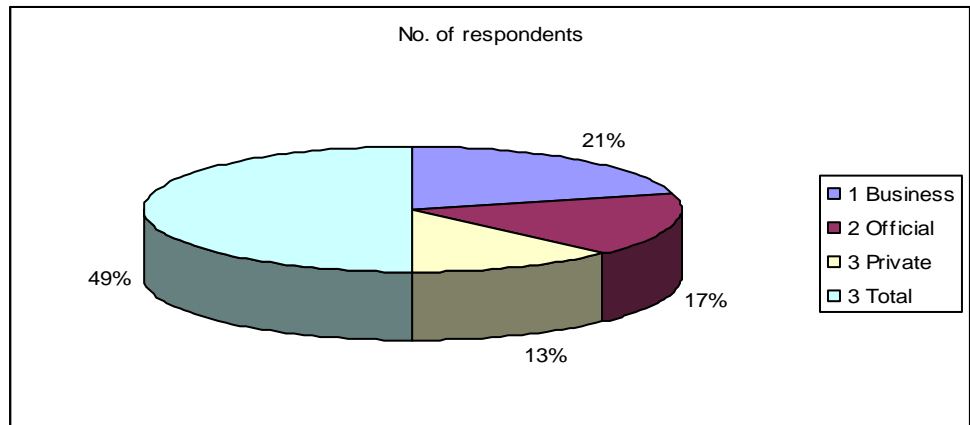


#### **4.8.6 Analysis of Respondents purpose of travel**

| S.N. | purpose of travel | No. of respondents | Percent |
|------|-------------------|--------------------|---------|
| 1    | Business          | 25                 | 41.67%  |
| 2    | Official          | 20                 | 33.33%  |
| 3    | Private           | 15                 | 25%     |
|      | Total             | 60                 | 100%    |

**Source:-** Primary data based on questionnaires.

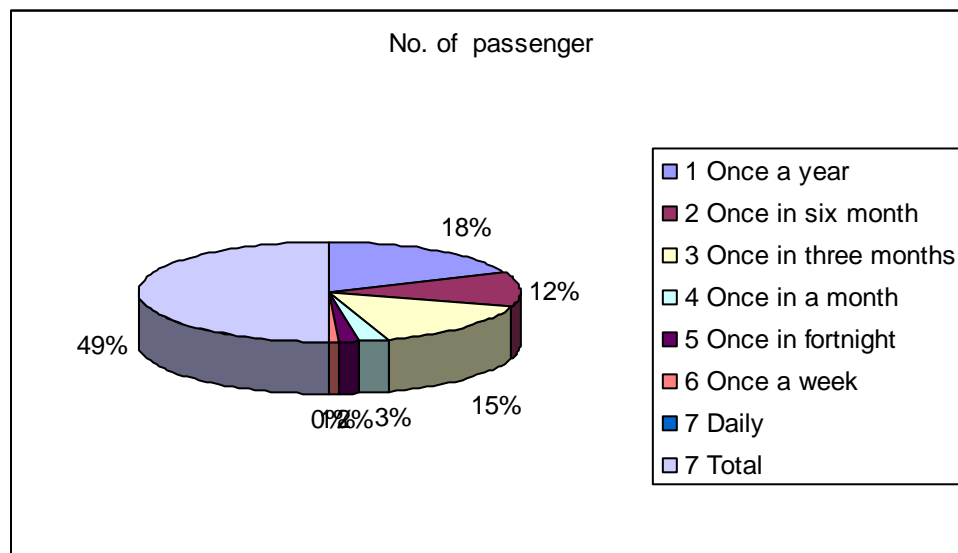
The analysis presented, reveals that out of 60 respondents 15 or 25 % travels for private purpose the number of respondents traveling for official purpose was 33.33% or 20. The number of respondents who travel for business purpose was 25 or 41.67%.



#### 4.8.7 Frequency of travel by Airplane by respondents

| S.N. | frequency of travel  | No. of passenger | Percentage  |
|------|----------------------|------------------|-------------|
| 1    | Once a year          | 22               | 36.67%      |
| 2    | Once in six month    | 14               | 23.33%      |
| 3    | Once in three months | 18               | 30%         |
| 4    | Once in a month      | 3                | 5%          |
| 5    | Once in fortnight    | 2                | 3.33%       |
| 6    | Once a week          | 1                | 1.67%       |
| 7    | Daily                | 0                | 0%          |
|      | <b>Total</b>         | <b>60</b>        | <b>100%</b> |

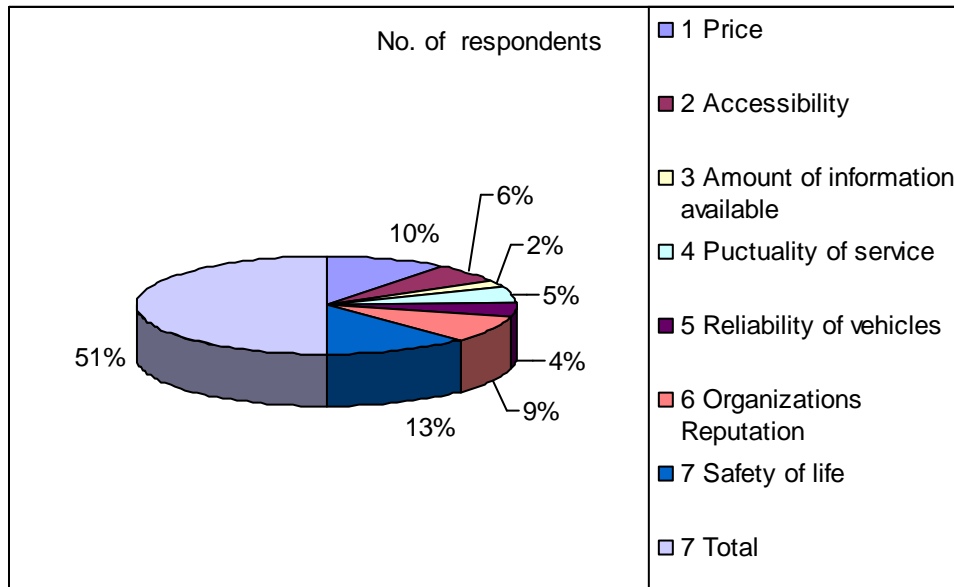
**Source:-** Primary data based on questionnaire.



#### 4.8.8 Analysis on the basis of selecting the Airlines while traveling

| S.N. | Bases of selecting airlines     | No. of respondents | Percentage  |
|------|---------------------------------|--------------------|-------------|
| 1    | Price                           | 42                 | 20.80%      |
| 2    | Accessibility                   | 25                 | 12.38%      |
| 3    | Amount of information available | 10                 | 4.95%       |
| 4    | Punctuality of service          | 22                 | 10.89%      |
| 5    | Reliability of vehicles         | 17                 | 8.42%       |
| 6    | Organizations Reputation        | 35                 | 17.33%      |
| 7    | Safety of life                  | 51                 | 25.25%      |
|      | <b>Total</b>                    | <b>202</b>         | <b>100%</b> |

**Source:-** Primary data based on questionnaire.

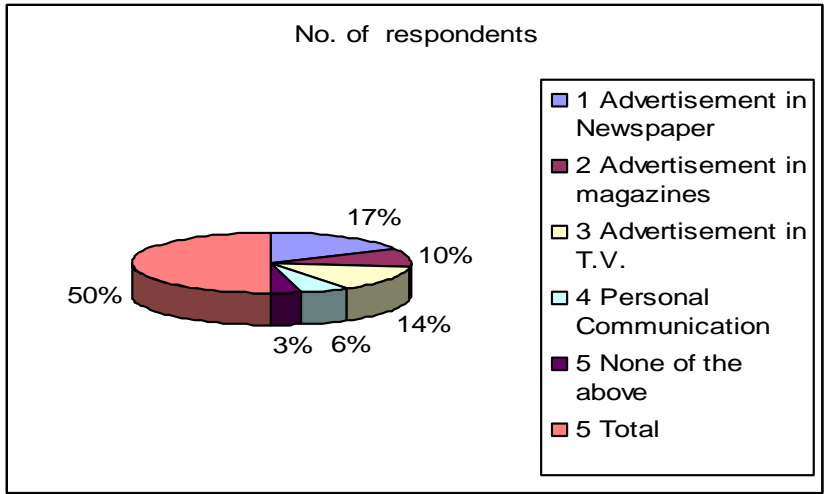


Above table shows how respondents respond to the basis of selecting airlines. About one-fourth of responses were being provided by safety of life as the basis of choosing the airlines. Second preferences were given by the respondents to the low fare. The number of responses counts 42 or 20.80% of the total responses for the price. About 17% i.e. 35 respondents took the opportunity to rank third position for organizations reputation as the basis of selecting the airlines. Accessibility and punctuality of service ranges the fourth and fifth position with the number of responses 25 or 12.38% and 22 or 10.89% respectively. Reliability and amount of information available counts the second least and the least in the respondents preferences for the selection of airlines the responses for the amount of information available were 4.95% or 10. the responses for reliability of vehicles range to 17 or 8.42%.

Among 60 respondents almost all the respondents have not seen any promotional activities of NAC. This responses points out the importance of the NAC for promotion.

#### **4.8.9 Resopndents attention towards promotional tools**

| S.N. | Promotional tools          | No. of respondents | Percentage  |
|------|----------------------------|--------------------|-------------|
| 1    | Advertisement in Newspaper | 70                 | 35.0%       |
| 2    | Advertisement in magazines | 40                 | 20.0%       |
| 3    | Advertisement in T.V.      | 55                 | 70.0%       |
| 4    | Personal Communication     | 24                 | 12.0%       |
| 5    | None of the above          | 13                 | 6.0%        |
|      | <b>Total</b>               | <b>202</b>         | <b>100%</b> |



**Source:-** Primary data based on questionnaire.

On the above table, it is found that a majority of respondents responded for advertisement in newspaper for the promotional tools used for airlines i.e. 70 or 35%. The second highest is for advertisement in T.V. which is 55 respondents or 70%. Similarly, advertisement in magazines in third position with the number of responses 40 or 20% personal communication and none of the above counts the second least and the least in this respondents preferences for the promotional tools. the personal communication was 24 or 12% and none of the above is 13 or 6%.

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

## Chapter-5

### Summary, conclusion and Recommendation

#### 5.1 Summary:-

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

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

As the gap between the producer and consumer widens the complexity of product increases as well. The buyer needs more and more knowledge to make their decisions. This knowledge can be gained from promotion. Sellers, on the other side, find that a promotional tools permits them to present facts and arguments to the consumers. The problems arise when the arguments are not valid or vague. Hence, proper promotional strategy development is essential. Advertising, personal selling, sales promotion and publicity are the four pillars upon which the promotional strategy of marketing rest.

The main purpose of promotion includes informing, persuading, reminding and reinforcing the target customers. NAC was established in 1st July 1958 A.D. Infinite numbers of possibilities are available to a firm for developing its promotional strategy. However, the promotional resources available to the airlines; nature of service strategy of airlines and promotional mix of competing airlines are some of the important factors that have direct impact on the promotional blind of any airlines.

In Nepal, the perception lies in the fact that the advertisement is a luxury at the cost of buyers without any benefits to them. This is not the truth at all that there is no benefit from advertisement of buyers of goods or service advertised. They believe that the advertisement is carried out for those goods that are of poor quality which is an indication of Nepalese people lacking awareness on promotion.

Nepal's both the airlines operate under barter system of business advertising. The exchange of advertisements in Magazines, T.V. and newspaper with cargo is most familiar. The business runs under than the give and take understanding. Those activities other than

personal selling, advertising and publicity that stimulates consumers purchasing and dealer effectiveness. such as display, shows and exhibition, demonstrations and various non-recurrent selling effort not in ordinary routine of business may be termed as sales promotion.

NAC has been playing a remarkable role in the development of the tourism industry. It is the first airlines company to make travel in different places of Nepal where at that time there were no means of road transportations. It plays a very important role in the landlocked country like Nepal and also plays a significant role in terms of foreign exchange and in meeting the needs of trade currents by allowing quicker channels for the movement of cargo and commercial goods.

In comparison to other airlines, NAC offers a very less price for citizens in domestic route as well as in international flights; it offers a seasonal fare and promotional offers.

NAC is the only airlines which gives prompt services in the rural part of Nepal where no other private airlines goes especially at the time of natural calamities in the rural part. As a whole, it is one of the important government corporation which should be given excess care and support.

## **5.2 Conclusion:-**

Boeing and planes are the two main tools of Airlines company. Two old planes can never be punctuality and reliable in the international and domestic flights. To capture the share market and also to be established truly as international level company immediately it should add Boeings. For this, its first step for international flight it should purchase one wide body and other narrow body Boeings. For domestic flights two turbo pro planes. For the rural areas it should maintain its twin-otters.

There should be transparency while purchasing the Boeings or taking on lease. Due to lack of transparency corporation and member of management are dejected about the purchase or lease of Boeings.

The Government owned corporation must be changed into public-private partnership firm, which gives the sense of belongingness.

After this type of organization structure NAC can join hands with other international Airlines for the strategic partnership step.

For the betterment of financial position, it should increase its capital, deduct the unproductive expenses, increase its tax by managing its agents and decrease its internal and external flights expenses.

NAC is not like other Government offices. Its development and progress is adjoins with Nepal's pride other Government officer should think positively and help NAC.

At last, however NAC is in difficult or critical condition its option is only progress, development and reform. For this Nepal Government, staffs of NAC, INGO, private sector, Bank and financial company as well as all consumers and people of Nepal should help Nepal airlines. If it happens its not hard to make NAC fit and fine.

### **5.3 Recommendation:-**

1. First and foremost NAC should immediately buy at least two Boeings and twin-otters to capture the market share.
2. NAC should try to give reliability and punctuality service by its remaining two Boeings and twin-otters.
3. NAC's service is not satisfactory as comparison to other Airlines service. NAC should try to give more facility and variety of foods in its international flights.
4. As other airlines are cutting off its price of tickets NAC should also try to minimize its tickets price.
5. The factors like Increasing rate of tourist, incoming and out going in international country and increasing rate of Nepalese going other countries for employment has made NAC more important for the growing market. In 2007 A.D. tourist has reached half a million which is strong base for NAC. Likewise peace in country and incensement in tourist has given opportunity for NAC.
6. NAC must be able to create positive emotions rather than negative emotion positive emotion appeals such as love, joy, fun, pride, sentiment whereas negative emotion appeals fear, guilt or shame.
7. NAC should try to have control over the channels of distribution like travel agents, general sales agent, and passenger sales agent and also to motivate them by more commission and perks.
8. The staff of marketing department should be motivated.
9. NAC's effort in the field of promotion is very less. In this age of communication, NAC must promote its service and product as much as it can.
10. The sales office of NAC should be effective.
11. The recruitment of staffs is controlled by Nepal Government which is totally wrong. Government only recruits their political people where they don't have enough knowledge about NAC. It should be politically free area.
12. NAC'S old staffs should be honored and make the appropriate environment to resign. After their resignation, that place should be filled with energetic and fresh young staffs.
13. The newly recruited staffs of NAC are temporarily recruited which creates fear among them of ensure of their jobs and demotivated for the work.
14. All the computer of marketing department should be interconnected with each other with this, makes easy and effective while doing any work and also the staffs will be updated about their own department.

15. There is also a huge gap between old generation and new generation within the marketing department. So, they should have interaction with each other.

#### **5.4 Major Findings of the study:-**

Since from above presentation and analysis of existing information system using primary and secondary data. The following has been drawn out in the research study.

- NAC is one of the complex organization due to its nature of service and wide area of marketing activities.
- There are lots of conflicts inside NAC whether to purchase or lease the Boeings.
- NAC owns very less Boeing and twin-otter for the international and domestic sector. Due to the growing market it is very less and NAC is losing its opportunity to grasp and hold the existing market.
- NAC has hardly done anything in the field of market research and its implementation. Researches made are also not for the long run because the staffs of the NAC even don't know what happens in the future.
- NAC competitors have been offering its flight service in less price than NAC, So, it should reform its price policy. So, that it can attract the economy class people.
- Due to the lack of planes, there is no excitement in the staffs to promote its product. In the field of promotion. It has done very less or says nothing in the market.
- In some sectors like Kathmandu-Delhi V.V, Kathmandu-Dubai and Kathmandu-Kuala Lumpur are satisfactory in passenger Traffic international. Besides these sectors other is also not that satisfactory. NAC must research it and find the problems and cause.
- It is found about that not making the research is that again the lack of planes.
- Information announced in Nepali medium through Radio Nepal regarding flight schedules by marketing department is quite traditional. But nowadays some newspapers too publish about the schedule of domestic as well as international sector.
- Centralization of authority, Manual flow of documents and unnecessary political pressure generally creates obstacles to perform marketing activities smoothly.
- Government handles all the recruiting process for the permanent job and in this process many political pressure plays a vital role which can never be fair and effective.
- The information system in marketing department is based on traditional paper based information and manually filling system. Manual flow of documents except computerized reservation system of international flights ticket through Abacus and other CRS software.
- The fresh and young staff does not have a job-guarantee which creates a fear of job security.
- In domestic sectors, Government fixes the price. This had also made a loss in the domestic sector. Government should give subsidies or authority to the NAC to fix the ticket price.
- Travel agents have to struggle a lot for the reservation of Tickets.



- A huge gap between old and new generations can be seen. I found that no employees are less than 40 years.
- Most of the travel agents are motivated by regular service and high rate of profit as well as promotional activities. So, agent's promotional activities play a supporting role to capture the market position.
- Information does not flow systematically due to the absence of network based computerized information system to co-ordinate and communicate different divisions and units of marketing department. The employees of the same department don't know what is going in there on department due to lack of communication and co-ordination.
- It is found that most of agents deal with more than two airlines.
- Foreigners buy ticket on the basis of recommendations of the travel agents and hotel.
- Frequent flier program and off-season discount seem more effective.
- NAC staffs accused of involving in trafficking. This was revealed after VAE warned NAC to stop bringing Nepalese without visa. This should be controlled.
- Nepalese customers seem first price sensitivity than gradually prompt service availability, consider promotion activities etc.



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## **APPENDIX**

### **Questionnaires for passenger**

Hello, I am Janaki Thapa from kailali multiple campus, Dhangadhi. Sir/ Madam I am carrying out a research work entitled 'Marketing Analysis of Airlines' as partial fulfillment of my degree in 'Master of business studies (MBS). . I would like to seek your kindness by sparing a few moment of your precious time for filling up this questionnaire, which could contribute significantly, to my research study for MBS.

**Name:-** Mr./Mrs./Miss.....

**Address:-** .....

(Please respond as a requirement of each question).

1. How often do you travel Airlines? (Please tick in appropriate box)

- a). Once a year.
- b). Once in a three months.
- c) Once in Fortnight.
- d). Daily.
- e). Once in a six months.
- f). Once in a month.
- g). Once in a week.

2. For what purpose do you travel?

- a). Official.
- b). Business.
- d). Private.

3. Do you have habit of traveling by Nepal Airlines Corporation? If yes, Why or if No, Why?

- a). Yes
  - b). No
- Why.....? Why.....?

4. How do you select Airlines while traveling? (Please indicate multiple boxes if you have more than one response.

- a). Fare.
- b). Reputation.
- c) Safety of life.
- d). Accessibility.
- e). Punctuality of service.
- f). Amount of information.
- g). Reliability of vehicles in use.

5. Have you ever seen or heard any promotional activities of Nepal Airlines Corporation?

- a). Yes
- b). No

6. Which of the promotional tool of Airlines drawn your attention most? (Priority base)

- a). Advertisement in Newspaper.
- b). Advertisement in Magazines.
- c) Advertisement in T.V.
- d). Personal communication.
- e). None of the above.

7. What are the main causes of failing Nepal Airlines Corporation?

- a). Bad management.
- b). Political pressure.

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

- a). Newspaper.
- b). Magazines.
- c). Radio Nepal
- d). Television.
- e). F.M. Radios
- f). Hoarding/Bill boards.

**Questionnaire for marketing Department ( NAC)**

Name of respondents.....  
 Designation.....  
 Place.....  
 Date.....

1. What do you think about the problems in decision making in your department?

- a). Due to less job responsibility.
- b). Due to traditional paper based information system.
- C) Due to employees' absenteeism
- d). others (Please specify).....

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

- a). Lack of motivation.
- b). Lack of network based computerized system.
- c) Lack of policies.
- d). others (Please specify).....

3. It is necessary to minimize traditional paper based information system?

- A). Yes
- b). No
- c). others (Please specify).....

4. Is network based computerized information system necessary?

- a). Yes
- b). No
- c). others (Please specify).....

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

- A). Lack of Proper information system.
- b). Inadequate aircraft
- c) Technical problems.
- d). others (Please specify).....

[Please hand this Questionnaire form to your researcher after your prompt response, Thank you.]

**END**

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