

**Czech University of Life Sciences Prague**

**Faculty of Economics and Management**

**Department of Management**



**Diploma Thesis**

**Marketing Communication: Advertising and  
Promotional Strategy of Bottlers' Nepal Limited**

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# CZECH UNIVERSITY OF LIFE SCIENCES PRAGUE

Faculty of Economics and Management

## DIPLOMA THESIS ASSIGNMENT

Aarjana Khadka, BBA

Economics and Management

### Thesis title

Marketing communication: Advertising and Promotional Strategy of Bottlers' Nepal Limited

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### Objectives of thesis

The aims of the project are:

- To know the various schemes and promotional tools NBL has brought to promote its products.
- To explore the advertising schemes implemented
- To identify marketing communication tools to reach local sentiments.
- To analyse consumer's view about the Coca-Cola products of advertising and promotional schemes
- To determine existing marketing communication problem of the organisation

### Methodology

Primary and Secondary methods will be used to conduct the research.

Primary research is conducted by consulting various websites, blogs, journals and articles as well as few past report of Bottlers' Nepal Limited were also reviewed.

Secondary Research is done by personal interview, questionnaires and market observation. It focuses on the relevant descriptive to analyse the effectiveness of advertising and promotion in terms of making aware about the product to the customers clearly.

**The proposed extent of the thesis**

Approx 60 pages

**Keywords**

Coca Cola Nepal, Advertising strategy, Promotional strategy

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**Recommended information sources**

KOTLER, P. – KELLER, K L. *Marketing management*. Upper Saddle River: Pearson Prentice Hall, 2012. ISBN 978-0-13-600998-6.



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## **Declaration**

I declare that I have worked on my diploma thesis titled "Marketing Communication: Advertising and Promotional Strategy of Bottlers' Nepal Limited" by myself and I have used only the sources mentioned at the end of the thesis. As the author of the diploma thesis, I declare that the thesis does not break copyrights of any their person.

In Prague on 31 March, 2017

Signed



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Aarjana Khadka

## **Acknowledgement**

I would like to express sincere gratitude to my supervisor Ing. Richard Selby PhD, for his continuous guidance, patience, support and advice during my work on this thesis. Without his guidance and persistence help this dissertation would not have been possible. In addition, I would like to thank to the Marketing manager of BNL of Nepal, for providing their material and information, for the development of practical part of my study.

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# **Marketing Communication: Advertising and Promotional Strategy of Bottlers' Nepal Limited**

## **Abstract**

This Diploma Thesis is focused on marketing communication in the soft drinks industry. The main objectives of study are the explorations of different strategies in marketing and environmental analysis. The study also describes the existing marketing communication problem of the organisation.

The marketing communication covers advertising, promotion mix and sales. In the present world, the advertisement has a vital role in influencing clients along informing consumers about product benefits and carefully position products in consumers' mind. Marketing is the most significant multiplier of economic development.

In the theoretical part, the study explains in the details of integrated marketing communication, marketing strategy, advertising and promotion. The practical part includes the PEST analysis, SWOT analysis and Porter's five model analysis. In addition the interview with employees from the BNL Company and a survey among the consumers are conducted. The objective of this survey is to find out consumer's view about the Coca-Cola products, advertising strategy and promotional schemes. The questionnaire is focused on the advertising strategy and evaluation of the market altogether. The final section provides the summary, conclusion and recommendations for the BNL Company.

**Keywords:** Advertising strategy, Promotional strategy, Marketing communication, Consumers, Schemes, Marketing strategy, Customer, Coca Cola Nepal

# **Marketingová komunikace: Reklamní a propagační strategie společnosti Bottlers' Nepal Limited**

## **Abstrakt**

Diplomová práce je zaměřena na marketingovou komunikaci v oblasti nealkoholických nápojů. Hlavním cílem diplomové práce je prozkoumat různé strategie v oblasti marketingu a popsat existující marketingovou komunikaci ve vybrané společnosti.

Marketingová komunikace zahrnuje reklamu, propagační mix a prodej. V současné době má reklama důležitou roli v ovlivňování zákazníků, informuje spotřebitele o výhodách produktu a ukotvuje značku v mysli zákazníka. Marketing je nejvýznamnější multiplikátor ekonomického rozvoje. Diplomová práce je rozdělena na teoretickou a praktickou část.

V teoretické práci je pospaná integrovaná marketingová komunikace, marketingová strategie, reklama a propagace. V praktické části je použita PEST analýza, SWOT analýza a Porterův model pěti sil. V praktické části je také použita metoda dotazování, která je zaměřena na obyvatele Kathmandu valley. Cílem dotazování je zjistit, jaký mají obyvatelé názor na Coca-Cola produkty, reklamu a marketing strategii. Finální část obsahuje shrnutí, závěr a doporučení pro společnost.

## **Klíčová slova:**

Reklamní strategie, propagační strategie, marketingová komunikace, spotřebitelé, schémata, marketingová strategie, zákazník, Coca-Cola, Nepál

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## **List of abbreviations**

BNL	Bottlers Nepal Limited
PET	Poly Ethylene Terephthalate
TCCQS	The Coca-Cola Quality System
CG	Chaudhary Groups
Pvt	Private
Ltd	Limited
PEST	Political, Environmental, Social, Technology
SWOT	Strength, Weakness, Opportunity, Threats
B2C	Business-to-Consumer
TV	Television
IMC	Integrated Marketing Communication

# 1. Introduction

The heart of any business succession lies in marketing. Most areas of the businesses depend on the successful marketing. The overall marketing umbrella covers advertising, promotions and sales. Marketing is the process by which a product and service are introduced and promoted to potential customers. A business can offer the best products or services in the market, however without marketing none of the potential consumers would know about it. In the absence of marketing, sales may crash and organisation may close down.

The company must announce its presence in the dynamic market, promote their goods and services, pool potential consumers and creating its brand easy recognised. The advertisement is always crucial for launching new products and creating consumer awareness. In addition, it builds brand image, educate whole society, promotes products, services, ideas and events and helps in increasing sales. The current Era has more demanded in the age of publicity and promotions.

Advertising and Promotion are the important part of marketing communication, they perform as instruments for the creation of an external competitive advantage. Coca-cola is one of the successful soft drinks in the world. In spite of various challenges, Coke remains a great example of advertising its' product globally. Its brand is more popular in global market therefore it is now able to stable profitablity even subsidize circumstances. The study is basically related to the Advertising and Promotional Strategy of Bottlers Nepal Limited (BNL), Kathmandu Nepal. The company has emphasized the marketing, sales and distribution strategies entitled Refresh the Market Place with following the robust Consumer Response System. As per system is trying to address any consumer/customer concerns, ideas, suggestions in production, maintenance, quality or on stock supply are dealt with fair, timely and friendly manner. Furthermore, cost management, product differentiation and marketing are prime areas of strategy of any companies. The quality of product, market share and their growth determine their profitablity as well as long-run business in sustainable ways.

In the background, the BNL focuses not marketing communication, so as to satisfy all consumer demands and resolve their concerns. By looking into the Nepalese market, a minimum company has been able to maintain the global level of operation. BNL is one of the biggest multinational company in Nepal. BNL has done huge investment in advertising and promotion of Coca-cola products. Marketing and advertising communication are focused on POS (point-of sale), radio, television, hoarding, truck backs etc. In marketing and advertising systems, the company has customised to suit to local sentiments including social, ethnic and linguistic, innovative packages and pack size. Such packing size in one hand ease of storage to retailers and another hand it has introduced in a format that is affordable to all segment of society. However, BNL is committed to strengthening the community through various programmes, protect, preserve and enhance the environment, it is big questions of their effectiveness of facilities provided and maintain to protect the local environment as well as meet the standard as agreed manner. In the contexts of globalization, nevertheless the company are free to enter the market of any nation and society, the company is to satisfy and sufficient to meet the demand of customers regularly.

Therefore, the areas of the research are focused on studying and analysing the advertising and promotion strategy of BNL. In this connection, the study also focuses the analysis of general and competitive environment of the company and their specific attempt to popularize a specific product or service at a different level. In addition, the aim of the diploma thesis was to determine the attitudes of consumers and retailers on the advertising and promotional strategy of Bottlers Nepal Limited.

## 2. Objectives and Methodology

### 2.1 Objectives

The study is focused on the advertising and promotional strategy of BNL of Nepal. In this connection, the thesis is focused to collect the information about the marketing strategy of the BNL and analysed with specified them along with the essential information regarding the company.

The specific objectives of the study are further categorised, which eventually guide to analyse the advertising and promotion of BNL of Nepal.

- To know the various schemes and promotional tools of BNL in order to promote their products.
- To identify the advertising schemes implemented.
- To identify marketing communication tools to achieve local sentiments.
- To analyse consumer's view about the Coca-Cola products of advertising and promotional schemes.
- To determine existing marketing communication problem of the organisation.
- To perform environmental analysis and competitive forces analysis.

A questionnaire is prepared and analysis of the attitudes of consumers and retailers are evaluated. Interviewed is made with the company staff to know different marketing strategies and problems in marketing communication are figured out. The outcome of the research is to note out awareness of advertising and promotional strategies that are made in Nepalese market. In addition environmental analysis helps to know competitive advantage for the BNL.

## **2.2 Significance of Study**

Advertising and promotional strategies are given top most priorities by Nepalese companies for entering into the new marketplace, bringing or launching new goods and services or for continuing with the existing good and services. Marketing communication plays important role in making public aware of the goods and services and attracting people towards their products. The study particularly deals with the marketing communication and its impact on BNL. The study will focus on advertising techniques, mediums, and promotional activities, consumer's attitudes on the product, market analysis and promotional planning practices of BNL.

## **2.3 Limitation of the Study**

Despite the best efforts, some of the limitations of the thesis or survey are as follows:

- Primary data collected have been based on the limited sample of consumers of Kathmandu.
- The time frame of the survey that seems like not reasonably enough for the research.
- The project is fully based on primary research. So, it is the findings in the particular time frame.
- Findings are based on the questionnaire method, through the mail and Facebook, interviews and secondary data.
- In some cases, the impacts of advertising and promotion are not immediate obvious. So, for those marketing communication tools they are too early to conclude based on the observation and analysis.

## 2.4 Methodology

The project is based on the qualitative and quantitative research design. The methods chosen for the research and analysis of the Advertising and Promotion of BNL are:

### 2.4.1 Interview

Interview is good for getting the information from participant's experience and in-depth knowledge about the area of study. Telephone interview with the marketing manager and one employee from the marketing department are conducted. General interview with guide approach is used to gather the information.

### 2.4.2 Sources of Data

Primary and Secondary both sources are used in the collection of data. For the literature reviews and some informations about the company, secondary sources are used. Different sources related to the books, journals, thesis from different writers and company's website of BNL are referred. The remaining work is done by the primary sources. Primary data are those data collected from consumers and retailers.

### 2.4.3 Population and Sample size

Into this study population represents the total number of Coke customers in the Kathmandu Valley. A sample is the selection of the certain quantity of respondents out of the population. The sample size for the project was taken on the basis of convenience. From 20 retailers and 150 customers and general people were taken. So, in total sample size was 170. Respondents are randomly selected form different cities of the Kathmandu valley.

### 2.4.4 Data collection

According to the research design, there is a need to collect primary and secondary data. Mainly, the primary and secondary data are used to elaborate the qualitative and quantitative part of the thesis respectively.

Data collection procedure were as follows:

- Primary data collection: To collect the data, the questionnaire is developed firstly. According to the sampling procedure, sampling is taken and questionnaire is



formulated. To know the general response of advertising and promotion the questionnaire is formulated. Interview with company's employees is conducted.

- Secondary data collection: Data are collected from different sources such as internet, journal, newspapers, books, and websites of BNL.

#### 2.4.5 Instrument and tools

For the collection of the data, questionnaire is set and asked the customers, retailers and general people of Kathmandu valley to fill up. The questionnaire focuses on the information about the respondents and their views and opinion about the marketing communication tools, procedures and various schemes adopted by BNL. After that, all the responses collected from the respondents are tabulated in MS EXCEL. Once are the data collected, they are analysed in terms of descriptive analysis. To have a clear understanding, they are presented on bar diagrams. Interviews with the marketing manager and a employee from the marketing department are conducted.

## 3. Literature Review

The literature review is the most important part of this thesis. This part contains the ideas concerning the subject matter that are written in books, journals, newspapers, websites and academic works.

### 3.1 Marketing

Marketing is concerned with creating and sustaining mutually satisfying exchanges of value between producer/servers and their customers. It has both a managerial orientation and an organisational/social function.(Richard J. Varey, 2002). The process by which companies create values for customers and build strong customer relationships in order to capture values from customers in return.(Armstrong. G, Kotler.P, 2012).

#### 3.1.1 Marketing Mix

Marketing Mix is a set of decisions about a price, channels of distribution, product, communication and customer relationship management, that implement marketing strategy. (Dhar, R-Winer, R.S, 2011).

The marketing mix has been defined as the "*set of marketing tools that the firm uses to pursue its marketing objectives in the target market*" (Kotler,P. 2000). It is also known as bringing the right product at the right time in the right place which is 4P's model.

- Product : A product is an item produced to satisfy the needs of the target audience. A product can be tangible or intangible. (The marketing mix, online 2015)
- Price: It refers to the amount that the buyers or users pay for a product or for using services.
- Promotion: It is the important component of marketing. It increases sales and boosts brand recognition easily. It directly refers the marketing communication like advertising, direct marketing, sales promotion etc.
- Place (Distribution): The company has to position and distribute their goods and services in a place which has good access to the potential buyers. Sellers have to consider about the convenience for customers while placing the products.

**Table 1: 4 P's of Marketing Mix**

<b>Product</b>	<b>Price</b>	<b>Promotion</b>	<b>Place</b>
Design	Pricing strategy	Channel strategy	Locations
Variety	Discounts	Marketing communication	Market coverage
Quality	Payment methods	Advertising	Inventory
Characteristics	Discount	Public relation	Transport, warehousing, logistic
Brand	Price settings	Online marketing	
Services	Price tactics	Sales promotion	Distribution tactics
Guarantees\warranties			Selective, intensive and exclusive distribution
			Franchising

Source: Edi Dwan, online, 2012

### **3.1.2 Marketing strategy**

Marketing strategy begins with determining the business goals. Marketing strategy is the way that allows the company to focus on the availability of company's resources and utilising in the best way to increase sales and gain leverage over their rivalry. Every organisation generates values for their target consumers by various approaches, which are determined by organisation's goals or strategies. The way, how a company generates the values is known as the marketing strategy. Marketing strategy is the marketing logic by which the company wants to create customer value and achieve profitable customer relationships. (Armstrong. G, Kotler.P, 2012).

The important aspects of marketing strategy is the marketing mix. Generally, marketing strategies are the ways of implementing the marketing mix to give satisfaction to the customers and attracting the new customers for making the profit. Different marketing strategies are used by the organisations to collaborate with the targeted customers.

As a example I propose a cittation from Mr Kotler academic work: *"We help people trade anything on earth. We will continue to enhance the online trading experiences of all-*

*collectors, dealers, small businesses, unique item seekers, bargain hunters, opportunity sellers and browsers."* (Philip Kotler, 2009).

**Table 2: Types of Marketing Strategy**

General Marketing Strategies	Decision Area Strategies
<ul style="list-style-type: none"> <li>• Market Expansion</li> <li>• Market Share Growth</li> <li>• Niche Market</li> <li>• Status Quo</li> </ul>	<ul style="list-style-type: none"> <li>• Product strategy</li> <li>• Pricing strategy</li> <li>• Distribution strategy</li> <li>• Promotion strategy</li> </ul>

Source: Pragesh Kumar Prajapati, Pepsico company marketing strategies, 2015

**General Marketing strategies:**

General marketing strategies mainly focus on the way how marketing will achieve its goals.

- Market Expansion: This is used to increase the sales. The way of placing goods or services to a bigger area of an existing market or into a new demographic, psychographic or geographic market. (Business Dictionary, 2017).
- Market Share Growth: The idea is to gain the market share for an organisation. The best way to increase the market share is taking sales away from the rival.
- Niche Market: These strategy focused on a small market segments. It is targeting specific customer group for marketing. Niche marketing strategy is the subset of the marketplace on which particular goods is focused. (Business Dictionary, 2017).
- Status Quo: This strategy is to maintain the existing market share. Current position of the marketer is preserved.

**Decision Area Strategies:**

This is used to gain the general marketing strategies.

- Product strategy: The product strategy outlines are the essentials of the product and the organisation’s targeted market. A new goods or products go through series of levels from introduction to growth, maturity and decline. This level is known as product life cycle. (MindTools Editorial team, 2017)

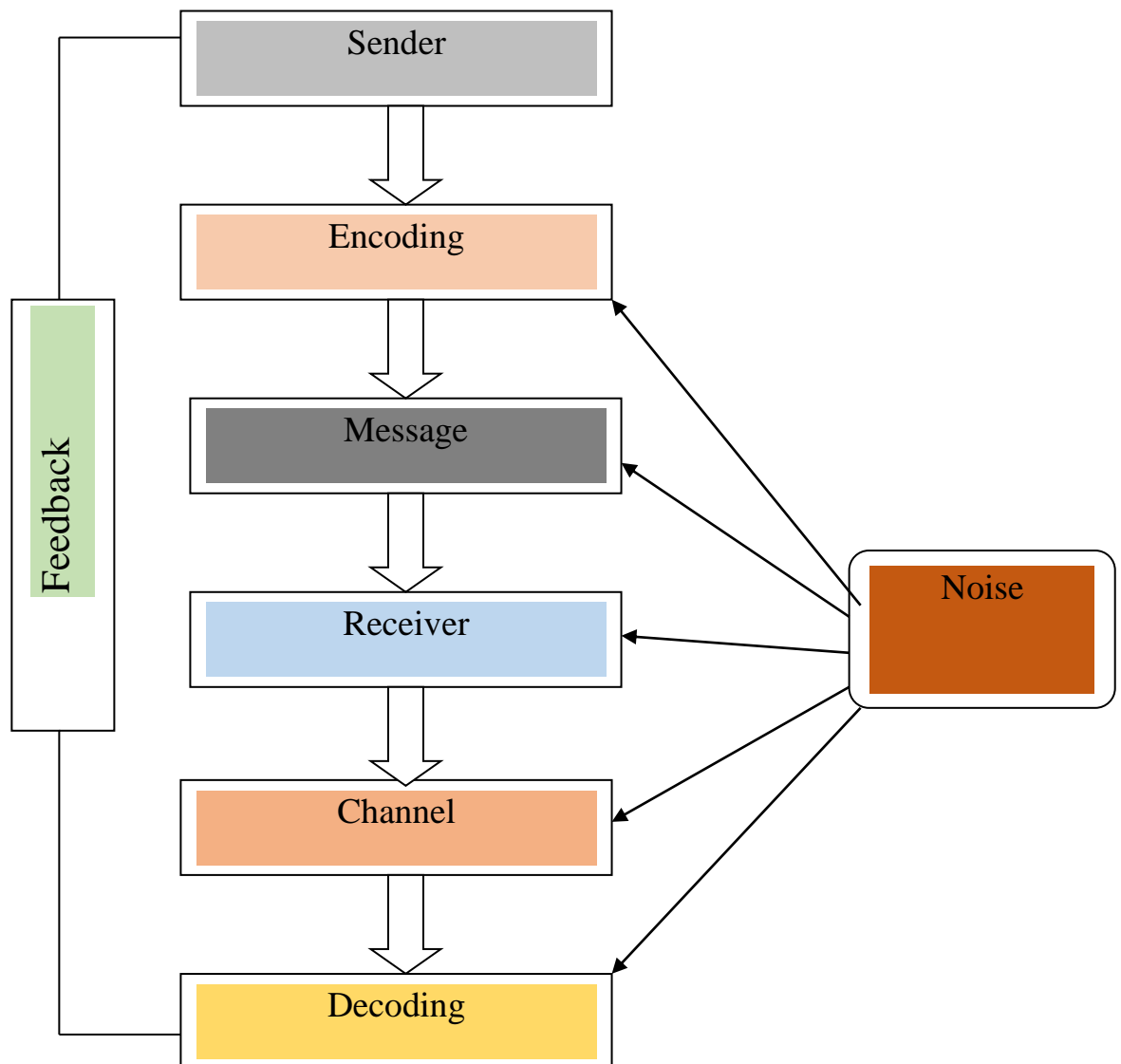
- **Pricing Strategy:** An organisation uses several pricing strategies for selling product or service. Pricing is the important and greatly demanded thing in the marketing mix theory. For example, a strategy can be lowering the prices of goods and services as compared to their competitors.
- **Distribution Strategy:** A company's needs to distribute or place the goods and services to the users at the right time and in the right place. The place strategy is about how the company distribute their goods and services to their users.
- **Promotional Strategy:** There are many elements in the promotional strategies such as advertising, sales promotion, direct marketing, personal selling etc.

### **3.2 Communication process**

Generally, the communication process is the two-way process where messages are transmitted in the forms of opinions, ideas, thoughts and feelings between two or more people with the purpose of creating a shared understanding.

Communication is the act of sharing the intended message from one person to another. The word *communication* is derived from Latin word ***Communicare*** which means *to share*. (Weekley, E. 1967)

**Figure 1: Process of Communication**



(Source: Business Jargons, online, 2016)

The each step of the communication process are described below:

1. **Sender:** The sender is also known as the communicator. It is the person who begins the communication and has approached the idea that the sender intends to convey messages to others.
2. **Encoding:** The communicator begins with encoding process by using certain words or non-verbal communication methods like symbols, signs, gestures, body language etc. to translate a message into the information.

3. **Message:** Once the encoding is finished, the communicator has the message that s/he purposes to convey. A communication that has some information, advice, news, shared by various means like telephone, mail, or other means is a message.
4. **Communication Channel:** The sender finds the means through which s\he wants to send the message to the receiver. Written, oral, gestures, virtual etc. are some of the commonly used means of communication. The communication channel must be carefully selected to make the message effective. Basically, the choice of the medium depends upon the interpersonal relation between the communicator and receiver.
5. **Receiver:** The receiver is the person for whom the messages are targeted. The receiver tries to get the message in the best possible manner such that the communication goal is achieved. The level at which the receiver decodes the message depended upon the skill, knowledge, experience, trust and content of the message sent by the communicator.
6. **Decoding:** In this phase, the recipient interprets the communicator message and make an effort to understand it in the best possible way. If the receiver understands the message in same way as it was intended by the communicator then it's assumed to be effective communication.
7. **Feedback:** The final step of the communication process is the feedback. This ensures that the receiver has received the message correctly as it was purposed by the sender. The reply of the receiver can be in verbal or nonverbal.
8. **Noise:** Noise is barrier to the good communication. There might be the possibilities that the message sent by the communicator is not received by the receiver.

### **3.3 Integrated Marketing Communication**

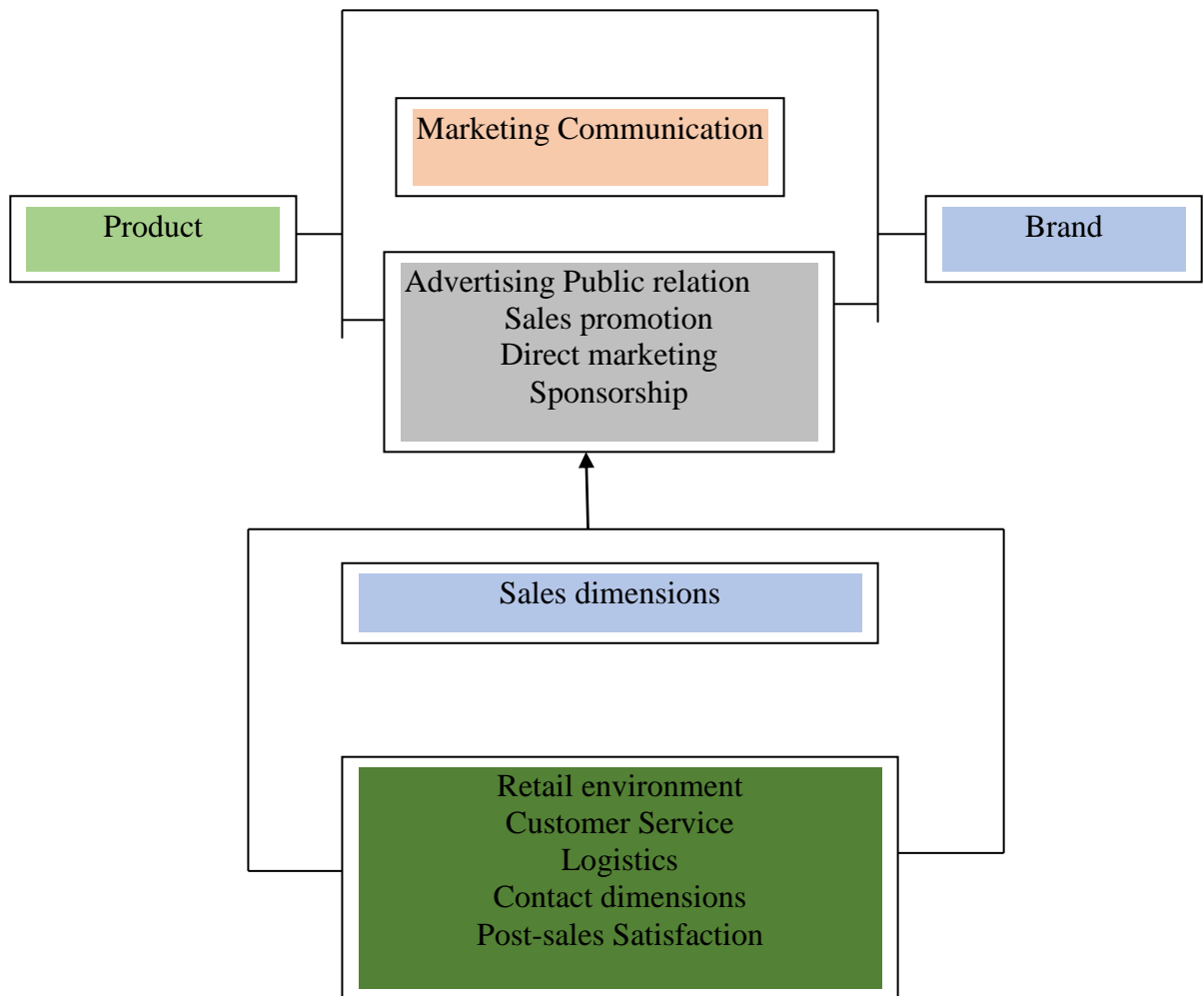
The initial source of development for all types of marketing communication is the advertising agency. Today's, the big companies deal with e-marketing, product placement, sponsorship programs and conduct various consumers' oriented programs. In addition, companies are developing campaigns utilising a wide range of marketing communication tools.

The benefits of integrated marketing communication (IMC) are:

- The choosing of proper communication tools which helps to promote the achievement of communication goals, those tools should be reasonable to the resources that company has and good for the prospected recipient.
- IMC highly shows the impact on relationship marketing, brand equity and sales of the company.
- IMC is for the strategic role which manages the intangible side of the organisation.
- IMC helps in building relationships with the customers and stakeholders, which gains positive attitude and responses towards the brand.
- It calls for synergy between the promotional tools.



**Figure 2: Promotional Outlook of IMC**



Source: (Shimp, 1996)

IMC is board marketing concept which means different things to different people. Philip Kotler defined IMC as, "the concept under which a company carefully integrates and coordinates its many communications channels to deliver a clear, consistent message" (Philip Kotler).

The concept is expanded in the 4Cs (Coherence, Consistency, Continuity and Complementary) (Intergrated marketing communication, onloine, 2013) of IMC which explains how different marketing tools be coordinated in following ways:

- Coherence: Awareness, that different marketing communications make sense together as a whole.

- **Consistency:** There is the use of the different marketing communication. Do various marketing communications giving the same message? The messages which are consumers receiving through different promotional ways should not be contradictory. All messages should repeat core sales and marketing themes.
- **Continuity:** It is all about how the marketing message is changing over time and in addition how we adapt to those changes.
- **Complementary:** How do the sum of parts of communication effort go together, that when your complementary synergy, which you create overall can exceed any effort.

IMC is integration of all marketing tools, approaches, means and resources within an organisation which greatly increases the impact on customers mind and which results into maximum benefits at lower cost.

### **3.4 The Concept of Marketing Communication**

Marketing Communication is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organisational goals (Philip Kotler & Keller Kevin, 2012). In simpler words, marketing communications are the ways by which the organisation attempt to inform, persuade, and remind customers directly or indirectly about the goods and brands they promote. Marketing Communication is the coordinated promotional information provided through one or more medias such as television, radio, newspapers and personal selling. It is a systematic methodology aimed at creating a position for a distinct goods or services in the market through different mediums of communication to reach the final consumers. The components of the marketing communication are:

- **Branding**

In principles of Marketing (Philip Kotler/Gary Amstrong) a brand is defined as a "name, term, sign symbol or a combination of these, that identifies the maker or seller of the product"

- **Segmentation, Targeting and Positioning**

Basically, the *market segment* is a group of individuals, sharing one or more characteristics or needs.

*Targeting:* It is the process of selecting the targeted audience for whom the product is meant to be or most likely based on various factors like age groups, gender, geographic locations, gender, socio-economic factors etc.

*Positioning* refers to the image that the target audience has regarding the particular product or services in comparison to the competitors' products or services.

- **Advertising and Promotions**

The American marketing association defined, advertising is any paid form of non-personal communication, presentation and promotion of products, services and ideas by an identified sponsor. (Advertising Marketing, book, 2004). Advertising has always been the means for communicating and informing the important messages.

- **Public Relations**

Since 1982, the Public Relation Society of America (PRSA-prsa.org) defines public relations is the strategic communication process that builds the mutually beneficial relationships between the companies and their customers.

### **3.5 Advertising**

Kotler and Keller in their publication *Marketing Management* defined advertising as: “*Any paid form of non-personal presentation & promotion of ideas, goods, or services by an identified sponsor*”. In simple words, advertising is a means of informing and communicating essential information. (Philip Kotler & Keller Kevin, 2012).

Table 3: Main Importance of Marketing

<p style="text-align: center;"><b>To Inform</b></p> <ul style="list-style-type: none"><li>• Informing the market about the launch of new product</li><li>• Recommending new uses for product</li><li>• Changes in price</li><li>• Building the brand image</li><li>• Explaining how the product works</li><li>• Decreasing buyers fear</li><li>• Gain belief in product</li><li>• Describing available services</li></ul>
<p style="text-align: center;"><b>To Persuade</b></p> <ul style="list-style-type: none"><li>• Building Brand preference</li><li>• Encouraging the switching to brand</li><li>• Changing brand perception of product attributes</li><li>• Persuading buyers to purchase</li></ul>
<p style="text-align: center;"><b>To Remind</b></p> <ul style="list-style-type: none"><li>• Reminding buyers that product may be needed in near future</li><li>• Reminding buyer where to buy the product</li><li>• Keeping it in buyers' mind during off-season</li><li>• Maintaining it's top of mind awareness</li></ul>

Source: (Picton. D.Broderick A, 2001)

Advertising is the most visible marketing tool in the marketplace. Advertising can be funny, glamour, attractive, informative and appealing. It is an art and science both.

The most known way to identify the successful advertisement is relating to the feedback from the sales figure that shows during the period of advertisement. However sometimes there exist time lag before customers respond to the advertisement.

The characteristics of advertising are as follows:

- *Influence or attract the customers:* The wording, slogans and ideas displaying the product must be able to attract the attention of people. The advertisement needs to be creative. People who are involved in developing the advertisement should know the interest of the public and create exciting ideas. Mc Donald's and KFC print ads attract people for their product.
- *Entertaining and memorable ads:* Advertisement should be memorable and easy recallable. The ad has to entertain the public.
- *Maximum targeted reach:* Advertisement needs to announce such a way and medium through which it reaches to a maximum number of people. Although the most memorable ads can disappear if they are not seen by the targeted audience.

Although the advertisement seems very expensive in overall cost this is outweighed by the fact that millions of targeted people can be reached. The nature and content of advertisement show the company reputation affecting the customer's perception of quality and value. An advertisement is always successful at brand maintenance.

We can take the example of Pepsi for the marketing communication, it adopts the reminder type of advertising. The fact behind this strategy is that Pepsi is such a product which is at maturity level. Therefore, such companies go for the reminder advertisement in order to go into more and more. The Pepsi focuses on leaving an impact on consumer's mind that has some uniqueness in it. The current slogan of Pepsi in Nepal is the *Voice of Nepal* because it is sponsoring in the reality music show of Nepal. (Himalayan times, 2017).

According to managementhelp.org the definition of advertising is:

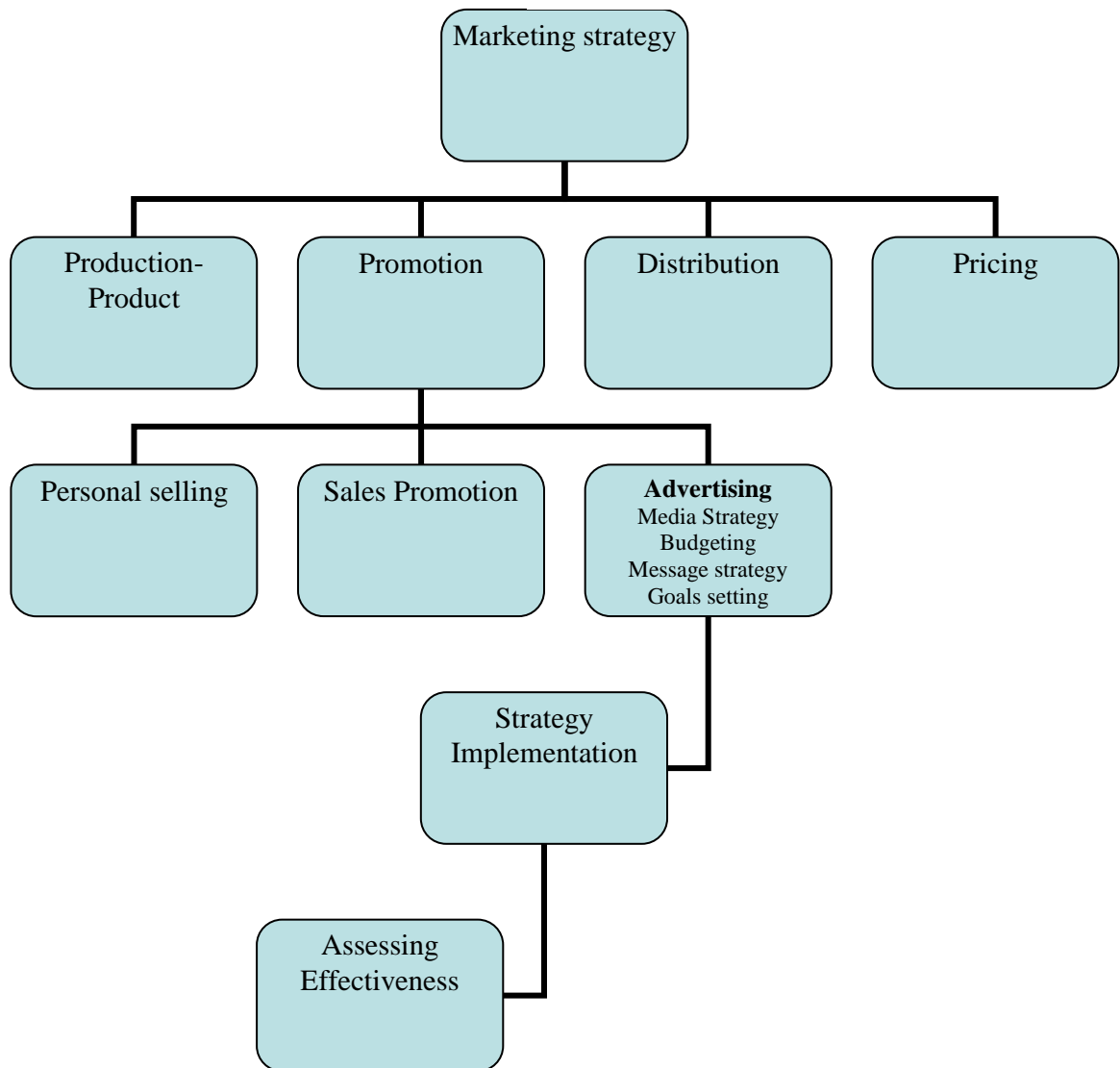
“Advertising is bringing a product (or service) to the attention of potential and current customers. Advertising is focused on one particular product or service. Thus, an advertising plan for one product might be very different than that for another product. Advertising is typically done with signs, brochures, commercials, direct mailings or e-mail messages, personal contact, etc.” (managementhelp.org 2.3.2017)

Advertising campaigns are the systematic way of action to promote goods and services. They are the bundles of advertising messages which are alike in nature. They distribute same messages and themes done in different types of medias at some fixed timings.

Advertising comes from the company's overall marketing strategy. Marketing strategy consists of the plans, budgeting and controls needed to direct a firm's production, promotion, distribution and pricing activities. (Shimp, 1996)

The following shows how advertising evolves from marketing strategy. (Shimp, 1996)

**Figure 3: Advertising-Management Process**



Source: Shimp, 1996

### 3.6 Promotional Strategies

Promotion compasses all the tools in the marketing mix whose major role is persuasive.

(Philip Kotler and Kevin Keller)

**Push strategy** is placing the product in front of the customer, through a form of advertisement and to make sure that the customers are aware of the product.

(Boundless,2016)

#### Examples of Push Marketing

- Creating the e-mail database of potential customers and sending them product announcement and promotion directly
- Email ads
- Direct mail ads
- Direct selling to the Business
- Trade show promotion
- Referral programs
- Trade shows

The advantages for this strategy can be generating quick result and making clear statements to the customers. However it is less dedicated to the branding and more concerned with an immediate demand for a product.

Push strategy is suitable for the various service since the potential customers are unfamiliar with this product, and thus it is viable to generate brand awareness and inform the public that such product is operating in the market.

**Pull strategy** encourages the customers to actively search for the product. This strategy is best to used by new products or the producer which has a strong and reputed brand.

There are different ways to use a pull strategy to promote a brand.

#### Examples of Pull strategy

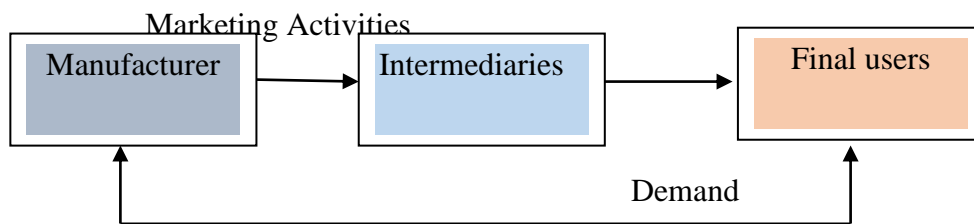
- Sales promotion and discounts
- Advertising
- Viral marketing
- Word of mouth
- Social media

- Referrals
- Customer relationship marketing which builds existing customers known of new product launched that will fill a specific need.
- Mass media promotion of product

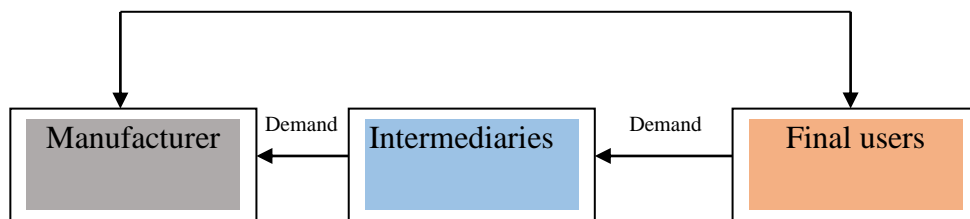
Pull strategies create demand for the product. For instance, Apples use the pull strategies to launch iPhones, MacBook and iPads.

Most of the businesses uses combination of push and pull strategies for successfully market the product.

**Figure 4: Push vs. Pull Strategy**



*Push Strategy*



*Pull Strategy*

(Source: authorstream, online, 2014)

Promotion can be categorised into two types:

**Top Line promotions:**

- The promotional activities focused towards huge consumers using mass media.
- Television Ads, banners design, mega events (like international level cricket match, world cup and others)

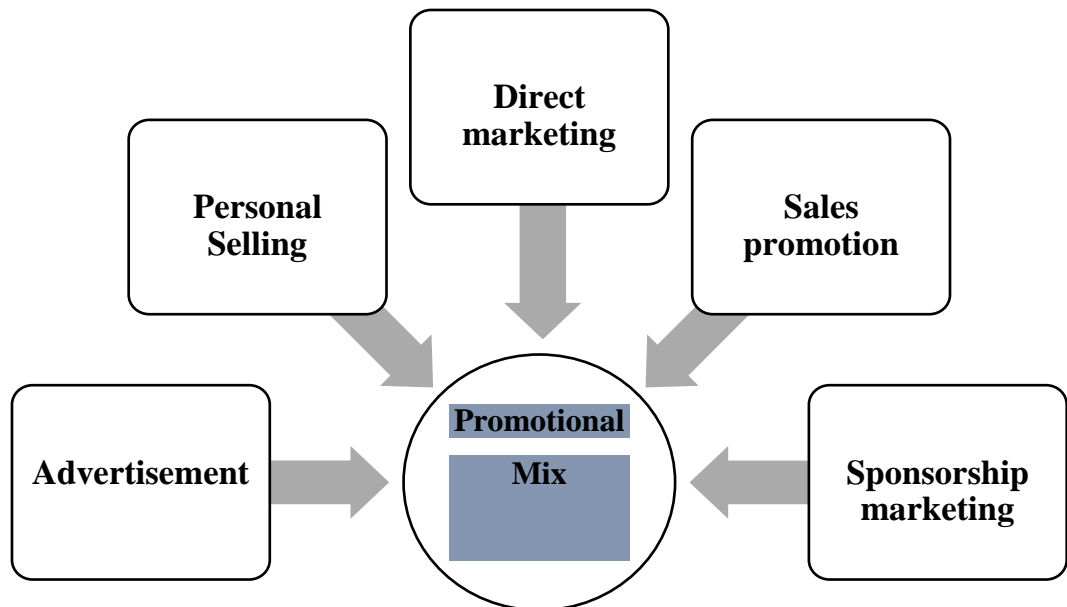


**Under the line promotions:**

- Point of sale, publicity material, promotional schemes
- Promotional activities are done by the regional, area sales manager in the national level
- Under the sales manager and area sales manager level, promotional activities are done for the cities in their respective areas.

Sales Promotion is the major factor stimulating sales of a product.

**Figure 5: Promotional Mix**



Source:Business Jargons, online, 2015

In order to do advertising and promotion, the promotional mix can take into consideration by Kotler and Armstrong,

**Advertisement:** Any paid form of non-personal presentation and promotion of ideas, goods or services by identified sponsors.(Advertising Marketing, book, 2004). There is the use of mass media like magazines, radio, television, newspaper, internet and other forms of media.

**Personal selling:** Personal presentation by the firm's sales force for the purpose of making sales and building the customer relationship. (Sahiball, quizlet). It is the communication techniques a one-on-one persuasive selling method. It includes face-to-face communication, telephone sales and other different forms of communication.

**Direct marketing:** Direct connection is targeted to individual consumers to obtain an immediate response and cultivate lasting customer relationship.(Dave Dolak,2016) The use of direct mail, the telephone, direct response television, e-mail, the internet, and other tools to communicate directly with specific consumers. (Principles of Marketing, Page:544, 2010)

**Sales promotion:** Sales promotion is the short term of the promotional mix tools. It is designed at accomplishing fast consumer action and immediate selling of products. Sales promotion targets wholesalers, retailers and the final consumer. There are various techniques for sale promotion such as free samples, discounts, coupons, bonus points, money off coupons, free gift, loyalty card, the point of purchase etc.

**Sponsorship Marketing:** In today world sponsorship marketing is the fastest growing marketing in the world. This is the type of advertising where a company pays to be associated with the specific event. Companies sponsor the sports team, sports tournament, fair and various community events. Coca cola has been an official sponsor of American idol for all ten seasons. Coca cola company has the longest continuous corporate partnership with the Olympic Games. (Coca-cola Sponsorships, 2012)

**Public relations:** It is building the good relationship with the company's various publics by obtaining favourable publicity, building up a good corporate image, and handling or heading off unfavourable rumours, stories, and events. (Kotler Philip, Gray Armstrong, 2009)

### **3.7 Development of soft drinks**

A soft drink that is non-alcoholic, contains carbonated water, a sweetener and a natural or artificial flavour. (The New York Times Company, 2006)

- 1798 Soda water was originated
- 1819 Soda foundation patented by Samuel Fahnestock
- 1851 Ginger ale created in Ireland
- 1885 Charles Aderton invented Dr Pepper in Waco, Texas
- 1886 Dr. John S. Pemberton invented "Coca-Cola" in Atlanta, Georgia.
- 1898 "Pepsi-Cola" is invented by Caleb Bradham.
- 1899 The first patent issued for a glass blowing machine, used to produce glass bottles. (Marry Bellis, 2016)
- Early 1920's The first automatic vending machines dispensed sodas into cups.
- 1929 The Howdy Company debuted its new drink "Bib-Label Lithiated Lemon-Lime Sodas" later called "7 Up". Invented by Charles Leiper Grigg. (Marry Bellis, 2016)
- 1957 The first aluminium cans used.
- 1970 Plastic bottles are used for soft drinks.
- 1973 The PET (Polyethylene Terephthalate) bottle created.
- 1979 Mello Yello soft drink is introduced by the Coca-Cola company as competition against Mountain Dew. (Marry Bellis, 2016)
- 1981 The "talking" vending machine invented. (Mary Bellis, 1997)

(The New York Times Company, 2006)

### **3.8 Review of related Studies**

Review of literature is an important part to explore what other research in the field haven't discovered. A literature review is a way of getting the important and relevant subject matter in the areas of researchers' interest. The idea for the review of literature is to gain some knowledge and ideas in the area, to know what sort of contribution can be made further, and to get ideas for developing the research design.

1. Santosh Dahal in his academic work *Enhancing Financial Profit with Respect to Sales Turnover of Bottlers Nepal Limited (BNL)* described the main objectives of the thesis and suggested how BNL can enhance its financial profit with respect to increasing sales turnover. It shows the relationship between the sales turnover and profit earned by BNL. The research found out that BNL spends the greater amount of selling, distribution and discount expenses. The trend is increasing annually. Therefore, these are the main factors of decreasing profit. In addition, it says that inflation made imported raw materials and inventories expensive which increase the cost of production. The recommendation for enhancing financial profit with respect to increasing sales turnover of Bottlers Nepal Limited (BNL) are as follow:

- Exploring low price and multiple vendors for raw materials, equipment, inventories etc with the assistance of procurement team.
- Marketing communication activities is suggested to do through social sites, display boards, websites, more by word of mouth etc.
- By increasing on profitable product lines like PET.

2. Hari Goyal in his academic work *Marketing strategy analysis of Bottlers Nepal Limited* defined goals by analysing the marketing strategy of the company and its effect on the sale of the company. The thesis points out the advertising and promotion schemes of the BNL's product. It studies about the affecting factors for consumer purchase decision. The thesis gives the recommendations like the promotional scheme of the BNL company mainly focuses on wholesaler and retailers. The promotional activities should be focused on the final consumers.

3. Pragnesh Prajapati's thesis on *Pepsico Company's Marketing Strategy*, which main aim was promotion tracking and evaluation to figure out the impact on sales after launching the promotion. In addition comparative analysis of the marketing communication between Pepsi and Coke is demonstrated in this thesis. The thesis has suggested to make more research to find the new profitable marketplace for the company's product. It recommend for quality control and giving much importance to public awareness in the advertisement. The company should know the regular availability of the product in the market. Additional effort in the improvement of distribution during peak seasons like festivals, summer etc, was suggested.

## **4. Practical Part**

### **4.1 Introduction to company**

Coca-Cola was introduced in 1886 and its head office is located in Atlanta, Georgia, United States. It is one of the established brand in the world produced by The Coca-Cola Company (TCCC). It has extended more than 200 countries of the world and its popularity is in every corner of the world. Based on Inter-brand's best global brand survey of 2011, Coca-Cola was the most valuable brand.

In Nepal, Coca-Cola was first introduced in 1973. In that period, carried the functions importing Coca-Cola from India and selling into the Nepal. In 1979, with establishment of Bottlers Nepal Limited (BNL), it started local production. It has two bottling plants, Bottlers Nepal Limited (BNL) and Bottlers Nepal Teari Limited (BNTL). BNL is one of the biggest multinational company in Nepal. It is a public limited company which is listed in NEPSE with major shares of 54.16% being held by UAE, Coca-Cola Sabco (Asia) Ltd, incorporated in Dubai. 22% of the total shares are owned by Gorkha Brewery Pvt. Ltd, a popular brewery of Nepal and remaining 18.4% shares of the company are with the general public of Nepal.

#### **Missio/Goals of the Company**

BNL is devoted to being the most distinguished business organisation in Nepal with the creation of value. It is always desiring for sound business growth, excellent stakeholders' value and sustainability. It is pledged with quality growth, exemplary performance and social responsibilities with good corporate execution.

#### **Major Product Lines of the Company**

Coca-Cola, Fanta, Sprite, Diet coke, coke zero, Schweppes and Kinley Soda are four major non-alcoholic carbonated products to the Nepalese market. Among all the soft drinks, Coca-Cola is the most popular in Nepal.

Brief descriptions of major products of BNL are presented as below:

### **Coca-Cola**

Coca-Cola is the most popular and the best selling soft drink in the world and Nepal as well. Coca-Cola was created in Atlanta, Georgia, by Dr John S. Pemberton. In 1899, The Coca-Cola Company began franchised bottling operations in the United State and today it is around the world. BNL produces varieties of Coca-Cola like 250 ml Returnable Glass Bottle (RGB), 500 ml, 1.5 liters, and 2.25 litres of Poly Ethylene Terephthalate (PET).



### **Diet Coke**

Coca-Cola light is also called as diet coke in some marketplace, which is sugar free soft drink. First it was introduced by the United States on 09.08.1982. Today, Diet coke is the most successful brand in the Coca-Cola trademark in more than 155 markets around the globe. It hasnot started it's production in Nepal yet.



### **Coke Zero**

Coca Cola company has recently launched Coke zero in Nepalese market on Novemeber 2016. Coke zero offer similar taste of Coke with no sugar. It has the unique combination . In Nepal, Coke zero is available in three different packs 500 ml PET bottle, 300ml and 180ml.



### **Fanta**

Fanta was introduced in the United States in 1960 but it was in Europe since the 1940s. Fanta reflects the fun and it is associated with happiness, families and friends. The bright colour, orange taste and tingly carbonation have made Fanta popular among children and youths in Nepal and everywhere. BNL produces varieties of Fanta like 250 ml Returnable Glass Bottle (RGB), 500 ml, 1.5 litres, and 2.25 litres of PET.



### **Sprite**

Sprite was introduced in 1961 and it is the world's leading lemon-lime flavoured soft drink. It is ranked as the fourth best soft drink in the world and sold in more than 190 countries. BNL produces varieties of Sprite like 250 ml Returnable Glass Bottle (RGB), 500 ml, 1.5 litres, and 2.25 litres of PET.



### **Kinley Soda**

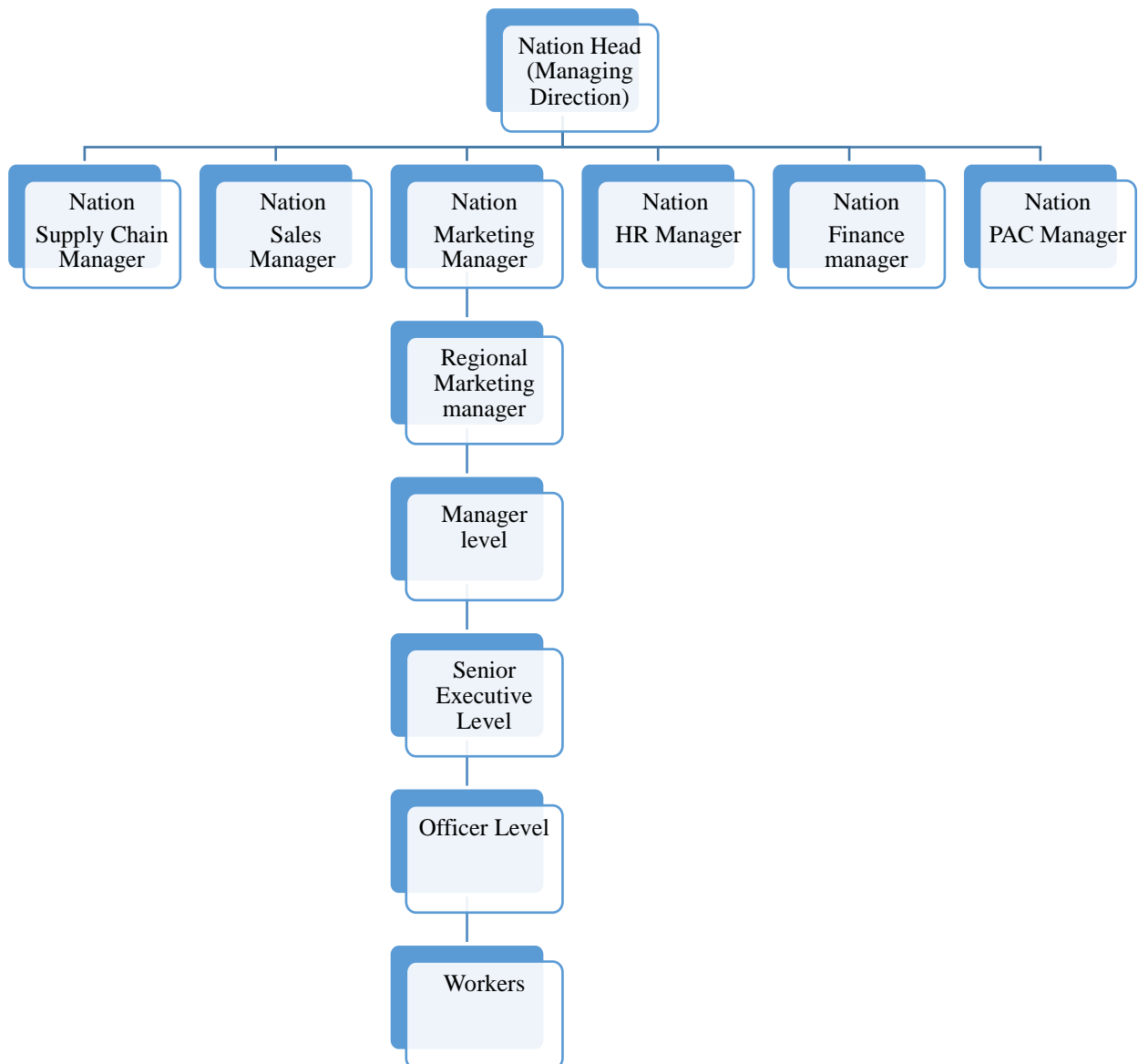
Kinley is one of the brands of The Coca-Cola Company (TCCC). But In Nepal, it considered as one of the product of BNL named as Kinley Soda. It is plain carbonated water. BNL produces varieties of Kinley Soda like 250 ml Returnable Glass Bottle (RGB), 500 ml and 2.25 litres of PET.



## 4.2 Organizational Structure of BNL

The organisational structure of Bottlers Nepal Limited is headed by the country head who is managing director of the company. Under the managing director, there are 6 departments with 6 country managers. Under country managers, each department has regional managers and functioning body.

**Figure 6: Organisational Structure of BNL**



(Source: Sontash Dahal, 2015)



### **4.3 Marketing Communication and Advertising of BNL**

For the company Bottlers Nepal Limited, the name of the brand “Coca-Cola” itself is marketing. Entitled as “Refresh the Marketplace” the marketing, sales and distribution strategy for BNL.(Khetan Group, 2016). Therefore, in order to show market visibility, penetration the market and continues growth, the company invests the huge amount of money in marketing activities. Promoted by the Khetan Group, BNL handles the bottling and marketing of Coca-Cola and other products such as Sprite, Fanta and Kinley.

Marketing campaigns of BNL are from the ground level to high level of marketing. It places hoarding boards and flexes on the small outlet, gives sales incentives to retail outlets. In addition, the advertisement and promotional packages announcement through TV, radios, and newspaper. Marketing and communication are mainly focused on (point of sale), radio, TV hoardings, truck backs etc. It sponsors various TV programs, beauty peasants, sports activities (football), music competition (Sprite Band Challenge) etc. It has main competitors as Pepsi, Juice, P and G products and Dabur Real. So, in order to compete in the market, it focuses on various marketing activities. Another integral part of marketing BNL’s products is Corporate Social Responsibility (CSR). Through which it blends fun, music, entertainment, celebration, enthusiasm, society and community etc.

Marketing and Communication are customised to suit local sentiments- social, religious, ethnic.(Khetan Group, 2016). The company does not have its own website. The company is fully depended on agency for advertisement.

- Company lacks internal promotion. Even the staffs know about their advertising when it is published in magazines, newspapers, and hoarding boards or shown on TV.
- The promotional schemes and the benefits or discount provided by the company, in many cases don’t reach to ultimate consumers. The wholesalers or the retailers don’t provide or inform about schemes to the customers.
- Many messages are misunderstood, failure to arrive or are simply ignored in mostly Rural part of Nepal.

#### 4.4 Advertising Strategy of BNL

The advertisement is the structured and composed non-personal communication of information usually paid for and persuasive in nature, about goods and services, ideas, organisation by identified sponsors through various means such as television, the internet, radio etc. Advertising has more successful power to upgrade customers demand globally.

Figure 7: Wall advertisement of BNL



Source: Anon, 2010

For the BNL, the brand name of Coca-cola itself is marketing. In order to show the market presence it invests huge amount in the advertising. BNL places hoarding boards and flexes on small outlets gives sales incentives to retail outlets.

The information of consumer attitude is highly influenced by the individual's experiences, mass media, the internet and the influence of the family members and friends. The effectiveness of advertising and promotion of any product is the subjective matter.

Coca cola realised that advertisement done into the cities or urban areas wouldn't work in rural areas. It is because of lesser insertion of recent media. Therefore, BNL ensured that all the marketing activities in village areas were carried by mouth to mouth publicity. BNL has launched the simple wall advertisement, which is the simplest form of communication

strategy. Coca cola provides the freezer to their consumer for selling the products. They have strongly motivated to sell their product only.

Simple communication model has demonstrated a sender sending the message a receiver who gets and understands the message. In the developed and advanced country like the United Kingdom, Coca-cola follows integrated marketing communication.

Mediums of Advertising used in Nepal are below:

1. Point of sale materials:

- Merchandising is necessary to communicate to the customers at the point of purchase. In such cases salesman and the delivery personnel take the responsibility of the merchandising.
- It includes the posters, stickers, banner etc displayed in different areas.
- It also provides the freezer, display racks, cooler with the brand's logo.

2. TV commercials:

- Regular TV ads in different channels (Nepal Television and Kantipur channel are two main TV channels)
- Through the TV ads, they try to connect with people's emotion.
- The BNL focuses on the rural and urban crowd.
- In TV ads BNL features different brand ambassador. Pop singer Nima Rumba is a brand ambassador of Coca-cola in Nepal.

3. Outdoor Advertising

- BNL has given priority to billboards and hoardings.
- Different suitable locations are chosen for their billboards.
- In Nepal, wall advertising are seen in the rural areas of Nepal.

4. Direct Marketing

- Coke partners with various restaurants, movie theatres, etc to keep its products.
- When the customer orders for a drink, they are offered only one brand is Coca-cola, which compels them to buy that brand itself.
- Coke sponsors various programs in Nepal like Cricket, Football, TV programs etc.

## 4.5 Promotional Strategies used by BNL

BNL purchase shelves in big departmental stores, where they show their product more clearly and attractively to the consumers. Salesman of the BNL Company positions their freezers and products in the eye-catching style. Mainly they place their freezers near to the entrance of the store.

- Sponsorship Marketing: It sponsors various TV programs like Live Call programs and provides the gift hampers like free drinks, caps, bag stickers etc of their company. It has been sponsoring various sports activities (Football Tournament) and music competition (Sprite Band Challenge). Apart from regular promotional schemes, Coke has also joined with events like Miss Nepal.
- Another important part of BNL's is corporate Social Responsibility (CSR). It supports the community through a various programme, mainly in the health sector. In the cooperation with the local community, BNL provides Free Health Check-up clinic at Bharatpur municipality.(Khetan Group, 2016). Coca-Cola Nepal has been supporting in developing hygiene in schools under "My School Initiative". (The Kathmandu Post, 2016)
- Coca-cola has understood the importance of festivals, jattras and different culture programs of Nepal. So, it is making a lot of initiatives in this regards. Nepali is the national language of Nepal, and the most spoken language of Nepal in the country, most of the company's advertisement are broadcasted in the Nepali language. It has made different advertisements focusing the festivals. <https://www.youtube.com/watch?v=mwM4lksCZdo>
- Promotion of Nepal " Coke Recharge Maina " Promotion by purchasing any of Coke bottle (250mL, 400mL, 600mL, 1.2L, 1.5L & 1.75L) depending upon the availability of the product in the Nepal, and submitting the unique code printed on the labels of the unique code through SMS to the designated number (6363). The lucky winner can get free talk time up to 4000 Euro. (Youtube R.K Basnet, 2013)

## **4.6 Analysis of organisation's general and competitive environment**

"Competitive advantage grows out of value a firm is able to create for its buyers that exceed the firm's cost of creating it. Value is what buyers are willing to pay, and superior value stems from offering lower prices than competitors for equivalent benefits or providing unique benefits that more than offset a higher price. There are two basic types of competitive advantage: cost leadership and differentiation."(Michael Porter, 1985)

### **4.6.1 PEST Analysis of BNL**

Numerous factors determine and affect the environment of the company, which should be identified, understood and analysed by the organisation so it can get maximum performance. The PEST analysis identifies changes in the market caused by political, economic, social and technological factors. By the help of the PEST analysis's result threats and weaknesses can be identified which is used in SWOT analysis. All the external environment factors are discussed below:

**Table 4: PEST Analysis**

<p><b><u>Political</u></b></p> <ul style="list-style-type: none"> <li>• Change in tax legislation</li> <li>• Instability of political and government power</li> <li>• Changes in non-alcoholic business era</li> </ul>	<p><b><u>Social</u></b></p> <ul style="list-style-type: none"> <li>• Change of consumer demand in interest in healthy lifestyles</li> <li>• Strengthening the communities through various programs</li> <li>• Social unrest and high unemployment rate</li> </ul>
<p><b><u>Technology</u></b></p> <ul style="list-style-type: none"> <li>• Use of new and advanced technology</li> <li>• Good Packaging design</li> <li>• Effectiveness of the BNL's advertising and promotional programs</li> </ul>	<p><b><u>Economic</u></b></p> <ul style="list-style-type: none"> <li>• Capability of a company's advertising, marketing and promotional programs</li> <li>• Purchasing power is low</li> <li>• Fix exchange rate with India</li> </ul>

(Source: Own analysis after interview, 2017)

**Political Environment:**

Nepal, officially is the Federal Democratic Republic of Nepal, is a landlocked central Himalayan country in South Asia. It is bordered by China to the north and India in the south, east and west. The government in the Nepal is highly unstable as a result of which no government has survived for more than two years in last two decades. The Khetan group has begun its operation in 1936 and experiencing high fluctuations and challenges in the political environment. The fluctuations have

given great challenges to the domestic businesses. For example, various laws and rules about tax, tariff and labour according to the different entities make the company adapt accordingly. Political changes have put on the great impact on long-term investment strategies. Lack of consistent policy making directly affects the growth of the company.

**Social factors:**

Social factors generally include the aspects of culture and attitude, population growth with age distribution, health consciousness among the people, education, lifestyle, religion etc. It is very difficult for the company to change the social factors but the company has to adapt itself to the changing society. Likewise, BNL adapts various management strategies to conceive to the social trends. Coke Company is the B2C Company, which is directly linked to the customers. Therefore, social changes are important factors to be considered. The educational rate in Nepal is increasing. But there arise the problem that in Nepal, it is difficult to retain the talent. It is because the overseas jobs are highly paid, greater benefits, growth opportunities and high standard of living. There is high social unrest in the country because there is high unemployment rate. BNL's high reputation and good HR practices allow them to get talented candidates.

**Technological Environment:**

New technology and machinery have helped Coke to better and higher quality products. The company has used the social media to connect the people. The latest technology has brought the changes like bottling of Coke in the Nepali language. It has introduced general vending machines in the Nepal. But the technological development remains very low as compared the rest of the world. Businesses in Nepal has still depended upon traditional supply chain. It is known the fact that, only some cities have good internet connections and accesses transportation facilities. The majority of cities is still unaware of new technology. There is the need for the development to expand the reach with the local people. The company has the strength to promote their products effectively through various channels which impact sales.

**Economic Environment:**

Financial and monetary policies are considered as the economic policy, which has direct impact businesses environment. The economy of Nepal is still very small and lacks competitiveness. The long-standing economic agreement establishes an intimate relationship with India. In Nepal, there a high trade deficit in recent years, continuously increasing the imports and slack exports. Nepal has a fix exchange rate with India, which has its own impact on the economy. Nepalese economy is highly dependent on Foreign aid and remittances. Nepal suffers keen lacks of skilled resources. In the year 2016, it is measured that 25.2 % of the population lives below the poverty line. The purchasing power of local people is still low, which impact on the business environment of BNL. It brings difficulty for businesses to focus on quality aspects.

**4.6.2 SWOT Analysis**

It is the study of discovering important match between external opportunities and internal strengths while working around external threats and internal weakness. The technique used by the managers to choose an appropriate strategy that matches their organisation's resources and capabilities to the environment in which they operate.



**Table 5: SWOT Analysis**

<p style="text-align: center;"><b><u>STRENGTH</u></b></p> <ul style="list-style-type: none"> <li>• Popular Branding</li> <li>• Distribution Network</li> <li>• Minimum cost of production and operation</li> <li>• High Technology</li> <li>• Economies of scale</li> <li>• Higher Growth</li> <li>• High Profitability</li> </ul>	<p style="text-align: center;"><b><u>WEAKNESS</u></b></p> <ul style="list-style-type: none"> <li>• No adequate level of production capacity</li> <li>• Product Diversification is less</li> <li>• High Tariffs</li> </ul>
<p style="text-align: center;"><b><u>OPPORTUNITIES</u></b></p> <ul style="list-style-type: none"> <li>• Greater domestic market with minimum level of competitors</li> <li>• Establishment of more retail outlets</li> <li>• Low level of competition in local market</li> <li>• Urbanization</li> <li>• No more choices for local people</li> </ul>	<p style="text-align: center;"><b><u>THREATS</u></b></p> <ul style="list-style-type: none"> <li>• Increment of health conscious people</li> <li>• Political Instability</li> <li>• Duplication of products</li> <li>• Imported products may available in market</li> <li>• External Business risk</li> </ul>

(Source: Own analysis, 2017)

## **Strength**

Strengths are characteristics of the company that gives an advantage over other in the industry.

### *Popular Branding:*

The Coca cola company has the very strong branding around the world. It is understood as the one of the world's leading brand. Bottlers' Nepal Limited is spending the huge amount of money to build the brand which has high customer recall and is the most recognised one.

### *Distribution Network:*

In Nepal, Coca-cola has the huge distribution network because it has the high demand of products in the market. Due to the successful distribution network, coca-cola has high presence in the market. In addition, there are great interest and application for a license to take the distribution.

### *High Technology:*

New technology and machinery have helped Coke to make better and higher quality products. The company has used the social media to connect the people. The latest technology has brought the changes like bottling of Coke in the Nepali language. It has introduced general vending machines in Nepal.

## **Weakness**

Bottlers Nepal Limited has only two production plants, one is in the centre of Capital City, Balaju (Kathmandu) another is in Bharatpur (Inner Terai). Sometimes, they aren't able to meet the market demand and have to bring from neighbour country India. One option might be the opening of the production plant in the Eastern Region of Nepal.

### Product Diversification is low:

Coke is missing the product diversification, where its' competitor Pepsi diversified into the snack segment with the products like Kurkure, Lays. Its products are cheaper in comparison with Indian and Chinese products.

### **Opportunities**

It has the good benefit that urbanisation is taking place in a speedy way. There is an opportunity with lots of retail outlets. This increases the demand for the product.

BNL has the low level of competition in the market. Like in other developed countries, Nepal doesn't have lots of choices for the soft drinks products. Nepalese market is full of opportunities, the company will be working on new packs and more flavours. The company can go for more juices segments.

### **Threats**

BNL products Coke, Sprite and Fanta are considered as the junk food. Therefore, to decrease the threats of the increment in health conscious people, BNL can bring new products like fruit juice and other variety of products. In order to compete on imported products from competitors and face increase on the price of raw materials, BNL needs to focus on mass production and economise the transportation and distribution utilising huge distributors' network.

### **4.6.3 Forces Driving Industry Competition**

With following the Michael Porter's Five Force Analysis (Analysis the Task Environment), analyses the competitive position of the company. The model is the analysis of the external environment. Here, we are analysing the BNL's products only.

*"Generally, competitive advantage builds from the value a company is able to make a firm is profitable if the value it commands exceeds the costs involved in creating the product. Creating value for buyers that exceeds the cost of doing so is the goal of any generic strategy. Value, instead of cost, must be used in analysing competitive position."* (Niko Wijnolst & Tor Wergeland, 2010)

#### **Threats of new entrants:**

Threats of new entrants in the company are insignificant. The world market of carbonated drinks is highly saturated and new entrants cannot benefit from the economies of scale. In the context of technical barriers, the trade mark is registered and has the patent right. The recipe is totally confidential. Soft drinks industry needs the huge amount to be spent on advertising and marketing in order to show product presence, which makes exceptionally hard for the new competitor to struggle with the current market and expand visibility. BNL in the Nepalese market has strong brand name and greater distribution channels. The market is fully saturated and expansion is low or small.

#### **Threats of substitute products**

In the context of Nepal, there are other kinds of energy drinks and juice products in the market. Presently, the main competitor is Pepsi which also has a wide range of beverage products under its brand. Substitute products are the competitors for the soft drinks industry. Soft drinks leader are introducing themselves in alternative markets such as food and beverages, bottled water, etc.

### **The Bargaining Power of Buyers**

It seems that the individual buyers have no pressure on Coca-Cola. Instead of this, large wholesaler and retailers have bargaining power because of large volume ordered. However, the power for bargaining is less because of the final consumer's brand loyalty.

### **The Bargaining Power of Suppliers**

Most of the raw materials required for manufacturing soft drinks are basic goods such as flavour, colour, caffeine, sweetener, carbonated water and packaging. The suppliers of these goods have no bargaining power over the pricing. Bargaining of suppliers are low. The company has the negotiation concentrate producers and they are motivated to reliable supply of materials faster and lower prices.

### **Rivalry among existing firm**

In today's scenario, Pepsi is the main competitors' in the Nepalese market which has the wide range of beverage products under its brand name.

For the BNL its competitors in Nepalese market are C.G. (Foods) Pvt.Ltd, Sambridhi Enterprise, Himalayan Food and Beverage, Pepsi Cola Nepal Private Limited etc.

**Table 6: Summary of Porter's Model**

<b>Driving forces</b>	<b>High</b>	<b>Medium</b>	<b>Low</b>
Threats of new entrants		✓	
Threats of substitute products		✓	
Rivalry among existing firm	✓		
Bargaining power of buyers			✓
Bargaining power of suppliers			✓

(Source: Own Analysis, 2017)

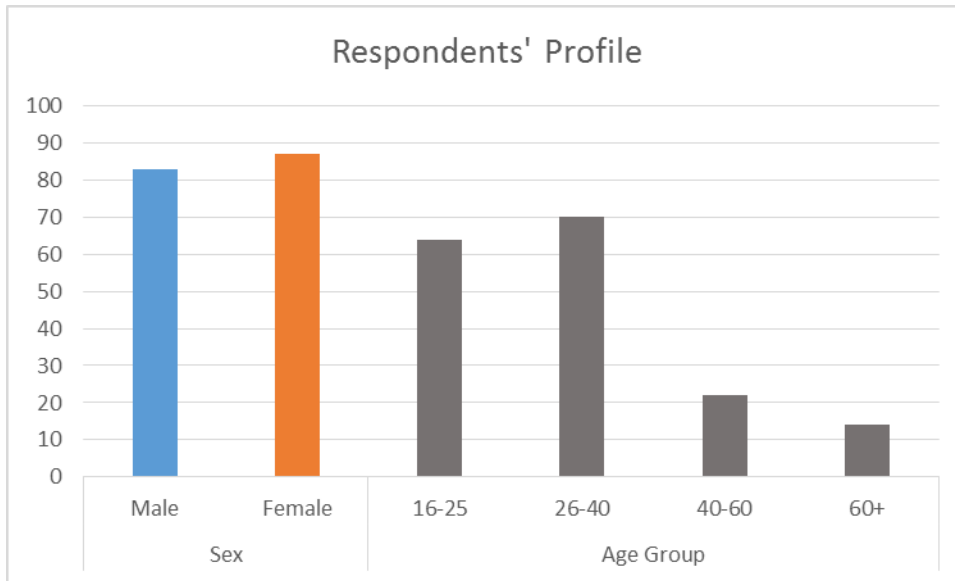
## 5. Survey, Results and Discussion

The data and the useful information collected from the consumers, retailers and employees of BNL has been shown, analysed and explained in this part for gaining the mentioned objectives of the research.

### 5.1 Survey

- Respondents profile
- Place of purchase
- Frequency of consumption of coke
- Situation, people mostly buy Coke
- Specify favourite soft drink
- Preferable in soft drinks
- Sources of Coke Ads
  - Creative Ads
  - Healthiness
  - Attractive
  - Good packaging
  - Good taste
  - Refreshing
  - Fair price
- Please Specify YES or NO to the following questions of Nepalese Coke ads and promotion?
  - Are you retailer or seller of Coke?
  - Ads appeal to the sense
  - Ads filled with fun and interesting to see\listen
  - Positive feeling about Ads
  - Familiar with different promotional schemes
- Consumers and retailers opinion about advertising and promotion of Coca cola.

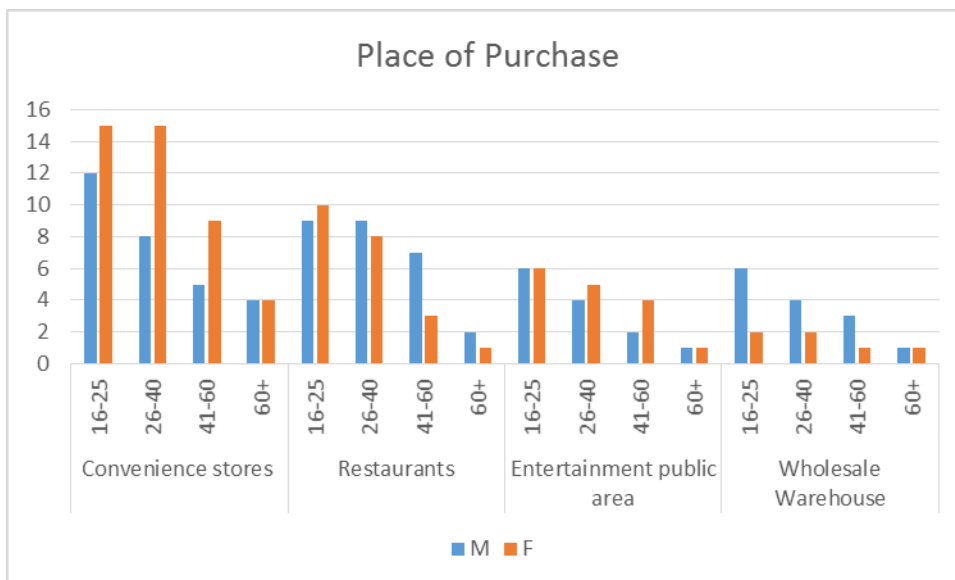
**Figure 8: Respondents' Profile**



Source: Own survey, 2017

From the above figure 8, it shows that in the survey there are altogether 170 respondents where 83 males and 87 females. There are 64, 64, 22 and 14 respondents of age group 16-25, 26-40, 40-60 and 60+ respectively.

**Figure 9: Place of Purchase**

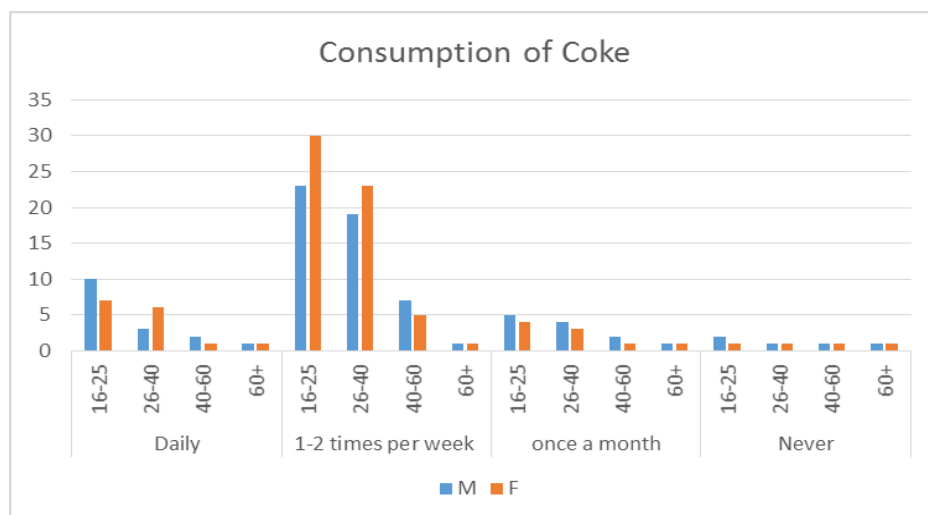


Source: Own survey, 2017

From the figure 9, it represents the responses of respondents about the place of purchase of Coke according to the gender and age. In the survey there are altogether 170 respondents, 83 males and 87 females. According to the age 16-25 are 64 respondents, 26-40 are 70 respondents, and 40-60 are 22 and 60 + were 14.

The graph shows that customers mainly buy Coke at convenience stores. It shows that mainly female of age group 16-25 and 26-40 buy Coke in conveniences stores. In second, consumers buy at restaurants, where male number is high and 16-25 age group people buy higher in numbers. In wholesale ware house mainly retailers buy in bulk. There are 20 people who buy from wholesale ware house and greater number is of male between 16-25 age group.

**Figure 10: Frequency of Consumption**

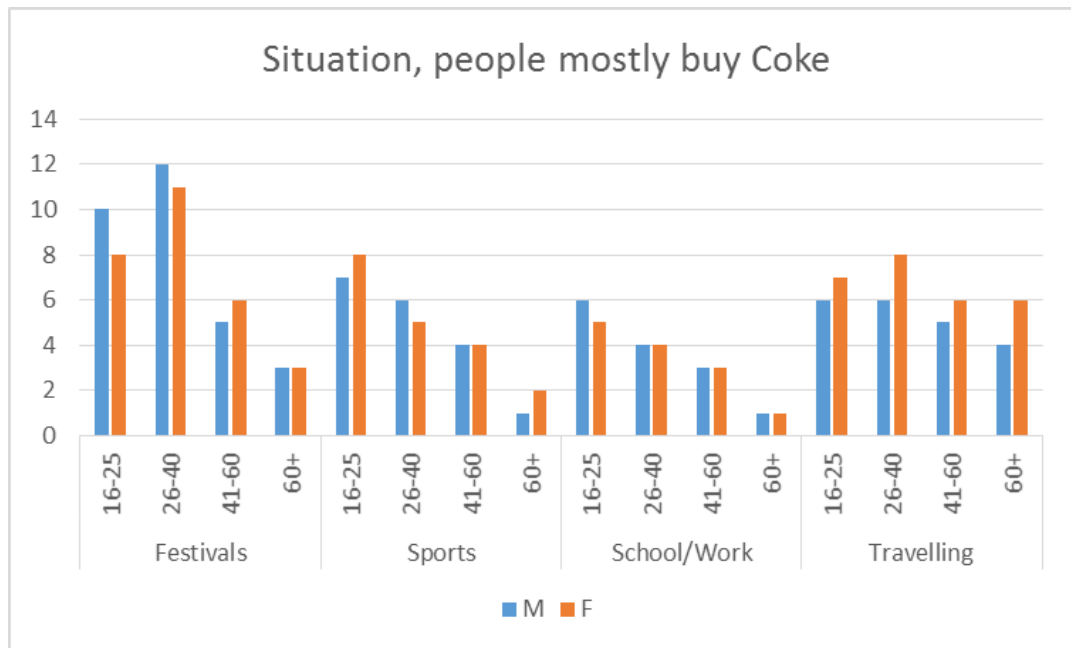


Source: Own survey, 2017

The survey shows that the greater frequency of consumption of coke is 1-2 times per week. The age group of 16-25 and 26-40 drink coke in greater numbers. The male and female consumption of coke daily is equal, where age group of 16-25 male drink more. Out of the total population 5% reported that they never drink coke.



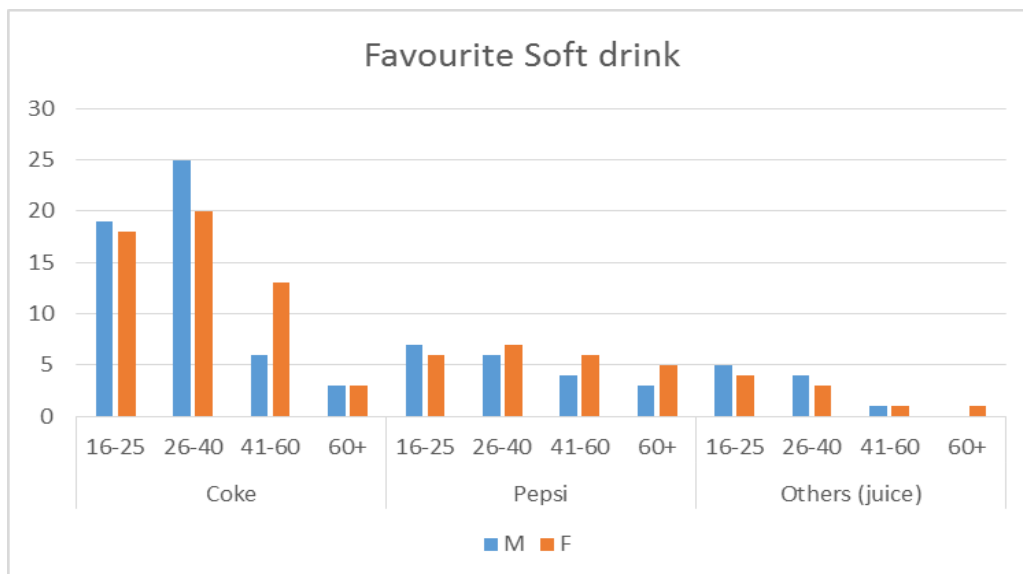
**Figure 11: Situation, people mostly buy coke**



Source: Own survey, 2017

The graph clearly shows that in Nepal, people buy coke more during festivals. Following the festival, people buy coke for travelling, as they mention they buy during hiking, trekking etc. The data has shown that 35% people buy more in festivals, 29% in travelling, 20% in sports and 16% buy more during school or work.

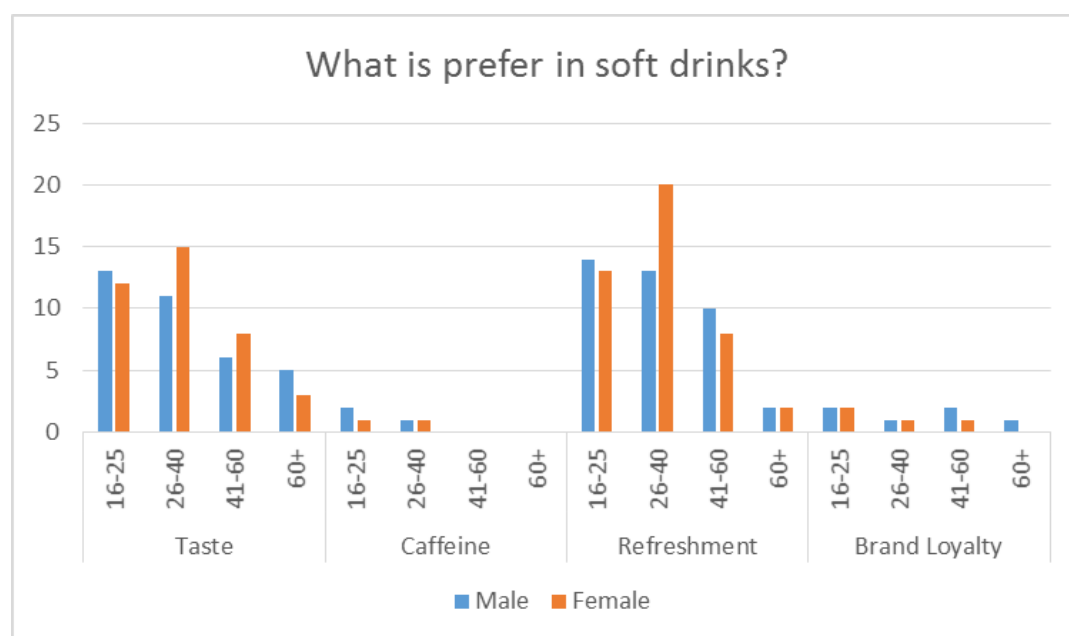
**Figure 12: Favourite Soft drink**



Source: Own survey, 2017

The figure 12 shows that majority of male’s favourite drink is coke. The age group between 26-40 prefer coke more. The 60 male respondents and 54 female respondents favourite drink is coke. As compared to the pepsi in the Nepalese market, coke is preferred most. Pepsi is the main competitor of coke in the market place. In the other juices the respondents has mentioned sprite and fanta which is also the product of BNL. Further more the respondents like mountain dew, slice, appy, powerade3, non-carbonated drinks and lassi (which is Nepali drink made up of curd and fruits).

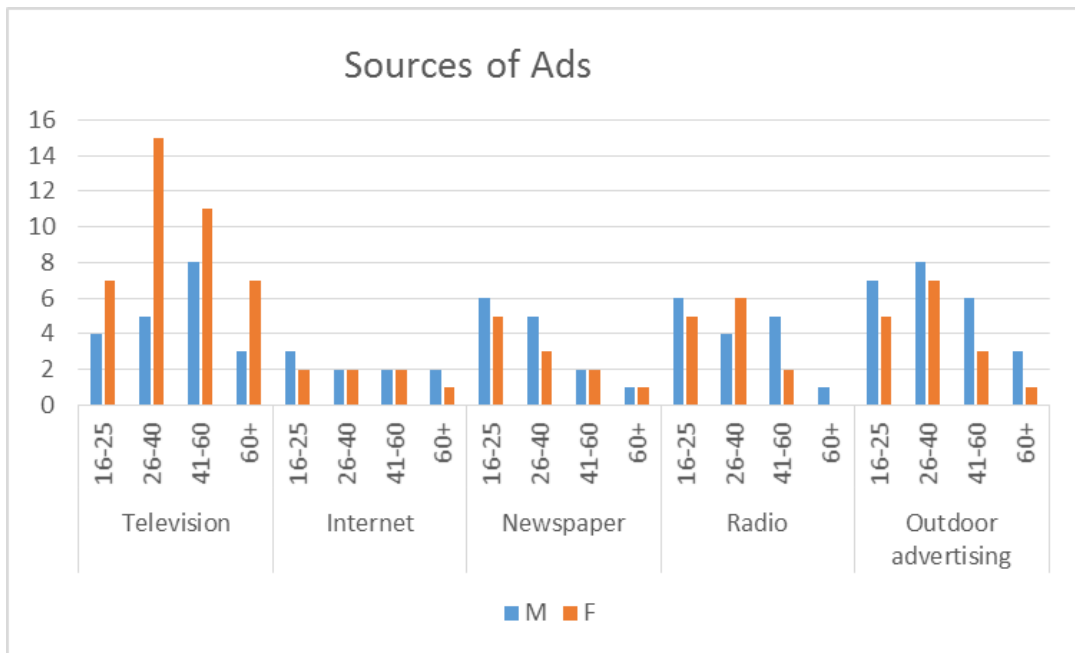
**Figure 13: Preferable in Soft drinks**



Source: Own survey, 2017

The graph 13 shows that the refreshment is preferred most in the soft drink. Following the refreshment, respondents want good taste in soft drinks. People also go for the brand loyalty. Out of the total population 49% wants refreshment in soft drinks, 42% wants taste, 7% go for brand loyalty and just 2% prefer caffeine in soft drinks.

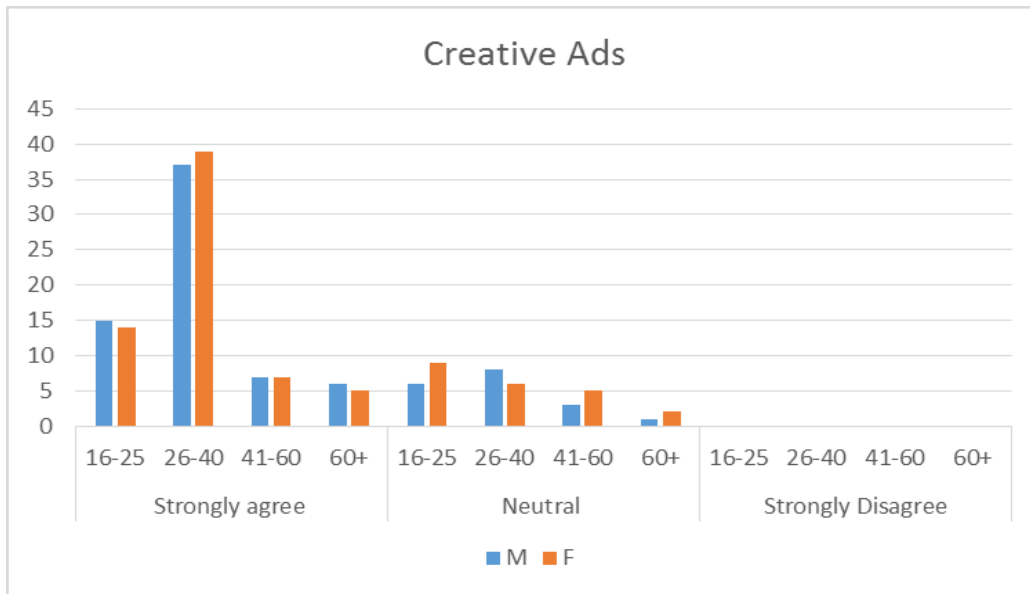
**Figure 14: Source of Ads**



Source: Own survey, 2017

The above graph represents the response of the respondents about the source of any information regarding the Coca cola. The research is conducted among the customers and retailers. 33% of population watch coke ads in television, 27% population in outdoor advertising, 20% population listen through radio, 14% population in newspaper and 6% population in internet. The above data shows that respondents have more information of the advertisement and promotion of Coke in televisions, followed by outdoor advertising like hoarding boards, billboards, then radio, newspaper and internet. These are the means of communication that need to use in order to reach to the customers. The internet is very low source of informing the customers because of unavailability of internet connection smoothly and easily. This is also the result of power shortage in the country.

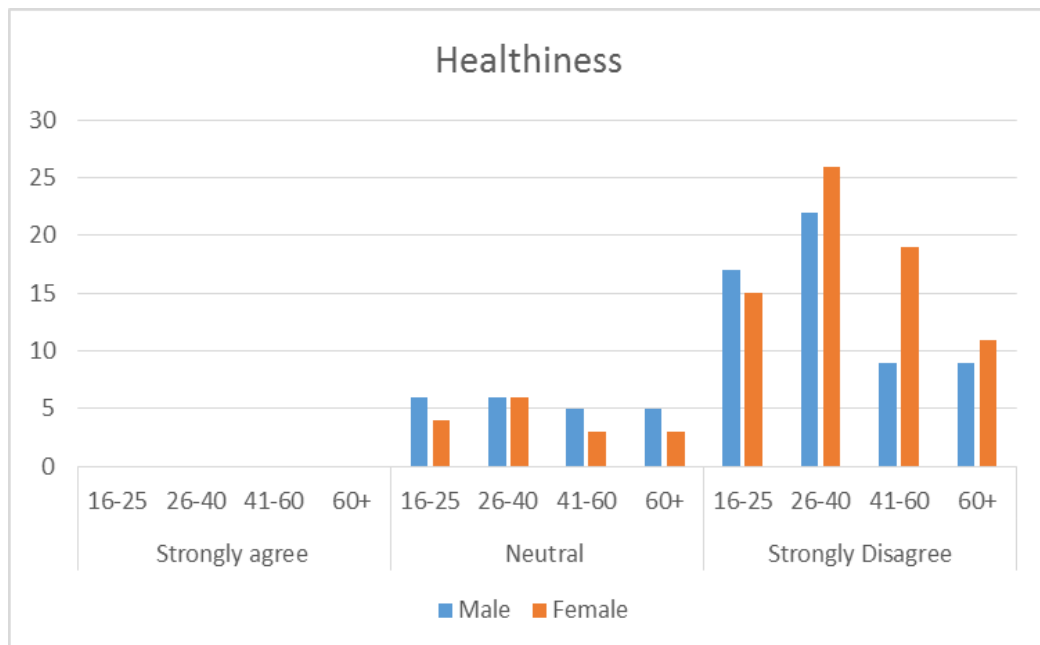
**Figure 15: View about Creativeness of Ads**



Source: Own survey, 2017

Out of total population, 76% are strongly agree that the ad of Coca cola is creative and memorable followed by 24% are neutral with the statement. So, this shows that ads of Coke is creative and people like the advertisement.

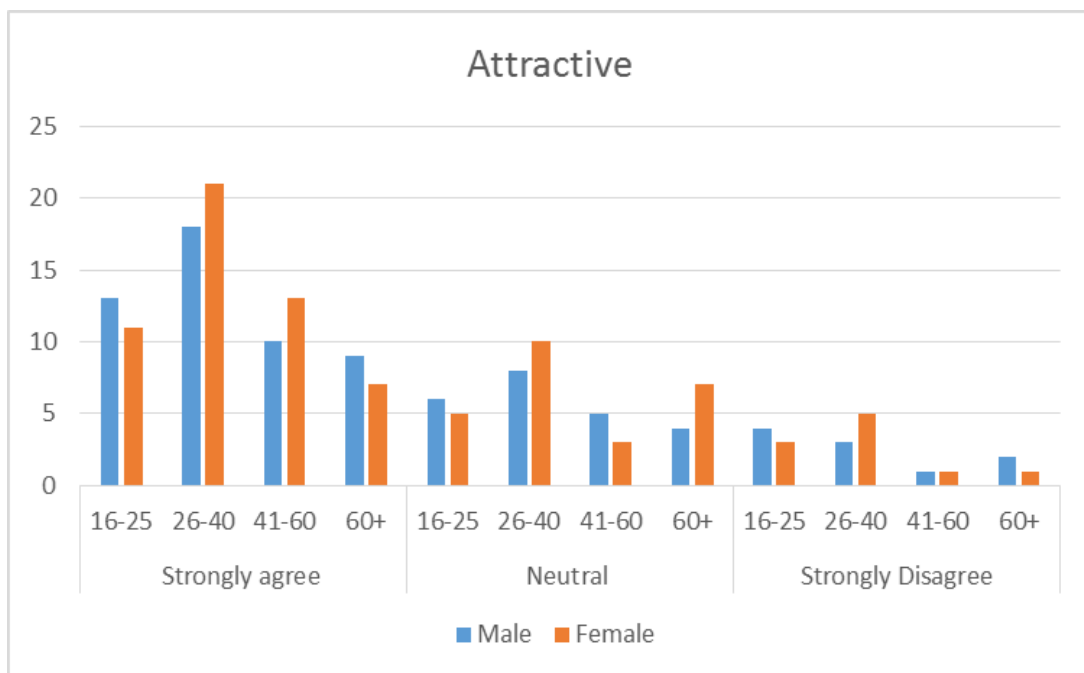
**Figure 16: Healthiness**



Source: Own survey, 2017

In the survey, majority of people like Coke. However, the above figure shows that none of the respondents strongly agree, the product is healthy. The respondent strongly disagree about the healthiness of the product where the ratio of strongly disagree female is high. More numbers of male are neutral than female. The 68% of population thinks that Coke isn't healthy and 32% are neutral.

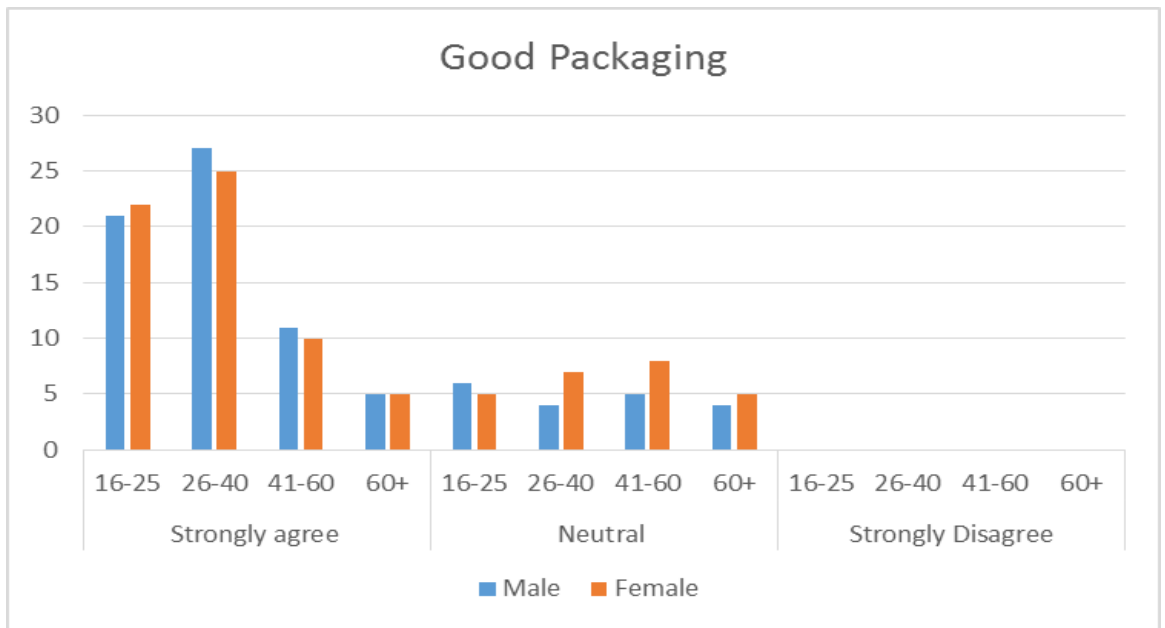
**Figure 17: Agreeableness about the attractiveness of Nepalese Ads**



Source: Own survey, 2017

Out of the total respondents, 102 respondents strongly agree that Coke ads are attractive in which 50 are male and 52 are female. The quantity of strongly agree much more higher than that of neutral and strongly disagree. The 71% out of total population think that the Nepalese ads of Coke is attractive, 25% are neutral and 4% strongly disagree the statement. There are very low number of Nepalese ads of Coke. Indian ads are shown in Nepalese television with Nepali language's dubbing.

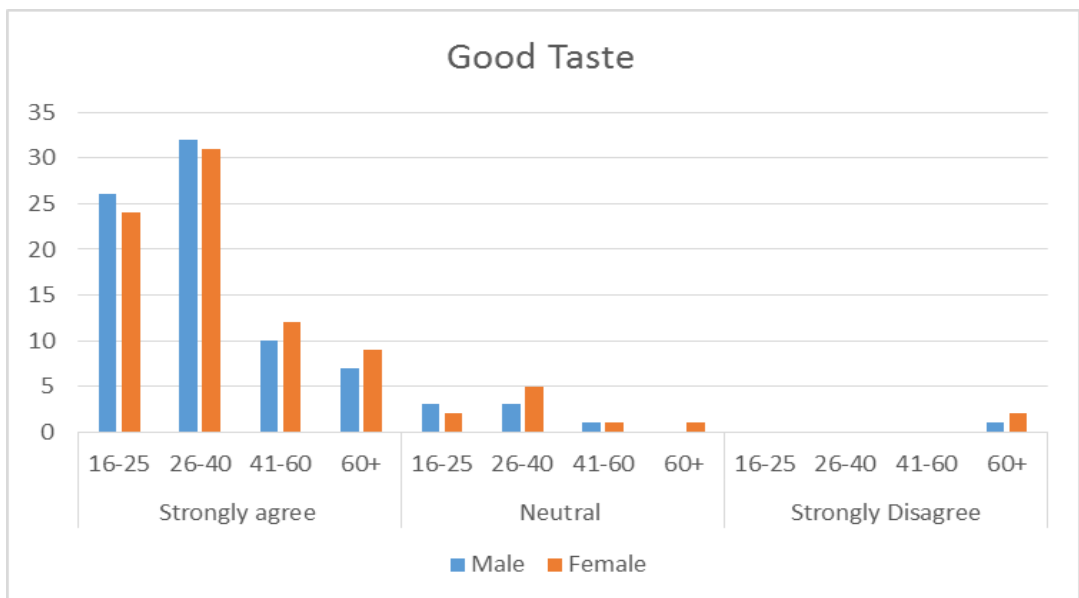
**Figure 18: Agreeableness about the attractiveness of Nepalese Ads**



Source: Own survey, 2017

The figure 18 shows that Coke in Nepal has good packaging and consumers are satisfied with the packaging of the products. The population of 71% of consumers are strongly agree with good packaging of products and rest of them are neutral. In overall, there seems to be very good packaging review of Coke products in Nepal.

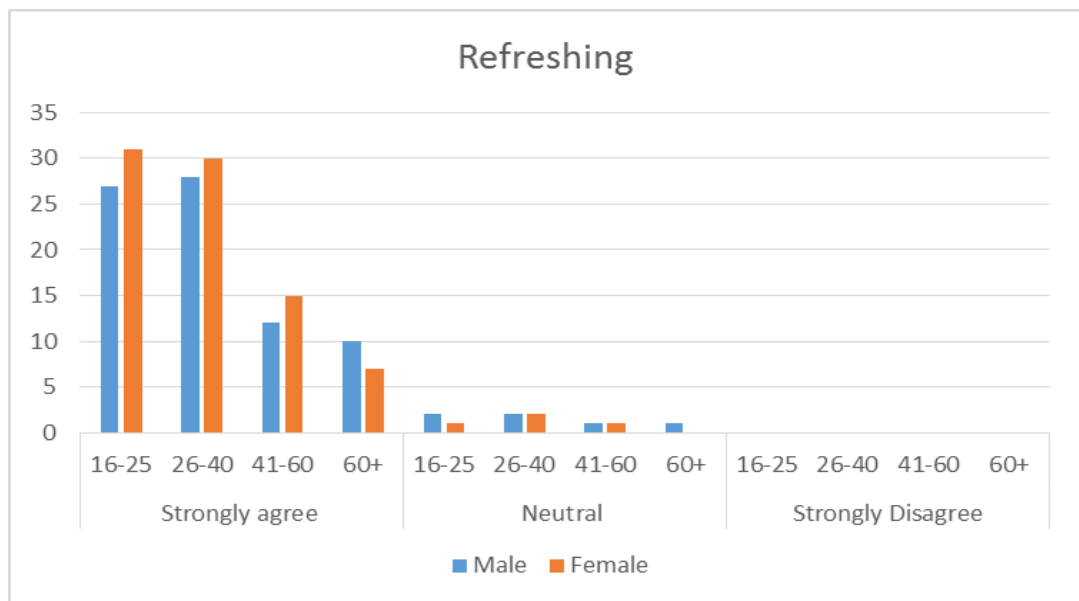
**Figure 19: Good Taste in Coke**



Source: Own survey, 2017

The figure 19 shows that respondents of Nepal like the taste of the coke. In overall, 88.8% of the population strongly agree about the good taste of Coke ,9.2% of the poulation are neutral and just 2% disagree about the good taste of product. In the strongly disagree of good taste of product, there seems the consumers of 60+ age group. Therefore, it shows that Coke has good taste between the age group 16-25 and 26-40.

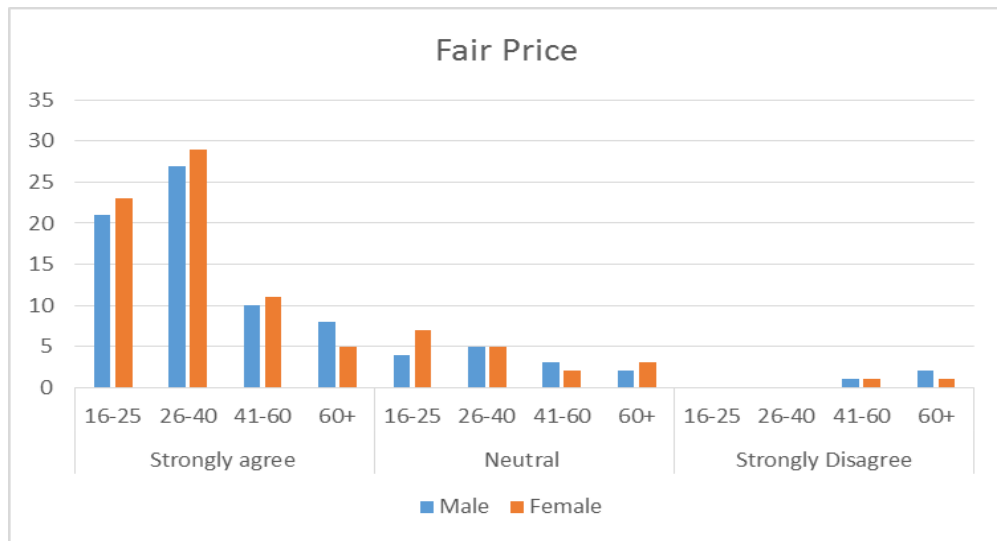
**Figure 20: Refreshing**



Source: Own survey, 2017

The above graph shows that Coke has refreshment quality. The population of 94% thinks that coke is refreshing and rest of them are neutral. None of the respondent has mentioned that coke isn't refreshing. The age group from 16-25 and 26-40 strongly agree about the refreshment of Coca-cola.

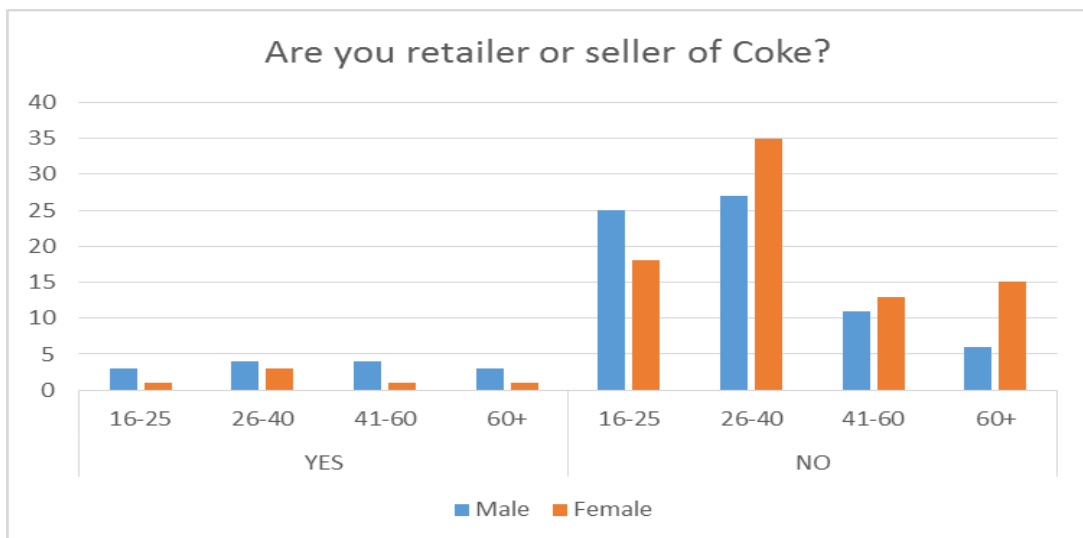
**Figure 21: Fair price of Coke**



Source: Own survey, 2017

From the figure 21, it is figured out that most of the people strongly agree for fair price of Coke. The population who strongly disagree about the fair price of the Coke are the age group from 41-60 and 60+ which are of 2.9 %. The 77% of the population has strongly agree about the fair price of Coca-cola and 20% are neutral.

**Figure 22: Are you retailer or seller of coke?**

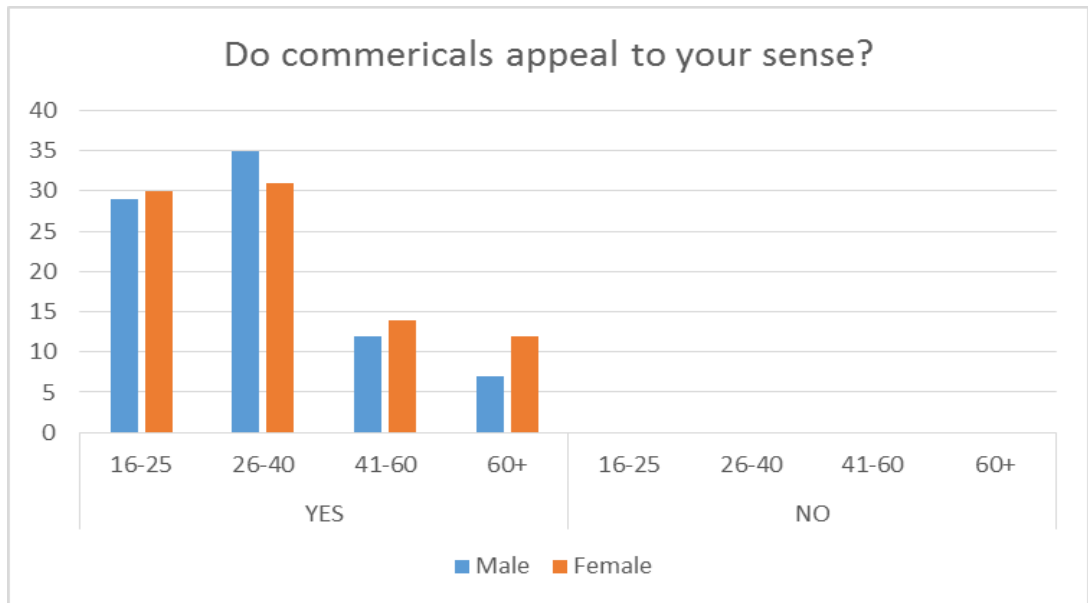


Source: Own survey, 2017



In the concept to get opinion of retailer, the survey is done also with the retailers of Coca-Cola. The figure 22 shows that out of 170 respondents, 20 are the retailer where 14 respondents are male retailers and remaining 6 are female retailers. The survey shows 70% are male retailers and only 20 % are female retailers.

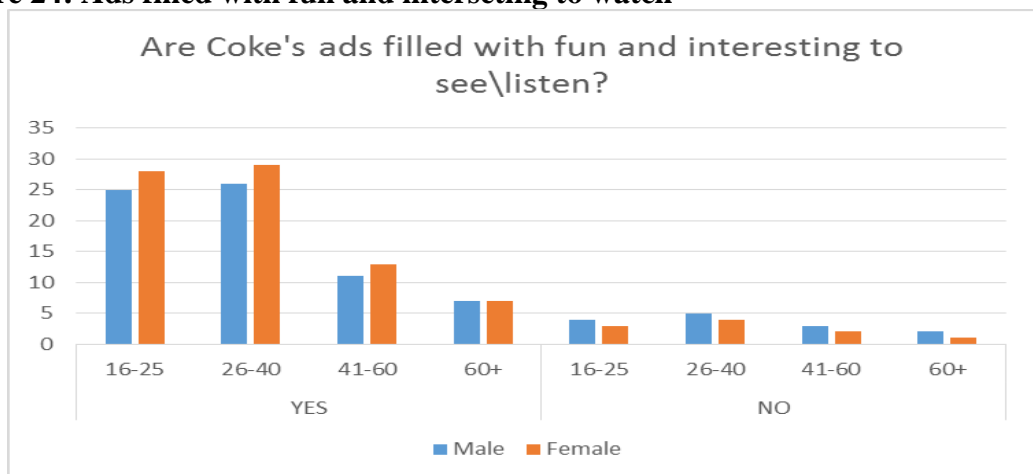
**Figure 23: Ads appeal the sense**



Source: Own survey, 2017

By watching\ listening about the Coke's advertising in overall 100% respondent think that ads is appealing to their sense. It is in context of the global advertisement. So, population of Nepal think that Coca cola has appealing ads.

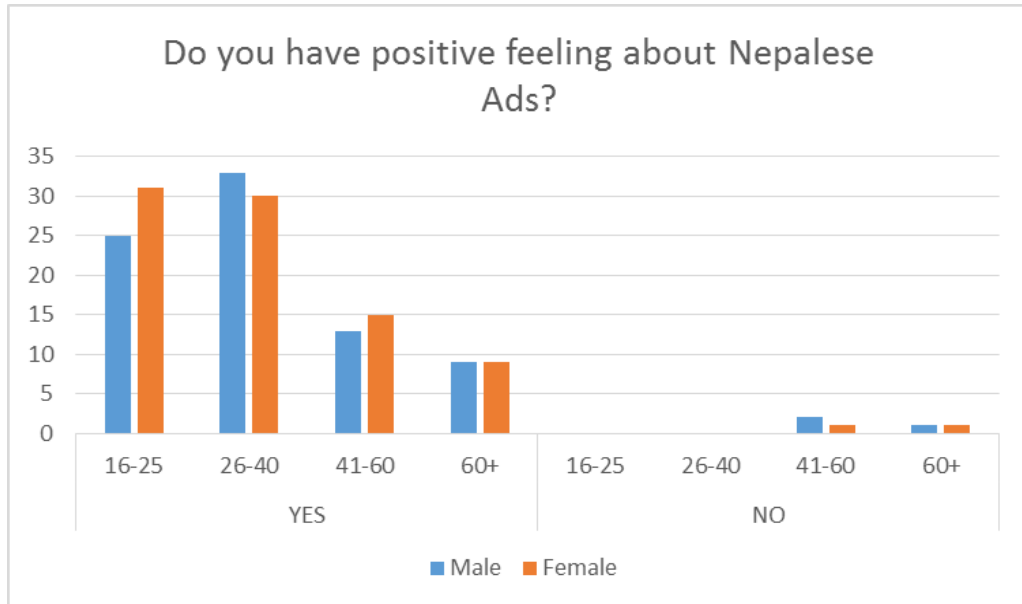
**Figure 24: Ads filled with fun and interseting to watch**



Source: Own survey, 2017

The above figure 24 showed that 94% of population thinks that Coke’s advertisement are filled with fun and interesting to see and listen and 6% deny the statement.

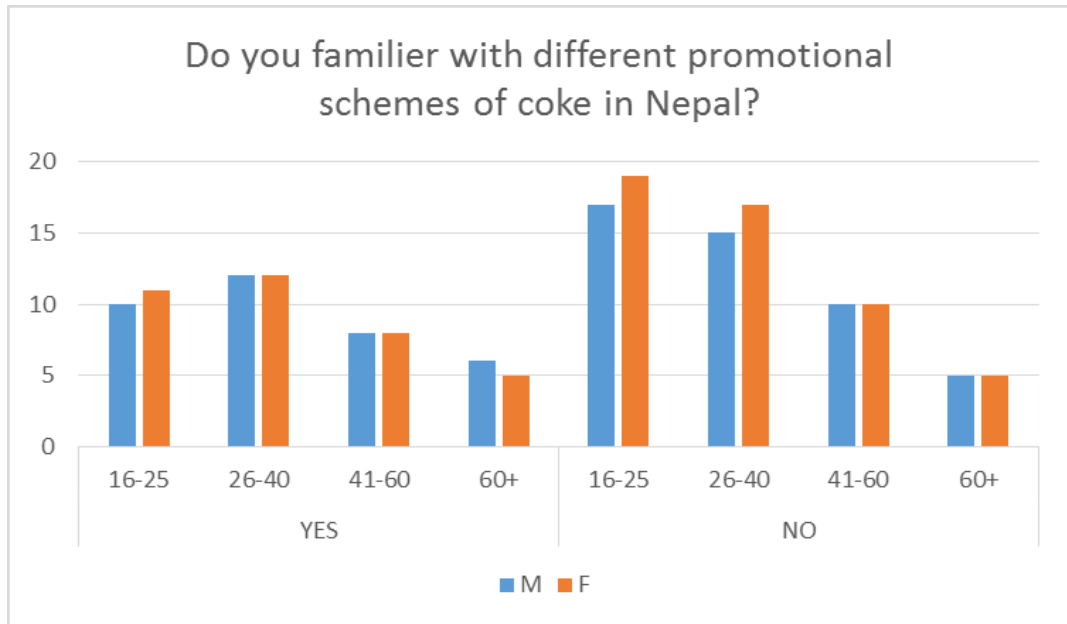
**Figure 25: Positive feelings about Nepalese coke ads**



Source: Own survey, 2017

The figure 25 shows that 98% of respondents have positive feeling about the Nepalese Advertisement of Coke. The age group between 26-40 of male have more positive feeling about ads. The 2% population who doesnot have positive feeling of Nepalese Ads are age group between 41-60 and 60+.

**Figure 26: Familiar with different Promotional Schemes of Coke**



Source: Own survey, 2017

The above figure 26 showed that majority of people are unaware of the promotional scheme of coke in Nepal. Out of total population 42% are familiar with the different promotional schemes of coke in Nepal. It has found out that all retailers has good knowledge of different promotional schemes of coke than that of consumer.

## **6. Summary, Conclusion and Recommendations**

### **6.1 Summary**

The success or the failure of any business fully depends upon consumers' response towards the company's products or services. A marketing research on "Advertising and Promotional Strategy of BNL" has been concluded based on the perceptions and exploration of consumers. The questionnaire survey was raised and data was collected from consumers and retailers of Kathmandu valley. From the analysis of secondary data and primary data collected through the questionnaire, it is found the Coca -cola in Nepal is the leading brand in overall but it is difficult to examine the consumer buying behaviour. It may be the reasons of diversity of brands within different flavours and packs which becomes more complex and complicated. However, customers preferences towards the Coke are increasing because of its not equally visibility of their performance in terms of selling of all products/brands in different parts of valley. In general observation and the respondent also reported that the distribution network, sales of promotion scheme and marketing strategy of company were not distributed in equal manner. The study is about the effectiveness of Marketing Communication. So, the researcher has analysed the promotional based data to elaborate the effectiveness of communication strategy in purchasing decisions of consumers.

### **6.2 Conclusion**

From the analysis of the consumers and retailers about the advertising and promotion activities of Coke, the conclusion was that most of the consumers are satisfied and impressed by marketing communication tools. This suggests that the means and the promotional tools BNL uses are effective in order to make people buy the product and has a positive impression. In addition, ads are filled with fun and interesting to watch/listen. This means that advertising is wise enough to recall the brand. The consumers of Coke got to know about it through different medias of advertisement and promotion. However, the most effective means of advertisement is televisions and outdoor advertising.

- The advertisement and promotional tools are helping to gain the sales volume.
- The main competitor of Coke is Pepsi but its remarkable performance in compare to market share with Pepsi and other related brands.
- Nepal is still restricted to limited numbers of flavours and packs than that of other developed nations.
- Consumers are found to purchase coke mostly in convenience stores and consume 1-2 times per week in greater quantity. The consuming patterns of coke is during the snacks time and restaurant is common places for having coke drink used by consumer.
- The frequency of consumption of coke in Kathmandu valley is higher during festivals and the sale promotion schemes is also increased the willingness of buying especially Zamboo pack as so called Family Pack.
- Preferable soft drinks in the Kathmandu valley is Coke. Customers think coke as refreshing and which is appealing their sense but the price is higher in compare to same brands products.
- Firstly, the most effective source of advertisement is Television and the least effective is Internet. The reasons are due to power shortage and not the proper accessibility of internet facilities in all places. The attractive hoarding board is also effective advertising tools but its difficult to evaluate the performance of consumer preferences.
- Consumers think that ads are creative, attractive and have positive feelings.
- It is found that consumers of Kathmandu valley don't think coke as healthy drinks, it is, however, found the high demand in the market and the retailers are preferred to sell Coke.
- From the survey, it has found that coke has good packaging, good taste and fair price in Nepalese market.
- As compared to the consumer, the retailers have good knowledge of promotional schemes Coke.
- The cost of the production of goods is very high due to power shortage and the
- Company uses the generators for power supply.

In addition, there are changes in the price of fuel, which is increasing the cost of distribution. At the end, the final consumers are hit. The bandas really affecting the operational activities of the company. If the strikes decrease, then there will be the high operation of business activities. For the developing countries like Nepal, it is better to have foreign investment, to improve economic condition. If there is a long approval process, then there is high chances that foreign investors will be discouraged to make an investment.

### **6.3 Recommendation**

From the conclusion derived from the study, the following recommendations are suggested for the BNL for selling Coke in the Nepal.

- Explore new marketing opportunities and promotional activities.
- Company can add new products like fruit juice (Mango Frooti, Real) in order to minimise the threats of increment in health conscious people.
- As the majority of customers are unaware of the promotional schemes of coke, the company should make the promotional schemes effective and known to the market.
- Nepalese market is seasonable. So, advertising agency needs to be proactive to bring promotional schemes focusing festivals, New Year and other special occasions.
- Marketing and Sales department, sometimes need to be reactive to the change in the environment of competitors' activities and reaction in advertisement and promotion.
- Promotional schemes should not focus mainly on wholesalers or dealers. Creative Promotional tools for the final consumer are required.
- Advertisement of the company is relying on Indian origin however in Nepal, it has to be focused on Nepalese motive. In TV advertising and slogans should have Nepalese taste.
- One option can be the establishment of the third production plant in Eastern region of Nepal (border area).
- To minimise the cost of advertisement, the company can do advertising and promotions of product through its website.

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## 8. Appendices





## Marketing Communication: Advertising and Promotional Strategy of Nepal Bottlers Limited

Hello all,

I study in Czech University of Life Sciences Prague. This short questionnaire is a part of my diploma thesis. The topic of my diploma thesis is the Advertising and Promotional Strategy of Nepal Bottlers Limited (Balaju). The aim of the diploma thesis is to determine the attitudes of consumers and retailers on the advertising and promotional strategy of Bottlers Nepal Limited.

Please, if you can fill this questionnaire which has 11 questions and it's anonymous.

Dear Respondents, your response will be kept confidential and it is solely for the research purpose.

### Gender

- Female
- Male

### Which of the following best describes your age?

- 16-25
- 26-40
- 40-60
- 60+

### Where do you buy soft drink most often?

- Convenience stores
- Restaurants
- Entertainment public area (Bar, clubs, cinema, pubs)
- Wholesale Warehouse
- Other (Please specify)

**How often do you consume coke?**

- Daily
- 1-2 times per week
- Once a month
- Never

**In which situation, you mostly purchase coke?**

- Festivals
- Sports
- Schools\ Work
- Travelling
- Others (Specify)

**Which is your favourite soft drink?**

- Coke
- Pepsi
- Other (Please specify)

**What do you want in soft drinks?**

- Taste
- Caffeine
- Refreshment
- Brand Loyalty

**What is the most effective advertising that makes you to drink Coke?**

- Television
- Internet
- Newspaper
- Radio
- Outdoor advertising (such as bill board, walls capes, posters)

**Please choose how much you agree or disagree with the followings. (In the context of COKE)**

- |                       |                |         |                   |
|-----------------------|----------------|---------|-------------------|
|                       | Strongly Agree | Neutral | Strongly Disagree |
| <input type="radio"/> | Creative Ads   |         |                   |
| <input type="radio"/> | Healthiness    |         |                   |
| <input type="radio"/> | Attractive     |         |                   |
| <input type="radio"/> | Good Packaging |         |                   |
| <input type="radio"/> | Good Taste     |         |                   |
| <input type="radio"/> | Refreshing     |         |                   |
| <input type="radio"/> | Fair Price     |         |                   |

**Please specify YES or NO to the following questions of Coke.**

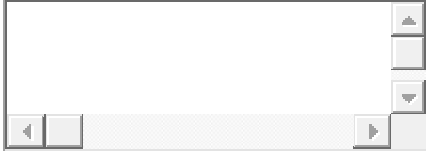
**YES**

**NO**

- Are you retailer or seller of Coca-Cola?

- Do commercials appeal to your sense?
- Are Coke's Nepalese ads filled with fun and interesting to see\listen?
- Do you have positive feelings about the ads?
- Are you familiar with the different promotional schemes of Coca-Cola?

**Write your opinion about Advertising and Promotion of Coca-Cola.**

A text input field with a scroll bar and a vertical toolbar on the right side. The toolbar contains four buttons: a small square, a square with an upward-pointing arrow, a square with a downward-pointing arrow, and a square with a right-pointing arrow. The text area is currently empty.