

PROMOTION OF BOUTIQUE PRODUCTS IN POKHARA VALLEY

A Dissertation Proposal

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1 Background of the Study

Marketing has undergone changes in its facets even in the same industry than before. The business is moving away from traditional tactics, such as billboards and commercials, to much more unique and cutting-edge strategies like twitter campaigns and grassroots events. Boutique agencies, known for their small teams and niche expertise, have sprouted all over the country to accommodate brands' more distinctive needs.

Though the firms have been behind many major marketing successes, they still get a bad rap with big brands for being too small and inexperienced. But big is not always better when it comes to choosing a marketing firm for a business. Consumer is the main artist of the marketing activities. Marketing starts with the identification of a specific name on the part of the consumer and ends with the satisfaction of that needs. Thus, the consumer is found both the beginning and the end of marketing process. Thus the success and failure of business depends upon the consumer reaction towards company's marketing action like branding, packaging, quality assurance, guarantee, etc. (William, Michael, & Bruce, 1994).

Boutique firms are too often pegged as small and therefore unfit to support major brand campaigns. Boutiques also bring a level of personalization and passion to a marketing partnership. Local boutiques can deliver significantly higher return on investment. They have experience with the specific demographic, better connections with local vendors, and higher subject matter expertise than an agency based 100 miles away. In addition, big agencies with years of experience too often stick to their guns-traditional marketing methods. Newer and smaller agencies are more likely to take risks and excel in new-age digital marketing.

Selecting an outside marketing firm centers on having a solid understanding of a brand's needs. In recent years, boutique agencies have risen to the task of supporting major brand initiatives through having niche expertise and the ability to be more flexible and fast-paced than larger operations. The stigmatism of bigger is better no longer applies to the marketing industry. Different-sized firms have diverse specialties, offering brands more options when selecting marketing resources.

A sales promotion suggests that it is an important part of marketing activities that can promote and uplift the sales of products. The amount of money allocated to sale promotion is hidden in advertising budgets. Whenever a company spends in advertising, it raises its market

share because when a company spends on media it helps in increasing the sales of product, which directly affect market share.

Boutique does not have a long history in Nepal. Its history can be traced to a decade only. Nowadays there are many boutiques where people visit to buy and stitch clothes of their choice. It is new types of business in our society. Most urban customers go to boutique for their purchase as it stocks up a variety of goods. So the market is concentrated to the fashion conscious group. Some of the main boutiques in Khatmandu are Kutumba Boutique, Trendz Boutique, Ashrati Boutique, Lycra Boutique, Arshiya Boutique, Smile Wear Boutique, Yala Boutique, Tarunika Boutique, Biba Boutique, Swornika Boutique, etc.

However, the major focus of this study will be to analyze the promotional practices of boutique products, measuring level of consumer satisfaction and examining the effect of advertising on its sales in Pokhara Valley.

2. Problem Statement

Promotion is a crucial and an integral part of marketing. It communicates about the product attributes, pricing and its availability. It starts from evaluation of communication needs of buyers and design a promotion strategy that will provide the answers to the primary questions of the target audience and facilitates customers' ability to make correct decisions. Marketers must know that if they learn to fulfill this role, a long lasting relationship with the customers can be established ([Burnett, 2002](#)).

In many developed economies, marketers make their product promotion with the expectation creating customer value and sustainability of the product and the betterment of welfare of the society or economy. Their market is also well developed so people can do informed decision while buying products. In regard to the least developed economies like Nepal, promotion is largely focused on information and persuasion while the reminding and reinforcement aspects are neglected ([Agrawal, 2009](#)). Promotion decisions mainly emphasize in advertising and sales promotion. Some of the elements of promotion like publicity as well as personal selling lack professionalism in Nepalese organizations. The post-purchase stage of buying process has remained untouched by promotion which may help regain the lost image of the product and maximize customer satisfaction. In another spectrum, a number of homemade products found in Nepal produced using local resources lack their marketing due to the problem of promotion.

Based on the literature, this study will make an effort of identifying the promotional practices and its effect in sales and customer satisfaction in the context of Nepal. Thus, this study will be based on the following research questions:

- What are the promotional practices of boutique products?
- Whether the customers are satisfied with boutique products?
- What is the impact of advertisement on sales of boutique products?

3. Objectives of the Study

The main objective of this study is to examine the promotional practices of boutique products in Pokhara Valley. Based on this, the following specific objectives have been set as:

- To identify the promotional practices of boutique products.
- To analyze the customer satisfaction of boutique products.
- To assess the impact of advertisement on the sales of boutique products.

4. Hypothesis

This study will be based on the following hypothesis:

H1: There is an association between demographic variables and customer satisfaction of boutique products.

H2: There is a positive relationship between advertising and sales of boutique products.

5. Rationale of the Study

Promotion is one of the major activities of marketing of products. It is a means of communicating and making aware about the products in the market. It tells the target customers about the products, price and place that help in stimulating demand. As such the study of promotion is a paramount importance in respect of boutique products in Pokhara. Handmade products are dominated more by the readymade ones, so this study will make an attempt to identify how handmade products are communicated in the market. Thus the result of the study will be one of the guiding piece of work for gaining ideas for especially boutique businesses to adapt them in their business promotion. Consequently, they can maximize the customer satisfaction with increased sales of the products.

The study will also important for the partial fulfillment of the requirements of the Masters' of Business Studies (MBS) degree as well as it is believed that the study will be beneficial to the

readers, future researchers. The study will also equally important for those who are interested to know the boutique business in Pokhara valley.

6. Review of Literature

6.1 Theoretical Review

Different books, research papers, articles which deal with theoretical aspects of boutique products are reviewed in this section dividing into different sub-headings.

Concept of Marketing

Marketing is, in essence, the process of selling products. It consists of creating, promoting and delivering products to satisfy customer needs (Agrawal, 2009). Stanton, Etzel and Walker (2001) stated that marketing is a total system of business activities designed to plan, price, promote and distribute want satisfying products to target markets to achieve organizational objectives. Kotler (2010) defined that marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others. As such, the common themes of modern marketing are as follows (Koirala, 2012):

- Marketing is concerned with meeting needs and providing benefits.
- Marketing focus on customer satisfaction and delivering value.
- Future needs of the individual customer and the society as a whole should be identified, anticipated and served.
- Marketing focuses on achieving long-term profit targets rather than short-term sales and profit.

Marketing Mix

The marketing mix is the set of marketing tools that can influence the demand for products in the target market. The popular concept of four Ps –product, price, place and promotion, was originally proposed than three more Ps –people, process and physical evidences are later added. Marketing system deals with the smooth functioning of the marketing activities for the fulfillment of the customer needs and wants (Koirala, 2012).

Product: Product refers to what you are selling, including all of the features, advantages and benefits that your customers can enjoy from buying your goods or services. Buyers view products as a bundle of benefits and satisfaction. Marketers should be able to identify the core

buyer needs the product will satisfy. In a competitive market environment, marketers can only sustain if they can continuously add benefits and values to their products to satisfy and delight customers.

Price: Price is what customers pay for what they get (Agrawal, 2009). Goods, services, ideas, advice, rights, etc. are exchanged and their value measured by their price (Koirala, 2012). Pricing involves many activities performed within an organization to determine the exchange value, such as setting the base price, determining discounts and commissions and formulating pricing objectives, policies and strategies.

Place: Place is where products and services are seen, made sold or distributed. Thus, it is also called distribution. Distribution plays very important role in marketing in delivering satisfaction to the customers, value addition on the product, providing production means and channels of communication, and employment to a large number of people directly and indirectly involved in distribution of products (Koirala, 2012).

Promotion: Promotion is the process of communicating to customers about product and service attributes, and benefits, also builds brands. It is communicating about product, price and availability. It involves informing, persuading, reminding and reassuring the buyers on the quality and benefits of the products. As such, promotion provides valuable information to buyers about the product, prices, utilities, and benefits. The information helps buyers to make a choice decision that favors the organization and its product.

The other three Ps like people, process and physical evidences are equally important elements of marketing mix. People refer to the staff and sales people who work for the business. The services they provide will create a positive image towards the products attract more and more customers. By proper recruitment of right people, selection and training they develop their skills and help their retention. Process is concerned with the processes of delivering the products to the customers. It involves supplying standard services with increasing efficiency by saving time and money. Physical evidence includes layout or interior design, packaging, branding as well as physical environment where the goods and services are provided to the customers.

Promotion in Marketing

In modern marketing, promotion is a must as it stimulates demand for the product. Stanton, Hrdlicka, Meyerson, and Kallmyer (2001) stated that promotion is the element in an organization's marketing mix that serves to inform, persuade and remind the market of a

product and/or the organization selling it, in hope of influencing the recipients' feelings, beliefs or behavior. [Burnett \(2002\)](#) states that the buyer seeks certain basic information about product features, price, quality, support service, reputation of the seller and so forth with the aim of reducing possible risk associated with the transaction and make feel better about the product. As such, promotion efforts within an organization are directed at two important goals –information and demand creation. However, the major objectives of promotion are to inform, persuade, remind and reassure the market about the product to the customers.

The promotional objectives can be achieved through various activities called promotional activities or promotion mix. Promotion mix is the combination of promotional tools such as personal selling, advertising, sales promotion, publicity and public relations and direct marketing that they help achieving promotional objectives. The marketing executive has to decide what combination of the available promotional tools the firm intends to use to promote the product to a target market is a crucial issue in marketing ([Koirala, 2012](#)).

Promotional activities in Nepal are gradually becoming important. Manufacturers are realizing the importance of promotion in marketing their products. Nepalese firms use advertising very frequently through various media like print media, electronic and display media. Sales promotion, personal selling and publicity and public relations have been gradually in practice in Nepalese context.

6.2 Review of Past Studies

[Gurung \(2013\)](#) carried a study about impact of television advertising of cosmetic products on consumer behavior with reference to Sunsilk Shampoo in Kathmandu. The study found that majority of the respondents preferred musical advertisement (62.5 percent) followed by good wording (18.75 percent), some prefer simple advertisement (5.25 percent) and rest prefer all types of advertisements while buying cosmetic products in Kathmandu. In case of gender based preference of advertising, 50.0 percent of the male respondents found they like the musical advertisements while 37.5 percent male prefers good wording and rest prefer others while making buying decisions.

[Thapa \(2015\)](#) examined the buying behavior of TV brand in Khairnitar Tanahun. The study found that Samsung and Panasonic TV brand is the most popular for businessmen while Sony for the job holder and LG for the other types of buyers. Businessmen used to buy based on the TV advertising whereas jobholders used to get information from newspaper and TV.

DeBelen (2016) found that advertising do not have as much influence over the modern-day consumer. This is can be attributed to the fact that there are other influences online reviews, like blogs and testimonials, as well as video reviews. Psychological influences are a large influence over makeup and cosmetics consumers. Getting a celebrity sponsor is very expensive for the advertiser, so they should be weary of their expenses.

Khatttri (2019) found that as the income level of female consumers is increasing their expenditure for cosmetic product is also increasing. We also found that there is an increase in the awareness as well related to cosmetic products. One major finding in the study is that these days female consumers prefer more of cosmetic products which are made from the natural ingredients in other words, so it can say that they prefer herbal cosmetic products. This will provide the herbal cosmetic industry a great opportunity to grab the cosmetic market by providing more and more new herbal cosmetic brands.

6.3 Research Gap

A review of the literature on promotion of products and their effect on sales and customer satisfaction show that most of the studies focused on consumer products especially household goods and appliances. Very few studies dealt with the fashion products as well as boutique products. The studies were mainly concentrated in Kathmandu valley. In the context Pokhara, such studies have been rarely found. More specifically, no studies are found on promotion of boutique products surrounding Pokhara valley. This study will try to fill this gap undertaking survey of boutique business houses and customers in Pokhara.

7. Research Methodology

7.1 Research Design

This study will mainly follow the survey research design. Pertinent data and information required for the study will be collected, evaluated and analyzed systematically to arrive at a certain conclusion. This study will mainly aim to find out marketing promotion of boutique products in Pokhara valley. Therefore the survey research design will be adopted for the study.

7.2 Population and Sample, and Sampling Design

The population of this study will be the customers and owner of boutique of Pokhara Valley. There are 25 boutique shops in Pokhara Valley; however, the numbers of boutique customers are not available (Pokhara Metropolitan City, 2020). Only 10 boutique businesses and 100

boutique customers will be selected for sample. Boutique firms will be selected by using simple random sampling method and boutique customers will be selected by using convenience sampling method.

7.3 Nature and Sources of Data, and the Instrument of Data Collection

The data used will be primary in nature. These primary data required for the study will be collected from the boutique customers in Pokhara Valley of Kaski district. Similarly, secondary data will be collected from the sampled boutique firms.

A well structured set of questionnaire will be administered to the respondents. Questionnaire will be distributed to the customers to understand how they come to know about the products and their level of satisfaction using boutique products. The required secondary data of the advertising expenses and sales amount will be collected from the records of the boutique houses.

7.4 Methods of Analysis

Descriptive statistics like table, graph, pie chart, percentage, ratio, as well as regression analysis will be used to analyze the data. Likewise, Chi-square test of independence will be performed to determine whether there is an association between demographic variables and satisfaction of boutique users.

The association between demographic variables and customer satisfaction will be performed with the help of the equation (i):

$$X^2 = (O - E)^2 / E \dots\dots\dots (i)$$

Where, X^2 = Chi-square test

O = Observed frequency

E = Expected frequency

The model for measuring impact of advertising on sales will be the simple regression equation (ii) as follows:

$$Y = a + bX \dots\dots\dots (ii)$$

Where, Y = dependent variable (sales)

a = Y-intercept

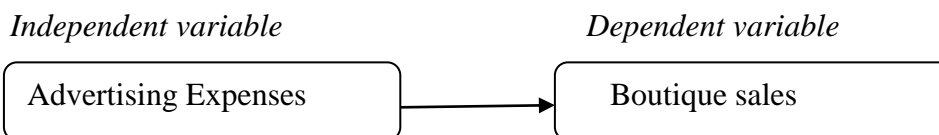
b = beta coefficient (slope of the regression line)

X = independent variable (advertising expenses)

7.5 Research Framework and Definition of Variables

7.5.1 Research Framework

The research framework of this study will be as follows:



7.5.2 Definition of Variables

(Missing)

8. Limitations and Delimitations of the Study

Following will be the limitations of the study:

- The study will be limited within the analysis of promotional aspects of boutique business.
- The study will be based on primary and secondary data.
- Study will be undertaken to the boutiques businesses located at Pokhara valley.
- The study may constrain with the limited literatures regarding boutique products.

9. Organization of the Study

This study will be organized into five broad chapters. The first chapter will deal with the general introduction of the study including general background, problem statement, objectives of the study, rational of the study, limitations of the study and organization of the study. The second chapter will include conceptual review, review of literatures related to studies in global context as well as the review of studies in Nepalese context. This chapter will be closed with the concluding remarks including research gap.

The third chapter will focus on the research methodology, which includes research design; population and sample, and sampling design; nature and sources of data, and the instrument of data collection; methods of data analysis; and research framework and definition of variables. Chapters four will focus on the systematic presentation and analysis of data. This chapter will be divided into two broad sections, namely, results and discussion. In chapter five, first of all, a summary of overview on all works carried out in chapter one through four

will be presented. Then, the chapter will include conclusions derived from the study. Finally, the chapter will include implications of the study and scope for future research.

10. Work Plan

The major activities plan for the proposed study is given in the form of Gantt chart in Table 1.

Table 1

Tentative Work Plan for the Study

Week	1	2	3	4	5	6	7	8
Introduction								
Literature Review								
Data Collection and Coding of Data								
Data Analysis and Interpretation								
Summary, Conclusion and Recommendation								
Report Writing and Presentation								

11. Budgeting

The estimated expenditure for the research project is given in Table 2.

Table 2

Estimated Expenditure for the Research Project

S. No.	Activities	Cost (in rupees)
1.	Stationary	1,500
2.	Books and journals purchase and photocopy of reading materials	3,300
3.	Field visits for data collection (travelling, accommodation and food)	5,800
4.	Report printing, photocopying, and binding	2,000
5.	Miscellaneous	1,000
Total Budget		13,600

In words, rupees thirteen thousand six hundred only.

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