



**Marketing Problems and Opportunities in Nepal**

Mukesh Prasad Bhatta  
Assistant Professor  
Kanchan Vidhya Mandir Samudayik College  
bhattamukesh338@gmail.com

**Abstract**

Marketing plays a pivotal role in the growth and sustainability of businesses, yet companies in Nepal face a variety of challenges that hinder effective market performance. This study explores the marketing problems encountered by businesses in Nepal, including limited market research, inadequate infrastructure, high competition, and evolving consumer behavior. It also examines potential opportunities such as the growing digital marketplace, increasing consumer awareness, and emerging niche markets. Using a combination of primary data from surveys and interviews with business owners and secondary data from reports and studies, the research identifies key factors affecting marketing effectiveness. The findings highlight the need for innovative strategies, adoption of digital marketing tools, and consumer-centric approaches to overcome challenges and capitalize on opportunities, ultimately contributing to business growth and sustainable market development in Nepal.

**Keywords:** Marketing challenges, Business opportunities, Consumer behavior, Digital marketing, Market research, Nepal business environment, Sustainable growth

**Introduction**

Marketing in the Pragmatic sense is composed of three key activities: Seeing the opportunities. Converting the opportunity in to products, services and delivering value to buyers through the products and services. The shape of marketing that we see today in the global brands, wide product and service choices, aggressive promotions, value creation and customer relationship management have developed over a period of last fifty years. Marketing today has become a powerful science in the hands of the business firms not only to satisfy customers through value creation and delivery, but also to

### *Marketing Problems and Opportunities in Nepal*

achieve competitive edge in the market place.

Marketing is a social process. Its activities to design to meet the needs and expectations of the society. The human society is changing very rapidly in the current times. Social values, norms and behavior are radically changing, so are technology and methods of doing of business. As the human society changes, meaning of marketing in that society also changes. Thus, development of marketing is closely associated with the socio-economic development of a society. For example, the form of marketing practice in Nepalese villages is very basic, while the marketing practices in Kathmandu is very advanced (Koirala, K.D. Pp4). Thus, marketing today is perceived as the central activity of every business organization. Even non-business organizations such as churches, political parties, governments, others social organizations working in the fields of environment, health, population and education have realized the importance of marketing in communicating their ideas and services to the target population.

Referring to the definition of marketing, AMA states- “Marketing is the activity, set of institutions, and process for creating, communicating, delivering and exchanging offering that have value for customers, clients, partners and society at large”. (Koirala, K.D. Pp7)

This definition has included some important dimensions of modern marketing, such as creation, communication and delivery of value not only to customers, but also to the society at large.

Regarding the definition of Kotlar defines- “Marketing is a social process by which individuals and groups obtain what they need and want through creating, offering and freely exchanging product and services of value with others”. (Koirala, K.D. Pp7)

In this definition Kotlar recognized marketing as a societal process and the knowledge of marketing can be used to meet various social problems.

Encarta Dictionary defines- “Marketing is the business activity of presenting products and services to potential customers in such a way as to make them eager to buy”. (Koirala, K.D. Pp8)

Stanton, Etzel and Walker defines-“Marketing is a total system of business activities designed to plan, pricing, promote and distribute want- satisfying products to target markets to achieve organizational objectives”.(Shrestha, S.K. Pp3)

### *Marketing Problems and Opportunities in Nepal*

McCarthy states- “Marketing is the performance of activities that seek to accomplish an organization’s objectives by anticipating customer or client need and directing a flow of need-satisfying goods and services from producer to customer or client”.(Agrawal, G.R. Pp1)

According to the various definitions of marketing the main theme of marketing is – The marketing process encompasses all activities aimed at identifying customer needs through exchange relationships to achieve organizational objectives in a dynamic environment.

Modern marketing activities have started in Nepal very late. Until 1960, the local market scene was dominated by local agricultural products and imported goods. Industrialization was slow and most of the large manufacturing businesses were in the public sector. The industrial performance was very bad and most of the public sector industries making losses. Even service sector was dominated by the government entities. Banking, airlines, road transport, cigarette, cement all were run by the government. (Koirala, K.D. Pp 375)

The economic liberalization policy of the 1970s intensified in the 1980s. As a result, several industries and service enterprises were established in the consumer goods, construction hardware, banking services, transportation and tourism were started in the private sector. Import has been also been liberalized. Today the marketing scene has totally changed. We can see Nepalese brands in manufacturing and services are competing with foreign brands in the market place. Despite all the progress, there are several problems marketing faces in production and distribution of products and services. The problems generally emerge from macro level factors such as: Infrastructure, market size, interest rates, political instability and corruption, and slow development of technology. Problems also arise from micro level factors such as: Profit centered business practice, lack of customer focus, weak positioning, push selling, low quality of advertising and so on.

### **Literature Review**

Marketing is a crucial function for the success and sustainability of businesses, enabling them to reach target consumers, understand their needs, and create value through

### *Marketing Problems and Opportunities in Nepal*

products and services (Kotler & Keller, 2020). In the context of Nepal, the marketing landscape is influenced by unique economic, social, and technological factors.

Several studies have highlighted the challenges faced by businesses in Nepal. Limited infrastructure, poor transportation, and logistical issues hinder effective distribution and market penetration (Shrestha, 2018). In addition, businesses often struggle with inadequate market research, which affects product development, pricing, and promotional strategies (Adhikari, 2017). Small and medium enterprises (SMEs) face high competition and lack of skilled marketing personnel, making it difficult to implement professional marketing strategies (Bhattarai, 2019). Furthermore, evolving consumer behavior, influenced by globalization and urbanization, requires continuous adaptation, which many firms find challenging (Koirala, 2020).

Despite these challenges, there are significant opportunities in the Nepalese market. The rapid growth of digital platforms and social media offers businesses new avenues for promotion, customer engagement, and e-commerce (Gautam, 2021). Rising consumer awareness and a growing middle class create demand for quality products and innovative services, opening niches for targeted marketing (Sharma, 2019). Tourism, agriculture, and handicrafts are sectors with untapped potential for branding and marketing both locally and internationally (Pant, 2020). Additionally, government initiatives supporting entrepreneurship and market development provide a favorable environment for innovative marketing practices.

The literature suggests that while Nepalese businesses face structural and operational constraints, adopting modern marketing tools, digital strategies, and consumer-focused approaches can turn challenges into opportunities. A combination of technology adoption, skilled personnel, market research, and innovative promotional methods is key to enhancing competitiveness and achieving sustainable growth in the Nepalese market.

Overall, marketing in Nepal presents both challenges and opportunities. Understanding these factors is essential for businesses to design effective marketing strategies, capitalize on emerging trends, and overcome constraints, ultimately contributing to economic growth and business sustainability in the country.

### **Research Methodology**

This study adopts a descriptive research design to analyze marketing problems and identify opportunities for businesses in Nepal. Descriptive research helps in systematically collecting, presenting, and interpreting data related to marketing challenges and prospects in various sectors.

**Surveys/Questionnaires:** Distributed to business owners, marketing managers, and entrepreneurs to collect information about their experiences with marketing challenges and opportunities.

**Interviews:** Conducted with selected professionals to gain deeper insights into marketing strategies, constraints, and potential areas for growth.

Analysis of existing literature, government reports, market studies, and industry publications to understand broader trends in the Nepalese market.

Purposive sampling is employed to select businesses across different sectors such as retail, tourism, agriculture, and manufacturing. The sample includes both small and medium enterprises (SMEs) and large organizations to ensure diverse perspectives.

Collected data are analyzed using qualitative and quantitative techniques. Quantitative data from surveys are processed using descriptive statistics (percentages, frequency distribution, and charts), while qualitative data from interviews and secondary sources are analyzed thematically to identify patterns and insights related to marketing problems and opportunities.

Participants' consent is obtained prior to data collection, and confidentiality of information is maintained. Responses are used solely for research purposes, and participants have the right to withdraw at any time.

This methodology provides a comprehensive approach to understanding marketing challenges and opportunities in Nepal, enabling researchers to propose practical recommendations for enhancing marketing strategies and business growth.

### **Result and Discussion**

#### **1. Macro- level Problems**

**a. Weak Infrastructure:-** The most severe problem marketing faces is the inadequate infrastructure. Although the road infrastructure is gradually being built, the overall

### *Marketing Problems and Opportunities in Nepal*

infrastructure road, electricity, telecommunication, water supply is very weak. As reported in Himalya Times- “Weak infrastructure has Nepal less competitive among the 144 global economies, and the country ranked 125 with a score of 3.5 in the Global Competitiveness Report 2012-13”. Thus weak infrastructure has been the first and foremost bottleneck for the overall development of the economy and marketing activities in particular. (Koirala, K.D. Pp 375)

**b. Small size of the market:-** Nepal’s market is very small and limited to urban areas account for 80 percent of demand for goods and services. Lack of access to a large part of country and low per capita income of the rural population has made the country’s market small quantity of goods is to be produced for small market, the population cost is high. Nepalese products have become less competitive than Chinese product and Indian products due to Nepal’s disadvantage in reaching economies of scale.

**c. High Cost of Capital:-** The interest rate on loan from banks is prohibitively high for Nepalese manufacturers. As compared to India, Nepalese businesses pay 4 to 5 percent higher interest on their borrowings. On one hand the cost of production and distribution is high, and on the other hand, the high interest rate has made industries less competitive.

**d. Political Instability and Corruption:-** Nepal’s politics has been highly unstable for last 20 years. Ten years of civil war and ten years of instability has seriously affected the socio- economic life of the country. Large scale migration of population has resulted due to the instability. Almost 10 percent of the population is working outside the country in low paying menial job. Technically proficient work force is migrating to developed countries for better quality of life. Corruption is rampant in every spare of Nepalese life. Dons and Super dons have emerged in the country to rule the social and economic life of the people. This atmosphere has adversely affected the business environment.

**e. Slow Development of Technology:-** Technological innovation and development is very slow in Nepal. Nepal’s major sectors still depend on human power rather than technology. Although some technology has been successfully introduced in the telecommunications, the other sectors of the economy are still technology hungry (Koirala, K.D. Pp 376).

## **2. Micro Level Problems**

**a. Profit centered Business Practice:-** The business culture in the country is directed to short- term profits. This culture has deeply penetrated in to every sector of the economy. Nepalese firms hardly practice modern marketing approaches such as brand building, relationship marketing and customer value creation. Although some young entrepreneurs have shown some interest in the modern marketing approaches, the large part of the business is dominated by the traditional thinking and business methods.

**b. Lack of Customer focus:-** Nepalese marketers have very low marketing focus, and they still practice the selling concept of marketing. Very few brands have been successful in gaining sales and equity in the country. Nepalese businesses practice the marketing approaches of the 1980s in 2017. Foreign brands and licensed brands have been able to enter the mind and heart of the people, while very few Nepalese brands can compete in the market place.

**c. Weak brand positioning:-** Focused brand positioning is the center point of modern marketing. Nepalese marketers have hardly understood the importance of positioning or confused positioning (Koirala, K.D. Pp 377).

**d. Unfocused promotions:-** Advertising in Nepal is growing in terms of volumes, but in terms of quality, it gradually going down. Most T.V advertising ideas are borrowed from Indian advertisements. The advertisements do not focus the target customers and their needs and wants. They are realized without any planning of air time and program preference of the target customers. Even serious products like Cement and Shoes are presented humor appeal. Celebrity endorsement is widely practiced since the low image. Nepalese celebrities are ready to work in very low endorsement fees. There are very few celebrities in Nepal, who have social and commercial values.

**e. Shortages of marketing skills:-** Efficient and skilled manpower in the marketing sector is very difficult to find. Students are more attracted to the career in finance sector, which they think is glamorous and well paying. Quality manpower to handle sales and marketing Job is very difficult to find.

## **3. Other Problems**

**a. Rugged Topography:-** Nepal is a land-locked country. It is also a mountainous



### *Marketing Problems and Opportunities in Nepal*

country. About 77 % of land area consists of mountains and hills. Transport facilities are very poor. Marketing faces serious problems in mountain and hilly region (Agrawal, G.R. Pp 395).

**b. Competition:-** Nepal is stand between India and China. Low quality and low priced products from these countries compete with Nepalese products. They have captured a big customer share in the Nepalese market. Nepalese products can't compete with them in terms of quality and price. This has created problems for Nepalese marketing. Product life cycle is also getting shorter.

**c. Poor Brand Consciousness:-** Nepalese marketing suffers from poor brand consciousness. Agricultural products remain largely unbranded. Individual brands dominate the market. Family brands are slowly emerging. Rural markets generally lack brand conscious.

**d. Ethical Consideration:-** Environmental protection and welfare considerations are generally disregarded in Nepalese marketing practices. Ethical considerations are lacking.

**e. Marketing Information System:-** Nepalese marketing suffers from ineffective marketing information system. Internal records lack effective computerization. Marketing intelligence is poor. Decision support system and marketing research are at an early stage. Use of information technology for e-marketing is slow but increasing.

**f. Emerging Concept:-** The emerging concepts such as holistic marketing, relationship marketing, e-marketing, green marketing are at an early stage in Nepalese marketing (Agrawal, G.R. Pp 396).

### **Opportunities for Marketing In Nepal**

Despite all the problems marketing faces from the macro level sources, there are some hopes and opportunities for the development of this sector in future. The young entrepreneurs have gradually understood the value of modern marketing and have adopted principles and practices of marketing concept. There have been positive developments in marketing in the following areas:

**1. Brand Building:-** Nepalese entrepreneurs have been successful in developing powerful brands in Nepal with thoughtful sustained efforts that have created



### *Marketing Problems and Opportunities in Nepal*

unique identity for the brands. Some of these brands and their associations are presented below:

Brands	Key Associations
Buddha Air	Safety, Modern Aircraft
Yeti Airlines	On times, Customer care
Nanglo Bakeries	Consistency of Quality
Ncell	Technology, Class, Customer Base
Choco Fun	Taste and Fun
DDC	Quality, Wide Distribution
Kantipur	Largest Newspaper
Hotel Raddison	Customer Care
Wai Wai	Convenience and Taste

Source: Koirala, K.D. (Pp 378), Fundamentals of Marketing, M.K. Publishers and Distributors, Kathmandu, Nepal.

The above table shows that more business organizations can focus on brand building efforts and convert their simple brand names into powerful brands.

**2. E- Commerce:-** The whole world now relies in internet not only for communication but also for all forms of trade (B2B, B2C, C2C, and C2B). Product and services are delivered to buyer's homes and offices, payment is made on line and money back returns are provided in case of dissatisfaction. Many on line portals and shopping portals are launched in Nepal. Now there are more than a dozen Nepali e-commerce sites doing business among the resident and non-resident Nepalese. Following are the e-commerce sites of Nepal.

1. Munch.com
2. Thamel.com
3. Harilo.com
4. Bhatbhatenionline.com
5. Yeskantipur.com
6. Nepbay.com
7. Rojeko.com

*Marketing Problems and Opportunities in Nepal*

8. Foodmandu.com

9. Metrotarkari.com

10. Estornepal.com

Source: Koirala, K.D. (Pp378), Fundamentals of marketing, M.K Publishers and Distributors, Kathmandu, Nepal.

**3. Retail:-** The retail scene is gradually changing in Nepal. It is catching up with international trend that moves in favor of self-service large and medium size stores. In the last 10 years, several chain retailer stores have emerged in the urban area of Nepal. Although the pioneer was Blue Bird, Bhatbhateni is expanding rapidly and taking the store outside Kathmandu. Other stores like Sale ways, Big market and CG mart are gradually expanding. There are small size chains like UFO and Peanuts, which are recognized brands. Shopping malls are also expanding rapidly, but to catch customer's taste and preference. Koirala, K.D. (Pp378)

**4. Expositions:-** The other healthy development in the marketing scene of Nepal is the number and variety of expositions organized in urban areas of Nepal. Started two decades ago as a festival sales strategy with Dashain Mela, variety of expositions are organized in Kathmandu and some in Pokhara and Butwal. There are a number of ITC expositions, auto fairs, shoe fairs, real-estate expositions, education fair, book fair and flower shows apart from the general commercial fairs organized during the festivals. Even local chamber of commerce of important trade centers and small towns organize local level expositions. The remarkable thing about these fairs is the ability of the fairs to pull in large crowds of target customers and potential customers.

Given these positive developments, marketing has a good prospect to serve the Nepalese society and also has potential to serve international markets. Nepalese brands like Wai Wai is well recognized in India Himalayan spring water is exported to South Korea, Gorkha and Star Beer to U.K. There is a good prospect for expansion of marketing in following area:

### *Marketing Problems and Opportunities in Nepal*

**a. Tourism product:-** Traditional Nepal has been able to sale it's Himalaya and history and heritage as tourism product. Foreign tourist mainly visited Nepal to enjoy sight-seeing, trekking and mountneering. But lately, adventures tourism is getting popular with more foreigners interested in white water rafting, bungee-jumping, paragliding, cannoning. Cultural tourism is slowly catching up in the ethnic areas of the country. There has been a major shift in source destinations for Nepal. The increase in per-capita income of Indians and Chinese and easing of travel restricted by China has resulted in large no of tourist from these two source destinations. Town like Pokhara is not having on and off tourist seasons. The town and its hotels are packed around the year. Koirala, K.D. (Pp379).

**b. Commercial Earning:-** The potential marketing opportunities lie in the commercial farming of fisheries, poultry, animal husbanding, herbs, fruits and flowers. All these products have huse potential in the domestic and foreign markets. Nepal's traditional exports like tea and cardamom is now supported with ginger, fruits and vegetables. There is a huge potential to grow, process and manufacture medicinal products as Nepal is very rich in term of medicinal plants.

**c. Service Industry:-** Nepal's service sector is growing very rapidly. The growth is mainly due to transport, communications and financial sectors. However, the real potential for marketing of services lies in manpower services, which is already financing the National budget and the country's imports. Nepalese with their good reputation as honest and hard working is attracting many foreign employers. Some other prospects of marketing in Nepal are as follows:

#### **i. Creation and Implementation of Consumer Protect Act**

The government has announced and implemented the consumer protection Act in 2001(2058B.S) for protecting consumers from irregulation concerning the quality and prices of consumer goods and

### *Marketing Problems and Opportunities in Nepal*

services, preventing circumstances in which monopolies and unfair trading practices may lead to an increase in prices, as well as false and misleading propaganda about the use and usefulness of consumer goods and services, selling, supplying, importing, exporting and storing safe and quality consumer goods and services and protecting the rights and interest of consumers through the establishment of an agency for redressing the health, convenience and economic welfare of consumers (Shrestha, S.K. Pp289).

#### **ii. Emphasis on Information Technology by Government**

Information is essential for every marketing organizations to formulate, implement and control marketing planning, program or strategy. Actually speaking information is the prerequisite of marketing decision making. Marketing management requires adequate and relevant information on regular basis. With a view to place Nepal on the Global map of information technology, government of Nepal announced information technology policy in 2000 A.D (2057 B.S). (Shrestha, S.K. Pp290)

#### **iii. Growing Population**

Marketing requires growing people with purchasing power. Nepal's population is growing at the rate of 1.6 percent per annum. The total population is about 27 million. Sixty one percent of population between 15-64 years. 35 percent is below 14 years and 4 percent is above 64 years. Growing population provides opportunities to marketing in Nepal. The market size is expanding. Urbanization is increasing market size. Urban population was 17 percent in 2011. (Agrawal, G.R. Pp 396)

#### **iv. Growing Purchasing Power**

Economy provides purchasing power to consumers. Nepal is a least developed country. Nepal's per-capita income is also growing up. G.D.P is also growing year by year. Thus, economic growth has created market

opportunities. Urban consumption is increasing.

#### **v. Growing Digitalization**

Digital marketing (e-marketing) is growing in Nepal. Internet, mobile phones, and computers have changed Nepalese marketing. The use of ATM in financial institutions is increasing. Automatization is also increasing. Thus, digitalization provides prospects for marketing in Nepal. (Agrawal, G.R. Pp 397)

#### **Conclusion**

Nepal is a small beautiful, landlocked, Himalayan country, Situated at the heart of Asia. Nepal is a developing country, so modern marketing activities have started in our country very late. Industrialization process is very slow and gradually grown up in our country. Until 1960, the market scene was dominated by local agricultural production and imported goods. To carry out the marketing activities in an effective and efficient way, it is important to proper analyze and understanding the internal and external marketing environmental factors. But, Nepalese marketers have not analyzed the external marketing environmental factors. Without proper analysis of external environment, Nepalese marketers can't grasp marketing opportunities and minimizing possible threats. Some other Nepalese marketing problems are: Nepalese market is seller's market. Most of the sellers give more emphasis on their own needs and preference. Other problem of Nepalese market is emphasis on the product rather than the customer's satisfaction. In Nepalese market, most of the companies are motivated towards profit maximization through sales volume rather than the customer's satisfaction. Nepalese market is shy market, because most of the Nepalese market is dominated by foreign products. Due to lack of reliable rules and regulation, Nepalese market becomes very weak. Nepalese market very short-run market. Nepalese (MIS) is very weak. Due to the weak public relation and communication, Nepalese marketers can't get organizational goal. Other very severe problems of Nepalese marketing are: Nepal have weak infrastructure, high cost of capital, political instability and corruption, slow development of technology, weak brand positioning, rugged topography, vast

### *Marketing Problems and Opportunities in Nepal*

competition and not use emerging concept of market etc.

Despite the mentioned problem, there are some hopes and prospects of marketing practices in Nepal they are: Nepalese entrepreneurs have been successful in developing powerful brands like: Ncell, Wai Wai, Buddha Air, DDC, etc. Some e-commerce sites are growing up in Nepal. The other healthy development in the marketing scene of Nepal is the Number and variety of expositions organized in urban area of Nepal. Some other prospect for Nepalese marketing are: creation and implementation of consumer protection act (2058 B.S), emphasis on information technology by government, developing commercial farming, emerging service industry and tourism, Nepal's growing population, growing purchasing power, growing digitalization and hydropower sectors are also for the prospects of Nepalese marketing.

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