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A Marketing Plan for a B2B Handmade Paper Product. A Case Study of MatriCraft

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Sitaula, Bimal Raj; Upadhaya, Saroj
Degree Programme in
Business Management
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Abstract

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The art of producing handmade Nepali paper is a traditional art which was originally used by the Lama Buddhists for scribing the Buddhist manuscripts. With time the government offices of Nepal started to use it for official purposes and now this art has grown into a modern business and paper is now produced for different products such as bags, envelopes, diaries, cards and many other fashionable items. The case company of this thesis 'Matricraft' is a manufacturing company of Nepali handmade paper products. The main purpose of this thesis is to develop a marketing plan for the case company in order to reach the customers and gain a competitive edge over the competitors on the basis of the marketing plan.

The theoretical knowledge base of the thesis includes theory on creating a marketing plan, internal analysis, external analysis, SWOT analysis, segmentation, targeting, positioning and the 4 P s of the marketing mix. The theory is chosen to support the development of a marketing plan that will help the company to gain a competitive advantage.

Qualitative research methods were used in this study. The data collection methods included interviews, observation and the internet. An interview was conducted with the three owners of the company which is the major source of information. The questions were prepared with the help of theoretical knowledge. A literature review of print and online sources was also conducted.

The study of this thesis was made for two purposes: firstly, to analyze the company situation internally as well as externally, and secondly is to develop a marketing plan for the case company. The authors achieved these purposes through the theoretical knowledge and then the research process and finally through the empirical analysis.

Keywords marketing plan, theoretical knowledge, qualitative, internal analysis

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1 Introduction

In this section the writers describes the background and the purpose of conducting the thesis. The research question, delimitations and the thesis structure is also included in this section.

1.1 Background

The art of producing handmade Nepali paper is a traditional art which was originally used by the Lama Buddhists for scribing the Buddhist manuscripts. With the time government offices of Nepal started to use it in the official purpose and now this art has grown into a modern business by shifting the production of papers to different products like bags, envelopes, diaries, cards and many other fashionable things.

The Nepali paper products are also consumed nowadays in the international market. The tourists who came to visit in Nepal significantly helped in the diversification of this business as they bought Nepali handmade papers and their huge interests made the business operators to grow the business into export market. The export market is seen as the major area for this industry and the United States being the major export country with other European countries and Japan.

The case company 'Matricraft' is a manufacturing company of Nepali handmade paper products which is situated in Nepal. The company's produce a wide range of handmade Lokta paper products like boxes & bags, notebooks, greeting cards, photo frames, greeting cards and lamp shades. The handmade paper products comes from a tree called Lokta. The firm is established in 2010 with a vision to support the local people for sustainable livelihood by the means of providing employment on handmade paper. This is a small cottage industry which is jointly founded by three family members: Nipesh Dhungel, Sudhir Dhungel and Tanka Bista.

The thesis idea is developed through the discussion with the case company. The authors have a family relation with the firm. The writers did a phone conversation with the owners. Through this conversation the writers came to know about the problem. The company basically does not have a written marketing plan and at the same time the business lost its one buyer. This problem leads us to think that the marketing plan is crucial for the firm. The owners also agreed that the marketing plan will assist the business. Thus, the idea for the thesis developed which is to develop a marketing plan after analyzing the different aspects of business environment.

1.2 Purpose of the thesis

The main purpose of this thesis is to develop a marketing plan for the case company in order to reach the customers and gain competitive edge over the competitors. The marketing plan is based on a situational analysis of core areas. As delimitation the research does not cover the implementation, evaluation and control and the budget aspects. Further, a thorough competitor and buyer's research will not be conducted. Thus, a future research is necessary in these aspects.

1.3 Research Question

The supporting research questions for this thesis are:

1. What is the internal and external situation of the company?
2. What are the strengths, weaknesses, opportunities and threats of the company?
3. What is the segmentation, targeting and positioning strategy?
4. What is the marketing mix (product, price, place and promotion) strategy?

The main research question for this thesis is: How to develop a marketing plan after analysis and finding from the above mentioned supporting research question?

1.4 Theoretical approach

The theoretical framework is constructed on the basis of how to develop a marketing plan that can be used by the case company to improve its market situation. For this purpose, the theoretical study is planned which is directly used for the research. The analyzing and findings from the research is used as the basis for developing the marketing plan for the case company.

The theoretical study used for this thesis project is described in this way. First the introduction of marketing plan describes about the process of marketing plan in the business. Then, the internal and external analysis, SWOT analysis explains the current situation of the business. The segmentation, targeting and positioning describes about the customer segment and the target strategy of the business. Finally, the 4 P's of marketing mix explains about the company's product, price, distribution and promotion.

1.5 Research approach

Qualitative research methods are used in this study paper. The data collection methods used is interviews, observation and the internet. The interview is conducted with the three owners of the company which is the major source of information. The questions are prepared with

the help of theoretical knowledge. A literature review from the print and online source is also conducted.

1.6 The framework of the thesis

This thesis is divided into six chapters. First chapter is the introduction. Second chapter is the theoretical framework. Third chapter is the research approach. Fourth chapter is the empirical study. Fifth chapter is the recommendations and conclusions. Sixth chapter is the theoretical linkage.

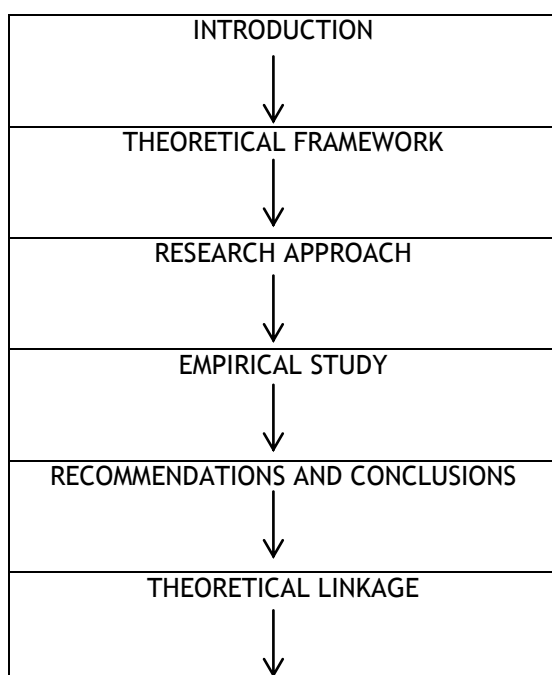


Figure 1: Thesis structure

2 Theoretical background

This section contains the theoretical detail used for building the marketing plan. The theoretical part is explained through various literature sources.

2.1 Marketing concept

The marketing concept dates back to Adam Smith who said in 1776 that ‘consumption is the sole end and purpose of production’ which has become the marketing concept nowadays (McDonald & Wilson 2011, 1). The term marketing has been widely used and defined by many writers and organization. Cohen (2011) refers to American Marketing Association (AMA) Board of Directors, Marketing is “the activity, set of institutions, and process for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, part-

ners, and society at large.” Cohen (2011) highlights the other definition of marketing by Dr. Philip Kotler as “the science and art of exploring, creating and delivering value to satisfy the needs of the target market at a profit. Marketing identifies unfulfilled needs and desires. It defines measures and quantifies the size of the identified market and the profit potential. It pinpoints which segments the company is capable of serving best and it designs and promotes the appropriate products and services.”

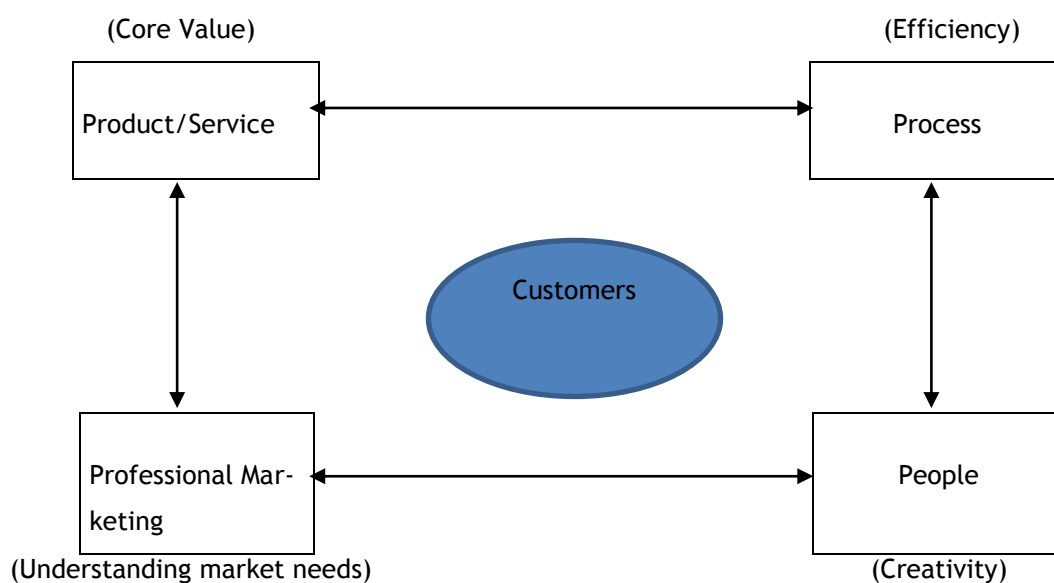


Figure 2: Business Success (McDonald & Wilson 2011, 4)

The above figure represents the business success that is achieved through marketing. In other words, this figure can be interpreted as the role of marketing in business success. Marketing plays a major role in combining all the efforts of these four factors towards satisfying the customers. Marketing creates a team of professional marketing with experienced marketer, the creative human workforce, efficient marketing process and ultimately the core product that satisfies the customers.

2.2 Marketing Planning

Marketing planning is a planned process to attain the company’s goals by utilizing the resources. The process creates a set of orderly activities resulting into the marketing objectives and the plans to execute for achieving it. Although the marketing planning is a simple, clearly defined one by one process but still in the implementation it is complex as its activities are linked to different business units and departments. The other reasons for this are the lack of

‘institutionalized procedures’ and the ‘cultural, organizational and political’ difficulties linked with the marketing planning process. (McDonald & Wilson 2011, 23-24)

There are two types of marketing plan: strategical and tactical or operational marketing plan. Strategical marketing plan is for long term, minimum 3 to 5 years whereas tactical marketing plan is for a short time of one year or less with more detailed plans on the actual execution. (McDonald & Wilson 2011, 30). The thesis is focused on building the strategical marketing plan for the company as they do not have a formal strategical marketing plan.

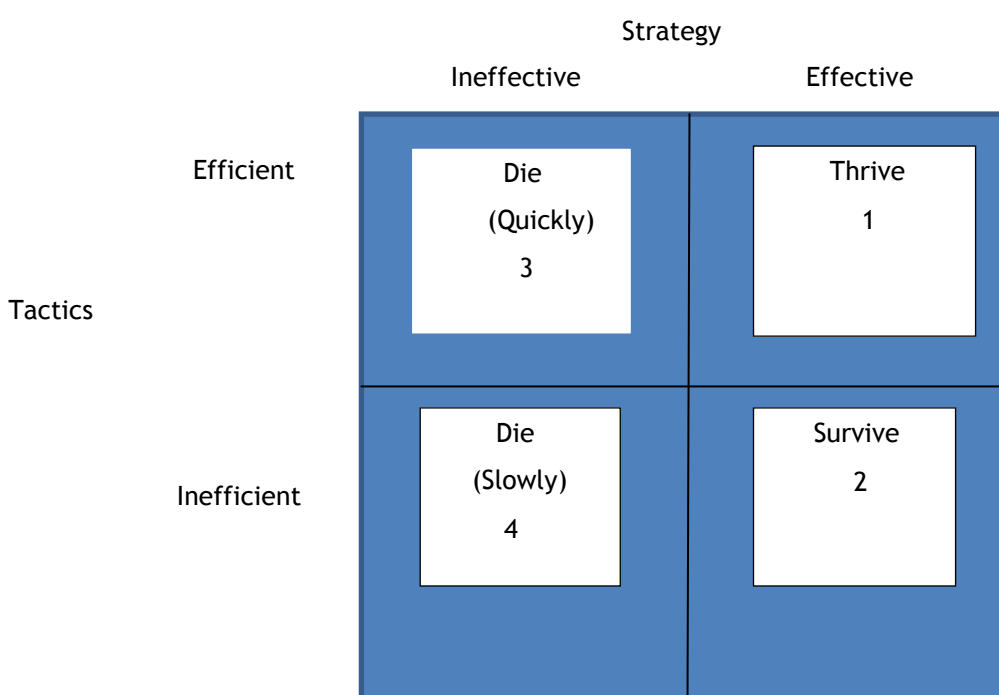


Figure 3: Strategy/tactics matrix (McDonald & Wilson 2011, 31)

The above figure explains the four box types representing the four different kinds of companies' difference between strategical and tactical plan. The companies (Box 1) with effective strategy and efficient tactics thrive. On the other hand the businesses (Box 2) with effective strategy but inefficient tactics survive to some extent but not on the long run. The companies in the left hand matrix are going to die as more emphasize is given to tactical plan that the strategical plan. The companies in the Box 3 will die quickly as the wrong plan is adopted efficiently. The figure below shows the marketing plan structure:



Figure 4: Marketing Plan Structure (Ferrell and Hartline 2011, 42)

For this thesis, the theoretical knowledge and the empirical study is built from the situation analysis and the marketing strategy perspective. These two process of marketing plan is used for developing the different marketing strategy for gaining the competitive advantage and reaching the customers. The marketing implementation and evaluation is not included in this thesis.

2.3 Internal Analysis

Internal analysis helps to know the strengths and weaknesses of the company. These strengths and weaknesses depend on the internal factors which can be both advantageous and disadvantageous in meeting the needs of the specific targeted market. Strengths are the core competence of any companies which should be market oriented or customer focused to get the effective results. Whereas, weaknesses are those obstacles that company faces in the process of developing or implementing a strategy. However, the weaknesses should also be seen from the customer perspective. In the process of analyzing market driven aspects non-market driven aspects should also be focused. (Olsen 2010)

The goal of internal analysis is to understand the business activities on a deep level. This is based on resources and capabilities which consist of various internal factors of any companies. (Olsen 2010). The marketing based on resources coordinates between the market requirements and the organizational capabilities to compete in it for a long period of time. This

does not mean the resources are at a static fixed point. What happens is that the market requirements are constantly changing and in relation to this, the resources need to be developed to keep the business running and to grab the new opportunities. The fundamental thing is that the opportunities are grabbed where it has a significant advantage through its resources. (Hollensen 2010, 25)

The other aspect is the capabilities needed to make the resources productive. The term 'organizational capacity' is used to refer to the business capacity to perform a productive activity. (Olsen, 2010). The organizational capabilities can be seen as strategic, functional or operational. On the other hand, capabilities may lie with individuals, groups or at corporate level. (Hollensen 2010, 28)

The internal analyses of strengths and weaknesses are done through the SWOT analysis which is discussed in the other chapters.

2.4 External Analysis

External analysis refers to the external environment that consists of all the external factors and can directly or indirectly affect the overall company's marketing planning. These external factors are competitive, economic, political, legal/regulatory, technological and socio-cultural. (Ferrell and Hartline 2011, 101). External analysis can be divided into two categories. One is macro environment consisting of demographic/economic, technological, social/cultural, and political/legal. The other is micro consisting of customers, competitors, channels, suppliers and publics. (Olsen 2010). In this study, PEST analysis tool is used for the macro environment and competitor analysis tool (Porter's five forces model) for the competitive analysis of the handmade paper industries.

2.4.1 Pest Analysis

Pest Analysis is a tool used to identify the main external forces which may be political, economic, and social and technology. These forces can affect the organization as a threat or bring the business opportunities. According to Jurevicius (2013) the PEST analysis is done to:

- identify the current external elements affecting the business
- find out the external factors that may change in the future
- turn the changes into opportunities and tackle those factors acting as threat better than competitors

The pest analysis is summarized in the figure form given by Jurevicius (2013).

Political factors	Economic factors
<ul style="list-style-type: none"> • Government stability and likely changes • Bureaucracy • Corruption level • Tax policy (rates and incentives) • Freedom of press • Regulation/de-regulation • Trade control • Import restrictions (quality and quantity) • Tariffs • Competition regulation • Government involvement in trade unions and agreements • Environmental Law • Education Law • Anti-trust law • Discrimination law • Copyright, patents / Intellectual property law • Consumer protection and e-commerce • Employment law • Health and safety law • Data protection law • Laws regulating environment pollution 	<ul style="list-style-type: none"> • Growth rates • Inflation rate • Interest rates • Exchange rates • Unemployment trends • Labor costs • Stage of business cycle • Credit availability • Trade flows and patterns • Level of consumers' disposable income • Monetary policies • Fiscal policies • Price fluctuations • Stock market trends • Weather • Climate change
Socio-cultural factors	Technological factors
<ul style="list-style-type: none"> • Health consciousness • Education level • Attitudes toward imported goods and 	<ul style="list-style-type: none"> • Basic infrastructure level • Rate of technological change • Spending on research & de-

services	velopment
<ul style="list-style-type: none"> • Attitudes toward work, leisure, career and retirement • Attitudes toward product quality and customer service • Attitudes toward saving and investing • Emphasis on safety • Lifestyles • Buying habits • Religion and beliefs • Attitudes toward “green” or ecological products • Attitudes toward and support for renewable energy • Population growth rate • Immigration and emigration rates • Age distribution and life expectancy rates • Sex distribution • Average disposable income level • Social classes • Family size and structure • Minorities 	<ul style="list-style-type: none"> • Technology incentives • Legislation regarding technology • Technology level in your industry • Communication infrastructure • Access to newest technology • Internet infrastructure and penetration

Figure 5: Pest analysis (Jurevicius 2013)

The above PEST table consists of many factors for this thesis. The authors are going to use the most important and relevant factors for the analysis.

2.4.2 Porter’s five forces model

The five competitive forces which are “entry, threat of substitution, bargaining power of buyers, bargaining power of suppliers, and rivalry among current competitors” shows that the competition exists for all the businesses, even the successful business. These competitive forces together are the factors that determines about the competition level and the room for

earning profit in the industry. The powerful forces are important and should be considered while planning the strategy. Depending on the industry the forces become dominating and create competition in the particular industry. (Porter 1980, 6). These five competitive forces are:

Threat of Entry

The new entry of the companies in the industry brings the threat to the existing competitors. The new entrants want to gain market share and they have the new resources and capacity. The acquisition through merging, franchising with a view to grow the market size is also a kind of entry to the industry. The industries which have the high barriers face with low entry threat whereas the ones which have low barriers face the high threat of entry. (Porter 1980, 7)

Intensity of Rivalry Among Existing Competitors

Rivalry among the competitors takes place when there is pressure and opportunity to grow. There are many techniques like price, advertising, product launching and improving the customer service to improve the position. In most of the industries, the competitive action by one company affects the others which create the situation to tackle. These kinds of competitive actions may or may not take all the firms in the industry to better situation. (Porter 1980, 17). Price competition has severe effects on the profitability of all the firms in the industry and makes the industry worse. On the other hand, advertisement wars can increase the demand and differentiate the product which benefits all the businesses in the industries. (Porter 1980, 17)

Pressure from substitute products

Every company in the industries is competing with the other industries that produce the substitute products. It directly affects the profit as there is a price ceiling in the market. The collective advertisement by the industries rather than a single firm can improve their position. Moreover, the efforts need to be targeted at improving the product quality, marketing, and so on. (Porter 1980, 23-24). The threat of substitutes is also present within the firms in the industries. For instance: the airlines industry where there are number of airlines companies competing with each other.

Bargaining Power of Buyers

There are crucial groups of buyers and their power can come in the form of cutting down prices, demanding for higher quality and competing intensely with the industry. The features of the market situation and its purchasing power show the power of buyers. There are other situations when the buyers become powerful. Some of the situations are purchasing of large amount compare to seller sales, high purchasing costs, faces few switching costs, and others. (Porter 1980, 24-25)

Bargaining Power of Suppliers

Suppliers have the bargaining power of increasing the prices or decreasing the quality of goods and services. Powerful suppliers can affect the profit by increasing its own price when it faces huge competition. Suppliers become powerful when there is less competitors, unique products, differentiated products and so on. (Porter 1980, 27-28)



Figure 6: Porter's five forces (Mindtools.com)

2.5 SWOT Analysis

SWOT (strengths, weakness, opportunities and threats) analysis is the one of the most popular tool of all marketing planning approaches. With the SWOT analysis the internal affairs which is company related and the external affairs which is environment related can be outlined at a glance. A good SWOT profile helps to create a strategy that capitalizes on its strengths, reduces the weaknesses, capture the opportunities and avoids any possible threats. SWOT becomes successful when the companies can coordinate between the controllable strengths and weaknesses and the uncontrollable opportunities and threats posed by the environment currently as well as in the future. (Hollensen 2010, 69-70)

Furthermore, the application of the SWOT analysis is explained from the following table:

	Strengths (S)	Weaknesses (W)
Opportunities (O)	Maxi-Maxi (S/O)	Maxi-Mini (S/T)
Threats (T)	Mini-Maxi (W/O)	Mini-Mini (W/T)

Figure 7: The application of the SWOT matrix (Hollensen 2010, 72-73)

The four combinations come as a result from this matrix.

Maxi-Maxi (S/O): Here, the company focus should be on maximizing both the strengths and opportunities.

Maxi-Mini (S/T): This combination is the company's strengths over the threats. The tactics of maximizing the strengths and minimizing the threats is applied.

Mini-Max (W/O): The formula here is to minimizing the weaknesses and maximizing the opportunities.

Mini-Mini (W/T): Here, the defensive strategy is applied by minimizing the both the internal weaknesses and external threats.

This figure is about the potential issues that can be considered while conducting the SWOT analysis.

Potential internal strength	Potential external opportunities
Economies of scale Superior product quality Low cost Superior management talent Good distribution skill Committed employees	Rapid market growth Changing in customer need New product discoveries Demographic shifts Changing distribution method New technology
Potential internal weaknesses	Potential external threats
Limited financial resources Narrow product line Limited distribution Internal operating problem Internal political problem Limited management skills	entry of foreign competitors product life cycle in decline changing customer needs declining of customer needs new technology foreign trade barriers

Figure 8: Potential issues to consider in SWOT analysis (Ferrell and Hartline 2011, 129)

2.6 Marketing Goals and Objectives

Any firms at this stage have many goals and objectives, but to achieve everything with the limited resources is not possible for every company. The marketing goals and objectives are needed to be developed in relation with the strategic intention of the firms. Goals and objectives must be set in such a way that it helps to achieve the company's mission and vision. Once a business knows its mission statement, then the process of goal and objectives setting can begin. Some business uses the goal and objectives as a one thing but it is significant to understand the differences for an effective marketing plan. (Ferrell and Hartline 2011, 141)

The organizations are widely using 'SMART mnemonic' when setting the specific marketing objectives to fulfill the long term goals. The SMART mnemonic act as a test to check the quality of measures. SMART refers to Specific, Measurable, Actionable, Relevant and Time-bound. (Chaffey 2015)

2.7 Segmentaion

Segmentation is the first important step in developing marketing strategy. It is the method of satisfying the customer needs. It is driven by the basic 'W' questions of where, what, who and why. In a market there are group of customers sharing the common need and by the segmen- tation process it is possible to target those selected customers and set marketing objectives to meet the needs of these particular customers. (Hague & Harrison 2015)

Fill & Mckee (2011, 120) describes segmentation as a method to satisfy the needs of buyers and the future potential buyers by dividing the huge market into small units. There are two ways of segmenting the business markets. The first way is by market characteristics, such as business size and location. This segment is dominated by transactional marketing and break- down method, so the company following this method will use the segmentation by market characteristics. The second way is by buyer characteristics and the company who wants to establish certain relationships will use this segmentation approach and know the market and customer base. (Fill & Mckee 2011, 125-126).

Main Segment Variables	Explanation
Market Characteristics	Based on organizational size and location Used primarily where there is transactional marketing and the breakdown approach predominates
Buyer Characteristics	Based on the decision making process and associated variables Used primarily where collaborative relationships and the build- up approach predominates

Figure 9: Bases for segmenting B2B markets (Fill & MCKee 2011, 126)

The segmentation by market characteristics focuses buying organizations. The common meth- ods used to group the business are size, market served, value, location, and usage rate and purchase situation characteristics. (Fill & Mckee 2011, 126)

The segmentation by buyer characteristics focuses on two aspects: the decision making unit of the buying firms and the personal characteristics of those involved in the decision making unit. (Fill & Mckee 2011, 127)

2.8 Targeting

After going through the segmentation process and realizing the attractiveness of different market segments, it is time to develop targeting strategies to those specific segments. There are three targeting strategies that can be selected. These are undifferentiated, differentiated and concentrated target marketing. (Hollensen 2010, 140)

Undifferentiated Strategy

An undifferentiated marketing strategy is applied by the company when the common needs of the potential groups exceeds greater than the differences in there wants and preference. In such a case a single marketing mix works for all the target groups. (Crompton 1983, 24)

Differentiated Strategy

By using this differentiated strategy the company develops two or more marketing mix which is respectively targeted to each market. In this cases, the customers wants or needs affect the company's targeting strategy and is modified to provide the service or product to these particular segments. (Crompton 1983, 24)

Concentrated Strategy

The company does not always have the resources to provide service to each segment with a differentiated strategy. In such a situation then a concentrated strategy is used which means all the efforts is directed towards one particular segment. (Crompton 1983, 24)

2.9 Positioning

The final phase of the STP strategy is the positioning. Zahay & Griffin (2010, 85) referring to the Bonoma & Crittenden (1988) states that positioning is the most crucial strategic decisions for the marketing operation. Zahay & Griffin (2010, 85) explains that positioning is all about how the business unit engage in delivering value to customers and wants customers to place their products and services along with the other competitive products in the market. The other explanation is by Fill & Mckee (2011, 135) who focuses that product is not the important aspect of the positioning but it is more about how the product is seen by the buyers.

Michael Porter discussed about the three generic strategies which are cost leadership, differentiation and focus strategy. These generic strategies are created when the company's strengths which is either the cost advantage or differentiation are applied at the industry level or the particular market segment. (Quickmba 2010). These generic strategies are shown in the following figure.

Target Scope	Advantage	
	Low Cost	Product Uniqueness
Broad (Industry wide)	Cost Leadership Strategy	Differentiation Strategy
Narrow (Market Segment)	Focus Strategy (low cost)	Focus Strategy (differentiation)

Figure 10: Porter's generic strategies (Quickmba 2010)

Cost Leadership Strategy

By adopting this strategy the firm strives to become the low cost producer in the industry in relation with the level of quality. The firm decides to select the price for the product, either at an average industry prices to obtain more profit than the competitors, or below the average industry prices to gain the market share. When the firms are in this price chasing competition, there is still some profit to make. The firms that can offer more cheap products will enjoy the profitability for a long time even though the industry matures and the price are dropping. The cost can be lowered in many ways. Some of them are improving he operational efficiencies, access to large amount of low cost materials, making optimal outsourcing and avoiding the costs wherever possible. (Quickmba 2010)

Differentiation Strategy

By adopting this strategy the firm focuses on development of a product or service with some special features that are valued by customers and thinks it better than or different from the other competing products. The company gets the opportunity for adding extra prices over such created value. Even if the suppliers increase the price the firm can recover that cost by increasing the cost of the product. The company can act like this way due the lack of substitute products easily. (Quickmba 2010)

Focus Strategy

The focus strategy targets to a narrow segment and within this segment the companies apply the lower cost or differentiation strategy. With this strategy, the needs of the particular group can be better fulfilled and this has the potential to turn these customers to loyal group. This is also the reason that discourages the rivals to enter such markets. (Quickmba 2010)

The firms following this strategy have less bargaining power with the suppliers due to the lower volumes. However, companies following the differentiation focused strategy can recover these costs by passing it to the customers as the substitute products are not easily available. (Quickmba 2010)

Michael Porter argued that a company wanting to be successful for a long time must follow only one of the three generic strategies mentioned above; otherwise it is likely to go nowhere. The companies create different business units for the particular strategy whenever it follows multiple strategies. (Quickmba 2010)

2.10 Organizational Buying Behaviour

According to Webster and Win (1972) organizational buying is the “the decision making process by which formal organizations establish the need for purchased products and services and identify, evaluate and choose among alternative brands and suppliers”. The crucial aspect of this definition is that organizational buying behavior is a process involving different stages. The product and service buying involves different stages and each stage or step requires the analyzing and decisions. Organizations are involved in buying on a regular basis which finally becomes a part of external relationships. This external relationships might further go on developing to trading relationships, initiate new relationships or may even turn to the collapse of all relationships. (Fill & Mckee 2011, 63).

Organizational buyers are different in many ways than the consumer markets. From perceiving to decision making and finally the purchasing differs significantly. Although the differences exist, there are also similarities in certain characteristics. Fill & Mckee (2011, 64) explains the similarities and differences together that exist in the characteristics of both the business markets and consumers markets with a table. The table is used for this purpose.

	Consumer Buying	Organisational Buying
Number of buyers	Many	Few
Purchase initiation	Self	Others
Evaluative criteria	Social, ego and level of utility	Price, value and level of utility
Information search	Normally short	Normally long
Range of suppliers used	Normally short	Can be extensive
Importance of supplier choice	Small number of suppliers	can be critical
Size of orders	Normally limited	large
Frequency of orders	Small	Low
Value of orders placed	High	High
Complexity of decision making	Low	Medium
Range of information inputs	Low to medium Limited	Moderate to expensive

Figure 11: A comparison of buying characteristics in organizational and consumer markets (Fill & McKee 2011, 64)

There are many factors which affect the organizational buying behavior. Some of them are the nature of product and service, value of purchasing amount and relationships with the suppliers. However, these broad factors can be grouped under three categories. Referring to Robinson et al. (1967) three buyclasses model which are new task, modified rebuy and straight rebuy. (Fill & McKee 2011, 68)

New task

The name itself suggests that this is the first time the company is involving in the buying process. At this time, there are lots of uncertainties and high risk involved. This might be because of the limited knowledge of the product or the suppliers. Because of this, at this point there is need to collect lots of information and lots of participants are involved in the decision process depending upon the nature of the organization. (Fill & McKee 2011, 69)

Modified rebuy

In this context the buyers already went through the experience of purchasing and this decreases the uncertainty. But there are still issues, mainly relating to the modification. These modifications might be related to the altering the specification of the products, negotiation

on price levels and changes in the delivery patterns. Unlike new task, few people are involved in the decision process. (Fill & Mckee 2011, 70)

Straight rebuy

This is a situation where the buyers buy regularly from the approved lists of suppliers. This is a routine process which involves the purchasing department. This type of buying is related with the organizational consuming for regular operation like stationary supplies or some value added in the manufacturing process. The relation with supplier is very strong and it continues unless there comes other suppliers with some better prices. (Fill & Mckee 2011, 70)

Just like the buy classes Robinson et al. (1967) came up with the buyphases. This means the buying process that the organization go through before reaching a final decision Fill & Mckee (2011, 71) There are seven phases in the buy phases. They are:

Problem recognition

General need description

Product specification

Supplier search

Supplier selection

Order process specification

Performance review

2.11 Marketing Mix

Jerome. McCarthy proposed the term “marketing mix” which is now widely known as four P’s of marketing. These are product, price, place and promotion. Marketing mix can be defined as the mixing of the tactical tools (product, place, price and promotion) which are controllable to produce the desired response in the target market. The marketing managers need to know about these elements for building the marketing plans. Marketing mix is not static and it is affected by the external change in the environments like economical, technological, social and legal. (Ramachandra, Chandrashekhara & Shivakumar 2010, 59)

According to Kotler “(The) Marketing Mix is the set of controllable variables that the firm can use to influence the buyer’s response.” The four P’s are a guiding tool for developing the company’s distinct selling point as well as brand image. Kotler still defends the Four P’s model of marketing in the times of internet and the new concepts like social media, e-commerce and digital marketing. Kotler still believes that the Four P’s are relevant by making a statement that all the “all contending models fight in a market place that will determine whether the new model works better than the preceding one.” (Mahajan 2013).

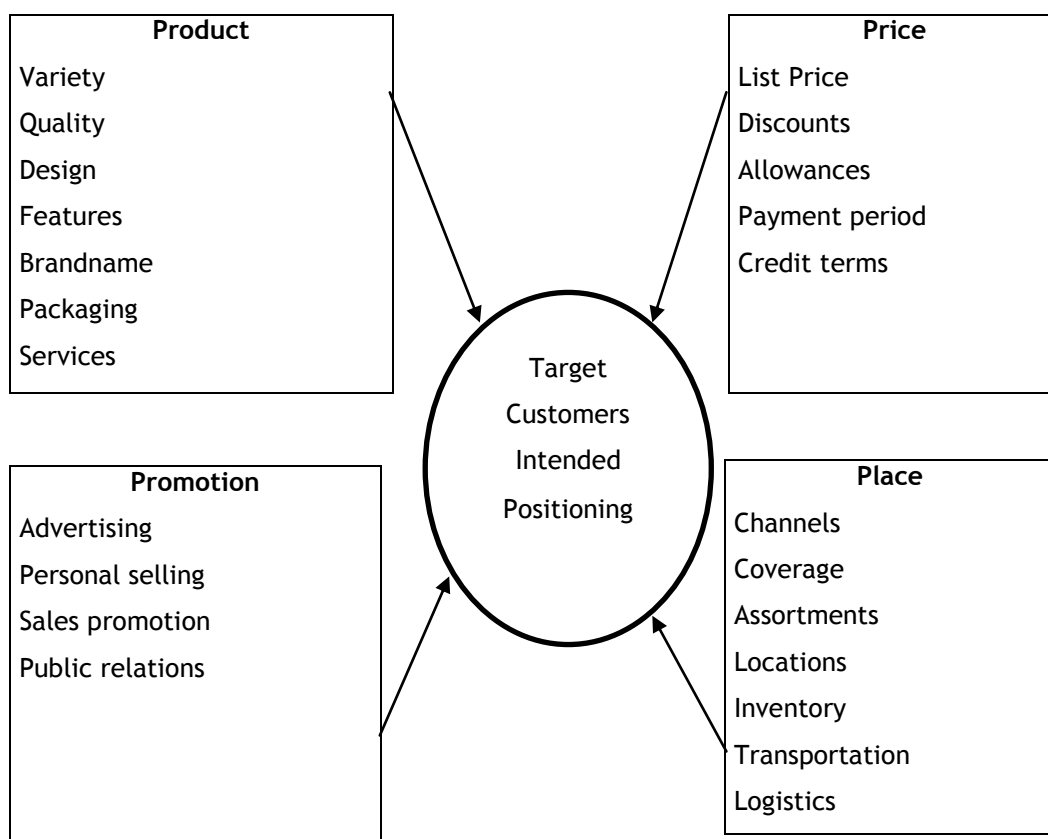


Figure 12: Ramachandra et.al. (2010, 62) refers to the Four Ps of the marketing mix by Kotler & Armstrong (2004, 58)

2.11.1 Product

Theodore Levitt proposed a model of three layers through which the features and benefits of the products are discussed. All the three layers are covered by the product's future or potential product. The first level is the generic or core which means the "heart and foundation" of the product. It comprises of all the activities that the business takes in order to produce the product that provides the core benefits to the customers. The second is the expected where the customers are judgmental and expect for the basic benefits from the product. The companies unable to provide these expected factors will directly affect the customers. The third is the augmented where the companies stand different from the competitors as the product provide the benefits that distinctly satisfy the customer. The potential product covers the all these three layers and this is where the business is in constant search and examining of ideas to stand out from the competitors' product. (Ruskin-Brown 2006, 106-109)

2.11.2 Price

Pricing is a “dynamic element of the marketing mix.” Price can change the customer perception and push them to compare with the other offerings by the competitor. (Ruskin-Brown 2006, 168). McDonald & Wilson (2011, 348) points out two important reasons of pricing decisions, one is that the pricing affects the profit margin by the impact on earning and the other is that it effects on the number of goods sold by the impact on demand.

Price setting for the companies with new products in the market is a challenging job. The business can apply either of these strategies: market-skimming pricing and market-penetration pricing. (Kotler & Armstrong 2011, 314)

Market skimming pricing

By using this strategy the companies sets the high price for the product at the beginning to earn more profit from the sales rather than targeting revenue at different segments. (Kotler & Armstrong 2011, 314)

Market Penetration Pricing

By using this strategy the companies sets the price low to attract the buyers quickly and gain a large market share. (Kotler & Armstrong 2011, 314)

2.11.3 Place

Place is referred by the term called ‘distribution’. Distribution is related with the supply chain and marketing channel. The company’s success when it’s marketing channels exceeds the competitor’s channels. Logistics is also the growing importance of distribution process. (Kotler & Armstrong 2012, 341)

Few producers in the market are involved directly in selling goods to the final consumer. Most of the companies use the intermediaries through their marketing channel or distribution channel for introducing the goods to the consumer or business user. The companies do so because they create better efficiency by their networks, expertise, experience and size of operation to sell the goods to the target market. Also to some extent the prices of the final product might be higher if the producers are involved in the direct selling. (Kotler & Armstrong 2011, 341-343)

Distribution channels differ from companies to companies. There are two kinds of marketing channels, one is direct marketing channel where there are no intermediaries and the other is the indirect marketing channel where there are one or more than one intermediaries. From

the producer's point of view, more is the number of level, the more complicated and less control the channel becomes. (Kotler & Armstrong 2011, 343-344)

2.11.4 Promotion

Promotion mix or marketing communications mix consists of the five major promotional tools that are used by the companies to communicate and build the customer relationships. They are:

Advertising

Advertising is the way to reach the millions of customers who may be anywhere. It uses the visuals, print media, sound and color to make the advertisement effective and attract the customers. It is used to build the long term image and to increase the sales quickly. It also has some negative sides as it is one way and impersonal communication with the customers. It is expensive too. (Kotler & Armstrong 2011, 424)

Personal Selling

Personal selling involves communication with the customers through which the sales persons can use their skills to build a long term relationships by solving the problems. They can even change the relationships from selling to friendships. (Kotler & Armstrong 2011, 424)

Sales promotion

Sales promotion includes a wide variety of promotional tools like coupons, contests, discounts and others to attract the customer's attention to purchase the product right away. Sales promotion tactics is not useful for the long term as compared to advertising and personal selling. (Kotler & Armstrong 2011, 425)

Public relations

Public relation is all about the news, events, sponsorships, and other activities. This is very effective to make the customers believe as it comes out more like a news story rather than advertisement. (Kotler & Armstrong 2011, 425)

Direct Marketing

Direct marketing includes direct mail, catalogs, online marketing, and others. Less public, directed to specific individual, quick and designed to meet specific consumer are the characteristics that make the direct marketing more effective. (Kotler & Armstrong 2011, 425)

2.12 Summary of the theoretical discussion

When developing a marketing plan it is important for the business to consider the different aspects of the business. It is necessary to know the internal and external factors affecting the company. The SWOT analysis is also crucial to know the strengths, weakness, opportunities and threats. The company needs to know the marketing goals and objectives. The customer segments, targeting and positioning is also essential. It is necessary to understand the organization buying behavior. The business should examine the marketing mix (product, price, place and promotion). Thus, after analyzing and finding all these aspects marketing plan can be developed to reach the customers.

3 Research Approach

The authors have first described the research process. Then the methods used for research has been discussed. After this, different techniques to collect data are explained. Finally the validity and reliability of the data ends this research approach chapter.

3.1 Research Process

Research is usually imagined of as a process which means it involves different stages with different activities over the time. This orderly process of different stages helps the researcher to carry out the research systematically and to know what needed to be done at each stage. Research does not stay constant, it may change and different adjustments to take into consideration might arise with the time. It may involve going back and re-examining again. (Gauri & Gronhaug 2010, 29)

In this thesis the research process started with the research topic. The research topic is to construct a marketing plan for the company. Then the research problem arises about why we are building a marketing plan for the company. The need for marketing plan is seen in the company as there is no formal marketing plan that the company follows. As a result of unorganized marketing planning the company feels they are not efficient and unable to grow. Although the marketing plan does not guarantee the growth of the company but to some extent it will be helpful and provide the right track for the company which both the authors and the company agree. To address this research problem the authors build the theoretical knowledge from the different literatures.

3.2 Research Methods

Research method is used to collect the data for gathering information from these collected data to solve the research problem (Gauri & Gronhaug 2010, 104). There are two methods used for collecting the data, one is qualitative and the other is quantitative. Quantitative data involves the use of numbers to explain the data. This is also known as statistical analysis of data collecting. On the other hand, qualitative data does not involve the use of numerical value to collect the data. The data is collected through the different source of information like observation, interview and documentation. (Blaikie 2010, 204-205)

The difference between the qualitative and quantitative methods is described through the following figure.

Qualitative methods	Quantitative methods
Emphasis on understanding Focus on understanding from respondent's/informant's point of view Interpretation and rational approach Observations and measurements in natural settings Subjective 'insider view' and closeness to data Explorative orientation Process oriented Holistic Perspective Generalization by comparison of properties and contexts of individual organism	Emphasis on testing and verification Focus on facts and/or reasons for social events Logical and critical approach Controlled measurement Objective 'outsider view' distant from data Hypothetical-deductive; focus on hypothesis testing Result oriented Particularistic and analytical Generalization by population membership

Figure 13: Difference in emphasis in qualitative versus quantitative methods based on Reichardt and Cook (1979) (Ghuri & Grønhaug 2010, 105)

The above features of the qualitative methods makes the authors select the qualitative methods over quantitative methods. Since, the authors are solving the research problem through the case study, qualitative method is more suitable.

3.3 Data collection

Data collected are of two types. One is the primary data and the other is the secondary data. Primary data are collected for the specific project which means these data are useful for answering the research question and the research objectives. They include experiments, interview, observation and survey. (Gauri & Gronhaug 2010, 99). Secondary data may be collected for other reasons rather than what the researcher are looking for. So, it is important to check the usefulness of the information in the data. They include literatures, articles, and websites of companies, governments, semi-government organizations and catalogues. (Gauri & Gronhaug 2010, 90)

Both the primary and secondary data have been used for collecting the data for this thesis. Interview and observation have been used as the primary data whereas the literatures, internet have been used as the secondary data.

3.3.1 Interview

The best method to collect data for research is interview. Interview involves the communication between interviewer and interviewee in the form of email, phone or person. Interview can be structured or unstructured. Unstructured interview takes place in qualitative interview where the respondents response freely. When the open questions interview takes place then the respondents can freely discuss, give opinions and raise questions. By this process the interviewer can get the answers to 'how' and 'why' questions. (Gauri & Gronhaug 2010, 126)

The interview in this thesis is conducted in mail, phone and person with the three owners of the case company. The mail is used as the main interview method. Phone and in person happened whenever the authors felt the need for more discussion. The questions were sent through the mail to all the interviewee. The interviewee then answers the questions freely.

3.3.2 Observation

Observation is the primary data collecting process where the researchers are in the field where careful watching and listening to the people and the situation Researchers can collect the fresh and live data in the daily field which is not possible through other process. (Gauri & Gronhaug 2010, 115)

The authors visited the case company time to time between the three months period to see the operational activities, employees' interaction and working culture.

3.3.3 Internet

Data collected through internet are the secondary data. There are both advantages and disadvantages of collecting data through internet. The advantages are that it is cheaper, faster and diverse. The researchers can collect the data within the short time from various sources. The disadvantages are that there is too much information and might not be accurate. To prevent this, only few websites from the known companies and groups are used.

3.4 Validity and Reliability

The authors bear the responsibility for the validity and authenticity of the data collected from the different sources. The data collected through the interview is reliable as they come from the owners of the case company. The observation made by the authors is also quite reliable. The secondary data which has been collected through the internet might vary with time.

4 Company Introduction

The company 'Matricraft' is the client for this thesis which is situated in Nepal. This is a B2B company being the manufacturer and supplier. This is a small cottage company owned by three family members Nitesh Dhungel, Sudhir Dhungel and Tanka Bista. This company produces wide range of handmade lokta paper products like paper sheet, bags and boxes, gifts wrapping paper, notebooks, greeting cards and photo frames. The company is established in 2010 with a vision to support the local people for sustainable livelihood by the means of providing employment on handmade paper. The company slogan is 'Creativity is our identity'. The company has taken the lease of land for the production and official work. It has an area for office, manufacturing house and storage area. More than half of the area is left vacant for drying the lokta in the sun.

The company started with the 10 employees at first then added more after one year which reached up to 15 employees. Later it declined to 10 employees as the business did not do well. The staffs are divided into three areas: office work, product making and designing and the storage. The three owners are managing every area of the business and also with finding the buyers and the marketing aspects. The storage area is very sensitive place as it is main area where finished paper is going to be stored. The safety from water and safety from other factors are considered and kept in properly managed area.

5 Empirical analysis

5.1 Handmade Paper Industry

The handmade paper making has a long history and is a traditional art. From the historic time Nepali handmade paper has been used by the government offices and in the religious texts. Still, today it is used by the government organizations for the birth certificate paper and land ownerships paper. (Banjara 2007, 5)

The handmade paper is also known as lokta paper as the paper comes from the lokta tree. The paper is made by peeling the bark of this naturally and wildy growing lokta shrub. It grows in the coniferous forest between the ranges of 2000m to 4000m. The specialty of this lokta is that it grows naturally and does not need to be cultivated. After cutting once, it regrows itself and takes 6 to 8 years to be used again. There are other special features like its durability as it has a very strong fiber and the other aspect is its design and color as it does not get mixed with the color solutions. As a result lokta paper is produced using dip dyeing process. (Banjara 2007, 6)

The handmade Lokta paper is used for making different artistic and fashionable products like notebooks, lamp shades, greeting cards, bags, boxes, gift wrapping paper, photo frames and other varieties of different decorative products. The consumption of these local paper products in Nepal is very less and it is believed that 90% of the production is exported to international market like Europe, USA and Japan (Banjara 2007, 8). For developing country like Nepal, it can be great source of income to local people and make considerable potential in the economy of the country. The promotion of this local product has great potential of alleviating the poverty of Nepal as it involves the rural population and especially women for producing the paper.

The picture of handmade industry is explained through a figure of value chain map. This value chain map shows all the stages involved from cultivation to the final consumers. This value chain map is divided into two supply channels which reflect the overall industry. One is the semi-organized channel and the other is the organized supply channel. The semi organized channel involves the many small actors and many stages until the products are reached to final consumers. It starts from those individual lokta collectors who sell the raw materials to the local transporters and the village paper producers. Then it is purchased by the middlemen like road head traders and the small paper makers and finally sells to small product manufacturer. On the other hand, the organized supply channel involves the few big players like the cooperatives who are operating at the district level for paper making and are directly linked to the big paper product manufacturer in Kathmandu. The cooperatives have a strong position and more bargaining power with the buyers in Kathmandu due to operation size. (Banjara 2007, 11-12)

In the figure there are two arrows used for showing the strength of relationships between the different players of the organized and semi-organized supply channel. For instance: the dotted arrows show the weak relationship between the cooperatives involved in the lokta collection with the paper producing villagers. The solid arrows show the strong relationships, for example: the cooperative involved in large paper producing have solid relationships with the large paper manufactures in Kathmandu. The value chain map is illustrated with a figure below. (Banjara 2007, 12)

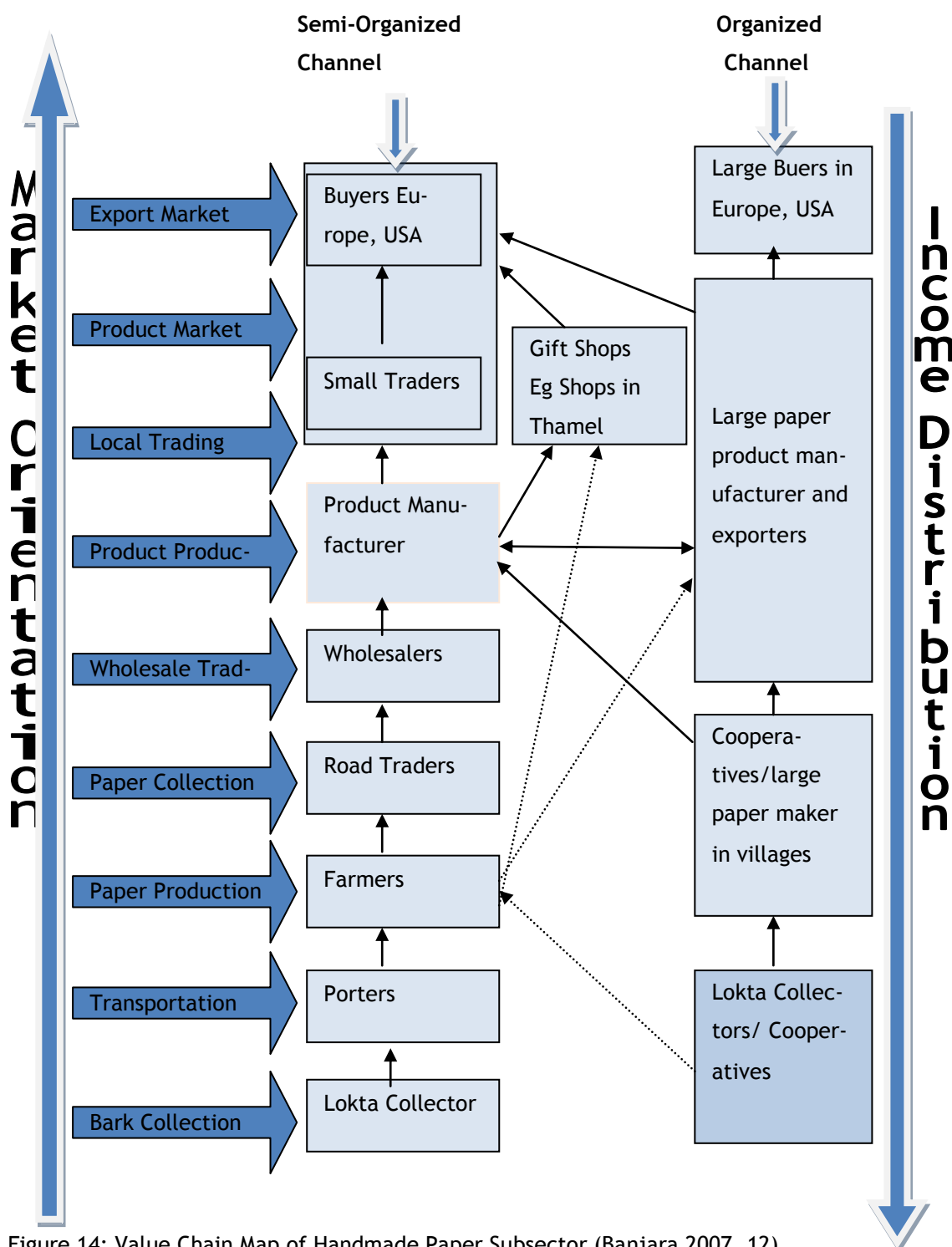


Figure 14: Value Chain Map of Handmade Paper Subsector (Banjara 2007, 12)

This value chain map also shows about the position of the case company. The company is a small product manufacturer and shows the relation and connection of the company with different players in the sector.

5.2 Internal Analysis

The SWOT analysis is conducted to understand about the company's internal strengths and the weaknesses and also to analyze its current situation.

Strengths	Opportunities
<ul style="list-style-type: none"> • Committed Employees • Owned by three family members • Good relation with paper wholesalers • Good relationship with the buyers 	<ul style="list-style-type: none"> • Small segment but can capitalize on more markets • Export oriented business • Becoming a large manufacturer
Weaknesses	Threats
<ul style="list-style-type: none"> • Lack of marketing plan • Limited financial resources • Lack of product quality and design • weak market image 	<ul style="list-style-type: none"> • Changes in technology • Many competitors • Changing customer needs

Figure 15: SWOT analysis of the case company

The SWOT analysis figure clearly shows the company strengths and weaknesses which are company's internal situation. These are discussed on a detail level here.

Strengths

Committed employees

The case company has committed employees working for them especially in the design and product making. These employees are more like a part of company own family. The main reason for this is that these employees belong to the society from where the owners come from.

The 'society' here means a place where they live. In these kinds of society people know each other and they are also a part of the festivals that happens frequently. The other reason is that they are involved in designing these different paper products traditionally. This means they follow the traditional methods and also from a long time. Some employees have been in this designing process from their family background too.

Owned by three family members

The business is owned by three family members with equal partnership. This means there is a collective decision taken by these owners regarding the company matters. Basically three people have different ideas and opinions which is a significant advantage to the business. They have each other understanding and discussion into the matters deeply for the company's benefits.

Good relation with the paper wholesaler

The case company has built a good relation with the paper wholesaler. The company is buying regularly from the same wholesaler from the last 2 years. All these papers are 20X30 inches in size. They get the discount and also the quality of the paper is maintained. The owners said it is very important not to change the wholesaler although some new wholesaler come with the better price in the beginning but they will increase the price in the long run which the case company is aware of. So, the company has made a connection and relationship with the wholesaler. Also the other aspect is getting the papers at the right time. But the authors view dealing with only one wholesaler is not good and should deal with two paper wholesalers and compare the better prices in the long run.

Good relation with the buyers

The case company has maintained good relationship with the buyers. The buyers demand, request and suggestions in whichever form related with the products is taken seriously. The products quality and design, prices and service are the main factors related with the buyers which the case company is aware of and engaged in fulfilling these aspects.

Weaknesses

Lack of marketing plan

Lack of marketing plan is a weakness for the company and this is reason for conducting the research too. Lack of marketing plan brings different weaknesses with it. The company does

not have a clear marketing strategy or are not being able to see all the opportunities or not knowing how to achieve a target.

Limited financial resources

Being a small business the company has the limited financial resources. Without enough financial resources the company cannot put all the thoughts into action. With the limited financial resources the company cannot compete with the large businesses. But it does not mean the company cannot grow into a large business. Every business grows from a small size to big size.

Weak market image

The weak market image is yet another weakness which makes the company harder to get the buyers. The weak market image means the company does not have a brand image in the market. This is directly reflected when marketing the company. As this industry is highly fragmented with many small and big players, it is not possible for the case company to create overall strong image. The company needs to select a small market and create a small market image within the area.

Lack of product quality and design

The company is following the traditional methods of manufacturing the products and designing. This is the reason because this is the handmade paper and the skills are coming from the traditional use. Also, the employees come from the traditional background without the enough modern design knowledge and training. It's difficult for the company to shift the design pattern from traditional to modern.

5.3 External Analysis

There are two methods used for the external analysis of the case company. First, is the pest analysis to find out the political, economical, social-cultural and technological factors and the other is Porter's five forces model for the handmade paper products industry attractiveness.

5.3.1 Pest analysis

Political

Nepal is a politically unstable country. This means the political situation of the country directly affects the business environment of the case company. There are strikes and protests, and in such situation the business is closed. Such kind of environment directly affects the operation and also the motivation needed to do the business.

But this does not mean there is no support from the government organizations. Since this is an export business and a source of foreign income there are different governmental organizations involved. These are Federation of Handicraft Association of Nepal (FHAN), Department of Cottage and Small Industries (DCSI) and the Department of Forest Research and Survey (DFRS). These organizations are all related to the development of handmade paper industry. The case company is registered in the Department of Cottage and Small Industries. The case company needs to make more use of these organization services and training process.

Economical

The inflation rate in the Nepal is growing and along with that the labor cost is also increasing. This will have significant affects in the long run if the company is unable to grow. Till now, the case company has not reduced its working number but this is a considerable factor to keep watching.

The other factor is the recession which has affected especially the large manufacturers and suppliers. As the case company is a small product manufacturer this is not affecting massively. But if the situation is the Europe which is the export market of this industry goes worse and worse it will definitely affect this small company in the long run.

Socio-cultural

The customers of these handmade paper products are the ones who buy the exotic and decorating products and especially from the developing countries. As the handmade paper products are luxury products from the developing country Nepal, this has created these customers. There are other factors like the people from developed country are now more into the sustainability, ecological sides of the business. As the whole paper product business involves the sustainability and do not have ecological effects, this business has a growing customers. Also the involvement of the rural villagers and especially the women in the production of this lokta paper also attracts the customers to buy these kinds of products.

Technological

This sector of handmade paper business does not have a rapid change in the technology. The product manufacturers are following the traditional methods of product and design making. This business still does not use the machinery for the paper production. So, this makes the case company safer in the technological change and advancement. On the other side the use of internet to collect different information and even market the products is increasing. But the case company is focused in not involved in this area. The company needs to consider other considerable international online selling markets of handmade products. The online selling companies like Etsy, Dawanda, Bonanza, Zibbet and iCraft are the best five online selling companies for handmade goods (Null 2012).

5.3.2 Porter's five forces model

The porter's five forces model analyzes the industry attractiveness and also the company's competitiveness within the industry.

Threat of Entry

The threat of entry of new companies in the small manufacturing sector is quite high in this industry. The barriers are quite low and this means a company can easily enter in this market. Recently one new company has been opened in the area where the case company is operating. This means there is increasing competition and the case company needs to be alert. Although the entry is easy but this industry is quite fragmented. As a result any company conducting the proper study might not be interested in this market. The small manufacturing company will have a hard time finding the market.

Intensity of rivalry among existing competitors

The rivalry among the existing competitors is quite high as there are many small manufacturing companies operating in this industry and producing the similar products. Also the rivalry is so high because almost all the manufacturing companies are operating in the Kathmandu. This means many companies are chasing the same buyer. Through the interview it is found out that the case company already lost buyers in this rivalry.

Pressure from substitute products

The case company is operating in the chain of manufacturing the products and selling to the buyers without any unique product differentiation. As there are many small companies involved in the production of such kinds of products, there is directly high pressure from the

substitute products from other manufacturers. This also means the buyer can easily change the suppliers.

Bargaining power of buyers

The bargaining power of buyer's range is high. The buyers which are the small traders and the gift shops although are small but can easily substitute as there are other competitors offering the same product too. Also the change of cost is not high. So, the buyers directly pose a threat to the buyers.

Bargaining power of suppliers

Bargaining power of suppliers is seen from two perspectives. One, the company is itself a supplier and other the company buys the paper from the paper supplier too. About the case company bargaining power as a supplier, it has a low bargaining power as there are many competitors and the case company does not have a unique product differentiating from the other manufacturers. About the company buying from the paper supplier, the paper supplier is also small and the case company has been dealing with the supplier from the last 2 years, so it enjoys more facilities that come in the discounts and late payment.

5.4 SWOT analysis

The SWOT analysis figure presented already during the internal analysis discussed about the case company's internal strengths and weaknesses. Here in this section, the opportunities and threats are discussed which also shows the external factors of the case company.

Opportunities

Small segment but can capitalize on more markets

The case company buyer is currently the small traders and the gift shops. The company is yet not able to reach these large paper exporters. The company has this opportunity to include these large paper exporters into its buyer list. Once the company is successful in doing this, then the case company can grow bigger. The case company needs to know more about this large paper exporter and maximize its strengths to capitalize on this opportunity.

Export oriented business

This industry is an export business and the customers are from the developed countries especially the European countries like France, UK, Germany and Belgium, USA and Japan. The company is now exporting the products to these customers through the small traders. This means the company does not have link to these buyers and if the company can remove the small traders and find a channel to these exporters the company can gain more market share and profit.

Becoming a large manufacturer

The case company is a small manufacturer at the moment. But it has the opportunity to become a large manufacturer as there is the market of these products. The simple way is to increase the capital in the business but the companies do not have the financial capital. The other way the authors recommend is by merging few other small manufacturing companies. The numbers can be between two to four.

Threats

Changes in technology

The modern technology especially in the production process is yet not used in this business. But the technology can change rapidly which the company needs to be aware of. Especially the use of internet to connect the buyers and even sell the goods online has already been in use for years but the company being a small company is not yet into this market. This is a threat for the case company. The company needs to understand that the online selling is quite convenient. Also, through online selling they can reach to every place where the customers and buyers are located.

Too many competitors

As the industry is quite fragmented with too many small manufacturers and most of them are located in the Kathmandu, this pose a significant threat to the case company. Also the other thing is that all of them are involved in producing the similar products. The case company should think about differentiation and searching the markets for growing bigger.

Changing customer needs

The customers of these handmade paper products are into the exotic products with good design. The customer needs are changing with the time over the design of the product. This means there is the possibility of switching the product. The case company being a small man-

ufacturer is not affected directly but in the long run if the industry gets affected, this will affect the case company too.

The main aspect of this SWOT analysis is that the case company should look to minimize the threats and weaknesses, and maximizing the strengths and the opportunities.

5.5 Segmentation

The case company has three different segments representing the buyer groups. They are small traders, gift shops and the large exporters. At the moment the case company is only dealing with the small traders and the gift shops. The needs of these segments are different from each other. This means that the way they buy, the product they buy and the size they buy differs significantly. The case company is however putting all these segments into one category and dealing with them. The owners are using the personal contact and relationship approach to contact these buyers.

The authors have analyzed this situation and come up with the idea to put these three different segments into different groups and develop the marketing strategy according to the segments need. This is necessary in order to set the priority and address the issues that are hiding in these segments. Through the segmentation process the case company clearly knows the segments and the different process these segments follow in buying process.

First segment is the small traders. These are the traders who buy different types of products and sells directly and through the buyers in the Europe, USA. Through the interview it was found out that there are two buyers within this segment. These small traders buy different types of products from the case company like notebooks or diaries, photo frames, lamp shades, etc. The most popular product bought by the small traders is notebooks. These are the regular customers and the case company should think to make these regular customers into the loyal customers. This can be done through the intimate service and maintaining good relationship which the case company is already following. Also it is necessary to maintain good contacts with the traders to know more about the traders.

Second segment is the shops in Thamel, Kathmandu. This is a tourist place and the products are basically bought by the tourists as for the local people it is expensive. The case company has contact with three shops and sells the products. This segment is different from the small traders because here the tourists are more buying the photo frames, lamp shades, bags and boxes. The focus should be on these three special products. There should be more variety of these products and especially in their design as the competition is high and there are other handicrafts in these shops too.

Third segment which the case company has not yet reached is the large exporter. These large exporters have special product requirements and also the size they order is big. The case company should analyze their strengths if they can meet these requirements. In the interview they said that they are capable of this but we need to hire more workers when we get such large buyers. The main thing here is that these large exporters have the decision making unit and the characteristics of these decision making persons. The case company should have a research about this and know about this for the successful negotiations.

There is one more possible future segment that the authors like to recommend which has yet not been into the case company's segment list. These are the international online handmade goods selling companies like Etsy, Dawanda, Bonanza, Zibbet and iCraft which can certainly make the company's buyer list. The authors recommend the case company to study about these online selling companies.

5.6 Targeting

There are three different targeting strategies to choose from. They are undifferentiated strategy, differentiated strategy and concentrated strategy. The authors recommend the undifferentiated strategy to apply for all the three segments. This strategy is applied through a single marketing mix. The reason for choosing the undifferentiated strategy is that the common need of these three different segments is greater than the differences. All the three segments are basically buying the case company's products. The products like bags and boxes, photo frames and lamp shades designed for the gift shop segment can be used for selling to small traders also. Also in the future if the case company deals with the large exporter then the product alterations that might come can be fitted into some other segments. The large exporter and the small traders are basically selling the same products to the buyers; the difference is only is that they use different channels to reach these buyers. The other two marketing mix: promotion and distribution will also not differ within these segments. Regarding the price there are changes within these segments. The case company is already adopting two different prices for the small traders and the gift shops. The reason behind this is that the small traders buy the products to export the products whereas the gift shops buy the products to sell locally in that area, especially for the tourists. The marketing mix is discussed more in the later chapters.

5.7 Positioning

Positioning is the most difficult marketing aspect when it comes to this handmade paper industry where the case company is operating. The industry is very fragmented with many small

players and dominated by the large manufacturers and exporters. So, to position itself as the cost leadership or differentiation in the whole industry is almost impossible with the company's capacity and resources. The only option left for the case company is the focus strategy. There are two focus strategies, one is the lower cost and the other is the differentiation. The focus strategy is to focus at the narrow segment applying either one of the strategy or even both. The focus low cost strategy applies selling the product as low as possible. To achieve this, the case company has to look at cutting cost from every way. It starts from the buying of raw materials to production and even till the selling. Being a small company it is already using the minimum resources in every step. The authors suggest the case company to apply the focused differentiation strategy. This strategy is suitable for all three target segments discussed above. The focused differentiation strategy is achieved through creating different and unique product from the competitors. This takes place in the form of design and creating brand image. The company needs to focus on the design aspects as the customers are looking for attractive design and better quality. The case company needs to attend workshops, training seminars and using every creative ways to focus on the design. The careful observation of the markets and competitors' products should also be considered. The challenge also lies in its design team who are from the traditional background and following the traditional design methods. The owners need to organize training and motivating these workers.

5.8 Marketing Mix

5.8.1 Product

The case company produces different kinds of products. They are notebooks, greeting cards, photo frames, wrapping paper, bags and boxes and lamp shades. These are the core products that are being sold to the gift shop and the small traders buyers. The case company is successful in meeting their demands. The relationships with the buyers are strong and are providing the efficient service. As there are competitors who are producing the similar products, there is danger of product substitution and finally losing the buyers. The only way to keep these buyers and increase more future buyers is coming out with the better product design and quality that differentiates the case company products. This is more important in the case of small traders than the local gift shops as the small traders buy the products that are finally purchased by the customers from the developed countries.

The other aspect of this product manufacturing is the quality of the lokta paper that it buys from the small wholesalers. The final product completely depends upon on the way the lokta paper is produced. The case company is satisfied with the papers that it buys from the wholesalers as it is buying from only one wholesaler. They said the lokta papers bought by them have not changed in the quality.

5.8.2 Price

Price is the one quick factor that simply can push the buyers to choose other competitors. In the case company product price it has adopted two different prices for the small traders and the gift shops. The reason is that the small traders export the products to developed countries and the gift shops sell locally. This is not only followed by the case company but by many sellers in the business. Regarding the prices comparing with the competitors the case company is giving the best price but there is no certainty that the price is the lowest. There are many competitors so there might be someone offering the better price but the case company has not come to face with these competitors. So, the market observation is essential regarding the price.

5.8.3 Place

There is a number of distribution chain involved in this business from lokta collection to the final goods. Between this distribution chain the case company is a link not the final seller to sell to customers. The case company is seller who is selling to buyer and from there it is being sold to the final customers.

The distribution process is not complicated for the case company. The main reason for this is that the buyers are located in the same city which is not so far away. The owners are involved in the personal selling or making a deal with the future buyers. The case company has the storage facility from where the goods are sent to the buyers. The logistics involved in delivering goods is contacted through vehicle companies. The company is using the van service for the delivery. The case company has problems with the logistics sometimes especially regarding the date. So, three van companies are in the logistics list.

The authors found the distribution process quite efficient. Therefore, no suggestion has been made regarding the distribution.

5.8.4 Promotion

The case company is following the personal selling method. The owner themselves are the sales representative and deals directly with the key person representing buyers. The owners collect the information before the visits and some of these buyers do get referred by friends and the relatives too. According to owners the main aspect involved is the effective communication to make the buyers think about the company. Nobody will give the decision to buy the product right away. After some days if the case company gets the call back from these

visited buyers, then it's good otherwise they will visit again. The owners said they usually try this for three times. So, this is the most effective way for the case company to do promotion.

The other promotional method that the case company uses is tradeshows related with the handicrafts business as a whole and sometimes just for the handmade paper products. But the success has not been achieved through these tradeshows. Also, the case company used the internet website too, but since no buyers enquired about the product or the company, the website is no longer operating.

6 Recommendation for marketing plan

After all the analysis and findings the authors recommend the case company to adopt the following strategies into the marketing plan. The recommendations are made through 4 P's of marketing mix (Product, Price, Place and Promotion).

6.1.1 Product

There is need for product design. As the positioning strategy suggested for the company is focus differentiation strategy, the case company can gain the competitive edge in the market only through its product design. The case company needs to focus on the notebook or diary which is the highest selling product. After this comes the other products like lamp shades, bags and boxes, photo frames which need even more focus on design compare to notebook or diary. The following strategies should be adopted for improving design into the marketing plan.

- shift the design process from traditional to modern
- attend seminars and workshops organized from government and private association
- careful observation of product design coming into the market
- provide training and motivation to the employees involved in design process

6.1.2 Price

The company is not aware of it is offering the lower prices than the competitors. Although there are many competitors but the company need to know the competitor prices of the competitors as much as possible. So, the marketing plan should focus on finding the competitors prices. First, the company needs to create a list of the competitors. Then the company needs to contact the small traders and the gift shops. The case company can find the gift shops easily as they are located in one same place. But the small traders are scattered in many locations. The company can get the small traders information by asking from its own

buyer. The other places are the department of export industry and also from the industry association. After getting the list the case company needs to make contact and inquire about the prices.

6.1.3 Place

The distribution process of the company is found quite efficient. The case company is buying the papers from the suppliers directly and also distributing the products directly to buyers. There is no need of going through any intermediaries as the operation is not that big and the case company has direct relation with the buyers. Also, the logistics is working efficiently and well planned. So, there is no need for any suggestions to consider in the marketing plan.

6.1.4 Promotion

The promotional method used by the case company is the personal selling and which later on develops into the relationship. As the case company is a B2B company this promotional method is quite efficient. But to reach the large exporters the company needs to understand their organizational buying behavior and the key person involved in the decision process before using the personal selling method. The other method used by the company is tradeshows and website which did not proved significant for the business. However, the authors recommend to keep on using these methods too, especially if the case company want to reach the online handmade goods selling companies, it needs to have website.

7 Conclusion and recommendation

The study of this thesis was made for two purposes: first to analyze the company situation internally as well as externally and secondly is to develop a marketing plan for the case company. The authors achieved these purposes through the theoretical knowledge and then the research process and finally the empirical analysis.

First the case company current situation is analyzed. The current situation tells about the internal factors and external factors of the company. For this, the SWOT analysis is conducted through which the strengths, weaknesses, threats and opportunities are discussed. The authors suggest the case company to focus on how the weaknesses can be turned to strengths. Developing a marketing plan, financial issues, creating market image and product design should be in the company's strategic marketing priority to build more strength and finally capitalize the opportunities which is the bigger market. The case company should be aware of threats in the field of technology, competitors' action and the customer need.

Moreover, the external analysis is also conducted through the Pest analysis and the Porter's five forces model for the industry analysis. Through the pest analysis the political, economical, social and technological environment is discussed. The authors suggest the company to make effective use of the different organizations that organizes trainings, seminars and the development of the handmade paper industry. Through the Porter's five forces model of industry attractiveness the authors finds the industry the case company is operating is very competitive. The threat of entry, pressure from substitute products, bargaining power of buyers and intensity of rivalry is high which makes the industry attractiveness low. However, the case company has survived and dreams to grow bigger.

Further, the analysis is conducted on segmentation, targeting, positioning and the marketing mix. The recommendation is made in the segmentation, targeting, positioning and the product marketing mix. The other three marketing mix price, place and promotion are found to be managed well by the company. In the segmentation one more segments is identified which is the international online handmade selling companies and also suggestion is made to separate the small traders and the gift shops and focus on the specific products. For the targeting the authors choose the undifferentiated marketing strategy as the need of the target segments is greater than the differences. For example: the products like lamp shade, bags and boxes, photo frame designed for the gift shops can be used to sell to small traders too. The focused differentiation strategy is suggested for the positioning to focus on the narrow segment and make differences through the product and services offered to the buyers. Finally, for the product the author recommends on the design aspects of the product which will make the case company stand out from the competitors.

8 Theoretical linkage

The theoretical framework chosen for the development of marketing plan assisted in collecting the research data and finally the empirical analysis. Through the theoretical knowledge the authors prepared the interview questions and finally the case company's current situation was analyzed.

The process starts with the theoretical background by which the theoretical base needed for the research is built. The authors collected information about the marketing plan and its use in the business. The marketing plan involves the market analysis, SWOT analysis, segmentation, targeting, positioning and the marketing mix.

The second part is the research process for collecting the information needed for the empirical analysis with the help of the theoretical knowledge. The authors use the interview, observation and internet as the data collecting method. The major data collecting method is the

interview with the owners. Through this interview most of the information for the empirical analysis is obtained.

The third process is the empirical analysis. All the theoretical knowledge base and the information obtained through research process are used in this section. The authors analyzed the company internal and external situation and developed the marketing strategies. All the findings and results are developed from this section. The theory that was chosen for the thesis suited the study very well.

Finally, the recommendation is made for the marketing plan. The recommendation is made after the analysis and findings from the empirical analysis. The recommendation is made for the product, price, place and promotion.

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Appendix

Interview questions with three owners of the organization (2015)

Questions regarding the company (Nitesh Dhungel)

1. What kind of company is Matricraft?
2. What is the area of business?
3. Is it sole proprietor company or partnership?
4. What is the mission of the company?
5. How big is company in terms of number of employees?
6. How is the organizational structure constructed?
7. What are the different departments in the organization?

Questions regarding the internal & external situation(Nitesh Dhungel)

1. How is the company's internal situation? (Resources like human manpower and capital)
2. Is company running well? Is it making enough profit?
3. What are the strengths?
4. What are the weaknesses?
5. Does the company faces threats from competitors or other external factors?
6. Does the company see opportunities?
7. What are the political, economical, social and technological factors?

Questions regarding the segmentation, targeting and positioning (Sudhir Dhungel)

1. Who are the buyers?
2. Where are these buyers?
3. How do you target these buyers?
4. How the company's position itself in the buyer's profile?

Questions regarding the organizational buying behavior(Sudhir Dhungel)

1. How is the company buying situation?
2. How the company maintains the relationships with the buyers?
3. How many buyers are there?
4. How many are in the potential buyers list for the future?

Questions regarding the marketing mix (Tanka Bista)

1. What are the company's products?
2. Are company products unique from competitors?
3. Are the prices of the products competitive?
4. How is the pricing determined?
5. What is the model of distribution?
6. Do customers get the products on time?
7. What are the promotional methods applied by the company?