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**Poverty Alleviation through Sustainable Tourism  
Development in Nepal: Marketing Strategy Point of View**

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## Thesis abstract

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This research has been conducted through desk study as well as by field visit and collected the opinion of Finnish tour operators who have been operating tour in Nepal. It has aimed to study the role and importance of sustainable tourism marketing in alleviating poverty in Nepal. The research has been taken three major objectives. They are: to evaluate Nepal's current tourism marketing strategy and to what extent it takes poverty alleviation through tourism into account; to evaluate whether the current marketing strategy matches the demand for sustainable tourism products in major generating markets and in Finland; and, to recommend improvements into Nepal's tourism marketing strategy to increase pro poor tourism impacts.

The research confirmed that Tourism is identified as the largest industry in Nepal which creates multi-structural, multi-facet and multi-layered opportunities for poverty alleviation. Nepal deserves the comparative advantages over already matured developed countries in terms of cultural heritage, natural properties, climatic diversity and traditional activities without hi-tech know how. Diversified nature of tourism in Nepal nature/bio-diversity, adventure, culture, historical, religious and other segments reflect the capacity of meeting the sustainable tourism demand for major generating markets and Finland. As being emerging sustainable market, Nepal needs to upgrade the sustainable tourism development as well as marketing strategies to reach to the potential tourists and market segments.

Five components: price, place, people, product and promotion of Nepal's tourism marketing strategies are recommended to improve. Fair trade principle for pricing; right market and right market segments as place; targeting for domestic as well as international tourists as people; local, neutral, typical and cultural products; and, right information through right channel as means of promotion are recommended to increase the pro poor impact in the country.

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## **ABBREVIATIONS**

ADB = Asian Development Bank

BOP = Balance of Payment

BS = Bikram Sambat

CBO = Community Based Organization

DFID = Department for International Development

Dr. = Doctor

eRTR = e-Review of Tourism Research

ESCAP = Economic and Social Commission for Asia and the Pacific

EU = European Union

FAM = Familiarization

FDI = Foreign Direct Investment

FGs = Functional Groups

GDP = Gross Domestic Product

Gen- X = Generation X

Gen-Y = Generation Y

GSTC = Global Sustainable Tourism Criteria

HDI = Human Development Index

HPRRs = Honorary Public Relations Representatives

HPRRs = Honorary Public Relations Representatives

ICIMOD = International Centre for Integrated Mountain Development

ICLEI = International Council for Local Environmental Initiatives

ILO = International Labor Organization

ITB = International Tourism Board

ITC = International Tourism Council

IUCN = International Union for Conservation of Nature

JICA = Japan International Cooperation Agency

LDCs = Least Developed Countries

MAST Nepal = Marketing Assistance to Nepal for Sustainable Tourism Product

MoTCA = Ministry of Tourism and Civil Aviation

NGO = Non Government Organization

No. = Number

NRNA= Non Resident Nepalese Association

NTB = Nepal Tourism Board

OECD = Organization for Economic Co-operation and Development

PASTA = Plan of Action for Sustainable Tourism Development in the Asian and Pacific Region

PhD = Doctors of Philosophy

PPT = Pro Poor Tourism

SASE = South Asian Sub-regional Economic Cooperation

SNV= Netherlands Development Organization



STDU = Sustainable Tourism Development Unit

STEP = Sustainable Tourism Eliminating Poverty

TRPAP = Tourism for Rural Poverty Alleviation Program

UN = United Nations

UNCSD = United Nations Conference on Sustainable Development

UNCTAD = United Nations Conference on Trade and Development

UNDP = United Nations Development Program

UNEP = United Nations Environment Program

UNESCAP = United Nations Economic and Social Commission for Asia

UNESCO = United Nations Educational, Scientific and Cultural Organization

UNSCTD = United Nations Steering Committee on Tourism for Development

UNWTO = United Nations World Tourism

US\$ = United States Dollar

USA = United States of America

VDCs = Village Development Committees

Vol. = Volume

WB = World Bank

WTO = World Trade Organization

WTTC = World Travel and Tourism Council

# 1 INTRODUCTION

## 1.1 Background of the study

International development organizations have recognized the opportunity and importance of tourism in alleviating poverty. Many new destinations have emerged especially in the developing countries. Tourism is a source of income and foreign exchange, generates employment, and attracts foreign direct investment and so on. It supports tourist infrastructure and contributes to the development of hard infrastructure such as transportation and communication. Tourism industry has created diversified economic activities directly and indirectly. As direct, tourism industry related economic activities are generated; and indirectly, it generates multiplier effects in many supporting industries like agriculture, small industry, handicraft industry, tee-coffee shop, souvenir and other related activities. As a result of many economic opportunities created by tourism sector, the role of this sector is experienced significantly in the world economy.

During the last decade (2000-2010) international tourist arrivals in the 48 least developed countries grew from 6 million to over 17 million. At the same time tourism receipts more than tripled<sup>1</sup> (UNWTO). Tourism growth rates fluctuate in the short-term but are rather positive in the long-term. According to the World Tourist Organization, in the first four months of the year there were 8% less people traveling around the globe in comparison to the same months of 2008. The numbers of international tourists are increased by 2% in 2008 over 2007 and by -4.2 in 2009 over 2008. Financial crisis and recession set a decline trend in 2009. In 2010, international tourist arrivals were up by almost 7 per cent to 935 million following the 4.2 percent decline in 2009. Growth returned to international tourism in the last quarter of 2009 after 14 months of decline.

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<sup>1</sup> (US\$ 3 billion in 2000 and over US\$ 10 billion in 2010)

UNWTO updates the global tourism arrival has increased 7 percent from January to July 2010 compared to the very depressed levels of the same period of 2009. This trend will be continuing strongly positive share in 2011 also. “Growth rate of tourism arrival in Asia was measured the strongest as 13 percent. International arrivals into Asia reached a new record, 204 million in 2010” (UNWTO 2011).

Table 1: World Tourism Arrivals

Year	2008	2009	2010
Tourism Growth Rate	2%	-4.2%	7%

Source: UNWTO 2011

Similarly, WTTC claims this sector further grows four percent per annum coming ten years ahead contributing 9.4 percent in the world gross domestic product (GDP). However, looking at only the hard facts the tourism development might be in jeopardy. Long-term planning that support the 3P-principle (people, planet and profit) is needed, especially in the developing countries where fast economic growth targets easily take over the other aspects of tourism development.<sup>2</sup>

Today’s tourists also demand for 3P-destinations and experiences. It is no longer enough to just visit a place. People are increasingly seeing themselves as ‘travelers’ rather than ‘tourists’. They are looking for immersion in a culture, an understanding of the destination’s human and physical environment, and personal fulfillment from their holiday experience according to the UNWTO. This strong motivator also supports the sustainable tourism developments and its

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<sup>2</sup> Anne-Maria Mäkelä, Seinäjoki University of Applied sciences

impacts.<sup>3</sup>

Today's travelers are attracted to Nepal. Therefore Nepal is a destination which has great opportunities in alleviating poverty through tourism. Its geographical location on the Himalayas – heavenly mountains – gives it a competitive edge over its rivals in nature and adventure tourism. This topped with ethnic minorities and living cultures makes it almost an unbeatable star destination for adventure, nature and culture lovers.<sup>4</sup>

Tourism is the largest industry in Nepal and the largest source of foreign exchange and revenue. According to the Ministry of Tourism and Civil Aviation and Tourism Board of Nepal, in 2008 and 2009, the contribution of this sector in total Gross Domestic Product was 2% and 2.1% respectively. This sector was able to collect 286.88 million US Dollar Foreign exchange earnings in 2009 that is almost 7% of the total foreign exchange earnings of the country. Similarly, this sector has created direct employment to 90000 people in 2009. Tourism industry of Nepal has attracted 243 million US dollar as foreign direct investment in 368 companies with creating direct job for 18,959 people in the fiscal year of 2007-08.<sup>5</sup> However, the country has not been able to cease the opportunity as almost 25 per cent of the population lives under the one dollar a day –poverty line.

Therefore, the linkage between the sustainable tourism marketing strategies of Nepal and its impacts in poverty alleviation has not been studied in great detailed. Besides this, there is a need to study Finnish tourism market for Nepal and point out the existing challenging facing by the Nepal's tourism industry for bringing grass root communities and local enterprises in the mainstream on it. Unlike the biggest challenges identified of market access in agriculture and

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<sup>3</sup> Anne-Maria Mäkelä, Seinäjoki University of Applied sciences

<sup>4</sup> Anne-Maria Mäkelä, Seinäjoki University of Applied sciences

<sup>5</sup> Economic survey 2009/2010, Ministry of Finance, Nepal

other products market, there is no tourism products move across border but rather tourists come to the supplier.<sup>6</sup> Therefore the researcher found needs of studying to improve the poverty alleviation through the sustainable tourism development and improving marketing strategies in Nepal.

## **1.2 Problem statement**

Despite the abundance of natural and cultural resources possessed by Nepal, income earned by the tourism industry is not triggering down to the grass root people at desired level. Therefore, this research was necessary to evaluate whether there are weaknesses in tourism policies and programs which address poverty alleviation. It was necessary to review the marketing strategy implemented by the government under the Tourism for Rural Poverty Alleviation Program and Marketing of Nepal. Nepal's Tourism Industry Strategic Plan 2005-2009, Nepal Tourist Board's Operational Plan 2005, Tourism for Rural Poverty Alleviation Program and pro-poor tourism policies of the Government needed to be analyzed to check whether the demand for and supply of tourism market in Nepal matched and whether these have created the desired impacts at the grass root level.

The current Tourism Marketing Strategy for Nepal 2005-2020 is analyzed based on the sustainable tourism criteria and poverty approach. Recommendations were given to improve the poverty alleviation approach of the marketing strategy based on the desk research and Finnish tour operators' views. This study outlines the role of marketing to assist tourism sector, particularly enterprises, to contribute more to the local economy by applying sustainable tourism marketing approach.

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<sup>6</sup> Anne-Maria Mäkelä, Seinäjoki University of Applied sciences

Tourism industry has significant contribution<sup>7</sup> in the world's economy with the significant level of foreign tourist transaction, foreign exchange flow, job creation and share in global GDP. It is counted as one of the largest and fastest growing in the world. More precisely, it has taken the position as the one of the major tools for socio-economic transformation in the developing countries like Nepal. Unfortunately, the volume of tourist flow in Nepal is very small as compared to its deserving capacity with very low level of socio economic performance<sup>8</sup>. These facts outlined to explore the prospective tourism markets in Nepal and their impacts in economy, society and environment.

Nepal has been struggling with political unrest, weak infrastructure development, immature tourism industry development and weak implementation of government policies/program/marketing strategies for reaching the socio-economic fruits of tourism to the bottom level society and maintaining sound environment in the local tourism destinations.

By adopting sustainable marketing strategy, both travelers and local communities are taken into account. Participation of local communities and targeting the specific types of tourists would bring better results at the grass root level. The current marketing strategy of Nepal is whether following the sustainable tourism principles, or finding the way to bring better results to the grass root level, were necessary for this study. Tourism can create alternative livelihood options which have positive impacts at the grass roots level. On this view point, this study was needed to take interview with the Finnish tour operators who are operating the Scandinavian tourist to Nepal that was helpful to recommend for new marketing strategy. Thus Finnish tour operators active in

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<sup>7</sup> 922 million tourist they spent US\$ 944 billion and created 258 million jobs worldwide with 9.1% global GDP in 2008.

<sup>8</sup> 500,000 tourist flow with 286 million US\$ foreign exchange earnings with the 2% contribution in national GDP.

Nepal were surveyed to improve Nepal's tourism marketing strategies.

Therefore it was necessary to analyze the Nepal's current marketing strategy based on sustainable tourism principles and propose improvements based in Finnish travel trade's views and best practices in other developing countries.

### **1.3 Significance of the study**

In one hand, tourism is one of the fastest growing major economic sectors in the world. It can play big role for socio economic transformation for the developing countries like Nepal. In another hand, people are struggling with high poverty ratio making traditional livelihood in grass-root level. For promotion of the tourism industry in Nepal, policies, program and marketing strategies have been launched by Nepal Tourism Board, Ministry of Tourism and Civil Aviation, private tour operators as well as tour operator abroad. In this situation, the main importance of this study was to improve the tourism marketing strategies of Nepal to bring real impact in the grass-root level.

This research is helpful to establish new way of relationship between sustainable tourism development, tourism marketing strategy and poverty alleviation. This study may be important to connect the tourism relationship between Nepal and Finland with modifying the marketing strategy because it is based on direct interview with the Finnish tour operators who are operating the Scandinavian tourist to Nepal. The answer from the respondent can be helpful to introduce demand for responsible tourism product, right marketing strategy, and potential impact to develop suitable marketing strategy as well as way for poverty alleviation to Nepal with developing sustainable tourism market.

#### **1.4 Objective of the study**

The main objective of this research is to study the role and importance of sustainable tourism marketing in alleviating poverty in Nepal. Therefore there is a need to

- 1 evaluate Nepal's current tourism marketing strategy and to what extent it takes poverty alleviation through tourism into account
- 2 whether the current marketing strategy matches the demand for sustainable tourism products in major generating markets and in Finland
- 3 recommend improvements into Nepal's tourism marketing strategy to increase pro poor tourism impacts

#### **1.5 Limitations of the study**

This thesis contains information about the relationship between Tourism Marketing Strategy of Nepal, Sustainable Tourism development in Nepal and poverty alleviating in Nepal. This thesis depicts the sustainability of Nepalese tourism industry and contribution of Nepalese tourism industry for poverty reduction in the country. This research gives a glance of prospective of Nepalese tourism industry developing a best tourism destination in the international market. Moreover this research gives picture of current tourism marketing strategy and future glance long term marketing strategy taken by Nepal to attract the tourist from the competitive world. It gives short crisp view of Finnish tour operators about improving the tourism marketing strategies of Nepal and existing challenges to expand the tourism accessibility of Nepal in the Nordic region and the world. Details of this thesis are discussed in the proceeding chapters.



The thesis does not explain quantitatively of the relationship between variables. It may not give the perfect socio economic effect of tourism marketing strategy of Nepal due to the time and resource constraint for the researcher. It can be considered as a sample of relationship between sustainable tourism development, using certain tourism marketing strategy and poverty reduction in Nepal. The thesis focuses on the marketing strategies of Nepal in relation to promote sustainable tourism destination from the potential natural, cultural and historical resources possessed by the country.

This thesis has been prepared on the basis of current situation, trend and potentiality in the country as well as global market. It has not discussed the change in country and round the world in future day to come. The study has not covered overall component of tourism industry and impacts in the different sectors in Nepal.

Ultimately, the thesis has not claimed full accuracy because descriptive thesis may influence by subjective phenomenon. It leaves ground for further development in the same subject.

## **1.6 Organization of the study**

This thesis has been organized into seven chapters. First chapter describes the general overview of the thesis background, problem of subject matter, importance of the study, objectives, limitation and organization of the study. Second chapter consists of theoretical background as literature review that highlights the sustainable tourism and poverty reduction that links up with the role of marketing for poverty alleviation in general. Chapter three contains the research methodology.

Similarly, tourism development in Nepal, its sustainability and contribution of sustainable tourism development for reducing poverty in Nepal is captured in Chapter four. Chapter five describes the tourism marketing strategies of Nepal and analysis of pro poor approach of the marketing strategies. Chapter six suggests the recommends for improvement in the current marketing strategies regarding poverty alleviation. Finally, summary has been outlined in the seventh chapter.

## 2 SUSTAINABLE TOURISM ALLEVIATING POVERTY

### 2.1 Sustainable tourism

Sustainable tourism aims at meeting the needs of today without compromising the needs for future generation. In the literature sustainable development refers to economic, social and environmental sustainability (McKercher 2003). These three dimensions are also referred to as 3Ps – people, planet and profit. Translated to the tourism sector, planet refers to the relation of tourism with nature, environment and landscape. People imply attention for livability, for regional culture and the social environment. Profit relates to long-term economic viability and to fair distribution of profits. All these should coincide like illustrated in the below figure:

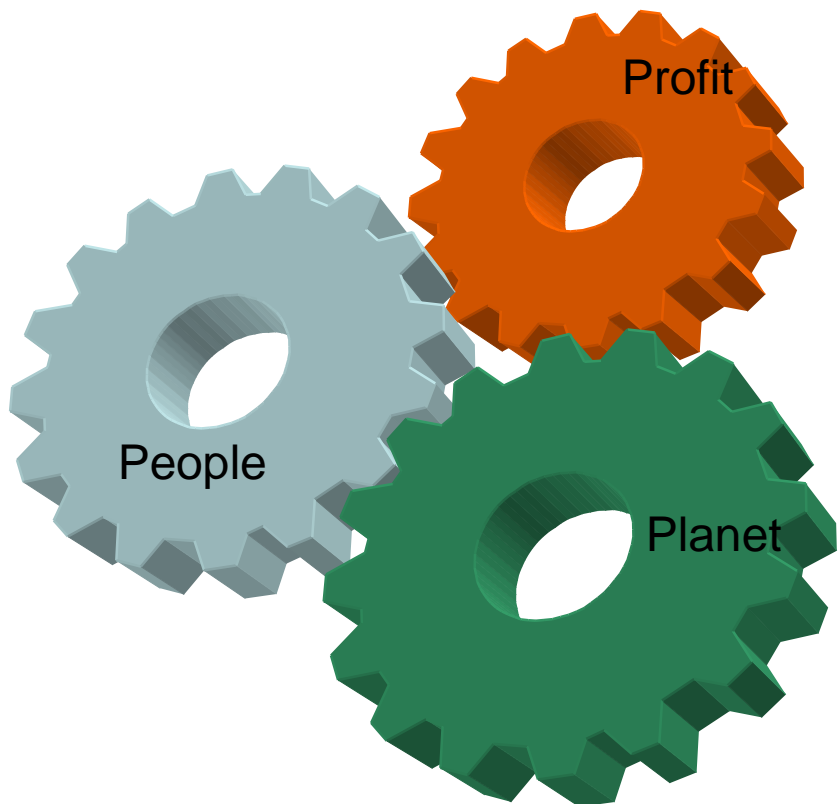


Figure 1: Sustainable Tourism

The above key principles are commonly found in the literature.<sup>9</sup> Therefore, in this research UNWTO's definition for sustainable tourism is used in this research. It states that sustainable tourism:

- Make optimal use of environmental resources that constitute a key element in tourism development, maintaining essential ecological processes and helping to conserve natural resources and biodiversity.
- Respect the socio-cultural authenticity of host communities, conserve their built and living cultural heritage and traditional values, and contribute to inter-cultural understanding and tolerance.
- Ensure viable, long-term economic operations, providing socio-economic benefits to all stakeholders that are fairly distributed, including stable employment and income-earning opportunities and social services to host communities, and contributing to poverty alleviation.

Sustainable tourism is further supported by pro poor tourism and responsible travel principles which have emerged. Pro poor tourism aims at integrating the local people at the grass root level into the tourism industry directly and indirectly. Therefore it is not contradicting sustainable tourism development but rather highlights the importance of inclusion of local communities in tourism.<sup>10</sup>

Responsible travel follows the same principle, especially from the industry's and traveler's view point. Responsible tourism has become an important means for tourism companies to ensure long-term viability for their business, differentiate themselves from the market, and support local communities (SNV 2009). Responsible travel also takes ethics and human rights into account. Therefore

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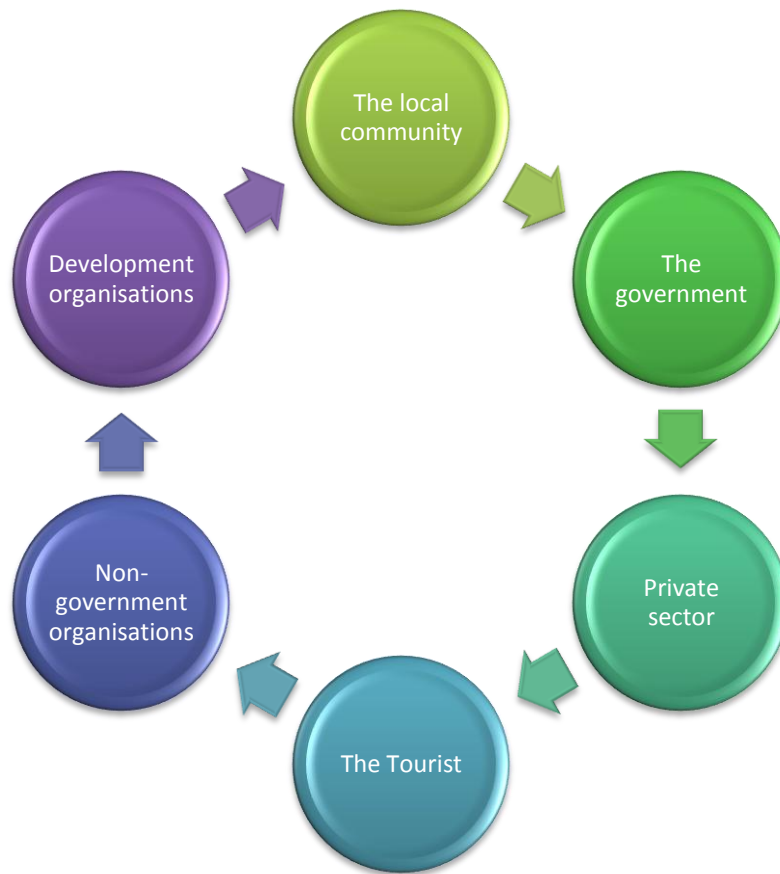
<sup>9</sup> E. Goldgerg 2001), (C.N. Jucan and M.S. Jucan 2010), (Janine Caalders, Rene' Van Der Duim, Anneke Van Mispelar and Nanda Ritsma, 2003pp8

<sup>10</sup> (WTO 2004), (Caroline Ashley 2003), (PPT Website)

under the umbrella of responsible tourism the following terms are being used: community-based tourism, fair trade, agrotourism, volun-tourism, ecotourism, pro-poor tourism, and heritage tourism. However, all of these aim at following the sustainable tourism principles where it is important to meet the needs of today without compromising the needs for future generation.<sup>11</sup>

Based on sustainability aim, a lot of stakeholders need to be mobilized in order to show results on the ground. This makes sustainable tourism approach challenging as most of the stakeholders have their vested interests in tourism development. Thus consensus should be reached. The key, once again, should be meeting the needs of today without compromising the needs for future generation.

Figure 2: Stakeholders of Sustainable Tourism



<sup>11</sup> (Responsible Travel Handbook 2006), (United Nations Foundation, 2002 pp12), (WTO 2004)

The below table shows the variety of stakeholders involved and their roles and responsibilities:

Table 2: Key Stakeholders for Sustainable Tourism Development

Stakeholder	Role/Responsibility
The poor	<ul style="list-style-type: none"> <li>• The central focal actor/ major component of the sustainable tourism.</li> <li>• Foundation for tourism planning and implementation</li> <li>• The local individual and community as figure of tourism destination</li> <li>• Participation of the local community and uplifting the host community</li> <li>• Supply side, a part of goods and services provider as host community.</li> <li>• Developing and promoting environment and culture-based products and services.</li> <li>• Conservation of natural, cultural and historical heritage.</li> <li>• Small and typical business operator</li> <li>• Local human resources</li> </ul>
The Government	<ul style="list-style-type: none"> <li>• Multiple dimensions: central ministries, departments, provincial and local government bodies</li> <li>• Crucial player by making appropriate law, policies, planning, strategy and implementing for sustainable tourism development.</li> <li>• Setting national objectives</li> </ul>

	<ul style="list-style-type: none"> <li>• Can use sustainable tourism as the development tools for local community development and poverty reduction.</li> <li>• Facilitation, support, trade negotiation and making easy access from national as well as local market</li> <li>• Identification, planning and management of tourism industry as products and destination</li> <li>• Socio Economic benefits associated with awareness, skills training, business opportunities and employment/income generation</li> <li>• Improving qualities of products, services and destinations</li> <li>• Promotion, collaboration and networking in national and international level</li> </ul>
Private Sector	<ul style="list-style-type: none"> <li>• Private sector plays the role by taking initiative in business entrepreneurship in the tourism industry.</li> <li>• They can create the economic activities that can be helpful to create the source of income and employment for the local community and the poor.</li> <li>• The private sector can be from the local community or national level or international level.</li> <li>• Development and promotion of environment and culture based products and services</li> <li>• Development and promotion of variety of business entrepreneurship.</li> <li>• Investment, employment and income generation</li> </ul>
The Tourist	<ul style="list-style-type: none"> <li>• The tourist is the main stakeholder from the</li> </ul>

	<p>demand side.</p> <ul style="list-style-type: none"> <li>• Back bone of tourism industry and source of foreign currency for government, business community and host communities.</li> <li>• Tourists play role through the consumption side of tourism market to generate income, creation of multiplier effect in the tourism industry.</li> <li>• Words mouth advertisement for new customers.</li> <li>• They pay dollars and enjoy with the goods/services provided from the tourism destination and local community itself.</li> <li>• They interacts with the local community, local cultures and can be participated in the poverty reduction process as responsible tourists.</li> <li>• Direct support to the poor</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>• NGO is the mobilizing actor for the sustainable tourism.</li> <li>• Can raise the issue related to problem of local community</li> <li>• Can activate the local people by building the capacity, awareness</li> <li>• Dealing with the government sector as well as private sector.</li> <li>• NGO can play role for conservation of natural and cultural heritage and environmental protection.</li> <li>• Providing support to the communities interested in tourism and ecotourism development</li> <li>• Assist to the government to achieve national objectives</li> </ul>

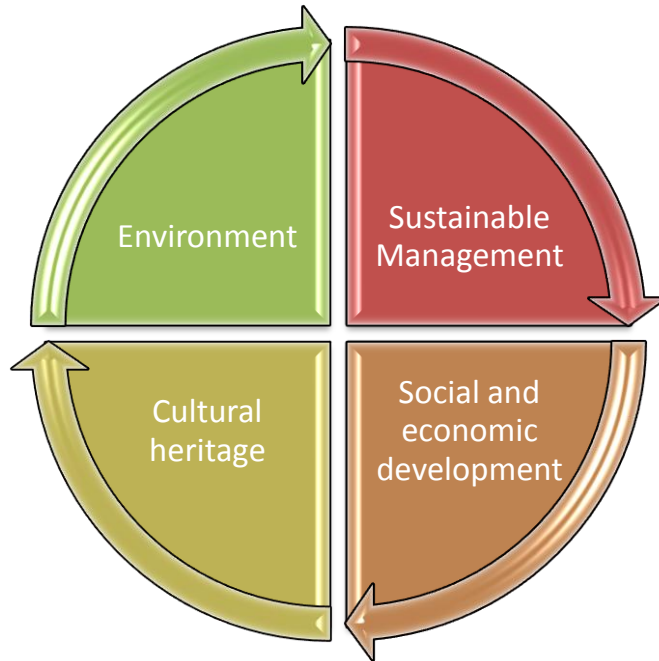


	<ul style="list-style-type: none"> <li>• Assisting to diversifying the livelihood option of the local communities</li> </ul>
Development organizations	<ul style="list-style-type: none"> <li>• Development organization can play the role from policy making level to the implementation level.</li> <li>• This is the mobilizing and facilitating actor by donation funds for infrastructure development, tourism development as well as community development for sustainable tourism development.</li> <li>• Support to the government to develop tourism industry</li> <li>• Support to business communities as well as host communities</li> </ul>

Sources: Stakeholders forum, UNCSD NGO (1999), (PPT Papers)

In order to evaluate and measure sustainability in tourism, numbers of criteria are required. The criteria will help to measure minimum standard for global sustainability in tourism. It provides minimum guidelines to all stakeholders of the tourism industry. Mainly it is composed of four components.

Figure 3: Sustainable Tourism Criteria



The criteria cover the matters regarding: reflection of effective sustainable management; maximization of economic and social benefits to the local community and minimization of negative impacts; protection and proper utilization of cultural and historical heritages and minimization impacts; and, natural heritage and environmental protection, maximization benefits and minimization impacts. The following criteria have been developed for the sustainable tourism development.<sup>12</sup> The following table shows the sub-criteria under the four major headings.

Table 3: Sustainable Tourism Criteria and Sub-criteria

Sustainable tourism criteria	Sustainable Tourism Sub-criteria
------------------------------	----------------------------------

<sup>12</sup> UNEP, UN Foundation, UNWTO and GSTC: 2008

<p>1. Sustainable Management</p>	<ul style="list-style-type: none"> <li>○ Management system</li> <li>○ Legal compliance</li> <li>○ Employee Training</li> <li>○ Customer satisfaction</li> <li>○ Marketing accuracy</li> <li>○ Local zoning</li> <li>○ Designing and citing</li> <li>○ Sustainable construction</li> <li>○ Provide access for persons with special needs</li> <li>○ Interpretation and information of natural surrounding</li> </ul>
<p>2. Social and Economic</p>	<ul style="list-style-type: none"> <li>○ Community development</li> <li>○ Local Employment</li> <li>○ Fair-Trade</li> <li>○ Local entrepreneurs</li> <li>○ Indigenous community</li> <li>○ Exploitation</li> <li>○ Equitable hiring</li> <li>○ Employee protection</li> <li>○ Basic service to local and neighboring communities</li> </ul>
<p>3. Cultural Heritage</p>	<ul style="list-style-type: none"> <li>○ Code of behavior: minimize visitors impacts with maximize enjoyment</li> <li>○ Historical artifacts</li> <li>○ Protection of sites</li> <li>○ Incorporation of culture</li> </ul>
<p>4. Environment</p>	<ul style="list-style-type: none"> <li>○ Environment friendly purchasing policy</li> <li>○ Consumable goods</li> <li>○ Energy consumption</li> <li>○ Water consumption</li> </ul>

	<ul style="list-style-type: none"> <li>○ Green house gas</li> <li>○ Waste water</li> <li>○ Waste management plan</li> <li>○ Harmful substances</li> <li>○ Other pollutants</li> <li>○ Wild life species</li> <li>○ Wild life in captivity</li> <li>○ Landscaping and restoration</li> <li>○ Biodiversity conservation</li> <li>○ Interactions with wild life</li> </ul>
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## 2.2 Market demand for sustainable tourism

The concept of responsible tourism among tourists has been growing in the recent years. People are aware about their social and environmental responsibility as well as love to enjoy with the nature. However it is hard to quantify the demand for sustainable tourism. People may not familiar with the sustainable tourism or responsible tourism terminology but they prefer natural heritage, socio-cultural heritage, historical heritage, environment protection, interaction with local culture and want to contribute to bust up local community.<sup>13</sup>

People seem to be naturally, environmentally and socially responsible which increases demand for sustainable tourism. The tourists have awareness about the environment quality and local community development of meaningful tour with their holiday expenditure. The development of tourism industry is focusing in the sustainable tourism demand in the developing economy, which has

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<sup>13</sup> N. Kuster 2011, Rachel Dodds, 2008

simultaneous effect in the development of tourism industry as well as development of local community. Tourists expect that their tour should not affect negatively on the local environment and communities.

There are number of factors which are directly or indirectly affecting the demand for sustainable tourism as well as tourism industry as a whole. The affecting factors may not be interlinked but they are responsible to re-shape the trend of demand for sustainable tourism.

Sustainable tourism is affected by number of socio-economic variables. The business cycle in the globe economy, development of science and technologies, culture and lifestyle of the changing generation and trends in tourism industry itself are counted mainly.<sup>14</sup> Major Trends Affecting the Demand for Sustainable Tourism can be outlined as follows:

### **I. Positively Trends**

#### **a. Overall growth in tourism and long-haul travels**

New tourism destinations including whole tourism industry are growing significantly. Variation in tourism services and destinations are increasing. New tourism segmentations are generating. The volume and revenue are increasing rapidly. The annual growth rate of long-haul travelers is strong and will continue further. Demand for responsible travels is increasing. These tourism trends will re-shape the sustainable tourism in the world.

#### **b. Use of internet and web**

Internet travel sites, online booking, online transaction, social networking, communication system, travel networking, internet marketing system are growing rapidly. The marketing activities by internet are being fast and popular. This trend plays significant role for the demand in sustainable tourism.

#### **c. Lifestyle trends favoring sustainable tourism**

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<sup>14</sup> SNV, John Ross: 2011, Economy Watch, UNWTO, WTTC, ITB and World Travel Report: 2009

First, generations are shifting from Baby Boom Generation (1946-64: preferring active lifestyle and long haul travel) to Gen-Xers generation (1961-81: environmentally conscious and spending on greener planet) to Gen-Y or Millennium generation (1980s-2001: extremely well informed, passionate about environment and social justice) which are driving demand for sustainable tourism.

Second, the trend of rapid urbanization in both developed as well as developing countries is leading to numbers of stress of work, environment, pollutions and other artificial daily activities in the past several decades. In response, the urban people are looking for to connect with nature, nature tour and holiday as demanding sustainable tourism.

Third, the global trend is driving to consumer desire for authentic experiences regarding long haul destination, educational and volunteer tourism, cultural and nature based tourism, interaction with local community and people. That helps for sustainable tourism demand.

Fourth, the next trend is 'going green' and 'searching for fulfillment'. Management practice is improving for combating with climate change and making people responsible for environment as well as tourism activities. That increases green certification and responsible tourism networks, associations and web portals.

## **II. Negatively Trends**

### **a. The downturn economic trend**

Increasing uncertainty in the world economy<sup>15</sup>; currency fluctuation; shifting the growth trend from west to east; emerging new economies; the prices for tourism are remained flat or lower; costs are cutting down; increasing fuel prices; increasing rang in budget; increasing consumer food prices are the major

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<sup>15</sup> Depression started from 4<sup>th</sup> quarter of 2007 in USA, spread all over the developed economy, now tendency towards recovery (John Ross, 2011)

current trend of world economy which influence the demand for sustainable/responsible tourism.

### **b. Trends against sustainable tourism**

Some facts are driving opposite to sustainable tourism. Increasing trend of escapism and fantasy; time constraint and travelers frustration; falling long haul travel; popularity of virtual meeting and Low cost fly or don't fly movement to reduce global warming are playing significant role to shrink the sustainable tourism demand.

The sustainable tourism market or sustainable tourism destination can be classified under number of segmentations which are particularly appropriate to tourism. That aims at poverty alleviation as they are open to local partnership, ownership and control.

Mass tourism: A tourism which provides the tourism activities to a large numbers of tourists at the same time. Cruises and coastal resorts are major form of mass tourism that may or may not be responsible tourism.

Nature-based tourism: Natural setting and natural landscape are the main attraction of nature based tourism. Any form of tourism activities that occur in the natural environment is known nature based tourism.

Ecotourism: Ecotourism is the responsible travel, in which, tourists demand for conservation of nature and welfare of the local community.

.Agro-tourism: Agro-tourists visit to the primary sector of the economy and have experience with agricultural life at first hand. Tourists will get to interact with real farmers and rural real life with their well being.

Urban tourism: The visitors are encouraged to have experiences from the historical and cultural heritages such as architectures, traditional parks, monuments, ethnic foods, museums and other performances.

**Cultural Tourism:** Cultural tourism is the tourism activities based on special culture and lifestyle. The visitors can enjoy with the art, architecture, religion, history, museum, theater, festivals, tradition, values and lifestyle of local communities.

**Adventure tourism:** Adventure tourism is a kind nature based tourism which performs the risky and higher physical exertion. This tourism requires special skills about challenging enjoy with nature.

**Geo-tourism:** The tourism is geo-tourism which has the tourism activities of geographical character. Variety of places, location, environment, heritage, culture, aesthetics and well being of the local community are main focal part of geo-tourism.

**Rural tourism:** A tourism activities performed on the base of rural activities is rural tourism. Visitors are encouraged to have experiences with rural lifestyle.

**Village Based Tourism:** The tourism which incorporates tourism activities with villages and villagers. Natural scene and scenery; landscape; village handicraft; conservation of typical foods, ornaments, tradition and culture are main tourism attractions.

**Ethnic or indigenous tourism:** Ethnic and indigenous tourism is a special type of tourism which fulfills the special interest and desire of tourists in an authentic way. It performs direct experiences with first hand service, authentic good and services and interaction with ethnic and indigenous lifestyle of typical host people. It covers environment/natural heritage, art/cultural heritage and many more ethnic tourism activities.

**Pro-Poor Tourism:** Any kind of tourism which results to increase the net benefits to the poor is pro poor tourism. And, many more segments are found in the sector of sustainable tourism.



Consumer Profile is an important part of Sustainable Tourism. Sustainable tourism customer profile answers the questions of ‘who are the targeted visitors’, ‘what are their characters’ and ‘where is the source of visitors’.

Unethical and apathetic holiday seekers do not fall under the consumer of sustainable tourism. The target consumers must be conscience and ethical for responsible tourism products. Travel with purpose, interactive, social-environmental conscience and experiential are the main characteristics of the consumer of sustainable tourism. Similarly the source of market depends upon: Geographic distribution of travelers, vacation time, types of people, location to travel, travel style, time and season to travel, booking habit and decision making process of travelers.

Table 4: Consumer Profile for Sustainable Tourism<sup>16</sup>

Key points	Profile of the customers
Motivations	<ul style="list-style-type: none"> <li>• Natural experience with physical representation in natural environment</li> <li>• Agricultural life with firsthand experience</li> <li>• Authentic experience through interaction with host community</li> <li>• Exploring and interaction with real art, festival, culture and cultural exchange</li> <li>• Experiencing excitement and increasing knowledge</li> <li>• See natural, historical and cultural heritage sites</li> <li>• Nostalgic feeling towards nature, rural, village and different lifestyle</li> <li>• Feeling dignity by supporting the poor community</li> <li>• Protection of nature, environment, ethnic things</li> <li>• Building relationship with local people and local</li> </ul>

<sup>16</sup> SNV, John Ross: 2011, Economy Watch, UNWTO, WTTC, ITB and World Travel Report: 2009

	<p>development</p> <ul style="list-style-type: none"> <li>• Learning and gaining through practical experience</li> <li>• Social, cultural and environmental conscience and explore knowledge</li> <li>• Outdoor enjoy and physical exertion through challenge and adventure with nature</li> <li>• Local development and profit to host community and poor</li> </ul>
Demographics/ Psychographics	<ul style="list-style-type: none"> <li>• All demographic groups: Baby Boom Generation, Gen-Xers generation and Gen-Y or Millennium generation.</li> <li>• Good education and high income group visitors</li> <li>• As cheaper accommodation in developing destination, can be small budget group</li> <li>• Work, study and business group/leisure</li> <li>• Mostly from modern city working class</li> <li>• Environmentally responsible and conscience</li> <li>• Socially responsible and conscience</li> <li>• Authenticity, new knowledge and experience seekers</li> <li>• Growing as well as retired age group</li> </ul>
Key activities or interests	<ul style="list-style-type: none"> <li>• Working with host community and poor</li> <li>• Working and visiting to nature, natural settings and wild life</li> <li>• Conservation of environment</li> <li>• Conservation of natural, historical, cultural heritage sites</li> <li>• Working with variety of social and economic projects</li> <li>• Agriculture and social volunteers</li> <li>• Education and sports</li> <li>• Working with variety of social groups: women, minority, marginal</li> </ul>

	<ul style="list-style-type: none"> <li>• Research and innovation</li> <li>• Visit to rural, village and UNESCO sites</li> <li>• Learn local language, culture and lifestyle</li> <li>• Stay with local community and participation to their cultural activities</li> <li>• Soft as well as hard adventure activities</li> </ul>
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People seem to have naturally, environmentally and socially responsible that more demanding sustainable tourism products. The tourists have awareness about the environment quality and local community development of meaningful tour with their holiday expenditure. The development of tourism industry is focusing in the sustainable tourism demand in the developing economy, which has simultaneous effect in the development of tourism industry as well as development of local community.

Table 5: Preferences for Sustainable Tourism

Respondents	In favor of Sustainable Tourism	Surveyors
95%	Local culture to be highly important	Switzerland Travel Writers and Journalist
87%	Use of local product, culture and guide	Responsibletravel.com
87%	Holiday should not damage environment	Association of British Travel Agents
76%	Benefit should go for destination people	Association of British Travel Agents
5 million geo-tourist	Environmentally and socially responsible	National Geographic Travelers
38%	Willing to pay for sustainable tourism practice	National Geographic Travelers
93%	Will take part in environmentally	Lonely Planet

	friendly travel in future	
38%	Stayed at environment friendly hotels	Trip Advisor
38%	Considered environment friendly travels	Trip Advisor
34%	Willing to stay more days in environment friendly hotels	Trip Advisor
37%	Willing to pay more 5-10% premium for sustainable tourism activities	Trip Advisor
24%	Want to avoid air travel	Trip Advisor
6,000 respondents	Willingness to pay to offset the environmental cost	TNS Travel and Tourism
75.4%	Willing to pay 1-20 dollar extra per ticket to mitigate green house contribution	American STI survey
76.7%	Would switch online travel sites towards relating Sustainable Tourism	American STI survey
55% and 48%	Expect travel agents and tour operator respectively should provide information about Sustainable Tourism	Tear Fund: Responsible Global Tourism
80%	Tour operators should be responsible preserving the local environment and culture	Taylor Nelson Sofres
80%	Ensure the local people benefit from tourism	Responsible Travel 'had enough' Survey
80%	Like to book a holiday with a company who is responsible travel	Responsible Travel 'had enough' Survey

	policy	
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Source: The Quebec Source of Information on Global Trends in International Tourism

The above mentioned table indicates the demand for sustainable tourism is wide portion of world tourism.

### **2.3 Poverty alleviation through sustainable tourism**

Last several decades tourism is developed as the tools of development and the means of poverty alleviation. It creates business opportunity, employment opportunity, income source, and improves the livelihood options in the tourism destination. "Tourism provides employment opportunities by diversifying and increasing income which reduces the vulnerability of poor" (UNESCAP, 2003pp28).

According ILO, tourism development is identified as prioritized economic sector of the majority developing countries in the world. Tourism creates varieties and multiple benefits: creation of employment, generating income source, human development, capital formation, entrepreneurship development, infrastructure development, environmental sustainability and tourism choice which offer poverty alleviation in the developing countries. It creates an opportunity for overall national growth and development further poverty alleviation. "Tourism for Development aimed in particular at assisting LDCs, as well as other countries, to develop a tourism sector committed to national growth and local benefits that generates income and decent employment for communities while preserving the environment and culture of the destination" (ILO, 2011).

In this 21<sup>st</sup> century, tourism industry is growing as sustainable development engine for the many countries. It is the leading sector of the economy as service business and becoming the major source of the foreign currency earning,

source of income and employment of them. Many developing countries are able to implement development strategy, poverty reduction and integrating the world economy through the sustainable tourism development and some are in the line. “The WTO and UNCTAD believe that tourism can make a substantial contribution to the development of LDCs and in combating poverty” (WTO UNCTAD 2001).

The five UN entities<sup>17</sup> and UN Steering Committee on Tourism for Development (SCTD) are doing their efforts on the new decade 2011-2020 international support for sustainable tourism development for poverty alleviation in LDCs through existing and forthcoming financial mechanism, building on strength and experiences of each agency (ILO 2011).

Sustainable tourism is very important on generating solutions for local problem regarding women, marginal grouped, natural resources, environment and cultural issues. “At the local level, sustainable development is achieved by steering local development activities to simultaneously achieve three objectives: increased local social welfare; greater, and more equitably distributed, local economic wealth; and enhanced integrity of local ecosystems” (ICLEI, 1999).

Following table depicts the glance of importance of tourism in the developing country and the globe.

Table 6: Importance of Tourism in Some Developing Countries:

Indicators	world	Nepal	Laos	Kenya	Peru	Jamaica
GDP: Direct Contribution	2.8% of total GDP	2.8%	4.3%	4.5%	4.3%	7.5%
GDP: Total	9.1% of GDP	6.7%	13.5%	11.4%	10.4%	24.0%

<sup>17</sup> ILO, ITC, UNCTAD, UNDP and WTO

Contribution						
Employment : Direct Contribution	99,048,000 jobs: 3.4% of total employment	293,00 0 (2.4%)	105,00 0 (3.6%)	245,00 0 (3.8%)	411,000 (3.1%)	82,000 (7.1%)
Employment : Total Contribution	258,592,000 jobs: 8.8% of total employment	726,00 0 (5.9%)	342,00 0 (11.8% )	643,00 0 (9.9%)	1,143,00 0 (8.8%)	2,62,00 0 (22.6%)
Share of total Visitor Exports	US\$1,162.7b n (5.8% of total exports)	25.8%	15.5%	14.3%	7.2%	44.7%
share of total Investment	US\$652.4bn or 4.5% of total investment	3.9%	6.9%	7.2%	5.6%	9.2%

Source: WTTC 2011

Tourism is a major Service industry in the all local, national and international level of economic sector. This sector is considered as labor intensive industry which requires all high skilled, skilled, semi-skilled and unskilled man power. This industry comforts with the development of small and medium enterprises which supports the local community by breaking the culture of poverty, women empowerment and disadvantage empowerment. The importance of tourism industry is growing more rapidly in the developing countries since last several decades. The absolute earnings in the developing countries were generated by 133%, 154% in the LDCs, 64% in the OECD and 49% in the EU countries between 1990-2000.<sup>18</sup>

<sup>18</sup> Dilys Roe, Caroline Ashley, Sheila Page and Dorothea Meyer, 2004 pp7

According to WTO UNCTAD (2001), tourism is important for expanding export, capital formation, business diversity and busting up local market. Export of automotive, food, fuel and chemical is growing by the tourism business in the developing countries. In the developing countries there is no tariff barrier for tourism quota as other product market which results big source of foreign exchange and more demand for consumer product in the developing countries. Due to tourism activities developing countries are able for human and financial capital formation for natural capital formation such as beauty, mountain, beach, wetland and so on. Tourism development forwards the multiplier effects in the economy which diversify the linkage with food, transport, business and furthers other sectors. Finally it strengths the local market as well as local communities.

According to Martha Honey and Raymond Gilpin (2009), there is strong relationship between Tourism, Development and conflict that tourism can deliver peace and development. Tourism provides job, generates income, diversifies the economy, protects the environment and promotes cross cultural awareness. It is the fourth largest industry in the world economy. It encourages investments for infrastructure, entrepreneurship and human resource which results the major source of foreign exchange, efforts to reduce crime and corruption. It provides plates for formulation and implementation of national plan, policy and strategies for development.

The tourism industry has a major contribution on international and domestic tourism in the developing countries. The least developed and island developing countries has exceeded growth rate more than expectation. It is playing big role in the world economy as major factor for globalization, Socio-economic development and balancing social and environmental wellbeing.<sup>19</sup>

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<sup>19</sup> (ESCAP, United Nations, 2007); (Martha and Gilpin 2009)



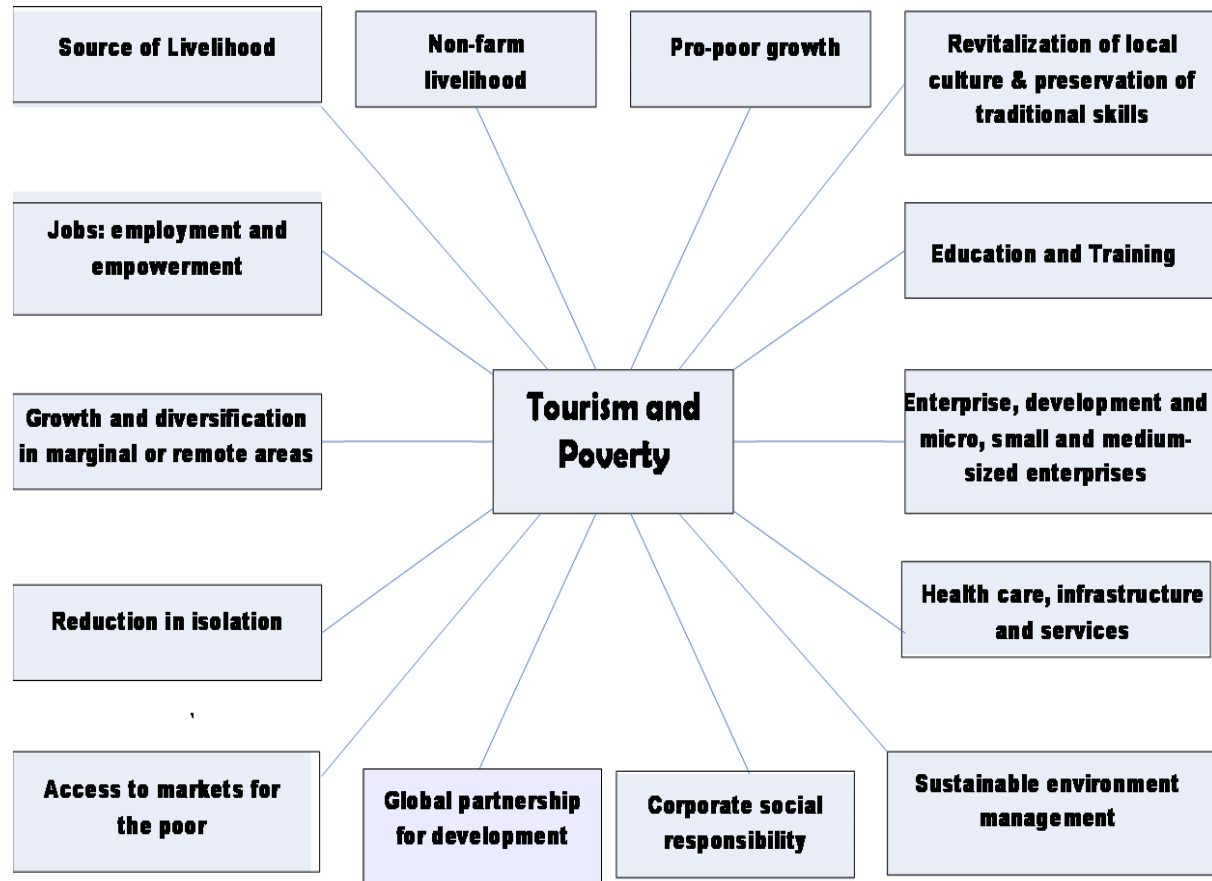
The importance of the tourism in developing countries can be outlined as:

- Structural reforms: it creates moral pressure to government for legal, policy as well as other structural reforms. Government enables to promote private sector enterprises and increases participation of all stakeholders.
- General sector support: development of tourism industry impacts to other general sectors support such as education, health, agriculture, infrastructure development and small business entrepreneurship.
- Remedy of particular problem: it is helpful for remedy of particular problem in the various sectors: education, skill development, sanitation, women development, credits facility and increase in productivity.
- More labor intensive: Tourism industry is labor intensive than the capital intensive. Women, marginalized, unskilled also can be employed in the various activities in the tourism.
- Potential in poor countries and areas: Tourism products can be built on nature and culture on poor community
- Financial: Tourism is major source of finance through foreign exchange earnings, income for individual and business, contribution to BOP, tax and levy.
- Employment: this sector is creating jobs and earning opportunity for highly skilled, skilled and unskilled human resources in the tourism activities.
- Development: infrastructure, social services, diversification, backward and forward linkage, multiplier effect, encourages for entrepreneurship.
- Cultural: Retention of art and handicraft; restoration of monuments, dance and culture

- Social: it contributes for community empowerment, women empowerment and break social restrictions.
- Environment: conservation of natural resources and wild life, environment protection, planning and management
- Economic: It has various economic impacts regarding contribution to GDP, Diversified products and services, aggregate demand increase (Tourism and total), travel and tourism economy which impacts on total export increase, private sector business, local resource mobilization and increase in expenditure and investment of government.
- Social: tourism impacts on awareness in the society, empowerment of poor communities, productivity for youth, employment creation, higher standard of living, literature in multi ground, gender balance, linkage and multiplier effect, reduce poverty, training, capacity building and certification.

Tourism development delivers prosperity and stabilization to the host communities, host government and foreign stake holders. Host communities strength their competitive advantages, improves service delivery and protect their culture and environment. Host government establishes supportive strategies formulation and implements related rules and regulations which removes bottlenecks and maintains international tourism standards. Foreign stakeholders treat tourism as viable economic force, FDI and lead for knowledge and technology transfer. Tourism enables empowering communities and poor by socio-cultural heritage protection, awareness, generating employment and income, protecting natural heritage and networking with other stakeholders. It builds networks between different sectors like hotel and restaurant; food industry, sports industry; curios and handicrafts; product industry; transportation and communication; and other sectors. Mechanism of Sustainable Tourism for Poverty Alleviation can be depicted in the figure below:

Figure 4: Poverty Alleviation through Tourism



Source: Modification of Sheet No 3: Tourism and Poverty Reduction Making the Links, Pro-poor Tourism Partnership 2004, adapted from UN (2007), *Study on the Role of Tourism in Socio-Economic Development*.

The above mentioned figure could be translated in the seven STEP mechanism of Sustainable Tourism for poverty alleviation recommendation made by UNWTO. Each component of tourism and poverty can be interlinked in either one STEP or more than one of the following.

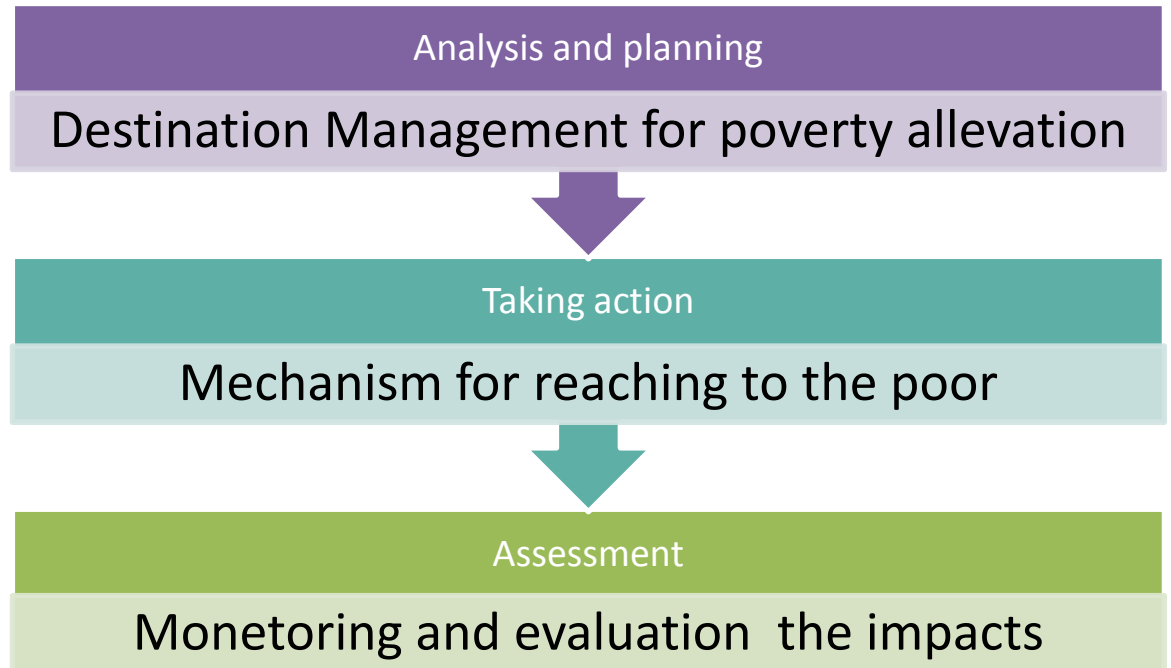
1. Employment of poor in tourism enterprises
2. Supply of goods and services to tourism enterprises by the poor or by enterprises employing the poor
3. Direct sales to the visitors by the poor (informal economy)
4. Establishment and running tourism enterprises by the poor i.e. micro, small and medium size enterprises (MSMEs), or community based enterprises (Formal Economy)
5. Tax or levy on tourism income or profits with proceeds benefiting the poor
6. Voluntary giving/support by tourism enterprises and tourists
7. Investment in infrastructure stimulated by tourism also benefiting the poor in the locally, directly or through support to other sectors

Furthermore, the linkage between tourism and poverty and seven STEP mechanisms can be elaborated connecting with the role of marketing for poverty alleviation through sustainable tourism development. Tourism marketing has to play big role from the beginning of destination management to reaching the impacts to poor to further improvement. The poverty reduction manual developed by UNWTO and SNV provides guidelines for poverty reduction through tourism more precisely.<sup>20</sup>

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<sup>20</sup> Manual on Tourism and Poverty Alleviation: Practical Steps for Destinations, UNWTO and SNV, 2010 and Poverty Alleviation through Sustainable Tourism Development, UN 2003  
[http://pub.unwto.org/WebRoot/Store/Shops/Infoshop/4BEB/F726/BC4B/3784/9088/C0A8/0164/FDA7/100513\\_manual\\_pov\\_all\\_excerpt.pdf](http://pub.unwto.org/WebRoot/Store/Shops/Infoshop/4BEB/F726/BC4B/3784/9088/C0A8/0164/FDA7/100513_manual_pov_all_excerpt.pdf) ,  
[http://www.unescap.org/ttdw/Publications/TPTS\\_pubs/To\\_poverty\\_2265.pdf](http://www.unescap.org/ttdw/Publications/TPTS_pubs/To_poverty_2265.pdf)

Figure 5: Manual on Tourism for Poverty Reduction.



The manual provides a detail structure of tourism for poverty alleviation. Generally this manual has three main parts.

#### Part One: Analysis and Planning

Destination management is the first task and initial component of formulation tourism marketing strategy in the development of tourism industry for poverty alleviation. Supportive government policies are essential for ensuring commitments between tourism and poverty. Formulation of policy and legislation needs to have effective implementation and needs government backing for destination management and local action.

#### Part Two: Taking Action

The next necessary task is working and collaborating effectively between different stakeholders: public sector, private sector, local communities, NGOs, Development Assistance Agencies, educational bodies and communication with tourists. It needs to form broad view on poverty, identifying the target beneficiaries, their needs and barriers. Identification, analysis and reshaping the Tourism Value Chain for destination are next component which is helpful to match its pro poor impact with targeting beneficiaries and available resources. Judging the future potentiality of tourist assets has to be conducted with the assessment of resource constraint, situation, limiting factors, balancing market and product development in the destination. Preparing and agreeing action plans has to be made as strategies for poverty alleviation through sustainable tourism development. Finally, it needs for strengthening the capacity of private sector, institutions and working communities

Employment to the poor in tourism enterprises; supply of goods and services by the poor to the tourism enterprises; informal selling of goods and services to the tourists by poor; developing micro, small or community based enterprises or joint ventures; tax or charge on tourists or enterprises; voluntary giving to poor by tourists or enterprises and collateral benefits from tourism investment and activities are the mechanism for reaching to the poor.

### Part Three: Assessment

The Final part is monitoring and evaluation of the impacts regarding planning, monitoring and evaluation of the action; measuring the changes and effectiveness of the action and using the finding for future.

Alleviating the poverty is the chronological issue and it is relative concept which itself is challenge. Various authors in various studies found out number of challenges to alleviate poverty through tourism. Mainstreaming the poor in the

tourism business, make private sectors corporate behavior to poor based or poor oriented, shifting tourism sector to the community based or pro poor based tourism and making commercial tourism to development tourism are the main global challenges for tourism to reduce poverty (ESCAP 2001). Developing linkage and doing business differently are not easy task in the tourism for poverty reduction.<sup>21</sup>

UN and its agencies have identified that political and economic recognition and support as main challenge for tourism in LDCs. Due to political instability and economic volatility, LDCs are unable to ensure the sustainable tourism development and transfer tourism benefits to the poor. Ensuring and filing to deliver benefits to poor and benefits accrual to the non-poor is another major challenge for tourism industry.<sup>22</sup> The financial, human and managerial capacities and accessibility among the local people, community based organizations and other stakeholders in the tourism market are other challenges to alleviate poverty.<sup>23</sup>

Similarly, making institutional framework; implementation of the framework in the local context; making commercial to the destination; and opening doors for poor are hard in the tourism activities.<sup>24</sup> Binding the tourism and local economy and bringing local products in the supply chain are necessary to make more participation of poor in the tourism (PPT, 2006)

Table 7: Challenges in Alleviating Poverty through Tourism

Sustainability	Challenges
Socio-	<ul style="list-style-type: none"> <li>• Create awareness among people</li> </ul>

<sup>21</sup> Caroline Ashley and Gareth Haysom, 2005 PP13

<sup>22</sup> Walter Jemison, Harold Godwin, Christopher Edmunds, 2004

<sup>23</sup> Stephen F McCool, R. Neil Moisey, 2001

<sup>24</sup> Caroline Ashley, Dilys Roy and Harold Goodwin, 2001

Cultural	<ul style="list-style-type: none"> <li>• Security, health and safety guarantee to the investors as well as tourists</li> <li>• Gender, ethnic, future generation Develop new tourism products</li> <li>• Improve safety, security and reducing terrorism.</li> <li>• Strengthening the decision making capacity of CBOs</li> <li>• Gender disparity</li> <li>• Building neighborhood partnerships</li> <li>• Social empowerment</li> <li>• Understanding tourism and matching the skills gap</li> </ul>
Economic	<ul style="list-style-type: none"> <li>• Matching the dynamic growth as the tourism demand increasing</li> <li>• Add new value for the existing tourism products</li> <li>• Development of additional infrastructures.</li> <li>• Improve marketing activities</li> <li>• Raising the funds for investment Bringing local products into supply chain</li> <li>• Building links within local farmers</li> <li>• Making commercial viability of the tourism destination: sustainability in destination, price, product quality, marketing and linkage</li> <li>• Employing local staffs and economic empowerment</li> <li>• Involving local people and products in tours, packages and excursions</li> <li>• Encourage tourists to spend in the local economy</li> <li>• Tourism development product and brand</li> <li>• Meet to tourists expectation</li> <li>• Channelizing tourist dollars to the poor: poverty reduction, expand the linkages and stitch the leakages</li> <li>• Building between tourism and the local economy</li> </ul>



	<ul style="list-style-type: none"> <li>• Current tourism trend and investment in the country: tourism products</li> </ul>
Environment	<ul style="list-style-type: none"> <li>• Climate change to tourism, tourism to climate change and Protect environment</li> <li>• Conservation and renovate of natural, cultural, historical heritages</li> <li>• Environmental degradation</li> <li>• Wastage management and controlling pollution</li> </ul>
Management	<ul style="list-style-type: none"> <li>• Mobilizing resources to the local tourism destination</li> <li>• Effective management of existing infrastructures.</li> <li>• Increase quality of services</li> <li>• Improve government policies and regulations</li> <li>• Building capacity and skills of human resources</li> <li>• Remote geographical location and accessibility of tourists</li> <li>• Maintaining the standard regulations</li> <li>• Accessing complexity the poor in the tourism industry</li> <li>• Multiple uses of visitor centers</li> <li>• Building the linkage between formal and informal sectors</li> <li>• Implementation and collaboration between stakeholders locally</li> <li>• Making policy framework such as regulation, planning, policy, process, strategy, land tenure in favor of poor</li> <li>• Managing the internal changes for developing local linkages</li> <li>• Tourism policy formulation and implementation of government</li> <li>• Finding specific tourism destinations and infrastructure development</li> <li>• Capacity of government to facilitate for investor and collaborate with other stake holders, control and</li> </ul>

	<p>regulation to support and promotion</p> <ul style="list-style-type: none"> <li>• Building of institutional framework</li> <li>• Creating favorable domestic condition and attraction investment to local destination</li> </ul>
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## **2.4 Tourism marketing and its role in alleviating poverty**

Tourism marketing is a bridge between the demand for and supply of tourism market which helps to match the needs between the tourists and the tourism destination. It is responsible for introducing the tourism destination, information about tourist services and sharing of experience, exposing the purpose of destination and main market, positioning the destinations, pricing of the product, channelizing the product, promoting the destination and developing competitive destination in the future. For the effective implementation of tourism marketing the suitable marketing strategies must be identified and formulated. The tourism strategy works as a guideline for tourism development activities in the future (Kerry Godfrey, Jackie Clarke, 2000).

As the modernizing in the concept of tourism, responsible tourism is developed as an effective tool for development and poverty alleviation. The role of tourism marketing is vital as compliment part of tool for development and poverty alleviation. Marketing is the key tool of management for any ground of the good and service provider business (Kotler p. and Gertner D 2002). Tourism marketing plays the bridging role between demand and supply side. Tourism marketing interprets about the market place, price, products and process in tourism industry. It establishes the linkage and communication channels

between local tourism destination where poor lives and visitors from the domestic as well as foreign market. "Tourism marketing will be the primary management tool for interpreting, communicating and achieving sustainability in visitor destination over coming decades, as a part of day to business of designing and delivering products of acceptable quality to target customers in the world's largest industry" (Victor T. C. Middleton 1998).

Demand for responsible tourism and concept of pro poor tourism is growing simultaneously worldwide in a significant way. The responsible tourism marketing is the skill of tourism management which influences the behavior of tourist toward the natural, environmental and social responsibility.

The role of marketing can be clarified by the help of the AIDA concept. AIDA is a concept for advertising, which is a part of marketing - A = Attention, I = Interest, D = Desire and A = Action. Marketing draws attention, generates interests, ignites desire and should lead to action to the tourist for traveling in the specific destination.<sup>25</sup>

The role of the responsible tourism marketing in alleviating poverty can be outlined as follow:

- Creates linkage between demand for and supply of responsible tourism market
- Provides concrete insights to management how to achieve the sustainable development in tourism and travel market.
- Interprets about the local destination, market segmentation, competitors, tourism products, quality in the physical, social, cultural, environmental and business basis
- Adds the value in product or service development and the delivering to the tourists

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<sup>25</sup> Anne-Maria Mäkelä, Seinäjoki University of Applied Sciences

- Matches between tourist needs and poor needs
- Creates a coordination networking within the tourism destination, local community, tourism entrepreneurship and the tourism demand
- Helps to change attitude of tourist from pure business motive tourism to responsible tourism
- Facilitates to the tourists providing information about local communities, tourism product, price, place and processing.
- Motivates to the tourist to visit the destination where they get sufficient information about the destination of responsible tourism
- Ensures the tourists about the values of their limited resources and quality of tourism enjoyment.
- Communicates between all stakeholders to get the real impact the poverty alleviation through sustainable development
- Works for quality product in the destination, sharpens business operation, finding the target customer, meeting the tourist expectation, monitoring the tourists satisfaction.
- Generates tourist management techniques in favor of poverty reduction
- Circulates the message about place, price and product out of geographical boundary
- Helps to identify and segment the market which make easier to reach the targeted tourist
- Provides the ground for evaluation of effectiveness of product mix
- Establish the direct contact and interact with the local community and the tourists
- Helpful to raise the environmental issues and global environmental threats

## **2.5 Research gap**

All previous researches have explored the knowledge and facts regarding the tourism industry, sustainable tourism development, marketing strategy, poverty alleviation and the linkage between sustainable tourism development and poverty alleviation or marketing strategy and tourism industry development. The researcher found the gap for the research that the linkage between tourism industry, sustainable tourism development, tourism marketing strategy and poverty alleviation. This research fulfills the gap between poverty alleviation, tourism marketing strategies of Nepal with reference Scandinavian Tour Operators, especially, Finnish Tour Operators.

## **3 RESEARCH METHODOLOGY**

### **3.1 Introduction**

Most of the initial part of this research is based on desk research types which are descriptive and analytical based on secondary sources of information. Being a fact-finding research, it does not set any hypothesis to be tested. This is qualitative research which seeks to find out the relationship between the tourism marketing strategy taken by Nepal and sustainable tourism development of Nepal. Basically, the study aims at exploring the Nepalese tourism marketing strategy, building linkages between tourism industry and the local economy that results the social, economic and environmental impacts on poverty alleviation to the grass root communities of Nepal.

### **3.2 Research design**

This research is designed on the qualitative basis using both primary and secondary information. All most parts of the research are qualitative in nature. Secondary information collection methods were designed for two ways. One is physical presence in the publication authorities in Nepal and second one is desk web searching according to fulfill the desire of the research. The information was collected from the authentic organizations and internet due to the qualitative nature of study. Most of the initial parts of the research were designed for desk study by the help of secondary information.

For the primary source of information, the interview method has been chosen. The main cause to choose this particular method of primary data collection is to

get qualitative information to improve the current tourism marketing strategy of Nepal through the extracting the ideas and experiences of handling tours to Nepal from Finnish tour operators. The other methods of primary information collection were not feasible for this specific research due to the limitation of time, financial, technical and access and also to fulfill the requirement of research objectives. The information collection methods were designed on need based of this particular research requirements. The respondents were selected through informal information about the matching characteristics of respondent. The respondents were chosen on the basis of tour operating relationship between Nepal and Finland that the tour operators in Finland, only who are operating tours in Nepal currently. Rest of all tour operators in Finland were beyond the concern of this research objectives. A set of questionnaire<sup>26</sup> was designed for interview with the respondents on the basis of fulfilling desire of research objectives. Analytical parts were designed on the basis of the results which were collected from the respondents.

### **3.3 Nature and source of information**

The source of information was employed both primary as well as secondary. Some of numerical data and most of theoretical information were collected from secondary source. The nature of information is almost qualitative in nature. In order to gather the information relevant to research objectives both primary and secondary studies were made. All most of theoretical parts were used secondary information. The primary information is used in the analytical part in this research.

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<sup>26</sup> Appendix 2

### **3.4 Information collection procedure**

Secondary information was collected through the two ways. One was website searching: Different books, research, journals, reports and required information were collected from internet and another was collected through physical presence in the library and related authorities. Various books, journals and thesis dissertations were studied and information was collected from the Central library of Kirtipur, Nepal; Nepal Tourism Board library; and Helsinki University library. Similarly, the required data and information were collected by physical presence and collected reports from the respective authorities such as National Planning Commission of Nepal; Ministry of Tourism, Culture and Civil Aviation, Nepal; Nepal Rastra Bank and Nepal Tourism Board, Kathmandu, Nepal.

For primary information, direct interview method was followed to get the experiences and ideas of Finnish Tour Operators who are handling tours in Nepal which helps to improve the current tourism marketing strategies with respect to poverty alleviation through sustainable tourism development in Nepal. A set of questionnaire was formulated for the purpose of interview with related Finnish Tour Operators which could support to get information to fulfill the needs of objective of this research. The questionnaires were formulated in the specific need base. Mainly, Mandala Travels, Intia-Keskus, Kaleva Travels, Moon Travels, Aventura Travels, Olympia Travels, Kaleva Travels, Kilroy Travels and Euro-India business and Travels are operating tours in Nepal currently. Only 50 percent respondents were participated in interview. The questionnaires were asked to product managers of the respective Finnish Tour Operators in Helsinki, Finland. The Primary information was collected through direct interview with respondents and with field visit of researcher.



### **3.5 Information analysis**

Complex statistical tools are not used for the analysis of the research information. Simple statistical tools such as coding, editing, tabulating and ranking have been employed along with graphical presentation of the information in the places that they were required for the clarity of the subject matter. The information has been analyzed verbally due to the qualitative nature of the thesis. The respective factors and variables have been used in the necessary places to produce supportive argument to support the result of research. Most of the relationships between variables are describe verbally according to the answer given by the respondents in the interview. As the qualitative nature of information, the results of the research were fit to the defined standard of the requirement of thesis objectives in the major results of this research according to the common ideas, views and priorities of respondents.

## 4 SUSTAINABLE TOURISM IN NEPAL

### 4.1 Overview of tourism development in Nepal

In the history of Nepalese tourism, tourism activities have been found from the ancient period of human civilization of Nepal. In the ancient period Nepal was known as Tapo Bhumi (Land of mediation). After that, religion, architecture, business, custom, culture, art and festival were main attractions for visitors in the traditional period.<sup>27</sup> 104 years, before 1950, during the Rana regime there was closed the door for foreigners to visit in Nepal. The modern tourism in Nepal has started after the construction of road between Kathmandu, the capital city of Nepal and the border of India in 1950 and end of Rana regime in 1951. Doors for foreigners are open and Nepal is explored as unique tourism destination. Especially, they are attracted to climb the mountains, enjoy with cultural heritage, natural beauty and other adventure. Successful climbing of mountain started from Annapurna in 1950 and Mount Everest in 1953. Ministry of Industry and Commerce established Tourism Development Board in 1957 and formed Department of Tourism in 1959. Direct air link connection was established between Kathmandu city of Nepal and Indian cities Delhi, Calcutta and Patna in 1960 which made Nepal more accessible for foreign tourists. Tourism sector was able to hold as leading sector of the economy of Nepal in 1983 by marketing the Himalayan landscape and Hindu and Buddhist culture.<sup>28</sup>

#### A. Domestic tourism in Nepal

Neither recorded statistical data of domestic tourism in Nepal can be found anywhere nor did authentic estimate yet. Nepal Tourism Board is going to conduct the research and compile the exact figure of domestic tourism activities from the year of 2011.<sup>29</sup> According to the Planning and Monitoring department of

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<sup>27</sup> Appendix: 1

<sup>28</sup> Shrestha: 2000, Tourism Encyclopedia

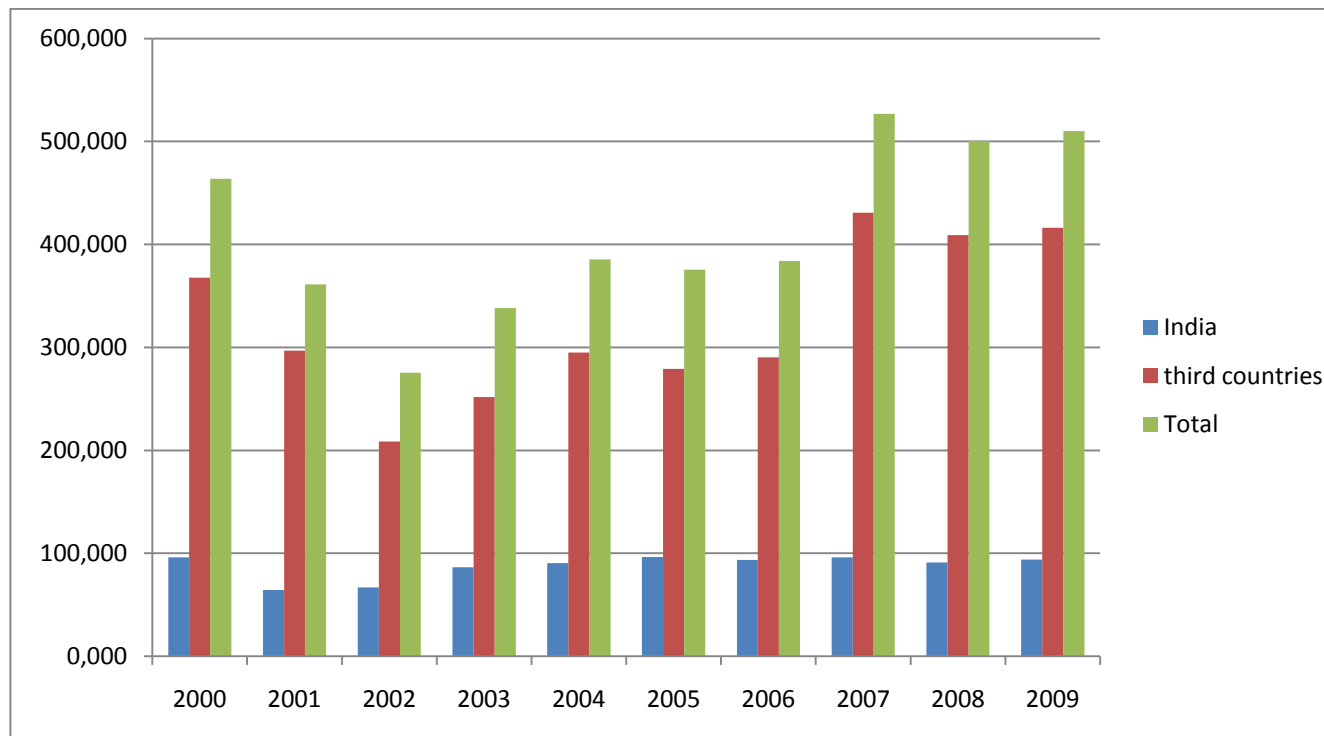
<sup>29</sup> NTB, Annual Operational Plan 2010

NTB, to retrieve data and statistics about domestic tourism NTB start household survey from the major domestic tourism areas: Kathmandu, Pokhara and Chitwan. Among the main four aims of Nepal Tourism Year 2011, development and promotion of domestic tourism is priority one.<sup>30</sup>

### B. International Tourism in Nepal

International tourism of Nepal can be analyzed in the basis of number of tourist inflow, length of stay, purpose of visit and major countries in the recent years. The following table represents the flow of tourist from the 2000 to 2009. In comparison to other countries, the number of tourists flow from India is quite large, which has shown in the separate column. The fact of tourist flow can be depicted by the following chart.

Figure 6: Tourism arrivals in Nepal from 2000 to 2009



<sup>30</sup> Nepal Tourism Board, 2011

According to the Nepal Tourism Board, the flow of tourist had been slowed down till 2002 and almost stable from 2002 to 2006 due to internal political instability in Nepal. The flow was mainly affected from the third countries but almost constant from India except 2001 and 2002.

Table 8: Number of Tourist Inflow, Length of Stay, Average Income Per-day by Per-visitor and Foreign Exchange Earnings from Tourism in Nepal

Year	From Third countries	From India	Total tourist arrivals	Length of stay	Average US \$ Expenditure per visitor/a day	Gross Foreign exchange earnings from tourism Rs. In Million
2000	367,731	95,915	463,646	11.88	38.2	12,073.9
2001	296,917	64,320	361,237	11.93	39.6	11,717.0
2002	208,691	66,777	275,468	7.92	64.8	8,654.3
2003	251,769	86,363	338,132	9.60	79.1	11,747.7
2004	294,971	90,327	385,297	13.51	45.1	18,147.4
2005	278,964	96,434	375,398	9.09	58.5	10,464.0
2006	290,204	93,722	383,926	10.20	55.0	9,556.0
2007	430,695	96,010	526,705	11.96	45.0	10,125.0
2008	409,100	91,177	500,277	11.78	73.0	18,653.0
2009	416,072	93,884	509,956	11.32	65.3	27,960.0

Source: MoTCA, NTB

In the table above, the tourism flow in Nepal is not stable yet because of the developing and immature tourism market. The number of tourist had been slowed down from 2000 to 2006. Even though the number of tourists decreased and stable from 2002 to 2006, the total foreign exchange earnings from the tourism has increased due to increase in the increase in the length of stay and per daily average US \$ expenditure. In the year 2003, average daily expenditure per visitor was almost 80 US\$ and in the 2004 the length of stay was increased

close to 14 days which were stronger than the other years. Thus the tourism average earnings did not drop as drastically as visitor numbers. In the succeeding period, the tourist flow, length of stay and has been little bit recovered as the progress in political peace process which resulted the growth in the foreign exchange earnings. The amount of earning in Rs. has affected by the change in exchange rate also but the major thing increase in per day average US\$ expenditure, flow of visitors in the tourism figure, length of stay and impact in the local communities are the major indicator for sustainable tourism development. Increase in any indicator of these helps for sustainable tourism whether number of tourist increases or right types of tourists stays long enough and makes more expenditure locally.

The segmentation of flow of tourist can be shown by the help of their purpose of traveling to Nepal. Based on the below table, the holiday/leisure trend has been decreasing in the recent years confirming the global travel trends even in Nepal's tourism. Adventure, culture and nature related travels such as trekking, mountaineering, rafting, pilgrimage and other purpose have been gaining popular in the recent past. As identifying activities plays major role, Nepal has started to allure new activities like: conference/convention and rafting tourism segments in the recent years which provides cushion for the slack periods and tourism portfolio. Such activities provide great socio economic impacts as participants tend to spend more than the regular tourists.

The demand of tourist can be reflected by the purpose of tourist to visit in Nepal. Mainly tourist loves to travel Nepal for holiday and leisure, trekking and mountaineering, pilgrimage, business, official and other purpose which is cleared by following table.

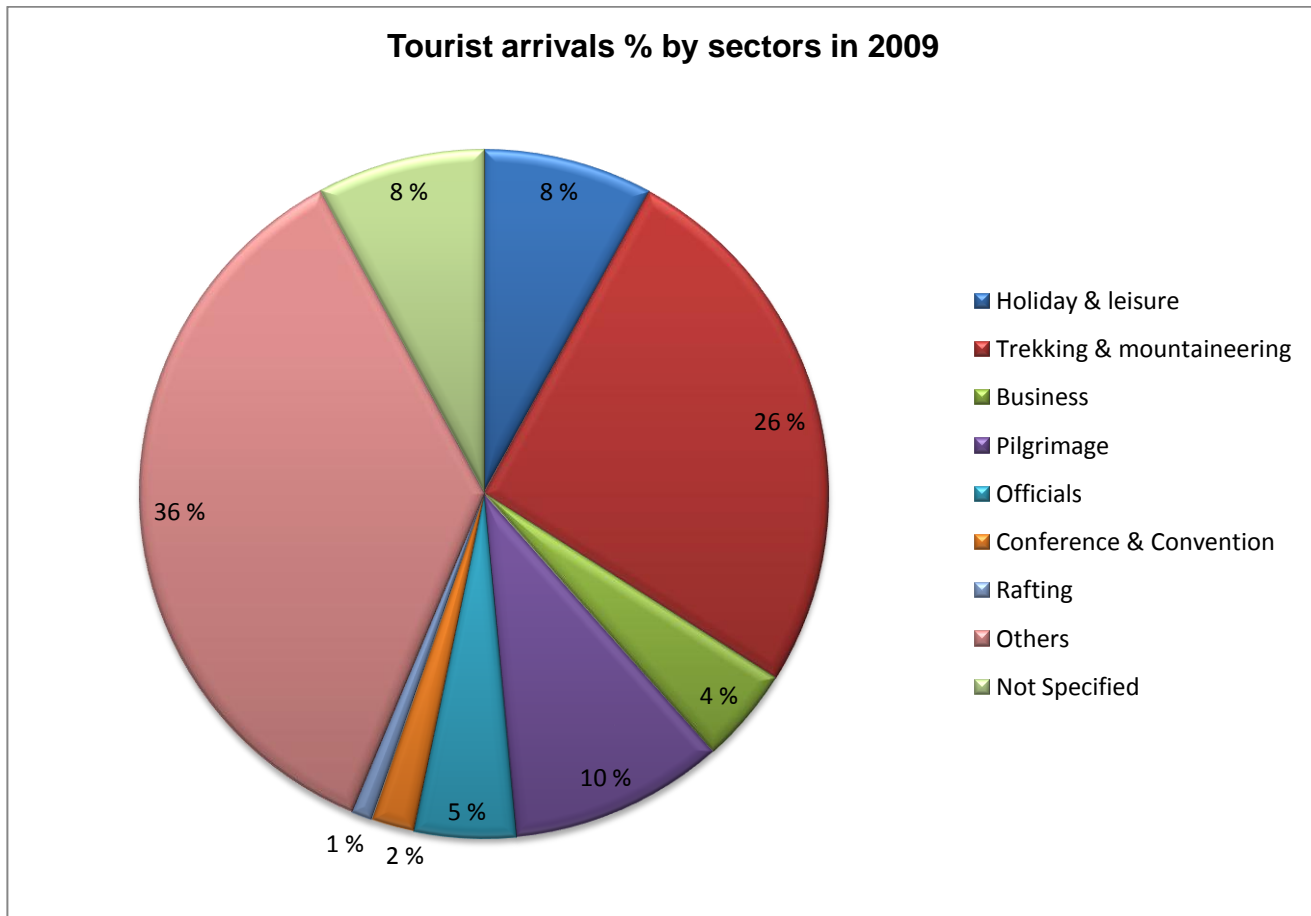
Table 9:

Tourist Arrivals by Purpose  
 Source: MoTCA, NTB

Year	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
Holiday leisure	255889	187022	110143	97904	167262	160259	145802	217815	148180	40992
Trekking mountain	118780	100828	59279	65721	69442	61488	66931	101320	104822	132929
Business	29454	18528	16990	19387	13948	21922	21066	24487	23039	22758
pilgrimage	15801	13816	12366	21395	45664	47621	59298	52594	45091	51542
official	20832	18727	17783	21967	17088	16859	18063	21670	43044	24518
Conv./ Conf.	5599	0	0	0	0	0	0	8019	6938	9985
Rafting	0	0	0	0	0	0	0	65	243	285
Others	17291	22316	58907	111754	71893	67179	72766	78579	99391	186849
Not specified	0	0	0	0	0	0	0	22156	29529	40098
Total	463646	361237	275468	338132	385297	375398	383926	526705	500277	509956

Tourist inflow in Nepal by purpose in 2009 is shown in the pie-chart below<sup>31</sup>.

Figure 7: Tourist Arrivals in 2009 by Purpose.



#### 4.2 Sustainability of tourism in Nepal

According to the GSTC, Sustainable Tourism Criteria are mainly categorized into four branches: Sustainable Management, environment, Social and economic development, Cultural heritage and thirty seven sub-criteria are identified. "There are three components to sustainable tourism: environmental,

<sup>31</sup> National Tourism Statistics 2009, MoTCA

economic, and socio-cultural.”<sup>32</sup> Nepal has practiced sustainable tourism as tools of tourism industry development as well as economic development of Nepal.

**Management Sustainability:** Nepal has practiced tourism development efforts with the starting of periodic plans from 1956 and from establishment of Tourism development board in 1957. Government and non government both sectors are playing the role for sustainable management for the development of the tourism industry in Nepal. MoTCA and NTB are formulating the favorable plan, policies and strategies; developing related required networks; enhancing the qualities of personnel; collaborating with different stakeholders; promoting and facilitating for the development of sustainable tourism from the government level. Various organizations are playing different role as sustainable tourism management from the non-government sector and donor agencies.

ADB is providing funds for the development of whole tourism development linkage sectors such as: rural and urban development projects, road and airport upgrading, hydro power development and so on. UNDP, DFID, SNV, JAICA, IUCN, UNEP and ICIMOD are supporting different projects and programs such as: Hotel Management and Tourism Training Center, Partnership for Quality Tourism Projects, Tourism for Rural Poverty Alleviation Program, Tourism Resource Center and other research, workshops, capacity building trainings, consulted services and other required supports to the different stakeholders.<sup>33</sup>

**Environmental Sustainability:** Environment friendly purchasing policy, consumable goods, energy consumption, water consumption, green house gas, waste water, waste management plan, harmful substances, other pollutants, wild life species, wild life in captivity, landscaping and restoration, biodiversity

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<sup>32</sup> UNEP, SNV & NTB, 2006pp:7

<sup>33</sup> NTB, MAST Nepal and ECIMOD



conservation and interactions with wild life should be managed properly. Nepal has followed as guidelines principles for the environmental sustainability.

Nepal has practiced systemically in the environmental issues. Maintaining clean environment is the core part of the sustainable tourism development. “Nepal’s natural environment is central to country’s tourism industry.”<sup>34</sup>Nepal is practicing for maintaining clean natural environment as a part of tourism development from the policy level to practical action. Nepal has conducting efforts to reduce the effect of climate change, waste management, water management, conservation of natural resources and awareness training in the main cities and tourism destinations which are as a part of tourism development.

Green motilities, a bull drawn cart (Rhino Resort), elephant jungle safari (Souraha), horses, local tourism trips, mountain biking are contributing green mobility for environment protection in local tourism of Nepal. Energy efficiency, Renewal Energy, Water Conservation, waste management, environmental awareness training, biodiversity profiling, conservation of wild life and national parks have been doing by the central as well as local government level in the different part of the country. Awareness training initiatives are conducting by NTB, MAST Nepal, ICIMOD and other stakeholders in the different destination community. “It is anticipated that this and other training efforts conducted on behalf of the MAST Nepal project have contributed to a greater environmental awareness which will ultimately serve to protect Nepal as quality tourism destination.”<sup>35</sup>

Economic Sustainability: Nepal has been following community development, local Employment, fair-trade, local entrepreneurs, indigenous community,

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<sup>34</sup> UNEP, SNV & NTB, 2006 PP:12

<sup>35</sup> UNEP, SNV & NTB, 2006pp:32

exploitation, equitable hiring, employee protection and basic service to local and neighboring community principles for economic sustainability in recent years. Tourism industry in last several decades is counted as major economic sector in both developed as well as in developing countries. It is practiced in Nepal as one of the major sources of foreign exchange and tool for socio-economic transformation with developing sustainable tourism in terms of taking pro poor initiatives.

Tourism industry is creating employment opportunity to all levels: high skilled, semiskilled and unskilled labor both urban and rural area-even in far remote areas (SNV Humla). All level of Government is supporting and facilitating to the tourism industry. Various entities such as TRPAP, CBOs, NGOs, Village Tourism Advisors, Sustainable Tourism Development Committees, Buffer zone Users' Committee, Technical Advisory Groups, Functional Groups (FGs), Sustainable Tourism Development Units and Social Mobilizers are working on to make participation of poor and local communities.

Sustainable Tourism Development Sections are established in almost all districts in the country. Sustainable Tourism Fund, Sustainable Development Fund, Tourism Village Fund and Funds from other stakeholders are mobilizing the funds for pro-poor tourism initiatives. Similarly, different programs such as Women Empowerment, Rural Organic Farming Initiatives, Promoting Gender Diversity in the Work Places, Promoting Equitable distribution of Tourism Revenue, Economic Development through Supply Chain Management and Local Tender Policy are supporting for empowering women, cultural performance to benefit local community, skilled building, employing local people to improve client services and local economy which impact directly and indirectly to the poor and local community livelihood.<sup>36</sup>

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<sup>36</sup> NTB, SNV, TRPAP, ICIMOD and MAST Nepal

Socio-Cultural Sustainability: For the socio-cultural sustainability, Nepal has followed four principles which are code of behavior: minimize visitor impacts with maximize enjoyment, historical artifacts, protection of sites and incorporation of culture. Tourism industry always creates a ground for different socio cultural people. Multi socio-cultured country Nepal has practiced for socio cultural sustainability into tourism industry as a part of sustainable tourism development.

Government entities, NGOs, CBOs and other stakeholders are working for human rights, community development, protection of cultural heritages, gender equity, equitable distribution of tourism income and tying up the tourism industry into socio cultural value of the destination community. Government level is supporting by formulation and implementation of the plan, policies and programs regarding labor and employment, increasing skills through different training, protection of cultural heritage, socio-cultural conservation and awareness programs.

Other Stakeholders; such as MAST Nepal, SNV, CBOs and other NGOs; are launching different activities such as: Tourism Master Plan, Porter Code of Conduct, increasing staffs skills and well being through yoga training, rising awareness on cultural heritage sites, protection of cultural tradition, formulation sustainable action group, sharing the best practices in different tourism activities level supporting scholarship to local students and children and other pro poor based activities.<sup>37</sup>

### **4.3 Poverty alleviation through tourism in Nepal**

Government of Nepal has identified tourism as main sector of economy which is one of the main pillars for economic development and poverty alleviation.

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<sup>37</sup> MoTCA, NTB, MAST Nepal, Dhakal :2005

Poverty Alleviation is the national goal of Nepal. The government of Nepal has adopted tourism policies and strategies for supporting poverty alleviation through tourism. Government Level: Ministry of Tourism Culture and Aviation, Nepal Tourism Board and National Planning Commission are the key policy and strategies maker entity of the country.

Periodic plan started from 1956 and started tourism sector development with the establishment of Tourism Development Board as institutional form in 1957.<sup>38</sup> Local community based tourism; socio economic development; preserving natural, cultural and historical heritage and basic infrastructure development in the destination are practiced after bringing in existence of First Tourism Master Plan in 1972.<sup>39</sup> One of the objectives of Seventh five year plan (1985-90) was creating employment opportunity in the tourism sector. Establishment of National Tourism Council 1992, Formation Nepal Tourism board, Tourism Policy 1995, involvement of private sector, expansion relationship with various tourism related agencies, introducing and improving in legal provisions and policies had been done within the Eight five year development plan (1992-97).

Ninth five year development plan 1998-2002 identified the development of tourism industry is the major tool for poverty alleviation and economic development. Visit Nepal Year 1998 campaign was the first effective tourism development strategy in the tourism history of Nepal. In this plan period long term 15 years (2000 to 2015) visions were developed. According to that vision: - Recognized tourism as important part of national economy and will be developed as globally prime destination; - Transfer tourism income towards rural areas through qualitative improvement; - preservation of living heritage, world heritage and monuments and – development of road and air networks in the tourism destination.

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<sup>38</sup> First five year development plan 1956-61

<sup>39</sup> Fifth five year development plan 1975-80

Three basic objectives and several strategies, policies and action plans for supporting the tourism objectives had been taken for the sustainable tourism development as the tool for economic development and poverty alleviation in the Tenth Five Year Plan 2002-2007. The tourism objectives were:

- Sustainable development and qualitative promotion of the tourism sector.
- Conservation and preservation of historical, cultural, religious and archaeological heritages and enhancing their practical utilization.
- Rendering air transportation services easily accessible, secure, standard, and reliable.

The supporting to achieve these objectives specific strategies, policies and action plan regarding poverty alleviation were developed. To achieve first objective, the actions were using of local products, empowering women and backward community, local infrastructure development, promotion of eco-tourism, collaboration with NGOs and private sector, qualitative service, clean environment, establishment of regional tourism centers and village tourism. For achieving second objective, the actions were management, preservation and utilization of cultural, religious, archeological and natural heritage through decentralized policy; garbage management; alternative energy; employment generation and awareness raising activities, and, coordination between different stakeholders. Similarly, to achieve third objective, the actions were promotion of transportation service and private sector involvement.<sup>40</sup>

As the implementation Mechanism, the Government is in the top with making actions regarding upgrading policies and regulations, facilitating and supporting to all stakeholders, mobilizing financial resources and formulation of long term 20 years tourism master plan. The next component was Nepal Tourism Board

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<sup>40</sup> Tenth Five Year Plan 2002-2007 and Eleventh Three Year Development plan 2007-2010, National Planning Commission Nepal

(NTB). It acts as coordination between all stakeholders and awareness building in local communities, setup Tourism Centers (Hubs), preparation and implementation of code of conduct, establishment of umbrella institution, campaigning and mobilizing tour operators. The third component is private sector which makes investment, economic activities in local destination and people. Finally the NGOs perform actions regarding awareness building to the host communities and training to the local people.

New periodic long term plan has not been made in the recent period due to the political transition. Eleventh three year interim development plan (2007-10) and Three Year Plan Approach Paper (2010-2013) have continued the objectives, policies and strategies of the Tenth Five Year Plan. These both plan and approach papers have adopted to develop Nepal as main tourism destination in the world. Tourism development is practiced as a tool of economic development and poverty alleviation. Intellectual property rights, upgrading air services, diversification and promotion tourism to improve employment opportunity and living standard of people through rural tourism are upgraded in these two papers. In between these periodic plans, “Pro-poor Sustainable Tourism policy”, “Nepal’s Tourism Strategic Plan” and “National Tourism Marketing Strategy 2005-2020” are come to the action.

The countries HDI profile in 2009, Nepal has ranked 137<sup>th</sup> with 0.428 HDI out of 178 countries. The HDI of Nepal has been progressing 2.4% annually mainly in the three human development dimensions: health, education and income. Poverty head count ratio is 30.9% of national poverty line. The urban development and private sector are counted 51% and 41.5% respectively.<sup>41</sup> The volume and trend of tourism can reflect the contribution of tourism for sustainability of improvement in the general indicators of Nepal. Following table reflects its contribution.

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<sup>41</sup> Reports from UNDP(<http://hdrstats.undp.org/en/countries/profiles/NPL.html>) and World Bank (<http://data.worldbank.org/country/nepal>)

Table 10: Foreign Exchange Earnings and Its Contribution in Nepal

Year	2004/5	2005/6	2006/7	2007/8	2008/9
Total Foreign Exchange Earnings from Tourism (in million Rs.)	10,464.00	9,5556.00	10,125.00	18,653.00	27,960.00
Share in the GDP in %	1.8	1.5	1.4	2.3	2.9

Source: Nepal Tourism Board

As shown in the table, the trend of the share of tourism in the GDP was slowdown from 2004/5 to 2006/7. After that, amount of tourism earning as well as the share in the GDP has been increased in the succeeding periods.

Table 11: The Contribution of Tourism Industry in the Nepalese Economy

Contribution of Tourism in Nepal	Forecasted Figure in 2011
Direct contribution in GDP	37.3 bullion Rs., 2.8% of total GDP
Total contribution in GDP	89.2 Bullion Rs. 6.7% of total GDP
Direct contribution in Employment	293,000 jobs, 2.4% of total employment
Total contribution in Employment	726,000 jobs, 5.9% of total employment
Visitors' Export	32.8 Bullion Rs. 25.8% of total exports
Investment	11.2 Bullion Rs. , 3.9% of total investment

Source: World Travel and Tourism Council

Nepal has launched different actions in tourism industry in order to alleviate poverty. One of the most successful programs on it was Tourism for Rural

Poverty Alleviation Program (TRPAP) which was launched since 2001 under the Ministry of Tourism, Culture and Aviation (MoTCA) with targeting the sustainable tourism as a tool for poverty alleviation. It is based on the national objectives, policies and strategies which were reflected in the periodic national development plans. TRPAP had brought in action targeting the environment, women, poor, marginalized group and rural community as new stakeholder of tourism industry in Nepal. It emphasizes pro-poor, pro-women, pro-environment, pro-rural community based tourism approach (Dhakal 2005 PP: 17). This program targeted to make access the tourism benefit to local community with protecting natural, cultural and historical heritage and mutual benefit to both supply side: local tourism product and services suppliers as well as demand side: the tourists. It was funded by UNDP, DFID and SNV.

Comparing the seven STEP mechanism of UNWTO, the program was directed the tourism benefits to the 48 VDCs, 715 settlements, 28,337 households and 160,732 individuals of six districts<sup>42</sup> of Nepal. Currently, it is ongoing and expanding under the Sustainable Tourism Development Unit (STDU) of Nepal Tourism Board. More than 2500 poor were direct employed till 2007 in the tourism activities and rests were indirectly benefited.

The initiative was taken for poor by ideal training regarding hotel management and hospitality training, skill enhancement and women empowering training, business development training, agriculture and non agriculture income generating training to 1300 people by 348 training courses. The actions and activities were taking regarding capacity building, leadership building, occupational training, providing funds for poor, social and gender empowerment, development of new tourism product, marketing and promotion of the tourism destination, products and services.

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<sup>42</sup> Chitwan, Dolpa, Raswa, Ruoandehi, Solukhumbu and Taplejung



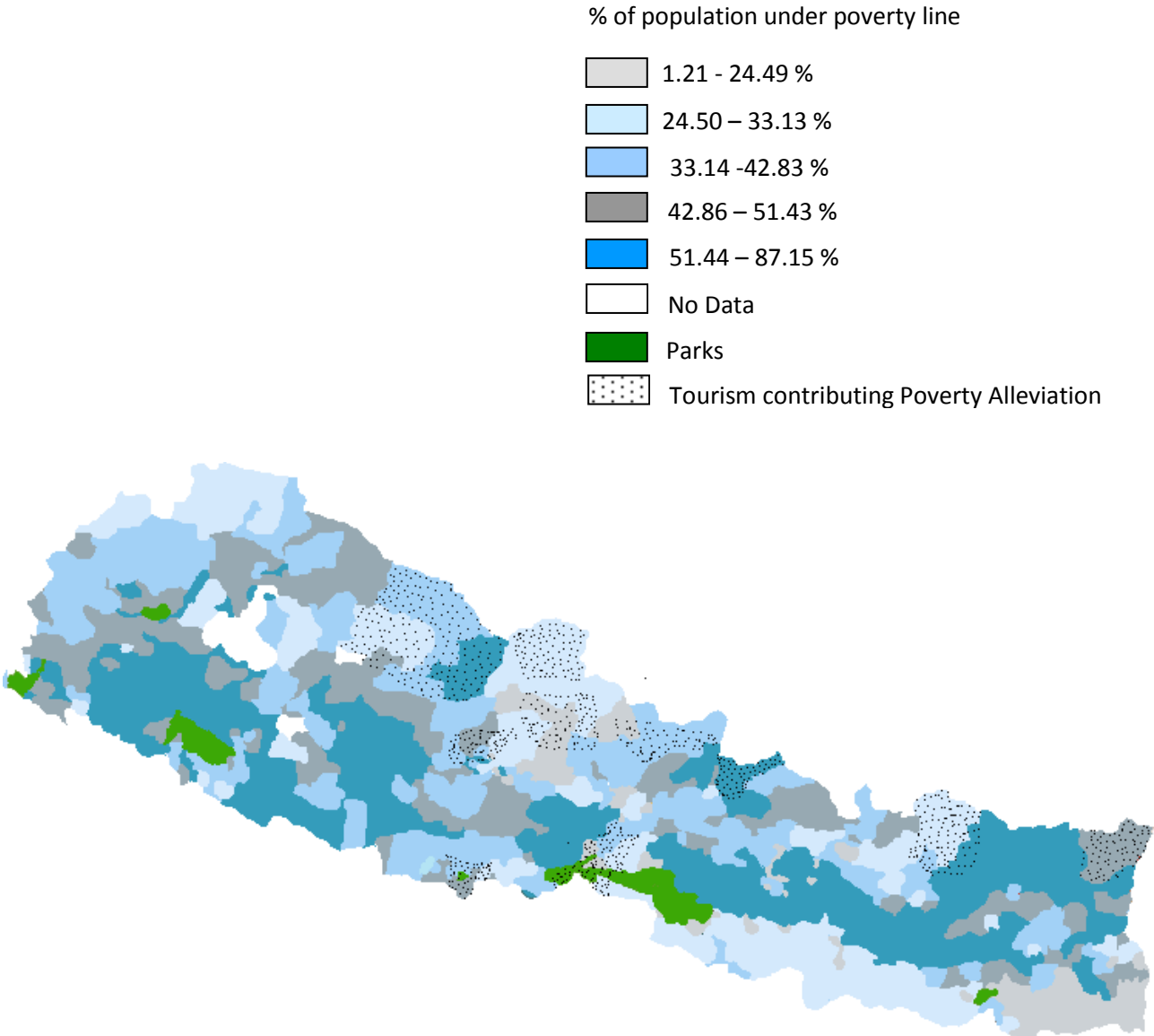
It was generated Three Ways Funds: Infrastructure Development Fund, The Venture Capital Fund and Program Support Fund. Infrastructure Development Fund utilized for social and physical infrastructure in the tourism destination. The Venture Capital Fund utilized to provide soft loans for starting sustainable business to the local community. Similarly, Program Support Fund utilized for research, training for local people, community mobilization, product development and marketing which made access the local people to get job in the tourism industry and taking small business initiatives. These activities made poor to be able to develop small enterprise and enter in the supply chain of the tourism products and services.

More than 650 small business ventures were operated by poor, woman and marginalized people. More than 2500 poor were benefited by credit facilities. They were able to take entrepreneurship on vegetable farming, fish farming, goat farming and tailoring for tourism activities. Poor are able to supply goods and services to the tourism enterprises and informal tourism business. It integrated and made self sustained to 15,977 members from very poor family by forming 871 Community Organizations and 2,127 members by forming 170 Functional Groups within 2007. These members came to the action for supporting various rural tourism activities such as: Constructing community learning centers, regular meeting, empowering people, drinking water and sanitation, vegetable and fruits farming, saving and credit, handicraft production and promotion.

Regarding the benefit to poor from tax/ charge, voluntary giving to poor from other stakeholders and the collateral benefit from tourism investment and activities are not exactly found in any government records due to weak database system in the country. The multiplier effects in the general awareness of people about social, cultural and entrepreneurship; capacity building about taking business initiatives, dynamism in the economic activities, mainstreaming

in the supply chain and self sustaining capacity have indicated the positive role of collateral benefits for poor in the tourism destination.

Figure Poverty and Tourism Supporting Poverty Alleviation in Nepal



Source: World Bank, Nepal Tourism Board, UNDP

Above figure indicates the tourism development has significantly supported the poor in the tourism destinations. Most of the tourism parts of the country have

been overcome from severity of poverty even in the Himalaya and remote region. The process of reducing poverty in these regions is stronger in comparison to other poorest of the non tourism regions. The expansion of distribution of tourism development to other poor concentrated areas will contribute to the poverty reduction as in existing tourism areas. The figure indicates very small area has been covered by tourism activities which are very small portion in comparison to the tourism potentialities all over the country.

## **5 NEPAL'S TOURISM MARKETING STRATEGY**

### **5.1 Current marketing strategy of Nepal**

Appropriate marketing strategies lubricate to reach image of tourism products (supply of tourism) among the tourists wherever they are (demand for tourism) and encourage visiting in the tourism destination. Role of all stakeholders are significant for this process as a part of sustainable tourism development in Nepal. Nepal Tourism Board is the main statutory body in Nepal to formulate and implement the marketing strategy. It collaborates with the different stakeholders in national as well as international level.

The statutory responsibilities of NTB assigned by law of Nepal (NTB Act 1996) are: to promote and develop sustainable tourism industry within the country and to introduce and promote Nepal as attractive sustainable tourism destination in the world.

Government brought tourism marketing strategy 2005-09 to bust of tourism industry in Nepal. According to the tourism marketing strategy 2005-09, tourism industry focused on destination management through its tourism product strength such as, geographical location of Himalaya, unique climate, diversified cultural heritage, scarce historical heritage, natural heritage and friendly people which were milestone to recover and expand the value and volume of sustainable tourism. Country used to position as nature and adventure based; one of the best leading destination of the world and reposition world class cultural tourism destination; special interest tourism product and multifaceted tourism destination in the world.

Country focused on improvement in the spatial distribution of visitors and foster of growth of new tourism destination. Regarding marketing products, the strategy intended on developing tourism brand, collaborating initiative with quality industry partner, producing high quality websites; visitor friendly literature; advertising materials were major, creating awareness by comprehensive public campaign in the high value and volume markets about the cultural richness, multifaceted tourism destination in Nepal.

The marketing process were expansion of public relationship, initiative segmented promotional campaign focusing travel trade, developing partnership with carriers and tour operators from all primary markets, special contact and awareness to the tour operators, festival and cultural destination, development and expand the segmented pilgrimage packages with multiple airlines partners, expansion of market-by-market and country-by-country basis relationship with high volume and developing markets round the globe.

Government of Nepal/Nepal Tourism Board has been making certain strategic shift in its marketing approaches since last couple of years. Enhancing visitors' number and increasing their average length of stay and spends in Nepal is the main goal of the current marketing strategy of Nepal. NTB aims to promote the global market with a definite brand image and to project Nepal as prime holiday destination under the brand theme "Naturally Nepal, Once is not enough".

For long term perspective, Nepal has taken main six objectives which reflect the direction for long term marketing strategies. First objective is to expand the overall volume and value in international markets of tourism for Nepal by concentrating on inherent product strengths, air accessibility and other competitive areas. Second is to position Nepal as holiday destination for weekend breaks, lifetime experiences and amazing adventures with special interest product comprising with nature, culture and adventure. Third one is to improve the spatial distribution of visitors across the country at the same time addressing the seasonality issue and to foster the growth of new tourism areas. Forth objective intends to increase the average length of stay as well as the

spending of international visitors and enhance the image of Nepal in the global tourism map. Next one is to consolidate existing promotional tools and incorporating web based tools for wider outreach. And, the final is synergizing diverse efforts of stakeholders, shifting from limited media to mass media and identifying strategic platforms adopting media bonds and trade partnership.

For the short term action, Nepal has taken several marketing strategies to fulfill the objectives. As process is working to communicate effectively with the markets to build destination image and improve communication through e-newsletter, newsletter, emails and hotlines. It has continued working on confidence building measures and position Destination Brand in all international markets. Interactions and networks with the international travel trade have increased and widen the database of Nepal Selling Tour Operators for consumers. New promotional campaign (Visit Pokhara 2007, Visit Nepal Year 2011, Send Home Friend) and promote destinations and facilitate tourists have been launching to engage into direct promotions for consumers.

Focus has been given on promoting Niche tourism products and sustainable tourism products. Liaise with the concerned authorities and stakeholders have been doing to increase Air Accessibility/Chartered flights, air seats capacity. Effectively co-ordinations are building with Nepalese diplomatic missions abroad and Nepali Diaspora. NTB is consolidating bond with media, trade and other related partners and intends upgrade existing promotional collateral and wish to create new ones. Practice has been focused on international publicity through FAM Tour and media mobilization and crisis management.

Marketing strategy will emphasize promoting the three major segments of Nepal Tourism Brand: “Weekend Breaks”, “Amazing Adventure” and “Lifetime Experience”. Based on tourist volume generated potential, markets will be segmented into Conventional, Neighboring, Emerging and New markets. Marketing partnership will be developed with Online Carriers, Tour operators and Corporate Houses from all primary and secondary markets. Strategic

partnership will be consolidating with associations, marketing bodies, regional tourism wings and other forums.

NTB will help to attract major international events to Nepal further growth of Nepalese tourism. Strategic promotions will be developed for emerging potential markets. Major tourist generating markets will establish strong networks in by direct physical representation. Mass media will be used through global channel and broaden media support from target market and revamp collateral and enhance internet based communication. The strategy will develop linkage and provide facilitation support to travel intermediaries. Corporate partnership will be developed for brand promotion and create consumer awareness. Effort will be made to create synergy with Diplomatic Missions, NTB Honorary Public Relation Representatives and Nepali Diaspora.

NTB has developed four major activities to implement the marketing strategies effectively. The first one is taking participation in international Travel and Tourism Fairs/Marts in major generating markets. Second one is to organize sales mission, media and tour operators meets, press meets/media benefits. Third activity concentrates on joint promotions between collaborate and tie up with different airlines, Nepalese diplomatic missions, Non Resident Nepalese, Nepalese students' associations abroad, corporate houses and NGOs. And, final is finding new market initiatives, encourage new tourism product areas and setting up NTB office in India.

Nepal Tourism Year 2011 conjoins with the new tourism policy 2065BS (=2009) and Tourism vision 2020. The Tourism vision 2020 adopts following strategies. Government is focusing on the neighbor markets segment such as India and China. Indian tourists are targeting with specific marketing programs. Chinese tourism market is targeting with the help of marketing public relation agency. Tourist visiting India and China are attracting to extend their travel to Nepal.

NTB collaboration with other partner agencies will coordinate to develop tourism infrastructure. The image of Nepal will be enhancing as a safe tourist destination by communicating the message of improved situation in Nepal to the international travel trade, media and consumer in major tourist generating markets by launching effective promotional campaign in coordination with private sector, airlines and Nepalese diplomatic mission abroad. It will be capitalized on the major emerging and developing tourist generating markets.

Stating the existing tourism marketing strategies point wise as below:

Branding and positioning: The slogan “NATURALLY NEPAL” and sub-tagline “Once is not enough” are the expression of repackages brand Nepal in a positive lights and capturing tourists’ emotions as a decision making tool to visit again and again. Furthermore, over the next ten years, Brand Nepal will be promoted as “the next generation mountain destination for weekend breaks, adventure holidays, and lifetime experiences”.

Market segmentation: The current marketing strategy segments the Nepal’s tourism market into Conventional/long haul<sup>43</sup>, Neighboring<sup>44</sup>, Emerging<sup>45</sup> and New markets<sup>46</sup>.

Positioning Nepal: TRPAP and NTB studies reflect friendly people, good facility, adventure and travel destination, wildlife destination, culture and pilgrimage, value for money (cheap accommodation pricing in destination) and overall experience are the positioning of Nepal.

Competitors for tourism industry: Surrounding the great Himalaya range such as Tibet and Yunnan (China), Northern India, Pakistan and Bhutan are offering

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<sup>43</sup> North America, West Europe, Japan and Australia

<sup>44</sup> China and South Asia

<sup>45</sup> South East Asia, South Korea, Middle East and East Europe

<sup>46</sup> Other than Conventional, Neighboring and Emerging markets



same nature of cultural and mountain tourism. Other regions: South Africa, New Zealand, Alpine and Andes are also identified as options for adventure travelers.

Production of promotional collateral: The priority has been given for quality production/reproduction of NTB collaterals and better promotion in partnership with tourism stakeholders.

E-Production, web and mail services: Positive message has been expanding for attraction and expansion of Nepalese tourism through electronic means with enhancing the destination image, definite brand image and destination awareness to targeted customers.

Internationalization of tourism: International publicity programs are used as means of reaching out to consumers and other stakeholders (especially tour operators) across the world through the FAM trips from targeted destination program and electronic media advertisements program.

## **5.2 Analysis of the pro poor approach and impact in the current marketing strategy**

In one hand, tourism industry is multi-dimensional business of recreation, transport, accommodation, catering, information, attraction and hospitality targeting both domestic and international, all profile, all segment of tourists rather than a single and simple product. The other hand, it is the sources of creating business, jobs, sustaining income, foreign exchange and international trade to the all level of beneficiaries such as government, business communities and local communities including poor. The tourist destination is successful which must offer something uniqueness to the tourist uniquely (a unique marketing strategy) with creating unique identity that is different from the

competitors. Benefiting to the destination community is most important component of modern and successful sustainable tourism industry in the developing countries including Nepal. Guarantee of benefit to the poor from the tourism activities in the destination community is the central value of the pro-poor tourism.

The link between tourism activities and poverty alleviation is the main theme of pro poor tourism. The poor can be mainstreaming in the tourism activities through pro poor mechanism which contains three parts: Analysis and Planning, Taking Action and Assessments as discussed in chapter 2.

'Analysis and Planning' is the first step of tourism destination management for poverty alleviation. Identification of tourism destination physically or geographically is the first task of destination management. The pro poor approach of destination management contains other seven sub steps: ensuring supportive national policies, working effectively with different stakeholders, identification of beneficiaries, formulating the tourism value chain for destination, judging the destination's future potential for tourism, formulation the strategy and action plan to alleviate poverty through tourism and strengthening stakeholder response and capacity. In the case of Nepal, the tourism product, geographical location and tourism market are diversified and the level of poverty has been scattered all over the countries. In this situation, various special factors must be considered such as: targeting right market; right market segmentation; choosing right product to the right customer and mainstreaming to the poor for poverty alleviation through tourism.

The second step is 'Taking Action' through developing mechanism for reaching to the poor. There are seven alternative ways of reaching the poor. Employment provided by the tourism enterprises; participation of the poor on the activities in supply chain of goods and services that poor sales goods and services to the bodies who serves directly to tourists; informal selling of goods and services to

tourist by poor, development of small and micro community based tourism enterprises that can be single or joint venture of poor; Tax/charges on tourists or tourism enterprises and making investment in the tourism activities where the poor are participated; financial benefits voluntarily given to the poor by other stakeholders and collateral benefits to the poor from tourism investment and activities are mainly identified actions for reaching to poor. As the national goal, the TRPAP and further actions launched by STDU of NTB in the different geographical location in tourism region are following the same action and on the way of success for addressing poor through tourism in Nepal.

The third step is 'Assessment' that is measurement of the impact. The impacts can be measured by the help of change in basic statistical indicators. Selecting the required indicators and measuring overall change is the main means of assessment in the pro poor performance of tourism activities. The results are measured in the basis of input, output, outcomes and impacts to the poor.

Government of Nepal has rolled out new Tourism policy 2065BS (=2009) and Vision 2020 which intended to reinforce Nepal as an attractive and safe destination in the international tourism market. In the same time government brought into action long term as well as short term tourism marketing strategies in terms of to achieve the target set by these policy and vision. Increasing employment opportunity for livelihood; increasing productivity; living standard of the general public; and increasing economic growth along with contribution to the revenue, by augmenting the magnitude of tourism activities and enterprises of tourism sector such as airlines, hotel, travel and tour are the action taking both in marketing strategy as well as . The policy emphasizes on right product and right market segmentation. That domestic, rural, natural, village, sports, mountaineering, trekking, FAM, bird watching, jungle safari, rafting, education, culture, agro and health for tourism development are the components of Nepalese sustainable tourism development and means of poverty alleviation. Implementation and continuation of TRPAP indicates a harmony between

sustainable tourism development, marketing strategy and poverty alleviation in Nepal

TRPAP was the successful implementation practice of poverty reduction through Sustainable Tourism Development in the six tourism destination of Nepal. Currently it is continuing through Sustainable Tourism Development Unit of Nepal Tourism Board. Effective development, implementation and management of tourism industry and marketing strategies were key cause of success of the program. TRPAP focused to reform on policy, programs, intuitions, governance and marketing methods decentralized in favor of marginalized group, women and poor communities. The program was composed of set of actions such as: pro-poor policy, planning and institutional development; fund mobilization; social and gender mainstreaming; Tourism infrastructure development; Capacity development and training to the local communities and stakeholders; maintaining tourism and environment; developing new tourism products; and tourism information, marketing and promotion. Nepal tourism Board had conducted marketing activities in favor of TRPAP to both national and international level.

FAM trips have been in action to tour operators, government officials, media journalists, donors and tourists. Developed linkage has been established between Nepal Tourism Board and Sustainable Tourism Development Unit (STDU). Websites and linkage to the internet have been developed which open the access update authentic information to the all level stakeholders. Printed and audio-visual materials are produced for publicity. NTB has been organized and participated in the trade faire and exhibitions in the different nations and regions. Tourism awareness campaign has been doing in the local community, national and international level. Study tour and cultural exchange tour are developed in the different countries as new segment of tourism. Visitors' centers are developing for multiple uses. Tourist information, sales outlets and displays are regularly updated. Village museum centers are developing in the tourism

destinations. These facts indicate that the current marketing strategy has been pointed to match the sustainable tourism demand for major generating markets but still have quite lots ground for improvement.

Many indicators set by nation have been found the positive impacts of the tourism for poverty reduction. Communication and coordination between different stakeholders have been come to the action. Commitment of staffs to the program and quality work has been growing concern in the several years. The traditional tour and trekking operators are shown their behavior towards readiness to change according to change in situation. Administration from government bodies is favorable and supportive to act the sustainable tourism objectives. Political issues are settling down gradually. Improvement of community based organizations and building sanitations in the destination communities. The trends are found the mobilization of communities towards tourism business form traditional farming.

Local communities are generating funds for community support, micro enterprise development, infrastructure development and trail maintenance. The poor are employed and engaged in the various direct economic activities such as travel agents, airlines, bus, taxi, rickshaw, hire-car, hotel, lodges, hostels, restaurant, bar, food stalls, traditional markets, souvenir shop, tea shop, street stalls, guide, porter, visit sites, performer and many more tourism product and services activities. Similarly they are a part of secondary suppliers as service contractors, farmer, producers, wholesalers, craft makers and construction and maintenance sectors.

Multiple uses of visitor centers have provided local people as tourism platform. Local and marginalized communities are getting involvement and benefit from the tourism activities. Positive impact on women and disadvantaged occupational castes are mainstreaming with their improvement on decision making capacity. The main financial sources of poorest people have been

growing through multiple tourism activities such as working with tourism, small enterprise earnings, self employment, seasonal work, earning from informal sector, direct donation by tourists and other externalities. Positive impacts on livelihood options of local communities have been generating which are measured with new enterprise development, generation of source of income, employment and social mobilization.

The statement can be formulated as: poverty alleviation can be possible through sustainable tourism development within country and responsible tourism development in the mind of all stakeholders through upgrading tourism marketing strategies.

### **5.3 Finnish tourism market for Nepal**

The tourism demand characteristics of Finnish travelers match the characteristics of the tourism market of Nepal but the size of Finnish travelers in Nepal is very small. Statistics provided by the MoTCA, 1408 Finnish travelers visited Nepal in 2009<sup>47</sup>. Nepal's tourism market can be best destination for Finnish travelers if appropriate marketing strategies are applied.

The researcher tried to approach to all Finnish Tour Operators who are operating tours in Nepal, among them only 50% are agreed to keep their opinions in this research. According the respondents, some are operating tour in Nepal from the several decades and some are from few years. Nepal's tourism market is developing, high potential and the tourism demand for Nepal is increasing significantly in recent years.

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<sup>47</sup> Nepal Tourism Statistics 2009, government of Nepal, Ministry of tourism and civil aviation, Kathmandu.

The image of Nepal among Finnish tourist is diversified tourism; mainly: cultural, mountain climbing, natural beauty, architecture, typical specialties and other adventure activities. Travelers want the information through internet, travel marketing and distribution of materials through tour operators. The main profiles of Finnish travelers for Nepal are middle-aged, educated and new experience seekers. Main reasons for them to travel to Nepal are trekking, mountain climbing, multi cultural experience, natural lifestyle, and outdoors activities. Finnish tourists prefer booking the trip through the tour operators by internet, visiting in office, sending email and telephone calls.

The length of stay in Nepal 25% travelers found over one week, 50% more than 2 weeks and 25% more than 3 weeks. The tourists are fully satisfied regarding accommodation. Travelers feel more than expectation: they get good quality foods, local lodges and hotels with cheap prices. They found some foods which can found in developed country but they demand new product tour packages which should guarantee the typical local foods and culture. Finnish travelers and tour operators both are very happy for paying cost and prices occur in trips as fair trade principle. They are happy to deal with local operators and interact with local people.

All most of tourists and tour operators experience no discouraging factors to travel in Nepal because they are prepared mentally about the situation before traveling Nepal but they experience weak destination management and needs of explore more products for tourist that Nepal has possessed. Tour operators have experienced political instability discourages for new travelers who has not been in Nepal yet. The Finnish tour operators and customers are not satisfied regarding not paying tax to the government from the various tourism destinations such as Annapurna region and Mount Everest base camp region.

According to a research conducted by Swiss Kuonin in the beginning of 2011<sup>48</sup>, the preferences of Finnish travelers are changing in the succeeding periods. 45

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<sup>48</sup> <http://www.lomailija.net/top-5-matkailutrendit/#>

percent respondents want to have experiences of new places, 37 percent respondents want sustainable tourism, 26 percent respondents prefer socially responsible travels, 20 percent wants luxurious and 19 percent respondents prefer ecotourism. the younger tourists are looking for natural, ecotourism and adventure tourism and the more than 45 years older tourists are very much interested to interact with the different culture. In the interview taken by this researcher, all Finnish Tour Operators claimed themselves as they are responsible tour operators but they found 25% Finnish travelers are responsible travelers and 75 % the travelers do not care what the responsible travelers is but they are willing to attend tours that support protection of natural environment, cultural heritage and supporting to the local people. Finnish tour operators offer free shopping time, take to the local market and aware the knowledge about local products, then, the Finnish travelers are interested to buy local products and want to contribute the benefit to the local people.

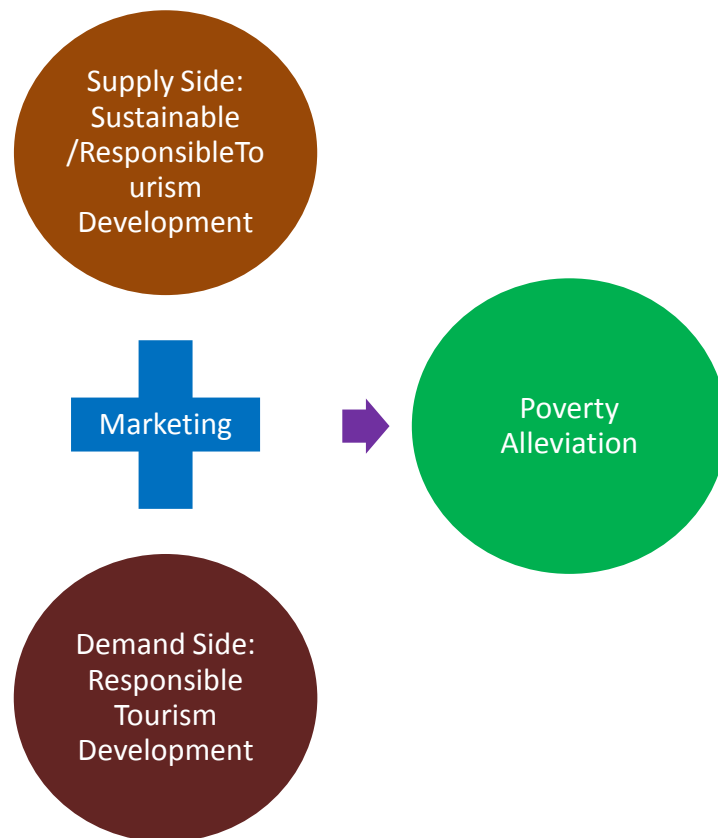
Finnish tour operators are working as carbon neutral campaign, collaborating with stakeholders, supporting to the children and women, toilet making and wastage management in climbing camps. They are supporting on awareness program to tourists and locals, carbon neutral training, portable toilet making and whole trip based on charity programs. The travelers and tour operators prefer to co-work with local tour operators and people; spend on local accommodation; local transportation; local foods and beverages; local shopping and local entertainments. They are happy to interact and volunteer support to the local people and community. They give donations to the local community and poor through organizations but do not give individually because they are aware to pay tax to the government and flow of financial funds by visible channels.

Finnish tour operators want to be more active of local tour operators from the Nepal side for the tourism industry to become more sustainable and responsible. The several factors such as political stability, well destination management, diversified development of tourism products, original culture, local



product, typical things and more participation of poor people with skill would need improvements to improve sustainable tourism development in Nepal.

Figure 9: Marketing and Tourism Market for Poverty Reduction



Tying up the poverty reduction strategy identified by TRPAP, experiences of Finnish tour operators and current tourism marketing strategies adopted by NTB; which matches supply of and demands for tourism; can be developed the best means of marketing strategy for poverty alleviation through tourism in Nepal.

#### **5.4 The gaps or challenges of current marketing strategy for poverty alleviation through tourism**

Implementation of tourism marketing strategy is itself challenging due to lack of sufficient tourism infrastructure development and the political unrest in the country. Mainstreaming the poor in the tourism activities is another challenge for the current marketing strategy of Nepal.

The Gaps/challenges in the current marketing strategy are pointed out in order to increase the impact of tourism marketing strategy in poverty alleviation through tourism:

Converting awareness into sales: The slogan “NATURALLY NEPAL” and sub-tagline “Once is not enough” are the expression of repackages brand Nepal in a positive lights and capturing tourists’ emotions as a decision making tool to visit again and again. Furthermore, over the next ten years, Brand Nepal will be promoted as “the next generation mountain destination for weekend breaks, adventure holidays, and lifetime experiences”. The basic challenge is more publicity as developing as an international tourist destination and regain tourist confidence for converting awareness into sales through effective brand communication in favor of sustainable tourism development.

Market segmentation and connection with poor: The current marketing strategy segments the market into Conventional, Neighboring, Emerging and New market. Formulating and implanting the separate marketing strategies targeting each segments of market is the gap in the current marketing strategy. The current market demand in the purpose of visit in Nepal exhibits holiday pleasure, trekking and mountaineering, business, pilgrimage, official, conference and convention, rafting and overall other activities. Market needs to be segmented demand and supply basis due to diversified nature of Nepalese tourism industry; only that can connects current marketing strategy for poverty alleviation.

Cash of positioning into poverty reduction: Friendly people, good facility, adventure and travel destination, wildlife destination, culture and pilgrimage, value for money (cheap accommodation pricing in destination) and overall experience are the positioning of Nepal. Maintaining and cash it to poverty reduction is another challenge for tourism marketing strategy of Nepal.

Needs tactical marketing strategy: Surrounding the great Himalaya range such as Tibet and Yunnan (China), Northern India, Pakistan and Bhutan are offering same nature of cultural and mountain tourism. Other regions: South Africa, New Zealand, Alpine and Andes are also options for adventure travelers. Tactical marketing strategies needs for tackling with these competitors and poverty reduction mission.

Social responsibility: the quality production/reproduction of NTB collaterals and better promotion in partnership with tourism stakeholders is very important for tourism marketing. Reflection of social responsibility and touching destination community in the tourism promotional materials such as souvenir, brochures, booklets, newsletters are essential to connect tourism marketing with poverty alleviation.

Creation of good synergy: Public relation activities with media, travel and corporate communities during fairs, sales missions, FAM trips, informal gathering and reception of tourism orientation programs help to create good synergy form corporate communication and corporate relationship as means of sustainable tourism development that results poverty reduction.

Drawing attention and creating desire of tourists: Expanding the positive message of Nepalese tourism attraction through electronic means for enhancing the destination image through definite brand image and destination awareness to targeted customers for drawing their interest to travel towards Nepal is the next challenge.

International publicity programs: Reaching out to consumers and other stakeholders across the world in the FAM trips from targeted destination program and electronic media advertisements program is another challenge. Cost effective mass publicity and sustenance of perfect public relationship of embassy and honorary public relations representatives with all customers and other stakeholders are challenging for international publicity programs due to gap between diplomatic and business role of ambassadors.

Visual and media bond: Another challenge is to create publicity of responsible tourism in Nepal through media vehicles and reinforce the bonds with national and international media personalities and publication houses.

Operation and management of tourist information center: Tourists can get authentic information from the tourist information centers located various points in Nepal, creating good image of the destination making tourist more responsible is another challenge.

Overall general challenges:

- Most important factor of for tourism development is transportation: lack of road connection in all tourism destinations and difficult air access in the country.

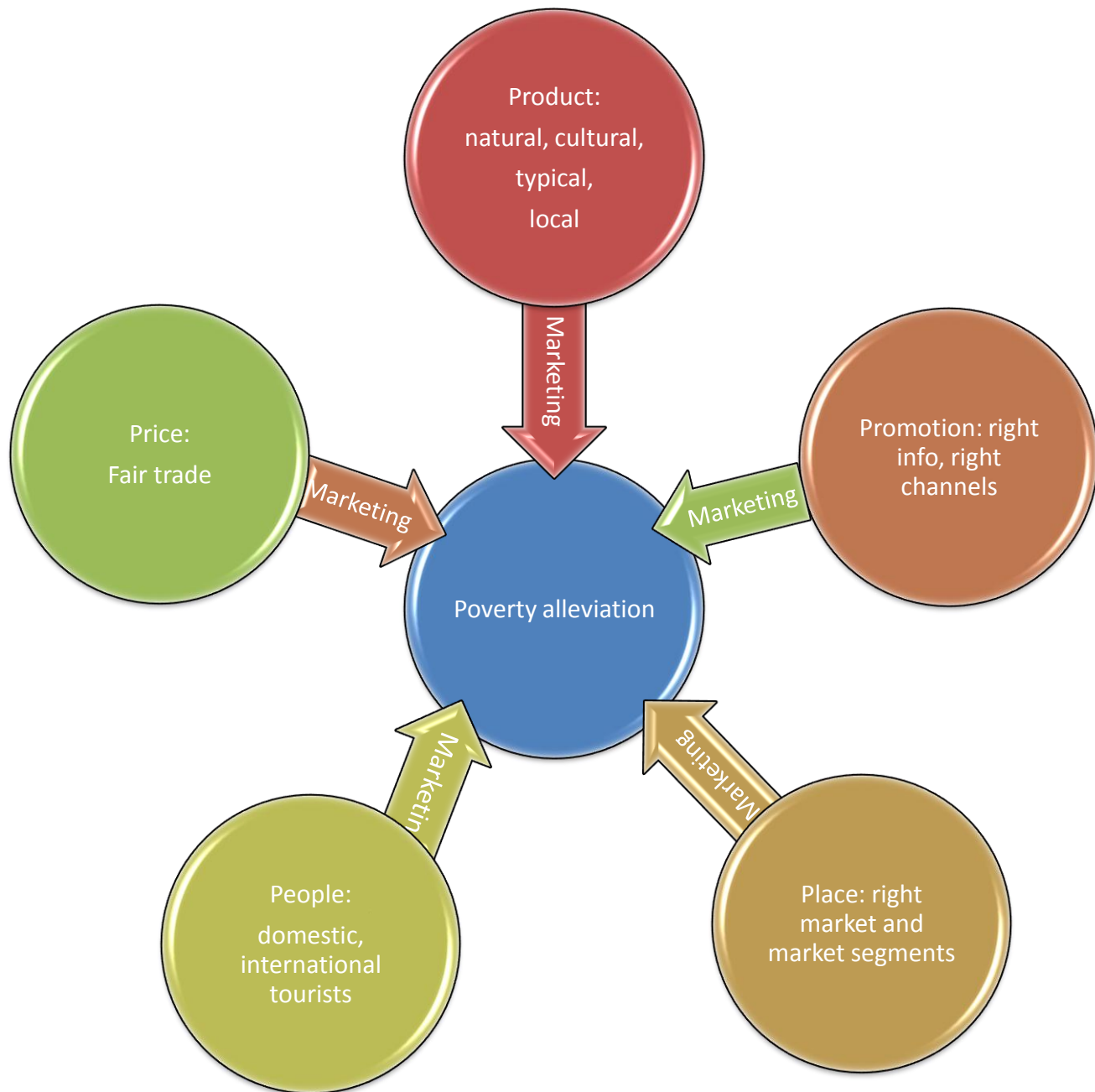
- Lack of organized tourism products: most of all are in the natural form, few are managed from community based organizations and few are well managed by all stakeholders.
- Existing of tight rules and Red-Tepism for tourist entering in the restricted area in the mountain region.
- Not easy for tourist access to local community based tourism market due to monopoly of few groups.
- Some extent monopoly and control over the market by limited trekking agencies in the rural and remote of the great Himalayan range.
- Lack of understanding and poor capacity to meet tourist demand and expectation because tourists seek typical and authentic tourism products.
- Poor linkage and collaboration between all stakeholders in the rural areas and typical tourism destinations.
- Inappropriate market segment and developed tourism product, that needs to segment the market based on targeting specific type of tourists and their desires.
- Continuous for a long period of political unrest in the country which has circulated bad image of risk in the international market.

## **6 RECOMMENDATIONS TO IMPROVE THE SUSTAINABLE TOURISM MARKETING STRATEGY FOR POVERTY ALLEVIATION IN NEPAL**

Tourism supply, tourism demand, tourism market and tourism marketing are four essential components for successful market mechanism for tourism business. Attractions and activities that where to go, what to do and what to see factor; hospitality and services that how they serve factor; and, access and infrastructure that how they get factors are the supply side of tourism. Similarly, all visitors that travelers, rest and relaxation seekers, adventure, business promoters, unique experience, new knowledge seekers or combinations of all who want to fulfill the needs and desire with expending money in the tourism market are the demand side of tourism.

In the pro poor tourism, tourism market is the meeting point of poor and tourists where the matching of supply of and demand for tourism. The sustainable tourism marketing is the bridge factor between tourists and tourism destination. Appropriate marketing strategy is responsible to convey right information and interpretation to prospective visitors as a process about tourism product, price and place through right channels. The core part of promotion is to draw **A**ttention or clicking in mind, thrusting **I**nterest, growing **D**esire and encouraging taking **A**ction (AIDA) for potential tourists to the tourism destination. There is no universal method of tourism marketing strategy. But, each and every tourism market or host destination requires own marketing methods and strategies whether that may be Short Gun or Rifle Approach or both depending on market characteristics. Happy tourist always want to re-visit, spent longer period, willing to pay more dollars and works as a proof mouth advertisement in his or her communities.

Figure 10: Relationship between tourism marketing strategies and poverty alleviation



In case of Nepal; in one hand; marketing strategies need to point out differently from the beginning to end that destination management, identification of tourist,

attraction, entry process, admission, catering, servicing, hospitality, transportation, communication, goods and services, souvenirs and the exit process for all conventional/long haul, neighboring, emerging and new markets. In the other hand; pro poor socio-economic activities such as employment generation, economic diversification and re-generation, cultural adoption, interaction with different cultures, information and guarantee of other benefits to the poor are big challenges that need to put in mainstream in the tourism marketing strategy. These both segments can be busted up by appropriate tourism marketing strategy via blowing right information through right channels. As a result, the Nepalese host community/poor gets the tourism dollar as a form of wages and salaries, donations, fees, taxes, product prices, profits, other non monetary benefits and externalities from the tourism industry. Tourism and the host community is the focal point of sustainable tourism which is means of poverty alleviation.

## **6.1 Product**

Due to the diversified nature of tourism potentialities, market feature, geographical location and cultural variation; the tourism market must be segmented in multi faceted products such as natural, cultural, architectural, historical and religious through mass and niche products with both 'Rifle and Shotgun Approaches' in order to increase impact at grass root level. Appropriate destination management is required for the development of right product through the right market segmentation.

There is ground for further segmentation of the market for domestic and international tourists because the current market segmentation of tourism market of Nepal is based on only international tourism. Current international market segment seems good as conventional/long haul, neighboring, emerging and new markets for the international marketing point of view and neglected



domestic tourism. The right product should be targeted according demand for those separate market segmentation.

Conventional/long haul tourists may seek holiday leisure, nature/natural life, trekking, mountaineering, cultural interaction, adventure, ethnic products and village lifestyle. Neighboring tourists may seek short holiday and relax, weekend breaks, pilgrimage and new recreational activities. Similarly products should develop according to needs of tourists from emerging and new market segments.

The second base of right tourism market segmentation and supply of right product is the current demand for tourism product of Nepal. Currently the market demand can be found from the current market demand preferences trend recorded by MoTCA that is Holiday/pleasure, Trekking and mountaineering, business, pilgrimage, Official, conference and convention, rafting and other/non specified respectively.

The third base for right tourism market segmentation and right tourism product of Nepal is the strength of possession of tourism resources in the country. These are the great Himalaya, mountain and mountain products; bio-diversity with variety of flora and fauna; diversity in climate (both summer and winter round the year); World Heritage Sites; Historical and architectural products; diversified rich cultures and rituals, feasts, festivals of different ethnic groups; and, pilgrimage sites with world scarce temples and holy places for Hindus and Buddhists.<sup>49</sup>

The preferences of Finnish Tourists reflect on diversified tourism products such as culture, travel, trekking, mountain climbing, nature, architecture and FAM trip. They demand for carbon neutral things, local, typical, original products and

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<sup>49</sup> Pashupatinath, Changu Narayan, Krishna Mandir, Janaki Mandir and many more holy places for Hindus and Swayambhu, Bouddhanath, Lumbini and other many more holy places including birth place of Lord Buddha for Buddhists

culture. They are willing to segment the tourism market of Nepal and tourism product targeting to the middle aged and young tourists of Finland.

Besides above, event and gastronomic tourism, child and youth tourism, tourism for pension people, education and research tourism and individual tourism are potential for Nepalese tourism industry. Such type of products should be developed, which must be merged between tourism resources possessed by Nepal, domestic and international tourism demand and main streaming of poor in the tourism activities in order to increase the impact at grass root level.

## **6.2 Price**

The pricing in the sustainable tourism is the key factor. In one hand, due to the luxurious nature, price elasticity of tourism demand is more elastic because tourism demand can be affected highly by the tourists' income and the price of tourism product. Tourists want to have maximum utilization of their holiday and want to gain optimum satisfaction from tourism activities with their limited budget. In other hand, tourists are responsible towards other human being, society, nature and environment that they want to pay more for fulfilling their responsibilities. In this regards, the tourism price in Nepal must be based on 'Fair Trade' principle which must be feasible to attract a critical mass of tourists to more remote areas in such a way that the price would also provide profits to travel agencies and income to the local people.

Current tourism marketing strategy of Nepal does not reflect the pricing policy for the tourism product. Either Managerial Cost Approach or Marginal Principle or Average Cost Approach or Mark-up Theory can be used for pricing according to change in world price index. The local good and services, village tour and FAM trips are cheap due to the participation of poor in the tourism activities with low labor cost and locally typical production of goods and services.

Finnish tour operators experienced the accommodation costs and royalties fees in Nepal are very cheap in comparison to the other tourism destinations, where offering similar characteristics of tourism activities. Tourists are enjoying great satisfaction even more than their expectation. They have high consumer surplus and capable for helping poor directly. They are willing to pay more than the existing pricing but keeping up the same pricing is more competitive strength of Nepalese tourism which can be the one of the nice motivation for familiar tourists to re-visit in the future.

### **6.3 Place**

Place represents two major components: location/accessibility is one and right market/market segmentation is another component. The direct air connection in Nepal is still limited to the few countries and in the developing phase. Some tourism destinations within Nepal are easily accessible but some are out of modern transportation connection. In this existing situation, it is necessary to identify the appropriate distribution channel to reach the right market and right market segments which can catch responsible tourism products and other tourism products that support for poverty alleviation.

Well destination management and linking the market segments with responsible tourism products are major part to be done for targeting appropriate tourist in the right markets. Identification of high tourism potential area, unique and supportive tourism resources, market opportunities/constrains, sustainable tourism inventories and sight selection are necessary to review for the destination development and making more participation of locals in different part of Nepal.

Similarly, feasibility study is the second part of task, which includes: local level tourism product elements, multiple uses of visitors' centers, sight level or local level activities, market information and social cost benefit analysis. The third task to be done is local level business planning setting which includes: establishment of sustainable tourism platform; collaboration with different stakeholders; formation of tourism resource, production and marketing strategy for locals; linking between local tours operators with national and international tour operators; and, entrepreneurship development of local communities. The final task is to implement the business plan, making more accessible domestic as well as international tourists in the tourism destination via increasing more air and land transportation connections and mainstreaming the poor in the tourism business channel.

Along haul or conventional markets North America, West and Northern Europe, Japan and Australia have to make long planning with big budget which requires detail information in internet. China and South Asia are neighboring market segment which may have short mood fresh trip and weekend breaks tour. South East Asia, South Korea, Middle East and East Europe are emerging market segment and rest of the world is new markets which may have various purpose and respective requirements. Among these market segments, further market should be sub-segmented into preferences on same characteristic of tourism activities<sup>50</sup> of respective potential travelers - for example: cultural activities, adventure, natural activities for American, European Australian and other tourists; short and refreshing activities for neighboring countries; Hindu pilgrimage for Indians and other Hindus; Buddhism pilgrimage for China, Thailand, Japan, Korea, Shree Lanka and other Buddhism countries; education tour, research, conferences and conventions for academicians.

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<sup>50</sup> Nature/bio-diversity, Adventure, Culture, Historical, Religious and others: Holiday/pleasure, Trekking and Mountaineering, Business, Pilgrimage, Official, Conference and Convention, Rafting and other/non specified

They may require all information that clicking in mind of potential travelers; estimate travel time, accessibilities, travel route and distance; attractions; activities and support facilities; direction and maps; modes of travel serving in the destination; Alternative travel methods and local accessibilities; entering to exiting point and so on. For facilitating all these, the necessary and sufficient both conditions must be fulfilled. Both conditions can be fulfilled by the help of advanced internet marketing; approaching and targeting specific countries and regions; targeting specific tour operators and spreading other networks from government and business community level.

Finnish tour operators recommend that well destination management will offer better tourism facilities, products and makes tourists more accessible. Nepal can be the best tourism destination for long haul holiday seeker with new experiences in both summer and winter seasons. Finnish people are nature lover. Most of the young generation loves to have adventure tourism in the natural settings. They seek new experiences about multi culture, ethnic foods, new people and new places. They are enthusiastic to interact and support to the local place and people. Further the tour operators suggest the local tour operators should be more active to make effective offer of tourism product, making tourists accessible and support for poverty alleviation.

#### **6.4 Promotion**

Right information about the tourism market potentiality of Nepal should be reached to the potential travelers through right channel. The market can be classified into primary, secondary and tertiary three categories for effective promotion.

Table 12: Recommended Market Segmentation for Promotion

Markets	Countries	Nature of tourism demand and current segments
Primary	<ul style="list-style-type: none"> <li>• America, Europe and Australia</li> <li>• Japan</li> <li>• India</li> <li>• China, Bhutan and Shree Lanka</li> <li>• Rest South Asia</li> </ul>	<ul style="list-style-type: none"> <li>• Adventure(trekking, rafting, mountaineering) culture, nature (bio-diversity): long haul and conventional</li> <li>• Culture, Buddha pilgrimage, nature and adventure: long haul and conventional</li> <li>• Hindu pilgrimage, nature, urban tourism, weekend/short holiday seekers: neighboring</li> <li>• Buddha pilgrimage, nature, leisure and holiday, weekend/short holiday seekers: neighboring</li> <li>• Weekend/short holiday seekers, adventure, nature and leisure and holiday: neighboring</li> </ul>
Secondary	<ul style="list-style-type: none"> <li>• Buddhist East Asian Countries</li> <li>• Non Buddhist East Asia</li> <li>• Middle East</li> <li>• East Europe</li> </ul>	<ul style="list-style-type: none"> <li>• Buddha pilgrimage, nature, leisure and holiday, weekend/short holiday seekers: Emerging/new</li> <li>• Leisure and holiday, nature, culture and adventure: Emerging/new</li> <li>• Leisure and holiday, nature, culture and adventure: Emerging/new</li> <li>• Leisure and holiday, nature, culture and adventure: Emerging/new</li> </ul>
Tertiary	Rest of the World	Nature, culture, adventure and pilgrimage

		tourism: New
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Due to the diversified nature of tourism in Nepal mainly; nature and nature based tourism (including bio-diversity tourism), multi-cultural tourism, adventure tourism (including trekking and mountain climbing) and pilgrimage tourism; the image of Nepal among tourists are varied in the different market segments. Existing slogan of image of Nepal must be reviewed for enhancing the image of Nepal in the world map and targeting to improve poverty alleviation through tourism.

Similarly, public relation and campaign must be expanded through diversified activities for different market segments such as: brand development and promotion; expanding mass media through global channels; broaden media support from target market; develop corporate partnership among the different market segments; develop linkage and facilitation to the domestic as well as international tour operators; enhance and strengthening the capacity and access of local tour operators; enhance the image of Nepal through Nepalese students studying abroad and nonresident Nepalese; and, more activate the Honorary Public Relations Representatives (HPRRs).

The current promotional activities must be enhanced such as Brand positioning; participation in the Trade Fairs in different primary, secondary and tertiary market segments; establishment of sales mission and road show; FAM trips; expansion of press relation; expansion of relationship between local tour operators and tour operators in abroad; more activate diplomatic missions; operation and management of tourist information centers; and, look for new alternative channels that can touch poor.

Similarly, different types of promotional tools should be developed and launched, For example: printing of collaterals/brochures/newsletters; production and distribution of audio visual tools/pictures/documentaries; production of

booklets about tourism product and destination activities; maps and display; souvenirs and public relations activities; electronic devices; internet, search engine optimization; and, development and promotion of websites.

Finnish tour operators recommend to expand the relationship between local tour operators and international tour operators. They want to have sufficient information in the internet/web sites. The stakeholders should provide sufficient tools/advertisement materials to tour operators abroad. The regular update information in internet and optimization of relevant websites are highly significant for communication with tour operators, potential travelers. Similarly mass awareness programs in abroad should be effective through the effective channels.



## 7 SUMMARY

This research has been conducted through secondary data collected from different government entities related to tourism in Nepal, desk study/net search as well as primary data collected by field visit and gathered opinion of Finnish tour operators who have been operating tour in Nepal. It was aimed to study the role and importance of sustainable tourism marketing in alleviating poverty in Nepal. The research has been taken three major objectives. They are: to evaluate Nepal's current tourism marketing strategy and to what extent it takes poverty alleviation through tourism into account; to evaluate whether the current marketing strategy matches the demand for sustainable tourism products in major generating markets and in Finland; and, to recommend improvements into Nepal's tourism marketing strategy to increase pro poor tourism impacts.

Tourism industry is an emerging and continuously fast growing largest sector of the global economy in the past six decades. Tourism industry has created diversified economic activities on direct tourism related economic activities and generated multiplier effects in many supporting industries like agriculture, small industry, handicraft industry, tee-coffee shop, souvenir and other related activities. Tourism growth rates fluctuate in the short-term but are rather positive in the long-term. As a result of many economic opportunities created by tourism sector, the role of this sector is experienced significantly in the world economy.

For the succeeding period, emerging of new tourism destinations of sustainable tourism development has been growing as economic, social and environmental sustainability which also referred to 3Ps: profit, people and planet respectively. Sustainable tourism is further supported by pro poor tourism and responsible travel principles. Pro poor tourism aims at integrating the local people at the grass root level into the tourism industry directly and indirectly. Such dimensions

have opened for large amount investment opportunity for the socio-economic transformation.

The emerging new countries for tourism destination, receiving more share of tourist arrival in world tourism have been increased significantly in such regions and developing country. The local societies are turning as modern tourism life with progress in generating employment opportunity, source of income, social consciousness, infrastructure development industrial earnings and foreign exchange earnings. The sustainable tourism criteria cover the matters regarding: reflection of effective sustainable management; maximization of economic and social benefits to the local community and minimization of negative impacts; protection and proper utilization of cultural and historical heritages and minimization impacts; and, natural heritage and environmental protection, maximization benefits and minimization impacts.

Nepal is one of the highly tourism potential countries in the world. It has identified that the sustainable tourism development is the significant tool for poverty alleviation in the country. This research has confirmed that Tourism is identified as the largest industry in Nepal which creates multi-structural, multi-facet and multi-layered opportunities for poverty alleviation. Nepal deserves the comparative advantages over already matured developed countries in terms of cultural heritage, natural properties, climatic diversity and traditional activities without hi-tech know how and labor intensive industry. Diversified nature of tourism in Nepal nature/bio-diversity, adventure, culture, historical, religious and other segments reflect the capacity of meeting the sustainable tourism demand for major generating markets and Finland. As being emerging sustainable market, Nepal needs to upgrade the sustainable tourism development as well as marketing strategies to reach to the potential tourists and market segments.

Tourism for Rural Poverty Alleviation Program (TRPAP) was launched in September 2001 by the Government of Nepal. This program was particularly focusing the agendas concerning to pro-community, pro-women, pro-poor, and pro-environment. The technical and financial assistance was provided by United Nations Development Program (UNDP)/Nepal, Department for International Development (DFID)/ Nepal and SNV/Nepal. The Project has been designed to be handed over to Nepal Tourism Board after phasing out, with the establishment of Sustainable Tourism Development Unit (STDU) in the Board.

Nepal has practiced sustainable tourism as tools of tourism industry development as well as socio economic development of Nepal. MoTCA and NTB are formulating the favorable plan, policies and strategies; developing related required networks; enhancing the qualities of personnel; collaborating with different stakeholders; promoting and facilitating for the development of sustainable tourism from the government level. As the national goal, the TRPAP and further actions launched by STDU of NTB in the different geographical location in tourism region are following the same action and on the way of success for addressing poor through tourism in Nepal. Implementation and continuation of TRPAP indicates a harmony between sustainable tourism development, marketing strategy and poverty alleviation in Nepal. Many indicators set by nation have been found the positive impacts of the tourism for poverty reduction.

The Tourism Marketing for Nepal 2005-2020 has given the guidance to tourism industry and Nepal Tourism Board to bust up the grass root people from the local community. It outlines the role of marketing to achieve the short term as well as long terms targets set by the Government Marketing activities are conducting by Nepal tourism board and Ministry of Tourism to promote tourism industry in Nepal. Private tour operators in the country as well as abroad are also doing some efforts to promote tourism market as a sustainable destination.

The existing marketing strategies of Nepal are realized as subject of need to review for matching the market trends and sustainable tourism development.

Rerecorded statistical data of domestic tourism in Nepal cannot be found and also did not authentic estimate yet. International tourism flow in Nepal is not stable because of the developing and immature nature of tourism market. The statistical data reflects the purpose to travel in Nepal for holiday and leisure, trekking and mountaineering, pilgrimage, business, official and other purpose. The holiday/leisure trend has been decreasing in the recent years that follow the global travel trends even in Nepal's tourism industry also. Adventure, culture and nature related travels such as trekking, mountaineering, rafting, pilgrimage and other purpose have been gaining popular in the recent past.

Government of Nepal/Nepal Tourism Board has been making certain strategic shift in its marketing approaches since last couple of years. Enhancing visitors' number, increasing their average length of stay and spends in Nepal is the main goal of the current marketing strategy of Nepal. NTB aims to promote the global market with a definite brand image and to project Nepal as prime holiday destination under the brand theme "Naturally Nepal, Once is not enough".

Tourism development activities currently in Nepal have significantly supported the poor in the tourism destinations. Most of the tourism parts of the country have been shifted towards standard lifestyle from severity of poverty even in the Himalaya and remote region. The process of reducing poverty in these regions is stronger in comparison to other poorest of the non tourism regions. The domestic, rural, natural, village, sports, mountaineering, trekking, FAM, bird watching, jungle safari, rafting, education, culture, agro and health tourism are some extent meeting the sustainable tourism demand for major generating markets and Finland. As being emerging sustainable market, Nepal needs to upgrade the marketing development as well as marketing strategies further.

The strength points of Nepal are the unique tourism properties the great Himalaya, mountain and mountain products; bio-diversity with variety of flora and fauna; diversity in climate (both summer and winter round the year); World Heritage Sites; Historical and architectural products; diversified rich cultures and rituals, feasts, festivals of different ethnic groups; and, pilgrimage sites with world scarce temples and holy places for Hindus and Buddhists. Besides these, event and gastronomic tourism, child and youth tourism, tourism for pension people, education and research tourism and individual tourism are potential for Nepalese tourism industry. Marketing strategies regarding tourism product must be taken into considering such type of products and market segmentation. Merged between tourism resources possessed by Nepal, domestic and international tourism demand and main streaming of poor in the tourism activities will increase the positive impact at grass root level.

Either Managerial Cost Approach or Marginal Principle or Average Cost Approach or Mark-up Theory can be adopted for pricing according to change in world price index and fair trade principle. The local good and services, village tour and FAM trips are cheap due to the participation of poor in the tourism activities with low labor cost and locally typical production of goods and services.

Right information about the tourism market potentiality of Nepal should be reached to the potential both domestic and international travelers through right channel for the tourism market promotion. Current segmented markets long haul/conventional market, neighboring market, emerging market and new market need be classified into primary, secondary and tertiary three categories to reach to the potential tourists and effective promotion in the international market.

Primary information collected from Finnish Tour Operators in Helsinki reflects that the preferences of Finnish tourists are on diversified tourism products such

as culture, travel, trekking, mountain climbing, nature, architecture and FAM trip. They demand for carbon neutral things, local, typical, original products and culture. They are willing to segment the tourism market of Nepal and tourism product targeting to the middle aged and young Finnish tourists. Finnish tour operators experienced the accommodation costs and royalties fees in Nepal are very cheap in comparison to the other tourism destinations, where offering similar characteristics of tourism activities. Tourists are enjoying great satisfaction even more than their expectation. They have high consumer surplus and capable for helping poor directly. They are willing to pay more than the existing pricing but keeping up the same pricing is more competitive strength of Nepalese tourism which can be the one of the nice motivation for familiar tourists to re-visit in the future.

Finnish tour operators recommend that well destination management will offer better tourism facilities, products and makes tourists more accessible. Nepal can be the best tourism destination for long haul holiday seeker with new experiences in both summer and winter seasons. Finnish people are nature lover. Most of the young generation loves to have adventure tourism in the natural settings. They seek new experiences about multi culture, ethnic foods, new people and new places. They are enthusiastic to interact and support to the local place and people. Further the tour operators suggest the local tour operators should be more active to make effective offer of tourism product, making tourists accessible and support for poverty alleviation.

Finally, five components: price, place, people, product and promotion of Nepal's tourism marketing strategies are recommended to improve. Fair trade principle for pricing; right market and right market segments as place; targeting for domestic as well as international tourists as people; local, neutral, typical and cultural products; and, right information through right channel as means of promotion are recommended to increase the pro poor impact in the country.

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## APPENDICES

### Appendix 1: Tourism in Nepal in the ancient and traditional period

Visitor in Nepal	Purpose of the visiting of the visitore and his	Visiting period
<i>Saint Vipashvi</i>	Visited in the lakeside of Kathmandu and meditated at Nagarjuna Hill	Satya Yug (Golden age)
<i>Manjushree</i> , God of wisdom	Visited and made the Kathmandu valley inhabitable	Treta Yug
Prince <i>Rama</i>	From Ayodhya, India visited to Janakpur, a south-eastern part of Nepal and wed with Mithila princes Sita	Treta Yug.
<i>Bhadra Bahu</i> , Jain Acharya and Emperor <i>Ashok</i>	From Patalipura of India visited Nepal to seek God Gautama Buddha's blessings, built Ashok stupas on four corners of Patan City and a pillar in Lumbini.	250 BC
King <i>Bikramaditya</i> , Ujjain (Madhya Pradesh, India)	Visited to Nepal during the rule of king Dharma Dev. He launched of Bikram Sambat (Era) which is still in the official calendar of Nepal.	57 B.C
<i>Shankaracharya</i>	Visited Nepal and developed the Pashupati temple in the present shape.	4 <sup>th</sup> century
Chinese pilgrim <i>Fa-hsien</i>	Wrote his travelogue about Kapilvastu and Lumbini, the site where Gautam Buddha was born.	4 <sup>th</sup> century
<i>Hsuan Tsang</i> from china	Wrote his travelogue about Kapilvastu and Lumbini, the site where Gautam Buddha was born.	5 <sup>th</sup> century
The king of Tibet	Married the Nepalese princess Bhrikuti ,	7 <sup>th</sup> century

<i>Srong-Tsang-Gambo</i>	who took along with her the images of Tara and Expanded Buddhism in Tibet.	
<i>Jao Kabral</i>	Portuguese citizen Visited Nepal	1628
<i>John Grewar and D. Arbel</i>	Christian Jesuit Father visited Kathmandu	1641-1674
<i>Ivan Mainayev</i>	A Russian man visited Nepal to study Buddhism.	1875
<i>Bhikchhu Ekai Kawaguchi</i>	First Japanese, was visited Nepal to study Buddhism.	1899

Source: Shrestha 2000.

## **Appendix 2: Questionnaire**

**Seinäjoki University of Applied Sciences, Business School, Degree  
Programme in International Business Management, International  
Marketing Management**

**Master's Degree Program, MBA**

**A questionnaire on “Poverty Alleviation through Sustainable Tourism  
Development in Nepal: Marketing Strategy View Point”**

Researcher: Jagannath Kafle

You are kindly requested to answer the following questions in interview. Your opinion and experience will be a guideline for completion of this research work.

### **Basic Information about the Company**

1. Name of the tour operator:
2. Contact person:
3. How to when:
4. Designation of the respondent:
5. How long this company has been operating tours?
6. Is this company operating tours in Nepal? How long?
7. How do you get the up-to-date information about tourism of Nepal?
8. Does this company have responsible travel policy? In the future?
9. How is this company supporting sustainability in Nepal at present? What about in the future?

### **Finnish Markets for Nepal**

10. What is Nepal's image as a tourist destination among the Finns? Should this be improved? How? To what direction?
11. In Finland, what is the preferred source of information for the prospective tourists to Nepal? Please list three most important sources. Your suggestions for new source of information are most welcome.
12. What is the typical profile of Finnish tourists traveling to Nepal?
13. Main reasons for them to travel to Nepal?
14. What methods Finns prefer to use when booking a trip to Nepal? List three most important methods.
15. Average length of stay in Nepal?
16. What are their accommodation preferences like?
17. New types of products/tour packages that are in demand in Finland?
18. What is your suggestion about pricing and cost for tourism in Nepal? Fair trade principle?
19. Which factors discourage Finns to travel to Nepal? Competing destinations to Nepal among Finnish markets?
20. Typical feedback about the customers' experiences in Nepal?

### **Responsible Travel from Finland**

21. Are Finns responsible travelers? Are they willing to attend tours that support protection of natural environment, cultural heritage and supporting the local people?
22. Are the Finnish travelers interested to purchase local products? Are these opportunities supported in the tour packages?
23. How much do they contribute to the poverty alleviation through tourism in Nepal? How? If possible, specify the average amounts spend on local accommodation, local transportation, local F & B, local shopping, local entertainment etc.

24. Are the travelers willing to interact and volunteer support to the local communities/poor?
25. What types of support are needed for tour operators like you from Nepal side for the industry to become more sustainable and responsible? By whom?
26. Which factors would need improvements to improve sustainable tourism development in Nepal?
27. Would you have any advice to the Nepalese stakeholders how to approach international tour operators like you?
28. Any other issues that you would like to raise

**Thank you very much for your valuable time and opinions!**