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Relevance of direct marketing in India

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Abstract

The use of internet has changed the present scenario and brought revolution in human life. Now people transfer money through internet banking from their own home and withdraw money from ATM's anytime and anywhere. Like this people communicate through mobile phone, fax or e-mail. Technological innovations have changed the taste of customers and further it has influenced marketing functioning remarkably. Online shopping is getting popular among new generation, just because of its simplicity and various offered services. It has been possible only because of two electronic networks viz. e-commerce and E-business.

Keywords: internet, innovation, e-commerce, e-business

Introduction: Need of the Study

According to Indian Direct Selling Association (IDSA) in association with PHD chamber of commerce and Industry the gross sale of the Indian Direct Selling Industry registered a growth rate of 4.4 percent in 2015-16 and the industry is poised to reach up to INR 2, 58,261 million by 2024-25. Today is the era of technology and internet. Traditional concepts are being replaced with new philosophies. Internet has brought dramatically changes in the expectations of customers and functioning of business. Those days have been gone when people used to visit market even to purchase a small thing. People stand in queue to withdraw money from the bank and people used to write a letter to convey message from one person to another. This ideology has exerted influence on business and result in emergence of new business models. Thus, it is important to understand the relevance of direct marketing in India.

Objectives of the Study

The present paper has been presented in view of following objectives:

1. To study the different forms of direct marketing and
2. To examine the relevance/role of direct marketing critically

Methodology

The present study is an attempt to examine the relevance of direct marketing in present scenario. The present study is exploratory in nature, for this secondary data has been compiled from various published sources including internet. However, personal observation method has been used to understand and interpret collected data to accomplish the objectives of the study.

Direct Marketing

Direct marketing association has defined direct marketing as an interactive system that uses one or more advertising media to affect a measurable response and/or transaction at any location. According to business dictionary direct marketing refers to contacting and influencing carefully chosen prospects with means such as telemarketing and direct mail advertising

Direct marketing is a promotional method which involves presenting information related to company and its offerings to the prospect directly or without the use of advertising and middlemen. This method of marketing is selective in nature and unlike mass marketing which is presented to everyone message is personalised. The main objective of direct marketing is persuade prospect to purchase goods and services by contacting directly. This method is most suitable for small companies that have less promotional budget. This method avoids wastage of resources as message is sent selectively.

For example a commerce graduate college may send email to all twelfth standard commerce students who seek admission in college. Like this principal of a school may send mail announcing discount on books available in stock to prospect parents to purchase books for their wards from school campus. In this case only those parents will be interested to buy books whose wards are studying in this school.

Thus, in both cases concerned mail will be sent selectively to students and parents respectively. Who are desirous to take admission in the commerce college and those parents who wish to buy books from the school? Direct marketing attempt to remove middlemen from the promotion process as company believe in disseminating product information directly to prospect customers. Unlike mass marketing which offer common message for all doesn't include advertisement on internet, TV, radio and, hoarding and newspaper etc. It uses specific personalised form of communication to reach target customers.

Forms of Direct Marketing

Direct marketing uses that mode of communication that are personalised in character and reach to target market without middlemen. The most common forms of direct marketing which are generally used in practice are:

- Face-to-face selling (Personal selling)
- Direct mailing (Post cards, Coupons, Catalogs, Brochures, Price invoice, Newsletter)
- Tele marketing (Using mobile phone)

- Direct response advertising (On TV, Radio, Newspaper, Magazines)
- Kiosk marketing (Vender machine)
- E-commerce or online marketing (Using Websites)

A brief description of various forms of direct marketing is given as below

1. **Face-to-face selling:** It is also known as personal selling. In this form of direct marketing sales represented are appointed by the company to contact with prospects and make sales presentation personally before them. It is the oldest form of marketing. The sales representative prepares themselves before approaching the prospect to leave good impression on the prospect. Sales representative develop personal relations with customers to convert prospect into loyal customer.
2. **Direct mail marketing:** Direct mail marketing also known as mail order business is such a business model where marketer offers goods and services for sale through circular of Catalog, Reminder, Post cards, Coupons, Price invoice, Brochures, and Announcement by mailing to selective potential customers on their home addresses. The direct mail marketing further divided into:
 - Postal mail, courier
 - E-mail
 - Fax mail

A mail order catalog is a published document contains general information of merchandise offered for sale to customers. Generally, it contains image of merchandise articles with their price. The catalogue itself is published in a similar fashion as any magazine publication and distributed through a variety of means, usually via post and the internet. Potential or existing customers place order for goods and services through mail or website or phone call and marketer dispatch ordered goods through mail post. The products are typically delivered directly to an address supplied by the customer, such as a home address or other correspondence address. But occasionally the orders are delivered to a nearby retail location for the customer to pick up. The ordered goods are dispatched by registered parcel or VPP (value payable post) on cash-on-delivery basis. This business is described as *shopping by post by customers and sale by post by marketers*.

According to business dictionary mail order business is a method of selling in which buyers and sellers do not make face to face contact. Mail order firms also known as direct mail firms use personalized letters/ catalogs (called junk mail) and mailed these on the basis of highly specialized address lists called mailing lists sold by mailing research firms. They also generate enquiries and orders through advertisements in suitable media including internet. Except industrial equipment and too bulky goods, almost everything is sold through mail order.

3. **Telemarketing:** Telemarketing is that form of direct marketing in which marketer directly establishes contact with potential customers through telephone or more recently web-based video conferencing. This contact may be established through telemarketers or automated telephone calls or robocalls. In other words telemarketing is the act of selling and promoting goods and services contacting with customers on telephone. It is more personalised as telephone calls are personal and individual to individual. The marketer

can change marketing communication as per the need of the customers as telephone provides flexibility in communication. Due to technological advancement the use of telephone has become common among all. Telephone has become cheaper source of contacting and conversation with people living in different segments of the country/world. Rising cost of travelling and scarcity of time has promoted the use of telephone significantly in recent times. This method is also used by politician to know voters preference during election.

Telemarketing can be performed by using one or collective following methods

- **Telemarketer:** A telemarketer is a person who is responsible for marketing of goods and services via telephone. A company can appoint its own telemarketers or can hire the services of private agencies. Such telemarketers don't interact with customers face to face but attend customers over the telephone. Therefore, these marketers should be proficient in telemarketing skills.
 - **Automated phone calls or text message:** Automated calls or interactive voice response (IVR) is a computer-based system that interacts with callers using computer technology that automates telephone contact between humans and machines. Moreover, computer can be used to send automatic text messages to mass customers using contact
 - **Robocalls:** A robocall is a phone call that uses computerised software to deliver prerecorded message to target customers using machine called robot. When a robocall is answered by the customer then prerecorded message play automatically by the computer. Such calls can be used for telemarketing, political campaigning, public service or emergency announcement.
4. **Direct response advertising:** Direct response advertising is communication with probable customers through TV, Radio, News Paper or Internet in which advertiser offer goods and services for sale through toll free telephone numbers or any other suggested method. The observer of the advertisement follows the instructions and place order for goods and services. For example we watch many such advertising programmes on TV that make appeal for buy goods through highlighted toll free telephone numbers on screen for limited time.
 5. **Kiosk Marketing:** Kiosks are vending machines that directly provide goods to the customers. These machines are located at customers' convenient places and customers use them directly to procure goods. Bank ATM's are most popular examples of Kiosks marketing which are established at customers' convenient place for withdrawing and depositing money. Like this bank are using Kiosk for pass book entry and disbursing coins of small demonstration.
 6. **E-commerce or Online Marketing:** Internet has brought revolution in 21st century. The use of internet is increasing very fast. It has replaced traditional commerce and business into e-commerce and e-business. Online marketing is completely carried out with electronic mode. For this personal contact of buyer and seller is not necessary as it has no physical presence. Customers can place order for goods and services, anytime and anywhere through company's

website using internet and computer. Product or service-related information is uploaded on respective company's website.

When exchange of goods and services takes place electronically then e-business becomes e-commerce. E-commerce is the process where businesses and customers buy and sell goods or services through electronic mode. E-commerce includes transactions made on the Internet, Intranet, Extranet, World Wide Web, by Email and even by Fax. This term has emerged during the early of 1990 and today it has gained much popularity. *Online banking, online shopping, online ticket booking, online hotel booking are some popular examples of e-commerce.* In India with in limited time Flip Kart, Shop clue, Amazon companies have gained much business through e-commerce. Some people consider e-commerce and e-business alike and use both the term interchangeably. However, both uses electronic mode to conduct its operations nevertheless, there is fundamental difference between two. E-business is much wider in its scope than e-commerce. E-commerce is part of e-business hence the scope of e-commerce is narrow than e-business.

Advantages of Direct Marketing

Direct marketing is a form of advertising sent directly from the company to existing or potential customers. The primary role of direct marketing is to drive a response and shape the behaviour of target audience with regard to a brand (Kotler and Armstrong, 2009). The following are the main advantages of direct marketing:

1. **Direct marketing is cost effective:** Marketing deals with transfer of goods and services from producer to customers. In traditional marketing this task is performed with the help of intermediaries. These intermediaries keep profit margin for their services. Thus, it hikes the price of the goods or services for the end customers. But in direct marketing there is direct link between company and customers and no middlemen works between two. In this way goods and services are available for customers comparatively less price.
2. **Promotion of goods and services is easy:** Direct marketing medium are fast and customized. Any modification in the marketing programme of a company can easily be transmitted to target customers. For example if a particular company is following e-commerce mode of direct marketing then any change in its product, price, promotion and distribution channel can easily be uploaded on company's website. The entire concerned customers can update themselves anytime and anywhere by watching company's website. Moreover, if the company wants to add new product in its existing product mix then it can also uploaded on company's electronic catalog.
3. **Check on malpractices:** Direct marketing provide check over marketing malpractices. Since there is direct link between manufacturer and customers so there is no question of middlemen malpractices. All the information related to company and its offering is properly uploaded on company's website. Customer can access all the relevant information about the product or service from this website. Hence there is no question of charging higher price or nor meeting after sales services etc.
4. **Demand of new century:** Direct marketing is the demand of 21st century. Now the customers have been converted from *money precious to time precious*. Today no customer has time; he or she always remains in hurry. In this busy schedule direct marketing is appropriate alternative for customers. Here customer can do shopping from their own home without wasting time in visiting outlets. Moreover, today it has become trend to purchase directly from the manufacturer of the product.
5. **Provide extended market:** Except face to face selling other modes of direct marketing as E-commerce, telemarketing and direct mail have wide market coverage. Internet has provided worldwide reach to the customers as well as marketers. Marketer can expand its business operations as per its capabilities because size of market is no problem.
6. **It promotes CRM:** Customer relationship management is modern marketing philosophy. Direct marketing compile data related to all potential customers of the product or service and this data can be accessed and analysed with the help of computer. Further this data can be used to understand customers' specific needs and wants. Accordingly, customised services can be offered to significant customers directly. In this way company can build long term good relations with its customers. Loyal customers are the real assets of the company as they help to generate revenue for the company at low cost.
7. **Target profitable customers:** Direct marketing has the capacity to focus on specific customers. Marketer can send specific message to specific customers according to their demography and buying behaviour. Unlike mass marketing which is presented commonly for all direct marketing can be presented selectively. According to the nature of target market company can adapt its marketing programme. Moreover, company can make cordial relations with profitable customers through direct contact. Thus, this marketing concept helps in 'marketing by exception' like 'management by exception'.
8. **Direct marketing is simple:** There are different modes of direct marketing i.e. e-commerce, direct mailing, telemarketing, direct response advertisements etc. The choice among these alternatives make the task of direct marketing simple and easy. Different mode of direct marketing makes it interesting and more attractive rather than boring.
9. **Customised services:** Direct marketing can give personalised touch to the marketing offering. Without intervention of middlemen direct marketing can reach to potential customers with personal touch. A personal phone call to a particular customer from company side can make him loyal customer of that company. Following this philosophy many banks send SMS to its customers wishing important occasion. It create good image of the bank in the mind of the customers.
10. **Affordable:** Most of the direct marketing methods are cost effective and affordable. Any company tolerates the cost of direct marketing. Even some modes of direct marketing are cheaper than traditional marketing. Moreover, these modes are more informative than other form of advertising. It gives elaborative information about company and its products to

the customers. It helps them to persuade for purchasing goods and services of the company.

Limitations of Direct Marketing

Following are some of the hurdles in the way of direct marketing which poses challenge before the marketers who use direct marketing. These points attract the attention of the marketers who are using direct marketing and need to be redressed as early as possible.

1. Sometimes direct marketing becomes annoying to the customers. For example excessive phone calls in odd hours may annoy potential customers. It may discourage customer to buy that product or service.
2. Most of the pamphlets, new letters, catalogs, price invoice etc. which are used by the company to inform customers are not properly read by the customers and it is wastage of resources.
3. The material used in direct marketing for customers' information when littered without handling properly becomes source of pollution.
4. In direct marketing the customers' response rate is very low. It is possible that when a marketer through direct marketing contact customer he may not be interested in purchasing goods and services. When potential customer doesn't entertain marketer positively then it looks annoying and is wastage of time, cost and efforts.
5. In present era many firms are adopting direct marketing practices and a customer face many direct marketing calls from different companies daily. Thus, it is possible that one company's appeal for purchase of goods is skipped and missed by the customer without any treatment. Because it is not possible to entertain each and every marketing stimuli carefully by the customers.
6. Some methods of direct marketing as telemarketing and direct mail are costly and involve more financial cost.

Conclusion

Internet has brought revolution in human life. Technological innovations have changed the taste of the customers and marketing function significantly. Despite few shortcomings direct marketing plays an important role to create good relation with customers as it is personalized in character and allows immediate feedback. It provides customers 24x7 accesses to products and services from anywhere. It is instrumental to save national resources in the form of time, cost and efforts. In India the success story of Flip Kart, Shop clue, Amazon etc. companies pave way for direct marketing. Moreover, survey figures (conducted by Indian Direct Selling Association IDSA) reveal that future of direct selling is bright.

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