

A Study on Direct Marketing as the Most Effective Form of Marketing

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Abstract

Now days the geographical scope of marketing has been replaced by our needs for much more cost effective, measurable and reliable ways of managing customer desires and their needs.

Brands are now trying to reach out to customers in culturally number of ways and adopting direct marketing seems to be the most practical approach to make it happen. In the new direction of marketing, the best prospects are identified, located and persuaded, resulting in maximizing both sales as well as profits. Direct marketing tries to build up and exploit a direct relationship between the seller and its outlook. Direct marketing occurs when businesses address customers through a huge number of channels, including mail, e-mail, telephonically and in person. The results of such campaigns are immediately measurable as a business can track how many customers have responded through a message's call to action. In present scenario of digitalization, direct marketing is used by marketers to develop close relationship with each customer in order to achieve the loyalty of customers. The purpose of this study was to explore direct marketing as the most effective form of marketing.

Keywords: *Direct marketing, Customer relationship, Distribution channels, Mass marketing, Digital marketing.*

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I. Introduction

In marketing there are two kinds of approaches used to communicate with customers: mass marketing and direct marketing. In mass marketing a single communication message is broadcast to all potential customers through use of varieties of Medias like print, radio, television and internet. Mass marketing optimize sales and reach the customer or make the customer aware about the various products and services. Such approach always implies huge budget that will lead to wastage and only a small portion of the public will listen to the message and will only finally leads to purchase only by a few respondents. Mass marketing does not consider changes that may occur in business environment which mainly includes changes in price, inflation and change in consumer preference. This strategy works best only when the product or service is offered and it has the potential to appeal to a huge consumer base.

Direct marketing on the other hand reshapes the face of marketing. Direct marketing is a promotional method that involves presenting information about the company, product, or service to the target customer through a variety of media. It is a targeted form of marketing that presents information of potential interest to a consumer that has been determined to be a likely buyer. Direct marketing is becoming a key strategy for organizations to develop and maintain strong customer relationships. This method targets specific customers with personalized messages and promotional campaigns in order to help organizations to increase campaign responses and to get a higher return on their investments. Different ways of marketing will attract different type of customers and that can give challenges to companies. Direct marketing is becoming a considerable phenomenon for all business firms in the modern environment; but is not been well explored. The primary focus of this paper is to identify direct marketing as the most effective form of marketing in the Indian digitalized marketing environment.

Objective of the study

To study about the applicability of direct marketing in modern digitalized environment.

Methodology

This study is based on the analysis of the secondary data published in the magazines, newspapers and websites.

II. Literature Review

- 1) **Thomas, A.R. (2007)** The traditional mass marketing approach practiced for decades is no longer a viable one. Companies should develop direct marketing strategy to build relationships with their best and most profitable customers. Thomas, A.R., Lewison, D.M., Hauser, W.J., & Foley, L.M (2007). Find that the companies are discovering that traditional mass marketing approaches are giving way to more targeted approaches that communicate directly with their customers. Direct marketing is infused with the idea that the best allocation of companies marketing dollar should focus on and communicate with micro market—and reinforces the distinctive benefits that firm provide to those customers.
- 2) **Jing, B., et al. (2008)**. Identify that Personalization occurs when the firm decides what marketing mix is suitable for the individual. It is usually based on previously collected customer data. Customization occurs when the customer proactively specifies one or more elements of his or her marketing mix. DMA (2008). The direct marketing will play in driving the growth of the digital economy of the UK.
- 3) **Fan, C.K., Cheng, S. (2009)**. Revealed that the efficiency score of a direct marketing channel is significantly higher than that of a comparable indirect marketing channel. The efficiency relationship between the indirect marketing channel and the direct marketing channel is independent.
- 4) **Danaher, P.J & Rossiter, J.R (2011)**. The paper finds that, although e-mail is well established and widely used, the traditional channels of television, radio, newspapers and direct mail retain their historically favored attributes of trust and reliability of information that make them still preferred by consumer recipients of marketing communications, even by “tech savvy” younger consumers who use e-mail and SMS extensively.
- 5) **Anbalagan, C (2011)**. Direct communications, with its arsenal of mailers, brochures, road shows, sampling, events, phone calls, emails and digital contacts, is favored by advertisers as a cost-effective, measurable medium in these times, when companies are trying to cut costs.
- 6) **Suman, M, Anuradha, T. & Veena, K (2012)**. Inferred that direct marketing is widely used in the fields of marketing like telemarketing, direct mail marketing and email marketing. Direct marketing firms may also keep addresses of those who match a certain age group or income level or special interest.
- 7) **Webber, R (2013)**. This paper describes the key trends that have shaped the evolution of direct marketing over this period. Many of the business concepts that underlie DM are as relevant today as they were 25 or even a hundred years ago.
- 8) **Risselada, H., Verhoef, P. C., & Bijmolt, T. H. A. (2014)**. With respect to timing of direct marketing, the authors recommend that marketers use this instrument heavily in the months immediately after product introduction because its effect is largest then and decreases as time progresses.
- 9) **Simpson & Mortimore (2015)**. This research has clearly identified that Direct Mail will still have an effect in years to come. Most notably, the identification of convenience, trust and the reminding effect are further strengthened by their correlation with the stimuli that effect purchase.
- 10) **CUZA, A. I (2015)** Both direct marketing and direct selling are two interactive systems, allow obtaining a measurable response.
- 11) **Yasmin, A., Tasneem, S. & Fatema, K (2015)**. Find that digital channel in marketing has become essential part of strategy for many companies. Digital marketing has no boundaries. Company can use any devices such as smartphones, tablets, laptops, televisions, game consoles, digital billboards, and media such as social media, search engine optimization, videos, content, e-mail and lot more to promote company itself and its products and services.
- 12) **Karaxha, H., Tolaj, S. & Abazi, S.A (2016)** In major companies, direct marketing has an impact in increasing sales and companies used telephone and email to present their products or services and to create close contacts with their clients.
- 13) **Faruque, S., Khatun, M. & Rahman, Md. (2016)**. By using the data of social networks direct marketing will be more effective as friends on social networks can influence buyer's purchasing decisions. Moreover, return on investment (ROI) and ratio of marketing to sales can be calculated properly on this platform by direct marketing rather than viral marketing.
- 14) **Subramanian, K (2017)**. Direct Marketing enabled companies to roll advertising and marketing into one seamless effort. Digital Technologies have enabled Companies to access customer profiles and preferences quickly and sharpen their marketing strategies and product offerings.
- 15) **Kannan, V (2017)**. Identify that earning of profit is possible only through consumer satisfaction. Recently, direct marketing had a greater impact, both positive and negative on the economy of the world.

History of Direct marketing

The history of direct marketing is much more comprehensive and starts from those organizations which sell their products and services directly through mail-orders and online catalogue. Communicating straight to the consumer was a rule and that happened through mailing trade catalogues and ads to the

customer's post box. Mail-order shopping of consumer goods entered a period of growth in the 1880s, when mail-order houses began to fiercely fight regarded as the first of the consumer goods catalogers, started his catalog business in 1872. These catalogs had a liberating effect on 19th-century consumers. Another successful cataloger, L. L. Bean (1872- 1967), mailed his first single-sheet flyer advertising his Maine hunting boots. Another landmark in direct marketing occurred in 1926, when copywriter John Caples (1900-1990) wrote a direct- response advertisement for a music correspondence school. The development in postal system allowed direct-mail companies to operate on a national basis. Lester Wunderman Coined the phrase "Direct Marketing" in a 1967 speech at the Massachusetts Institute of Technology, a private research university located in United States of America. Wunderman is considered by many to be the Father of direct marketing. At the beginning of the 21st century, the field was entirely dependent on computers that facilitated the development of huge databases as well as the collection of consumer's data. Armed with those data, advertisers were able to target audiences more effectively and track responses with accuracy and can send out literature directly to a list of prescreened individuals through different sources in present digital scenario.

Major forms of Direct marketing

- 1) **Direct mail:**-Direct mail is posted mail that advertises about business and its products and services. There are several different types of direct mail e.g. catalogues, postcards, envelope mailers. Direct mail campaigns are usually sent to all postal customers in an area or to all customers on a marketing list.
- 2) **Telemarketing:**-Telemarketing involves contacting probable customers over the phone to sell products or services. It is capable of generating new customer prospects in large volumes and is also a useful tool for following up on direct marketing campaigns.
- 3) **Email marketing:**-Email marketing is a simple, cost-effective and measurable way of reaching customers. It can include newsletters, promotional emails to generate new leads or offers for existing customers or advertisements that can appear in other business's emails.
- 4) **Text (SMS) marketing:**-Text messaging allows businesses to reach individual customers and send messages to large groups of people at a low cost. Many leading business firms send short message service (SMS) to customer's sales alerts, links to website updates, appointment or delivery reminders.
- 5) **Leaflet marketing:** - Using of letterbox drops and handouts:-Distributing well-designed leaflets or flyers through letterbox drops and handouts can work well for a local business whose products or services appeal to a broad audience. It is a simple, inexpensive and effective way of reaching customers, although it is a less targeted form of direct marketing.
- 6) **Social media marketing:**-Social media can be used effectively as a marketing tool for business as it gives the opening to interact directly with customers and regularly share relevant product or service information. Social media platforms also make it very easy for customers to share the content with their entire network, increasing the firms reach.
- 7) **Direct response marketing:**- Direct response marketing is meant to compel people to take an immediate action from an advertisement while offering a measurable response from that action. These advertisements are given in print and electronic medias.
- 8) **Kiosk Marketing:**- Kiosks are machines kept in shopping malls and other such places by organizations to spread the information and generate orders from customers who visit such malls. The objective of the campaign was to create awareness about the product among the target consumers, mainly the households.

Reasons for the growth of direct marketing in the digitalized environment

1. The increasing supply of lists and their diversity has provided raw data for direct marketing activities. There is large amount of transaction data available with retailers and internet marketing companies that can be used to target individual customers more accurately.
2. Sophisticated software allows generation of personalized letters, messages and offerings. Companies and businesses use marketing software to push their products and services through various web channels such as email, websites, and social networks.
3. Market fragmentation has limited the applicability of mass marketing techniques. Increased Fragmentation has led to the emergence of segments that are smaller in size. Such consumer segments have finer, distinct sets of needs which may not be fulfilled by the current offering of the marketer. Therefore, the

capability of direct marketing techniques to target distinct consumer groups is of increasing importance.

4. Personal selling is expensive, especially when considering the salesperson's salary, commission, bonus and travel time. Companies incur a high cost per action with personal selling. These costs are incurred regardless of whether the sales person makes the sale. It costs a lot of money to train sales person, teaching them about various products and sales procedures.

5. Sophisticated analytical tools are available now that help companies to classify and understand customers better. Households can be classified into types of neighborhoods by using geo demographic analysis. For example, neighborhoods of elderly people, or private houses or single people can be identified. These in turn can be cross-referenced with product usage, media usage and lifestyle segments.

Steps to be followed in a direct marketing program

Set the Goals and Objectives: Goals and objectives of direct marketing may vary from business to business. It may be know the response of customers, to increase the goodwill, to increase sales, to know the reaction of customers, to Increase Loyalty and may be number of reasons. One good way to start is with a SWOT analysis (Strengths, Weaknesses, Opportunities and Threats), before finalizing the goals and objectives for direct marketing one can go on with the positive points, loopholes, the major opportunities that come in the way and the challenges.

Identify the Audience or Target Demographic Population: This will enable marketers to be precise with their message and to reduce the cost by targeting a smaller section of the group. It is more effective to have several direct messages to the smaller groups, than a broad message to a large mass.

Selection of the Delivery Channels: A direct marketing delivery channel as the name suggests is always direct and always puts the organization directly in contact with the customer or targeted prospect. Channels include direct mail, email marketing, text marketing and many others. Marketers can use several or a combination of different channels.

Select the expected response from Customers: - Expected responses may be to have some action from customer, to buy the product, to ask for more product information, to refer a friend or may be any business goal.

Execute Your Promotion: The real key to success in direct marketing depends on the ability to execute the promotion. There is no way to know for sure if something will work until we execute it, that takes the next step.

Review the results and continue: Marketers can execute test campaigns with small customer groups first to see how the response goes. By measuring the response the marketers can learn from it. Majority of companies prefer to measure the return on investment they are getting from a direct marketing program. The best ways to do this is through marketing metrics. Marketing metrics are simply a collection of numerical data that allows companies to see if it met the goals of the company set for it. Direct marketing as an element in promotion mix Consumers are exposed to thousands of marketing communication messages every day. Marketing communication attempts to provide information to the consumer about the organization's products and service offerings. The various methods of communicating with the consumer need to be in agreement to deliver a holistic and effective message that will satisfy both organizational and consumer needs. Various promotional tools are at the disposal of the marketer to reach the targeted consumer. One of the fastest growing sectors in the modern global economy is direct marketing, by which organizations communicate directly with their target customers to generate reaction and/or transaction. Traditionally, direct marketing is not considered as part of the promotional mix, but it has become an integral part of the integrated marketing communications of many organizations and often includes separate targets, budgets, and strategies. The development of technology and the use of the internet make possible to apply new and attractive forms of direct marketing that contain the potential for branding and the generating sales.

III. Conclusion

It can be concluded from the study that the business environment is becoming extremely complex and it has been experiencing a continuous and rapid changes. These escalating changes are being experienced more in the marketing environment than anywhere else. Marketers have to be able to anticipate, cope with and adapt to changes in the external environment. In a stable and predictable business environment, this coping and adapting is relatively easy, but as the environment becomes more complex, and changes happen more rapidly, coping and adapting becomes more problematic and difficult. Direct marketing establishes a somewhat personal relationship with the customers in the modern environment by allowing the customers to purchase the product directly from company. This type of marketing is experiencing tremendous growth in the digitalized Indian economy. Our observations have confirmed that direct marketing is the most effective form of marketing than traditional mass marketing in modern time. For this study many journals and websites has been reviewed. Furthermore, as this study was conducted for a limited period, it could be possible that some previous findings are missed regarding this topic as well.

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