

DIRECT MARKETING – THE ONE-TO-ONE FUTURE

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ABSTRACT

Mass marketing is obsolete. This is due to changing households, complex technology-based products, new ways to stop and pay, intense competition, additional channels, and declining advertising effectiveness. Personal marketing is what the customers want.

The emergence of 1:1 media will produce a totally new kind of business competition -1:1 marketing .In the 1:1 future, we will find businesses competing for one customer at a time...they will not be trying to sell a single product to as many customers as possible. Instead, they'll be trying to sell a single customer as many products as possible-over a long period of time, and across different product lines. Today with the advent of new media in the form of Computers, modems, fax machines, tablets, e-mail, the Internet and the online services, direct marketing has become even more sophisticated. The arrival of technological advancement and at reasonable costs have substantially enlarged and widened the direct marketing horizon. Companies can now talk to their customers directly and customize their products and services and meet their needs and wants in no time. This paper attempts to analyze critically the nature, role and growing applications of direct marketing. Needless to say that direct marketers need to plan their marketing campaign carefully to be successful. They must be cautious ethically and also in deciding on the objectives, target their markets and prospects precisely, design the offer's elements, test the elements and establish measures to determine the campaign's success.

KEYWORDS: Direct Marketing, Mass Marketing, One-to-One Marketing, Ethics in Direct Marketing

INTRODUCTION

Today, many marketers see direct marketing as playing a broader role, that of building a long-term relationship with the customer¹. The Direct Marketing Association (DMA) defines Direct Marketing as “Direct marketing is an interactive marketing system that uses one or more advertising media to effect a measurable response and/or transaction at any location.”

This definition emphasizes a measurable response, typically a customer-order. Thus direct marketing is sometimes called as Direct-order Marketing.

THE GROWTH OF DIRECT MARKETING

Sales produced through traditional direct-marketing channels (catalogs, direct mail and telemarketing) have been growing rapidly. The extra-ordinary growth of direct marketing in the consumer-market is a response to the marketing reality of the 1990's. Market “demassification” has resulted in an ever-increasing number of market-niches with distinct preferences. To name a few

- Higher costs of driving, traffic-congestion, parking headaches', lack of time, a shortage of retail sales help, and long queues at checkout counters all encourage at-home shopping.
- Customers are responding favorably to direct marketers toll-free phone numbers, their willingness to accept telephone orders even at night and on weekends and their never ending commitment to customer-service.
- The growth of affordable computer power and customer databases has enabled direct marketers to single out the best prospects for any products they wish to sell.
- Direct mail and telemarketing have also grown rapidly in business-to-business marketing, partly in response to the high and increasing costs of reaching business markets through the sales-force.
- Lower cost-per-contact media- such as telemarketing, direct mail and the newer electronic media-will prove more cost effective in reaching and selling to more prospects and customers.
- The creation of the "information superhighway" promises to revolutionize commerce and lead to electronic shopping explosion².

ELECTRONIC COMMERCE AND DIRECT MARKETING

Electronic Commerce or e-commerce is the general term for buying and selling process that is supported by electronic means. Electronic markets are sponsored information utilities that describe the products and services offered by sellers and allow buyers to search for information, identify what they need or want and place orders even using a credit card .The implications and predictions of e-commerce for marketing application include(3)

- E-markets will permit prices to change faster, can customize their buyers for different buyers and also make customers aware of prices of a product throughout the world at the same time.
- E-shopping will change the role of "place" in marketing as it provides a scope for customers to order for anything and everything

BENEFITS OF DIRECT MARKETING

To the Customers

Direct marketing benefits customers in a number of ways. Consumers report that

- Home shopping is fun, convenient and hassle-free.
- It saves time and introduces them to a larger section of merchandise.
- They can do comparative shopping by browsing through mail catalogs and online shopping services and can order goods for themselves or others.
- Industrial customers also cite a number of advantages; they particularly like learning about available products and services with tying up time in meeting sales people.

To the Sellers

- Direct marketers can buy a mailing list containing the names of any group, personalize and customize their messages to the target customers.

- Direct marketers can build a continuous relationship with each customer.
- Direct marketing can be timed to reach prospects at the right moment and direct-marketing material receives higher readership because it is sent to more interested prospects.
- It also helps in testing alternative media and messages in search of the most cost-effective approach.
- It also makes the direct marketer’s offer and strategy less visible to competitors.

Mass vs. One-to-One Marketing

Don Peppers and Martha Rogers³ listed the main differences between mass marketing and one-to-one marketing. Today’s companies rely on a very powerful tool to know about individual customers and prospects through Customer database. It’s an organized collection of comprehensive data about individual customers or prospects that is current accessible and actionable for such marketing purposes as lead generation, lead qualification, and sale of a product or service or maintenance of customer relationships. Whereas Database Marketing is the process of building, maintain and using customer databases and other databases (products, supplies, resellers) for the purpose of contacting and transacting.

Table 1

Mass Marketing	One-to-one Marketing
Average Customer	Individual Customer
Customer Anonymity	Customer profile
Standard Product	Customized Market Offering
Mass Production	Customized Production
Mass Distribution	Individualized distribution
Mass Advertising	Individualized message
Mass Promotion	Individualized incentives
One way message	Two way messages
Economies of Scale	Economies of scope
Share of market	Share of customer
All customers	Profitable customers
Customer attraction	Customer retention

Source: Adopted from Don Peppers and Martha Rogers, *The one-to-one future* (New York: Doubleday/ Currency, 1993)

Database marketing is

- Frequently used by business-to-business marketers and service retailers, hotels, banks and airlines.
- Less used by packaged goods retailers and consumer-packaged goods companies.

Companies use their customer databases to

- Identify prospects
- Deciding which customers should receive a particular offer.
- Deepening Customer loyalty
- Reactivating Customer purchases.

As more companies move into database marketing, the marketing paradigm will change. Mass marketing and mass retailing will continue, but their prevalence and power may diminish as more buyers turn to non retail shopping.

Major channels of Direct Marketing include face-to-face selling, direct-mail marketing, catalogue marketing, telemarketing, TV and other direct response media, kiosk marketing and online channels.

The Growing Use of Integrated Direct Marketing

Although Direct Marketing and online Marketing have boomed in recent years, a large number of companies still relegate them to minor roles in their communication/promotion mix. Companies are increasingly recognizing the importance of applying a full-systems perspective in using their communication tools, commonly known as: Integrated Marketing Communications (Schultz) or Integrated Direct Marketing (Roman) or Maxi Marketing (Rapp and Collins)⁴.

Rapp and Collins Maxi marketing model makes direct-marketing techniques the driving force in the general marketing process⁵. This model recommends the creation of a customer database and advocates making direct marketing a full partner in the marketing process. This model consists of a comprehensive set of steps for reaching the prospect, making the sale and developing the relationship.

Ethical Issues in Direct Marketing

Direct marketers and their customers usually enjoy mutually rewarding relationships. Occasionally, a darker side emerges. Concerns include excesses that

- May irritate customers through repeated approaches
- Instances of direct marketers taking advantage of impulsive or less sophisticated buyers.
- They may also misguide and mislead customers with false promises and exaggerations.
- This may also lead to disruption of privacy to the customer.

People in the direct-marketing industry are attempting to address these issues. They know that if these are unattended, such problems will lead to increasingly negative consumer attitudes, lower response rates and calls for greater state and federal legislation to restrict direct-marketing practices. In the final analysis, most direct marketers, like consumers want honest and well design marketing offers targeted only towards consumers who will appreciate and respond to them.

CONCLUSIONS

To be successful, direct marketers should plan their campaigns well and with care. They must decide on their objectives, target their markets and prospects precisely, design the offer's elements, test the elements and establish measures to determine the campaign's success. As more consumers use electronic shopping to search for the information and products they need, online services will provide more objective information about the comparative merits of different brands. Marketers need to think of new ways to create effective online messages as well as new channels for delivering products and services efficiently.

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