

# The features of direct marketing and personal selling as a form of marketing communications

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## Abstract

The article summarizes approaches to defining the essence of the "direct marketing" concept. It is proved that the tools of direct marketing, as a component of internal marketing, are the most effective means of influencing the behavior of modern consumers and adaptive to market conditions of marketing activities, the implementation of which will contribute to achieving the corporate goal and mission of the enterprise with minimal time and resources. The necessity of using direct marketing tools in the activities of modern enterprises is justified. The problems of activating direct marketing based on the introduction of interactive systems are considered. The main advantages associated with the use of Integrated Marketing Communications in the formation of direct marketing strategies are revealed.

The methodological bases of marketing communications are analyzed in the article. The expediency of using different types of marketing communications on the basis of their benefits and drawbacks for the effective implementation of the company's marketing policy. Particular attention was paid to the tools of direct marketing and the dynamics of the most influential communication features of digital marketing. As a result, it was determined that the tools of marketing communications should be combined thoroughly, and the most effective tool is eventually an integrated marketing.

**Keywords:** direct marketing, customer, marketing communications, business, e-commerce.

## Introduction

The transition to modern market relations and reorientation to individual marketing forces manufacturers to adapt to the new conditions that prevail in the context of market globalization. The emergence of consumers' need for more individual service requires the use of modern methods of Product Marketing. That is why direct marketing, which has demonstrated new methods of individual sales, plays a special role in the development of the company's marketing activities.

The movement from mass to personalized involves significant changes in modern business,

especially when it comes to the style of communication of the company with its customers. Such changes can be explained by the desire of sellers to work with each individual buyer, taking into account his specific needs. This opportunity arises due to revolutionary transformations in the field of marketing and the latest information technologies. The emergence of new marketing tools and new technologies opens up great opportunities for developing optimal business strategies in general and marketing in particular.

Direct marketing is not just the sale of goods

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or services, but also an effective mechanism for communicating with potential consumers, which helps to build long-term personal relationships with them. Thus, direct marketing turns into direct relationship marketing. Direct

marketing reflects the trend of increasing individualization of marketing and is the fastest growing form of marketing compared to mass marketing.

## Material and methods

In today's business environment, traditional price wars do not provide businesses with the expected effect, since the consumer needs something more from the seller than just a price reduction. Low price, mass advertising and traditional marketing do not guarantee successful sales. For modern enterprises, the use of direct marketing technologies and marketing databases makes it possible to communicate with each client as if he is the only one, and therefore increases the profitability of cooperation. In such a situation, it is extremely important to properly apply direct marketing tools. This thesis confirms the relevance of this study.

There are many definitions of direct marketing, each of which focuses on the use of communication tools that are aimed at establishing two-way communication between the buyer and seller. An important role in the development of Marketing Communications was played by the scientific achievements of

such authors as H. Bahiiev, Dzh. Bernet (2001), S. Harkavenko (2002), H. Karter (2001), K. Keller (2007), F. Kotler (2007), T. Lukianets (2000), V. Pylypchuk (2002), T. Prymak (2003), O. Surkova (2007), and many others. In the works of scientists, research is conducted that reflects the development, integration, and emergence of new forms of marketing communications.

The purpose of the article is to determine the advantages of using direct marketing and the prospects for its development as one of the elements of marketing communications along with traditional advertising events, solving a number of problems that result in a decrease in the pace of Industry Development. The objectives of the article are to propose specific strategic steps using the Internet as an effective means of integrated marketing communications to form close relationships with customers.

## Results and discussion

At the present stage of development of society, there is an increase in individualization of marketing efforts, which is caused by the transformation of the nature of relations between producers and consumers regarding the purchase and sale of goods. The result of such transformations of business communications is the transition from a classic monologue of mass marketing to a dialogue with the buyer, the market (Lukianets T., 2000).

Direct marketing is one of the components of marketing communications. According to the definition of the American Direct Marketing Association (Hodgson, Richard S., 1989), direct marketing is an interactive marketing system that uses one or more advertising tools to get a measurable response anywhere. In other words,

direct marketing allows an enterprise to bring a potential consumer one step closer to a product or service.

Direct marketing reflects the trend of increasing individualization of marketing and is the fastest growing form of marketing compared to mass marketing and has its own specific characteristics (Table 1).

**Table 1 – Comparison of mass and individual marketing methods**

Comparative feature	Mass marketing	Individual marketing
Buyer's choice	Anonymity of buyers	Focus on a specific buyer
Marketing goal	Market share	Share of customers

Comparative feature	Mass marketing	Individual marketing
Communication goal	Attracting customers	Customer retention
Product offer	Standard product	Specialized marketing offer
Product promotion	Mass promotion of goods to the market	Creating individual purchase incentives
Nature of the product notification	One-way product notification	Two-way product notification

So, direct marketing is a way of promoting a product that involves the use of direct communication with its consumers. In other words, there is no reseller in the direct marketing system (Kotler F., 2007).

The main factors determining the growth of direct marketing are:

- “crushing” of markets, which leads to the constant formation of market niches with different sets of advantages;
- development of marketing relations between enterprises;
- other factors: increased costs for driving vehicles, increased traffic tensions, difficulties with parking, insufficient time and advice for retail sales, queues at the cash registers; an increasing number of computers in the population and databases about customers, which makes it possible to determine the most likely buyers of any product.

The popularity of direct marketing has increased significantly in the last decade of the last century for a number of reasons. These are the introduction of computer technologies and software, the lack of time for consumers to purchase, the spread of free services by telecommunications companies, the possibility of obtaining goods on credit cards, the growth of the quality of individual customer service by sales agents due to improving their skill level, the possibility of obtaining information using lists and an electronic database of consumers.

There are also other reasons to explain the growing popularity of direct marketing.

First, company owners are becoming increasingly demanding to measure the results of spending money. It is most difficult for marketing managers to present objective performance indicators. However, this is necessary because increasing competition forces the management of companies to constantly seek the maximum return on all investments. Direct marketing allows track the effectiveness of decisions made, since it is focused on working not with a faceless mass of potential customers, but with a specific consumer, whose reaction can always be tracked.

Secondly, companies are facing a huge wave of information about preferences, relationships, and consumer behavior. Large-scale investments in customer relationship management systems and database creation outstrip the ability of managers to analyze information, which creates the need for new strategic decision-making tools, which, of course, include direct marketing.

Third, modern technologies allow companies to personalize products, services, communications, and even prices on a scale that was simply unthinkable just a few years ago, and this creates favorable conditions for implementing the concept of direct marketing in many markets.

The described features of direct marketing allow us to formulate its advantages and disadvantages (Table 2).

**Table 2 – Advantages and disadvantages of direct marketing**

Advantages	Disadvantages
A great way to reach a limited or niche audience	High costs are possible
Provides feedback to the client	Result dependency depends on the quality of database creation

Advantages	Disadvantages
High performance due to an individual offer	Possibility of getting a negative reaction
Confidentiality of information about the terms of cooperation	Poor-quality, unskilled direct marketing can undermine loyalty to the company
Measurability of results	High initial costs (2 % of people they are recalled to direct mail if the sample is random)

Despite the existing disadvantages, direct marketing is a popular and effective type of marketing communication. The growth of direct marketing is due to: market fragmentation (segmentation), technology "for the customer", expansion of the list of recipients, high-complexity software, hybrid marketing systems and constant search for ways to improve cost efficiency.

According to the concept of economist E.P. Golubkov (2008), there are five forms of direct marketing:

1) **mail marketing (direct mail)** – the use of mail to send out relevant letters, advertising materials, product samples, brochures, booklets, etc. to potential customers;

2) **catalog marketing** – direct marketing through catalogs sent to customers or distributed at points of sale of goods;

3) **telemarketing** – the use of telephone networks to directly sell goods to consumers. Employees of the companies give free phone numbers for customers to receive orders from them, information about which customers receive on the basis of TV and radio advertising, direct mail, and catalog trading;

4) **TV marketing** – direct marketing through television by showing direct response ads (the first consumers to respond have preferential purchase conditions) or using special commercial TV channels to sell homes at favorable prices;

5) **e-commerce** – direct marketing through a two-channel system connected by a consumer cable or telephone line to the seller's computerized catalog. The consumer communicates with the seller using a special remote control connected to the TV, or a personal computer;

Varieties of e-commerce systems according to the degree of cooperation can be:

1) B2B (business-to-business) – marketing communications aimed at finding cooperation with the recipient of information by sending standard or individual offers;

2) B2C (business-to-consumer) – marketing communications aimed at the consumer, their goal is to create a customer base and increase product consumption;

3) B2G (business-to- government) – the goal of this business is to support the state and various state institutions.

E-commerce combines digital technologies and interconnected networks. Communication technologies allows converting different types of information into others that are more convenient for storage and transmission. The interconnectedness of business relations in e-commerce also characterizes a new stage in the development of marketing communications.

New opportunities also mean that the active initiator of marketing communications can be the consumer himself. They can independently determine the information they need, what offers they need, and what price they are willing to pay.

6) **telemarketing** is an activity that aims to attract new customers by identifying their needs and offering propositions;

7) **personal sales** are oral communication aimed at promoting a product, service, enterprise, or idea with one or some potential consumers in order to conclude a deal.

During a personal sale, participants in this process exchange information in an attempt to reach mutual understanding. During the communication exchange, both parties learn words, numbers, monitor the tone of speech,

the pace of teaching material, and also monitor how information is perceived.

The core of a direct marketing system is a list containing the names, addresses, and phone numbers of individuals that the manufacturer or intermediary may be interested in. Information about customers and buyers is entered in the company's database for further use, and if necessary, it can be sold to other sellers, manufacturers or intermediaries, if they show interest in this information (Syniaeva Y.M., 2011).

Modern companies are gradually coming to realize the need of a CRM strategy – a strategy of communication with customers, during which information about the client, his needs and contacts with him is accumulated and used to build new communications. This is the database.

The CRM system performs the following functions:

- accounting for information about real and potential customers and interaction with them;
- analytics and statistics for making managerial decisions;
- analytics for targeting the audience in the process of new communications

Direct marketing is an important part of the program aimed at building partnerships. It allows companies to plan a contact strategy based on the interests and capabilities of customers in both the B2C and B2B markets. Thus, direct marketing is one of the most versatile means of communication with business partners and the consumer market. This type of marketing, being a powerful means of activating sales in specific market sectors, stimulates sales in other sectors, as well as marketing activities in general.

Modern competition is based on the level of customer relationships. It is almost impossible to build the right relationships through mass communication channels, because relationships are always about personal interaction and dialogue. Direct marketing offers the possibility of such communication. At the same time, the company itself will not have to personally

conduct all negotiations – most of the work on presenting the offer to the client will be done by direct mail.

Direct marketing is actually an integrated communication: it combines elements of advertising, sales promotion, and so on. Such multicomunications provide an opportunity to better know the consumer of products, their attitude to the company's products. Direct marketing provides an opportunity to create a certain flexibility in the company's interaction with consumers. This is facilitated by establishing personal contact and promptly receiving feedback from the consumer on the company's product offer (Lamben Zh.-Zh., 1996).

Direct appeals to consumers are not a new form. For example, trading through the mail system already has a very long history. But direct marketing in modern conditions has received very serious reinforcement: new information technologies, mobile telephone communication, and so on. These technical achievements have given a significant boost to the development of direct marketing. They contribute to the faster establishment of direct links with consumers, the use of convenient forms of transmitting a wide amount of information, the formation of an electronic database of consumers, electronic information processing, and so on.

In general, quite often in practice, not separate communication tools are used (advertising, RC, direct marketing, etc.), but a certain complex of them, which can be called Integrated Marketing Communications. In other words, it provides for management coordination on the use of various communication tools. They should work as a single unit. This is believed to increase the chances of communicators achieving an effective impact on the consumer.

Direct marketing involves the activities of an advertising campaign and the implementation of other marketing programs to inform consumers, develop sales instructions and organize trade. Most direct marketing strategies fail due to the fact that managers of domestic

enterprises and employees responsible for advertising create an inefficient integrated marketing communications (IMC) program to build long-term relationships with potential and existing customers.

There are two main problems while designing and implementing Integrated Marketing Communications (IMC) programs (Bernet Dzh., Moryarty S., 2001).

The first problem, which includes planning and coordination of work is not deep enough to complete the initial stage of the direct marketing program – evaluating the performance of an advertising event and advertising space in competing media based on a single request (potential client). In addition, the conversion rate of an advertising event is not evaluated depending on the advertising space. Conversion rate is the percentage of respondents who responded and later turned into buyers. In addition, you can track the revenue and net profit generated by each advertising tool and the selected advertising space option. This problem includes the following aspects:

- employees of the marketing team refuse to keep in touch with new customers (i.e., they do not respond to requests from potential customers who responded to the advertising offer);
- there is no repeated accounting, which determines whether potential customers received the information they needed, as well as whether this information stimulates the purchase process.

The second problem is that the advertiser's lack of knowledge, as well as technical means and abilities in modeling the information search of a client and relationships in IMC programs.

Effective direct marketing and IMC programs allow you to build long-term, close relationships that connect the market leader and the consumer; this feature of direct marketing is the most important advantage of

effective IMC programs. The market leader is able to respond to the consumer individually through IMC programs. Thus, the first of the two strategic advantages of an IMC can be achieved by creating and maintaining consumer interest. The second advantage is individual service, aimed at meeting the specific needs of the consumer with whom the market leader communicates personally, and serves as a good example of relationship marketing. Thus, relationship marketing is based to a certain extent on effective direct communication marketing and IMC programs.

Traditional marketing opportunities, such as direct mail and telemarketing, are becoming more expensive and less successful. For the implementation of Integrated Marketing Communications, the most effective tool at present is the Internet, which offers an attractive alternative with important advantages (Maksymova T.S., 2010).

Most direct marketing strategies involve combinations of three or more advertising tools to achieve a measurable response from potential customers. The communication process, which involves more than three media outlets, needs to be designed for effective exchange. The most effective tool for activating direct marketing at present should be considered integrated marketing communications with the involvement of internet technologies. The internet allows businesses to personalize mutual relationships and provide their customers with the information they are looking for; companies can easily offer consumers new and specially selected products and services; the Internet offers new methods of providing customers with additional benefits, opportunities for significant cost savings, it quickly provides information about trademarks that have already been shown in other media, allows you to create a link to your site from other sites, often at no cost.

## Conclusions

Direct marketing today is one of the most rapidly growing areas not only of marketing

communications, but, perhaps, of all marketing activities in general. According to some forecasts, the share of sales through direct marketing in total sales will dramatically increase in the coming years. Direct marketing can seriously push advertising as the main means of marketing communications between manufacturing firms and individual consumers. This process has become so relevant that it allowed specialists to talk about the formation of an integrated direct marketing system.

Rapid development of economic relations and market orientation to meet the individual needs of consumers, it contributes to the

development of a direct form of marketing communication, and the evolution of communication tools allows you to use additional opportunities new technologies, such as the Internet and mobile communications. All these factors play an important role in shaping marketing policy and implementing effective marketing communications tools. The use of direct marketing tools has a positive impact on the commercial activity of the enterprise, taking into account the focus on direct communication with the consumer, taking into account the individual approach to the consumer's needs.

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