

Lecture 47

Direct Marketing – Part II

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Direct Marketing Medias



Catalogues and Emails

- **Catalogues:** Low-pressure direct response marketing tactic that gives consumers time to consider goods and prices.
- Essential tools in business-to-business marketing programs.
- Good tool to explain product features.
- For example, Automobiles, Asian paints (Paints & Interior colours), CERA, Jaguar (Hardware fittings).
- **Emails:** Lower cost and higher effectiveness than traditional direct mail.
- Spam: Electronic equivalent of junk mail.

Direct Selling

Direct selling is a direct, personal presentation, and sales at a location convenient to customers.

- ✓ **Repetitive person to person selling-** Salesperson visits the buyer's location to sell frequently purchased products.
- ✓ Examples include companies like Amway, Avon, HUL etc.,
- ✓ **Non repetitive person to person selling-** Salesperson visits the buyer's location to sell infrequently purchased products.
- ✓ Example: Eureka Forbes Aqua guard
- ✓ **Party plans-** Sales person offers products to group of people through parties and demonstrations.
- ✓ Example: Tupperware

Broadcast Media

- Categories - Television, and radio
- **Direct response advertising:** Sales response for product is solicited, through the one-or –two-step approach.
- Cable and satellite systems have led to the creation of numerous direct response channels
- Radio ads repeat the response number or website frequently so that consumers can make contacts.

Infomercials and Print Media

- **Infomercials:** Long commercial designed for 30 minute or 1-hour time slot.
 - ✓ Designed to be viewed as a regular tv show
 - ✓ Effective with a broad demographic base.
 - ✓ For example, Super Ladder (Telebuy)
- **Print media**
 - ✓ Difficult to use for direct marketing
 - ✓ Ads compete with clutter of other ads
 - ✓ Space is relatively expensive
 - ✓ Response rates and profits are low

Evaluating the effectiveness of Direct Marketing Programs

- **Cost per Order (CPO):** Evaluates the relative effectiveness of an ad based on the number of calls generated.
- **Customer Lifetime Value:** Determines the per rupee value associated with a long-term relationship with a customer.
 - ✓ Helps determine if a customer should be acquired.
 - ✓ Optimizes exiting customers service levels.

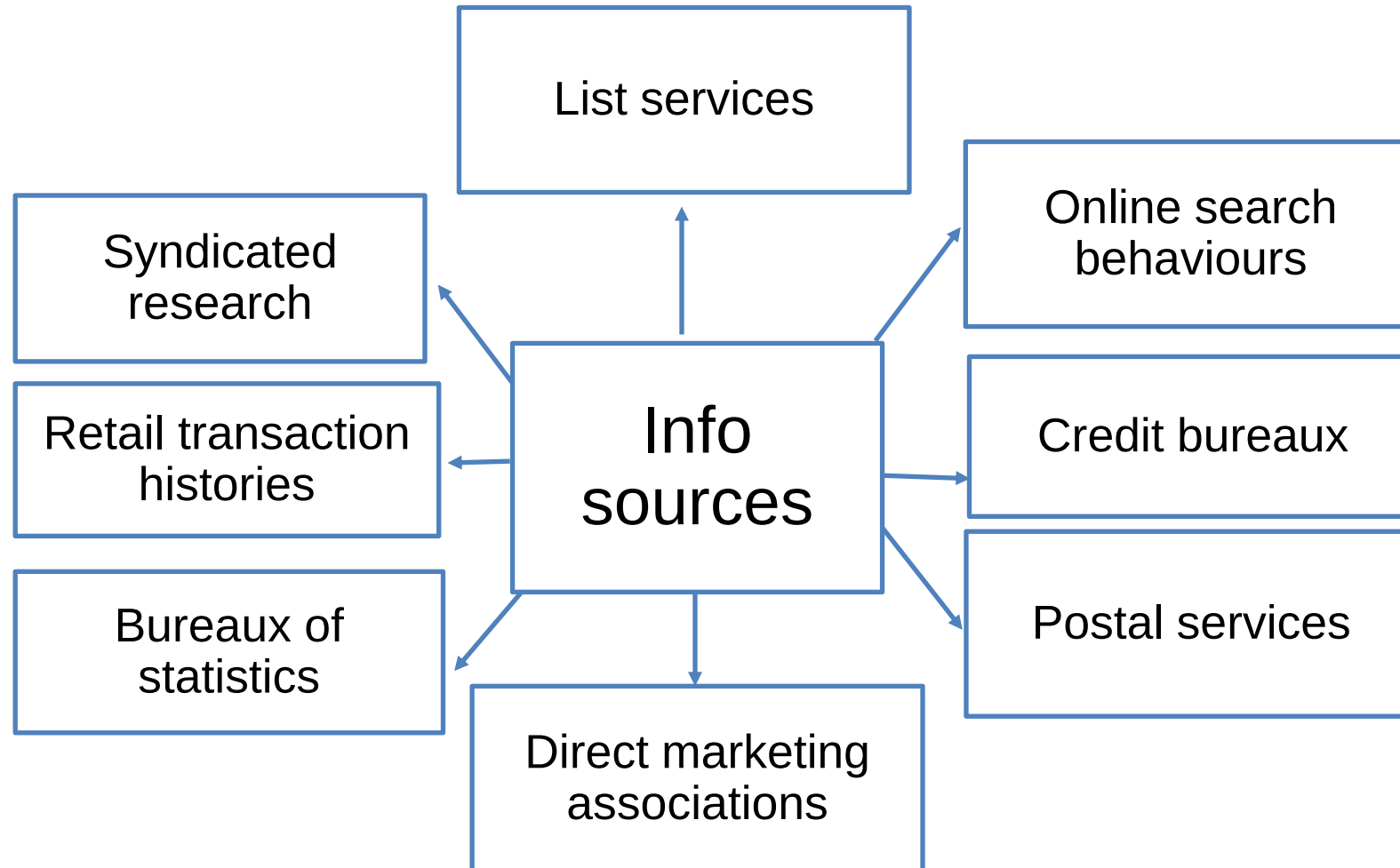
Database marketing

- Collecting and utilizing customer data for the purposes of enhancing interactions with customers and developing customer loyalty.
- Importance for understanding the lifetime values of various customers and the development of customer retention efforts.

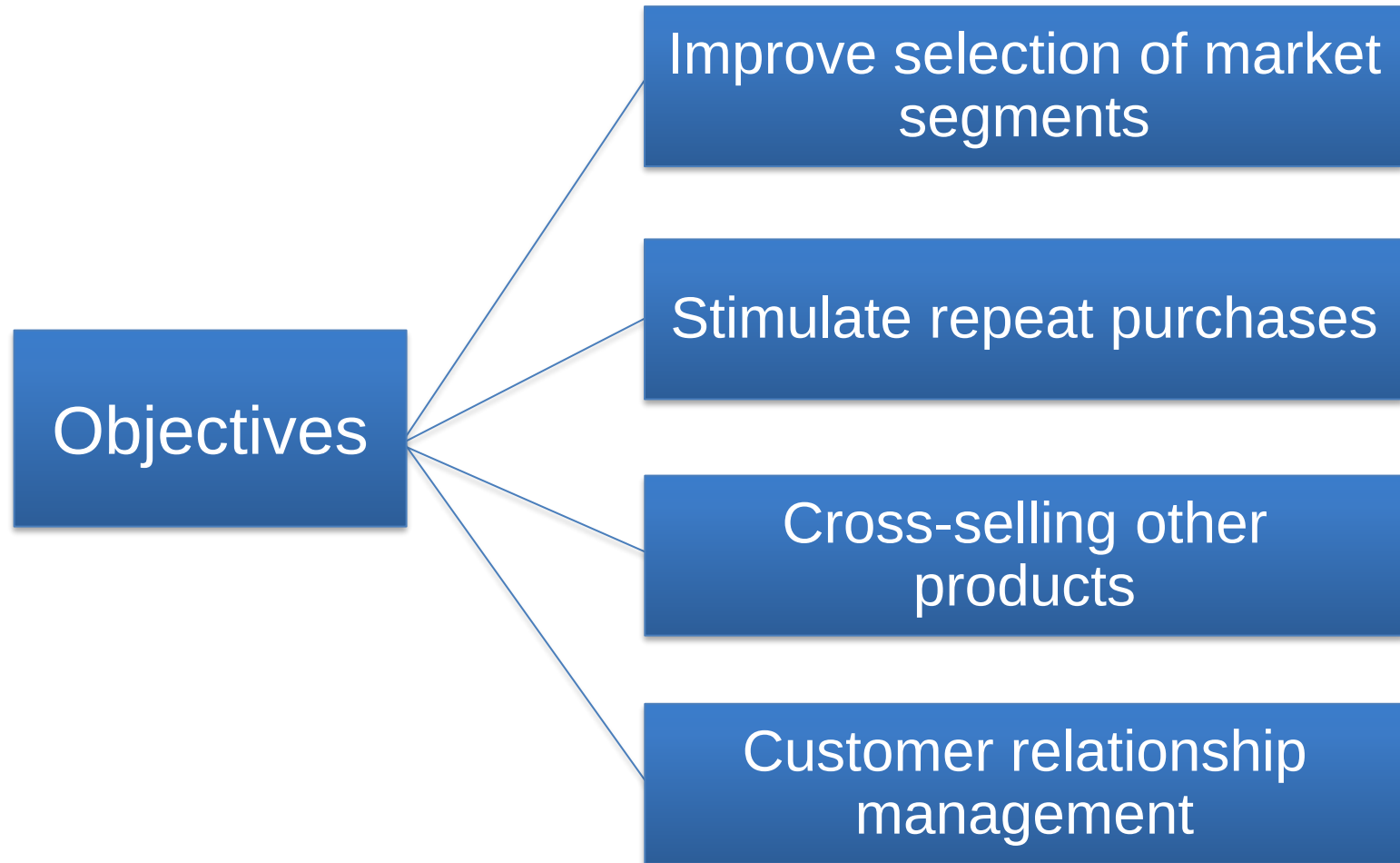
Process of Database Marketing

- Building a data warehouse
- Database coding and analysis
- Data Mining
- Data-driven marketing communications
- Data-driven marketing programs

Sources of information for developing a database



Developing a database



Database Coding and Analysis

- Database coding and analysis provide information for the development of personalized communications.
- Common forms of database coding include lifetime value analysis, customer clusters, and location data tracking.
- **Lifetime Value Analysis:** Lifetime value figure for a customer or market segment estimates the present value of future profits the individual or segment will generate over a lifetime relationship with a brand or firm.

Customer Clusters

- Marketers use various coding systems to group customers into clusters based on a wide variety of criteria.
- Clustering reduces the advertising design costs and help in creating effective ads

Location Data Tracking

- Data tracking method based on information provided by mobile GPS technology. Here the data is collected and anonymized to help in understanding movement patterns of customers.

Data Mining

- Data mining involves using computer data analysis software to study data to find meaningful information and help build relationships
- Two primary activities
 - ✓ building profiles of customer segments
 - ✓ preparing models that predict future purchase behaviors based on past purchases
- Data mining assists the marketing team in building profiles of the firm's best customers.

Database-Driven Marketing Communications

- Personalized communications build relationships and lead to repeat business and increased loyalty.
- Database-driven marketing programs take many forms.
- They are developed in conjunction with other marketing activities.
- Database marketing program contains tools to personalize messages and keep records of the types of effective and ineffective communications.

Case study: Tupperware

- Tupperware is a leading kitchenware brand in India and is completely into direct selling; it started its operations in 1996.
- Tupperware India shares some novel business strategies that made Tupperware feature among India's top 3 per cent of brands across all categories and segments (as rated by Superbrands)
- Tupperware products are very unique and need to be demonstrated to the end user before being sold.
- They promote products via direct selling and party plan, who perform home demonstrations to groups of people and sell to end consumers.

Case study: Tupperware

- Tupperware adopted a three –tire structure where dealers at the lower level followed by managers at middle level and at distributors at top level.
- Direct selling companies differ in their marketing style. Tupperware had a concept of “*partyplan*” sales. Demonstrations are scheduled for a small group of people where one of the attendants hosts the “*party*” at his or her home. The host receives a set of Tupperware products as a gift – its value linked to the volume of sales during the party
- Commissions on sales paid to consultants in person-to-person schemes are frequently substantially higher than those in party plans. However, party plans allow a consultant to attract a larger audience to the demonstration, hence sales volume will be higher.

Case study: Tupperware

- Tupperware believed their business success was through people and they build people along with sales during parties, where many guests and hosts eventually become sale force members.
- Tupperware can be accredited to have changed the habits of many Indian households, as they switched from their traditional metal food containers to the plastic ones that catered to the local food habits.
- Tupperware, have an all-women salesforce. There are 40000 sales force and 80 distributors. This has been a conscious decision with a view of empowering women with a career opportunity, which they can pursue with flexibility.
- A women only business model in an Indian concept has found social acceptance and this is evidenced by the level of comfort that family members have in letting the lady of the house pursue a business opportunity in a safe setting.