ABSTRACT

The term direct marketing is believed to have been first used in 1961 in a speech by Lester Wunderman, who pioneered direct marketing techniques with brands such as American Express. Although Wunderman may have been the first to use the term direct marketing, the practice of mail order selling (direct marketing via mail) essentially began in the U.S. upon invention of the type writer in 1867. Trade is increasingly global in scope today. There are several reasons for this. One significant reason is technological—because of improved transportation and communication opportunities today, trade is now more practical. Thus, consumers and businesses now have access to the very best products from many different countries. Increasingly rapid technology life cycles also increase the competition among countries as to who can produce the newest in technology. In part to accommodate these realities, countries in the last several decades have taken increasing steps to promote global trade through agreements such as the General Treaty on Trade and Tariffs, and trade organizations such as the World Trade Organization (WTO), North American Free Trade Agreement (NAFTA), and the European Union (EU).

Keywords--- Direct Marketing, GATT, WTO, NAFTA

I. INTRODUCTION

DIRECT MARKETING AND INTERNATIONAL PROMOTION

Stages in the International Involvement of a Firm

A purely domestic firm focuses only on its home market, has no current ambitions of expanding abroad, and does not perceive any significant competitive threat from abroad. Such a firm may eventually get some orders from abroad, which are seen either as an irritation (for small orders, there may be a great deal of effort and cost involved in obtaining relatively modest revenue) or as "icing on the cake." As the firm begins to export more, it enters the export stage, where little effort is made to market the product abroad, although an increasing number of foreign orders are filled. In the international stage, as certain country markets begin to appear especially attractive with more foreign orders originating there, the firm may go into countries on an ad hoc basis—that is, each country may be entered sequentially, but with relatively little learning and marketing efforts being shared across countries. In the multi-national stage, some efficiency is pursued by standardizing across a region (e.g., Central America, West Africa, or Northern Europe). Finally, in the global stage, the focus centers on the entire World market, with decisions made to optimize the product’s position across markets—the home country is no longer the center of the product. An example of a truly global company is Coca Cola. Note that these stages represent points on a continuum from a purely domestic orientation to a truly global one; companies may fall in between these discrete stages, and different parts of the firm may have characteristics of various stages—for example, the pickup truck division of an auto-manufacturer may be largely domestically focused, while the passenger car division is globally focused. Although a global focus is generally appropriate for most large firms, note that it may not be ideal for all companies to pursue the global stage. For example, manufacturers of ice cubes may do well as domestic, or even locally centered, firms.

II. TWO STRIKING FACTS ABOUT GLOBAL ENVIRONMENT

When we get into a discussion of the global environment, two facts readily and powerfully strike us.

- Global environment is inherently a complex entity
- In the present juncture, many drastic changes are taking place in it.

The fact that global environment is inherently complex is easy to understand. After all, the various forces that govern it—global demographics, global economy, global competition, international trade functioning of
Contractual Entry modes include licensing, turnkey construction contracts, and management contracts. Foreign licensing is a simple way of getting involved in international marketing. In licensing arrangements, a firm offers the right to use its intangible assets (manufacturing process, trade secrets, patents, company name, trademarks, or other items of value) to a licensee in exchange for royalties or some other form of payment. The licensor gains entry at little risk; the licensee gains production expertise or a well-known product or brand name. The major drawbacks of licensing are: (1) it is less flexible than exporting; (2) the firm has less control over a licensee than over its own exporting or manufacturing abroad; and (3) if sales are higher than expected, the licensor's profits are limited by the licensing agreement. A turnkey construction contract is a mode of entry that requires that the contractor make the project operational before releasing it to the owner. Management contracts give a company the right to manage the day-to-day operations of a local company. Here the domestic firm supplies the management know-how to a foreign company that supplies the capital. Entry strategy involves setting up a production subsidiary in a foreign country. Joint ventures involve a joint-ownership arrangement between a U.S. company, for example, and one in the host country to produce and market goods in a foreign market. The ultimate form of international involvement is direct ownership of foreign-based assembly or manufacturing facilities. If a company wants full control (and profits), it may choose this mode of entry. Companies new to international operations would be well advised to avoid this scale of participation because direct investment entails the highest risk. Among potential risks a firm may face are currency devaluation, worsening markets, or expropriation.

III. ADAPTATION STRATEGIES

Straight Extension

In straight extension the same product is marketed to all countries (a "world" product), except for labeling and language used in the product manuals. The assumption behind this strategy is that consumer needs are essentially the same across national boundaries. Straight extension can be successful when products are not culture sensitive and economies of scale are present. The Philip Morris USA tobacco company used this strategy successfully with its Marlboro brand cigarette. The strategy has also been successful with cameras, consumer electronics, and many machine tools.

Product Modification

A product modification strategy keeps the physical product essentially the same; modifications, however, are made to meet local conditions or preference in package sizes or colors. Manufacturers of computers, copiers, cars, and calculators have been successful in using this strategy. Companies may develop a country-specific product. If this strategy is employed, the product is substantially altered or new products are produced across countries. For example, hand-powered washing machines have been successfully marketed in Latin America.

Communication Adaptation

It is extremely difficult to standardize advertising across countries because of variations in economic, social, and political environments. Companies, however, can use one message everywhere, varying only the language or color. Marlboro and Camel cigarettes, for example, essentially use the same message in their international promotion programs. Transferability of an advertising message is still a difficult problem even when the primary benefits of the product remain intact across national boundaries. Some promotional blunders are well known to
marketing students. Coors's slogan "Turn it loose" in Spanish was read by some as "suffer from diarrhea"; in Spain, Chevrolet's Nova translated as "it doesn't go"; and a laundry soap ad claiming to wash "really dirty parts" was translated in French-speaking Quebec to read "a soap for washing private parts."

Dual Adaptation
The fourth strategy, dual adaptation, involves altering both the product and the communications. The classic example comes from National Cash Register, which manufactured a crank-operated cash register and promoted it to businesses in less-developed countries.

Product Invention
When products cannot be sold as they are, product invention strategy may be used. Ford and other automakers have sold completely different makes of cars in Europe than the ones they sell in the United States. Brewing companies have sold alcohol-free beer in countries where sales of alcoholic beverages are prohibited.

IV. MARKETING ENVIRONMENT AND PROMOTION STRATEGIES

Marketing communication, or promotion, plays a very important role in marketing both domestic and international. Even if a product is very good, it may not achieve full success unless the promotion is appropriate and adequate. The word communication in marketing simply means the transmission of a message, to the buyer or the consumer or the channel of distribution in which the supplying company aims to tell each one of these receivers why they should buy or handle the product. Because of the difference in the marketing environment, promotion is often a very complex problem in international particularly in multinational, marketing. Promotion is an area were many marketers do blunders. Foreign countries have their own customs, traditions and practices regarding trade promotion, gift giving, ignoring them could be disastrous.

V. PROMOTIONAL ISSUES

Advertising Themes
Many well-known international marketers have launched advertising campaigns that have proved ineffective because of cultural insensitivity.

Media Availability
Advertising media are either to scarce or too plentiful, depending upon the country. Governmental restriction on commercials limit access to television and sometimes radio in certain nations.

Personal Selling
International salespeople perform one or more of the three essential sales functions: 1) to promote the product or line to the trade, i.e. Distributors or dealers, 2) to influence end users of the firm's offerings with the expectation that they will order more from distributors or dealers, and 3) to assist in identifying and solving the technical problems of buyers, especially those in industrial or engineering-based firms.

Sales Promotion
In an international context, trade fairs and shows are an especially important part of sales promotion. The most common trade fair is one where broad categories of products are shown, with representatives from many firms and nations.

Pricing Decisions
While pricing is a key decision in any business enterprise, domestic or international, it is especially complex in international marketing. Non price competition emphasizes product quality and features, plus service and repair, all projected via advertising and sales promotion.

How to Avoid Business Blunders Abroad
a) Picking the Package
Numerous problems result from the failure to correctly adapt packaging for local environments. Occasionally, only the color for the package needs to be altered to enhance a product's sales. White, for instance, symbolizes death in Japan and much in Asia; green represents danger or disease in Malaysia. Packages that prominently display a specific number increase the risk of consumer avoidance. A simple test market experiment, a brief survey, a few interviews with potential buyers, or a discussion with knowledgeable reside would have uncovered many of the problems.

b) Changing the product
In many instances product itself requires alteration. Food, beverages, and Tobacco products often need to be modified in order to accommodate the taste of local customers. Market tests can help to determine the appropriate blends. Not only can the taste of a product hinder sales, but occasionally its consistency or texture creates difficulties. Sometimes significant product modification is required to market products abroad. Products that are not modified to meet local needs may fail.

c) The Language Barrier
A close examination of foreign markets and language differences is necessary and should be required before a product's domestically successful name is introduced abroad. Unfortunately this step is sometimes neglected in a company's enthusiasm to plunge into overseas marketing operations. Sometimes, the company or product name may require alteration because it conveys the wrong message in second language. Multinational companies have experienced many unexpected troubles concerning company or product names, and even attempts to alter names have led to blunders. It should have been evident that careful planning and study of the potential market is necessary because name adaptation can be every bit as important as product or package modification.

d) Respecting Nationalism

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Many avoidable problems occur because managers are insensitive to the nationalistic feeling of the people of the host country. Except at the retail level, it is usually best for companies to maintain a low profile. Management should avoid any unnecessary comparisons that might reflect the home country management’s belief that the host country is inferior.

e) Observing Local Customs
A lack of awareness of cultural differences or insensitivity to local customs can create problems. There are norms in each country, sometimes they are very strict. Since social norms vary so greatly from country to country, it is extremely difficult for any outsider to be knowledgeable of them all. Therefore local industry is vital in avoiding blunders. Many promotional errors could have been averted had this warning been heeded.

f) Be sure It Translates
Many International advertising errors are due to faulty translations. The translation should embody the general theme and concept rather than be an exact or precise duplication of the original slogan. Translators must be attuned to the local language and possible double meanings.

VI. MEANING OF DIRECT MARKETING

The Practice of delivering promotional messages directly to potential customers on an individual basis. It is also sometimes known as one-to-one marketing or one-on-one marketing. It is an approach that concentrates on providing services or products to one customer at a time by identifying and then meeting their individual needs.

There are two main definitional characteristics which distinguish it from other types of marketing
- The first is that it attempts to send its messages directly to consumers, without the use of intervening media.
- The second characteristic is that it is focused on driving purchases that can be attributed to a specific "call-to-action."

This aspect of direct marketing involves an emphasis on trackable, measurable positive (but not negative) responses from consumers (known simply as "response" in the industry) regardless of medium.

VII. CHANNELS OF DIRECT MARKETING

DIRECT MAIL
The most common form of direct marketing is direct mail, sometimes called junk mail, used by advertisers who send paper mail to all postal customers in an area or to all customers on a list. Junk mail includes advertising, circulars, catalogs, free trial CDS, pre-approved Credit card applications, are delivered to consumers’ mailboxes by delivery services other than the Post Office.

TELEMARKETING
- Marketers contact consumers by phone.
- Telemarketing can also include recorded sales pitches programmed to be played over the phone via automatic dialing
- Telemarketing may be done from a company office, from a call centre, or from home.

E-MAIL MARKETING
E-mail marketing is a form of direct marketing which uses electronic mail as a means of communicating commercial or fundraising messages to an audience.

The term is usually used to refer to:
- Sending e-mails with the purpose of enhancing the relationship of a merchant with its current or old customers and to encourage customer loyalty and repeat business.
- Sending e-mails with the purpose of acquiring new customers or convincing old customers to buy something immediately.
- Adding advertisements in e-mails sent by other companies to their customers.

VOICEMAIL MARKETING
- Voice marketing using an automatic voice mail broadcasting system can send thousands of prerecorded phone messages to call recipients at once.
- Messages are delivered to either live contacts or to their voice mail or answering machines. One of the most important features included with voice mail broadcasting systems and phone services is extensive voice marketing reporting.

COUPONING
- Couponing is used in print media to elicit a response from the reader.
- An example is a coupon which the reader cuts out and presents to a super-store check-out counter to avail of a discount.

DIRECT RESPONSE TELEVISION MARKETING
- A related form of marketing is infomercial
- TV-response marketing—i.e. infomercials-can be considered a form of direct marketing, since responses are in the form of calls to telephone numbers given on-air.

DIRECT SELLING
Direct selling is the sale of products by face-to-face contact with the customer, either by having salespeople approach potential customers in person.

INTEGRATED CAMPAIGNS
- For many marketers, a comprehensive direct marketing campaign employs a mix of channels.
- It is not unusual for a large campaign to combine direct mail, telemarketing, radio and broadcast
TV, as well as online channels such as email, search marketing, social networking and video.

**A direct marketing campaign can help you to achieve the following key objectives**
- Increasing sales to existing customers
- Building customer loyalty
- Re-establishing lapsed customer relationships
- Generating new business

**VIII. ADVANTAGES OF DIRECT MARKETING**

**Flexible Targeting**
Direct marketing enables you to talk directly identify, isolate and communicate with well-defined target markets.

**Multiple Uses**
Direct marketing doesn't just have to be used to sell - it can be used to test new markets and trial new products or customers, to reward existing customers to build loyalty, collect information for future campaigns, or segment a customer base.

**Cost-Effectiveness**
The cost per acquisition of direct mail can be significantly less than other marketing methods.

**Rapid Delivery**
Direct marketing is both swift and flexible in achieving results.

**Testing Capability**
Direct marketing allows you to test, test and test again in order to hit upon the most successful combination of direct marketing tools.

**Targeting of Messages**
Direct marketing can enable you to target different messages to different recipients.

**Relationship Building**
Direct marketing is far more effective at initiating and developing a meaningful dialogue with new customers.

**Ease of Management**
Direct marketing provides greater control and accountability than other marketing methods. It is easy to measure results because you know exactly how many people you've contacted in the first place.

**Disadvantages**
- Some people do not like receiving offers in their mail, and throw them immediately without even opening the mail.
- Resources need to be allocated in the maintenance of lists, as the success of this kind of promotional campaign depends on the quality of your mailing list.
- Long lead times are required for creative printing and mailing
- Producing direct mail materials entail the expense of using various professionals - copywriter, artists, photographers, printers, etc.
- Can be expensive, depending on your target market, quality of your list and size of the campaign.
- Government is implementing tougher measures to curb unscrupulous telemarketers
- Wrong choice of product or poor creative may cheapen the image of advertiser

**IX. CONCLUSION**
Companies can choose from among wide range of alternatives when deciding how to participate in markets around the world. At the same time, global markets are becoming riskier because of fluctuating exchange rates, unstable governments, high product-communication adaptation costs, and several other factors. Therefore, the first step in considering expanding to the overseas markets is to understand the international marketing environment. Second, the firm should clearly define its objective for international operations. Third, in considering which foreign markets to target, a firm must analyze each country's physical, legal, economic, political, cultural, and competitive environments. Once the target market or markets are selected, the firm has to decide how to enter the target market. Companies must next decide on the extent to which their product, price, promotion, and distribution should be adapted to each country. Finally, the firm must develop an effective organization for pursuing international marketing. Direct marketing is on the most effective tools in the marketing scenario at present. If utilized to the maximum end result will be productive.

**REFERENCE**