

CURRENT STATE OF DEPLOYMENT DIRECT MARKETING COMMUNICATION DEPLOYMENT IN SLOVAK ENTERPRISES

SÚČASNÝ STAV UPLATŇOVANIA PRIAMEHO MARKETINGU V SLOVENSKÝCH PODNIKoch

Jarmila ŠALGOVIČOVÁ

Autor: Doc. Ing. Jarmila Šalgovičová, CSc.

Pracovisko: Katedra manažmentu a kvality, Materiálovotechnologická fakulta STU

Adresa: Paulínska 16, 917 24 Trnava

Tel.: 00421 33 5511032-4, E-mail: salgovic@mtf.stuba.sk

Abstract

The attention in this article is focused on the current world trends in improvement of the marketing communication via Internet. This field has undergone dramatic qualitative development at present in the slovak enterprises as well.

Článok je zameraný na súčasné svetové trendy v rozvoji marketingovej komunikácie prostredníctvom Internetu. Táto oblasť zaznamenala v súčasnosti dramatický kvalitatívny rozvoj aj v slovenských podnikoch.

Key words

direct marketing, enterprises, customer, communication strategy, communication, satisfaction, marketing strategy

marketing priamy, podniky, zákazník, stratégia komunikačná, komunikácia, spokojnosť, stratégia markeingová

The American Association of Direct Marketing has defined direct marketing (DM) as an interactive marketing system that uses one or more advertising media to get a measurable response or transaction in any place. It should be used as a strategic tool, not as a short-time tactic tool. It should be integrated into another tools of marketing communication and in long-time perspective it should be helpful in preparing the customers database. The customers database can be defined as an organised set of data on particular potential or present customers, which could be accessed and used for marketing purposes. Building the marketing database means investing into computer system including software, staff training, research and development or purchase of analytical programmes [4]. It is a long-time and financially demanding process.

In advanced economies direct marketing is applied in consumer and industrial market, retail, wholesale, in services, governmental markets and no-profit organisations market as well [1].

The prerequisite of direct marketing effective deployment in a company communication system is positive approach of top management.

The main tools of direct marketing are as follows (the order regardless the importance):

- direct mail marketing
- catalogue marketing
- telemarketing
- TV marketing with direct response
- direct marketing via radio broadcasting newspapers and magazines
- electronic purchasing
- peddling (home to home) – pyramid, multi-level etc.

ADVANTAGES AND DISADVANTAGES OF DIRECT MARKETING FROM THE COMPANY POINT OF VIEW [2]

Table 1

| Direct marketing | |
|---|--|
| Advantages | Disadvantage |
| <ul style="list-style-type: none"> • The whole profit stays with manufacturer • Discretion (regarding know-how, customers, competition) • Immediate feedback (exact, not distorted) • Flexible reaction to market changes • Wide choice of potential customers (possibility to buy a database of customers) • Testing and evaluating alternative media in searching for the most effective strategies • Customer’s satisfaction as for comfortable purchase, wide assortment, fun and change of life style | <ul style="list-style-type: none"> • Entrepreneurial risk is concentrated on manufacturer • The carries all goods-related expenses • He is not always able to cover as big market share as via intermediate • Narrower portfolio of products offered • Higher demands for qualified personnel • Higher demands for elaborating and evaluating marketing strategies for global market |

In the last decades the communication with customers via direct marketing has undergone quality development even in Slovakia, as the results of the VEGA research project 1/7162/20 (771) “Quality of communication system as a factor influencing completion ability of small and middle-range companies” show. The project was aimed at the research analysis, design and improvement of the communication system in small and middle-range companies regarding the total quality management principle. A structured questionnaire designed in co-operation with sociologists was prepared to gather information on the plants. The interviewers were the students of Faculty of Materials Science and Technology, Slovak University of Technology in Trnava who enrolled in the subjects Marketing or Marketing in Quality Control [2].

Statistical sample comprises 82 small and middle-range enterprises manufacturing goods offering services. (C1 category – manufacturing organisations with up to 250 employees – 43%, C2 category – service organisations with up to 50 employees – 57%. The categorisation is in accordance with the criteria of categorisation in the Slovak Republic National Award for Quality competition.)

The processed data offered an overview of current approaches to communication systems in small and middle-range enterprises, and generalised some knowledge and revealed the consequences. The questionnaire also contained questions on the implementation of electronic communication with customers and deployment of four most frequent methods of direct marketing. Some professional notions were explained in the introductory section of the questionnaire.

Five percent of the companies surveyed stated they did not use information technologies such as computer network, Internet and modem communication; 44% use just some forms; 51% use IT at utmost; while 35% of the companies do not have internal communication system on the base of Intranet, 45% has a built-up Intranet system and 20% is in the stage of building it. Less than 1/3 of surveys carry out external communication by classical means without IT; 50% use Internet and e-mail and only 12% of respondents use Intranet and Extranet. 77% of the companies surveyed responded they did not use electronic business at all, 17% claimed occasional use and only 6% stated frequent use. Electronic banking is used by 35% of respondents while 43% do not use it. The rest claimed occasional use.

THE QUESTION CONCERNING THE USE OF DIRECT MARKETING TOOLS WAS RESPONDED AS FOLLOWS [2]

Table 2

| Which tools of direct marketing do you use? | |
|--|-----|
| a) Catalogue marketing | |
| b) Direct mail marketing: letters, leaflets, brochures, audio and videocassettes | |
| c) TV marketing with direct feedback | |
| d) Direct marketing via radiobroadcasting, magazines and newspapers | |
| A | 18% |
| B | 29% |
| C | 2% |
| D | 17% |
| A, B | 6% |
| A, D | 1% |
| B, D | 2% |
| C, D | 2% |
| A, B, D | 6% |
| B, C, D | 1% |
| No response | 16% |

| Electronic communication | |
|---|-----|
| 1. Do you use information technology for internal and external communication in your company? (computer network, Internet, modem communication etc.) | |
| No | 5% |
| Some forms | 44% |
| Maximum use of Internet and IT | 51% |
| 2. Does the company have a built-up internal communication system based on Intranet? (internal company network with elements of Internet) | |
| No | 35% |
| Is being built | 20% |
| Yes | 45% |
| 3. How is external communication performed? | |
| By classical way (without IT) | 29% |
| By Internet and e-mail | 57% |
| By Intranet and Extranet | 14% |
| 4. Is e-commerce used in your company? | |
| No | 77% |
| Occasionally | 19% |
| Often | 4% |
| 5. Are forms of e-banking used? | |
| No | 41% |
| Occasionally | 25% |
| In full range | 34% |

There are still many companies in Slovakia that deploy neither direct marketing nor e-commerce, yet they are getting to understand the importance of on-line communication with customers. Planning the communication with customers many companies still prefer advertising in combination with public relations activities. This situation contradicts the world-wide trend in the use of e-banking. The result of survey carried out by Forester Research company suggest that by 2005 e-banking on the level company-final consumer will have increased by 100% every year. Internet retail is expected to rise from 2.9 billion to Euro 175 billion by 2005. It will form 7% of all – Europe retail. By 2003 the retailers will own 75% of on-line market. Anyway, to strengthen their brand they will have to develop strategies of cross-border sale as a result of the above mentioned globalisation of market [3]. Direct marketing is not always properly understood in marketing practice and marketing departments are not always ready to use it effectively. Development direct marketing is offering new methods of measurement and competitive strategies. Integration of direct marketing into the marketing strategy for global market represents a current trend in e-business.

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