Chapter 5

MAIL ORDER SALE
Mail order sale involves sending an offer, item to a particular person at a particular address and earning money in return for profit. Using highly selective Mailing list, direct sellers send out millions of mail pieces each year—letters, ads, samples Foldouts through the sales people for convincing the customers and selling the products. Mail order sale is a popular tool of direct selling as it permits the selectivity; it can be personalized, is flexible and allows early testing and response measurement. Although the cost per thousand people reached is higher in comparison to mass media but the People reached are much better prospects because they are selected well in advance and Finalized after screening process. A survey reveals that by 2009, direct mail expenditures are expected to grow by nearly 19% in Europe and by 32% in North America. In 2004, $34 billion was spent on direct mail alone in Europe—that’s 40% of total spending on direct marketing. In 2006, the U.S. Post Office delivered over 102.5 billion pieces of direct mail, nearly half of all U.S. mail. That’s up by 14% since 2001.

Direct mail, like other forms of advertising, plays an important role in the country’s economy by informing consumers about products and services. By expanding information and distribution channels, advertising is thought to benefit both businesses and customers with a more efficient market. Direct mail is part of the larger direct marketing industry, which also includes specific types of ads that are found in newspapers and magazines, on television and radio, and in telephone marketing.

Like other forms of direct marketing, direct mail ads differ from more traditional general advertising in several ways. The most important distinction, though, is that direct mail advertising typically solicits a direct response from the consumer. General advertising, by contrast, usually seeks to promote a company or product image, inform consumers, or sway
public opinion. While direct mail may also attempt some or all of these goals, its primary purpose is to elicit a tangible, measurable reaction.

Besides prompting consumers to take a specific action at a certain time, direct mail also differs from general promotional mail in that each advertisement is usually targeted at specific individuals at their addresses. For this reason, direct mail is often referred to as a form of target marketing. It is also unique because customers respond directly to the company that placed the ad, so the marketer maintains control of the offer throughout its delivery. In contrast, companies that use general advertisements lose control of their message—at the moment an ad enters a distribution channel, consumers are left to decide when, where, and how they will react to the promotion. Direct mail ads are also more likely to stress benefits and features of a product or service. Furthermore, direct mail commonly contains repetitive messages within each ad, whereas general advertisements rely on repetition over time.

Although some advertising firms were engaged solely in providing direct mail services, most companies in the industry were active in all aspects of direct marketing. Moreover, many of the largest companies that offered direct marketing also provided general advertising services. In addition to actually printing, assembling, and mailing promotional pieces, most direct mail firms provided services related to strategic planning, research and development, results tracking and reporting, and database management.

Direct mail promotions can be categorized as lead generation, mail order, traffic building, subscription marketing, and fundraising. According to a 1996 Gallup survey, about 89 percent of direct mail advertisers employ lead generation mailers. These ads simply ask recipients to exhibit an interest in the company's offer. For instance, consumers may indicate a desire for more information by returning a response card requesting that the company call or write them with
more data. Lead generation ads are often used to build a list of prospects on which the company can focus its future marketing efforts.

Direct mail advertisers also vary the contents of their packages. The traditional format includes an outer envelope, cover letter, product brochure, order form, and sometimes a separate reply envelope. The 1999 study conducted by the Graphic Arts Marketing Information Service (GAMIS) stated that direct marketers were using co-op packs, card decks, ride-along, statement stuffers, and self-mailers. The new models tend to be simpler in design and therefore cheaper to produce. Direct mail advertisers also use more four-color printing and specialty papers to attract potential customers.

Almost all direct mail campaigns fall into one of three market categories: charitable contributions, business ads, or consumer promotions. According to the 1996 Gallup survey, companies used many different forms of direct mail to generate leads and sales. The survey reported 86 percent used brochures; 80 percent, direct mail letters; 77 percent, flyers; 69 percent, newsletters; 55 percent, postcards; 35 percent, catalogs; 25 percent, invoice inserts; and 22 percent used package inserts. Average mid-sized and large companies' direct mail production was 672,100 pieces each year.

In the past days, mail was totally paper based and was handled by the post all department or mail carriers but subsequently following three new forms of mail came into existence. Organizations seek services from direct mail companies for selectivity and personalization. By carefully selecting the group of consumers that will receive an ad and carefully tailoring the message to that group, a direct mail company can maximize the efficiency of a client's marketing dollars. For this reason, direct mail advertising is the most cost effective means of advertising for many types of products. In addition to savings related to marketing
expenditures, direct mail allows many manufacturers to completely bypass costly retail centers and distribution facilities by delivering products through the mail. Mailing lists are the backbone of the direct mail advertising industry. Regardless of how competent and alluring an offer may be, the success of any direct mail promotion is contingent upon the quality of the mailing list used to distribute the piece. To avoid unnecessary expenses, list providers must insure that address lists are up-to-date, devoid of duplicate names or addresses, and accurate. Mailing lists were commonly sold on labels for anywhere from $7 to $80 per thousand for one-time use and about twice that amount for computerized lists that could be used more than once.

Mailing list companies offer the critical advantage of market segmentation by tailoring a list to include only the consumers to which it would be profitable for a company to advertise. For instance, a luxury Japanese car dealer-ship may wish to send an advertisement to all residents in Southern California that earn more than $150,000, have two or more children, own a three-car garage, and currently drive a German car. Using computer database management techniques, list companies in the early 1990s were able to extract even the most unique niches, such as that just described, from a list of names and information.

In the early 1990s, list companies offered more than 10,000 different lists, most of which could be tailored to suit specific requirements. The four major types of lists were response, compiled, consumer, and business. Response lists were made up of people that had previously responded to a direct marketing promotion. Because these lists typically provided higher response rates and were more difficult to create, they commonly cost $50 to $80 per thousand. Furthermore, these lists accounted for approximately 60 percent of list industry sales.

Compiled lists were usually created using mass listings from voter registrations, telephone books, licensed driver listings, or other common groups. By the late 1990s, however, a
fundamental shift had occurred regarding the perception of information. For decades, information collected about or from consumers was regarded as the property of the organization that collected it, to be used at that organization's discretion. But another consensus developed that said the information was the property of consumers, whose consent should be required before information about them was used. Privacy protection laws, which seek to limit the transfer of personal information, especially medical histories and other sensitive data, have been enacted or were under consideration.

Although still not considered an important information and distribution channel in the early days of the industry, several large companies relied heavily on direct mail to promote their businesses. Sears, Roebuck, and Co., which marketed heavily through its innovative mail catalogs in the early 1900s, became a notorious early example of direct marketing. The Montgomery Ward, Aldens, and Spiegel companies also mailed large numbers of catalogs.

In addition to the large catalog retailers, store-based retailers and industrial advertisers helped expand the industry. In fact, these organizations accounted for the bulk of direct mail sent out by the 1910s. National Cash Register (NCR), for instance, attained legendary results by using mail order to generate leads and to support its sales force. On the cutting edge, NCR mailed tens of thousands of advertisements targeted specifically at niche markets, such as butchers and grocery storeowners. Fundraisers, particularly politicians, were also beginning to realize the benefits of direct advertising.

In response to the growing volume of direct mail advertising, letter shop owners and their customers formed the Direct Mail Advertising Association (subsequently called the Direct Marketing Association or DMA) in 1917. The organization was established to help advance the fledgling industry and grew throughout the 1920s from its initial membership of around 500. The
1920s also saw the emergence of several companies devoted solely to providing direct mail services. For example, DIMAC Direct of St. Louis, Missouri, was founded in 1921 and remained an industry leader in the early 1990s.

**Direct Mail**

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<th>E-Mail</th>
<th>Voice Mail</th>
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**Fax Mail** – It is a system of sending a mail through fax machine, the fax machine enables the sender to send a paper-based message to the received over telephone lines. Nowadays, computers can also serve as fax machines. The message transmission is instant.

**E-Mail** – Electronic mail allows the sender to send a message or file from one e-mail id to another, the message is transmitted immediately but can be viewed only when the receiver logs in his/her e-mail. Marketers are using this form of direct mail in a big way these days.

**Voice Mail** – It is a system for receiving and storing oral messages at a telephone address. Telephone companies sell this service as a substitute for answering machines, nowadays the sellers have set up a program through which they dial large number of telephone numbers and drop the selling message in the recipient (customer) voice mail boxes.

**Principles and Advantages of Mail order sale**

There are the following success principles of mail order sale –

1) - The direct mailing list has to be very attractive and must pull the attention of the reader and compel him/her to further enquire upon the mentioned offer there in and end up buying the particular product or service.

2) - The drafting part of the mail must be simple in terms of language and brief in terms of the message so that the reader can immediately understand the offer.
3) - The mail offer must be send only after analyzing the target market and its consumer buying behavior. It must be customized as per the requirements of local market.

4) - The mail offer should incorporate an action device such as coupon, order form, reply Card or envelope along with phone number to make it easy for the recipient to take the desired action.

5) - The direct mail offer must be supported by an offer letter; it gives the personalized touch to the offer and further explains the offer details in easy way.

6) - All the records of the mail dispatched must be kept date wise and subsequent follow up must be done to convert the offer into full fledged sale.

7) - The database of the direct seller must always be updated regarding change in postal address, regulations, rates and procedures.

8) - The mail offer must catch the eye of the recipient and for this the direct sellers should include the relevant creativity by way of putting some pictures, diagrams or charts based on facts and figures so that the recipient should get compelled to have a glance of the same.

9) - The direct mail offer has to be given in the right context, right timings and in a right way to the prospects, it should not exaggerate the offer and should look real and practical.

10) - Repetition of mailing list has to be done very carefully and before dispatching the list the sellers must eliminate the names of those prospects who took a positive action on the first list moreover the seller must catch the nerve of those customers who didn’t act upon the first list and needs to be approached again through the second offer list. The sellers should ensure that second time the offer must have customized differentiation and the same should appeal to the recipients.
Advantages of Mail Order Sale –

Selectivity- Through careful list selection and segmentation, direct mail can be pinpointed and unmatched by any other medium. It allows to pick out one by one house Hold mailing to those who are the best prospects for the given offer.

Wide Choice of Formats- In direct mail, marketers are not restricted to any type of format but they have a wide choice and can customize the formats as per the profile of the prospects. In this various innovative brochures can be used extensively, further the direct marketers can also use pop ups, fold outs or even enclose the computer CDs.

Personal Character- Direct mail approaches the prospect on a personal level that with personalized letters even extending the greetings with names. This adds to intimate relationship between the sellers and customers and helps the customers feeling delighted.

Time Tested Medium- Direct mail is a time tested medium of reaching to the prospects in a convincing manner, it has proved to be a very effective tool of direct selling as it includes the hitting on the hot targets and increasing the probability of converting the prospects into full fledged customers.

Unique Capability to involve recipients- Direct mail offers the wide choice of devices that involve the recipients such as tokens, stamps, questionnaires and quiz and with direct mail we can literally get the recipients to talk back and open the dialogue by way of putting across the questions and giving the space to respond through the reply format.

Wide reach- Direct mail also offers a big advantage to the direct sellers through its strong characteristics of wide reach to the masses. A mail is floated by the sellers with highly customized and attractive messages which trigger the customers to act upon the same and pulls their attention towards the company’s products.
Cost Effective- A significant advantage that the direct sellers draw from the direct mail tool is of cost effectiveness, it is quite economical in nature as it is generally generated and dispatched in bulk thus pulling down the cost per mail.

Privacy- Direct mail also offers the advantage of privacy as the mail is dispatched in a close envelope. The message and other content are personally addressed to the targeted audience and since it is addressed by name of the recipient, it is generally opened by the concern person only thus enabling the seller to make his offer reach to the targeted person.

Scope of Mail Order Sale

Marketing and selling both are completely communication inclusive activities, right from the inception till now; the success of selling depends upon the effectiveness of the communication that the seller establishes with the buyer. In the present era, where the competition is at cut throat level, the role and significance of communication increases day by day. The marketers are expected to be excellent communicators both in written as well as oral forms. In order to communicate with the masses and classes, the sellers are required to use the most effective and demanding tools of direct selling and out of these tools there exists a very talked about tool called direct mail.

A well prepared customized, convincing and focused draft mail makes the recipient half way customers and the rest half needs to be followed up and ensured that the said individual becomes a long run active buyer of the company’s products and services.

With the increasing complexities in the business world, the direct sellers have started believing that drafting an eye opener and triggering mail is an expertise task and needs to be handled by someone who has a successful track record in this line. For making the mail work and fulfill the objectives of the company, the mailer or the direct sellers must catch the nerve of the
customers and should primarily address their utmost concern in the given offer through direct mails.

In the past when technology was not so advanced, the mails were sent mostly through hard copy formats and the postal department had a major role to play in this. Despite of a proper system and procedural work also, the time involved to reach the prospects and in turn get a response from them was quite high but now a days due to technological advancements and evolvement of internet, the time factor has reduced significantly, not only this, now the direct sellers have the scope to articulate, decorate and innovate the content and presentation part of the mail with the help of computer graphics and design programs. Now days the direct sellers can also avail the help of specially designed software programs to prepare the eye catching mailers, catalogues, foldouts etc. The best part of this is that the sellers can view the different patterns and presentation style and look of the mail offer on computer screen, without spending any money moreover the needed changes can be done on screen itself and the printout can be taken at the later stage when the sellers are in a position to finalize the mail draft and presentation. This saves the time, money and efforts as well.

It is said that despite the influx of cell phones, pagers and other devices to send and receive the messages download information, the direct mail remains an integral part of direct selling and now a days it’s scope is widening tremendously as the direct sellers have started giving the mail offers in popular magazines, newspapers they have also adopted the practice of co-ops in this the sellers mailing includes two or more offers in the same envelope.

**Major scope areas of mail order sale**

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Mail Order sale through Magazines – In any developing or developed country the circulation and reading of magazines is becoming quite common these days. The direct sellers have tried well to en-cash this opportunity by way of making magazines as one of the very strong tool and scope area of mail order sale. Magazines usually come out with consumer publications and it is circulated widely and at the same time there are other magazines giving business to business circulations, such magazines are targeted towards the business organizations. Magazines have got a strong back up from the internet and the writers/ sellers do give detailed information in soft copy which can be viewed by hitting the given websites in the magazines itself. Through this the direct sellers get the dual opportunity to approach the targeted masses and convert them into profitable customers.

Magazines are widening the scope of mail order sale because they also give the option of subscribing in the regional editions instead of national edition. The marketers go for the same due to the double advantage of low cost and focused approach to the regional targeted market.

In today’s complex market environment it is not possible for a seller to reach to all the individual customers, thus the sellers are required to form the segments and out of different segments they target the most appropriate for themselves to position their products in the same. The magazines, in mail order sale allow the sellers to publish their offerings in the identified segment or category; such magazines are called as pilot publications for the group. In such pilot publications, the direct sellers use Bind-In cards and Bingo cards to immediately attract the attention of the readers and create a curiosity to know more about it. On the same page the sellers do mention the websites stating that in order to get the detailed information, do log in the given website this exercise increases the probability of sale taking place.
Second effective way of attracting and pulling the readers is bingo card method. Bingo cards are the information cards they are developed by the publishers both for consumer and business category. The purpose of this card is to facilitate the reader to ask for more information. Bingo card is really a generic term for any form of reply card on which the publisher prints designated numbers for specified advertisers / sellers literature. The reader simply circles the number designated for the literature desired. Typically an advertising placing a specified unit of space in a magazine is entitled to a bingo card at the back of publication.

A rightly designed mail offer given in a magazine at the right time and targeting the right category, brings a positive and quick response from the recipients. Whether it is a national publication or regional publication the response can be expected on weekly basis and based on the successful past record the magazines have been quite instrumental in promoting the mail order sale.

**Mail order sale through Newspapers**

Despite of sky rocketing progress in technology and other electronic communication devices, the local newspapers still remains an integral and indispensable part of the communication channel and has been playing a very significant and meaningful role in promoting the mail order sale for the direct sellers.

Direct sellers have lots of options when considering newspapers. Newspapers can be thought as a separate advertising medium, running ads within categories such as the women’s section, business, sports etc or the newspapers can be thought of the distribution channels carrying their preprints or ads in syndicated newspapers supplements, Sunday comics sections etc. On-line newspapers editions offer special content on restaurants and entertainment that is highly targeted to local readers. Newspapers generally offer classified ads which provoke the
recipients to act by either directly purchasing the mentioned product or at least enquiring further about the same.

These days it is a big help for the direct sellers as it has its reach in all common and special families, now a days it is also assisting the direct sellers to develop their own websites by providing Web design templates, computer space and a URL.

Newspaper is also becoming popular tool of direct selling and advertising due to its economic nature and high level of flexibility in terms of ads designing, size, content, coverage, publishing etc. If sellers want to target the executive or business class customers, he is required to place an offer or ad in a business newspaper and if it is proving to be expensive then the same ad can be given in a general newspaper but in a business section of the same. In the same way if the product is meant for females, the seller must give the ad or offer in magazine section of the daily newspaper thus we see that depending upon the demographics the direct sellers have ample room to modify their promotions and offerings through newspaper.

According to the recent trend of direct selling, it has been noticed and acknowledged that newspapers have opened new horizons for direct selling in not only urban markets but also in the rural part of the country. Due to its vast circulation and affordability the same is used by different categories of the customers, the direct sellers have got the golden opportunity to strategically use the same and promote their products in the market.

**Mail order sale through Co-ops** – One of the very powerful medium of increasing the scope of mail order sale is co-op mailing, which includes two or more offers in same envelope with each participating mailers sharing the mailer cost on a predetermined formulae. Co-ops in various formats have been available to the direct sellers among the most popular are postcards. Participants in co-ops face fierce readership competition as due to more than one mailer inside
the envelope, the chances of reader missing some mailer is quite high. In order to counter this challenge the best strategy is to place the offer in the most possible easy language with effective graphics. Co-ops take the credit of frequent and successful use of mail order sale as a tool of direct selling, irrespective of traditional or direct sellers co-ops have been the integral part of business promotion strategies.

It has increased the scope of mail order sale by its influential role in targeting the particular segment of the customers like college goers, house wives etc. The smart direct sellers of today are aggressively adapting this particular tool either in partnership or solely as it plays the role of combo pack for the sellers. In case of rural selling also, the co-ops has increased the scope of mail order sale as the direct sellers have adopted this tool and have got very encouraging results from the rural market. Co-ops can be used both for consumer as well as business categories.

**Mail Order sale through e-mail** –

E mails are considered to be the latest communication tool of the present time. The entire corporate world is heavily dependant on this mode of communication. The role and significance of e mail can be very well acknowledged these days as it is observed that all the new generation marketing companies are including e mails in their strategy formulation programs for the promotion of goods and services in the market. E mails provide the dual advantage to the companies in terms of customer relations and customer acquisition. Generally the companies adopt e mail marketing because of the following benefits-

- It helps in promotion of products and services
- It builds a reputation for the company.
- It facilitates in obtaining the feedback on products/services from customer
It supports off line marketing.

It helps in building the network.

It supports off line marketing.

It helps in building relationship with clients.

It is believed that e mail marketing if used in a proper way, can give a strategic competitive advantage to the company since it is highly cost effective and enables the company to get in touch with large number of prospects and customers in least possible time.

E mail is considered the natural evolution from the direct mail; there is virtually no postage or printing costs. It is one of the highest Returns on Investment form of mail order sale, a complete e mail campaign can be conducted in a real small budget and it generates a high rate of return. Direct marketers use e mail in two ways one they use rental opt in list of users who have given their permission to use their names and other the create a unique database of visitors to a website. Using a website’s own database is the safest and most effective way of generating the business of mail order sale through e mail.

Although e mail is a very response mode of mail order sale and has a wide scope in this areas but still it is not free from controversy. Many times when the direct sellers approach the customers through e mails they show apprehension in terms of the authenticity of the products offering, or the company itself, there are certain categories of customers who feel that this an act of hacking their privacy and they are being disturbed time and again by the direct sellers, forcing them to view their ads and buy the products or services. Due to rising of such issues, these days the smart direct sellers have started adopting a different strategy, now they first try to obtain the permission from the customers whom they want to approach, the process of taking permission is also quite tricky in nature and needs a very sensible approach and once after getting the
permission the direct sellers open the communication with such customers by way of marking them e-mails related to the promotion of products.

**Strategies of Mail Order Sale –**

In the age of information technology where the awareness level among the customers is very high and dealing with the customers is becoming highly complex day by day and customer is emerging as a real king, the task of direct sellers has become very challenging. In the light of extremely tough market conditions and sky-rocketing competition, the direct sellers are required to align their strategies of selling through mail order or direct mail as per the current market trends.

The task of strategy formulation starts with the following market research process-

1) - Defining the marketing objective.

2) - Formulating the research plan to collect relevant information for meeting out this objective.

3) - Collecting the information through both primary and secondary methods.

4) - Analyzing the available information and making it

Once the direct sellers are equipped with this information, they go for strategy formulation task. The mail order sale strategies should be as such:-

1) - The mailing format should be distinct in nature; in every subsequent mailer the direct sellers must change the format so that the customers don’t get in the habit of recognizing the mailer.

2) - The direct sellers should go for segmentation, targeting and positioning approach, where in they should not try to send the mails in a big quantity to each and every prospect present in the market rather they should first identify their segments and understand their needs and customize their mail offerings accordingly so that the customer gets interested in the same.
3) - In the field of direct selling the direct mails are not only the tool for generating the business but they are also taken as the medium to strengthen the relationship with the customers, the direct sellers must include the polite and thankful language in their mails or mailers.

4) - Mailing is also a specialized art, as it requires a very articulate drafting and presentation, the direct sellers should take the help of expert mail service providers for this and they should have something of value addition and satisfaction for the customers in their mail offerings.

5) - If possible, in case of postal mails the direct sellers should sample the products in the envelope for test marketing.

6) - The mail offer by the direct sellers must include the multiple premiums and give the prospect a choice of the one he prefers.

7) - The follow up of the mailers and mails is again a very crucial component of the mail order sale strategy, the follow ups must be accurate and result oriented.

8) - The envelopes and the mails sent by the direct sellers should not directly start talking of the product offerings but they should have some material of interest to read for the customers and for this the direct sellers can put in some recent article or news to generate the first hand interest for the customers.

9) - The direct sellers must maintain the dispatch calendar with them and once a mail is sent, just after 2/3 weeks of that another mail or mailer is required to be send to the selected customers.

10) - In the mail offering the direct sellers must provide the complete information to the customers regarding product, its transportation, and packaging and after sales service, service network etc.
11) - If the seller is claiming to provide something free with the purchase of the product, then he must honor his claim and satisfy the customer, moreover the customer should feel that the product being given to him as free is actually free and there is no marketing tactics involve in that.

12) - In case of postal mails, the direct sellers must attach the fliers and response postcards which will facilitate the customers to revert back to the company regarding any enquiry about the product or purchase.

13) - Direct mail offers should not be treated as one time offer to the customers, but they be used as the tool for new product development by the sellers. In this the sellers must ask the customers regarding their dream products in future and what the features they would like to have in the same.

14)- In case of any negativity about the product, company etc in the market, the direct sellers must use the direct mail as a medium to convert all negativity into positivist by way of changing the customers perception and clearing the doubts.

15) - Finally the direct selling companies must analyze that which mode of direct mail is successful in a particular market segment e.g. in case of customer savvy customers the sellers should approach the customers through e-mail but in case of old age customers those who do not have computer awareness, the direct sellers should switch over from e-mail to direct post. In addition to all these a well targeted mail strategy cannot ignore the following variables

- **Demographic variables** describe characteristics of populations and include age, gender, race, education, occupation, income, religion, marital status, family size, children, home ownership, socioeconomic status, and so on.
• **Geographic variables** include various classifications of geographic areas, for example, zip code, state, country, region, climate, population, and other geographical census data. Note that this information can come from national census data. For more, see geographic segmentation.

• **Psychographic variables** describe life style, personality, values, attitudes, and so on.

• **Behavioral variables** include product usage rate and end, brand royalty; benefit sought, decision making units, ready-to-buy stage, and so on. This information can be extremely useful for marketing purposes.

• **Past business history** includes various business statistics on customers, especially purchasing patterns. This provides essential business indicators and therefore is very important information.

Even these variables do not suffice the purpose when it comes to formulating an effective mail order sale strategy, thus the direct sellers should also find out the following three very crucial information about the customer-

• **Recency** – How recently the customer has purchased such product.

• **Frequency** – As per the past record, how frequently the customer purchases such product.

• **Monetary Value** – In the past, what has been the average monetary vale of the purchases being done by the customer?

Based on these above mentioned strategies the direct sellers can well enhance their business and reach to the customers in an effective way and finally add value to their product offerings and satisfy their customers.
Challenges and Problems of Mail Order Sale

Despite of being a very successful tool of direct selling, mail order sale does not guarantee problem free approach. In this time of customer relationship management and the talks about the customers being traded not as customers but as business partners, the concept of direct mail sitting at an isolated place is no more a very convincing and appealing method of direct selling. In order to be successful in business, the direct sellers are required to work in partnership with the customers and the experts of marketing field opine that before actually manufacturing any product the sellers must get in touch with the customers to understand their needs wants and demands and more over all through the business activity the sellers have to make the customers realize that they are the integral part of the business processes. In direct mail marketing, it is important to have well-focused targeted marketing strategy. The problem of direct mail marketing is that it borders around illegal spam e-mails (or junk mails) and illegitimate business activities. Modern-day computer and telecommunication technology enables direct mail marketers to send millions of unsolicited mails to unwanted customers very easily. This type of commercial practice is not only undesirable to customers but also harmful to businesses that send such information. First, sending spam and junk mails may not be legal by laws. Second, sending emails may cost very little. However, sending postal mails and SMS messages can cost significantly. Furthermore, sending catalog may cost even more. Third, keep sending mails that are not of interest to customers can turn off customers, losing permanently. For example, customers may include you to spam filters! Therefore, there are strong reasons to keep catalog mailing to a minimum.

With such drastic change in scenario, the direct selling is required to undergo a re-engineering of process and ensure that the customers fell that buying the product through mail
order sale is really value addition task. In the light of above the mail order sale poses following challenges and problems before direct sellers of today –

1) **Change in Buying Behavior** – The consumer buying behavior is undergoing the drastic change these days, now the customers want to spend time in the market and meet the company executives, enquire from them about the products and try to mould the sale offer in their favor. Such flexibility seems to be missing in case of mail order sale as the mailer or mails being send by the direct sellers go in a pre determined fixed format and cover only the limited information.

2) **Change in Business Orientation** – Earlier it was said that for any seller the prime motive is earning the profit by hook or by crook but now due to sudden increase in awareness level and certain other issues coming up, the customers have become highly complex and they prefer buying the goods from those companies who instead of simply talking of business, talk of something more in terms of value addition and satisfaction. Now it is said that first the companies need to convince the customers that they are existing to take care of not only their short term needs but long term needs as well.

3) **Concept of Customer Relationship Management** –

The present market invites for a strong customer relationship management. This becomes possible only when the seller and buyer develop the face to face interaction with each, which is not quite possible through direct mail method. Now days only those companies grow in size and reach who have all the personal data of their customers and they try to get in touch with their customers on regular basis either by way of business meetings, wishing the customers on their important dates in the year or by any other way. Such things are possible
only when the direct sellers bridge all the communication gaps and come closer to the customers.

4) **Information Overload** – More than required information of the products and services to the customers is always a negative indication for the direct sellers. Due to wide usage of internet, now days an average customer is bombarded with loads of information regarding one type of product. Such overloading creates resistance and confusion in the minds of the customers and finally stops them from buying those products. Many customers do not buy due to the irritation they derive out of frequent mails and mailers being dropped by the sellers in their mail boxes.

5) **Increase in Postal Charges** –. Despite strong growth, the direct mail industry was not without its problems in the late 1990s. Postal rates increased in 1996, increasing the costs of and reducing the efficiency of direct mail ads. This change led direct mail agencies and their clients to streamline their lists to reduce the size of mailers and customize their pitches. Moreover, as the cost of mailing grew, more companies moved toward telephone marketing. By 1995, the telephone marketing industry had seized 40 percent of the total direct marketing expenditures, surpassing direct mail by 17 percent.

6) **Environmental Issues** - Environmental waste, created by approximately 65 billion direct mail pieces sent out every year, represents a continuing challenge to the direct-mail industry. Each year, those direct ads and catalogs consume more than 1 million acres of forest. According to a study by Carnegie Mellon University, bulk mail was responsible for 5 percent of all paper pollution in 1996. The study concluded that companies could also find equal response and sales using the Internet. Consumer environmental awareness has negatively
impacted the public's perception of mail ads. In an effort to reduce waste, the DMA reported that direct mail advertisers now use more recycled materials.

7) **Competition from Internet Marketing** – Internet becoming the most preferred medium of communication, has given a strong challenge to the direct mail industry especially to the postal mailers. Now a day’s people want prompt delivery of messages and their instant response which is possible only through the internet, thus it has already dominated the other mediums of direct mail industry.

8) **Growing Consumer Movement to protect privacy**- Direct-mail industry experienced strong consumer backlash. The efforts of direct-mail marketers targeting customers and perfecting mailers were viewed by some as intrusive. Privacy advocates successfully lobbied for more consumer protections against information gatherers. According to the *Economist*, the Federal Trade Commission gave a warning that only 2 percent of Web sites had a comprehensive privacy policy. A flood of complaints led the DMA to strengthen its privacy policies.

9) **Spoiled Reputation** – Due to over usage of mail order channel by the direct sellers, the consumers of today have stopped giving a special attention to it thus we see that under this perception being developed by the customers that direct mails are mostly unsolicited spam mails, some good offers of the sellers also go in vain since the customers even do not put their efforts to open and check in.

10) **Promotes one way communication**- Hardly any customer after receiving the mail or mailer from any of the direct selling company takes the pain of reverting back to the seller and interacting with him. Mostly it has been observed that direct mails become a source of one
way communication and to certain extend block the two way communication, which is
unavoidable in the present context.
Thus in the light of above we see that not everyone may openly admit to filling their
cupboards and wardrobes by mail order. The reality is that millions of customers do and mail
order transactions are worth more than £9bn a year. But the industry has been suffering
something of an identity crisis in recent years. At the same time, the transformation of
shopping habits by the internet has left the trusty catalogue looking somewhat dated as a
retail proposition. The industry has been on the back foot in the face of these current trends

**Value Addition and Customer Satisfaction** –

Despite of being one of the oldest methods of direct selling, mail order sale is still
maintaining its prominent position in the field of direct selling due to its highly personalized
approach with high degree of flexibility and customization. The direct sellers prefer direct mail
when it comes to approaching the prospects. Mail order sale has contributed in a big way
towards satisfying the customers and enhancing their value for money spent to buy the products.

Irrespective of the market flooded by number of products offerings with all new and
creative schemes to buy the products, the customers still give mail order sale a special place
because it brings for them a complete source of information about the products they are seeking
to buy. Now days the direct sellers have started developing a very personal relationship with the
customers through the personalized mails being send on their addresses, after reading such mails
the customer gets inclined to know something more about the product, company’s offerings its
services etc

In this way the customer gets the opportunity to have a dual mode of information and
moreover he can also get back to the direct sellers regarding his query. In addition to this, mail
order sale enhances the customer satisfaction by its customized feature. It is said that every customer is unique in terms of his profile thus he has to be dealt accordingly. Through mail order sale, the sellers make their offerings absolutely customized since they start knowing the exact need and demand of its customers. This characteristic of mail order sale makes the customer delight and enhances his satisfaction level.

Moreover mail literally gets in the hands of the audience and there, it can engage all of the five senses – sight, sound, smell, touch and even taste. Because it’s tangible, mail conveys a level of importance not easily attributable to other media and consumers value the information they receive via direct mail. Using direct mail also tells a consumer how important you are to them, as it says that you value them enough to send a carefully crafted message to them.

Research has shown that 70% of promotional material received by households is read, filed or passed on, and over a third of recipients will respond if an offer is included. Direct mail allows the audience to choose the time they are most receptive to reading your message, which means they're far more likely to engage with it. In addition, direct mail provides the opportunity to include in-depth information for the audience, which they can take in at their convenience. Direct mail can lead an integrated campaign by giving marketers the cut through they need to deliver their message to the audience, backed up by reach and frequency offered through mass channels such as TV, radio and print. Direct mail also drives response, which can then lead customers to personalized websites, SMS response or email follows up.

There is a broad misconception that mailed billings will soon be displaced by electronic payments and will therefore erode as an effective marketing vehicle. Despite the increase in e-statements and online payment options, the vast majority of consumers still prefer to pay by check in response to a paper invoice. According to a Pitney Bowes analysis, approximately 19
billion bills and 6.5 billion statements were delivered to US consumers by mail in 2003, compared to 1.5 billion sent electronically. The same study indicated that most of the consumers who viewed their bills online continued to receive paper invoices via the mail. A 2006 Pew Research Center survey indicated that 69% of those surveyed paid their bills by check or cash, compared to 28% who paid electronically or online. Among Internet users surveyed, 63% paid by check or cash, and 35% paid online or electronically. Many consumers retain their invoices and statements and refer to them more than once.

Marketing messages integrated into thoughtfully designed statements or billings may well get more attention than any other piece of direct mail. With new processing technology, marketing messages incorporated into statements can even ease the purchasing process for up- and cross-sell items. An invoice can now include an optional payment amount that incorporates the cost of the product featured in the statements marketing message. The customer is required to only check a box on the remittance coupon to accept the offer and include the additional amount of the purchase in his or her payment check. Response rates for these integrated marketing campaigns significantly exceed traditional inserts because the product offerings are always noticed, the buying decisions are immediate and there are no additional forms to complete.

According to a groundbreaking study conducted by Frank Romano and David Broody, color documents customized based on consumer intelligence had a 500% improvement in response rate compared to standard direct mail. Web-based tools are ideal for developing customized materials based on database-driven consumer intelligence because they consolidate remittance, billing and marketing data while providing and controlling access privileges. The most advanced tools, not yet widely available at digital printing operations, enable application of dynamic business rules for customizing invoices and statements in real time. Based on a
customers profile and history, appropriately targeted marketing messages and incentives can be incorporated into the statement or billing or inserted as part of the First-Class mail piece. Web-based templates are intuitive to use and greatly accelerate the document design and approval process, thus optimizing revenue collection cycle times. Some web-based solutions are seamlessly integrated with digital printing for variable and distributed print runs. Make-ready costs and wastage can be virtually eliminated, and mail delivery times can be minimized by printing and mailing from multiple regional locations.

The current study on direct selling has attempted to analyze the role and contribution of mail order sale in the direct selling company of consumer durable sector. For this purpose the study has undertaken the financial data of Eureka Forbes Ltd and the analysis of the same is mentioned here in below with the help of diagrams-
## Eureka Forbes Ltd.

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Sales and Other Income</td>
<td>8,13,63,14,903</td>
<td>7,39,98,67,154</td>
<td>6,33,57,03,128</td>
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<td>Profit before Depreciation</td>
<td>49,94,21,237</td>
<td>47,95,68,457</td>
<td>42,37,45,077</td>
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<td>Less: Depreciation</td>
<td>9,43,06,377</td>
<td>9,00,27,767</td>
<td>8,41,60,633</td>
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<td>Profit before Tax with Extraordinary Items</td>
<td>40,51,14,860</td>
<td>38,95,40,690</td>
<td>33,95,84,444</td>
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<tr>
<td>Extraordinary Items</td>
<td>2,67,96,385</td>
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<tr>
<td>Profit before Tax</td>
<td>37,83,18,475</td>
<td>38,95,40,690</td>
<td>11,98,48,588</td>
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<tr>
<td>Less: Provision for Current, Fringe Benefit and Deferred Tax</td>
<td>13,90,22,288</td>
<td>14,04,03,806</td>
<td>21,97,35,856</td>
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<td>Profit after Tax</td>
<td>23,92,96,187</td>
<td>24,91,36,884</td>
<td>10,47,50,156</td>
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<td>Less: Prior Years' Tax Adjustments (Net)</td>
<td>2,08,356</td>
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<tr>
<td>Profit After Tax and Prior Years' Adjustments</td>
<td>23,90,87,831</td>
<td>24,91,36,884</td>
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<tr>
<td>Add: Balance brought forward from previous year</td>
<td>18,03,41,686</td>
<td>12,89,86,712</td>
<td>32,44,86,012</td>
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<tr>
<td>Amount available for appropriation</td>
<td>41,94,29,517</td>
<td>37,81,23,596</td>
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### APPROPRIATIONS:

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<tbody>
<tr>
<td>Interim Dividend</td>
<td>6,39,00,000</td>
<td>6,39,00,000</td>
<td>8,52,00,000</td>
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<td>Proposed Final Dividend</td>
<td>4,26,00,000</td>
<td>2,13,00,000</td>
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<tr>
<td>Tax on Dividend</td>
<td>1,80,99,675</td>
<td>1,25,81,910</td>
<td>1,19,49,300</td>
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<td>Transferred to General Reserve</td>
<td>10,00,00,000</td>
<td>10,00,00,000</td>
<td>9,83,50,000</td>
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<tr>
<td>Balance carried to Balance Sheet</td>
<td>19,48,29,842</td>
<td>18,03,41,686</td>
<td>12,89,86,712</td>
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</table>
While analyzing the sales and other income trend of last three years of the direct selling market leader of consumer durables Eureka Forbes Ltd, it was found that the company is continuously progressing in terms of profitability and a major credit of this goes to telemarketing activity of the company, where the company’s own staff is interacting with the prospective customers to sell its products and the statistics reveal that the response is very positive. The said company has shown the increase from Rs 633.5 to Rs 813.6 in just two years thus reflecting a great success from the market.
Analysis:

The profit before tax trend of the direct selling giant Eureka Forbes Ltd shows the upside down movement. The profit increased from 11.9 in the year 2007 to 38.9 in 2008 but again showed a downward trend in 2009, while analyzing the reason of the same by way of working upon company’s books as well as asking the company officials it was found that the company’s profit has decreased due to it’s policy of mass expansion and huge investment on employees development, business promotions. The company is spending out of it’s incomes as well as reserve in order to create its long term strong position in Indian market. The books of the company reveal that the company is fundamentally strong and is going recover this downfall in very short term. The company is using telemarketing as a method of selling it’s products in a big way and is getting very good response because it involves it’s own trained employees and
they are successful in winning customer interest and confidence and the result of the same is reflected in company’s financial health.

Thus in the light of above we see that mail order sale is considered a significant method of direct selling specially in terms of increasing the customer satisfaction and adding value to the transactions through creative ways. The studies on direct selling across the world reveal that the customer satisfaction level while availing the mail order sale method is not only maintained but it’s graph is continuously going upwards and the customers feel that getting personalized with the sellers and molding the offers in their favor, making it a real customized package is adding lot of value to their buying.

They also claim the enhancement in non monetary value to the transaction as they are given a special attention by the direct sellers.