Chapter 2

DIRECT SELLING STRATEGIES
Basic Properties

Direct selling is a method of marketing and retailing consumer goods directly to the Consumer, it does not rely on product advertising or fixed retail outlets. Independent sales people call on consumers, mainly in their homes, to show and often to demonstrate products and to obtain orders. The goods are then supplied by the Company either directly to the consumer or through the sales person who obtained the Order. Direct selling is suited to high-quality household and personal products which can be conveniently distributed by independent sales people. It is a method of marketing which is particularly suited to products that benefit from detailed explanation or demonstration or Even being tried out by the customer. It is a personal approach that is really found in high Street retail shop.

Direct selling owes its continuing success to the thousands of people of all ages and in all Walks of life who either want to be independent or to have a business of their own where their personal rewards are a direct inflection of their own enterprise and efforts. It is particularly suited to people who wish to work part time, and because virtually no capital is required to start, there is minimal risk involved. There are two major types of commercial organization to which the term direct selling can be applied. Both have similar origins and continue to share some broad characteristics. However, direct selling has evolved to produce two structurally and qualitatively distinct Style of organization. Direct selling can be traced to the door to door salesperson, common until the later part of the twentieth century a figure who gained almost iconic status in America. While traditional door to door selling is undoubtedly still in evidence, it has gradually been superseded by contemporary direct selling organization that has adopted its methods in Evolved forms. What united all forms of direct selling, including its early incarnation, is the Tendency for business to be conducted in the consumer’s home rather
than on commercial premises. In addition the seller rather than the customer normally makes the first approach.

Direct selling has become a major form of commercial activity despite encountering opposition from other sectors of the business community during various stages of its development. In particular, as direct selling expanded in the 1920s, small town retailers in many towns across the globe were concerned that direct selling method will represent unfair competition. Shopkeepers became increasingly concerned regarding the competition with visiting salespeople, whose business had neither fixed overheads nor an investment in the community. Despite of strong opposition and challenge from traditional business organization, direct selling has continued to grow with the passing by time.

There are three important changes that have aided the growth of direct selling industry during the 1940s. Firstly, establishment of local branch offices, that had emerged from around 1915 onwards, aided equipments and training of new sales people, and created a more formal and committed relationship between sales people and organizations. From the 1940 onwards these Branch offices (Direct Selling Offices) increasingly eclipsed the predominant 'home office' form of organization, where sellers had maintained a more distant relationship with companies. Often only maintaining contact by mail and other messaging services. A second significant innovation in direct selling was the introduction of a new selling strategy known as the party Plan. Party plan made use of the informal atmosphere of social gatherings as a venue for direct selling. This had the presumed advantages of generating multiple sales, whilst reducing the tension inherent in formal one to one selling situations. The party plan was an important innovation for several reasons. First, it allows the salesperson to be more efficient in the use of his/her time. Rather than being address to one prospective customer, the sales
demonstration as Delivered to a room full sometimes as many as 15 people. The hostess, moreover, did much of the work. She issued the innovations served the refreshment and provided the location. Not only Were the prospective customers brought together by the hostess, they were screened for interest in buying.

The basis of any direct selling program is to get a measurable response that will produce an immediate or ultimate profit, to create a measurable response there must an offer. An offer to sell a product or service directly to a customer or a business is one way. Offers that create leads for sales representatives, pull the people to inquire for information, build traffic in retail stores can also be measured. Traditionally, direct sellers have identified media, creative execution and the offer as the key components for producing response. Choosing the best media is the key to reaching the right target group and it works as a bridge between the right buyer and right Seller. The best creative offer may not generate any response if the target group does not find the product or service relevant to its need. Seller continues to enhance their ability to reach the best target groups using direct selling techniques. Lists that contain only name of individuals or business firms are being supplanted by enhanced database that helps in profiling the prospects very effectively. Profiling allows users to target the prospects and Build long term relationships with them, which in turn increases their return on Investment.

Many media forms can be selected geographically, demographically or psychographically e.g. Newspapers can be selected by day of week or section to reach a target group (food day, business section). Internet has also grown as advertising medium several website accepts advertising, each serving different niches. Much web advertising is intended to generate a click to another website. Different offers are another key to success. It is the terms under which a specific product, service or brand is promoted. It includes a mix of factors that motivate
individuals within the target group to respond on the product, service, price, payment terms, guarantee and incentives. Creative execution is used to package the offer in the most lucrative way. Creative’s must always be about how the customers lives will be better, how the product or service solve their problems or will make them more successful and at the same time it should also involve the reader with an approach to stimulate his or her emotions that can evoke response

Brilliant direct selling creative offer starts with copy, which needs to give those rationales on why they should believe the offer, convince them so that they trust the organization giving the offer and finally assure them that they won’t make a mistake by Responding. The ultimate objective of direct selling strategies is to build the long term or life term Value of a customer, this objective remains intact irrespective of direct selling methods. Applied solely to a mail order business or to other channels of distribution. Knowing the Life time value of a customer reveals how much time and resources a marketer can afford to invest in a customer and still realize the satisfactory profit. A typical customer Database includes information on the recency (date of last purchase), frequency (number of purchases within a given period), and money spent. Applying this criteria and looking at the results enables the marketer to identify the segments of the customer based that Offer the greatest profit potential. Practioners of direct selling have always pointed toward Measurability as a key reason for direct selling continuous growth. Direct selling companies have begun to attain greater efficiency in their communication programs as a consumer

Market place is dominated by nuclear families. Instead of targeting the large market share direct sellers now attempt to capture the greater share of a particular customer segment. Another key variable of direct selling strategy is building and maintaining the customer Loyalty. Customer loyalty is a very important factor for the marketers as it can cause five To ten
times more to create a new customer in comparison of maintaining the existing Customer. The tool and techniques of direct selling also facilitate personalized customer Communication. Using information available in the database about the customer behavior and demography, companies can target the wants and need of individual customers thus Building strong customer loyalty and individualizing the total customer experience.

**Changing Role of Direct Selling**

The present era has shifted the focus of direct selling towards one to one marketing which In turn helps the marketer in establishing the strong customer relationship. A Group of strategist believes that a diligent application of direct selling principles will prompt a business to find the product and service for the customer it knows rather than finding the Customers for the products and services it has on hand. The direct selling strategists look at the entire proportion from the other end of the binocular i.e. from customer perspective. Gaining customers insight through research that identifies the wants and needs of customers in the key of the success of direct selling. Mass customization (individualizing goods and Services to satisfy a customer need at a reasonable price) has become unavoidable factor in direct selling strategies. This starts with a customer company dialogue in which the company helps the customers articulate his or her needs and to identify the precious offering to fulfill those needs. The sellers then use mass production techniques to create interchangeable arts which keep the cost down while still giving the customer a choice. An effective direct Selling strategy involves the combination of mass customized communication, information Technology and creativity of promotional programs with the skill and focus on manufacturing and industrial engineering. Direct Selling strategy is particularly powerful when used with Customer segments where previous behavior can be used to predict future results. The increasing complexity of business in the present time has forced the
companies to come Out of their traditional model of fixing a business point, now the sellers have started going to the buyers for knowing their needs. Thus resulting in direct selling a full understanding of Direct selling and its strategies requires that it should be viewed from three perspectives (operational, practical and strategic). These perspectives collectively provide a framework for discussing direct selling facilitate its exposition at three levels of management interest. Direct Selling consists of two major elements

1. Direct interaction between the company and customer.
2. Away from a fixed retail location.

As such direct selling is nothing more than a form of interpersonal communication between two individuals. Thus from an operational perspective it is a process. These two parties (a Potential seller and potential buyer) exchange information with one possible outcome being A mutually beneficial transaction i.e. sale or purchase. Direct selling is a form of non store retailing that occurs outside a traditional retail store. This Quality of direct selling makes it highly flexible as it is not constrained by location or time. It can occur in place and at times most convenient to a potential buyer as well as seller. Further the ability to communicate face to face means that all communication senses can be utilized. it also means that a potential buyer can explain his or her need in depth, a sales Presentation can be individually customized and the buyer can be thoroughly educated about Products and services being marketed through actual demonstration and personal involvement Hence from an operational and activity perspective direct selling epitomizes relationship Marketing. From an operational perspective direct selling is a relatively straight forward personal selling Activity. In practice, however its execution takes on numerous forms. Operationally direct Selling can be treated as a form of interpersonal communication. From a tactical perspective Direct selling can be considered as a way of organizing sales
activities and the selling Functions. Strategically direct selling can be viewed as a channel or
type of distribution, a Means of gaining access to the market or a way of doing the way. Direct
selling as a distribution channel originated when the producers started selling their products or
services directly to the end users or consumers. Most direct selling companies involve
independent contractors or individuals who purchase from the producers and resell them to the
consumers thus direct Selling companies need not necessarily be the producers they can be
simply marketing Companies. As a generic strategy, direct selling is a push marketing strategy.
This means that for a direct Selling firm to be successful; all facets of its functions and manners
of doing business must be consistent with the tenets of a push marketing strategy. The inference
of this strategic Approach is most noticeable within the promotion component of the four P’s –
Product, Price, Place, and Promotion. Instead of strong reliance on mass and impersonal
promotional efforts Such as advertising, direct selling organizations rely on the collective efforts
of independent Contractors. To achieve the company’s communication and promotional
objectives. The Result is not only a more proactive promotional effort but also one that is
tailored to the needs and circumstances of each potential buyer. Direct selling is an especially
effective strategy for Products and services with a high personal selling elasticity, where
procrastination in purchasing is easy (e.g. encyclopedia’s) and where personal attention to
individual references and desires of customers is critical (e.g. cosmetics, nutritional products).

Direct selling as a strategy is also distinguished in the place component of the four P’s since it
occurs away from any fixed retail location often the interaction between buyer and seller occurs
in the buyers home or any outside place. Direct selling is quite relevant in emerging Market
economies as in such economies the distribution system and supporting infrastructure exist in a
very neophyte stage and capital access is limited. Since direct selling does not need a system of
wholesaler and other facilitating agencies, does not relay on the existence of fixed Retail locations, and replaces advertising with the motivated efforts of a multitude of sales People, in such system direct selling is very effective. In comparison in-store retailing direct Selling possesses two unique characteristics

1. For many organizations direct selling is a preferred channel of distribution because it is Invisible. There are no products on the shelves that competitor can monitor. Direct seller does not spend much on mass media, thus the competitors often find very difficult to know the direct seller strategies.

2. Direct selling can be undertaken by an organization with relatively little start up capital. A direct seller has no expense associated with gaining distribution through retail outlets or the Often time’s large inventory levels or slotting allowances that are required to gain in store Distribution. Further more there is typically no need for large advertising expenditure to promote Product or serves. Hence marketing fixed cost is relatively low to traditional fixed location retailing Instead, however resources that might be spend on advertising would likely have to be spend on Recruiting , training and compensating sales people.

**Major Players of Direct Selling**

The proposed study has mainly selected the major player of consumer durable industry and financial sector. The important consumer durable players in direct selling are – Amway Ltd, Eureka Forbes Ltd & Oriflame Ltd.

a) **Amway** -

Direct selling giant Amway India is eyeing close to four-fold top line growth in the next five years to Rs. 3,000 crore (US$690 million) by expanding reach, widening product basket and strengthening marketing activity. Amway India, a wholly-owned subsidiary of the US-based
Alticor, had recorded Rs. 800 core turnover in 2007 and expects it to go up to Rs. 1,500 core in another three years.

In its first year of operation in 1998, the company's turnover was only Rs. 91 core. Pinckney said Amway India plans to increase the number of branch offices to 300 in the next three years across the country from 120 now.

Amway India sells over 100 products in following five categories—

<table>
<thead>
<tr>
<th>Personal care</th>
<th>Home care</th>
<th>Nutrition</th>
<th>Wellness</th>
<th>Cosmetics</th>
</tr>
</thead>
</table>

Nutrition and wellness contributes to around 50 per cent of the company's turnover, cosmetics 20 per cent and the rest from personal and home care divisions with equal contributions. According to company sources there will be significant change in contribution from these divisions as they clock a turnover of Rs 3,000 core by 2013.

Nutrition and wellness will be the main focus of the company; Amway India does not have any manufacturing facility of its own in India. It outsources products from contract manufacturers. Almost 80 per cent of its products are manufactured by Sarvotham Care in its Baddi facility. Pinckney said Amway India does not have plans to put up its own manufacturing facility as well in the near term, but may consider one in future.

The company has 4.5 lakh direct selling agents (DSAs). Pinckney said Amway India targets to increase the number by at least 10 per cent within this year. "Getting DSAs is not a difficult task these days since people want to earn and spend more. Amway provides them better platform," he said. The company would also be launching an e-commerce portal to reach out to customers who are working and do not wish to meet DSAs.

Amway India, a wholly owned subsidiary of US-based $6.3-billion Amway Corp, is eyeing a turnover of Rs.25 billion ($634 million) in the country by 2012. With the growth of
colour cosmetics market in India, the company is very optimistic about expanding it’s business here, especially in the skincare and colour cosmetic products segment,' He said at present the colour cosmetics and skincare market in India is about Rs.26.65 billion with a growth rate of seven percent a year.

This figure is likely to touch Rs.30 billion by 2010. Of this, the total colour cosmetic products market contributes Rs.9.51 billion and skincare products contribute the rest. 'Currently, Amway has registered a compounded annual growth rate of 13 percent and grown by 62 percent over the past five years,' Pinckney told reporters on the sidelines of the event. He said Amway was also trying to tap the middle-class market to achieve the huge growth potential in India.

The company has recorded a sales turnover of Rs.7.38 billion during Jan-Dec 2006. In year 2007, Amway has achieved a sales turnover of Rs.8 billion in India. Amway India, with a strong network of over 400,000 distributors, has established a nationwide presence with 120 offices, 55 city warehouses and four 'mother' warehouses in the country.

'Amway has five facilities in India and as soon as our business develops in the country, we will think of setting up a specialty unit in India where we would be able to produce all our products,' he added.' Amway presently has 10 percent share in the Indian cosmetics market, which we are trying to increase to 25 percent in the next five years,' Amway India's vice-president, marketing, Naveen Anand said. Amway Enterprises India Pvt Ltd plans to become a full-fledged fast moving consumer goods (FMCG) company by 2012 and take the revenue up to Rs 3,500 crore from the present Rs 800 core. The company generated revenue of Rs 800 core last year and by the end of this year, they are targeting Rs 1,000 core, Amway India, a wholly-owned subsidiary of US-based $7.2 billion Amway Corporation, has launched household goods like oil, tooth brush, shaving cream, energy drink etc in the past six months to become a full-
fledged FMCG company. "In the next few months, company would be launching more products in the nutrition, wellness and cosmetics category, which is the backbone of the company. Around 70% of the revenue is contributed by these segments around the world. At present, the company has 127 branches and will be having more than 150 branches by 2010. Out of these, 22 branches are there in the east. When asked about the contribution of the eastern region to the total turnover in the country, Bhattacharjee said: "Eastern region contributes 20% to the total turnover in the country." The company is growing at a rate of 25% year-on-year, he added. While speaking about the eastern region, he said the target is to earn revenue of Rs 275 core by this year-end from Rs 210 core last year. Though east contributes around 20% to the total revenue, the southern part of the country remains the highest selling region, contributing more than 30%. The company has 4.5 lakh distributors across the country at present out of which the eastern region has 1.2 lakh, he told FE on the sidelines of a press conference to announce the corporate social responsibility (CSR) of Amway Opportunity Foundation. This CSR arm of Amway India will provide funds for education and healthcare of the children in orphanages in 15 towns in the east. The foundation will gradually provide support to 52 orphanages across the country.

Amway India was established in 1995 and its commercial operations commenced in May 1998. The company, a wholly owned subsidiary of the $6.2 billion Amway Corp, is currently selling 75 products in four categories in India - nutrition and wellness, beauty, personal care and home. Amway is the largest Direct Selling FMCG Company in India with investment in excess of US $35 million (Rs. 151 core) in India.

The company has over 4, 50,000 active independent Business owners and nationwide presence with 74 offices and 55 city warehouses. It covers over 2000 cities and towns.
Amway Corp is currently selling 75 products in four categories in India - nutrition and wellness, beauty, personal care and home care and offers 100 per cent Money Back guarantee if dissatisfied with the product. The company's turnover has crossed Rs. 635 core in just 6 years. Amway India is a founder member of the Indian Direct Selling Association (IDSA). The Indian Direct Selling Association (IDSA) is an association of companies engaged in the business of direct selling in India. Its members are of high national and international repute having set standards in delivering quality goods and in following ethical business practices.

Amway was set up in 1959, with only a disused service station as a base. Today, Amway is one of the world's largest direct sales companies, with over 2.5 million independent distributors in more than 70 countries world-wide. There are 35,000 independent distributorships in the UK, Republic of Ireland and Channel Islands offering a range of products from a vast product portfolio. The critical relationship between Amway and the seller or distributor is at the heart of Amway's successful approach to direct selling.

In direct selling, the sale is the culmination of many marketing activities which involve matching customer requirements to the goods or services offered. The main benefit of this form of selling is that it allows distributors to focus on individual customers and their needs. The starting point for any kind of direct selling activity is the preparation. Anybody involved in direct selling should be fully trained and familiar with all aspects of the product and customer needs. It is important to remember that consumers have many choices in the market-place and are better informed than ever of these choices. Preparation is therefore increasingly important for Amway's distributors. Although it has been said that sales people are born and not made, the development of skills and knowledge is essential for good sales performance. Product knowledge, in
particular, is vital - so that the seller can present a product's benefits and functions comprehensively and answer any questions the consumer may have.

**Note:** Data taken from the books of Amway Ltd

**Amway's communication channels**

There are five different communication channels:

![Diagram of Amway's communication channels](image)

**Corporate Events**

Corporate events include specially arranged functions, such as product fairs, conferences and seminars, which distributors at different levels are invited to attend. Face-to-face communication at a range of events helps Amway and its distributors to get to know each other. They also provide an opportunity for distributors to get to know each other and are useful for relaying messages, giving advice and generating personal discussion. Events include:

- **Pace Setter** - A reward incentive to help new and existing distributors reach the 6 bonus level within three consecutive calendar months. It also encourages a balanced business, with equal amounts of retailing and sponsoring – essential for long-term success and profitability.

- **Direct Distributor Seminar** - Allows newly qualified Direct Distributors to meet the Amway Management Team, tour the UK Headquarters, attend key informative, motivational business sessions and go to the New Direct Distributor Gala Dinner.

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Leadership Seminar - where distributor leaders who have achieved a target criteria set by Amway, travel for a seven day trip with compliments of Amway to some of the world's finest beach locations and hotels where they attend a number of business sessions and exchange thoughts and ideas with corporate staff.

Launch into '98 - A major annual launch of new products and services presented by a road show of events. Participation at these events enables distributors to contribute ideas and solutions to problems encountered. The relationship between Amway and its distributors can, therefore, take place in an atmosphere of mutual trust and respect.

Training:
Training builds the skills and knowledge of distributors and therefore improves competence levels. For Amway, the starting point of the training process is to identify the skills and knowledge necessary for distributors to carry out their role. Acquiring product knowledge is an important aspect of training and preparation. As Amway relies upon the personal service of its distributors and the quality of its products, it is essential that distributors are not just shown how to use products but also how to merchandise them to their best advantage. Training may involve either Corporate or Group (Line of Sponsorship) Training on specific product brands. Distributor input into these sessions provides informative help for the management of independent businesses. Once a distributor has achieved an advanced knowledge of a specific brand, they can then receive the training and tools required via a 'Train a Trainer' session whereby they will be taught how to train their own group, therefore maximizing their expertise.

Lines of sponsorship: Amway is essentially a people-based business - without people, the business cannot expand. The business of each distributor grows via new customers and through
the sponsorship of new distributors. Established distributors are involved in helping newly
sponsored associates to merchandise Amway products. Distributor groups meet to discuss
company procedures and their goals. The groups also discuss new product launches and
promotions, the administration of their businesses and support new and existing distributors.
These lines of sponsorship provide constant, face-to-face support from professional associates.

Publications

Written communication is useful as a permanent source of reference. Amway uses a range of
written communications. These include:

- **Amagram** - This magazine is mailed directly to all Amway distributors in the UK, the
  Republic of Ireland and Channel Islands. Amagram is used to communicate information
  about new products, promotions, community news, distributor events and recognitions as
  well as news of other affiliates throughout the Amway world. Amagram shows how
distributors can make more out of their business. It is also used to help distributors
understand the philosophy by which the business operates and the legislation regulating
the Direct Selling Industry. For example, The Trading Schemes Act 1997 widens controls
over illegal 'pyramid selling' and provides basic standards of business practice for
participants in legal Trading Schemes.

- **Diamond & Leaders' News** - This is used to communicate special information to
  leading distributors. It may involve providing them with information which they need to
  pass down to other distributors or it could provide top distributors with 'elite' information
  such as the previews of launches or any changes in policy which only applies to this
group, at a particular time.
News gram and WAD (Warehouse Authorized Distributor) Bulletin -

News gram is sent from Amway to Direct Distributors. Although its purpose is similar to Diamond News, information is communicated in a format more suited to the target audience.

Special Literature - Occasionally, Amway designs a brochure or leaflet which is used to address a particular change or launch, e.g. new car care product range. Chennai, Dec. 12Amway India, in an effort to make its products more accessible to its consumers, is planning to have display and selling points at select gyms, spas and beauty salons. They will display and sell the products from categories relevant to these places, For example, Amway will display its nutrition and wellness products at gyms. While beauty salons will have cosmetics and skincare products, spas may have products from both the baskets, Amway entered India 10 years ago with products in nutrition and wellness, cosmetics and skincare, personal care and homecare categories.

This is the first time ever the direct selling company plans to have such selling points. However, according to the company’s policy, these selling points inside gyms, spas and salons too will be owned and operated by ‘Amway business owners’. Besides, the company also plans to expand its ‘brand assessment centers’ and ‘touch points’. Brand assessment centers are those where Amway provides consultancy services to its customers on nutrition (wellness) and beauty. Currently, it has three such centers — in Bangalore, Kolkata and Pune — and plans 50 more across the country.

According to company sources nutrition and wellness products have been the company’s growth engine in 2008. The segment contributed 50 per cent of its turnover. Last month, it added energy drinks and energy bars to its over 100-product portfolio.
The direct selling company has a presence in over 80 countries. It manufactures over 450 products in categories spanning homecare to healthcare. However, in India, it outsources close to 85 per cent of its products to contract manufacturers. Direct selling company Amway India is expanding its bouquet of offerings to the domestic market and is also eyeing turnover of Rs 3,000 crore in the next three years. Mr. William Pinckney, MD and CEO, said after the launch of the company’s energy drink and energy bars that it would be launching a product in the nutrition segment called the CH, which would help control the cholesterol level in the human body. By September next year, Amway would launch a new range of products in the Attitude cosmetic segment.

**A Study of Consumer Durables & financial institutions have revealed following Results: - Consumer Durables in India**

<table>
<thead>
<tr>
<th>Amway Balance Sheet</th>
<th>Jan 09</th>
<th>Jan 08</th>
<th>Jan 07</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Current Assets</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash</td>
<td>8,352.00</td>
<td>7,764.00</td>
<td>9,546.00</td>
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<tr>
<td>Net Receivables</td>
<td>6,443.00</td>
<td>7,693.00</td>
<td>6,152.00</td>
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<tr>
<td>Inventories</td>
<td>867</td>
<td>1,180.00</td>
<td>660</td>
</tr>
<tr>
<td>Other Current Assets</td>
<td>4,489.00</td>
<td>3,243.00</td>
<td>3,581.00</td>
</tr>
<tr>
<td><strong>Total Current Assets</strong></td>
<td>20,151.00</td>
<td>19,880.00</td>
<td>19,939.00</td>
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<tr>
<td><strong>Net Fixed Assets</strong></td>
<td>2,277.00</td>
<td>2,668.00</td>
<td>2,409.00</td>
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<td><strong>Other Non current Assets</strong></td>
<td>4,072.00</td>
<td>5,013.00</td>
<td>3,287.00</td>
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<tr>
<td><strong>Total Assets</strong></td>
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<td>27,561.00</td>
<td>25,635.00</td>
</tr>
<tr>
<td><strong>Liabilities and Shareholder's Equity</strong></td>
<td>Jan 09</td>
<td>Jan 08</td>
<td>Jan 07</td>
</tr>
<tr>
<td>Accounts Payable</td>
<td>8,309.00</td>
<td>11,492.00</td>
<td>10,430.00</td>
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<tr>
<td>Short-Term Debt</td>
<td>113</td>
<td>225</td>
<td>188</td>
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<tr>
<td>Other Current Liabilities</td>
<td>6,437.00</td>
<td>6,809.00</td>
<td>7,173.00</td>
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<tr>
<td><strong>Total Current Liabilities</strong></td>
<td>14,859.00</td>
<td>18,526.00</td>
<td>17,791.00</td>
</tr>
</tbody>
</table>
Long-Term Debt | 1,898.00 | 362 | 569
Other Noncurrent Liabilities | 5,472.00 | 4,938.00 | 2,947.00
Total Liabilities | 22,229.00 | 23,826.00 | 21,307.00

Shareholder's Equity
Prefered Stock Equity | 0 | 0 | 0
Common Stock Equity | 4,271.00 | 3,735.00 | 4,328.00
Total Equity | 4,271.00 | 3,735.00 | 4,328.00
Shares Outstanding (mil.) | 1,951.00 | 1,951.00 | 1,951.00

Amway India Ltd.

Analysis:
It above mentioned financial data of Amway India Ltd. For the last two financial years 2007-08 & 2008-09 & also while doing the year wise comparative analysis of the same it is found that the value of total current assets of the company declined in year 2007-08. While taking the view of the company officials during the course of the study it was revealed by them, that in the said
duration the company was under expansion mode due to the favorable business response from the customers in Indian market.

In the given period, the company also incurred significant portion of its reserve & surplus towards employees training & development, product promotions & also event management, but if we further look in year 2008-09, the current assets of the company have appreciated from approximately 19.90 lakh to 20.175 lakh. Thus certifying the restoration of strong position of direct selling company due to strong customer response which shows the rise in customer satisfaction & value addition.

![Bar Chart]

**Analysis:**

The above mentioned total current liabilities status of the direct selling giant Amway India ltd. shows an up down trend in the last three years the total current liabilities of the company have
slightly increased from the year 2007-08 and than after there is a significant fall in the same. While interacting with the company officials and also going through the books of the company it can be pointed out that the occurred increase is due to company’s aggressive expansion and development plans thus resulting in huge investment and not giving the considerable return till the time of closure of the books of the company. To certain extend this has also been due to recession in external market but the company could control the said hike by investing strategically and reaping the return of the investment done in development and expansion plan.

b) Eureka Forbes Limited

It is a 10 billion multi product, multi Channel Corporation. It is the Part of the Shapoorji Pallonji Group having over 7000 employees in India. The company is enjoying the leadership position in domestic and industrial Water Purification system, vacuum Cleaners, air purifiers and security solutions; it is also the pioneer company in direct selling in Asia continent. The company is armored with 6000 strong sales force which approaches around 1.50 million Indian homes. The company is known for its relationship management with the Customers as it endures relationship as ‘Friend for Life’ slogan. It is operating in around 125 Cities and 475 small towns across India. It has expanded the channels that reach out to customer The company has introduced a security system division which is one of India’s largest system Integrators and has got the customer finance scheme called Euro-value which helps the customers To easily obtain the company’s products. The company has very strong service network that backs up sales efforts. 4500 company trained technicians who make 20000 kitchen visits daily support Ed by call centers, customer care representatives and mobile service. Eureka Forbes has emerged as a super brand in itself. Its super brands include Acuaguard and Euro clean. The company has Bagged Best Employer award 4 times in a row; it has also won Most Admired Knowledge Enterprise ‘Make-
Asia Awards. The company’s name is also included in prestigious Harvard Business School case study where the management graduates discuss the company’s performance and mantra of success. The top management of the company says that Customers have always been their centre of focus and they remain in close and constant touch with them. A special attention is given to Customers concerns and the company’s research and development cell is always busy in market and Customer analysis specially understanding the needs and demands of the customers and working out the measures to satisfy them in the best possible manner. The management of the company opines that the new product is developed only after taking feedbacks from the customers and further to this the customers are trained to use those products. The company is also involved in educating its customers and helps them in changing their perception and practices.

A sale is only the beginning of the relationship this is the ideology of the company. Special efforts are made to strengthen the bond of friendship with customers through service, post purchase training and certain other customer Care invectives. The company has rechristened its offices as Customer Response Centers (CRC) Making the hub of customer centric efforts. A significant margin of the revenue of the company is obtained from relationship marketing including service contracts, spares & accessories, sales, product up gradation and references of new customers. As more channel to reach out to customers were intro Diced, organization was restructured to harmonize these multiple avenues of interaction and present a single face to the customers – any customer is everyone’s customer in the company. The company has given lot of emphasis on R&D centre; its research centre continues to be recognized by the Department of Science and Industrial Research, Ministry of Science and Technology, Government of India. The company’s water laboratory at Bangalore is recognized by Karnataka State Pollution Control
Board and Water Quality Association-USA and accredited by National Accreditation Board for Testing and Calibrating Laboratories India. The R&D centre is in close touch with the customers Manufactures and field sales force to understand customers needs and product performance, so that Suitable products can be launched. As a result of this effort, company has been able to introduce a Model which is capable of removing all the pesticides from the drinking water. The research has helped the company maintain the market leadership position through absorption of latest technology in the areas of floor care products, water purifiers and domestic appliances. The company has got a significant contribution in value engineering and cost control measures.

The company is planning to launch number of products, process improvements and accessories Which are under development in the field of water purifiers, vacuum cleaners, kitchen appliances And eco-friendly chemical cleaning solutions. These products would be at price points to cater to Different market segments. R&D will involve the development of the products with foreign business Associates for international requirements. R&D would continue to work on value engineering, cost Optimization and re engineering to improve the overall operating efficiency. R&D works closely with business development to introduce new products from the foreign business associates and also for import substitution. The major product range of the company includes

| Water Purifiers – Aqua guard | Vacuum Cleaners | Air Purifiers | Security Solutions- Home Security |

Eureka Forbes followed the globally ‘Tried and Tested’ direct selling route for marketing it’s Products in India, thus becoming one of the first direct selling companies in India. Vacuum cleaners and water purifiers were the new concepts for Indian consumers, who had till then followed only the traditional methods of cleaning and filtering. Therefore, Eureka Forbes Had to
first establish the concept of vacuum cleaners and water purifiers in India before it could sell ‘Eureka’ as a brand. The company delivered that its core strength was its people. It employed Dynamic, highly motivated individuals called ‘Euro champs’ who projected the image of ‘The Friendly man from Eureka Forbes’. Thus for the average Indian consumers, Eureka Forbes became synonyms with the smartly dressed Salesmen who came to their houses and clean up things in a jiffy or showed how air or water purifier Were indispensable Commenting on the decision to diversify into bottled water, company sources said that it was only To strengthen the core products by capitalizing on their brand image. The company executives say that ‘in the water category they we will conduct activities which strengthen our core products. How we do that and what we do is a matter of strategy’. According to company sources Eureka Forbes not only had the financial strength but also a strong network of sales executives to push its new product into the market. The company’s decision to enter the retail business was preliminary the result of its Launch of ‘tornado’ vacuum cleaners and ‘aquaflo’ water purifiers in 1995. Eureka Forbes had utilized the retail route for this range, mainly to cater to the industrial segment over the years, the retail business assume greater significance and by 1999, around 5% of the company’s sales came from the 2500 strong dealer network. Eureka Forbes is set to capture the mass market with it’s newly launch brand invertors purifier Called ‘aqua sure’. The company will invest Rs 100 core in building the brand over 3 years and Aims at covering 1600 towns in the country through its 7500 retail outlets. Adopting 360 degree Marketing strategy, the company will run it’s advertisements on electronics and print media.

The present study has attempted to analyze the financial books of Eureka Forbes ltd. for the last four years in terms of profit before tax analysis, sales and other income analysis as well as the whole of the financial statement of the company. The detail of the same are given below-
### Financial statement of Eureka Forbes Ltd.

#### Eureka Forbes Ltd.

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<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>
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<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>
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<td>Extraordinary Items</td>
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<td>Profit before Tax</td>
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<td>Less: Provision for Current, Fringe Benefit and Deferred Tax</td>
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<td>Profit after Tax</td>
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<td>24,91,36,884</td>
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<td>Less: Prior Years' Tax Adjustments (Net)</td>
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<tr>
<td>Profit After Tax and Prior Years' Adjustments</td>
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<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>Description</td>
<td>Amount 1</td>
<td>Amount 2</td>
<td>Amount 3</td>
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<tr>
<td>--------------------------------------------------</td>
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<td>----------</td>
</tr>
<tr>
<td>Amount available for appropriation</td>
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<td>37,81,23,596</td>
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<td><strong>APPROPRIATIONS:</strong></td>
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<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>
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<td>2,13,00,000</td>
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<td>Tax on Dividend</td>
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<td>1,25,81,910</td>
<td>1,19,49,300</td>
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<td>Transferred to General Reserve</td>
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<td>10,00,00,000</td>
<td>9,83,50,000</td>
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<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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Eureka Forbes Ltd.

Profit before Tax (Bar Chart of Last Three Years)
Eureka Forbes Ltd.
Sales & other Income (Bar Chart Of last Three Years)

<table>
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<tr>
<th>Year</th>
<th>Sales &amp; Other Income (Rs. in Crore)</th>
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</thead>
<tbody>
<tr>
<td>2006</td>
<td></td>
</tr>
<tr>
<td>2007</td>
<td></td>
</tr>
<tr>
<td>2008</td>
<td></td>
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Thus from the above financial status we analyze that the profitability of the direct selling giant is continuously increasing for last four years. The company’s income through sale of products is increasing year by year since 2005 thus resulting in increase of profit from around Rs 42 Lacs to around 49 lacs i.e. a hike of around 7 lacs in three financial years. The company is also maintaining the regular reserve of Rs 10 core, which again reflects the financial health of the company.

c) **Oriflame**

Oriflame is today one of the fastest growing direct selling beauty companies. It is present in 61 countries, out of which it is the market leader in more than half. It offers a wide range of high-quality beauty products as well as a unique opportunity to join its sales force and start your own business. As of today, its sales force consists of 2.8 million Consultants that are marketing its products around the globe. Oriflame was founded in Sweden in 1967 by Jonas and Robert af Jochnick and their friend Bengt Hellsten. The company sells high quality natural skin Care and cosmetic products through an independent sales force, outside the traditional retail Environment. Direct sales allow customer to get the advice and inspiration from people they know and trust. Buying through direct channel is considered to be reliable and convenient. Being an Oriflame sales consultant means unlimited income and carrier opportunities, personal development and a sense of belonging to a friendly global community. Oriflame is a company characterized by a can-do spirit, a decentralized management and a young and entrepreneurial atmosphere. The company has around 2.8 million consultants, and a strong Team of around 7500 committed employees. It deals into 900 products annually and has got the Global R&D centre with more than 100 scientists. The company owns 5 production units in Sweden Poland, China, Russia and
India. The unique selling proposition of this cosmetic direct selling giant is its products are based on natural ingredients and are never tested on animals. Oriflame has remained true to its original concept of natural Swedish cosmetics and an entrepreneurial culture the people behind Oriflame are the reason for much of the company's success. But how does one run a company with 2 million entrepreneurs all over the world who speak different languages and hold different values, religious beliefs and political convictions. The secret here is - culture. A common culture is an invisible bond. It has the power to unite enthusiasm and lead people over borders and boundaries that might otherwise separate them. The Oriflame Culture gives each person the freedom to set their own targets, income and working hours. It is a Culture that is based on respect for and believes in others. It has given millions of people the opportunity to change their lives for the better – any opportunity that may have taken to achieve their Dreams. The company has given people in Russia, Europe, Asia, South America and Africa the Opportunity to start their own business, often in countries where the freedom to do business was Discouraged or restricted to self appointed elite. In this way, Oriflame has helped tear down walls. Oriflame is committed to conducting business in a manner that demonstrates respect for the environment and with a strong commitment to the safety of Oriflame workers and customers. All Oriflame manufacturing sites fully comply with national and local health and safety and environment Regulations and all follow good environmental practice based on the principles outline in Oriflame’s Code on environmentally responsible manufacturing. Oriflame requires that third party suppliers shall fully comply with the relevant national and local Environmental and health and safety regulations. All the company's products are developed and Formulated with the objective of providing the customers with quality, high performance and Safe products while striving to minimize any negative impact on the environment. The company Strives to optimize
The use of materials that are conceived as natural, renewable and not harmful to our environment and health. All raw materials used in Oriflame cosmetics marked globally are fully Compliant with the latest cosmetic regulations across the world. All primary surfactants are classed as group 1 or 2 ‘good environmental choice’ by the Swedish society for nature conservation. The main packaging is indicated on each product to facilitate recycling. PVC (Poly Vinyl Chloride) is not used for any form of packaging, and is minimized in the accessory products. Oriflame strives to minimize packaging while ensuring that product safety, regulatory compliance, transportation and shipping requirements and brand image are not compromised. Oriflame avoids the use of extracts or ingredients derived from protected or endangered flora and Fauna species, and will not remove materials from environmentally protected or sensitive areas. The company strives to produce print material with lowest possible negative effect on environment. Oriflame catalogs are printed on environmentally friendly paper, using ECF (Elemental Chlorine free) Bleaching process, and are sourced from sustainable forest. The majority of Oriflame catalogs are produced in environmentally certified printing plants. The company is a founding member of the World Childhood foundation and strongly believes in the protection of the young. The practice of employing 'child labor' is unacceptable in all circumstances. Oriflame Company do not employ the staff i.e. below the national minimum age for employment, the company expects the same from its business partners as well.

The proposed study undertakes the following methods of direct selling for there analysis and contribution towards customer satisfaction & value addition with special reference to the major consumer durable players like Eureka Forbes Ltd, Oriflame Ltd. and Amway India Ltd. as well as ICICI Bank Ltd. from the financial sector. The details of the same are mentioned below.
Methods of Direct Selling -

Telemarketing -

It is one of the strong methods of direct selling; it involves the use of telephones to attract new customers, to contact existing customers, to know their satisfaction or to take orders. Many customers routinely order goods and services through telephone. Over the period of time Telemarketing has become very effective tool of direct marketing/selling. The average household receives nineteen marketing calls every year and makes around 16 calls to place orders. Telemarketing is widely used in business as well as consumer marketing. Companies use telemarketing to reduce the amount of personal selling needed for contacting its dealers/ customers. In a world that places a premium on anything, telemarketing has distinct advantage over most of these media. Telemarketing has proven itself as a stand alone method of marketing. There is a growing movement to change the name of telemarketing to tale services or customer relationship management. In the year 2000 the focus of the industry has changed towards service. In the past, most phone calls were made for the purpose of taking an order; now the companies have realized that a call to develop relationship with a customer is just as important as the actual sales call. More and more attention is given to customer relationship management. Effective telemarketing depends on choosing the right telemarketers, training them well and providing them incentive. Telemarketing should have pleasant voice and it should project Enthusiasm. Women are more effective than men, telemarketers should initially be trained with script, they should know how to end the conversation, the call should be made at the right Time and it has to be impressive, focused and convincing. It is said that telemarketing the planned Professional and measured use of telecommunication in sales and marketing efforts. Telemarketing has grown from simply order taking to an advance stage called as customer account management. It helps the companies in increasing their revenues, reduce their
selling cost and improve customer Satisfaction. Companies use call centers for inbound telemarketing (receiving calls from customers) and outbound telemarketing (making calls to prospects and customers). Companies carry out four types of telemarketing.

1. Telesales- Taking orders from catalogues or adds and also making out bound calls
2. Telecoverage- Calling customers to maintain and nurture account relationships.
3. Teleprospecting – Generating and qualifying new leads for closure by another sales channel.

Properly designed and targeted telemarketing provides many benefits including purchasing convenience and increase product and service information. However the explosion in unsolicited outbound telephone marketing over the years has annoyed many customers, who objected to the Almost daily ‘junk phone calls’ that pull them away from their routine work. In the year 2003, U.S. law makers responded with a national ‘do not call’ registry managed by the Federal Trade Commission the legislation bans most telemarketing calls to the registered phone numbers. Diligent customers have responded excitingly to this move. They have registered more than 110 Million hone numbers at www.donotcall.com. Business that break do not call law can be fined Up to $ 11,000 Violating do not call legislation has hurt the telemarketing industries. In spite of this law, two major forms of telemarketing –inbound consumer telemarketing and business to Business outbound telemarketing remained strong and are growing continuously. Telemarketing also remains a major fund raising tool for non profit groups however many telemarketers are shifting to alternative methods for capturing new customers and increasing the sale.
**Sale on Internet** - Much of the world's business today is carried out over digital networks that connect people and companies. The internet connects all types of users around the world to each other and to an amazingly large information repository. Internet usage continues to grow steadily according to the recent survey there are around 470 million people having access to the internet. The internet has given the marketers a complete new way of creating value for customers and building long term relationships with them. The web has fundamentally changed customer's notations of convenience, speed, price, product information, and service. Seeing the amazing success of dotcom companies the traditional business organizations have started remodeling their business processes, now almost all of these traditional players have set up their own online sales and communication channels. Companies can conduct online marketing in any of the following four ways-

- Creating a website
- Placing ads and promotions online.
- Creating web communities
- Using email

With these types of online marketing the companies need to be very careful that they don't cause resentment among internet users who are already overloaded with 'junk e-mails'. The explosion of spam - unsolicited, unwanted email messages has produced consumer frustration and anger. According to one research company spam accounts for almost 84% of inbound email. To avoid such problems the companies should ask the customers for permission. They should also tell the recipients how to opt in's and opt out of email promotions at any time. This approach known as permission based marketing, has become a standard model of internet marketing. Internet marketing continues to offer both great promises and many challenges for the future. It is attempting to replace magazines, newspapers and even stores as sources for information and buying. Despite of many
challenges, large and small companies have started integrating their marketing strategies with internet marketing tools. As it continues to grow, internet marketing will prove to be a powerful direct marketing tool for customer relationship, improving the sales, communicating about company's products and services and finally delivering the products and services more efficiently and effectively. Consumers moving for internet marketing are growing in numbers rapidly. Internet marketing is a part of electronic commerce. Electronic commerce has already revealed its potential across the world, in fact it is considered to be the biggest development in the field of business and commerce since the invention of money. The internet population is younger, better educated and aware. Youngsters use internet mostly for entertainment yet 45% of the users are 40 plus in age and they use the internet for investment and business purpose. Internet users in general place great value on information and have the tendency to respond negatively to the messages aimed only on selling. In internet marketing/selling it is the consumer and not the marketer who controls the interaction as The internet gives the buyer the capability to obtain the detailed information about the company's and its competitors products, do their comparative analysis in terms of price, quality, packaging and service. Internet also enables the buyers to design the offering of his choice but at the same time the sellers also gain lot of benefits by way having the access to all the markets, helps to target the customer individually, provides the scope for enhancing the customer value and service reduces the marketing cost and finally strengthen the communication. The companies involved in internet marketing need to formulate the strategies regarding internet training, website development, revenue enhancement, service and support.

Mail Order Sale – Mail order sale involves sending an offer, announcement, reminder or other item to a person at a particular address using highly selective mailing list, direct marketers send out millions of mail pieces each year- letters, advertisements, samples etc. Direct sellers mail audio tapes,
video tapes, CDs to prospects and customers. Mail order sale is a popular medium because it permits target marketing selectively, can be personalized, is flexible and allows early testing and response measurement although the cost involved in this higher but the result is much better. Direct mail provides the historical foundation for the direct response industry. Direct mail continues to be the main medium of direct response messages. It is so much involved in direct marketing activities that British Direct Mail Advertising Association changed its name in 1976 to the British Direct Marketing Association. Direct mail accounts for over 25% of all direct marketing media Expenditure. Together telemarketing and direct mail accounts for almost 60% of direct marketing Expenditure and around 66% of direct marketing sales. Mail order sale is well suited to direct one to one communication as it permits high target market selectivity; it can be personalized, is flexible and generates quick response. It has proved to be successful in promoting all kinds of products. Business to business mail order sale poses certain problems that are quite different than those posed by consumer mail. First of all it’s important to reach the decision maker, in same companies the decisions are centralized whereas in others there is a delegation of power and authority to take decisions. Direct marketing association reports that B 2 B mail order sale is the fastest growing segment in the field of direct marketing. To promote a new product or services or to thrive in the growing stage of business an organization needs to prospect for new customer. Even stabilized organizations need new prospects. Successful customer retention program does not guarantee 100% customer retention, thus the organization has to continuously look for new additions in its customer base. Several organizations relay heavily on direct mail as their main medium of reaching the prospects. In order to have effective mail order sale the seller needs to have an updated mailing list containing names, profile, addresses of hot target. Such mailing list can help them in selling a product, generating the lead and establishing strong customer
relationship. Earlier the mail order sale was totally paper based and was handled by the postal department. But now with the changing time it has taken three new forms-

1. Fax mail,
2. Email
3. Voice mail.

These three forms are preferred because of their fast speed and convenience. The medium or the form of mail may be any but the direct marketer must keep into consideration the following four points related to mail order sale

1) - The graphics i.e. 'how does it look like'
2) - The offer i.e. 'what is the deal'
3) - The copy i.e. 'how it is said'
4) - The list i.e. 'to whom it is send'.

Out of these four the offer part is the most important as it immediately generates either negative or positive response from the customers.

**Business to Business Marketing**

Business organizations do not only sell, they also buy raw material, manufacture components, services from other organization. The business market consists of all the organizations that acquire goods and services used in the production of other goods or services that are sold, rented or supplied to others. The major industries contributing in the business market are agriculture, forestry, fishery, mining, construction, transportation, banking and financial services. Business to business marketers is creating lot of opportunities for the business organizations. This marketing requires huge investment for building and supporting customer relationships. The loss of one customer can have a major negative impact on the business as a result of this the direct marketers/sellers emphasize on increasing sales while sustaining relationships with existing business customers rather than emphasizing on acquisition
of new customers. With lot of players stepping in this area the business to business marketing is becoming highly competitive and challenging, the direct marketing association reports the business to business Direct marketing is the fastest growing segment in the field of direct marketing business to business data can include industry classification on the following parameters- size, revenue of the target business, number of employees, location, shareholders etc. In business to business segment buying goods and services is done by a unit of business organization such unit is called as buying centre. All the individuals and units that participate in business buying decisions making process pertain to this unit. The buying customer includes all members of the organization who play any of the five roles in the buying process

**Users** – They are members of the organization going to use the product or service.

**Influencers**- People who influences the buying decisions in the organization, they are experts of the area and have the know-how of the product or service.

**Buyers**- They has formal authority to select the supplier and finalize the terms of buying.

**Deciders**- They has formal or informal power to select or approve the suppliers in routine buying the buyers are often the deciders.

**Gatekeepers**- They controls the flow of information. They are generally technical people or secretaries business to business direct marketing helps the organization in increasing its sales opportunities and building strong customer relationships. These two are considered to be the main goals of business to business marketing. Even with the slow economy there is a huge potential or growth in business to business area. Currently this method of direct marketing is exercised with the following two major objectives –

1) - To increase the sales opportunities while reducing the sales cost.

2) - To build the long term strong customer relationships.
The specific applications that lead to satisfying these goals are labeled as cultivation and acquisition. The cultivation process is designed to build the customer database and develop relationship. Business must build a bond with a customer that leads to a long term profitable relationship. The mantra of cultivating process in business to business marketing is that the core source of new customers is the existing customers. After gaining the customer’s business organizations can use the customer information centre and direct marketing to pressure the penetration strategy. They should penetrate the available customer accounts to search additional sales opportunities and strengthen relationships. Though expanding the customer database is essential but equally essential is to protect it for long run. This requires the detection of the gaps and negative points that can drag away the customers. Acquiring stable and long term customers is responsible only if the direct sellers know and satisfy the current customers. The customer information (CIC) in the organization helps in doing the needful. On the basis of available information in customer information centre the customers can be segmented based on common attributes and their unfulfilled needs and demands can be identified and finally a strategy can be formulated to meet and satisfy their needs.

**Direct Response Marketing**

Direct response marketing is another powerful tool of direct marketing/selling. It is similar to but not exactly the same as direct mail marketing. It is the media that distinguishes the direct response marketing/selling from direct mail marketing/selling. While the direct mail marketing relies on the mail i.e. letters of mailers etc for opening the response where as direct response marketing uses more instruments or media like telephone, radio, television and computer. Depending upon the media used as radio or television the response is elicited by giving a contact addresses, phone or fax numbers or email ids. In case of press, usually a coupon is attached to enable the response. Direct response has been an important advertising media over the century. It has emerged as a fast growing segment of
advertising, business promotion area. This method of direct marketing/selling is virtually applied in every customer and business category. With the emerging scope of this method, various direct response agencies have evolved, such agencies offer their specialized skills in both consumer as well as business markets. Direct response agencies provide variety of services including database management, direct mail, research media services and designing and creating offers. Direct response advertising is growing both for social and technological reason. Technological advances have made direct response more efficient for marketers and more beneficial for shoppers. The zip codes and toll free numbers have made it easier for customers to respond. Another major factor has been the credit card. With an automated billing system a customer can call in an order and give a number for billing. Direct response is a multimedia field. All conventional advertising mass media can be used to generate the response. Sometimes the media is used in combination e.g. a mail offer may be followed up with a telephone call. Advertising is allocating increasing sum of money to direct response media. Toll free telephones also serve as useful tool of direct response marketing. Toll free telephones assists the customers in reaching to the seller and ordering the goods, it also helps in getting the instant response from one another and finally works as a bridge between the customer and the organization. The direct response marketing or selling uses the following media-

1) **Print Media** – It incorporates direct mails, catalogs, magazines and newspapers. Direct mails provides the historical foundation for direct response industry a direct mail is a complex, self standing advertising message for a single product or service. It may be as simple as single page letter or as complex as package consisting of multiple letters, a brochure, flyers, and an order card with a return envelope.

2) **Broadcast Media** – It majorly includes marketing through television or radio.
**Television**

It is a major medium for direct marketers who are advertising a broadly targeted product or service and who has the budget to afford the high cost of television advertising. The great deal of change has taken place in technical aspects of television. As a result several different types of television systems are now available to advertisers for delivering of their message to audience. Direct response television marketing takes one or two major forms. The first is the direct response advertising. Direct marketers air television spots, often 60-120 second long, that persuasively describes a product and give consumers a toll free number for ordering. Television viewers often encounter 30 minutes advertising programs or information for a single product. Some successful direct response ads have run for years and have become classic e.g. celebrants, Asian sky shop, ads for cosmetics and health products run for many years and sold more than five sales volumes as compared to retail or traditional market.

**Direct response radio**

Television has often been referred to an ideal advertising medium and to many people it personifies the glamour and excitement of the industry. Radio on the other hand has been called the Rodney danger field of media because it gets no respect from many advertisers dominated by network programming and national advertisers before the growth of television. Radio has evolved into a preliminary local advertising medium. Network advertising generally accounts for less than 5% of radio’s revenue. Radio has also become a medium characterized by highly specialized programming appealing to very narrow segments of the population. Radio has survived and flourished as an advertising medium because it offers advertisers certain advantages for communicating the messages to their potential customers. However radio has inheritant limitations that affect its role in the advertiser’s media strategy. Direct response radio advertising also offers the ability for immediate feedback through a telephone number or address provided with the commercials. In addition, it can be directed towards a much targeted audience.
and is relatively inexpensive compared to other marketing communications. Radio however, is not a particularly dynamic medium. Radio audience tends to be too preoccupied with other things to focus on an address or a telephone number.

In view of above, it is imperative to examine all the above mentioned tools of direct selling so as to find out value addition and customer satisfaction in consumer durables and financial sector.