Direct Marketing In The Sales Activities Of The Company - data security and privacy protection

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RESUME
American Association of Direct Marketing DMA (Direct Marketing Association) defines direct marketing as an interactive system of marketing that uses one or more advertising media to influence a measurable response and / or transaction at any location. The emergence of direct marketing is related to catalogue sales, but catalogue sales is only one of the techniques of action. Direct marketing represents the activities by which vendor, in order to exchange goods with the consumer, directly invests efforts in the target market, using one or more media (direct sales, e-mail, telemarketing, cable TV, direct mail and similar) in order to get feedback. Taking into consideration the development and application of new technologies of the modern era in the implementation of direct marketing, it is important to mention Bob Stone's definition according to which the use of direct marketing media of advertising with the aim of instant encouragement of customer's reaction in a way that this reaction can be monitored, recorded, analyzed and archived in databases with an aim of their usage in future campaigns. We consider that direct marketing in sales communication requires a pre-planned and controlled access, and each step in the implementation of direct marketing requires pre-testing in order to ensure measurability of received answers what sets it apart from other promotional and sales marketing activities. In this two-way interaction we detected three components: dialogue, meeting the needs (the result of communication) and maintaining of dialogue. In this paper we explore the contemporary concept of direct marketing with special emphasis on the protection of privacy and data security. Data protection and their security are becoming increasingly important in Bosnia and Herzegovina lately, especially in direct marketing which represents direct communication with stakeholders and customers. Databases contain personal information about customers and stakeholders, their habits, aspirations, desires, preferences, needs, and they are the base for creating of successful marketing activities. Promotional materials are sent directly to the addresses of residence of customers and stakeholders which are sometimes rightly in fear of irresponsible usage of their personal data, of frequent harassment by electronic means and of violating of their privacy.

Keywords: direct marketing, relations with customers / clients / customers, contact, communication, data security, privacy protection

1. INTRODUCTION
Majority of theorists, in the field of marketing, unanimously concluded, on the basis of the research results, that marketing, as a business function, at some point came in the declining phase of its life cycle. In simplest terms, interest to invest in it attracted the less, except in possible diversification of existing marketing activities, with emphasis on economic propaganda. It has been shown that the condition for 'revival', survival and further development, is the rapid adoption and implementation of dramatic changes in communicational activities, as in the concept of integration of communicational activities, as well as in the vast potential of support with information technology with totally new strategic opportunities.

On the territory of Bosnia and Herzegovina, recognisable resistance to change in organizations is especially present. Marketing managers, before management with changes, often oppose to them, because they consider them as a threat and limitation of creativity and boundaries of their control.
Marketing function needs to be modernized with new ways of thinking, management and administration. In this sense, in contemporary business, the primary task is to set guidance towards building of an optimal level of relationships, as with customers / clients, so with other groups that make up the microenvironment of the underlying business system (suppliers, competitors, distributors, etc.), and which significantly determine the conditions and criteria of market operations in certain situations. This new marketing approach is focused on market segments of customers / clients, but not on the basis of realization of sales and making profit as business goals, but on the basis of satisfying customers / clients and their satisfaction which leads to loyalty. With increasing of mutual trust, commitment, loyalty and lasting binding of customers to the brand and organization, achieves by strategies which focus is designed to create a dialogue with customers / clients and strengthening of relationships with them.

One of such ways of direct communication with customers is the application of direct marketing which uses methods 'custom-made'. Communicating by 'custom made' provides excellent opportunities for introduction, establishing and nurturing of long-term relationships with customers / clients that create loyal customers / clients, and generate conditions for achieving long-term profitability of business, which is the goal of every organization.

Long ago, marketing had a direct form of communication when the sellers faced with consumers directly face to face. Direct form of communication has evolved into a mass marketing in which organizations develop standard message and send it to a wide audience through the means of mass communication, hoping that in this kind of communication customers will buy their promoted products. Organisations never had the need for two-way communication and to know the names of customers or any other information about them. In order to get an immediate response direct marketing refers to two-way communication with the target market and individual customers / clients often 'one to one'. Good direct marketing campaign should be based on current and quality database of existing and potential customers / clients, and the power of the campaign is measured by its effectiveness parameters, such as the response and further actions of customers / clients.

Market-oriented organizations engaged in direct marketing know that it has much greater impact than ordinary sales of products or providing of services, and see it as an effective means for customer / client / customer interaction and building of long-term relationships with them. As direct marketing refers to extremely close segmented audience in the target market it is easy to control it and in the end of activities evaluate the activities on individual or corporate level.

2. CONTEMPORARY CONCEPT OF DIRECT MARKETING

To illustrate the changes that occur in the defining and application of contemporary marketing concept, we could suggest some other terms that adequately describe its modernization in foreign scientific and professional literature: friendly marketing (Friendship Marketing), one-to-one marketing (One to One Marketing), loyal marketing (Loyal Marketing), marketing based on loyalty (Loyalty-Based Marketing), continuous marketing (After Marketing), marketing-oriented on construction of the image (Image Marketing), reverse marketing (Reverse Marketing) and others. We can thus conclude that suggested terms represent only terms which primarily describe the activities that are generally observed, classified and included in the concept of Relationship marketing – marketing of relationships.

In business relationship with customers / clients / customers, direct marketing contains wide spectrum of possibilities for personal addressing. Personal addressing to the consumer or potential consumer provides its attention, and if there is at least an interest for the product / service, it is very likely that it will ask for some additional information. This interaction is intended primarily to initiate and build

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profitable business relationships. In this two-way interaction, we can distinguish three components: dialogue, meeting the needs (the result of communication) and maintenance of the dialogue. According to various definitions which are in certain time and in a particular area of action strive as complete and more comprehensive to define all direct marketing activities needs to focus on the following significant elements: Interactivity, Media-advertising, Measurable response, the Transaction at any location, Customer order.

Direct marketing is one of the more dynamic areas of contemporary marketing, which is characterized by innovation and alternative usage of channels of direct media for communication (phone, mail, newspapers, television, internet ...) for presentation of products out of classic stores. Future of sales is related to direct marketing sales because classical sales is dying out and is replaced with the telephone sales or internet sales. We do not have the ability to open a point of sale in some famous avenue, but we have the ability to communicate directly with the customer who is in any street of the world. That is the way how new information and communication technologies in simple terms, transformed the local market into national, national to global. A contemporary concept of Direct Marketing has found fertile soil in full day working time in which the consumer has less time to tour the classic stores that are richer in offer often and more complex products in which is a competent professional advice, almost irreplaceable.

2.1. Functions, objectives and strategy of direct marketing

Business policy and goals of the organization determine targets of direct marketing and its function. Functions of direct marketing are identical to functions of promotion: getting to know the product / service, affects the attitudes by education, enhancing preferences, clearing doubts and prejudices, supports purchase for satisfying the needs and affects the time of the purchase, gives support in functioning of other instruments of the policy of marketing. Direct marketing in addition to these functions induces immediate action with the goal to raise requests, orders and sales of products / services.

Strategic factors that determine the use of direct marketing and the nature of its action are:

- Product Selection,
- Defining of goals,
- The choice of medium,
- Modeling of offer,
- Usage of database,
- Selecting of method of sales.

Product selection in contemporary business is not of crucial importance, because in practice rules the opinion that the methods of direct marketing can be used when selling different kinds of products or as an aid in selling all kinds of products / services. Today, valuables and jewelry of high value sells through catalogues, electronic components of IT equipment are sold over the phone, which means that the price barrier probably no longer exists at the lower limit. Sometimes there is an opinion that only a specific and unique products that can not be purchased in retail stores, could be sold through direct marketing. The act of final sales is not always necessary to perform with the methods and means of direct marketing because it can be used only for the collection of queries, and then follows personal sale.

Defining goals is related to two approaches of direct marketing between which there is a big difference. It is necessary to determine first whether the main goal is collecting of orders and sales or the goal is creating of database and turning potential customers into buyers. Certainly, with the methods of direct marketing maintain contacts with existing buyers between sales visits, and this form of communication is also considered primary because it is very much in function of customer retention and their loyalty.
The choice of media in the service of direct marketing for launching certain bids depends on many factors (time and space required for presentation of the offer, the need for presenting and demonstrating of products, the amount of costs, selection of customers ...). Most often selected media in the service of direct marketing include: postal items, printed material, telephone, radio, and TV broadcasts, email, and others.

Modeling of offer has a task to cause a reaction to potential buyers. So the purpose of each campaign and direct marketing program is to cause a measurable reaction which would in the end result in sales. The basic elements of good offer are: sales unit, price, payment terms, the obligation of the buyer (what is expected of the buyer), delivery, and transportation, warranty period, add value (special arrangements, free goods, giveaways, contests ...), period of validity of the offer. As already mentioned, direct marketing doesn't involve only getting answers but also receiving and processing of orders, and inventory control of goods, customer service and similar. which is not in any case less important for customer satisfaction. The aim of the offer is that already with its title to attract the reader's attention and interest to read it to the end. In addition to the choice of media it is very important to possess a timely basis of the names of potential buyers, so the offer would 'come in the right hands'. Bob Stone in his work 'Successful methods of direct marketing', from 1995, states the following elements of the efficacy of direct marketing: Database with the names and data of potential customers - 40%; offer - 30%; design and content by 15%.

Usage of database is a segment that other marketing activities differentiates from direct marketing. The imperative of efficient direct marketing is a quality and up to date database of buyers and potential customers, their habits, type of products/services they consume, frequency of purchase. Owning such a database represents a powerful secret weapon of the organization in the market. Customer database represents an organized listing of comprehensive data on individual existing or potential buyers, which is accessible and usable for marketing purposes such as creating of advantages and qualifications, the sale of products or services, and maintaining of relationships with customers. Any company that wants to engage in direct marketing must have a database - lists of customers. Database can be their own or borrowed (someone else's), acquired by exchange or through a broker database. The database is not easy to make since it has to include all elements of customer tracking to assigning of hierarchical number. Types of data which base should contain primarily depends on the type of market and the company's own activities. Possessing of quality and well-developed database helps the company, gives it strength to achieve competitive advantage, and can achieve much greater precision in placement on the target market.

Selecting of the method of sales in direct marketing is possible from the following, namely: One short - one-time offer of products in a single transaction - goods ordered, delivered and paid and the transaction is completed; In two steps - the customer is provided with the requested information in its inquiry or in combination with personal sales transaction ends; Catalogue sales - is characteristic for the products of a wide range of products offered in the target market and invites consumers to make a choice from a catalog for purchase; Subscription - is usually paid in advance and is related to the continuity of supply in a given period of time; Membership in the club - refers to the continuous delivery of products that are sent automatically, where the customer does not have to invest a lot of effort in the case of cancellation, and the product is paid when taken over. The choice of an adequate method of sales primarily depends on the nature of the products that are the subject of trade, quantities of stock of goods, the complexity of information about products with which the customer must be informed before deciding to purchase.

When company makes environmental analysis, segmentation and choice of target market then accesses to formulation of strategy of direct marketing. The main elements of the strategy of direct marketing are:

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The product,
Supply and positioning,
Creating, designing and production of promotional materials,
The choice of media of direct marketing,
Delivery - distribution.

The big advantage of direct marketing lies in the fact that the elements that make up the strategy can be tested, such as products, product characteristics, the theme of advertising text, prices, and similar. Before beginning any promotional activities or campaigns through direct marketing company must be sure that it can: respond quickly to requests for additional information, without prolonging to fulfill an order, to kindly adjust and if necessary to correct in case of occurrence of some problem or confusion, and kindly to serve and invoice the customer.

3. DIRECT MARKETING MANAGEMENT

The role of the marketing strategy in the company is to promptly adapt the company's business, taking into account market and technology trends, changes and therefore occupies an important place in the mix of business strategies of the company. Marketing is present everywhere and in the initiation and implementation, as well as in control and business audit. Marketing is expected to promptly notice market opportunities, to design market development goals, to orient business functions, to define marketing goals and marketing strategy by programming marketing activities. Synchronized development of the Internet and the globalization process almost simultaneously affect the business of the company, and Internet and marketing create their unbreakable bond. The ratio of Internet and marketing in the time ahead will be more complex, because in their logic of approach is the same factor, man. Direct usage of technological advantages of the Internet network fits perfectly into the concept of direct marketing of the company that needs to understand the system of needs of customers / clients and to implement their marketing strategy through interaction with them. Therefore, the digital era has created the technological conditions, and Internet as a medium opened space for activity of interactive type of marketing aimed at customers / clients / consumers as individuals.

New direct marketing is contemporary driven marketing process, which allow databases and the application of new technologies that open up the possibility of marketing experts to test, implement, measure and properly model various marketing programs.

Direct marketing uses direct channels to reach the customer / client / consumer and deliver his product / service without using intermediaries. Strategic approach to direct marketing management involves planning, organizing and control of marketing plans that include marketing objectives and strategic solutions for accomplishment of those goals. Therefore, basic characteristics of direct marketing include: Interactive System of Marketing - two-way communication; measurable response - indicates the possibility of setting quantitatively measurable objectives; location - direct marketing does not specify the exact usage of certain media, but the choice is bound for the purpose of location that should be covered by the message; Database (Database Marketing) - as an essential element and an essential weapon of direct marketing.

3.1. DATABASE OF DIRECT MARKETING - Database Marketing

Databases of direct marketing represent lists of customers / clients / consumers with a variety of information that are modeled and composed with strictly defined purpose. All datasheets can not represent and are not databases. Information for database company collects over certain period of time and updates it with the data of executed purchases and then they can get a database with exceptional

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value. Creating of database is based on gathering information about customers from: records of the company, reactions to sales promotion, warranty cards, offers of samples where the consumers are asked to give their name and other basic information, queries, data exchange with other customers, records of sales force, application forms for the use of credit cards or loyalty cards, complaints, response to previous direct marketing activities and organized events, for example tasting. During the time the base may be amended or upgraded with certain characteristics of consumers, and with a variety of sophisticated classification and combining, the company comes to extremely powerful resources which will be used in its business policy and strategy. The Company may use their own or some other people's databases that are located outside the property of the company which uses them. Thus, the database can be divided into four different groups:

1. Response list - Base respondents, represent lists that are created based on previous answers of customers / clients / consumers and are often called the lists of orders. Respondents may be new customers, active customers and also former customers. All of them are identified according to their specific interests and readiness to respond to an offer if they are motivated. In practice, these kinds of lists are usually bought from professionals.

2. Compiled list - collected or compiled bases, have their place and importance in companies that do not have experience in direct marketing. Information for this database are usually taken from the following sources: lists of registered cars, lists of members of associations and similar.

3. The business base, typically contain the name of the company and the person, description, address, payment method, delivery time, and some limitations if there are any.

4. The bases of the company, created in the company gradually for their own use but also with certain primary aim may be an important source of revenue and profit potential if the company can exchange it, rent it to someone or sell it.

Marketing based on databases represents 'electronic file cabinet' containing a list of names, addresses, telephone numbers and information about lifestyle and transactions of existing and potential customers. Marketing based on databases has huge potential, and with the use of computer technologies offers the possibility of presenting information in a convenient, accessible and useful format.

4. PRIVACY AND SECURITY PROTECTION OF DATA IN DIRECT MARKETING

Legal regulations in Bosnia and Herzegovina which applies only to direct marketing does not exist. Our everyday life indicates us the presence of direct marketing in all areas of the company's business and the life of citizens. Prosperity and community development of the economy, sports, education, science, culture and other areas, is conditioned by the application of new information and communication technologies. Because everything listed so far about specifications of direct marketing, its characteristics, instruments, strategies and management process itself it is easy to conclude that in the future by using all contemporary technology that with many advantages and has a number of shortcomings related primarily just for the appearance of unallowed and largely punishable by law. Customers / clients / consumers were once rightfully in fear and are afraid of misuse of their personal data. Fear of the collected data day by day increases for reasons of identity theft, false reports about winning awards, telephone harassment, and offering of unsolicited products / services by phone, mail, e-mail, because it has become a common practice of companies engaged in telemarketing.

In our country there is no specific legislation that defines this area, but that does not mean the impossibility of subsuming these areas under certain legal standards that regulate the Law on the protection of personal data. Direct marketing activities are based on the basis of the consent of the data given in writing and signed by the holder of the data. Direct marketing issues in a straightforward

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5 David Jober, John Fahy, Basics of Marketing, Data Status, Belgrade, 2006, pg. 270
manner, regulates the Recommendation of the Council of Europe No. R8520, adopted on October 20th, 1985 by the Committee of Ministers of the Member States. According to this Recommendation the first condition for the implementation of direct marketing is to obtain the relevant volume of personal data in a way that the personal data of active and potential customers / clients / consumers are collected under the condition of obtaining personally signed statement or consent about the usage of personal data. This statement should be included and exclusively listed during data collection. The Recommendation notes that if the data subject has given its consent presentation of products / services should be in such form and in such manner as to prevent the violation of privacy of the recipient. Admission of marketing letters, emails and similar content will never cause the recipient's delight, but will cause a reaction of outrage and anger, and the question of how and by whom the sender came to their personal data? Therefore, before giving personal information it is necessary to inform about the one who collects the data, and only then, every individual has a basis for deciding whether and to what extent your personal information will be given to someone.

Every individual is particularly sensible when intimate data are asked and evidenced, and seeks legal measures to regulate the safety of these data, to oblige recipients / beneficiaries of information that they treat them with great care during processing, storing and updating. Marketers beside basic information such as name, phone number, address of residence ask and use, very often, psychographic and demographic characteristics of customers / clients / consumers in order to target their message directly to individuals in a particular target market for which they assume that they could become buyers of products or service users. Practically speaking, the information on the residence gives marketer a picture and leads to the conclusion regarding the financial status and lifestyle of the person concerned; information on the type of magazine that can be ordered suggests some lifestyle habits, leisure activities and even lifestyle of the recipient; based on past purchases it is possible to predict which products and services the person in question will order in the future. So we can conclude that there are at least four reasons why customers / clients / consumers could be outraged at direct marketers:

- The fear of irresponsible usage of data,
- Interference and prohibited activities,
- Environmental pollution due to throwing of promo materials,
- Harassment.

Direct marketing should know and have relevant information and as much information about potential and current customers and service users, their desires, tendencies, preferences, how to form a high-quality database as well as to create successful target marketing campaigns - target marketing campaign.

5. CONCLUSION

Actual changes in the business environment suggest that it is necessary to make changes in the marketing conception, to ensure operations in accordance with the latest business trends. Namely, instead of orientation to meet the needs of customers and building relationships with customers, based on the performance of products, should focus on building relationships based on loyalty. Customer relationships based on loyalty lead to the formation of some kind of partnership between the specific organization and its customers, which guarantees the achievement of long-term results, which could be realized through direct marketing. Thus, we can conclude that direct marketing does not represent some special form of market-oriented business policy of the company, but a different way of focusing of communicational activities with an individual or smaller target market of customers / clients / consumers. Customer demands are developing in the direction of creating the need for individual dialogue because of daily bombardment of information from various sources to which they are exposed, the transportation costs at independent search of the best solution and certainly a lack of free time. Here comes to the fore continuous communication in direct contacts with customer / client / consumer, and creating of long-term relationships based on loyalty. Certainly the main objective of

this communication is providing of greater value and improving of quality of their life with the achievement of sales as the primary goal of the company.

The assumption of long-term and successful business of the company is continuous acquiring of new knowledge and practices, compliance of legal regulations, ethical behavior in relation with customers / clients / customers and stakeholders, respecting of their wishes and satisfaction of needs and establishing of responsible, partner and friendly relationship based on mutual trust. To gain the trust many companies provide a prohibition of giving data of their customers / clients / consumers and they submit that information for insight. Therefore, more and more the practice of permissible marketing is adopted (eng. Permission Marketing) by which the company receives approval from their customers / clients / consumers, whether they want to be sent by their mail, sms, phone, mail promotional messages or materials, and in so in this way they could reduce dissatisfaction with the part of customers / clients / consumers who do not want harassment. Any serious company present in the market should pay special attention to creating policies of protecting of privacy of their customers / clients / consumers.

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