

## DIRECT MARKETING AMONG COMPANIES IN THE POLLOG REGION

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**Abstract:** Direct marketing is without a doubt one of the most often used marketing approaches nowadays worldwide. During the last couple of decades, the drastic fall in the price of computer hardware and software as well as the eased access to internet on one side, and the intensive development of social networks and media on the other, have revolutionized direct marketing in particular and marketing and specially promotion in general. But, when it comes to the Pollog region, although several steps forward have been made by many local business's perhaps it is still too early to discuss approaches such as telemarketing and database marketing. On the other hand, it can be argued that most local businesses are well aware of the "more traditional" forms of direct marketing such as direct mail, door to door marketing, direct response etc. Therefore, the paper strives to analyze the level of usage of the different approaches to direct marketing by companies in the Pollog region as well as to provide possible recommendations that if implemented might results in a better understanding of the benefits to be gained by implementing direct marketing, especially in a region such as the Pollog region.

**Keywords:** direct marketing, SME's, Pollog region.

## ДИРЕКТЕН МАРКЕТИНГ МЕЃУ КОМПАНИИТЕ ВО ПОЛОШКИОТ РЕГИОН

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**Резиме:** Директен маркетинг во денешно време низ целиот свет без сомнение е еден од најчесто користените маркетинг пристапи. Во последните неколку децении драстичното намалување на цената на компјутерскиот хардвер и софтвер, како и олеснетиот пристап до интернет од една страна и интензивниот развој на социјалните мрежи и медиумите од друга страна, го револуционизираа директен маркетинг особено маркетинг а посебно промоцијата воопшто. Но, кога станува збор за Полошкиот регионот, иако од многу локални бизниси беа направени напред неколку чекори, можеби се уште е рано да се разговара за приоди како што се телемаркетинг и маркетинг на бази на податоци. Од друга страна, може да се тврди дека повеќето локални бизниси се свесни за "по-традиционалните" форми на директен маркетинг, како што се директна пошта, маркетинг од врата до врата, директен одговор итн. Затоа, трудот се обидува да го анализира нивото на користењето на различните пристапи за директен маркетинг од страна на компаниите во Полошкиот регион, како и да пренесе можни препораки кои ако се имплементираат, би можеле да резултираат во подобро разбирање на придобивките што треба да се добијат со спроведување на директен маркетинг, особено како што е Полошкиот регион .

**Клучни зборови:** директ маркетинг, ММДС, Полошки регион.

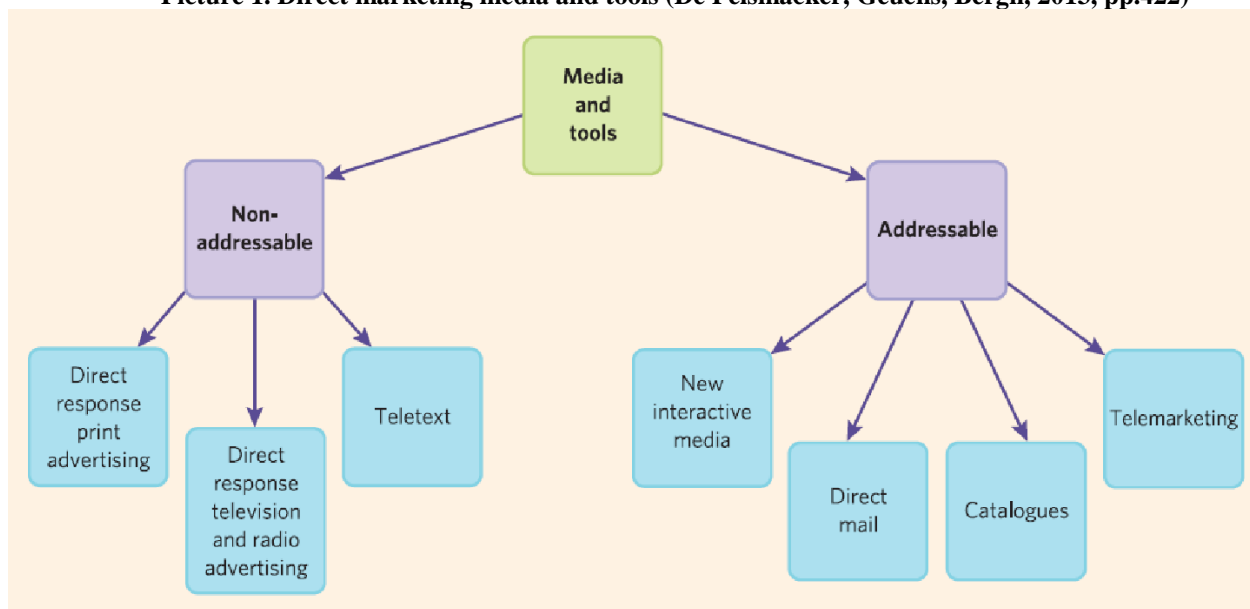
## LITERATURE REVIEW

While direct marketing has been one of the fastest-growing forms of promotion, it has several disadvantages. First, most forms of direct marketing require a comprehensive and up-to-date database with information about the target market. Developing and maintaining the database can be expensive and time-consuming. In addition, growing concern about privacy has led to a decline in response rates among some customer groups. Companies with successful direct marketing programs are sensitive to these issues and often use a combination of direct marketing alternatives together, or direct marketing combined with other promotional tools, to increase value for customers.

Marketers are increasingly using highly focused direct-marketing programs to target small consumer niches with products and services that fit their interests and lifestyles. (Niche marketing is sometimes called *micromarketing*.) Marketers very carefully target customers on the basis of their demographic, psychographic or geodemographic profiles with highly personalized product offerings (e.g. hunting rifles for left-handed people) and messages that show they understand their special needs and desires. Direct-marketing efforts have an excellent chance of favorably influencing target consumers' attitudes, because the products and services offered and the promotional messages conveyed are very carefully designed to address the individual segment's needs and concerns and, thus, are able to achieve a higher 'hit rate' than mass marketing.

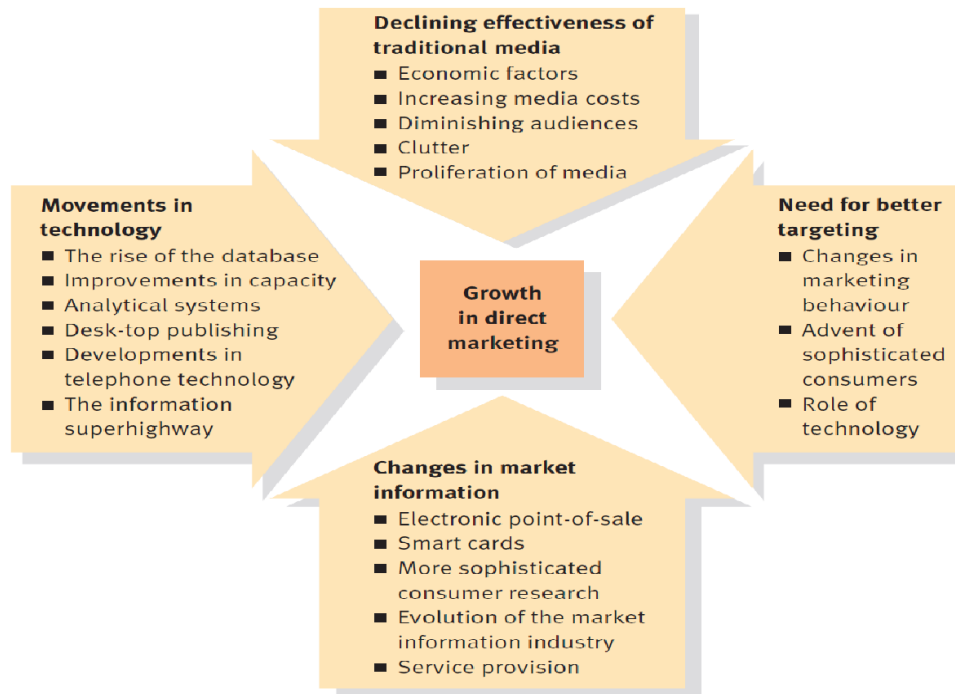
Direct marketing is a broad concept that includes direct mail, direct selling, direct-response retailing, telemarketing, Internet retailing, and automatic merchandising. Direct marketing, sometimes called direct response marketing, refers to the techniques used to get consumers to make a purchase from their home, office, or other nonretail setting. Those techniques include telemarketing, direct mail, catalogs and mail order, and online retailing. Shoppers using these methods are less bound by traditional shopping situations. Time-strapped consumers and those who live in rural or suburban areas are most likely to be direct response shoppers because they value the convenience and flexibility that direct marketing provides. Internet-based technologies have had a profound effect on direct marketing initiatives. E-mail, for instance, can be directed to a specific consumer. Firms use e-mail to inform customers of new merchandise and special promotions, confirm the receipt of an order, and indicate when an order has been shipped. Currently available technologies also mean handheld devices can function as a payment medium: Just tap your cell phone, and the transaction occurs in much the same way it occurs with a credit card. The main direct marketing media and tools are presented in picture 1.

**Picture 1. Direct marketing media and tools (De Pelsmacker, Geuens, Bergh, 2013, pp.422)**



Direct marketing has shown significant growth over the years, due to the influence of a wide range of factors, as presented in picture 2.

Picture 2. Catalysts of change behind the growth of direct marketing ( Sally, Lindon, Wiliam, Ferrel, 2012, pp. 549).



The process of managing a direct marketing campaign undergoes a few steps, as described in picture 3.

Picture 3. Managing a direct marketing campaign (Fahy, Jobber ,2015,pp.484)



Direct mail can provide business marketers with a number of advantages. Direct mail excels at delivering a personalized message at a precise point in time to a well-defined audience. The cost per contact is greater than print advertising and e-mail but typically less than the telephone. It can have up to four elements:

- The envelope. The outer wrapping of the direct-mail piece is the first element that can get the attention of the intended reader and carries most of the weight in the decision to read or discard the entire piece. Odd-sized envelopes are more likely to be opened, but also cost more to send.
- The offer. The offer is the description of the product or service offered, so the offer can include the interior of a catalog or a letter. It helps to think of the offer being conveyed in a letter because (1) it usually is in business and (2) even when the offer is conveyed by other means (e.g., sales call, catalog) the letter as a metaphor is quite fitting and powerful.
- The enclosure. The enclosure plays a supporting role to the offer. Proof statements, such as case studies, can be part of the enclosure if separate from the offer. Free samples, computer disks or videotapes with video demos, or specialty advertising premiums can serve as enclosures.
- The reply device. It strives to tell the reader what to do, make the action easy and obvious, include a reason for acting and end with a positive picture for the buyer.

Although direct response advertising appears in prime media, such as television, newspapers and magazines, it differs from standard advertising in that it is designed to elicit a direct response such as an order, enquiry or a request for a visit. Often, a freephone telephone number is included in the advertisement or, for the print media, a coupon response mechanism may be used. This combines the ability of broadcast media to reach large sections of the population with direct marketing techniques that allow a swift response on behalf of both prospect and company.

Direct-response television (DRTV) marketing takes one of two major forms: direct-response television advertising and interactive TV (iTV) advertising. Using *direct-response television advertising*, direct marketers air television spots, often 60 or 120 seconds in length, which persuasively describe a product and give customers a toll-free number or a Web site for ordering. It also includes full 30-minute or longer advertising programs, called *infomercials*, for a single product.

Rising postage rates and decreasing long-distance phone rates have made *outbound* telemarketing an attractive direct-marketing technique. Skyrocketing field sales costs have also led marketing managers to use outbound telemarketing. Searching for ways to keep costs under control, marketing managers have learned how to pinpoint prospects quickly, zero in on serious buyers, and keep in close touch with regular customers. Meanwhile, they are reserving expensive, time-consuming, inperson calls for closing sales.

Even though, as discussed direct marketing results in a number of advantages for marketers and the companies in general as Kotler and Keller note sometimes a darker side of direct marketing emerges, that is:

- Irritation. Many people don't like hard-sell, direct marketing solicitations.
- Unfairness. Some direct marketers take advantage of impulsive or less sophisticated buyers or prey on the vulnerable, especially the elderly.
- Deception and fraud. Some direct marketers design mailers and write copy intended to mislead or exaggerate product size, performance claims, or the "retail price." The Federal Trade Commission receives thousands of complaints each year about fraudulent investment scams and phony charities.
- Invasion of privacy. It seems that almost every time consumers order products by mail or telephone, apply for a credit card, or take out a magazine subscription, their names, addresses, and purchasing behavior may be added to several company databases. Critics worry that marketers may know too much about consumers' lives, and that they may use this knowledge to take unfair advantage.

In catalog marketing, an organization provides a catalog from which customers make selections and place orders by mail, telephone, or the Internet. The advantages of catalog retailing include efficiency and convenience for customers. The retailer benefits by being able to locate in remote, low-cost areas; save on expensive store fixtures; and reduce both personal selling and store operating expenses. On the other hand, catalog retailing is inflexible, provides limited service, and is most effective for a selected set of products.

**SAMPLE DESCRIPTION**

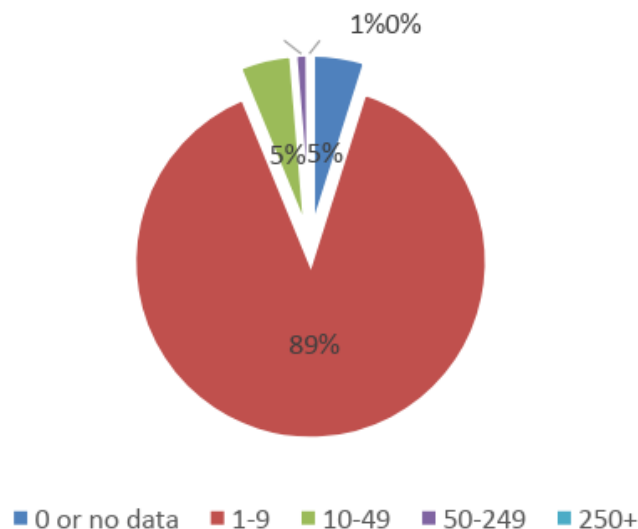
The Republic of Macedonia is divided into eight separate regions, the Pollog region being of them. Its national economy in 2017 included a total of 71419 companies while the Pollog region participated with around 11.37% in the total number of business's, thus being the second biggest in the country, right after the Skopje region.

**Table 1. Number of companies by region in the Republic of Macedonia**

Region	N	%
Vardar region	5383	7.54
Eastern region	5615	7.86
Southwestern region	7238	10.13
Southeastern region	5970	8.36
Pelagonia region	8064	11.29
Pollog region	8118	11.37
Northeastern region	4084	5.72
Skopje region	26947	37.73

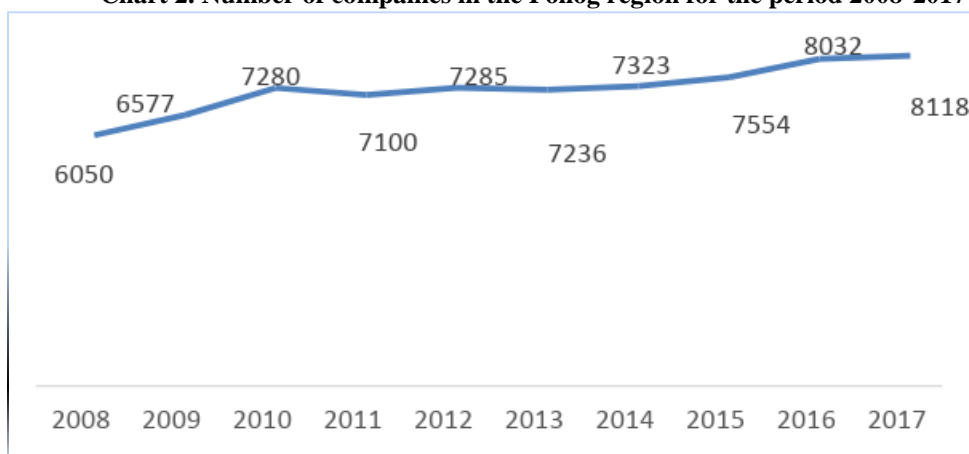
As can be noted from the data presented in chart 1, the structure of companies in the Pollog region is dominated mainly by micro and small companies, according to the number of their employees. In fact, only a tenth of companies have ten or more employees and only eight companies with this region have 250 or more employees.

**Chart 1. Structure of companies in the Pollog region according to number of employees**



It should be noted that the number of companies in the Pollog region has been increasing over time, as can be noted from the data presented in chart 2.

**Chart 2. Number of companies in the Pollog region for the period 2008-2017**



Having in mind that the chances of direct marketing techniques being applied by micro companies are very small, the study was focused on companies that have at least 10 employees or more. This group of companies as can be noted from the data from the State statistical office of the Republic of Macedonia, this group is comprised of only 506 companies, 8 of which have 250 or more employees, 100 have between 50-249 employees and 398 companies have 10-49 employees.

From the above mentioned companies, 305 were approached to participate in the research, but only 89 of them responded positively, table 2.

**Table 2. Data sample**

Companies	n	%
<b>Companies according to number of employees</b>		
10-49	21	23.60
51-100	17	19.10
101-150	21	23.60
151-200	18	20.22
201-250	9	10.11
More than 250	3	3.37
<b>Companies according to industry</b>		
Agriculture	11	12.36
Production	42	47.19
Construction	9	10.11
Trade	19	21.35
Other	8	8.99

As can be noted, the sample is dominated by companies that have between 10-150 employees, which is a good representation of the actual structure of companies by size. According to industry, most companies taking part in the survey were production companies and trade companies.

### STUDY RESULTS

As can be noted from the study results, companies in the Pollog region do not give direct marketing the needed attention, table 3.

**Table 3. Study results**

Direct marketing channel	Yes		No	
	n	%	n	%
Direct mail	21	23.60	68	76.40
Telemarketing	32	35.96	57	64.04
Direct response advertising	1	1.12	88	98.88
Electronic media	78	87.64	11	12.36
Catalogue marketing	13	14.61	76	85.39
Insertions	6	6.74	83	93.26
Door to door leafleting	8	8.99	81	91.01
Text messaging	3	3.37	86	96.63

In fact, only 23% of companies use direct mail and just over a third of them use telemarketing. The most widely used form of direct marketing by companies in the Pollog region is electronic media, and the least used form is direct response advertising. Catalogue marketing is used by only 15% of companies, insertions are used by only 7% of companies and only 9% and 3% respectively use door to door leafleting and text messaging.

**Table 4. Usage of direct marketing depending on company size**

Direct marketing channel	Company size					
	10-49	51-100	101-150	151-200	201-250	>250
Direct mail	3	5	5	3	3	2
Telemarketing	1	6	9	9	5	2
Direct response advertising	0	0	0	0	0	1
Electronic media	19	15	18	16	7	3
Catalogue marketing	1	2	1	1	6	2
Insertions	0	0	0	2	2	2
Door to door leafleting	5	3	0	0	0	0
Text messaging	2	1	0	0	0	0

As can be noted from table 4:

- The smallest companies from the respondents group have less preferences for the different forms of direct marketing, excluding electronic media. In fact over 90% of them use electronic media and around 1/5 of them use door to door leafleting. The other forms of direct marketing are applied by no more than 15% of the total number of responding companies that have between 10 and 49 employees.
- When it comes to the companies that have between 50 and 100 employees, it should be noted that they also mainly prefer electronic media as a form of direct marketing (Over 88% of them). The second ranked most favored form of direct marketing among these companies is telemarketing (35%). On the other hand the least preferred forms of direct marketing among these companies are aside from direct texting, are catalogue marketing (11.76%) and door to door leafleting (17.65%).
- The companies that have between 101-150 employees use only four forms of direct marketing that is direct mail (almost 24%), telemarketing (around 43%), electronic media (around 86%) and catalogue marketing (around 4.8%).
- Usage of electronic media is the most favored form of direct marketing among companies that have 151-200 employees (88%). Half of them use telemarketing and almost 17% of them use direct mail. These companies also use insertions (around 11%) and catalogue marketing (around 5.55%).

- The situation is similar when it comes to companies employing between 201 to 250 employees, with the slight difference that these companies use catalogue advertising (66.6%), telemarketing (55.5%), direct mail (33.3%) and insertions (22%) more than all other corresponding companies. Electronic media remains the most preferred form of direct marketing for these companies as well, but less compared to other companies (77.7%).
- When it comes to the largest companies, that is those employing more than 250 employees, even though the sample is comprised of only three companies it should be noted that they all use electronic media and around two thirds of them use direct mail, telemarketing, catalogue marketing and insertions. One of them has declared that it even uses direct response advertising.

**Table 5. Usage of direct marketing depending on industry As can be noted from table 5:**

Direct marketing channel	Companies by industry				
	Agriculture	Production	Construction	Trade	Other
Direct mail	0	0	8	13	0
Telemarketing	0	3	8	16	5
Direct response advertising	0	1	0	0	0
Electronic media	7	39	8	17	7
Catalogue marketing	0	1	2	9	1
Insertions	2	1	3	0	0
Door to door leafleting	0	2	0	5	1
Text messaging	0	0	0	2	1

- The responding agricultural companies use only direct marketing and insertions as forms of direct marketing.
- Electronic media is by far (around 93%) the most preferred form of direct marketing for production companies in the Pollog region. Only 7% of them use direct mail, around 5% of them use door to door leafleting and 2% of them use catalogue marketing and insertions.
- Construction companies are the most active in using direct marketing. In fact 8 of the total number of nine such companies that took part in the survey, use direct mail, telemarketing and electronic media. A third of them use insertions and around 22% of them use catalogue marketing.
- Nine in ten trade companies use electronic media, 85% of them use telemarketing, around 68% of them use direct mail and almost half of them use catalogue marketing.

### CONCLUSIONS AND RECOMMENDATIONS

Although direct marketing results in many benefits for contemporary business in terms of helping them in gaining and sustaining a competitive advantage on the market, as the study shows companies in the Pollog region have manifested a low level of applying the different forms of direct marketing, with the exception of using electronic media.

The study has not shown any significant correlation between company size and the application of direct marketing, although it has been noted that electronic media are used more by smaller compared to the bigger companies, while insertions and catalogue marketing are used more by bigger companies compared to smaller ones.

On the other hand, the study has shown, as expected, that agricultural companies in the Pollog region, as well as production facilities from the region do not apply direct marketing forms as intensively as construction companies and trading companies from the region.

Although the most easily derived conclusion, having in mind the literature review, the general body of knowledge on direct marketing, and the study results, would be that companies in the Pollog region should intensify the application of direct marketing in the future, it is obvious that even now they apply electronic media quite intensively. This form of direct marketing creates less costs, and therefore having in mind the general business



climate and the situation under which these companies function this is quite understandable. Hopefully as these companies grow and strengthen their financial health they will apply the other forms of direct marketing in the future, although logic dictates that it should be the other way around.

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