

THE DIRECT SALES DIMENSION AS AN ALTERNATIVE TO TRADITIONAL SALES INSIDE THE U.E.

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Abstract: *Selling is an activity that completes the exchange of marketing in terms of transfer of ownership of goods or services. The direct selling is an alternative to the traditional sale, developed on the "old continent" a few centuries ago. The purpose of this paper is to present direct sales as viable alternatives to traditional sales and to identify their main trends in the European Union. From this point onwards, the main objectives of this work are: a short presentation of the some renowned authors' sale views generally and particularly, correct dimensioning of direct sales in the European Union. The main research future direction is to achieve a comparative study between direct sales and Internet sales, both seen as alternatives to traditional sales.*

Keywords: *sales, direct sales, the European Union*

INTRODUCTION

The purpose of this paper is to present direct sales as viable alternatives to traditional sales and to identify their main dimension in the European Union. From this point onwards, the main objectives of this work are: a short presentation of the some renowned authors' sale views generally and particularly, correct dimensioning of direct sales in the European Union and in Romania, Romania's surprising deviations in relation to the characteristics of European Union's direct sales, achieving research through SPSS program, capturing the main trends of direct sales in the EU.

Selling is an activity that completes the exchange of marketing in terms of transfer of ownership of goods or services (Hill & O'Sullivan, 1997, pp. 243). The direct selling is an alternative to the traditional sale, developed on the "old continent" a few centuries ago.

The main research future direction is to achieve a comparative study between direct sales and Internet sales, both seen as alternatives to traditional sales.

MATERIALS AND METHODS

Selling is the most representative marketing action; without customers there is no organization, and without sales there is no customer. Selling means not only to make a deal (giving an economic good and receive an amount of money), but to get satisfied and loyal customers. This means moving from a transactional to a relational attitude (Brutu M., 2009, pp. 12).

Bill Donaldson noted that - despite the crucial importance that selling activity has for an organization - the economic management and marketing courses only mention the subject of sales in passing, if not ignore it at all. In practice, the same author observes that the situation is different, the best rated companies are well aware of the importance of the sales, that they made the connection between the company and its customers (Donaldson, 1998, pp. 3).

P.R. Smith suggestively presents the level reached in sales, in his work "Marketing Communications" (Smith, 1993, pp. 189): *"I used to have an area where I was a free agent... Nowadays, my computer recommends me what calls should I make... my assistant reminds me what to say... my manager knows where I am and I spend half my time in*

training... but I sell 30% more per year." This seems to be the level reached in sales. Leave nothing to chance...

The persons dealing with sales are: sales agents, sales representatives, customer relations officials, marketing consultants, sales engineers, area representatives, agents, district managers and marketing representatives. Seller profession is by far one of the oldest known in the world.

A business is an open system, in constant interaction with the external environment (Necula, Baldan, 2007). In most areas the competition is so strong that, in order to survive and grow, a company constantly must communicate with itself. Kept up efforts are needed to establish and improve an effective communication system, and sales force is repositioned in this context from the distribution subsystem in the communicational mix.

An alternative to traditional sales is represented by direct sales. Selling by mail (Le Men & Bruzeanu, 2000, pp. 10) developed in Europe centuries ago, along with the invention of printing presses and the first catalogues, which were nothing but extensively written list of papers that publishers used to send by mail to potential buyers (provincial figures, nobles isolated in their castles, booksellers and so on).

In 1917, appeared the U.S. Direct Mail Advertising Association which is currently called Direct Marketing Association - DMA, the most important international organization in the field.

In the U.S. the success of large companies that offer purchase through teleshopping system, QVC and Home Shopping Network highlights the huge potential of home care services.

Due to sophisticated information technologies that allow taking orders 24 hours out of 24, due to highly efficient logistical resources that ensure delivery within 24 hours anywhere in the country, thanks to a "point of sale" exhaustive catalog, the ways products are presented, the sale by mail has a number of advantages capable of attracting consumers.

The golden ratio 80/20 found in traditional sales, which is the fact that 80% of company sales come from 20% of customers – i.e. from loyal customers - is also true in direct sales branch.

Due to its technology and ingenuity, the mail order sales (Le Men & Bruzeanu, 2000, pp. 13-15) is, to some extent, the antechamber of direct marketing. However one can not restrict direct marketing to the small direct sales. The U.S.A launches in about 2,000 sales catalogs by mail, effectively completing the sale in stores.

Teleshopping is buying through television. Teleshopping U.S. market is dominated by two mammoth-companies: Home Shopping Network and QVC, addressed to 50 and respectively to 47 million subscribers to home cable television, 24 hours a day and 7 days a week. It is impressive how program hostesses praise a product, staring at the monitor showing the exact number of existing products in stock, the number of products sold and turnover. 2,000 HSN telephonists receive telephone orders that are immediately processed and delivered in four centers located throughout the U.S. (approximately 4,500 packages per day). Stars like Omar Sharif turns to vendors to sell their own products.

In addition to the economic advantages (prices are usually 20-30% lower than in traditional commerce), this sale presents social benefits, 80% of HSN's buyers are women, here so that mail order sales is a viable alternative to traditional sale.

Direct selling is closely related to direct marketing. In less than a century, direct marketing has grown considerably, far exceeding the limits of its roots in traditional mail trade, acquiring many new technologies, techniques for building customer relationships

and performance evaluation, which have set benchmarks for future marketing communications. It has become a powerful tool that every company should consider as part of an overall integrated marketing strategy (Stone & Jacobs, 2004, pp. 3).

Viral marketing can also help sales. Is a dynamic phenomenon as the message recipient triggers a reaction that will talk about it or send it on (Gîrboveanu & Puiu, 2008, pp. 223-230).

RESEARCH ON DIRECT SALES TRENDS IN THE EUROPEAN UNION

Direct sales are alternatives to traditional sales. Worldwide, USA dominates the top of the biggest markets with \$31.6 billion, followed by Europe, Japan, China and Brasil, as seen in the figure below:

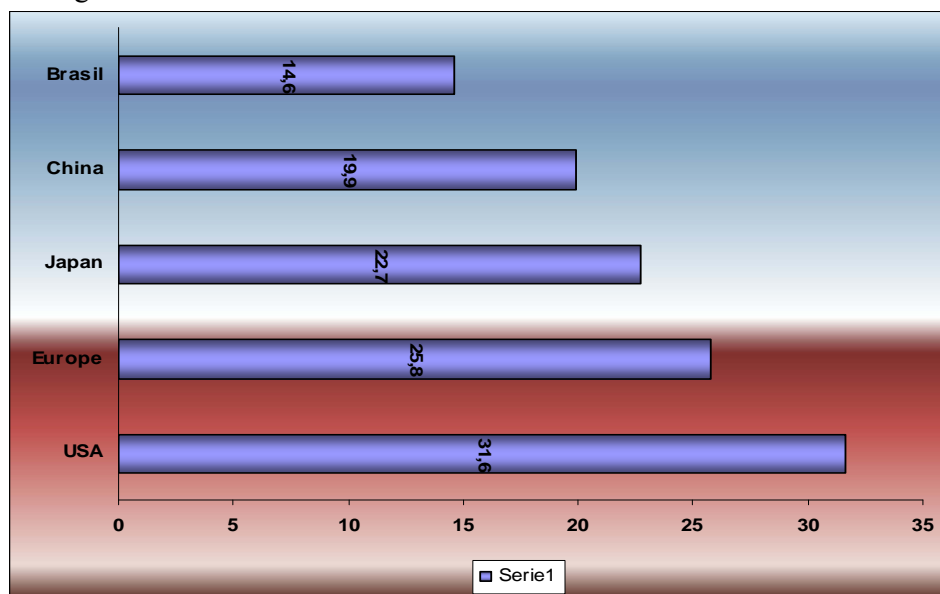


Figure 1: Top 5 direct sales markets

Table 1. Size of direct sales in the EU (2009-2013)

	Sales (billion euros)	No. of sellers	% of women	% part-time	"Person to person" sales method	"Party Plan" sales method
2009						
Totals in Europe	14.230,41	11.204.898	81%	70%	67%	33%
U.E.	10.717,45	4.058.464	77%	81%	68%	32%
2010						
Totals in Europe	15.365,927	11.028.615	87%	73%	70%	30%
U.E.	11.583,757	4.493.256	82%	82%	70%	30%
2011						

Totals in Europe	17.842,92	11.374.219	81%	70%	70%	30%
U.E.	13.436,48	4.654.817	84%	82%	70%	30%
2012						
Totals in Europe	20.128,95	11.356,048	79%	80%	70%	28%
U.E.	14.924,65	4.815.878	84%	76%	65%	34%

Source: Adapted from the European Direct Selling Association, Annual Report, 2009, 2010, 2011, 2012

Table 1 shows that the EU direct sales have increased by over a 35%, for the analyzed period (39.25% increase in 2012 compared to 2009). Also in the same period, the number of vendors has increased by about 800,000. Over 80% of the sellers are part-time employed women, and the most used selling method is from person to person.

If referring to Europe, France records the biggest direct sales, followed by Germany, Great Britain, Italy and Poland, as seen in the figure below:

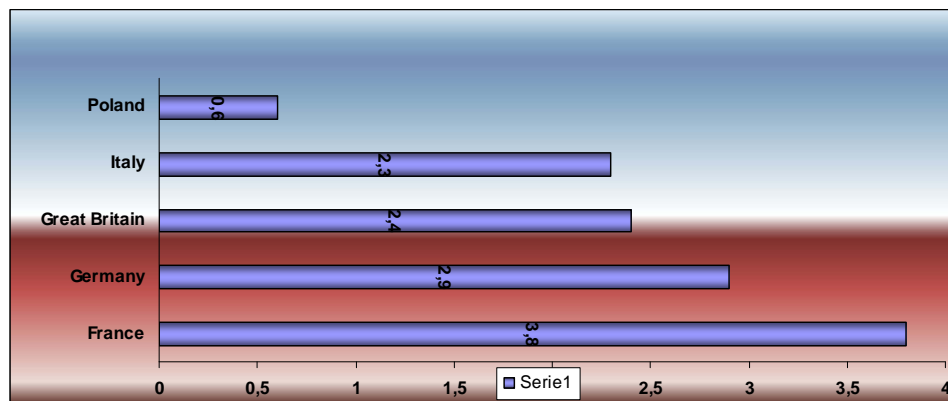


Figure 2: Main direct sales markets ranking in Europe

http://www.seldia.eu/sites/default/files/pdf-documents/SELDIA_AR_2013.pdf

Women dominates direct sales market over the E.U. (79%), market which is also dominated by part-time contracts (80%).

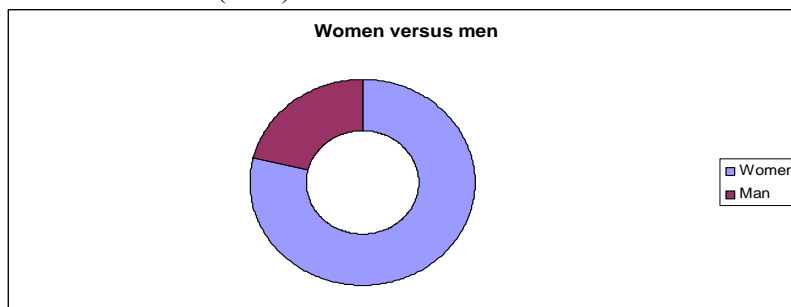


Figure 3: Direct salesmen repartition by gender

http://www.seldia.eu/sites/default/files/pdf-documents/SELDIA_AR_2013.pdf

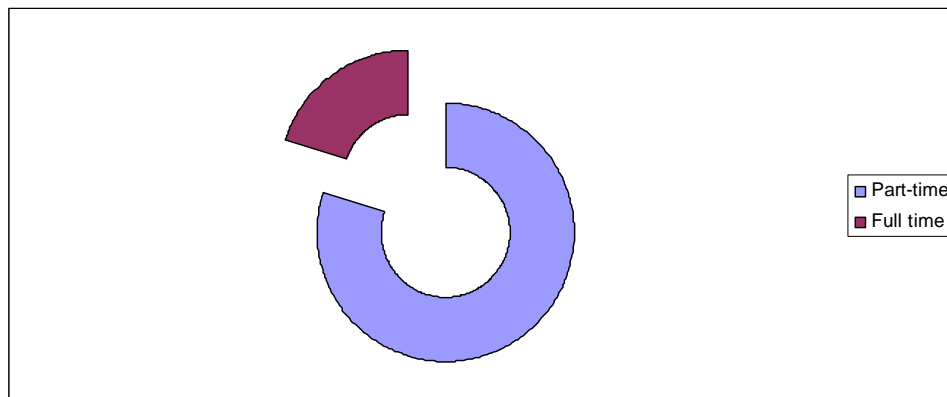


Figure 4: Part-time versus full time

http://www.seldia.eu/sites/default/files/pdf-documents/SELDIA_AR_2013.pdf

Over the E.U., direct sales market is dominated by cosmetics and bodycare products (36.1 %), maintaining the trend registered over the last years.

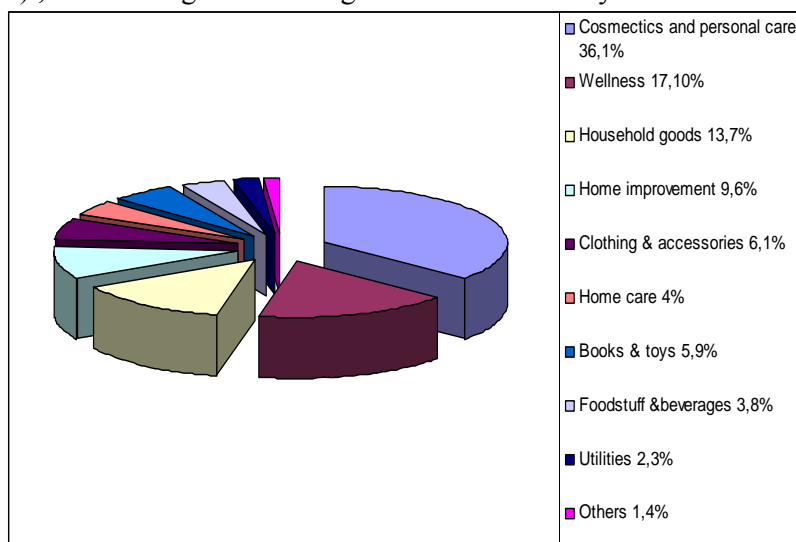


Figure 5: Direct sales market share

http://www.seldia.eu/sites/default/files/pdf-documents/SELDIA_AR_2013.pdf

CONCLUSIONS AND FUTURE RESEARCH DIRECTIONS

An alternative to traditional sales is represented by direct sales. Selling by mail (Le Men & Bruzeanu, 2000, pp. 10) developed in Europe centuries ago, along with the invention of printing presses and the first catalogues, which were nothing but extensively written list of papers that publishers used to send by mail to potential buyers (provincial figures, nobles isolated in their castles, booksellers and so on).

Worldwide, USA dominates the top of the biggest markets with \$31.6 billion, followed by Europe, Japan, China and Brasil. In Europe, France records the biggest direct sales, followed by Germany, Great Britain, Italy and Poland

Women dominates direct sales market over the E.U. (79%), market which is also dominated by part-time contracts (80%).

Over the E.U., direct sales market is dominated by cosmetics and bodycare products (36.1 %) , maintaining the trend registered over the last years

Future research could be extended in several directions: Making direct research to detach the main features of the sales force in Romania. Direct research will be used as this research provides a more complete picture of the phenomena studied by direct collection (Nenciu, Rye, 2008). Expanding global research and observation of differences between EU direct sales and direct sales worldwide. Making a comparative study between direct sales and Internet sales, both seen as alternative to traditional sales methods.

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