

Perfecting Direct Sales

The evolution of direct sales has been somewhat remarkable over the past one hundred years. The decline of peddling and the rise of retail has caused manufacturers (not only in the consumer sector, but also in the industrial sector) to seek new ways to bring their products to market. What started with horse-drawn carts carrying every conceivable product is now a myriad of tactics designed to bring the buy opportunity directly to the consumer.

The idea that direct sales would compete with retail placed upon it a series of challenges that needed to be overcome. While the concept of direct sales was viable, the logistics, costs, consumer perception, and other issues meant that perfecting the art would take flexibility and forethought.

The downside of retail was the need to go to the store to pick up the goods. Direct sales offered the product delivered to the home. It also offered the opportunity to provide better one-on-one service. The challenge with direct sales was always timing. In retail the consumer engages the buy activity on his/her when he/she is interested in purchasing a product. With direct sales, the salesperson may approach a prospect at a time when he/she is not interested in the product or simply not interested in buying anything at that moment.

The need to overcome this challenge and the use of direct sales by some manufacturers as an effective counter to the power of retail has led to the development of strategies and tactics that perfect the direct sales approach. Leading the way were the giants of direct sales, such as Encyclopedia Britannica, Avon, and others.

The need to reduce risk, save time, and secure customer interest before the direct sales call has led to the use of a number of tactics that precede the salesperson. These tactics are used to create interest and draw the customer to consider the buy even before the salesperson has demonstrated the product. The tactics include:

- Telemarketing – although often poked fun at and sometimes despised by consumers, telemarketing is really the stepchild of the direct call. While 60 years ago a salesman might come to your door during dinner time to ask if the lady of the house would like to see how well his vacuum cleaner worked, today the call is made to see if there is any interest at all in buying a vacuum cleaner. In this sense, telemarketing is actually a less intrusive form of direct sales, while also being a more efficient one.
- Direct Mail – also not a beloved tactic from the consumer perspective because it fills the mailbox with “junk mail”. Yet, direct mail is also very useful for consumers because it informs about new products and special offers. Direct mail helps consumers save money and stay informed, and again, it's better than having someone knock on your door at 6:00 pm trying to share with you the same information.
- Direct Response – the inclusion of a direct response card in a direct mail piece is there to assist the consumer in making the buy. Naturally the idea is that if the buy can be made conveniently then (at least some of) the resistance will wear down.
- The Internet – is there a better direct sales tool than the Internet? Absolutely not. The Internet is the direct sales person's dream tool. Through an excellent

website a company can present its products, deliver its offer, and work out the logistics (payment, delivery). The Internet comes into the consumer's home when he/she wants it, so its sort of like their being able to call the salesman of old up and say "come on over". The idea of engaging in direct sales without the Internet playing a central component is not only poor execution, it is business suicide.

On the strategic side, the practice of direct selling has two options. They are:

- Single Level Sales – the lone salesperson working on his/her own, usually within a defined territory. In most cases the single level salesperson does not sponsor other sales people and does not receive additional compensation based on the performance of others. His/her compensation is derived solely from his/her own activities and is usually based on a commission and bonus.
- Multi Level Sales – a salesperson sets out to recruit additional sales people so as to build a wider network and broader base for sales. The notion is that each sales person is entitled to bring additional sales people into the network, each earning a commission from the sales of the people they brought in. The multi level sales strategy is often used for grassroots products and works up to a point, after which the lowest people in the structure tend to earn too little. There are some multi level plans that require people to invest money in order to become a sales person, often for initial inventory, or as a fee for entering the company. These are often far less appealing to the sales people, who now need to be shown how they will get their initial investment back, plus earn a livable wage. Taking a fee is also not always good business for the company because it changes their focus from selling their product to selling sales positions. The focus should be exclusively on the product.

Direct sales isn't for everyone. You need to have a certain outlook on life and the personality to go with it. You need to be able to take rejection easily (not personally) and be able to engage the prospect immediately with a smile and benefit statement. The use of direct sales as a means of bypassing other established channels is a time proven concept. If you can set up the system that brings you directly to your customer you will cut the costs of additional layers and build the consumer relationship as an asset for your company. All of these are worthy. Do it right, and the rewards will be yours.