

# Research on the Development Status and Transformation of China's Direct Marketing Industry Under the Background of "Internet +"

Jiajun Li

Changjun High School International Department, China

**Keywords:** "Internet +"; direct marketing; network direct marketing.

**Abstract:** The "Internet +" strategy has played an important role in the development of China's information society. For direct marketing enterprises, the "Internet +" strategy should make full use of Internet thinking and technology, and realize the organic integration of direct marketing interpersonal relationship network and Internet with the help of data support, platform support, social support and service support. Based on the strategic background of "Internet +", this paper takes the "Internet +" as the strategic background, analyzes the characteristics, advantages and practical applications of the direct marketing model, analyzes the main existing problems, and puts forward some countermeasures and suggestions for the mode transformation of the direct marketing enterprises.

## 1. Introduction

In recent years, under the impetus of the development of information society, "Internet +" has become a new format for the development of the Internet, and has also become a new form of promoting the development of the market economy. The "Internet +" strategy is to deepen the integration of traditional industries through online platforms such as big data, cloud computing, the Internet, the Internet of Things and other network platforms, and to enhance the productivity and innovation of the industry on the basis of developing traditional industries. Nowadays, under the rapid development of China's economy, the development of China's direct marketing industry has experienced the evolution of "direct sales + stores" and "direct sales + advertising". Nowadays, with the rapid development of the Internet, the traditional direct marketing model is highly integrated with the Internet. Formed the "Internet +" model, bringing greater development opportunities for the Chinese direct marketing industry. The direct marketing enterprises adopt the Internet+ method, which can not only break the time limit and geographical restrictions of traditional direct sales, but also improve the sales efficiency of direct marketing enterprises and improve the shopping experience of consumers. Under the background of "Internet +" strategy, this paper analyzes the characteristics, advantages, practical applications and existing main problems of the direct marketing model, and puts forward some suggestions on the strategic transformation of the Internet in China's direct marketing industry.

## 2. Traditional Direct Marketing Model and its Transformation

### 2.1 Definition and Deficiency of Traditional Direct Sales Model

In the early days of the introduction of direct sales into China, there were different views on the understanding of direct sales between the domestic industry and the academic community. Specifically, there are three main types: first, the sales of various shops and non-stores with zero channels or direct channels are understood as direct sales; second, taking Dell as a typical case, all forms without stores are understood as direct sales; third, direct marketing and personnel marketing are understood as direct sales. These understandings of direct marketing are explained by one of the characteristics of direct marketing, which has a large degree of one-sidedness and does not reflect the true concept of direct marketing. It was not until the State Council promulgated the Regulations on the Administration of direct marketing on August 10, 2005 that the concept of direct marketing

in China was clarified. The regulations stipulate: "direct marketing refers to the way in which direct marketing enterprises recruit direct salesmen and sell products directly to the final consumer (hereinafter referred to as consumers) outside the fixed place of business. The term "direct marketing enterprise" as mentioned in these regulations refers to an enterprise that has approved the sale of products in accordance with the provisions of these regulations. The term "direct salesman" as mentioned in these regulations refers to the person who sells the product directly to the consumer outside the fixed place of business. "

The traditional direct marketing mode is that direct salesmen sell products to consumers face to face, which relies on the establishment of interpersonal network. Direct sellers need to leverage the concept of relationship marketing to build a broad network of relationships to maintain their own sales network. Specifically, direct sellers maintain consumer loyalty by providing consumers with products and services that satisfy them. And maintain a positive interaction with consumers for a long time, thus forming a huge network of available relationships to achieve the purpose of product sales and repeat sales.

There are some drawbacks in the face-to-face traditional direct marketing mode. First of all, consumer's perception of products can only come from direct seller's explanation and display of products. There is a certain degree of information asymmetry between direct salesmen and customers in the process of trading. Secondly, the direct salesman connects with the customer in the form of one-on-one, which leads to the dispersion of the customer group, which makes many hidden points in the direct marketing market unexcavated, which limits the expansion of the business coverage of the direct salesman and the direct marketing enterprise. Finally, the popularity of today's Internet has made people no longer rely on simple face-to-face communication to maintain interpersonal relationships, but more to choose to communicate with each other through various network channels. At the same time, the rapid development of e-commerce, is wantonly plundering the original customer resources of the direct marketing industry at an amazing rate. Therefore, if the direct marketing industry wants to achieve development and breakthrough in the era of "Internet +", it must understand the characteristics of the times, and re-examine the products, customers, enterprises and even the entire business ecosystem in the context of the continuous development of Internet technology. Adapt to the direct sales model of the "Internet +" era.

## **2.2 Direct Marketing Mode under the Background of "Internet +"**

Under the background of the popularity of network platform, direct marketing enterprises can not only rely on the traditional ways of selling products such as interpersonal network, physical stores, etc., which will inevitably restrict the direct marketing methods, but also restrict the sustainable development of direct marketing enterprises in the future. Therefore, direct marketing enterprises need to attach great importance to the importance of the internet and improve the competitiveness of direct marketing enterprises in the market competition in an innovative way. This requires the direct sales model to rationally use the "Internet", "commercial network", "interpersonal relationship network" in order to achieve the combination of the three networks. "Internet +" strategy will also give some new concepts to traditional direct marketing methods, such as: crossing the limitations of time and space; sales and service through the Internet platform; no need to face-to-face communication; upgrade traditional sales methods, so that sales behavior exists in the ubiquitous virtual world. In a word, the direct sales mode of "Internet+" strategy based on the traditional offline marketing mode, through the deep integration of online marketing methods such as data information, social platform and service support provided by the Internet, has formed a model with the characteristics of the "Internet+" era.

## **3. Analysis on the Characteristics of Network Direct Marketing Mode**

Network direct sales is mainly through network, computer communication and digital interactive media, e-commerce platform and other network marketing platforms, combining the characteristics of network technology with direct marketing features, selling goods, directly achieving a series of

marketing activities. Compared with the traditional direct sales, the network direct sales contain the basic characteristics of direct marketing in the traditional sense, but the marketing methods, tools and other aspects have been improved by the internet. The development of network sales in direct marketing enterprises is an important supplement to the traditional direct salesman offline ground marketing channel, and has some new characteristics.

### **3.1 Networking of Marketing Means**

The biggest change of direct sales mode is to implement the marketing means of mobile Internet. Through carrying out various business work on the Internet platform, more information resources can be integrated for the direct marketing enterprises, so that the direct marketing enterprises can break through the limitations of multimedia publicity, make product information more widely disseminated, and the products of the direct marketing enterprises can also be understood and trusted by many customers, thus creating group utility and creating the effect of advertising promotion. The network direct marketing mode should improve the traditional "high contact" operation system of direct marketing, make full use of "high-tech" Internet means, maximize the integration of multi-resources, and realize the profit maximization of direct marketing enterprises. Therefore, network direct sales should make full use of the advantages of network marketing and automated marketing technology and the information resources of the Internet, marketing with e-commerce websites, social media, etc., or e-commerce companies to establish their own Internet operating platforms, including corporate marketing platforms, internal management systems. The interactive network platform, such as the direct seller management system, changes the traditional face-to-face direct sales method, making the marketing means more networked.

### **3.2 Standardization of Network Platform**

In line with the development trend of e-commerce era, network platform has become an important marketing mode of direct marketing, and various direct marketing enterprises have also paid great attention to the internet platform. Although the network platform can promote the diversified development of direct marketing enterprises, there are some practical problems that need to be solved in the process of sales of direct marketing platforms. For example, the problems of product quality assurance, logistics problems, after-sales service problems, and network platform system construction of network direct sales require high attention from direct marketing enterprises, and find corresponding measures to improve them. The standardization of the network direct marketing platform is conducive to improving the work efficiency of enterprises and direct sellers, helping to reduce the cost pressure brought by physical stores, and contributing to the lower price advantage of direct marketing products in the industry, and for the direct marketing industry. Forming a secure, fair and systematic online sales system on the Internet platform provides protection.

### **3.3 Online and Offline Integration**

The online direct marketing mode of direct marketing enterprises gradually covers the O2O mode, that is, online to offline, making the Internet a front desk for offline transactions, while offline services use online operations to attract customers, consumers can screen services online, make offline transactions and settlement. direct marketing enterprises implement an integrated operational strategy that extends online marketing. direct marketing enterprises must "take the common development" with e-commerce, and they must embark on the internet. At the same time, they must uphold the strategic thinking of the internet as a direct marketing model to "make a way out", "seek development" and "innovate" to find out the potential competitiveness of the direct marketing enterprises so as to make the future development of direct marketing enterprises move towards a broader market. Therefore, in order to construct the commercial direct marketing mode of O2O, it is necessary to use offline product experience stores and direct salesmen to communicate with customers face to face, unite e-commerce network platform, enhance the ability of enterprises in cultural publicity, product sales and customer service, and strengthen online communication and

communication between salesmen and customers to meet the personalized needs of different customers.

### **3.4 Expansion of Customer Scope**

Traditional direct sales rely on a single direct sales staff door-to-door sales, promotion to reach each customer, a larger range is into a small area, only rely on the more scattered direct sales staff sales, often in the marketing scope is limited. The Internet, with its extensive information flow and intensive interpersonal network and wide coverage, helps the traditional direct marketing team to make up for the leaks and cover the promotion of products and enterprises. It can also expand the wider channels of potential customers and increase sales opportunities. That is, through online and offline combination marketing strategy, attract more online buyers under the traditional e-commerce model to participate. In the Internet era, consumers' consumption habits are quietly changing. The channels and ways for consumers to obtain product information are more diversified, and network direct sales can meet the needs of consumers for personalized customization.

## **4. The Main Mode of Network Direct Sales**

"Internet + direct marketing" can provide customers with more targeted consumer experience and consulting services, which is the future development trend of the direct marketing industry. The direct sales model based on the "Internet +" strategy can help direct marketing enterprises re-plan the blueprint for future development and give new direct sales enterprises a new development prospect. Looking at the development trend of all kinds of enterprises under the "Internet +" strategy, direct marketing enterprises can also adopt the direct marketing mode such as B2C, B2T, O2O and so on, which are based on the Internet, to expand direct marketing business, and integrate the internet with direct sales, so as to accelerate the pace of development of enterprises.

### **4.1 B2C Direct Marketing Mode**

B2C (Business-to-Customer) direct marketing mode refers to the direct marketing enterprises to make use of the advantages of the internet system resources, directly to provide products and services to end consumers. The simple sales mode of direct marketing channel makes direct marketing enterprises have more opportunities to cooperate with Internet sales platform, which is beneficial for direct marketing enterprises to seize the development opportunities of the Internet era, to achieve innovative and diversified sales mode, and at the same time it can also play a role in boosting the business expansion of direct marketing enterprises. Therefore, direct marketing enterprises can set up their official websites, e-commerce flagship stores, WeChat operations and other ways to sell products on the internet platform, customers choose to order through the network platform, and complete online payment. The B2C model has a product user evaluation mechanism to provide customers with a feedback platform for product quality and service, and to solve customer information asymmetry problems. The direct marketing enterprise itself has the characteristics of word-of-mouth marketing. The direct marketing of B2C mode can give full play to the advantages of this feature. For example, in January 2015, the Tmall brand flagship store of China's domestic direct marketing enterprise Joymain was officially launched, and customers can directly choose and purchase online products in the flagship store of Tmall brand in Joymain on the network.

### **4.2 B2T Direct Marketing Mode**

B2T (Business-to-Team) direct sales mode refers to the direct sales enterprise in the form of a team, using the advantages of word-of-mouth communication effect, the entire team's network of interpersonal relationships on the internet platform to expand, in order to promote the rapid expansion of the potential marketing team. At present, 14 old direct marketing companies such as 3S, Longrich and Resgreen have established their own electronic malls through their own subsidiaries or direct sales teams. Among them, the "Tiancheng network", one of the 3 e-commerce

platforms under the flagship of Resgreen Group specially supported by Hunan Provincial People's Government, is an all-round life shopping platform based on the big health industry. More than 3 million dealer groups all over the country provide promotion support for the products on the Tiancheng Network, forming a development model with the direct marketing team as the support and the internet as the platform, which is benign interaction and merging between the two. This model is based on the consolidation of the main business of direct sales, through the internet to achieve diversification, global operation, the promotion of product sales to the e-commerce platform of Tiancheng.com, and related relevant industry chain.

### **4.3 O2O Direct Marketing Mode**

The O2O (Online-To-Offline) mode is the most effective way to share resources, increase sales, and attract customers in the "Internet +" era. It will combine offline business opportunities with the internet to realize the integration of online and offline operation mode. O2O has become the direction of future e-commerce development, its base is business services, which can provide unique needs for customers who ultimately purchase goods. For many direct marketing companies in China, they have gradually found a development model that is in line with their own competitive advantages and characteristics, in order to better develop the O2O model of network marketing. For example, the direct marketing leading enterprise Amway officially released the "Internet +" strategy in China, which is to combine the interpersonal relationship network operated by Amway offline with the online Internet support to realize the integrated operation of the enterprise online and offline. Mainly through: 1. Huge investment in information flow, Amway invested in information technology in China, has set up a data center in Guangzhou, and established a complete electronic information service on the client; 2. The efficient logistics distribution network realizes the modern warehouse management mode of automatic delivery, timely data, inventory, operation, and paperless operation; 3. Smooth flow of funds, using the latest technology such as online banking to build an efficient fund collection and management platform suitable for its own operation mode.

## **5. Countermeasures and Suggestions for Direct Marketing Enterprises to Realize "Internet +" Strategic Transformation**

### **5.1 Pay More Attention to the Innovation and Diversification of Products**

After the direct marketing company adopts the Internet direct marketing model, the consumer's consumption experience is also richer and more diverse, and it has higher requirements for product quality and service. For direct marketing companies, there have always been problems such as single product form, lack of vitality and innovation, and low product satisfaction. Therefore, under the background of the "Internet +" era, direct marketing enterprises are also imperative for the development of new products. In the process of product development, first, we should ensure that R&D products are constantly updated, with high value-added technology and multi-category products, and pay attention to the control of new product launch time, so that customers are full of expectations for products. At the same time, improve the company's research and development capabilities and scientific and technological strength, timely grasp the sales data, objectively market-oriented analysis of the product life cycle, and effectively respond to the four stages of the introduction period, growth period, maturity period and recession period of the product. direct marketing companies can also seek intellectual support worldwide, find research and innovation teams suitable for the company, and fund related projects or projects of research institutes and institutions of higher learning, and turn them into high-end products.

### **5.2 Make Full Use of Offline Resources**

The offline entity store and experience store of the direct marketing company can not only increase the possibility of the customer to purchase the product, but also solve the problem that the customer does not hesitate to use the product without personal use. The online and offline integrated marketing strategy of the direct marketing company can directly make an appointment for the

salesperson on-line service online, or directly to the experience store of the direct marketing product to carry out the product experience, and then decide whether to purchase after obtaining the product related information and product experience. It not only improves the quality of customer experience, but also gives full play to the advantages of direct salesmen. Therefore, we should set up a “product experience center” at the company level, release the full-scale experience of concept products and new products, as well as display and demonstration of existing products, and provide good products for customers under the cooperation of the company's product staff and direct sellers. Feel and communicate well to enhance customer relationships. It can also help sellers to establish family style product experience center, including product display, product demonstration and after-sales service, etc., and extending the scope of the offline experience service.

### **5.3 Use Multimedia Information Service Platform**

Direct marketing companies should help direct sellers to establish a database of individual information, including: customer basic information, purchase product records, product experience satisfaction, service quality satisfaction, and after-sales service satisfaction, and other product sales information records connected to the enterprise information database. Direct marketing companies and direct sellers can increase the exposure and information publicity of direct marketing products through social networking tools such as Taobao, WeChat, micro-blog and QQ. Customers can purchase products by themselves through the network platform. Each product is equipped with detailed commodity information. Customers can also expose the use of products and service satisfaction online for other customers' reference. At the same time, enterprises and direct salesmen can systematically investigate the desire of customers to buy and not to buy through the established electronic information database, and according to the conclusions of the analysis, work out the corresponding improvement measures to meet the different needs of different customers, and formulate personalized solutions.

### **5.4 Improve Corporate Social Integrity**

Increase the training of honesty content in the training of direct salesmen, improve the understanding of honesty of direct salesmen, and take honesty as the basis in the process of selling products. This is within the enterprise. Outside the enterprise, if we want to improve the social recognition, we should start with the public relations, establish the corresponding supervision mechanism, make timely remedial measures for the damages that have occurred, restore the reputation of the enterprise, and punish the irregular direct sellers accordingly. These measures can effectively improve the image of the enterprise and change people's views on the enterprise. Besides putting various corporate images and product advertisements in the media, the enterprise can also engage in soft propaganda activities, such as publicizing the enterprise model, publicizing the personal stories of core distributors, etc.

### **5.5 Pay Attention to Customer Marketing and Improve Service Quality**

There are many motivations for direct salesmen to engage in direct marketing work, but the two most important ones are profit and learning, growth, direct marketing enterprises through a sound training system to promote all-round growth of direct salesmen, through internal customers to attract external customers to achieve product sales. To realize the virtuous circle of common growth and mutual promotion between employees and enterprises. Direct marketing enterprises create the external image and business etiquette of employees, and shape the ability of internal EQ (emotional quotient), AQ (adversity quotient) and resistance to setbacks. Cultivate the personality traits of self-confidence, enthusiasm, persistence and patience of employees. Ms. Mary Kay Ash said, "In our life, the greatest wealth we have is a straight heart and a good reputation. With all of this, we can create a future career." In Mary Kay, to learn how to do things, you must learn how to behave first. By improving the quality of direct sellers, direct sellers can be more confident, inclusive and enthusiastic when faced with consumers, and fully meet the individual needs of consumers.

## 6. Conclusion

For the direct marketing industry, the "Internet +" strategy is an opportunity not to be missed. direct marketing companies should be deeply aware of the business changes brought about by the Internet and make long-term plans as soon as possible. Only by making full use of the Internet +'s thinking and technology, direct marketing companies can reposition themselves, plan their corporate strategies, and continuously innovate their direct sales model in order to stand out in the fierce market competition and achieve rapid development.

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