

Direct Marketing Strategy for „Coradrive” Service, Promoted by Cora Company

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In this article, we aim to develop a theoretical presentation about the concept of direct marketing strategy in all its forms, tools and techniques used for the development and implementation of direct marketing strategies for "Coradrive" service, service promoted by Cora company - an international chain of hypermarkets. Through this service, customers can purchase products online and then they go to the store just to pick up the ordered package, which is already prepared. Also, customers can set the time they can come and pick up the purchases and will not pay any extra charge, as products have the same price as in the physical store. In this article, we shall propose an original strategy for this service of the company.

Also, through our contribution on direct marketing strategy for "Coradrive" service, the service website will generate more direct orders. In addition, in the end, we shall present the context of expressing the direct marketing strategy by analyzing the internal and external environment influence on the activity of the company.

Key words: direct marketing strategy, retail marketing, marketing communication

JEL classification: M310, M370.

1. Introduction

Given that e-commerce in Romania has increased from year to year, and the Romanians have already got accustomed to make payments online and buy various products and services, the opening of online hypermarkets is just a natural step. In this respect, the most important players on the Romanian retail market have lately invested in promoting remote shopping. "Coradrive" service promoted by company Cora, has emerged as a need of the busy customer who do not have time to spend a longer period of time in the supermarket, and want to order products from the computer. This is a very well-established system, and the prices are the same as those of the stores, and the order and delivery can be made easily, as the clients sets the time when he goes to the physical store in order to pick up his/her order (Baker, 1991). In terms of objectives set, through a direct marketing strategy that we highlight in this article, we shall try to increase the number of orders (sales) directly from *www.coradrive.ro* site.

2. The background of direct marketing strategy formulation

In Romania electronic commerce is booming and Romanian consumers become more and more accustomed to resort to online tools when they want to make their payments or purchase various products or services (Pricewaterhouse Coopers, 2012). In this way, large retail chains have decided to open online platforms to meet the needs of their customers. "Coradrive" is a very well-established system, the prices are the same as those of the stores, and the order and delivery can be made easily. The customer's desire to save money and time is now met by Cora organization by the advantageous placing of this new service and prices affordable to any type of pocket. Featuring a large number of employees and specialized surveillance systems, and 80 cash registers (a very large number compared to the rest of supermarkets in Romania), Cora manages to be closer to its customers and also to discover their needs in a specialized manner. Cora has a wide range of products (food and non-food sectors), thanking both demanding clients as well as those less demanding. There are several aspects that Cora is considering in the future: removal of the fee for exterior trolleys and the arrangement of outdoor spaces for children, and also the avoidance of the discordance of prices between those in the brochure and those displayed on the shelves. With the help of emerging opportunities, Cora will have the chance to establish a new strategy for profitable exploitation. The prospects are encouraging. Thus, the Romanian retail market (estimated at 16 billion Euro) will be

ranked first among the expected growth for the period 2013-2020 (Manager Anticriza, 2013). Also, Western traders are tempted to invest in this type of business unit, as in the countries of origin they face stagnating markets and thus through the expansion of the store they have more chances to achieve their objectives. Placing 4 hypermarkets in the first city in terms of economic power in the country, offers it the advantage of a population with an income above average, more open to consumption, while enjoying a great potential of buyers. In addition, there is access to a wide range of vehicles that customers can use (metro and buses). The main threat for Cora comes with the interest of the Romanian consumer for small neighbourhood stores (at country level, the segment of this type of stores remained unchanged in the last three years, in a quite high percentage: 43%) due to lower income because Cora addresses, first, people with middle and high income, therefore to those who can afford a complete product purchase. Competition is also increasingly fierce, for example, 2013 being a very good one for the Romanian retail market for large stores (hypermarkets, supermarkets, cash & carry, discount) for the purpose of their setting up and extension. Following a study performed by Nielsen, in Romania, it was found that on the list of retail chains with the lowest prices are Carrefour and Auchan threatening thus the sales volume of Cora hypermarket. In addition, due to the changes in the economy in Romania, the costs associated to the daily shopping basket are reduced daily. The rebuilding the main boulevards (limiting access to Cora) and the unstable legislative environment threatens the development and expansion of the Belgian retailer. However, when a threat is perceived in time by appropriate measures, it can be turned into an opportunity.

3. The content of the recommended direct marketing strategy

As regards the **objectives pursued**, the strategy chosen is that of the generation of direct orders (sales). Since this is a new concept of product distribution, the service for Cora customers, it aims primarily to stimulate them to buy directly products sold in the online hypermarket. Thus, the service can be tested by them and they will decide whether it is useful and whether they are going to use it again.

In fact, the main objective of Cora organization for 2015 is for the sales made through “Coradrive” reach up to the end of the year 5% of the turnover in the store. Another goal that supports the fact the organization relies on the strategy of generating direct orders is the increase of “Coradrive” shopping basket by 40% as compared to the shopping basket in the store (approx. 35 Euro) in 2015. It is more than obvious that direct marketing helps the traditional one, in order to promote this new service, the use of which involves the generation of direct orders. From the point of view of the **target public**, they will use an exclusive strategy, the direct marketing efforts of the organization being directed towards a specific audience. It will consist primarily of people who are Cora hypermarket customers and who live in the cities where it has stores (Bucharest, Cluj-Napoca, Drobeta-Turnu Severin, Baia Mare, Constanta, Arad, Bacau, Alexandria and Ploiesti). It will target Internet users (people up to 50 years old) who have a car and average to high income implicitly. Also, the whole concept is designed for people doing their shopping in Cora hypermarkets once a week, but who are also very busy and make an effort to make time for this. Cora wants to help these clients, enabling them to acquire the necessary products within minutes, launching an online order from home or even from the office, and then getting the package. Moreover, to ensure the success of the direct marketing campaign, the delimitation of the public concerned by it can go even further. Thus, they will select only Cora customers residing within the proximity of one of the stores. All this information can be easily obtained from the database of the organization in which Cora customers, customers who have a Cora card are enrolled. To not ignore those who have not yet decided to take possession of such a card, but who may fit the target audience, they will be asked when arriving at the cash register if they wish to make a Cora card. If the answer is negative, their data may be obtained through a short questionnaire that customers will be asked if they want to complete. Given the fact that the service is for people who have no time for shopping and therefore very hasty and willing to have their products scanned as soon as possible to pay and leave the store, it was decided that this little questionnaire will be introduced on the hypermarket's website (www.cora.ro). In this way, those who do not want to waste time filling out the questionnaire in the store, they can fill it in from home and thus be introduced in Cora database.

Regarding **major segments addressed**, the direct marketing strategy will address individual consumer segment. To address them, they shall use both email directly and newsletters that will be sent once a week to inform customers about the offers and promotions from which they can benefit by ordering products through “Coradrive”. To be closer to consumers, direct emails will address each consumer

individually, which come from Mrs. Cora, who is the image of the hypermarket. Thus, customers will be confident that the products they purchase through this service will always be fresh and have the best shelf life, Mrs. Cora representing herself the image of Cora fresh products. Also, through newsletters, shall be informed on the offers present only in the drive mode, thereby linking direct marketing tools with traditional ones.

Individual consumers will also be addressed by direct response advertising. For this purpose commercials will be broadcast both on TV and at the radio, by means of which Cora customers will be encouraged to access the site *www.coradrive.ro* as soon as possible and make an account to benefit from this service. Advertising commercials will seek to expose consumers how “Coradrive” service works and the ease with which it can be used and its usefulness in saving time spent in store or the benefits of promotions available only online (Coradrive, 2015).

In terms of **positioning in relation to the organization competitors**, they will use the differentiated strategy. Although on the Romanian market the retail industry is well developed and hypermarket chains have expanded in recent years, reaching an impressive number of stores, the only one in this category that can be considered in terms of competition for Cora regarding this service is Carrefour hypermarket. Although the concepts of “Coradrive” and “Carrefour-online” are basically similar, there are substantial differences between them. The most obvious is that, unlike Cora, Carrefour has implemented from the start the home delivery service of products, this being at this time only a goal for Cora, which is going to be achieved in the first half of 2015.

Home delivery service brings in addition to the benefits of saving the time destined to going to the store or the lack of needing a car, some disadvantages. For example, through “Carrefour-online” frozen products cannot be purchased, and products are delivered at home not in two hours, but in about two days. To this we can add the additional costs of transporting and the fact that “Carrefour-online” service has a geographical area delimited on the area on which it operates.

Being relatively different concepts, the intended target also differs, the messages sent to customers or the offer submitted to them (Bird, 2007). The media and communication media used in terms of direct marketing, are not very many, but partly coincide with those of the main competitor. Thus, both Cora and Carrefour, use newsletters to inform customers about offers and promotions that they can benefit from by ordering products through new distribution services implemented. However, direct response commercials broadcast both on TV and on the radio, substantially differentiate direct marketing approaches of Cora hypermarket from those of its main competitors. By conducting the direct marketing campaign differently in case of the two hypermarkets will thus result in obtaining different results.

As regards **the continuity of the campaign**, they will opt for the regular strategy. Thus, direct email campaigns or direct response advertising campaigns will be implemented only a few times a year, thus speculating the opportunities offered by certain events of the organization life. In 2015 campaigns can be carried out when “Coradrive” service is extended in other stores, or when it is improved, including home delivery. Also, these campaigns can be developed when opening the two stores that need to be opened in 2015, namely that from Bucharest from Victoria City shopping centre and that in Brasov. Although it is likely that “Coradrive” service exist only in Cora Lujerului and during their inauguration, this is a great opportunity to conduct direct marketing campaigns (Cora, 2015).

Also, in terms of the newsletters containing information about offers and promotions present both in stores and on “Coradrive”, they will be sent to customers at all times (permanent strategy).

In terms of the **nature of campaign development support**, the strategy chosen is one that is supported by internal resources. The organization does not benefit from a separate department for carrying out direct marketing activities, but they may be performed by the employees of the Marketing department and by those of the Communication department (Advertising). This is possible because direct marketing efforts represent only a small part as compared to traditional marketing approaches used by the organization. Even in the case of direct marketing, those who prevail are the offers and promotions that are brought to the attention of Cora customers.

Also, the organization has its own database of customers, achieved in time while using information obtained by means of Cora cards, of subscribing to newsletters or, more recently, of registering on “Coradrive” in order to place orders online. The only specialized external provider with which cooperation is needed to achieve direct marketing campaigns is the advertising agency, responsible for drawing up the

TV and radio spot. Moreover, the advertising agency is an external provider with which the organization collaborates permanently, including for the achievement of traditional marketing campaigns.

In terms of the **integration with traditional marketing activity** of the organization, the direct integrated marketing strategy will be used, thus contributing to the fulfilment of the organization's marketing objectives. Direct marketing approaches will be performed along with those of traditional marketing, without which Cora organization cannot operate. Thus, in addition to the offers and promotions from stores, product catalogues, ads that support the promotions from a given period, traditional marketing activities specific to “Coradrive” service will be developed, which will help the support and organization of direct marketing ones. These include:

- Creating a sales top in order to chose the product mix to be listed on the site;
- Creating a database of customers constantly updated;
- Updating products in terms of existing stocks (availability in stores) 4 times per day;
- Achieving both Cora promotions and offers available in stores and of those available only on the site;
- Preparing advertising material (TV and radio commercials), together with the advertising agency;
- Making decisions on the implementation of the “Coradrive” concept in other stores from Cora network;
- Making decisions on the development of “Coradrive” system and implementation of a service including home delivery of products.

All these, included in the direct marketing approaches of Cora organization, will turn “Coradrive” service into a real success, the company benefiting from the increase of orders placed and shopping basket.

The communication media used to implement the strategy of contact will be:

- of the category of communication media specific to direct marketing and online marketing they will use the Internet, namely:

- ✓ direct email campaigns, which aim to inform customers of the hypermarket’s database of the existence of this new type of distribution service for products, convincing them to turn to it and thus generate direct orders;

- ✓ newsletters destined for Cora customers’ information both on the offers and promotions in stores and on those only available on the site, from which they can benefit only by using “Coradrive” service;

- ✓ website destined for “Coradrive” service on which customers can register and then place orders. Also, there will be a link to it on the official website of Cora hypermarket's (www.cora.ro).

- of the category of traditional means of communication the following will be used:

- ✓ radio via direct response radio advertising campaigns;

- ✓ television, broadcasting direct response advertising commercials on television, through which Cora customers will be encouraged to access www.coradrive.ro site as soon as possible and create an account in order to benefit from this service.

Directly through the email, customers will be informed about the implementation of this new distribution system in the hypermarket Cora Lujerului. To be closer to consumers, direct emails will address each consumer individually, as coming from Mrs. Cora, who is the image of the hypermarket. Thus, customers will be confident that the products they purchase through this service will always be fresh and have the best shelf life, as Mrs. Cora represent herself the image of fresh products. Also, through newsletters, customers will be made aware of both offers existing in the store and of those only available through the “Coradrive” service.

Banners displayed online will seek to expose consumers the way in which it works and the ease with which “Coradrive” service can be used and its usefulness for saving the time spent in the store, or benefits brought by the promotion placed only in the online environment. The sent message will include the idea behind this new concept, namely "Shopping just a click away and retrieved in a flash!" It will focus on the advantages of using this new service, namely saving the time spent in stores and no additional costs - "Try “Coradrive” experience and win time for what matters!" "No queues. No waiting. No additional costs." Also, they will try to get a direct response from Cora customers, who are encouraged to register on www.coradrive.ro website as soon as possible, in order to start ordering - "Join [coradrive.ro](http://www.coradrive.ro) now and try a unique experience in Romania."

Direct email campaigns are among the least expensive direct communication tools. The campaign budget will include the cost of the banners found on various online sites.

4. Estimated impact of direct marketing campaign

The direct marketing strategy has, compared to that of traditional marketing, a very important advantage: when a direct marketing strategy is started, the response rate can be anticipated, this prediction being based on previous statistics. As criteria for predicting the response rate, we can consider information related to response rates of previous direct email campaigns (if any), information on the industry in which the company operates, and previous experience of the organization. The tools that we shall use in this campaign and which will be evaluated are: newsletters, direct email, TV commercials, radio commercials, online banners. The indicators by means of which these tools will be evaluated are: campaign response rate, conversion rate of the campaign, the cost at 1000, lead generation and traffic on the site. Further, the evaluations will be presented and estimated for each instrument used.

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	60%	65%	55%
Conversion campaign rate	16%	18%	14%
Cost at 1000	100 Euro	80 Euro	120 Euro
Lead generation	150	165	135
Traffic on the site	1800	2000	1600

Table 1. Evaluation of the effectiveness of newsletter

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	60%	65%	55%
Conversion campaign rate	10%	12%	8%
Cost at 1000	100 Euro	80 Euro	120 Euro
Lead generation	100	120	80
Traffic on the site	1500	1700	1300

Table 2. Evaluation of the effectiveness of direct email

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	3%	4%	2%
Conversion campaign rate	20%	22%	18%
Cost at 1000	2500 Euro	2200 Euro	2800 Euro
Lead generation	400	450	350
Traffic on the site	3000	3300	2700

Table 3. Evaluation of the effectiveness of TV commercials

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	5%	6%	4%
Conversion campaign rate	15%	17%	13%
Cost at 1000	500 Euro	450 Euro	550 Euro
Lead generation	250	280	220
Traffic on the site	2000	2200	1800

Table 4. Evaluation of the efficiency of radio spots

Indicator	Average variant	Optimistic variant	Pessimistic variant
The campaign response rate	75%	80%	70%
Conversion campaign rate	20%	22%	18%
Cost at 1000	450 Euro	400 Euro	500 Euro
Lead generation	180	200	160
Traffic on the site	3500	3800	3200

Table 5. Evaluation of the effectiveness of online advertising banners

Correlating information on indicators and efficiency of tools, it can be stated that with regard to response rate, this is the highest in case of online advertising banners, the conversion rate is at its best level in case of TV commercials, and in case of online advertising banners and the cost at 1000 is most satisfactory in case of newsletters and direct emails. Regarding the indicator lead generation, its value is highest in case of TV commercials and the traffic on the site has the highest value in case of online advertising banners. By analyzing this information it is revealed that this direct marketing strategy can be successful because it harmoniously combines direct marketing tools with those of traditional marketing and those pertaining to online marketing.

5. Conclusions

The direct marketing strategy proposed was conducted using the company's own database (with e-mail addresses of current customers) and a database of the company with the identification data of potential customers. In assessing the effectiveness of direct marketing strategy implementation, estimates were made on each direct marketing tool and on each indicator, on 3 levels: "average", "optimist" and "pessimist". The overall response rate had the highest value in case of online advertising banners. A strong argument for this percentage is the fact that through this strategy of promotion of „Coradrive” concept in the online environment, people who often use the Internet and browse on specialized websites are more interested in ordering products in front of their computer.

The campaign conversion rate is 20% in case of TV commercials, thus recording the highest value of all the instruments used. This shows that among those watching TV programs many people are interested to enter Cora site and order products. Although, in terms of costs, a TV campaign involves a budget big enough, however, the results produced by such a campaign cannot be neglected, because such a campaign reaches a significant number of people, most of them interested in „Coradrive” concept.

The results of direct marketing strategy implemented for „Coradrive” concept for generating direct orders (sales) on the service site, have been encouraging. Another beneficial effect of the implementation of this direct marketing strategy is the improvement of company's database, Cora managing to obtain relevant information about 4500 potential customers, information which will be used for the purpose of contacting them and informing them about promotions and facilities they have if they use „Coradrive” platform. Regarding the direct marketing strategy described above, we can say with certainty that both the primary objective (represented by the increase in direct sales on website *www.coradrive.ro*) and the secondary objective (increasing database of potential customers of the company) have been met successfully.

In terms of future directions for action, the Internet seems to ensure the future of direct marketing being currently the communication medium that best serves all requirements of direct communication: it allows participating entities to communicate directly, without resorting to the media or representative offered by intermediaries specializing in communication. It also covers and effectively abolishes physical distance between the components participating in the communication process, provides real interactivity of communication between entities, the information sharing being achievable within a few seconds or tens of seconds. Another argument in favor of the Internet is that it facilitates the personification of communication, the dialogue between the entities being adapted to the specific needs of the moment, of each of them and, not least, stimulates a rapid response from the audience concerned.

In conclusion, after analyzing the results of implementing this direct marketing strategy in the Cora organization, for „Coradrive” service, we can see that the future of direct marketing depends on the development of communication technologies and their integration into the activities performed by various entities and organizations, and the fact that the future of this type of marketing is the Internet communication.

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