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## Marketing Proposal

Direct Sales Community is a small company based in St. Louis, MO. The company works with people in direct sales (multi-level marketing programs such as Tupperware and Avon), called consultants, to help them grow their business in a number of ways. They do one on one business coaching, group coaching programs, organize vendor events where vendors can show off and sell their products, website development for these consultants, and more.

Recently, the owner was approached about offering a few online courses for something very specific. India is a fast-growing market in the direct sales industry, but unlike the US, there are not a lot of laws regulating these businesses. Because of that, many very bad “opportunities” have sprung up and preyed on the people who can least afford to lose money on a business idea.

Developing a course for sale in India that teaches people how to research a company and decide if it’s a legitimate opportunity or not would save many people a lot of money. The course should also cover how to choose the right business, one that the client can truly be successful in.

When looking into the idea of a course like this, the owner also decided that she would develop an online course that goes over the basics of starting as a consultant with a direct sales company in India. Nothing advanced, but the very basics, including things such as not purchasing too much inventory, how to approach people, sample scripts for overcoming sales objections, how to talk to people about joining the business, and how to record income and expenses. These are some of the first things a person needs to know to set themselves up for success in the industry.

### **Proposed New Products and Market**

#### **Product 1 – Choosing the Right Opportunity**

The first product is an online course called “Choosing the Right Opportunity.” It will be offered in India, completely online. There are videos and a workbook that can be downloaded. The course will cover how to research a new company, how to decide if it’s a legitimate opportunity, what questions to ask of the consultant recruiting you, and how to make sure the recruiter is someone you want to work with.

Choosing the Right Opportunity will also cover how to make sure a legitimate opportunity is a right opportunity for you. The client will be taught how to answer questions such as; Do you love the product or just the income opportunity? Do you feel a connection with the company? Do you have access to the target market? Do you feel the training program will help you? Can you afford to jump into this opportunity? Do you know all the expenses involved?

These are very important matters for anyone to look into closely if they are thinking of getting into the direct sales industry, but even more so when they are in a country that doesn’t regulate the industry well.

### **Product 2 – Direct Sales Basics**

The second product is an online course called “Direct Sales Basics.” It will also be offered in India, completely online. The course will consist of video lessons, with a workbook that goes along with it. Sample scripts will be included, along with templates for spreadsheets to keep track of the client’s productivity and financial records for the new business. A list of suggested books on the subjects covered and more advanced teachings will also be included.

Knowing the basics of what you’re getting into is vital when entering the direct sales industry. It’s not like getting a job where you’re paid a set salary for coming in and doing your work with supervision and accountability. You are an independent contractor, you set up your

own hours and schedule, and you only get paid if you are successful. This course will help give the clients lay the groundwork for that success.

## **Market**

Both of these online courses will be offered exclusively in India, as they will be developed with the specific needs of the people in India in mind. India is a country of over 1.3 billion people. Of these, over 5.1 million of these people are direct sales consultants (in 2017). This is up from 3.9 million in 2016 (Goswami, 2018). The industry is growing very quickly in India, and the people there need to know how to make good choices with the companies they join, and they need to know how to be successful in the business. The direct sales industry isn't heavily regulated in India as it is in other countries. It was until 2016 that any regulations were imposed. Many illegitimate businesses were shut down then, but many are still thriving as scams that take money from unsuspecting people.

### **How Need Was Determined**

Three methods were used to determine whether there was both a need and an existing global market for these online courses.

#### **Method 1 – Survey**

Direct sales consultants and those that are interested in becoming sales consultants are very engaged on Facebook; the company knows this from experience. Direct Sales Community marketing employees developed a survey geared towards those who live in India and are interested in getting into the industry. They posted in Facebook groups where this target market was members and asked those who fit the criteria to answer a few questions. The response was positive. Those surveyed overwhelmingly said that both of these products would be something

they would find helpful as they looked into the industry and got started with a company. 90% of those surveyed stated that if the price was right for them, they would purchase it.

### **Method 2 – Focus Group**

A consultant in India set up two focus groups of 12 people each (one for each new product), whom all fit the company's target market criteria. They were shown some parts of the online courses and asked multiple questions to get their opinions of the product. Suggestions for changes were made and taken into consideration by Direct Sales Community. A moderator led the discussion and kept the participants on track.

The results of these focus groups showed a need for these products, along with showing that there is a market for them in India. The participants knew of other similar courses, but those were out of their price range and therefore, not accessible to them or most of the target market that the Direct Sales Community is looking at.

### **Method 3 – Beta Testing Experiment**

A small group of subjects in the target market was given access to both online courses. They were asked to complete the course and give honest feedback after. They were then asked if they would purchase the course and given different scenarios. For example, they were asked if the videos had transcripts included, would that make them more likely to purchase? What price would they be willing to pay for the product? If they were sent a printed workbook, would they be more willing to purchase it? These answers helped Direct Sales Community to finalize the product.

### **Method 4 – Research on India**

Direct Sales Community did extensive research on the direct sales industry in India, the companies that do business in India in that industry, the regulations governing the industry, and

the attitude of the population towards the direct sales industry. The results of this research showed them that there is a global market for these products. There is a need for these products. People in India want to get into this industry, but they want to do it the right way, not unintentionally get involved in a scam, and not lose money. They need guidance in that area. They also want to be able to start off strong and have a solid base of training that will help them be more confident and successful in their new venture. These two new products will solve those needs for them.

### **Competitive Advantages**

Direct Sales Community's main competitive advantage is its philosophy concerning its clients and pricing. They develop their products with new consultants in mind. They believe that helping someone get started the right way from the beginning is key to them being successful. This means that the consultant may not yet have a lot of money to invest in their business. So, the company strives to keep its prices as low as possible. Their target market isn't the consultant who is making six figures in their business, but instead, the consultant who is still struggling to make four figures a month.

With *Choosing the Right Opportunity*, Direct Sales Community has a competitive advantage because there isn't an online course like this being offered in India. Many direct sales companies offer training to choose a company, but that training always leads to their company. *Choosing the Right Opportunity* endorses no company but simply gives guidance to help the clients navigate through the massive amounts of companies available, find the ones that are legitimate, then find the one they feel connected to and passionate about. This makes the online course different from anything else that is available in India.

*Direct Sales Basics* do not teach how to sell a particular product or recruit for a particular company but instead teaches the basics for working with any direct sales company. Client can take the information they learn and apply it to any company in the industry to be successful. Direct Sales Community's biggest competitor for this product is Brenda Starr, who does a lot of direct sales training also, some of it available in India. One of the two main differences in the products offered by Brenda Starr and Direct Sales Community is price. Brenda Starr has her pricing higher to work mainly with those who have already seen some success in the industry and want to move to the next level. Direct Sales Community keeps their pricing low so they can attract clients who are newer to the industry and have not started seeing a lot of income from it yet. This gives the Direct Sales Community a competitive advantage over *Direct Sales Basics*.

The other difference is that *Direct Sales Basics* was developed specifically for consultants in India. When writing sample scripts and responses to common objections, the culture, social structure, and way of speaking in that country were researched and used to develop the best possible training program for the people of that country. Brenda Starr has some fantastic pieces of training available, but they are all based on the culture, social structure and way of speaking of the United States, where her company is based. This also gives Direct Sales Community a competitive advantage with *Direct Sales Basics*.

### **Inherent Risks**

#### **Risk 1 – Political Risk**

Currently, there are not many regulations on the direct sales industry in India. In 2016, the government established the Direct Selling Guidelines, which identified and made illegal a few types of network marketing fraud schemes (Darji, 2019). Because many people have the misunderstanding that direct sales is the same as a pyramid scheme, there's always a chance that



public opinion could sway the government to make multi-level marketing illegal. This would, of course, make the need for a direct sales training course irrelevant.

The way to mitigate this risk is to help sway the public opinion of direct selling in general, which is part of the mission of Direct Sales Community. They are committed to training people to conduct their business honestly and ethically. If all direct sales consultants did business this way, public opinion of these consultants would change. They also include in their training how to report business opportunities that are actually scams. Getting these businesses shut down and out of the industry will also help to mitigate this risk.

### **Risk 2 – Competition**

Competition is a risk in any business. Currently, there is no direct competition in India for either *Choosing the Right Company* or *Direct Sales Basics*. Still, the direct sales training community is a small one. Once it's known that these products have been successful in India, it will be only a matter of time before more companies start offering programs geared toward this market.

The way the company will mitigate this risk is to do business as they always have; by having high-quality training, fantastic customer service, and low prices. The company also realizes there is room for competition in the industry, and the competing companies make each other better.

## **Customer Relationship Management Software**

### **Recommended Software to Use – HubSpot CRM**

HubSpot CRM is a robust CRM with sales, service, and marketing hubs. Everything about your customers or potential customers is located in one place and easily accessible. Direct

Sales Community has been using HubSpot for two years and will continue to use it with the two new products designed for distribution in India.

The CRM portion of HubSpot tracks every interaction with every client and is displayed on one dashboard for ease of visibility. It includes tools for chatting with customers, bots, integrated email inboxes and team emails. You can sort through your pipeline by the client, deal, group, date and more. HubSpot makes it very simple to find the log, track and find the information you need on any client or prospect.

The HubSpot Marketing Hub allows you to easily design landing pages for each product or service and track all information about those pages. Your customers are given a path to purchase and you can see exactly where they are in the process. It includes email campaigns that are triggered by various interaction, drip campaigns, A/B testing, live chat and more. It integrates with the CRM portion to track each and every interaction with your leads and customers.

The HubSpot Sales Hub notifies you when leads take specific actions, such as opening an email from you or clicking on a link, so you can follow up more accurately and timely. It lessens the amount of time employees are spent on data entry, since every email open, link click, or chat is automatically logged within that clients' record in the CRM. You can track which employee is working with each lead, and if the lead was turned into a customer. This helps you manage sales training as you can see where sales were lost and by whom (HubSpot, 2019).

The HubSpot Service Hub allows you to keep on top of any customer service issues that arise. It offers a complete help desk with integrated inbox that consolidates emails, Facebook chat, live chat, forms and more. It includes built-in automation and reporting so you can turn those emails and chats into help tickets that are easily organized and tracked.

HubSpot starts out as a very involved, very robust CRM that is free. Direct Sales Community chooses the extra features they want to use for their business. This makes it a very affordable and very useful CRM for them. With a small business, cost is always a big factor. You don't want to sacrifice customer satisfaction and retention, but you need to get the best for your money. I feel that HubSpot CRM offers the best value for Direct Sales Community.

### **How CRM Information Will Be Use**

The information generated by the CRM will be used in many ways for the two new products in India. First, it will be used to track leads so that Direct Sales Community can see where those leads are in the buying process. This information will trigger their next steps. Keeping in contact with those leads, answering their questions, giving them more information, but without being pushy is key to turning them into buying customers. The information from the CRM will let the company know when to follow up and with what information.

The CRM will also be used to track sales. It easily integrates with both the shopping cart and accounting software that Direct Sales Community uses. This information will be used to evaluate whether or not established sales goals were met.

HubSpot will allow management to see where in the sales process leads dropped off and why. Since every interaction is tracked, Direct Sales Community can see if there's a pattern to this and, if needed, do some training with their sales force to overcome that. They can also see if adjustments to pricing or distribution need to be made, depending on this information.

The data from the CRM will allow Direct Sales Community to evaluate their marketing efforts. Because they have A/B testing available on email campaigns, social media campaigns and landing pages, the company can test various campaigns to see which one gives the best results.

Retargeting can also be done using the information from the CRM. The goal of most products from Direct Sales Community is to drive customers into either the group or private coaching programs. This can be done automatically with email drop campaigns after a client has completed the course they purchased.

### **Distribution Channel**

Both of the new products will be sold and distributed online. The customer will purchase from a website, with a secure shopping cart, and the course will be immediately available or download. Because it is a digital only product, there is no need for shipping of the products.

### **Key Considerations for Entering Global Market**

India has strict regulations concerning online payments and security. Direct Sales Community will be setting up a new website where these two new courses will be marketed and sold. These sites will be specific to India. They have hired a website developer from India to design the site, including security and payment gateway. Hiring a professional who knows the regulations and what payment gateways are safe and secure enough to both follow regulations and keep customers private information safe is a key consideration for Direct Sales Community moving into this market.

Another key consideration for Direct Sales Community selling these products in India is government regulations concerning VAT taxes in India. The tax for these digital products would be 16% and the threshold for sellers to register and pay these taxes is INR 2million (about \$29,000 USD) (Avalara, 2018). Since the company expects to make that amount soon after launch, they will need to have this registration done when they launch. The regulations are strict, and the process can be lengthy, so they will need to hire someone with experience in this area to make sure they are in full compliance with registering correctly and training their accounting

staff on how to handle VAT taxes and submission of them. They will also need to take this tax into consideration when pricing their products, as VAT is customarily added into the price.

### **How Global Supply Chain May Affect Production**

Because of the nature of the products, the supply chain for these online courses is very short. They are created by Direct Sales Community, with the owner developing the training. The development team assists with putting the videos, transcripts, workbooks and other materials together in a digital format. It will then be uploaded to the new website where it can be purchased and will be immediately available for download for the customers. Since it's a digital product, it only needs to be made one time and can be downloaded many times for any number of customers who purchase.

The main possible supply chain disruption would happen with the website. If it were to go down, the product would then be unavailable to customers. There are many reasons a website can malfunction or go down.

A downed website would mean a loss in income for the business in India for as long as the site is down. It can also mean that customers lose faith in the company as they may feel a company that can't keep its website up and running isn't one that they want to do business with. Since the website is the company's only presence in India, this can mean a significant loss in business if the website is down for any length of time.

Having a strong website development staff is the company's best defense against this disruption. Keeping the website safe, secure and always up is their main priority. Frequently checking for issues and updating the website is important to keeping the global supply chain functioning as needed.

### **Pricing Strategy**

Direct Sales Community will use the penetration pricing method. The company wants to get a large share of the market quickly. They also want to work with clients who are not able to afford more expensive training. They believe that everyone entering the industry deserves to have good, solid training, so keeping their prices low is part of both their business philosophy and their business plan.

Following the penetration pricing plan means that they will set their price low when they enter the market, in order to penetrate the market and gain a large market share quickly. This strategy was chosen because it would be easy for our competitors to see what we're doing and develop their own training programs specifically for this market. While we are sure that companies like Brenda Starr Company would come in at a higher rate (they tend to use prestige pricing), we do want to make sure we have a large share of the market before that happens.

Direct Sales Community will also be using random discounting in order to offer potential clients a discounted rate on the courses. This won't be done on any particular schedule, but randomly 2-3 times per year. The discounted rate will still be high enough to give Direct Sales Community the profit they need.

For *Choosing the Right Company*, the online course will sell for \$150. When randomly discounted, it will sell for 20% off, so \$120. These random reductions will happen 2-3 times a year and last for 2 days each.

For *Direct Sales Basics*, the online course will sell for \$250. When randomly discounted, it will sell for 20% off, so \$200. These random reductions will happen 203 times a year and last for 2 days each.

### **Costs Associated with Launch of Product**

There are many costs associated with the launch of these products. The two biggest costs are the new website and the tax lawyer in India that will help us navigate the VAT registration process. This is a breakdown of costs associated with the launch of these 2 new products.

- Website Development -- \$3,500
  - This is the cost of getting the new website designed and set up. The online courses will be sold on a website separate from the existing Direct Sales Community website.
- Legal Fees -- \$2,500
  - These are the fees associated with the tax lawyer that will help the company get properly registered to accept and remit VAT for these courses sold in India.
- VAT Registration Fees -- \$500
  - These are the fees associated with registration for VAT
- Videographer -- \$750
  - As it is an online course, featuring videos, a videographer that the company often uses will be hired to shoot the videos in a professional way.
- Caption Service -- \$500
  - In order to appeal to more people, all Direct Sales Community's videos have on screen captions. This fee covers the service to have this done.
- Payment Gateway Fees -- \$200 (estimated)
  - The payment gateway (or shopping cart) the company uses takes a small percentage of each sale as a transaction fee. This is an estimate of what those fees will be in the first year.
- Promotion -- \$1,000

- The online courses will be promoted through ads in various social media. This is the estimated cost of what will be spent on promoting the products.
- Graphic Designer -- \$750
  - The graphic designer fee will cover the design of the workbook that comes with both courses
- Web Hosting -- \$300 (Annually)
  - This fee covers the web hosting for one year for the new website.
- Employee Training -- \$500
  - This fee will cover training our accounting employees on how to handle VAT collection and remittance

Total fees for launch of the product would be \$10,500.

### **Evaluation of Customer Acceptance of Price**

Direct Sales Community is confident that the prices for these online courses will be accepted by the target market. Surveys have been done, as part of the market research, that included various prices and asked what they would pay for the products. Representative of Direct Sales Community are also very active on social media, in particular in Facebook groups that cater to the target market, and much discussion has happened in these groups about the potential of this type of course and the pricing that would be acceptable for it. At \$150 for *Choosing the Right Company* and \$250 for *Direct Sales Basics*, those in the target market seemed excited for the product to launch so they could purchase, at those prices.

### **Evaluation of Competitor Prices for Similar Products**

Brenda Starr Company is our closest competitor. They are a larger company who has been in business longer than Direct Sales Community. They have some products and services



that are similar to ours. They do not, however, have anything specifically for the global market. They focus all of their efforts on direct sales consultants in the United States.

Both companies do group training and one on one training. As an example of the difference in pricing strategies (and company philosophy), Direct Sales Community's one on one coaching sells for \$300 a month and includes a one-hour session per week. Brenda Starr Company's one on one coaching sells for \$750 per hour.

Direct Sales Community has 2 group coaching programs. One sells for \$10 per month and the other is \$150 per month (vast differences in the trainings available). Brenda Starr has one group coaching program called Mastermind, which sells for \$4,500 per month.

We don't believe that we cater to the same target market as Brenda Starr Company. Therefore, the competition from them isn't strong. If Brenda Starr Company were to develop a training program for India, they would again use the premium pricing strategy, reaching a different target market than Direct Sales Community.

### **Promotional Strategy to Promote in Global Market**

Direct Sales Community will be using a pull strategy. In this industry, social media advertising and word of mouth is the best way to build customers. Because Direct Sales Community is well-known in the US for high quality training, great customer service, integrity in their business practices and low prices, they have a very loyal following on social media. Since they have many followers from India, this strategy should work well.

They will be using select mass media promotions, will have extensive social media promotions and will depend on their current followers using word of mouth to get their products selling in India.

### **Mass Media Channels**

Direct Sales Community's promotional strategy for mass media will include magazine ads in publications such as Direct Sales News, which sells in India. It will also include advertising on internet blogs dedicated to direct sales.

### **Why These Channels**

These channels were chosen because of our target market. We want to reach females, between the ages of 25 and 55, who are currently interested in getting into the direct sales industry. These will be busy women, some with families, some with jobs/careers, some with both. They don't have a lot of free time, but the time they do have is used wisely, in researching ways to increase their income to make a better life for their family. They also want to feel a part of something, to be more than a wife/mother/employee. They want to feel that they've accomplished something outside the box they've been put in. We want to reach those who are willing to invest their time and money into being successful in the industry. Purchasing the Direct Sales News in order to see what's happening and doing internet research on direct sales sites shows they are part of the target market Direct Sales Community wants to reach.

While there are many options for promoting our products in the mass media, we are less interested in paying to reach a large number of people, but more interested in paying to reach a smaller number of the right amount of people. By advertising where our target market is, we spend our promotion dollars more wisely.

### **Social Media Channels**

Direct Sales Community will primarily be using Facebook and Pinterest as their main social media promotion channels. They will use both organic and paid reach to target potential customers in India for their two new online courses.

### **Why These Channels)**

Direct Sales Community has had a very large, very engaged group on Facebook for years now. It is composed of direct sales consultants from every company and at every level. These consultants are from many different countries, including many from India. They are a very loyal group. This group is the company's biggest sales funnel. This will be the company's main organic promotion on Facebook.

They also have a business page on Facebook with a huge number of followers. They will place paid ads on this page, targeting women in India, ages 25-55 with an interest in direct sales (or MLM). These ads will show in the newsfeeds of those in the target market. The ads will lead them to a website where they can learn more about the product and purchase it.

Pinterest is also going to be a large part of their promotion strategy, both organic and paid. Direct sales consultants, and those interested in direct sales often go to Pinterest to look for ideas for their businesses and to get training. Direct Sales Community has a large following on Pinterest. They will be pinning blog articles about the new products there and will pay for promotional pins that lead to the website where the courses can be purchased.

Both of these were chosen because these are the social media networks where the target market spends their time. It's also where Direct Sales Community already has a large following who are excited to purchase any new product/service the company comes out with.

### **Sales Promotion Activities**

Direct Sales Community will be using two sales promotion activities for their 2 new courses. The first one will be used at launch. It will be a sweepstakes. To enter, contestants simply need to comment on Direct Sales Community's Facebook page and state why they think one of the courses would benefit them. A winner will be chosen randomly and will be given access to the course of their choice for free.

This will help build awareness of the *Choosing the Right Company* and *Direct Sales Basics* courses. It will get people excited about the new offerings from the company and when people read the comments, they'll have more reasons to purchase the product if they aren't the winner of the sweepstakes.

The other promotional strategy that will be used is a premium. Both courses will include an e-book, written by the owner of Direct Sales Community, *Where to Find More Leads*. This premium is directly related to both courses and will be beneficial to the target market. The e-book retails for \$34.95, so the purchasers of the course are getting a great value. Because everyone likes to think they are getting something for nothing, this should stimulate sales of both online courses.

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