INTRODUCTION

Multimedia technologies provide direct marketers with an incredible diversity of opportunities for communication to as well as with customers in a more appealing manner than old-fashioned printed advertisements or mailings (Coviello, Milley, & Marcolin, 2003). Direct marketing is one of the most important application domains of innovative multimedia products. An increasing share of marketing spending is invested in network activities, particularly WWW advertising and online shops. Online marketing activities have become so prominent that the 2000 Superbowl has been labeled the “Dot com Bowl” (Noe & Parker, 2005).

In this article, we outline:

• how companies improve their business by multimedia and networks, and
• the challenges for direct marketing brought about by multimedia.

The remainder of the article is structured as follows: in the first section, we provide a definition of direct marketing, illustrate the opportunities opening up for marketers by the new technologies, and present a scheme of tasks in direct marketing. Additionally, we describe the features of direct marketing using multimedia in the four domains of product, price, place, and promotion. In the subsequent section we address the possibilities for contemporary relationship marketing in the framework of content, commerce, and community. Thereafter, we discuss innovative direct marketing activities using the examples of advertising in personalized digital TV environments and mobile telephony. The article concludes with a comparison of different direct marketing media and a synopsis of success factors.

DIRECT MARKETING: DEFINITIONS AND TASKS

According to the American Marketing Association (2006), the term direct marketing is defined by two perspectives (cf. http://www.marketingpower.com):

• Retailing Perspective: “A form of non-store retailing in which customers are exposed to merchandise through an impersonal medium and then purchase the merchandise by telephone or mail.”
• Channels of Distribution Perspective: “The total of activities by which the seller, in effecting the exchange of goods and services with the buyer, directs efforts to a target audience using one or more media (direct selling, direct mail, telemarketing, direct-action advertising, catalog selling, cable selling, etc.) for the purpose of soliciting a response by phone, mail, or personal visit from a prospect or customer.”

The former perspective highlights the nexus of direct marketing to multimedia, because multimedia, and particularly networks such as the Internet and the World Wide Web, is the modern surrogate of human salespeople praising products and services. However, multimedia and networks might be used to offer additional value to customers. The latter perspective emphasizes the advantage provided by modern multimedia technologies: immediate buying without changing the medium. There are several terms for this, proposed in the literature, with respect to particular media such as “e-mail marketing,” “Internet marketing,” and “mobile marketing” (via cellular phones, PDAs, etc.). Thanks to this advantage, direct marketing using multimedia technologies stands out from the crowd of market-
Multimedia for Direct Marketing

Table 1. Domains and tasks of accomplishing direct marketing with multimedia and networks

<table>
<thead>
<tr>
<th>Domain</th>
<th>Task</th>
<th>Value created for the customer</th>
<th>Benefit for supplier</th>
</tr>
</thead>
<tbody>
<tr>
<td>Product</td>
<td>Innovation</td>
<td>Better products and services</td>
<td>Reputation as credible competitor and maintaining long-term profits</td>
</tr>
<tr>
<td></td>
<td>(Mass) Customization</td>
<td>Individual needs are catered for</td>
<td>Superior offers</td>
</tr>
<tr>
<td></td>
<td>Interactive services</td>
<td>Feeling to be an important element of market interchange</td>
<td>Gain of information on customers’ preferences</td>
</tr>
<tr>
<td></td>
<td>Providing additional information</td>
<td>Additional information on usage as well as quality assessment (e.g., consumer reports)</td>
<td>Improved quality perception</td>
</tr>
<tr>
<td>Price</td>
<td>Adaptive pricing</td>
<td>Buying with the confidence of a fair market price</td>
<td>Avoiding overpricing as well as underpricing</td>
</tr>
<tr>
<td></td>
<td>Maintaining current price information</td>
<td>Impression of price movements in the course of time</td>
<td>Reputation as active pricing vendor</td>
</tr>
<tr>
<td>Promotion</td>
<td>Enabling a dialogue with and between the customers</td>
<td>Admitted to communicate his or her needs and wants</td>
<td>Gaining information on an individual level</td>
</tr>
<tr>
<td></td>
<td>Achieving a share of voice in modern communication environments</td>
<td>Keeping informed about offers, innovative products, and services</td>
<td>Being recognized by the buyers</td>
</tr>
<tr>
<td>Place</td>
<td>Maintaining convenient access</td>
<td>Reduced transaction costs, saving time, 24/7 shopping</td>
<td>Cutting costs for shops, staff, and so forth; 24/7 trade; overcoming geographical restrictions</td>
</tr>
<tr>
<td></td>
<td>Maintaining online payment security</td>
<td>Aplomb self perception</td>
<td>Recognition of trustworthiness</td>
</tr>
<tr>
<td>Relationship</td>
<td>Fostering and supporting the user or buyer community</td>
<td>Becoming part of a community</td>
<td>Increased buyer loyalty; own products and services might become part of buyers self-concepts</td>
</tr>
<tr>
<td>management</td>
<td>Keeping up-to-date on buyers’ opinions, actions, and interests</td>
<td>Becoming a partner rather than a customer</td>
<td>Inimitability</td>
</tr>
</tbody>
</table>

ing techniques. Some authors propose to enrich the elements of the classical marketing with e-marketing components, but more detailed investigations suggest that the recent changes are more fundamental than just blending the marketing mix with an electronic mix (e.g., Kalyanam & McIntyre, 2002; Verona & Prandelli, 2002). All marketing concepts mentioned previously have to cope with the tasks of conventional marketing, which are commonly broken down into the domains of product, price, place, and promotion. Table 1 depicts a scheme of tasks that direct marketers have to accomplish in order to tap the full potential of multimedia and networks.

Subsequently, the domains depicted in Table 1 guide the discussion on opportunities and challenges market-ers are facing when adopting multimedia technologies to their marketing mix.

Product

Multimedia technologies help develop the creation of innovative products and new service components into well-established products. For instance, online newspapers are a product innovation as well as an additional element to the conventional newspaper offer (which should lead to higher customer loyalty in the future). Therefore, multimedia technologies enhance a company’s reputation as a credible competitor, and thus help to maintain long-term profits. Developments in Web technology enable firms and marketers to satisfy
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