Multimedia for Direct Marketing

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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-

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

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

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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