

MARKETING CHALLENGES CREATED BY THE MULTIMEDIA CONVERGENCE

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Information technologies and the new media are essential for every country's development in a global, digital, knowledge-based economy. Therefore, researching the latest evolutions in media consumption is fundamental for understanding the new socio-economic relationships and market configurations determined by the convergence of three extremely productive industries: IT, telecommunications and the media. The resulting immersive virtual environment facilitates experiences hardly accessible in the real, nonmediated world. Marketing specialists should seriously analyse this extended boundaries of human imagination and learning capacities permitted by the latest technologies and develop innovative, responsible ways of communicating and interacting with their media-assisted, exploratory-minded clients. In the present article we are exploring several theoretical visions of multimediatic communications' propellers and effects.

Key words: multimedia convergence, experiential consumption, flow activities, telepresence state, interactivity, exploratory behavior, media literacy

JEL codes: M3, O33, Z11, Z13

1. Convergence and the new media environment

Multimedia convergence represents a process change in industry structures that translates in a combination of markets, through technological and economic dimensions, to meet merging consumer needs. In its simplest form, multimedia convergence means the uniting of the functions of the computer, the telephone and the television set. The multimedia metamarket³⁹⁴ (a complex, composed market across industries, outcome of a vertical integration process) has resulted from the convergence of three industries which were created at an interval of 50 years respectively – the telephone industry (1980s), the television industry (1930s) and the computer industry (1980s). Telecommunications, office equipment, consumer electronics, media and computers were separate and distinct industries in the 1990s, offering different services with different methods of delivery. But as the computer became an "information appliance", businesses have moved to take advantage of the emerging digital technologies and industry boundaries have blurred.

Much of the contemporary communication processes are now mediated by computers. *Computer-mediated communication* (CMC) systems use computers to structure and process information and use communication networks to facilitate its exchange.³⁹⁵ One distinct advantage of these converging computer-mediated channels is that they remove the constraints of geographical proximity and temporal differences from communication partners as well as other issues related to communicating: accessibility, distribution, storage and reprocessing. It is through these new communication technologies that virtual electronic communities are formed. Individual members now have a choice of alternative media channels to support their communication behaviors.

2. Virtual worlds and experiential media consumption

In this paper, we focus on the marketing implications of the converging computer-mediated environments, of which the World Wide Web on the Internet is the first and current networked global implementation. For the most part, the Internet replicates the modalities of existing media, but broadband connectivity also facilitates an increasingly common combination of multiple modalities that leads to vivid (almost real) online experiences, sometimes referred to as *telepresence*. Steuer³⁹⁶ defined *telepresence* as "the mediated perception of an environment" and Lombard and Ditton³⁹⁷ described it as "a mediated experience that creates for the user a strong sense of presence". New media are designed to give its users a type of mediated experiences that seems truly natural, immediate, direct and real, a sense of complete immersion, as other authors are calling the telepresence state. This state of immersion during network navigation can lead to a *flow* type experience, in which irrelevant thoughts and perceptions are screened out and the consumer focuses entirely on the interaction with the multimedia environment (in his/her network navigation). A consumer's action in the flow state is experienced as a "unified flowing from one moment to the next, in which he is in control of his actions, and in which there is little distinction between self and environment, between stimulus and response, or between past, present and future".³⁹⁸ We further assume that this

394 Pagani M., *Multimedia and Interactive Digital TV: Managing the Opportunities Created by Digital Convergence*, IRM Press, Hershey PA, 2003;

395 Rice R., *Task Analyzability, Use of New Media, and Effectiveness: a Multi-Site Exploration of Media Richness*, *Organization Science*, 3, 1992, pp. 475 – 500;

396 Steuer J., *Defining Virtual Reality: Dimensions Determining Telepresence*, *Journal of Communication*, 42 (4), 1992, pp. 79 – 93;

397 Lombard M. and Ditton T., *At the Heart of It All: the Concept of Presence*, *Journal of Computer-Mediated Communication*, No. 3 (2), September 1997, p.2;

398 Csikszentmihaly M., *Beyond Boredom and Anxiety*, San Francisco: Jossey Bass, p.36;

attention focus can lead to new (experiential) learning opportunities, that marketing specialist should explore and positively exploit in designing future experiences.

Moreover, Steuer also suggests that the *hypermediatic communication model*, facilitated by the Internet technology, transforms the relationship with the mediated environment with which senders and receivers interact (also called *machine interactivity*³⁹⁹) into the primary communication and interaction relationship, more important than the relationship between sender and receiver (the *person interactivity*). Thus, successful communication and interaction depend not only on the user's involvement and ongoing participation with other users, or with the content/content creators⁴⁰⁰, but also with the medium. In the present study we focus on the users' interaction with the medium and on the transformations undergone both by users and the medium during this interaction, trying to identify some positive marketing opportunities generated by the new communication model.

In order to identify these marketing challenges we will draw upon the experiential marketing theories⁴⁰¹, which argue that experiences provide consumers a way to engage physically, mentally, emotionally, socially and spiritually in the consumption of the product or service, making the interaction meaningfully real. Thus, new media environments are to be produced and created through the multiple experiences in which the consumers immerse. There should be a separate portion of a multimedia value chain that is focused on delivering the experience to customers in various contexts. The ability to provide this service requires an understanding of the types of consumption contexts, and the distribution channels through which this consumption will take place. Therefore the new media offerings should encourage users to use and develop their media skills by creating alternative and adaptable interfaces. When the concept of *interface* first began to emerge, it was commonly understood as the hardware and software through which a human and a computer could communicate. As it evolved, the concept has come to include the cognitive and emotional aspects of the user's experience as well. Some studies focus more on the human perception, others more on computer design. A subset of the literature that focuses on the human-side of the human-computer interaction addresses the aforementioned concept of *flow*. Flow is characterized by intense concentration and enjoyment and was found to be significantly linked with exploratory use behavior and, further, with an extent of media use, both very positive marketing effects.

3. Marketing induced flow experiences

As we could see, flow is not a permanent state. Consumers move in and out of flow – as a function of control, content and process characteristics. To some extent, all these characteristics may be influenced by marketing activities. The congruence of consumers' skills and environmental challenges is something that can be facilitated by interface design. For example, a user-specified difficulty level can be designed to avoid anxiety in novice users and boredom in experienced users. Because lack of congruence may lead the consumer to exit a computer-mediated environment, it is important to provide opportunities for consumers to actively select activities that create congruence.

Content characteristics such as interactivity and vividness lead to telepresence and can be affected directly through product design considerations. Process characteristics specifically the distinction between extrinsically and intrinsically motivated consumers, are an important segmentation basis. People who use the media in order to search information, complete a specific task or to buy a specific product are less likely to be present in the virtual environment than people who use the media without a particular goal. On the other side, on-going information searchers (*surfers*⁴⁰²) are not driven by an immediate goal, but are interested in building a bank of information for future use and are often driven by the entertainment value of communication and interaction process.⁴⁰³ Another possible motive in experiential behaviors could be opinion leadership.⁴⁰⁴ Thus, an opinion leader may be motivated to search and engage in experiential behaviors to disseminate product news, advice and personal experience by word-of-mouth. The Internet increases opportunities for consumers to access "third party" information – ranging from blogs to product-oriented sites to brand-focused sites. Experiential behavior is relevant for (1) word-of-mouth

399 Hoffman and Novak, Marketing in Computer-Mediated Environments: Conceptual Foundations, Journal of Marketing, Vol. 60, No.3, July 1996, pp. 50 –68. The authors distinguish two levels of interactivity: person-interactivity that occurs between humans through a medium and machine-interactivity which occurs between humans and machines.

400 According to McMillan S.J., Exploring models of Interactivity form Multiple Research Traditions: Users, Documents, and Systems, user-to-document interactivity can be seen in the ways that active audiences interpret and use mass media messages and it involves both perceived interaction with content creators and actual creation of content.

401 An extensive literature review is offered by Carù A. and Cova B. in their article A Critical Approach to Experiential Consumption: Fighting Against the Disappearance of the Contemplative Time, presented at the 3rd International Critical Management Studies Conference, Critical Marketing Stream, 7-9 July 2003, <http://www.mngt.waikato.ac.nz/ejrot/cmsconference/2003/abstracts/criticalmarketing/Caru.pdf>;

402 Rogers S. and Thorson E., The Interactive Advertising Model: How Users Perceive and Process Online Ads, Journal of Interactive Advertising, 2000, 1(1)

403 Bloch p., Sherrell D. and Ridgway N, Consumer Search: An Extended Framework, Journal of Consumer Research, 13(1), 1986, pp. 119 – 126;

404 Richins M.L. and Root-Schaffer T., The Role of Involvement and Opinion Leadership in Consumer Word-of-Mouth: An Implicit Model Made Explicit, Advances in Consumer Research, Vol. 15, Michael J. Houston, ed. Provo, UT: Association for Consumer Research, 1988, pp. 32 -36

strategies based on influencing opinion leaders, (2) providing entertainment and recreation and (3) enhancing consumers' product knowledge.

4. The new media literacy of the digital consumer

Broadband Internet and the related new media technologies appear to substantially modify the relationship of information flows in the communication process. They strengthen the role of the consumer as an independent information seeker and reduce the ability of media and advertisers to control and focus information flows. At the same time, however, greater information access can create additional information-processing demands – requiring more effort to make a decision – and risk creating consumer confusion, as long as they are not sufficiently *media literate*⁴⁰⁵ for the 21st century. Media literacy is defined as a portfolio of creative and critical skills, knowledge and understanding. This portfolio is essential to every citizen in the 21st century if they are to be fully literate and enjoy the widest range of content, and the diverse range of opportunities to communicate and be creative in the digital world.

Although technology and new media make the simple tasks of communication and social interaction easier, they also place a greater burden on higher-level skills, necessary to enter a flow state, which can lead to superior experiences. These skills are conventionally called *media literacy*. However, once they have facilitated a flow state, these skills develop into real competencies of the post-modern consumer.

These media competencies are the effects of an initial experiential, intrinsically motivated, time-passing, non-directed consumption activity. Immersion in virtual reality is for most of the users a new experience and the concentration level required for the flow state is exciting and pleasant in itself. Over time, ritualized use evolves into instrumental use (goal-directed use) as consumers accumulate experience navigating within the medium. Goal-directed behaviors are characterized by situational involvement and directed search, in which the user is usually concerned with a specific task-completion goal. Thus, consumers develop an increased exploratory and participatory behavior, which leads to superior experiential learning, more positive subjective experiences, and a perceived sense of control over interaction process with the multimedia environment. Eventually, skilled new media consumers become more effective problem solvers, risk takers, as well as active, independent (self-directed) and creative communication partners.

5. Conclusion

The pervasive, convergent media environment evolves along with consumer conduct. Users around the world have already an increasing freedom to manage their media and electronic entertainment experiences. Media literate consumers are able to compile, program, edit, create and share content; and, as a result, they gain more control and become more immersed in the media experiences. New media (and especially broadband Internet) facilitate instant interactivity and therefore instant gratifications. Consumers expect and demand instant information and transaction capabilities in an interactive hypermediatic environment. Moreover, they also decide the time and terms of interaction.

The ability to create meaningful customer experiences will hinge largely on how businesses create content and manage the content-context interface. Converging multimedia companies (as well as any other modern company in the future) should provide contexts (including a delivery of content through multiple channels wherever consumers are and whenever they want) and starting points for the consumers' own explorations. Enhancing the media experience could have interesting impacts on playful, risk-taking and exploratory behaviors, but could also distract the user from purposes like purchase or task completion. Marketing should limit the risk of confusion and information overload and support, guide and facilitate favourable, pleasant media experiences, in order to maximize profits and customer lifetime value⁴⁰⁶ in the digital age.

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405 to be media literate means to be able to access, analyze, and evaluate media messages, in addition to the ability to use media to effectively communicate;

406 in marketing, customer lifetime value (CLV) is the present value of the future cash flows attributed to the customer relationship. Use of customer lifetime value as a marketing metric tends to place greater emphasis on customer service and long-term customer satisfaction, rather than on maximizing short-term sales.

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