

Chapter 12

Measures of Risk of Misinforming in Personalizing the Message in Applying CRM

ABSTRACT

This chapter discusses the way of using the developed in part two measures in customizing or personalizing messages that can be incorporated in an application of the customer relationship management (CRM). CRM is a special managerial technique dedicated to establishing direct relationships with end-customers. Avoiding mediators from one side reduces the risk of misinforming, but from other side, by increasing the diversity of recipients and amount of separate recipients, may create additional communication problems associated with need of big data processing.

INTRODUCTION

In the previous chapter an approach about how to use the quantity measures of the risk of misinforming in a way to divide the population of potential clients into groups with similar expertise and attitude was proposed. The proposed approach explored the needed additional adjusted information to correct clients' wrong purchase decisions. The issue of how to compose the initial advertising message to potential customers is the objective of this chapter.

The approach and technique presented here follows the ideas developed and published in Christozov D., Chukova S. & Mateev P. (2015). They are applicable only if the Producer, or Seller, possesses historical information about clients' preferences. The technology enabled Customers Relationship Management (CRM)

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allows to capture, collect, and store such information. CRM is an application that allows avoiding mediators in relationship and communication with clients and allows Producer to hold the history of relationship with every individual client. As it was discussed in the first part of the book mediators, especially in a sequence of cascade information delivery, are one of the important factors contributing to the misinforming hazard. The classical business products delivery process goes from producer of the product to wholesalers and further to retailers and finally to reaching the end-users. The wholesalers and retailers play the role of mediators between producers and end-users within this process, who aggregate and summarize the feedback data.

This chapter presents an approach for customizing the messages provided to individual clients via a CRM application. The essential component of the message is the form of warranty contract offered to clients within the message. The conditions of the warranty of misinforming within informing component of CRM issues extends the offer to address the client's personality as attitude toward innovation, as well as expertise in the product's domain. Warranty complements the offering by providing more favorable and encouraging conditions to customers. In this function, warranty message serves as a promotional tool. Its role as a risk sharing tool is elaborated in detail in the next part of the book. Customization or personalization of warranty parameters as the component of the advertising message aim to mitigate the risk of misinforming.

Customer-centered management is an established practice allowing a company to relate directly to their customers by addressing them as independent individuals in a way to avoid mediators. The initial practice in the beginning of industrial era, presented by Ford's famous statement that "A customer can have a car painted any color he wants as long as it's black" is passed and forgotten. Even though this stamen was not said to be a serious business strategy, Ford's Model T was painted only in black for pure economic reasons. Now customization, reflection to personal preferences is the way to market success. CRM as a tool to implement such practice allows additionally to maintain customers' profiles, history of relationship with customer, and can use the first-hand information regarding customer's activities, preferences, and expectations. Nowadays Information Technologies (IT) allows us to do it at an acceptable price. In contrast, the established way of trading via extensive use of mediators – wholesalers and retailers – leads to cascade aggregation of feedback provided by individual clients. This allows producers to use only secondary, aggregated by mediators, information regarding clients' needs and does not allow addressing the specific needs and preferences of the individual client.

The current IT allows building information services, known as CRM, that allow to avoid mediators. It is marked with the term "disintermediation" (see Wikipedia) and is one of their advantages that allow producers to collect the first-hand information

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