Customer Knowledge Management as a Strategic and Integrated Management System

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Abstract. However we observe that nowadays knowledge is considered the core competence of the business but unfortunately major element of that which is customer knowledge has been neglected, even though most of the companies consider themselves as customer oriented or customer focused companies but in reality a few manage this knowledge which is most precious property of the business properly. Customer determines the direction of the business and it’s the only orientation which business can take to find the way toward prosperity. But customer knowledge can not be achieved easily, customer knowledge is nothing but raw data which can be from customer or about customer or for the customer that has to be collected by prominent customer knowledge managers and get pruned and shared with people’s in charge so it can lead to creation of economic value for the company one of the advantages which it offer to the company is that they can sense business opportunities before the other rivals and utilize it to increase business value for the company and of course it will have benefit the customers since they are the leaders of the market and just their satisfaction can lead to success of the business. In our paper Customer knowledge management is considered strategic approach for the business and it’s integrated with management. Although a lot of research has been dedicated to customer knowledge but we still face so many questions which are not yet answered or has not been clarified enough. For instance we may still propose questions like what is the exact definition of CKM? What are different kinds of customer knowledge? What are different sources of customer knowledge? Are they all manageable? In this paper we are going to try to reply all these questions.

Keywords: Knowledge, Knowledge Management, Customer Knowledge Management, Customer Knowledge.

1. Introduction

With constant and rapid paste of world of business traditional business models must speed up to meet the changing business environment in order to survive. Only firms who actively involve in creation and utilization of knowledge can be hopeful to survive in today’s knowledge-based economy. Thus, the issues surrounding knowledge management have got more attention from both academic and business professionals. Now businesses have come to know that knowledge is the most important competitive advantage that they can rely on to sustain their position in today’s knowledge based world and they realize now that it’s the critical asset that can help them in passing by the competitors and they can’t overlook customer knowledge anymore no one can not put the importance of customer in words better than Peter Drucker and its word by no means can be the best reason to show the importance of Customer knowledge and customer knowledge management which are all inseparable circles of one chain he says “It is a customer who determines what a business is. It is the customer alone whose willingness to pay for a good or service converts economic resources into wealth and things into goods. What a business thinks it produces is not of first importance, especially not to the future of the business and to its success. What the customer thinks he is buying, what he considers value, is decisive - it determines what a business is, what it produces, and whether it will prosper. And what the customer buys and considers value is never a product. It is always utility, meaning what a product or service does for him. The customer is the foundation of a business and keeps it in existence” [1]. In modern knowledge based economy of today customer knowledge management is integrated management system that can’t be overlooked anymore and the companies do so are doomed to fail, each and every companies needs managers who acquire customer knowledge and use it in designing the strategies of the company. Kumudha and Mathew define it in following way The processes that a firm employs to manage

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the identification, acquisition and utilization of customer knowledge are collectively referred to as Customer Knowledge Management [2]

2. Literature Review

2.1. Knowledge

According to Lord John Browne “the wonderful thing about knowledge is that it is relatively inexpensive to replicate “[3]. Knowledge is a general term which is used for different meaning like wisdom, applied information or analysed data, so depend on the situation and context which is used can get different meaning, in customer knowledge management context is experiences of sales managers sales persons of market, customer product or else it can be customers feedback of the product or the records of the sales of the past month of the special product and analysis of all these information which has been collected from many different sources to plan a strategy for the next action of the corporation product of these analysis can be called knowledge. Knowledge is a fluid mix of framed experience, values, contextual information, and expert insight that provides a framework for evaluating and incorporating new experiences and information. [4].

2.2. Knowledge Management

Knowledge Management is nothing new. For hundreds of years workers have exchanged ideas and know-how on the job. But it wasn’t until the 1990s that Chief Executives started talking about Knowledge Management [5]. Importance of KM activities as a turning point to the activities of the company is certain but putting it to action is somewhat challenging since knowledge can be categorized in 2 specific group named explicit and implicit the first one is the recorded or recordable knowledge and the second one is not easy to get and difficult to transfer and communicate or share with others and if managers can’t do so will fail to utilize the important asset and competitive advantage of the company it includes feeling experiences or learning styles. Both types of knowledge need to be collected and analyzed and communicated or strategies designed based on them to make the organization closer to preplanned goals.

2.3. Customer Knowledge

Customer knowledge for long time has been recognized as most valuable asset of the company and is worth to be also the greatest investment of the company nowadays corporations and organizations are expected to invest more budget and time and energy on extraction and creation of customer knowledge to have sustainable competitive advantage. Customer knowledge has increasingly been recognized within marketing as a significant resource that can be managed to support R&D [6], to improve innovation, to facilitate sensing of emerging market opportunities and to support the management of long-term customer relationships [7]. As has been approved by different scholars it can be categorized in 3 groups namely 1) knowledge for customer 2) knowledge about customers and 3) knowledge from customers that we try to give a brief description of each. Authors of this paper would like to focus on a point that all three types of customer knowledge are equally important from customer knowledge management point of view and realizing all types have strategic and critical importance for the performance of the business.

- Knowledge for customers: is data or information that we intentionally or unintentionally give to our customers or they attain from the other sources like our competitors our products customer relationship management or personnel’s attitude toward customers, our outlet design, colour, decoration and many more and it creates customer’s experiences or impression of us.

- Knowledge about the customer: and this type is all the information or data that we can get about target customers their feedback or future desires or previous defects of the product or service they wish to be solved and of course in this type the importance of the time is more critical since whatever company who can get this knowledge faster and can act faster accordingly can have advantage over the rivals.

- Knowledge from the customer: and may be this type is the most difficult one to get and different organization use different persuasive strategies and techniques to make their customers speak up and tell their impressions and experiences of the company and as you know it’s the significant point in keeping
customers and avoiding them of turning to the competitors even though there are other reasons also can attract our customer to the competitors like their differentiated product.

2.4. Customer Knowledge Management

There is no doubt that companies nowadays have realized the significance of being customer-focused but if they use knowledge based strategies to reach to their customers is what we are more concerned. Customer knowledge management’s main goal is to move the organization toward a place that customer is first priority but with emphasis on KM strategies integrated with learning, sharing, communication and change which are fundamental concepts in CKM so only if it is accepted as a continuous process only then organization can deliver efficient products or services and can come closer to the overall goal of the company which is customer satisfaction. Customer knowledge management process can’t be done without managing customer knowledge which tells organization customers’ need and desires. Rollins, Minna & Halinen, Aino describe CKM as an ongoing process of generating, disseminating and using customer knowledge within an organization and between an organization and its customers [8].

3. Challenges of CKM

If managers and business people are well aware of the significant role of customer knowledge management then why some of the organization fail in retaining the previous customers and attracting new ones, why their profitability decreases and KM activities of the company sounds absurd? The answer is because even though organizations are fully aware of the essentiality of CKM yet the practical side of the work is much more challenging. Without a management tool for managing and making visible the required knowledge and skills on a corporate level, the organization could suffer competency shortages with a negative impact on business performance [9] challenges face are lack of KM-based cultural environment in the company the willingness of the people to do their parts and many more we will address some of them below:

3.1. Structural Challenges

Transforming the company to the customer-emphasized company which can efficiently utilizes customer knowledge to approach customer satisfaction needs structural changes in organization that brings tremendous challenge with it.

3.2. Cultural Challenges

It’s ideal to create companies which are dominated with customer-centric culture, but always there are barriers from top to bottom levels of the company one to mention is people’s pride, they think they know better than customers. Some organizations shy away from customer-centricity because of “Corporate narcissism”, i.e., a sense that “we know better than our customers” [10], and the other problem is the lack of culture of sharing and communication, some of the organization’s personnel don’t have the customer knowledge and who have they don’t share it with the others.

3.3. Competency Challenges

When organization ride their path toward customer knowledge management they need to strengthen their competency level as much as possible in all aspects of CKM, from understanding customer’s needs and wants to build customer based strategies.

3.4. Privacy Concerns

And in today world people are more and more concerned about privacy issues and they want to know what companies do with their information so the organization should have transparency about their intellectual property policies to build relationship with customers based on trust then only they will be loyal to the company and make the business grow.

4. Conclusion

In this paper we have tried to present a framework of CKM as an strategic and integrated management system which will benefit organization and customers both, it can be the most significant asset for company
as a competitive advantage. The movement toward knowledge based economy and customer centric world have all led to the understanding that successful companies surpass in developing culture of customer knowledge management. We offered some definition of Knowledge, customer knowledge and customer knowledge management and we drew some literature to approve our point of view. Unfortunately even though customer knowledge management has found its place in organization’s strategies but little has been done in academic area, by looking at academic researches it could be argued that there has been more studies conducted on KM in contrast there has been respectively limited effort oriented toward examining the customer knowledge management and its challenges and sources for customer knowledge.

5. References


