



CUSTOMER KNOWLEDGE MANAGEMENT: AN OVERVIEW

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Abstract

Over some previous years, two management strategies have come to the forefront for enhancing the global competitiveness of companies. The two strategies are knowledge management and customer relationship management. While knowledge management focuses on the creation, sharing, and dissemination of both tacit and explicit knowledge within organizations, as well as the tools, methods, and challenges in knowledge sharing, customer relationship management (CRM) addresses the management of current customer relationships and the attraction of new customers through computerized tools for CRM. In knowledge management, the primary focus is on how to develop and

manage knowledge within organizations, rather than solely on a particular topic or content of knowledge. Conversely, customer relationship management concentrates on the company's customers, emphasizing their treatment and management. Research conducted in the past has shown that one of the most essential types of knowledge for companies is knowledge regarding their customers, whether they are business clients or consumers, and end users of the products or services. In this context, the challenge for companies is how to acquire, manage, and leverage knowledge about their customers. We can assert that knowledge and insights about knowledge management can be leveraged to improve customer relationship management, and customer relationship



management can be perceived as an application of knowledge management.

By amalgamating both CRM and KM approaches into a customer knowledge management framework, the advantages of utilizing CRM and KM can be amplified, thereby diminishing the likelihood of failure. Managing knowledge for the customer, knowledge about the customer, and knowledge from the customer significantly aids in relationship management. Hence, KM functions as a service provider for CRM. The integration of knowledge management with customer relationship management presents an opportunity for organizations, making it easier to identify market opportunities and enhance their competitive edge.

Keywords: Knowledge, Customer Relationship Management (CRM), Customer Knowledge Management (CKM).

I. Introduction

In recent years, various organization and companies start to join to knowledge process and new concepts such as knowledge work, knowledge worker, knowledge management and knowledge organization inform the intense of this process. Peter Drucker by using these words informs a new kind of organization that uses power of their minds instead of their physical power. According to this theory, in future, societies

can expect to develop that have more knowledge [1]. Knowledge is simply the ability, skill and experience of implementation and transfer of data, information and ideas to do things better, make decisions and solve problems [2]. Today, successful organizations are able to applying knowledge and to transform it into organizational knowledge. Organizational knowledge is an ability that developed by members of organization in order to creating distinction in process of work in specific field by determining set of general concepts, that its application depends on mass perceptions [3].

In the new environment, relations with the market are critical, and have completely changed the marketing strategies of firms to other more relational approach [4]. The concept of CRM emerged as a business strategy enabled by IT, which involves the establishment and development of value relationships with the clients that aim towards the retention and loyalty of the clientele. Also the research on this subject emphasizes that companies find it more profitable to retain existing customers by way of developing long term relationships that meet their needs and also attract the new customers. These long-term relationships are based largely on customer knowledge and knowledge management and CRM systems improving not only the organization's ability to interact, attract, and build personalized relationships



with customers, but also the ability to increase their knowledge about them [5].

In today's economy of decreased earnings, decreasing work capital and low consumer confidence, organizations are trying different methods in order to retain customers and increase customer profitability and top line growth [6]. Since the cost of acquiring new customers is nearly five times greater than the cost of retaining existing ones, organizations are seeking to develop sound customer relationship management strategies that have an integral knowledge management component to significantly impact the bottom line [6].

Many organizations have developed and implemented CRM initiatives in an attempt to learn more about customers and to develop relations with them with the aim of increasing customer satisfaction and loyalty [6]. However without properly capturing and managing customer data and converting this data into valuable customer knowledge that can be shared and utilized to improve and customize product and service offerings to customers [6]. CRM initiatives will never reach their fullest potential of converting mere clients into loyal lifetime customer asset.

Customer knowledge has been known as a main source that can be used to support research and development, improvement and innovation, facilitate better understanding of market opportunities and support long-term

relation with customers [7]. Capturing this knowledge and analyzing it, the organization will achieve competitive advantage and can offer new products and services, improve customer service, respect customers, make customers satisfied, find customer needs and respond to those needs [8]. Customer knowledge management is a process that involves the identification, acquisition and use of knowledge beyond organizational boundaries, the customer knowledge with the aim of creating value for the organization [9]. Customer knowledge management can also be defined as a process which helps integrating customer relationship management and knowledge management [10]. In fact CKM tries to creating continuous interaction through various communicative channels to gain information about customers, using their experience and knowledge in presentation of products and services. Therefore by creating multiple integrated communication channels, the most efficient and least costly combination of channels must be selected to communicate with customers [11].

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II. Knowledge Management

According to O. Barclay and Philip C. Murray Knowledge management is a business activity with two primary aspects: (a) treating the knowledge component of business activities as an explicit concern of business reflected in strategy, policy, and practice at all levels of the organization and (b) Making a direct connection between an organization's intellectual assets – both explicit (recorded) and tacit (personal know-how) – and positive business results. – Rebecca [12].

KM is a business discipline that attempts to: identify and capture knowledge; promote the sharing of knowledge between individuals; utilize existing knowledge for the creation of new knowledge; and use knowledge to define and improve business practices [13]

KM is therefore the practice of treating knowledge like any other business asset as something to be used, maintained and exploited to the benefit of the organization. KM powerfully intersects with marketing, as knowledge-based strategies help marketers to adapt their principles to the new economy [7].

According to [14] KM and marketing intersect when businesses use database technology to aggregate customer information, position products and services to serve profitable segments and to communicate with markets using integrated strategies and then measure the results. Knowledge

management is the process which help organizations to identify, select, organize, disseminate and transfer knowledge and skills that are part of history of the organization and generally are Unstructured [15]. Because maintaining a competitive advantage for companies is not possible anymore by doing things better and faster, but it is possible when it can't be imitated by others to achieve sustainable competitive advantage, considering the available knowledge and make effective use of it is very important as well as creating the structure to use modern knowledge [16]. Due to the closeness to corporate choices and activities, understanding can significantly enhance performance more than data and information can, and thus can elevate the standard of services in organizations overall and in public organizations specifically [17].

The objectives of knowledge management [18] are: to avoid re-inventing of the wheel in organizations or reduce duplication of knowledge-based activities. Basically the intent is full knowledge utilization; to facilitate continuous innovation that can be capitalized; and to increase people competencies and thus organizational competencies that would eventually lead to greater competitiveness

III. Customer Relationship Management

Customer relationship management involves a process for gathering information regarding customers, with the objective of identifying and documenting key characteristics of customers to execute marketing activities based on customer demand and quality [7]. Customer relationship management involves the process of attracting, retaining, and expanding a profitable customer base while emphasizing the traits and qualities that showcase additional value to customers, striving to cultivate customer loyalty [19]. Stone and Findlay defined CRM as the organization carrying out a lot of information about the customer from various resources and keeping it in order to divide the territories, analyze and reuse [20]. This definition views CRM merely as the act of gathering and documenting details concerning the customer. Stone and Forss defined CRM as the company use of its abilities in the field of research methodology, technology and e-commerce in order to manage customer relationships [21]. CRM is an all-encompassing approach that encompasses the method of attracting specific customers, retaining them, and collaborating with them to generate unique value for both the business and the customer [22]. CRM is a strategic method through which the organization identifies its most profitable customers, and the interactions between this

organization and these customers are established, with the aim of maximizing the current and future values for customers [23]. Brink et.al defined CRM as a definite marketing activity by which the institution prepare its customers to use its resources to produce and market a valuable product for them. CRM aims at two goals: supporting the social cause and improving the marketing performance [24].

IV. Relationship between Knowledge Management and Customer Relationship Management

KM is a method that is employed to gather, generate, and utilize knowledge to ensure the success of the CRM process. In relation to this concept, KM has been acknowledged as a skill that is broadly regarded as having a considerable influence on business performance [25]. Moreover, CRM and KM have recently been attracting considerable attention in the business landscape [26]. Both methods concentrate on distributing resources to assistive business activities to achieve competitive benefits even though both ideas are presently regarded mainly as distinct fields of study. Moreover, both KM and CRM are of prime significance for every business decision maker and Information Technology (IT) professionals. Consequently, the availability of large data on customers due to new technology tools has



created opportunities as well as challenges for businesses to leverage the data and gain a competitive advantage [27]. In addition, KM is essential for CRM because it can help the organizations enhance their services, and respond rapidly to their customers' need. Organizations need to enhance the processes with customers to identify relevant activity fields for KM to improve these processes. Additionally, customer knowledge and customer satisfaction are being very important for tracking the success of CRM applications [28]. From a theoretical perspective, it is important to determine whether the association of CRM applications with the improvement in customer satisfaction is mediated by an improvement in customer knowledge [29]. The new product development projects require efficient strategies that are needed for creating a quick and better response to customers' needs [30]. Moreover, the value of KM and CRM is recognized by many leading companies. KM is important for all kinds of business because it can help the companies improve their services and respond to their customers which, in turn, lead to customer satisfaction [27] customer relationship management is identified as the core competency and a major competitive advantage of a particular enterprise. There is a need to integrate knowledge management ideas, systems, and tools into the organization to enhance their

customer relationship management capability, along with supporting processes or skills in order to significantly boost corporate competitiveness. Concerning this notion, it has been indicated that organizations need to focus on three sorts of knowledge in CRM processes [31]. Firstly, organizations must grasp the needs of customers to respond to them effectively. This is known as awareness of customers. Secondly, they should gather data regarding the customers during their engagement with the business, which also requires understanding for customers. Thirdly, customers have insights related to the products and services they utilize, along with their views on the offerings they buy. This insight from customers is essential as it informs the strategies to enhance products and services.

V. Conclusion

An organization will not be able to leverage the CRM without understanding, particularly without the understanding of the organization's customer base. Those organizations will gain better insights into their customers who employ KM to gather and distribute customer knowledge. Consequently, companies have the ability to significantly enhance their revenue. Such companies utilize their knowledge to serve their companies more effectively, which in turn aids them in maintaining their lifelong

loyalty. In fact, those companies have thrived and will continue to thrive in their sectors that prioritize customer knowledge at the core of the organization and ensure that knowledge is accessible to all employees. The combination of CRM and KM necessitates the endorsement and backing of the top management of an organization. The strategic significance and the integration of knowledge management and CRM must be recognized by the top management. Knowledge sharing behavior and collaborative efforts may alter the corporate culture, which necessitates proactive planning and management from the organization.

Ultimately, KM guarantees that customer data is accurately captured, analyzed for valuable insights, organized, assigned appropriate keywords, and stored in the correct repository for user retrieval. KM makes sure that customer knowledge reaches the appropriate individuals at the right moment to assist in strategic customer decision-making (i. e., refining customer profiles, providing special promotions to important customers to foster their loyalty, etc.). Enhanced strategic decisions result in improved customer targeting, enhanced service, and responsiveness to evolving needs. This consequently leads to heightened customer satisfaction and loyalty, and therefore increased strategic competitiveness and profitability for an organization.

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