Chapter 7
Effective Tools for Customer Knowledge Management

Kamla Ali Al-Busaidi
Sultan Qaboos University, Oman

ABSTRACT

Customer knowledge management (CKM) is becoming vital for organizations' operative and innovative performance. Currently, organizations are transforming their business strategies from mass production to mass customization and customer focused strategies to respond to business pressures and achieve a competitive advantage. Customer knowledge enables organizations to develop effective business strategies and achieve a competitive advantage. The capability of organizational knowledge management is assessed by incorporating tools that support knowledge management. Based on the experience of customer service managers' perspective in successful CKM organizations, this chapter discusses effective tools for customer knowledge management that add value to organizations. Specifically, the chapter examines the most effective IT tools and non-IT tools (organizational mechanisms) that support the acquisition, storage, transfer, and application of customer knowledge. The chapter also examines the impacts of CKM tools on organizations.

INTRODUCTION

Customer knowledge management (CKM) is becoming vital for organizations' operative and innovative performance. As organizations are transforming their business strategies from mass production to mass customization and customer focused strategies, customer knowledge is considered a vital asset that enables organizations to respond to business pressures and achieve a com-petitive advantage. Customer knowledge enables organizations to develop effective business strate-gies and achieve competitive advantage. Accord-ing to some surveys, customer knowledge is the most important asset when pursuing a competitive advantage (Bennet & Gabriel, 1999), and the most preferred type of knowledge management activity (Chase, 1997). The capability of organizational knowledge management is assessed through incor-porating tools, including information technologies

(IT) that support knowledge management (Alavi & Liedner, 2001; Becerra-Fernandez et al., 2004; Davenport & Prusak, 1998; Gold et al., 2001).

Customer knowledge is classified into three main categories: (1) knowledge for customers, (2) knowledge about customers and (3) knowledge from customers (Gebert et al.; 2003). Knowledge from customers is considered valuable for organizations and is categorized as company-related information (marketing, sales and support information, and products and services information) and competitors-related information (marketing, sales and support information, and products and services information) (Zanjani et al., 2008). However, acquiring knowledge from external sources, such as customers, may be more challenging than from internal sources such as employees. Consequently, implementing tools for customer knowledge management may not be easy. The literature indicates that organizations find the implementation of IT tools and mechanisms such as customer relationship management (CRM) systems difficult, and most organizations fail to implement them properly (Boddy et al., 2005; Wu, 2010).

Consequently, the objective of this chapter is to discuss the effective CKM tools for customer knowledge management that add value to organizations, based on practitioners' perspectives. Knowledge management tools can be used to support each of the KM processes (Alavi & Liedner, 2001; Becerra-Fernandez et al., 2004; Davenport & Prusak, 1998; Gold et al., 2001). Thus, the study specifically examines the most effective IT tools and organizational mechanisms that support the acquisition, storage, transfer and application of customer knowledge. The study also examines the impact of customer knowledge management tools on employees, business processes, products, customers and organizations.

BACKGROUND

Customer Knowledge

Knowledge can be viewed from several perspectives: (1) a state of mind (knowing and understanding) that enables individuals to expand their personal knowledge and apply it to their organizational needs, (2) an object that can be stored and manipulated, (3) a process of applying expertise, (4) a condition that facilitates the access and retrieval of content, or (5) a capability that influences future actions (Alavi & Liedner, 2001). Thus, knowledge is a powerful resource that enables individuals and organizations to be innovative and achieve a competitive advantage. The most popular classification of knowledge is Nonaka's classification of explicit knowledge versus tacit knowledge (1994). The research has also classified knowledge from different perspectives (Alavi & Liedner, 2001; Davenport & Prusak, 1998; Becerra-Fernandez et al., 2004): implicit or tacit knowledge (rooted in actions and personal experience) versus explicit knowledge (articulated generalized knowledge); procedural knowledge (know-how) versus declarative knowledge (know-what); and individual knowledge (generated by and inherent in the individual) versus social knowledge (generated by collective action of a group). The difference between knowledge and information is that knowledge is "the information that has been processed in the mind of individuals through the process of deliberation, learning and thought" (Alavi, 2000, pg.17). Thus, knowledge is personalized information related to facts, concepts, procedures, ideas, observations and judgments (Alavi & Liedner, 2001). In other words, knowledge is authenticated information (Dreske 1981; Vance 1997).

Organizational structured or unstructured explicit knowledge can be acquired from internal and external sources (Davenport & Prusak, 1998). One of the valuable external sources of knowledge is customers. Customers create and accumulate

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