Chapter VIII
Creating Knowledge about Customers

INTRODUCTION

Increasingly, knowledge is becoming a primary engine of growth in the globalized business world and is making nations more competitive as they shift from information-based to knowledge-based economies. In business contexts, knowing customers better is expected to help companies gain an SCA over others. This chapter represents the last activity in leveraging CKM value-chain. It seeks to discuss various concepts, issues, and trends concerning composition of knowledge about customers.

CONCEPTUAL FOUNDATIONS

Following the aggregation and dissemination of customer information comes the generation and sharing of CK. This section addresses the importance of knowledge as a corporate asset, the concept of knowledge, the concept of CK, CK discovery process, CK discovery systems, the concept of CKM, and a CKM case study.

Knowledge as a Corporate Asset

Change is becoming increasingly inevitable when operating in constantly dynamic and complex business environments, manifested by acceleration in the pace of change and transformation in the base of competition. In today’s global economy,
the customer has more and better choices than ever before, bringing on one of the biggest challenges the business community faces today - customer satisfaction, retention, and loyalty. The days of push-based production of goods and services without knowing customers have gone. The days of selling products rather than remaining resilient and vibrant to customer needs, wants, and preferences have passed. Knowledge is becoming a strategic asset of organizations in designing and developing products or services, and in building and maintaining customer relationships.

Since the early 1990s, knowledge has captured a great deal of attention in the literature as a non-depleting and strategic organizational resource to create and sustain competitive advantage. The need here is to deliver knowledge a) at the right time, b) at the right place, and c) in the right shape/format. The end result is to use knowledge to create value to customers and companies (Awad and Ghaziri, 2004).

The beauty of using knowledge as a base of SCA is that it is a non-depleting resource that. Unlike other business resources that diminish once shared, knowledge development follows the law of increasing returns - the more knowledge is used, the more value it creates. Furthermore, the more knowledge is shared, the more new knowledge is generated. Knowledge sharing, therefore, is becoming a successful way to increase the value of ‘intellectual assets’ in improving knowledge-intensive customer processes and adding value to customers and profitability to the business. Knowledge sharing takes place while people work internally within different units, departments, or the organization as a whole.

As competition in the marketplace accelerates rapidly, CK must be created and utilized in new business areas. As a response to business environmental drivers, CKM is introduced as an ICT-based organizational change model that leverages corporate DCCs by managing interactions among organizational main pillars of people, technology, and processes, for the collection, development, and application of CK. The basic theme behind CKM is to utilize DCCs of organizations, i.e. knowledge, to add value to customers as well as to companies by delivering the right product and/or service, at the right price, to the right customer, at the right time and location, and through the right distribution channel. The aim of CKM is to add value to customers from one side and to secure enduring and profitable relationships with customers and achievement of SCA for companies from the other side. CKM represents a shift from product-focused, hierarchical, and function-based data-oriented organizations to customer-centric, networked, and process-based learning organizations.

The aim of CKM is to help organizations succeed in identifying strategically significant customers and to develop durable and profitable relationships with them, based on information provided by customers about themselves, what products they
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