

Chapter 27

How Customer Knowledge Management Is Becoming a Dominant Industry Trait

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ABSTRACT

Customer Knowledge Management (CKM) has evolved from Collaborative Knowledge Management Practices (CKMP). The last two decades of twentieth century were marked by efficiency in management that created a global awareness regarding efficient use of resources and cost minimization. This awareness was influenced by Japanese concepts like Kan Ban and Kaizen; later on, these ideas were appreciated and adopted by their American counterparts both in academia as well as in industries. Presumably, CKM movement will heavily influence the business world as the focus shifts to utmost use of intangible assets instead of the optimal use of tangible resources (which used to be the motto of the business world in the last century). CKM is often regarded as “an integrated knowledge management practice” and operates by incorporating principles of Knowledge Management (KM) and Customer Relationship Management (CRM), but it moves far beyond to ensure a higher level of mutual (customer-producer) value creation.

INTRODUCTION

When you are swiping a card at the counter to buy something or buying an e-ticket online, have you ever realized that you are assisting the seller or manufacturer to prepare a database? Next time when you will be using your membership card at retail stores like, Agora or Nandon, think for a while, what information that vendor’s server is

deciphering out of each transaction. In a way, the details of your shopping habits are helping the service provider or the manufacturer to plan its business better which would be more satisfying for you in the future.

Last two decades of twentieth century could be marked by emphasis on efficiency in management influenced by Japanese concepts like Kan Ban and Kaizen; later on, these concepts were appreciated

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and adopted by their American counterparts both in academia as well as in industries. It created a global awareness regarding the efficient use of resources and cost minimization. As rapid technological advancement made it possible to work on production or operational efficiency, emergence of globalization presented increasing demand of products, which was interpreted as opportunity as well as challenge. Limited or scarcity of resources became a barrier to growth and prosperity. Hence, producers tried to work closely, if not jointly, with their suppliers to ensure optimal use of all sorts of resources to address new challenges. Amongst all, knowledge being an important resource, managing knowledge has been recognized as an essential function for organizations to be successful in today's business world.

Customer Knowledge Management (CKM) has evolved from Collaborative Knowledge Management Practices (CKMP); later on CKM has been appreciated and applied by the efficient manufacturers and world class service organizations (Li, 2007). Putting CKM in practice led to further revision and improvement of CKM practices. Knowledge related to supply chain was the seed of the huge CKMP greeneries today. Increased scarcity of resources was addressed with a concept called Material Requirement Planning (MRP) in two facets (MRP I and MRP II). The MRP II was incorporated into a new branch of knowledge named Enterprise Resource Planning (ERP). Both MRP and ERP highlight the importance of knowledge to become successful in business post Japanese management revolution. Nowadays successful and smart organizations have started considering knowledge as the single most important asset to achieve their objectives. Recent understanding of such organizations is: customer knowledge (knowledge siphon out of their customers) could aid in gaining competitive advantage and enhancing organizational earnings. Presumably, CKM movement will shape the business world gradually as soon as the organizations

start realizing that how important it is to use and manage knowledge amongst other intangible assets besides tangible resources in order to grow and prosper.

A thorough review of literature is presented to highlight how CKM has become an emerging hub of integrated knowledge management practices while focusing on diverse issues, concepts, and frameworks from numerous academic researches. The existing body of literature shows that these concepts, issues and frameworks (consulted or used for this chapter) have been developed in a scattered fashion. However, this chapter is an attempt to unify and reconcile CKM concepts and frameworks comprehensively and it could serve the academics and the marketing practitioners likewise.

KNOWLEDGE MANAGEMENT

In the field of management, knowledge management began its journey as an element of the learning organization. According to Choo and Bontis (2002) any organization represents a bundle of various assets (special emphasis was given on knowledge). Dretske (1981) defined knowledge as information produced (or sustained) belief. Scholars consider knowledge as a strategic resource that is hard to imitate and provides its possessor a unique and inherently protected advantage. Knowledge is created when information is given meaning by being interpreted, analyzed, synthesized, validated, and codified (Li, 2007). Discussion on knowledge management might remain unscrupulous, if data-information-knowledge hierarchy is not discussed. Generally, data is viewed as simple and isolated raw facts that would become information when combined into meaningful structures. Later on, information becomes knowledge as human perspective is added and the information is being put into a context. According to Tuomi (2000), reading a book is an excellent analogy

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