

A Review of Customer Knowledge Management Importance

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Abstract

In knowledge-based economy, firms consider to integrate knowledge management (KM) with their customer relationship management (CRM) due to the fact that KM plays a crucial role in the success of CRM. This research is designed to review the literature about customer knowledge management from three approach, first importance of integrating KM with CRM, types of customer knowledge in CRM and models displaying integration of KM and CRM. We performed a literature review of empirical studies on integration models which was published in the last decade (2001-2013). After taking into consideration these studies, we discovered that by integration of KM and CRM, organizations can reach their targets more affordable, quicker, and with higher quality than their competition.

Keywords: Customer relationship management, Knowledge management, Customer knowledge management

1. Introduction

To achieve a competitive advantage, the organizations should recognize and capture their customer knowledge. This knowledge helps firms to focus on their customers' needs, which ultimately increases the perceived value and switching costs of a firm's products (Mitussis et al., 2006; Rowley, 2002). Indeed, customer knowledge can assist employees with cross-selling and efficiently predict market demand, which then helps to leverage the competitive advantage more effectively (Mitussis et al., 2006). However, although capture of knowledge and information concerning customers prepares a powerful competitive advantage to companies, they should be aware that they cannot treat their customers as static individuals (Nejatian et al., 2011). The needs and demands of customers will themselves change over time.

Plessis and Boon (2004) noted that integration of knowledge management and CRM allows for a better understanding of customer needs, demands and behaviour. according to identified customer needs, as well as customer values, service to the customer can be quicker, more effective and more efficient. Knowledge management facilitates the flow of knowledge around customer issues between the groups, thereby facilitating quicker and more effective integration of customer-related knowledge. Knowledge management plays a role in facilitating communication through the provision of technology, processes and platforms that enable communication in organisation and knowledge flow.

2. Benefits of Integrating KM with CRM

The nature of Customer Relationship Management (CRM) is a business strategy that can make use of IT in order to facilitate processes. CRM can retain existing customers by providing long-term relationships that meet a customer's needs. CRM systems, as well as knowledge management and customer knowledge is the fundamental of maintaining long-term relationships with customers.

Garrido-Moreno et al. (2010) stated that knowledge management in implementing CRM can improve the company's capability to attract, interact and make firm relationships with customers, as well as the capability to increase their knowledge about them.

CRM provides advantages for the different groups involved in the relationship because CRM is a long-term business strategy. To create a customer-oriented company, CRM requires a redesign of the company; hence the strategy needs an appropriate organizational culture and leadership. To conclude, the concept of CRM could be summarized as follows: CRM is a business strategy that aims to setup and extend value-creating relationships with customers based on knowledge. A company can personalize its products and services to achieve customer-oriented goals by satisfying customer needs; accordingly, the company can generate long term, mutually beneficial loyalty relationships (Garrido-Moreno et al., 2010).

The processes involved in knowledge dissemination about customers are a key resource that will facilitate the company, strengthen its relationships with them and ultimately obtain a sustainable competitive advantage (Croteau and Li, 2009; Fan and Ku, 2010).