

Customer Knowledge Management: A New Outlook on Relationship Marketing

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Introduction

Customers are the lifeblood of any business organization. Strategies are redesigned and organizations restructured to attract, nurture, retain and recover lost customers, for survival as well as maintaining cutting edge. Researches in marketing have clearly established a paradigm shift from transaction orientation to relationship orientation (Berry,1983;Levitt,1986;)

Focus on customer

Managing relationship with a customer has come under the limelight in the wake of globalization, where customer delight is the only key to success of more so the very existence. The concept of CKM (customer knowledge management) is now gaining wide acceptance and is recognized as a powerful tool for business development and to have an edge over the competitors on account of the universal traits of human behavior. In many areas of customer management, the exchange of information has traditionally been a key to good relationships with customers.

Meaning of knowledge

The term “customer” should be widely defined as organizations’ stakeholders, such as consumers, suppliers, partners, joint ventures and alliances, and competitors. These customers have a relationship with the organization – past, present or future. Knowledge derived from these relationships is referred to as “customer knowledge”.

Knowledge in Relationship

Relationship marketing has assumed the top most importance in service organizations. These organizations have started establishing direct relationship with the clientele through continuous interaction by way of organizing customer meets, and instituting periodical customer attitude surveys. The new knowledge gathered has been playing a pivotal role in innovation in every industry to cope with the emerging challenges.

Relationship in business

Relationship in business is an age-old concept but modern marketers took fancy to it only recently. Though relationship marketing was introduced in the services marketing to establish long-term profitable relationship with all stakeholders of the business, its presence was noticeable elsewhere also. Since the customers are the major stakeholders of the business, the marketers have coined the new term Customer Relationship Marketing(CRM), to evince special interest in customers. It is established that building closer relationship with customers results in better returns to companies.

What is customer Knowledge Management (CKM)?

Customer knowledge is knowledge that resides within the customers, not knowledge about them. The processes that a firm employs to manage the identification, acquisition and utilization of customer knowledge are collectively referred to as Customer Knowledge Management.

Impact of CKM on an organization

The customer today, needs to be regarded as an important knowledgeable entity by companies. Smart companies are prolific customer knowledge managers. There are major implications for firms developing a CKM capability. Such companies are more likely to have an external perspective and outlook on knowledge creation and renewal.

Through CKM, as a strategic process, companies emancipate their customers from passive recipients of products and services, to empowerment as knowledge partners. Customer knowledge managers focus on generating growth for the organization and value for the customer through motivation to share individuals' knowledge and to engage in active dialogue with the firm and with each other. Customer knowledge management is also about innovation and growth. By managing the knowledge of their customers, corporations are more likely to sense the emerging market opportunities before their competitors. Thus, CKM is about gaining, sharing and expanding the knowledge residing in customers, to both customer and corporate benefit.

Need for CKM in Relationship Marketing

A Customer Knowledge Management strategy has numerous aspects, but the basic theme for the company is to become more customer-centric. Developing a customer-focused organization and building competitive advantages based on strong customer relationships and high retention rates can be facilitated by Relationship Marketing strategies. CKM is a business strategy which comprises of acquisition of information and knowledge about Customer Behaviour, their needs, Habits and Desires so that company can sell more of their products or service efficiently. Given the importance of information as the engine of marketing world, it's not surprising that Customer Knowledge Management is becoming an integral part of the Relationship Marketing landscape.

Conclusion

In today's tough competitive environment, advanced knowledge is an essential requirement for success. Companies are therefore placing greater emphasis upon the acquisition and utilization of knowledge to provide the much needed knowledge support to an organization. Successful companies not only possess Customer Knowledge but are also able to use it to make critical business decisions. Customer Knowledge is more vital to business success today than ever before. Thus, the increasing focus on CKM-Customer Knowledge Management.

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