

# Chapter 1

## Customer Knowledge Management (CKM): A Way to Increase Customer Satisfaction

**Rawan Khasawneh**

*Jordan University of Science and Technology, Jordan*

**Ameen Alazzam**

*Al-Tai'f Technical College, Saudi Arabia*

### ABSTRACT

*The knowledge-based perspective of the firm implies that knowledge is an important asset that should be utilized effectively in order to achieve sustainable competitive advantage and leverage customer loyalty and satisfaction level. Integrating Customer Relationship Management (CRM) and Knowledge Management (KM) resulted in introducing the concept of Customer Knowledge Management (CKM), which focused on getting the maximum benefits from customer knowledge and providing customers with continuous improvements and customized products and services. This chapter explores customer knowledge management and its general concepts including knowledge and customer relationship management. In addition, it reviews the goal of CKM strategy that targets organizing and integrating customer knowledge in a manner that improves the organization's understanding of how to serve customers by more effectively utilizing the vital relationship between implementing CKM strategy and leveraging customer satisfaction level. Conclusions and proposed future work are stated at the end.*

### INTRODUCTION

In the age of knowledge economy, many organizations believe that knowledge is the most important asset for it (Ma & Qi, 2009). The shift from industrial revolution to knowledge revolution requires organization to use knowledge effectively in order

to achieve sustainability, competitive advantage, and other long-term benefits including the firm strategic goals (Khasawneh & Abu-Shanab, 2013). On the other hand, the adoption of “customer is the king\queen” strategy plays a key role in making organizations focus on the task of gathering information about their customers that in turn

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can be used in providing those customers with continuous improvement utilizing a special type of knowledge management strategy.

Organizations and academics focus on both knowledge management and customer relationship management to obtain continuous benefits of competition through the optimization of organizational resources in order to support commerce (Sanayei & Sadidi, 2011). This comes from that knowledge management and customer relationship management have mutual goal to provide customers with continuous improvement and customized products and services in an attempt to increase their satisfaction level and loyalty (Dous, Salomann, Kolbe & Brenner, 2005; Akhavan, Ashtar & Heidari, 2008; Sanayei & Sadidi, 2011). Customer satisfaction is the degree to which a customer perceives that firm or organization has effectively delivered a product or service that meets the customer's needs (Cengiz, 2010). In order to provide customers with desirable goods and services that meet their satisfaction, the organization must manage its knowledge about customers. Therefore, it seems that KM can be beneficial to better implementation of CRM (Attafar, Sadidi, Attafar & Shahin, 2013). Several organizations adopted the integration between knowledge management and customer relationship management because it believes in the role of knowledge management in a successful implementation of customer relationship management (Moreno, Melendez & Obra, 2010; Akhavan et al., 2008; Feng & Tian, 2005).

The integration has been resulted in Customer Knowledge Management concept (CKM) (Xiong, yue, & li, 2011). Customer knowledge management (CKM) is the implementation of knowledge management techniques to support the interchange of knowledge between the organization and its customers in order to make customers more satisfy and loyal (Kong & Cai, 2008; Feng & Tian, 2005; Sanayei & Sadidi, 2011).

This chapter focuses on the goal of CKM strategy that targets organizing and integrating the collected information in a manner that improves

the organization's understanding of how to relate to customers more effectively including: providing them with continuous improvements, customized products and services and many other aspects. Also, this chapter tries to explore the role of KM process in enhancing CRM processes through understanding the ways in which organizations should deal with its current customers, attract new customers, retain existing customers, and expand the relationship with customers using customer knowledge. The chapter is divided into four sections. Following is a brief description of each section.

The following section reviews knowledge management in general; its definitions, types, processes, key actors and the general area concepts. Then, a general view of customer relationship management is presented. It reviews its definitions, categories, dimensions, processes and other related concepts. The third section focuses on customer knowledge and customer knowledge management where several models of customer knowledge management are reviewed in addition to a description of the components and factors of each model. The fourth section briefly discusses the vital relationship between implementing CKM strategy and leveraging customer satisfaction level. Conclusions and proposed future work are stated at the end.

## **Knowledge Management**

Knowledge is human process that validating human beliefs toward the truth (Pinho, Rego & Cunha, 2012). It is different from data and information; data are raw fact, when data organized well it become information, knowledge can be gained from information through tests of proof (Venkitachalam & Busch, 2012). According to zanjani, rouzbehani and dabbagh (2008), knowledge can be defined as a collection of experience, values, contextual information, and experience that makes new experience and information for people. Knowledge is embedded in individuals and it is

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