Chapter 15

A Knowledge Management Approach to Marketing and the Advent of Customer Knowledge Management

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ABSTRACT

This chapter is intended to give an overview of knowledge management (KM), and to explore its extension to the marketing discipline. It is basically aimed to set the stage for the conceptualisation of knowledge-based complaint management rather than to provide a thorough and exhaustive literature review of the KM theory per se. Therefore the contribution of the chapter in hand lies in the fact that it integrates the concept of customer knowledge in the field of complaint management.

INTRODUCTION

Knowledge is an important resource residing inside and outside the boundaries of the firm. Effort is needed to access such a resource and research is warranted to challenge our core assumptions and the way we view learning and adaptability in such a way that generally accepted concepts be reconsidered and re-evaluated.

In order to succeed in the knowledge-based economy, business firms need to commit to continuous learning and to adapt quickly to changing environments with the help of knowledge management (KM).

The objective of this chapter is therefore to give an overview of the knowledge management (KM) and to explore its extension to the marketing discipline. This may help us unlock and mobilize
precious knowledge about KM that is imprisoned in local pockets scattered in different business areas, particularly in CRM. Complaint and service failure recovery is one of context application.

Based on extant literature, the chapter in hand looks at the knowledge management approach to business in general, and to marketing in particular. Then, it focuses on the integration of KM in CRM thus leading to the advent of Customer Knowledge Management per se (CKM). Finally, complaint management processes are presented as illustrations of CKM.

**CORE CONCEPTS OF KNOWLEDGE**

**Data, Information and Knowledge**

Understanding what knowledge means is important in exploiting knowledge management in organisations. In understanding what knowledge is, one needs to start with clarifying the more widely confused terms: data, information and knowledge.

Knowledge is becoming more and more valuable for organisations and is now recognised as a resource that is useful to an organisation’s ability to innovate and compete. Knowledge constitutes the anchor of the marketing concept. Marketing intelligence, i.e. gathering data about market including customers and competitors from various sources and sharing it within an organisation has long been the focus of the market orientation philosophy (Rollins and Halinen 2005).

Technological developments have fostered the discussion around the role of knowledge. Technology and knowledge are not substitute. While organisations are geared towards acquiring the latest developments, knowledge is perceived a strategic advantage. KM is believed to go beyond information systems, decision support systems, and data management systems.

Data presents observations and facts. When data is placed in some meaningful context it becomes information. Knowledge is created when information is transformed into capabilities for effective action, in other words when information is used and disseminated between people in documented form or in interaction (Rollins and Halinen 2005).

According to Spiegler (2003), the data-information-knowledge traditional hierarchy ascertains that technology is a means, and knowledge the result of the production process, while the reversed approach presents knowledge as feeding back information to become itself data and to provide a renewed KM system. This means that knowledge precedes data and determines the type of data to collect.

According to the same author knowledge production is a continuous cycle that is based on the traditional data-information-knowledge hierarchy and the new knowledge-information-data hierarchy because the data-information-knowledge is perceived as a cycle where data is posited as a starting point as and as a result of information and where information is a starting point and the end result of knowledge.

The data-information-knowledge cyclical relationship is presented hereafter as a loop whereby wisdom results from knowledge and reality is accessed through data (Spiegler 2003; see Figure 1).

**Tacit/Explicit Knowledge and Modes of Knowledge Conversion**

There seems to be a congruence of understanding that Knowledge can be either explicit or tacit and scholars often use the word knowledge to mean both. Explicit knowledge, also known as formal or codified knowledge, can be expressed by words and numbers and can be shared by IT-systems whereas tacit knowledge, known as implicit knowledge is unspoken and hidden. It is knowledge that is held in workers’ minds and embedded in the fulfilment of their job which is hard to formalise and communicate.