Chapter 5

Knowledge Management in E-Commerce

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ABSTRACT

Knowledge management refers to acquisition, creation, dissemination, and utilization of knowledge. Knowledge is becoming an important resource for today’s organisations, and enterprises are keen to deploy this resource to improve their products, services, and processes as well as ensure delivery on demand. Through knowledge management, businesses aim to increase efficiency, reduce costs, and most importantly, retain customers. Enterprises in the electronic commerce arena are already aware of the importance of understanding customer attitudes and their buying habits and are, therefore, taking huge strides to ensure that they employ appropriate techniques to manage the information at hand. This chapter discusses the variety of approaches that business enterprises have adopted for the acquisition of customer information and its deployment and outlines the processes relevant to knowledge management in the context of electronic commerce.

INTRODUCTION

Knowledge management (KM) is the collection of processes that govern the acquisition, creation, dissemination, and utilization of knowledge. It refers to the practice that involves the capturing and sharing of an organization’s information assets including the experiences of their employees. Organisations are beginning to attach huge importance to customer knowledge as customer attitudes, their purchasing habits and their becoming increasingly more knowledgeable is having a huge effect on the way the products and services are being consumed. Business organisations and enterprises that make use of such knowledge to leverage their products and services are being

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more successful and profitable than others. In the Electronic Commerce (EC) sector, KM can be used highly effectively for improving internal processes within organisations. Proper content representation of knowledge assets can, in turn, help to retain existing customers and gain new ones as well as provide information to others much more quickly and on demand.

Organisations involved in conducting trade via the Internet are employing a variety of techniques to acquire customer knowledge including: (1) surveys and questionnaires, (2) getting opinions through online communities and at the point of checkout and (3) getting customer comments through discussion forums and social networking sites. Organisations also require other forms of information e.g. information about suppliers, competitors, company’s own processes, products and services as well as markets in general and global economies.

Acquiring information is relatively easy; however, management of this information with a view to deploying it to the organisations’ advantage is less straightforward. This is due to the fact that KM requires satisfactory systems and controls in place to properly manage and deploy the customer and organisational information. There are two aspects to KM:

- To acquire, store, locate and update the information - for the organisation itself for the purpose of process and product improvement
- To share and disseminate contextual information and expert insight - for the benefit of the organisation’s customers and partners.

This contextual information with expert insight is known as ‘knowledge’. Whereas, it is imperative that business organisations follow best practices for the successful implementation of EC, it is also essential that they have appropriate strategies for the effective management of information and knowledge. In the present work, we discuss the various approaches that business enterprises have adopted for the acquisition of customer information and its deployment and outline the processes relevant to KM in the context of EC.

In the rest of this chapter, we first define, in Section 2, what knowledge is, what KM refers to and also discuss the processes associated with KM. Then, in Sections 3, 4 and 5, we discuss how knowledge is generally managed in the context of EC: referring to customer knowledge and customer relationship management (CRM). Section 6 details the various methods for acquisition of customer knowledge. In Section 7, we describe the utilization and deployment of customer information. Conclusions are briefly summarised in Section 8.

**KNOWLEDGE MANAGEMENT**

Knowledge Management (KM) is the process of managing corporate knowledge resources. It is the collection of processes that govern the creation, dissemination and utilization of knowledge. Lee and Yang (2000) define KM as a set of organisational principles and processes that help knowledge workers (i.e. employees involved with the processing of information and knowledge) to leverage their creativity and ability to deliver business value (Roy & Stavropoulos, 2007). It is the practice that involves the capturing and sharing of an organization’s information assets including the experiences of their employees. According to Young (2009), KM is the discipline of enabling individuals, teams and entire organizations to collectively and systematically capture, store, create, share and apply knowledge to better achieve their objectives. In a business environment, KM refers to the management of an organisation’s knowledge assets to share information to company’s employees and deploy in company’s processes to encourage better support and more consistent decision making (Bose and Sugumaran, 2003).
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