

# Importance of Customer Knowledge in Business Organizations

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## Abstract

Organizations today face major challenges of working to address their data and exploit their knowledge, and strive to support their knowledge base continuously in order to use this knowledge in their interactions with the environment in which they operate in all its components. The importance of this research stems from the importance of the customer to the institutions, which makes it the goal and means of survival and continuity of the institutions and achieve excellence in the field of business. the interest of institutions to know the customer means to have a database of sophisticated customers reflect their wishes and aspirations. database contributes to the creation of products and services that meet these Desires and aspirations. Products and services suitable for customers contributes to increase the loyalty of customers and reduce the cost of their transfer to the competing institutions. Applying the concept of customer knowledge correctly allows organizations to achieve excellence, development and competitive advantage. Organization achieve competitive advantage by knowing the customer's purchasing behavior by choosing the specific product, brand and degree of loyalty to the products and services of the organization. So, this research aims to identify the knowledge of the customer, types of customer knowledge, customer knowledge dimensions, building customer knowledge and clarify its importance to the organization.

**Keywords:** Excellence, Competitive Advantage, Customer Knowledge, Database, Information.

## Introduction

Customer knowledge is an important part of the organization's overall knowledge management and one of its core rules. It is one of the dimensions of customer relationship management. This is important because the study of customer data and information increases the likelihood that the organization's products and services will meet their needs and requirements. Expression is a demand to be prepared to manage the knowledge of its customers, especially when seeking their grandfathers or while they are going to maintain them and gain their loyalty, to achieve excellence from competition.

The problem of this research lies in the main question: What is the importance of customer knowledge in institutions and the impact of their application on the excellence of institutions? This research aims to identify the customer's knowledge. In order to answer the problematic questions, this research was divided into the following elements: definition of customer knowledge, types of customer knowledge, customer knowledge dimensions, building customer knowledge.

### **First: The Definition of Customer Knowledge**

Organizations today face major challenges of working to address their data and exploit their knowledge, and strive to support their knowledge base continuously in order to use this knowledge in their interactions with the environment in which they operate in all its components.

The definition of knowledge is defined as "the ability to interpret, assimilate, and invoke data and information, whether implicit or apparent, to perform the tasks entrusted to individuals with excellence and high distinction that helps to sustain the competitive advantage of the Organization." This knowledge consists of three aspects:

Knowledge of the market: the ability to compete and maneuver and understand the nature of the market and volatility and readiness to face threats.

Self-knowledge: This knowledge is concerned with understanding the strengths and weaknesses of the institution.

Baker's knowledge of the customer is defined as: "The learning skills of the organization The art of acquiring, generating, transforming and retaining knowledge about customers, as well as using that knowledge to develop performance or creativity in products and services." (Michal, 2000).

This knowledge is characterized by the use of the customer database, which is in fact the current knowledge towards the development of products and services and to diversify them comfortably and integrated and synchronized with the marketing strategies set by the management of the institution to create new marketing knowledge. It is then entirely possible for the organization to achieve its competitive advantage by knowing the customer's purchasing behavior by choosing the specific product, brand and degree of loyalty to the products and services of the organization.

There is no doubt that this knowledge needs to be consciously managed to achieve the existing objectives. The importance of this administration is that it is the most valuable and most effective equivalent of the competitive advantage used especially with increasing competition and complexities of goods and services. This requires knowledge of the customer, the market and the competitors. Strong for this knowledge.

The management of customer knowledge from the marketing perspective has been defined as "the committed or disciplined guide to distinguish marketing knowledge and to integrate it among individuals (employees and customers), to develop existing knowledge and to create new customer knowledge and use it to develop marketing practices and applications in different directions."

While Francisco & Carolina defined it as "an application of knowledge management techniques and activities to support the exchange of knowledge between the institution and its clients so that they can make decisions to formulate and implement an appropriate strategy." (Lopez-Nicolasa and Molina-Castillo, 2008).

Customer knowledge management helps organizations build strong and mutually beneficial relationships with their customers by answering the following questions:

- Who are our customers?
- How does knowledge help organizations maintain and support their customers?
- How does knowledge help new customers?
- How can the organization use customer knowledge to continuously improve its products and services?
- How can the organization use customer knowledge to find new products and services?
- How can the organization use customer knowledge to gain a better understanding of the market in which it is active?

Recognizing the importance of customers while recognizing the disparities in their needs and desires is the starting point in recognizing their behavior and how they satisfy their needs and desires. Therefore, the organization must collect data, information and customer knowledge as follows:

- Data: A set of objective facts that are not interrelated and are presented and presented without prior preliminary provisions. Data are converted into information when they are categorized, revised, analyzed and placed in a clear and understandable framework for the recipient.
- Information: Data that has been given credibility and then submitted for a specific purpose.
- Knowledge: information developed, used to perform a particular activity, or for the purpose of comparison and evaluation of specific and prior results, or for the purpose of communicating or participating in a particular dialogue.

For example, the date of purchase, the purchase value and the customer's address are considered data.

- The previous data becomes information when the user (the service provider) gives a meaning and meaning, and this information tells us something about the customer's identity, nature, image, and behavior. This information can be incomplete or incomplete.
- The above information becomes known when the organization applies it and uses it in certain activities such as identifying the right product to be presented to the right customer at the right time. The collection and consolidation of information helps in forming the best picture of customers. It is not possible to build a relationship with an anonymous person. It is important to note that the availability of data is not sufficient, but it is necessary to focus on the quality of these data. These data are stored in customer databases and are used with data mining techniques to convert them in later stages into a good knowledge of the customer and then stored in the so-called data stores.

The aim of the customer's knowledge is to obtain a clear picture of the organization from different viewpoints. The organization must approve the customer data to be able to establish and develop a useful relationship with these customers, and using this knowledge in a good way will help improve the performance of the organization (Akroush et al., 2011).

### **Second: Types of customer knowledge and conditions**

The types of customer knowledge and conditions will be clarified in order to arrive at the correct understanding of customer knowledge management as follows:

#### **1. Types of customer knowledge**

Customer knowledge management is a form of interaction with customers, especially with the tendency of modern institutions to raise the customer's logo first, and therefore the need to strive to meet its requirements and meet its needs as one of the most important sources of revenue and profitability. The management of customer knowledge includes two basic types adopted by students for a deeper understanding of this department They are:

### **1. Clear explicit knowledge**

Which is official knowledge and is embodied in the form of working manuals, programs, departments, policies and patents that can be transferred and shared with others, from suppliers, customers, competitors ... and other parties in the enterprise environment. And other parties in the enterprise environment and other parties present in the enterprise environment.

This knowledge can be communicated and shared with other parties in different ways, including what is programmed through educational processes, including what can be communicated directly between the parties that exchange them, which is known as the official form.

This knowledge includes customer knowledge and customer knowledge as follows:

- Know the customer: means the information that the customer wants to obtain from the institution, which enables him to identify the product or service that wants to buy or interested to buy them and how to use them. Through the information about them and the market and the resource, and has increased the interest of institutions in this aspect of knowledge, especially after the realization of many of the importance of the customer in the marketing process, which makes them employ all the energies to know and understand his preferences and needs and provide him with the information he needs is relatively abundant (KOTLER and DUBOIS).

- Knowledge about the customer: This type includes the information that the institution wants to know about its current and prospective customers, such as knowledge of the history of the relationship with customers and their wishes and needs and the extent of discrimination of the brand and the extent to which they continue to deal with them, which gives them perceptions of their loyalty and the Foundation to translate this information Products and services through the building and application of marketing strategies from the customer to the customer throughout his life in dealing with the institution. For example, collecting and analyzing product and market information is useful for understanding customer motivations and purchasing behavior, Appropriate promotional strategy to address them (Gibbert and other (2002)).

This knowledge must be integrated into the organization's back-end processes to enable managers to act quickly and flexibly.

### **2 - implicit knowledge**

Informal or non-formal knowledge, which is the repository of technical and cognitive knowledge in the minds and minds of employees, customers and other parties within and outside the organization. This knowledge relates to skills, mentors, natural talent and experience. This knowledge is more difficult in terms of consistency as skills and practices of employees and customers, As a performance in the conduct of employees or in the behavior of customers in their interaction with others because they represent individual experience, rules of thinking and ability to govern. However, they can not be encoded or communicated to others in general.

The implicit knowledge includes business knowledge of the customer and knowledge about the customer as follows:

- Know the business to the customer: This knowledge starts from the deal of the institution with the customer and from the dealings of procurement and call centers and employees who complain to customers, to the higher administrative levels and thus convert this knowledge to different formulas as the client assumes, that is to convert this knowledge to clear and clear

knowledge or expression Another explicit knowledge is what can sustain the customer and strengthen the relationship with him.

- Knowledge about the customer: Knowledge of the transactions of the enterprise's customers with each other is one of the most important roles of implicit knowledge management, where this type of knowledge forms a large part of the image of the mental institution, and there are many institutions that deliberately seek to harness this type of knowledge by providing the opportunity And the scope and resources of this deal in order to get and can hear what is said about them, and thus exploit this aspect and foster communication and interaction between the customers themselves so that you can know the image in the middle of which you work and from these institutions What has been done and implemented by the Foundation and is specialized to manufacture energy food for athletes, It collects athletes to test their products and services. Customer knowledge of the customer is critical to being able to draw a full customer life cycle because it explains why customers reach our organization and what inspires them to leave.

Regardless of the type of customer knowledge, the management of this knowledge, which forms part of the capital of customer relationship management called cultural capital, is one of the most important challenges facing the management of relations. It is a challenge in how to collect, store and analyze this knowledge so that you can have all the necessary information about Its customers have to rely on the CRM system which enables them to get the full knowledge and develop them constantly (Walter and Others (2003)).

Providing information about customer service and sharing this information internally in the best way contributes to improving market share, customer productivity, refining the purchasing process of customers, maintaining customers, and raising customer loyalty (Yichen et al., 2006).

## **2.Conditions of customer knowledge**

When applying CRM, the organization must first make a decision about the information it needs for the customer, in addition to deciding on how to use this information. The organization then decides on how to collect information, where it is stored and how it is used and who has the authority to use it in the organization. Information about customers can be collected from websites, secondary data stores, electronic and traditional mailings and sales reports.

By using this information, Analysts can develop an integrated image about each customer, and make a decision about where the need to provide additional services.

- It is necessary to emphasize the need to share the knowledge between the institution and its customers and is a mutual and reliable and continuous, so that the institution to understand their needs and meet them better, as well as understanding the ways and methods by which to view and provide the service consistent with the desire of the customer, Civil Aviation Services Corporation at the Airport and Air Navigation Services Conference that effective customer relations and consultation should be based on the following principles:

Mutual trust and understanding: Customer relationships should be established in an environment of mutual trust and understanding. It is important that service providers explicitly share information related to their future plans and current performance with their customers on a regular basis. Equally important is that customers share information about their purchasing plans and how to satisfy their needs with the service organization, so that service providers can consider them when planning their future plans.

B. Early participation of customers: especially customers who may be affected by a policy or plan of the institution and these should be involved at an early stage, throughout the

development of this policy or line, and sufficient time should be allocated by the service providers to consult with their customers.

Effective consultation: Effective consultation should ensure that customers have the opportunity to express their views and advise them that their views and interests have been taken into account when making decisions and preparing marketing plans for the service provided to them.

### **Third: The dimensions of customer knowledge**

Select the Baker dimensions of customer knowledge as follows (Michal (2000)):

- Content: It is an expression of that choice and the distinct distinction of cognitive features related to marketing strategy, based on the precise focus on information affecting the intended goal, and avoid the overflowing, and here enter the issue of cognitive knowledge marketing to determine what the institution wants to know, and what is the most importance, and what you really need in marketing knowledge to achieve their programs with the consumer or market;

- Culture: The most influential dimension in the success of marketing knowledge management at the business level, but at the same time represents the most neglected element by the departments of institutions. When the fear of these departments, in the face of change and the different required cases in the transfer and management of marketing knowledge;

- The process includes identifying the objectives of the marketing knowledge, including: Identifying the knowledge essence of the institution, employing the future need of the organization of knowledge, and excellence in the marketing knowledge available to the institution in comparison with others,

- Infrastructure: the golden rule to support knowledge management, which must be adapted to the needs of the institution and not vice versa. It is therefore necessary to be flexible, accessible and up to date in the information and in line with the strategy of the institution, and to be sure all this through the adoption of marketing audit knowledge.

### **Fourth: Building customer knowledge**

The process of building a clear knowledge about the customer goes through several stages as follows:

#### **1. Create a Database**

"The logical starting point for a CRM program is to create a database. It can be said that databases are the place where information about the customer is stored, collected and stored individually (Agrawal, 2003). This is the basis for managing any customer relationship activity.

The databases contain purchasing exchanges, purchased products, promotion of these products, media, geographic demographic information, demographic patterns and demographic information about customers. The process of data collection in order to better understand the customer is a possible and good source of access to the feature Competitiveness Because it is difficult to imitate the resources of competitors, Jackson says these resources can be migrated in order to gain a better understanding of the market, especially in the following areas (Sheth et al., 2008):

- Increase customer knowledge
- Increase the ability of the institution to target people who do what the institution provides
- Providing an opportunity to create long-term relationships with customers
- Providing the means to provide different ways to develop customers

- Provide clear insights about product distribution.

The institutional trends of customers and competitors can be divided into sharing data in value chains in order to reach a decision about investing more money in acquiring customer data. The more data types the analysis of raw data into information using technology includes the following activities (Merlin and Kevin, 2002): Demographic data and lifestyle data, including customer concerns, product preferences, the method of buying what is the exchange and where it gets and repeat the purchase, complaints, proceeds of goods, claims and risk management, Payment method, use the loyalty scheme, product data, personal questionnaires and customer requests, product movement within the enterprise, outputs of promotion movements and sales ratio.

Moreover, Promotion plans, goals, performance, dates, what succeeds and how successful;  
- Returns and profits from customer relations.

Marketers have found it difficult to collect customer data, yet enterprises are able to identify groups of heterogeneous customers through the use of IT, reducing the cost of reaching customers. IT provides performance to organize all customer-related information at the individual level and can be used to provide a wide range of products and services to the customer (Sisodia and Wolfe, 2000).

The use and management of information technology positively affects the organization's ability to manage knowledge. Information technology is the term technological readiness and the use of questions that divide the information infrastructure and increase the ability of the organization to obtain customer data from the points of interaction with Customer and enterprise ability to convert this data into a centralized database (Croteau and Li, 2003).

Existing institutions that have not collected sufficient customer information should search for records or contact cases with which the customer is contacted from the internal sources to obtain such data and where the customer is evaluated and serviced.

The database should include the following information (Glazer, 2008):

- Business transactions should include full sales cases with details attached to them eg price paid, date of delivery ....
- Communication with the customer, there are many channels and policies to communicate with the customer, these channels should not only include sales requests and service requests, but must include every contact made by the customer or institution.
- Descriptive information can be used for segmentation or for purposes of analysis of other data.
- Responding to marketing updates, this type of information should include every reaction from the customer to direct marketing initiatives such as sales contacts, or any other direct contact.
- Data must be clockwise.

## **2. Data Analysis**

The process of data processing and data mining allows information to be made available to all users. It also allows for the building of operational actions based on information that has become valuable after processing. This is of great importance in allowing results to be disseminated quickly as soon as the data is analyzed. With the customer within all sections of the institution.

The real importance of the data is shown when it is transferred to information where the staff of the institution can make decisions based on firm information about how to interact with

customers, so the next step in the CRM program is to analyze the data stored in the database (Russel).

The process of data analysis include the following activities (Burns and Bush, 2000):

Data entry for computer files

- Searching for data errors;
- Taking sever

The organization has several data analysis mechanisms to convert data to valuable information. These analysis methods can be divided into two groups:

1. Single-variance analysis;
2. Multivariate analysis.

In heterogeneous analysis, descriptive statistics such as arithmetic mean, median, standard deviation, and frequency are calculated. More advanced methods such as heterogeneity analysis, regression analysis, logistic regression, and automatic interaction analysis have also been used for predictive modeling of customer behavior.

In addition to the previous analysis, there are other types of analysis that are suitable for customer relationship management. Marketers are also interested in the type of products that can be purchased together, which are usually referred to as market basket analysis. Supplementary or complementary products can be displayed on the same page Or the default page on the network site.

A new type of analysis has been created from the uses of the Internet, namely, serial clicks for analysis. In this type of data analysis, click patterns are checked or selected.

It is important for the organization to know that the ability to interpret and interpret customer information and to transform this data into true intelligence at the customer requires analysis, expression and creativity, and Jackson Wang warns users not to overlook any data in the analysis process. He adds that statistical tools and sports are the main means to achieve good customer targeting, and should not be a substitute for the logical judgments and creative thinking of the marketer.

The success of the relationship with customers depends on the collection and analysis of information, which help to make strategic management decisions (Richards and Jones, 2008).

### 3. Choose the Customer

Once data is collected, stored and analyzed to analyze customer behavior, organizations have fragmented the customer base and thus divide customers into homogenous groups in order to increase the focus of their marketing efforts.

The customer base can be fragmented using four main methods (Reichheld and Sasser, 1990):

- Based on the return of the relationship;
- By combining the income and return of the relationship with the cost of this relationship;
- Based on customer profitability;
- Based on the integration of relationship revenue and customer relationship profitability.

The customer is selected according to the approved retail method, such as high purchase ratios and brand loyalty. According to these factors and information, marketing tools are published or used, such differences can be matched in terms of business transactions if such a database is available in order to find additional customers whose record of information matches those customers.

The profitability of each customer can be achieved through the customer lifecycle or similar analyzes. The task of identifying which type of customer to focus on is not easy. The marketing manager can use a number of criteria. Storbacka identifies two more dimensions Important

to the profitability of the customer and should be taken into account by the institutions (Storbacka, 1993):

- Customers should be used as reference by other potential customers and it is necessary to note that verbal or positive verbal communication affects customers and this impact should be taken into account before.

- Customers can shorten many important competencies for the organization, thereby providing an important learning opportunity for the organization. In addition, suggest that customer pay patterns should be monitored because customer groups are dynamic and the organization should focus on customer search indicators for other producers (Reichheld).

With advances in information technology, organizations are more able to view customers as an economic resource and are more able to segment profitable customers across their entire lives. This provides the organization with information about how to direct marketing efforts, especially towards profitable customers.

The value of the customer's life is the present value of all the entry and the future cost associated with the process of providing the customer with experience and determines the value of life of the customer through the work of estimating the length of time the customer received the goods from the same institution, and calculated the discounted cash flow. There is also a need to obtain additional information to make this account for each customer's contribution within a given time period, then subtract the tax (Dipak and Singh, 2002).

Customers may be selected according to the customer's value and may have a great advantage in integrating potential purchases, but it is difficult to do or predict. Because in this case we may add a large number of customers who are not being utilized within this selected group. Because in the case of dimensions or ignore any customer it is possible that this client publishes lies and rumors are incorrect and especially today we live in the age of the Internet the most rapid means of communication.

#### **4. Customer Targeting**

After the establishment of the screening of customers and determine the best for them, the Foundation's efforts to create dialogue with current and future customers. In the view of Book that the institution to use files and bags of communication tools in order to interact with the client so that the institution uses a coordinated and consistent between the channels of direct and indirect communication and can be affected by these channels of communication several factors include (Joel, 2001): marketing objective, customer awareness, attract the customer, retrieve customer, customer development, marketing channels used (direct / indirect).

#### **5. Reverse Feeding**

**Finally**, the customer gets many experiences when he uses products and services, and this knowledge is available and can be used to improve products and services. This type of knowledge is called the customer, and it is important.

#### **Conclusion**

The topic of customer knowledge is one of the important topics that institutions should pay attention to because they contribute to the distinction of institutions from competition.

- It is important that organizations think of developing a marketing strategy to attract and attract new customers in order to strengthen the relationship with them and improve them, and helps in identifying the customers and everything that surrounds them because the knowledge of the customer is the focus of institutions and cannot achieve success without the knowledge of customers, To obtain as much information as possible so that you can offer products that meet customer needs;

- Customer knowledge contributes to the management of customer complaints, and comes to know the ideas of customers and explore ways to improve on ways to open a real area of dialogue with them.

- The customer is the one who knows what he wants and pays for what he wants. He is one of the sources of knowledge in the institution. The customer's knowledge contributes to the identification, segmentation and listening to customers, to follow their satisfaction rates and to respond to them,

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