

Knowledge Management in Strategic Marketing

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Abstract—In a constantly changing world, one of the most important factors to stimulate and achieve the strategic goals in any organization is “Knowledge Management”. Knowledge for marketing decision support can come from three major sources; customer knowledge from the retailer, consumer knowledge from market research and market knowledge from third-party data providers. Four marketing approaches can employ IT as a tool in the inertial role using a wide variety of technologies. Transaction Marketing employs technology to process the volumes of transactions. Database Marketing employs database technology to capture and organize customer information. Interaction Marketing can employ a range of technologies to support the person-to-person interaction. Lastly, Network Marketing also employs a variety of technologies to support its network of group interactions. Further studies will be done to cover key areas of knowledge management in other industrial sectors such as production-industry and financial-industry. The comparative study of knowledge management initiatives in different industry, or in the same or related industry but different in the scale of businesses will be presented.

Keywords—Knowledge Managements, Strategic Marketing, Marketing Knowledge

I. INTRODUCTION

In a constantly changing world, people seek for new knowledge incessantly. With no doubt, one of the most important factors to stimulate and achieve the strategic goals in any organization is “Knowledge Management” (KM). Even though the knowledge management concept has been adopted for decades, yet the organizations have not been fully successful in implementation aspects. According to a survey of economists 2007, CEOs have stated that the most important investment in realizing corporate strategy goals is knowledge management. However, majority of knowledge management projects do not deliver what they have promised at the beginning yet [1].

With the gradual establishment and perfection of market economic system, social resources will be reallocated by market mechanism according to economic laws. Diversification of market players has resulted in the further deepening of social production, distribution, exchange and consumption relations and competition increasingly, but currently domestic enterprises have such problems like inadequate market awareness, simple marketing measures, and insufficient marketing capacity. So, how to build and enhance their

marketing capabilities and won competitive advantages in an effective way has become a top priority [2].

II. ROLE OF KNOWLEDGE MANAGEMENT

Knowledge is professional intellect, such as know-what, know-how, know-why, and self-motivated creativity, or experience, concepts, values, beliefs and ways of working that can be shared and communicated. Knowledge can be categorized into tacit knowledge which is embedded in the minds of person and gained from his or her experiences; and explicit knowledge which transform the tacit knowledge into the form of reports, books, CD-ROMs, Databases, etc. Explicit knowledge which we can see is like the iceberg that is float above the sea is only 20 percent. While tacit knowledge which we cannot see is like the iceberg that is sinking into the sea is about 80 percent [3].

Knowledge Management System (KMS) consist of four knowledge process: creation, storage/retrieval, transfer, and application. Technologies play an important role in Knowledge Management. The IT infrastructure provides a seamless "pipeline" for the flow of explicit and tacit knowledge through the knowledge conversion processes. Thus, technologies enable capturing knowledge; defining, storing, categorizing, indexing and linking digital objects corresponding to knowledge units; searching for and subscribing to relevant content; and presenting content with sufficient flexibility to render it meaningful and applicable across multiple contexts of use [4].

The benefits of knowledge management for information technology support can include:

- Decrease in support costs associated with staff “ramp-up” time
- Decrease in costs due to less re-work and duplication of research activity
- Increase customer satisfaction by shortening the time of incident [5].

Most of Thai organizations use information technology as an instrument to achieve the objectives of their communication strategy. There is growing awareness of the role of information technology to maintain a high-tech knowledge management, only high-tech organizations exhibit knowledge sharing practices. Thai organizations are trying to increase their employees’ awareness of knowledge management and to

motivate them to share, create and use knowledge. They are eager to become part of the knowledge network [9].

III. KNOWLEDGE MANAGEMENT IN STRATEGIC MARKETING

The key principles of marketing success in knowledge economy had been worked out after many years of experience.

1. Know your buyer characteristics.
2. Create customer want satisfaction.
3. Divide the market into segments.
4. Strive for high knowledge market share.
5. Develop deep and wide knowledge lines.
6. Qualify scientific position of research and services and upgrade knowledge market.
7. Treat channels as intermediate buyers.
8. Coordinate elements of informational network for knowledge physical distribution.
9. Promote innovative and quality features.
10. Use all possible information and technologies to improve decisions. [6]

Zhou (2003) stated three knowledge processes: knowledge development, knowledge dissemination, and knowledge application.

A. Knowledge Development

The key to the marketing knowledge development is to effectively manage and use excellent professional talents. Marketing knowledge is knowledge based on dynamic market. Management personnel are able to adjust strategies and tactics at any time by relying on their management knowledge and responsive ability.

B. Knowledge Dissemination

Marketing knowledge dissemination is the sharing process of an individual or organization's marketing information or knowledge among employees or organizations across time and space through proliferation among employees or organizations for knowledge sharing process. Insufficient efficiency and accuracy in the dissemination of marketing knowledge often leads to failure in marketing. How to find efficient and systematic means of communication becomes very important. Currently research of barriers to dissemination of knowledge processing and corresponding solution is a weak linkage in the development, dissemination and application of knowledge. In practice, although the importance of knowledge management has been given attention to some extent, but in dissemination of knowledge and utilization process, there are still a lot of cognitive and methodological problems, especially barriers to dissemination of knowledge due to inadequate relevant policies in organization strategy. To effectively address the barriers, the key is to establish a system of policies to solve the problem of constraints and incentives. Organizations must provide various types of infrastructure necessary for knowledge management, such as knowledge management support systems, culture, values, corresponding policies and regulations, that enable the knowledge dissemination and sharing.

C. Knowledge Application

Knowledge application is the creative process of subject based on the understanding of knowledge. At this stage, support from enterprises will be necessary. Leaders should tolerate mistakes or even failures. Knowledge might be obtained, but not necessarily been made good use of. Skills of knowledge application, such as distinguishing skill, discarding existing knowledge, transfer knowledge into innovation or products. Distinguishing skill is the ability to judge between different situations and choose the right acts. Previous successfully realized plan, available time in total, involving number of personnel, and how past experience was encoding into organization memory, all affects the distinguishing. Discarding existing knowledge such as the restructure of previous successful project to adjust it to changed environment. Mistake, failure, change of organization or worse performance will trigger change of existing knowledge. Transfer knowledge to innovation or product means enterprises internalize and rearrange knowledge according to their own needs and the marketing background of knowledge being used. High level learning and effective training are the basis for transfer of knowledge into innovation and product [2].

Knowledge for marketing decision support can come from three major sources — customer knowledge from the retailer, consumer knowledge from market research and market knowledge from third-party data providers as shown in figure 1. Increasingly, this knowledge is shared by the organization with its supply chain partners such as suppliers and retailers. Information technology and the Internet have enabled and increased the knowledge sharing [7].

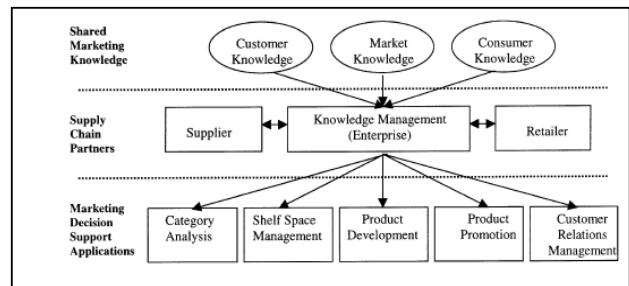


Figure 1. Knowledge integrated knowledge management system for marketing (Adopted from Michael, 2001)

There is a connection between marketing and information Technology; the location, timing and revenue of business are based on the cost and distribution of information. Now E-marketing which based on Internet technology provide opportunities to sell directly to customer. On Net Marketplace, customers can get benefits from lower search costs, lower transaction costs, and wider selection than Traditional market [9]. Information Technology can play three roles within organizations: inertia, application, and change. The "inertia role" occurs when IT reinforces and preserves the status quo in that it is simply to used as a tool in the current business. The "application role" is when IT reinforces but enhances the status quo, and the "change role" occurs when IT transforms the status quo; when IT is treated as a philosophy, infusing every business consideration. Each of these roles reflects a different

level of IT integration in the organization. Considering the various marketing approaches stated in this paper, one can see how these IT roles could lead to different scenarios for an organization. Overall, we see that four marketing approaches can employ IT as a tool in the inertial role using a wide variety of technologies. In addition, all can create a situation where IT is an application that enhances the status quo. Presently, we consider these points in greater detail. First, we argue that all five approaches can treat IT as a reinforcing tool in an inertial role. In this context, Transaction Marketing employs technology to process the volumes of transactions that are at the heart of this approach. Database Marketing employs database technology to capture and organize customer information. Interaction Marketing can employ a range of technologies, for example email communication to support the person-to-person interaction. Lastly, Network Marketing also employs a variety of technologies, including intranets/extranets, to support its network of group interactions [8]. Marketing decisions, such as promotions, distribution channels and advertising media, based on traditional segmentation approaches result in poor response rate and increased cost. Today's customers have such varied tastes and preferences that it is not possible to group them into large homogenous populations to develop marketing strategies. In fact, each customer wants to be served according to his or her individual and unique needs. Database marketing, characterized by marketing strategies based on the great deal of information available from the transaction databases and customer databases became popular and most organizations have built up massive databases about their customers and their purchase transactions [7].

By the way, successful knowledge management implemented in a firm creates conditions for processing, interpreting and using of knowledge about market trends and events. Thus integration of knowledge management and market orientation might be a key competency and improve the competitive position of a firm. In this way, two approaches to formulating strategy are combined: *inside out* and *outside in*. A firm estimates its knowledge resources (*inside out*, a resource-based view) and creates knowledge in relation to market needs and requirements (*outside in*). In addition, Knowledge management and market orientation are different in SMEs and large firms. The differences result from characteristics of SMEs such as: small size, informal organization structure and being close to market. While four major environmental moderators of the market orientation-performance relationship in SMEs: market turbulence, technological change, competitive intensity and market growth [10].

IV. CONCLUSIONS AND RECOMMENDATIONS

Explicating tacit knowledge to explicit knowledge in an accessible knowledge repository, members of the community are able to share their understanding and learn from others. As institutions launch knowledge management initiatives, they can learn lessons by seek a high-level champion for the initiative. The evaluation system should be attached to the knowledge based system.

Knowledge for marketing decision support can come from three major sources; customer knowledge from the retailer,

consumer knowledge from market research and market knowledge from third-party data providers. When four marketing approaches can employ IT as a tool in the inertial role using a wide variety of technologies. Transaction Marketing employs technology to process the volumes of transactions that are at the heart of this approach. Database Marketing employs database technology to capture and organize customer information. Interaction Marketing can employ a range of technologies to support the person-to-person interaction. Lastly, Network Marketing also employs a variety of technologies to support its network of group interactions. Internet technology provides opportunities to sell directly to customers. Rapidly growth of marketing and sell go on-line by 24/7 with mobile equipments; such as notebook, tablet and mobile phone, and wireless technology; including WIFI and 3G communication. In addition, the market can spread worldwide, by many languages, easier than traditional market. Digital goods; including music, video, software, newspaper, magazine, can be delivered over the internet immediately. Personal connections on social media; including Facebook, and YouTube, increasingly. Moreover, marketers used direct e-mail, and sms, to meet individual needs, or spread over. By the way, electronic payment systems on the Internet should be developed for E-Commerce with safer and more convenient to customers in Thailand.

Further studies will be done to cover key areas of knowledge management in other industrial sectors such as production-industry and service-industry. The comparative study of knowledge management initiatives in different industry, such as production-industry versus service-industry, or in the same or related industry but different in the scale of businesses will be presented.

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