

Customer Knowledge Management in International Project: A Case Study

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Abstract

Purpose – This paper aims to examine how customer knowledge management (CKM) be implemented in international projects between the UK and China in practice, with a focus on the marketing process application, i.e. how analytical CKM systems are used to support customer knowledge (CK) acquisition.

Design/methodology/approach – The case study practice of CKM application is based upon examining qualitative results reported from a two-year study of CKM applications in an UK education service provider. An evaluation of CKM analytical functions provided by the international marketing team from the UK and its China counterparts in international joint education projects. A conceptual model of an analytical CKM system for CKM in this UK-China environment is developed from the findings and literature review.

Findings – UK-China related CKM research is relatively new. Current CKM researches are dominated by Western cases and theories. China related international joint projects in this case study suggest that cultural factors play important roles in successful marketing. Meanwhile, CKM provides key factors in the implementation system.

Practical implications – The findings shed light on the potential areas in which organisations can practically use CKM in international joint projects. The application of analytical CKM was investigated to build up a CKM model in practice. The paper also provides guidance for the service industry as to how an analytical CKM system needs to be developed to support marketing process.

Originality/value – The latest findings on CKM application in this UK-China case study are reported. An innovative analytical CKM model is proposed for marketing process, i.e., environmental Influences, Value Specification, Solution Development and Customer Development. Key factors, such as knowledge about, for and from customer in CKM are examined.

Keywords -Customer knowledge management, International marketing, United Kingdom, China

Paper type- Research paper

Introduction

UK-China related CKM research is relatively new. Current CKM researches are dominated by Western cases and theories. This paper aims to examine how customer knowledge management (CKM) be implemented in international projects between the UK and China in practice, with a focus on the marketing process application, i.e. how analytical CKM systems are used to support customer knowledge (CK) acquisition and how such a system can be developed at both sides.

This paper consists five parts. After this introduction, a literature review that related to CKM, marketing process and international joint projects are discussed followed by research methodology discussion. The case study practice of CKM application is based upon examining qualitative results reported from a two-year study of CKM applications in an UK education service provider. The fourth part of this paper presents findings and results from the case study from both ends, i.e. the UK and its China counterparts. An evaluation of CKM analytical functions provided by the international marketing team from the UK and its China counterparts in international joint education projects are discussed. A conceptual model of an analytical CKM system for CKM in this UK-China environment is developed from the findings and literature review. Finally, conclusion part of this paper provides directions for further research and limitations of the current research. Elite interview questions that used are included in Appendix 1.

1. Literature review

1.1 CKM defined

Customer knowledge is at the origin of most improvements in customer value (Novo 2001). Rowley and Slack (2001) identify four different categories of consumer behaviour research, i.e. cognition, customisation, cumulation and context. According to their research, all of these levels engage with customer knowledge, yet the customer knowledge that is required and the questions that are answered differ.

As a relatively new area of research, CKM definitions varies from different background and research purpose. Several definitions are discussed as below:

CKM is concerned with the management and exploitation of customer knowledge. There are two types of customer knowledge:

A. knowledge about customers, which may include knowledge about potential customers and customer segments as well as knowledge about individual customers

B. Knowledge possessed by customers, about products ranges, such as compatibility between computer hardware components, and about the wider context and marketplace into which products and service are delivered.

While Rowley and Slack (2001) focusing on different levels of customer knowledge, Gebert et al.(2003) suggests that knowledge flows in customer relation management processes can be classified into three categories:

Knowledge about customers

It is accumulated to understand customer's motivations and to address them in a personalized way.

Knowledge for customers

Samples includes knowledge on products, markets and suppliers.

Knowledge from customers

The ideas, thoughts, and information the organization receives from its customers regarding the preferences, creativity, or consumption experience of specific products or services (Desouza & Awazu, 2005). It is customer's knowledge of products, suppliers and markets.

Hanvanich et al (2003) argues that the marketing knowledge resides in three key marketing process: product development management, customer relationship management, and supply chain management. According to their research, the marketing knowledge is the extend of understanding of these three marketing process, an extent which can be measured by evaluating awareness of factors, control of factors, and application of knowledge in new markets. They also noticed that there is no consensus as to how marketing knowledge should be defined and measured. Hanvanich et al (2003) propose that marketing knowledge can be measured by tapping, for each of these processes, three general knowledge levels, awareness of factors, control of factors, and application of knowledge which requires a higher degree of knowledge.

According to Dobney (2008), customer knowledge can be approached from two ends. Firstly, customer knowledge is the 'collection of information and viewpoints that an organisation has about its customers'. Using this definition, the role of CKM is to capture and organise this data to allow it to be shared and discussed throughout the organisation.

Dobney provides an alternative definitive of customer knowledge: that it is the 'collection of information and insight that need to have to build stronger customer relationships'. From this point of view what the company currently know about its customers may not be sufficient. The company may need to put in processes and systems to gather more information and data about who its customers are, what they do and how they think.

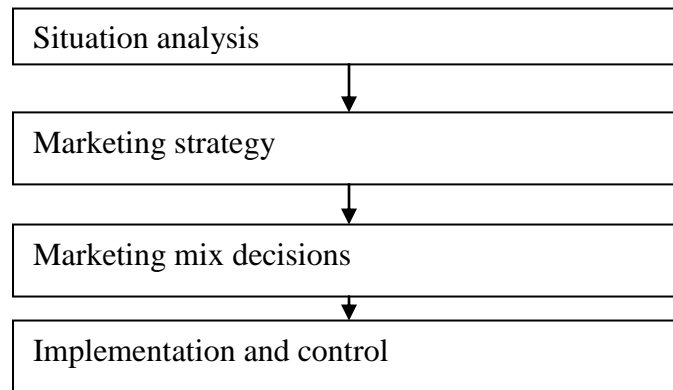
To understand CKM, the foundation is what should be considered as customer knowledge and marketing knowledge. Although there are varies of definitions as discussed above,

1.2 Marketing process

Marketing concepts suggests a firm must find a way to discover unfulfilled customer needs and bring to market products and services that satisfy those needs. As there is no

well-accepted marketing process today, a commonly accepted process for performing marketing is difficult. Further more, some argue that marketing has never been viewed, managed or taught as a process. It has always been viewed, managed and taught in pieces; and, in practice, it has been treated as an art form for which, at best, a company can provide a suitable climate for gifted people (Gooze and Mroz 2007). The process of doing so can be modelled in a sequence of step as in Figure 1:

Figure 1: The Marketing Process



The situation is analyzed to identify opportunities, the strategy is formulated for a value proposition, tactical decisions are made, the plan is implemented and the results are monitored (Business Knowledge Centre 2008).

However, Gooze and Mroz (2007) argue that marketing can be conceived as a system that integrates four main elements, as presented below:

Environmental Influences are those factors that occur in the external world that can monitor, analyze and predict - but not control

Value Specification is the process of understanding and agreeing upon Who buys and What they are buying from you ... or what they want to buy that they can't buy from others.

Solution Development is composed of the set of marketing activities that focus on actually creating the completed solution bring to market. In Solution Development, marketing department works closely with product development function throughout the product/service development cycle.

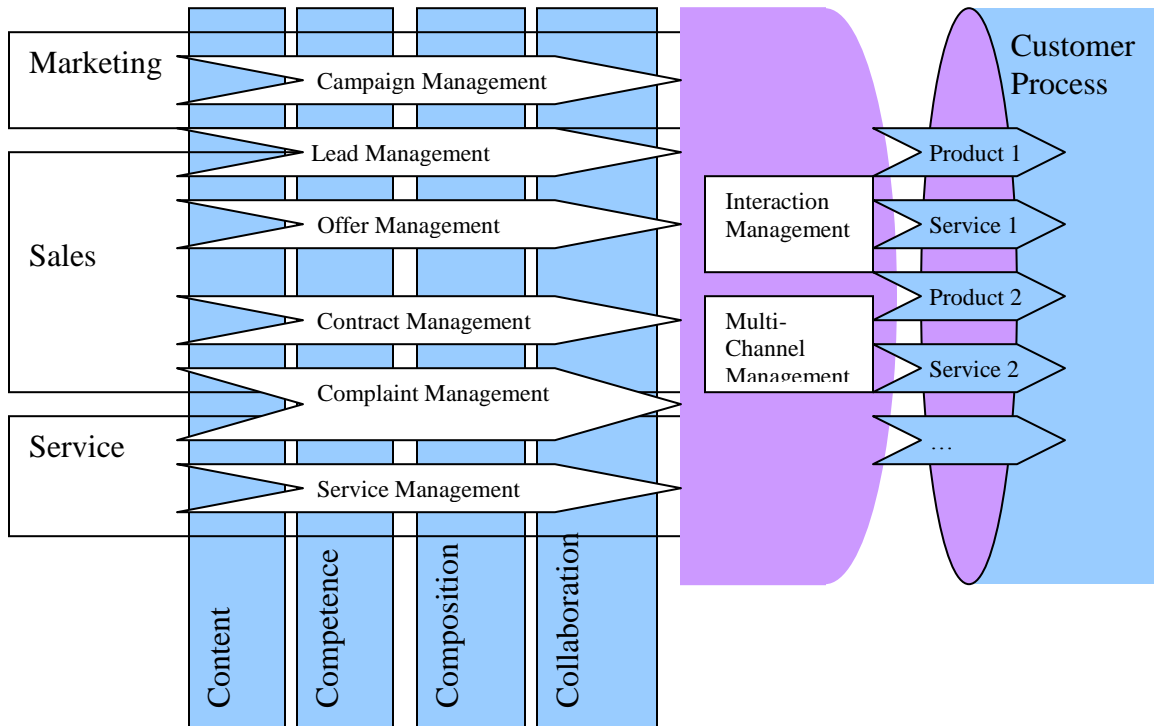
Customer Development is the customer-facing side of marketing/sales. It consists of creating demand for product and fulfilling that demand.

The marketing process view provides a different perspective to look at the CKM process since CKM is about what and how to manage customer knowledge.

1.3 A CKM process model

In CKM, KM plays the role of a service provider managing the four knowledge aspects: contents, competence, collaboration and composition. The CKM process model as introduced by Gebert et al. (2002) offers a process perspective to illustrate which KM tools can be applied to the CRM sub-processes to achieve effective CKM. It introduces the four KM aspects content, competence, collaboration and composition.

Figure 2: Gebert et al. (2003): CKM Process model



Source: Gebert et al. (2003):

1.4 International projects in education: UK and China

British Council works with Chinese partners at the national, provincial, municipal and institutional levels to share experience and best practice in areas of common interest in education and training. In vocational education for example, British Council cooperates with China Education Association for International Exchange, the Cultural and Education Section of the British Embassy organized the China-UK Strategic Dialogue on Vocational Education Cooperation in March 2008. The aim of this workshop was to explore opportunities for cooperation in the field of vocational education between vocational colleges from the two countries. Vocation education project have been developing in different provinces. To name a few, in Guangdong , the cooperation starts from 2000, Hubei 2001 and in Niaoning 2004.

Indeed, international projects in education between the UK and China are not new phenomenon yet how to work on these projects are still need to be investigated based upon different educational systems and backgrounds.

For educational institutions from the UK, how to find, understand and work with their partners, i.e. customers in China market, is important. In this research, we examine the CKM process in a Sino-UK joint education project, between a Vocational College from Birmingham and two China Vocational Colleges, in Sichuan.

2. Methodology

CKM is inherently a process forestalls great strides in its progress (Gooze and Mroz 2007). CKM and marketing processes are taken into consideration to design the research structure.

2.1 Case study in cross culture CKM

Case studies are the preferred strategy when 'how' or 'why' questions are being posed, when the investigator has little control over events, and when the focus is on a contemporary phenomenon within some real-life context. The case study is especially appropriate when the boundaries between phenomenon and context are not clearly evident (United States Department of Veterans Affairs).

As culture is considered as 'the acquired knowledge people use to interpret experience and generate behaviour' (Spradley and McCurdy 1975), the chosen topic of this paper focusing on knowledge from, about and for the joint education projects between the UK and China. The case study therefore, will cover the cross culture aspect as one part of knowledge that included.

2.2 Qualitative research in CKM study

Qualitative research, with its emphasis on understanding complex, interrelated and/or changing phenomena, is particularly relevant to the challenges of conducting management research. Qualitative research is characterized by an emphasis on describing, understanding, and explaining complex phenomena - on studying, for example, the relationships, patterns and configurations among factors; or the context in which activities occur. The focus is on understanding the full multi-dimensional, dynamic picture of the subject of study. The downside of quantification is that it does not always support (as well as qualitative methods) understanding of complex, dynamic, and multi-dimensional wholes (.

Qualitative methods are useful, not only in providing rich descriptions of complex phenomena, but in constructing or developing theories or conceptual frameworks, and in generating hypotheses to explain those phenomena.

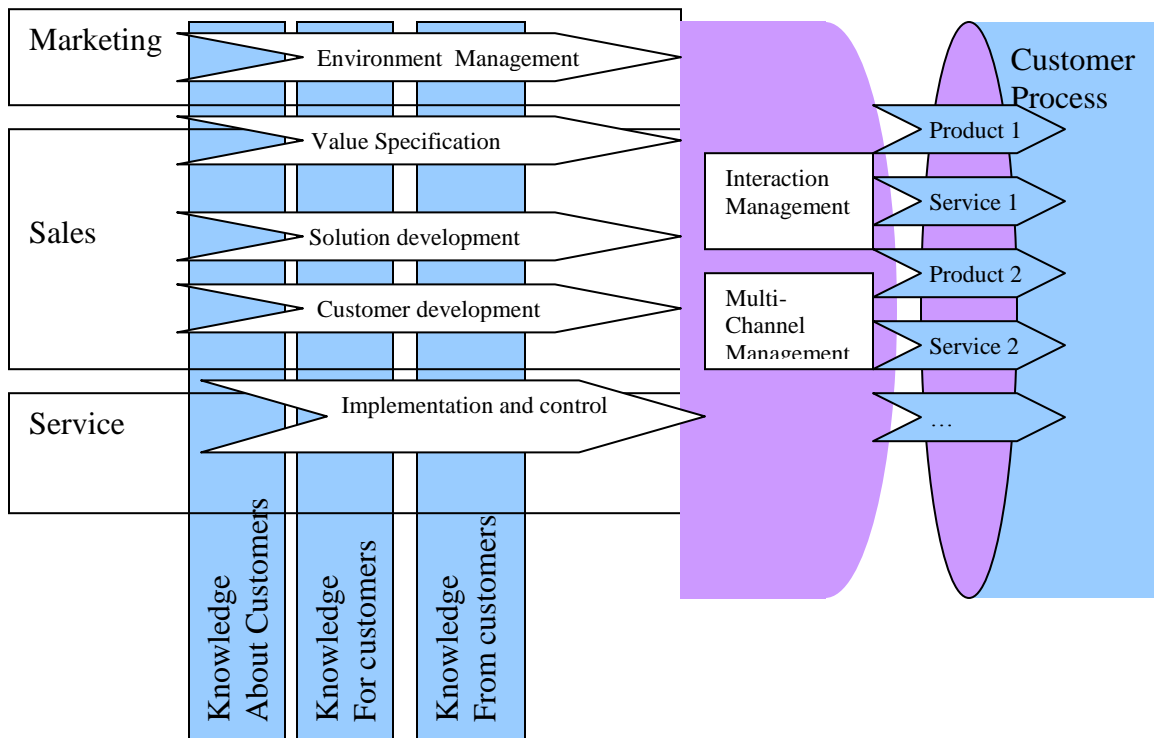
In this CKM international project study, qualitative method is chosen in that provides rich descriptions of complex phenomena; tracking unique or unexpected events, illuminating the experience and interpretation of events by actors with widely differing stakes and roles (Sofaer 1999).

To ensure the quality of qualitative research, rigor in data collection management include training of all data collection staff and conducting immediate post-collection coding for time/memory sensitive data are emphasised.

2.3 A CKM Model for UK-China International Education Project Analysis

Based upon the above literature review, a CKM Model for UK-China International Education Project Analysis is developed to conduct the Elite interview question development, as shown in Figure 3 below:

Figure 3: A CKM Model for UK-China International Education Project Analysis Model



2.4 Research design: Elite interview

As discussed in literature review, Gooze and Mroz, R., (2007) provide four major process of marketing, as explained above.

Part 1:

Environmental Influences These monitored and analyzed factors include the usual market segmentation, market size and growth rates, customer demographics, competitor information, political, regulatory, and social influences, and, those aspects of company that are beyond control. This data is not only gathered by market research function, but by everyone in the firm who interacts with the customer or knows anything about them.

Part 2:

Value Specification is the strategic part of marketing that fully integrates with the firm's corporate strategy function.

Part 3:

Solution Development is explicitly designed to work with the type of structured Product Development process that many effectively-managed companies are currently adopting.

Part 4:

Customer Development usually owns a very large piece of the marketing budget, but it is important to remember that it is merely one of four necessary elements in a true marketing process.

The Elite Interview questions are designed to address those four process with focus on CKM, i.e., knowledge about customers, knowledge for customers and knowledge from customers.

2.5 Selection of the case

This case study is select based upon the following criteria:

- An international education project
- Vocational education institutions
- In the UK and China
- International project leaders and participants
- Two years of operation

3. Results and findings

Culture and other aspects of the organizational environment are conducive to more effective knowledge creation, transfer and use (Blackler 1995, Mullin 1996). In the CKM process, different aspects are examined based upon the developed literature review above.

As a result, four factors are discussed respectively:

- Environmental Influences
- Value Specification
- Solution Development
- Customer Development

3.1 Elite interview results: UK

The Elite interview was conducted among five UK international project team members in the past two years in this specific project between China and Birmingham.

3.2 Elite interview results: China

This Elite Interview was conducted among five China International project team members in the past two years in the same project, yet from the China perspective.

3.3 Findings from the UK

- Environmental Influences

The UK vocation college in Birmingham is not familiar with the marketing environment of the joint project in China. Since there are well established law and by law systems and regulations in China regarding doing international projects in education, it takes time for the UK project participants to understand the law and policy environment.

- Value Specification

As the UK team is not very clear about what the China counterpart are looking for, it takes time to develop a proposal. During the proposal preparation process, the frontier of the international project team need to discuss with different departments to generate new packages to the China customer. At the same time, international project team has to identify exactly what the Chinese customer want. However, given the Chinese side do not know what the UK team can provide, what the China partners suggests are very abroad suggestions, such as ‘ lower tuitions fees, convenient access to the programmes’.

- Solution Development

Two biggest challenges in project like this, according to the interviewees from the UK are: culture and policy differences, and how to reach the end customer, i.e., the potential students, no matter as individual or as groups, in China.

- Customer Development

The customer development is a focus of the UK team. In fact, to ensure this, UK college allocates a considerable budget for international travel and communication. Yet still due to the different cultural environment, and lack of key contact person in the process to provide timely services products, customer development has encountered obstacles such as certain required accreditation letters from China Embassy in the UK is not available in time, which directly leads to slow down the process of the joint education programme development.

- Knowledge about customer

Knowledge about customer is filtered by the international project team of the UK college. Policies and regulations as culture background are explained in general to the senior management team to understand the current scenario of the China market at macro level. At micro level, knowledge about the China college is well understood in terms of its want and needs by sending the UK project team. However, lacking of a streamlined follow up process to the customer in China, i.e. if there is changes and adjustments happed about the China part, it is difficult to sent back to the UK team.

- Knowledge for customer

Knowledge for the customer at the fist sight is quite clear. When and what to discuss in each visits are carefully arranged. However, enquires and questions from the China college can not be solved in a timely manner, which causes slow down the progress of the project and dis-encourages the involvement of the China part. For example, When the China college asked a list of UK universities that are working with this UK college, it is not available for quite a long time with a formal notice.

- Knowledge from customer

Knowledge from customer is collected and codified as useful information and data to share with the UK teams. Yet not all the valuable and meaningful knowledge are followed up due to lack of team members. All team members in the UK college are multifunctional and they have to prioritize the tasks that already exist. As a consequence, there are some potential project ideas are not fully investigated and followed up.

3.4 Findings from China

- Environmental Influences

China team in the college for the joint education project are familiar with the local requirements to run the international project. For example, it understands in one year time it would be very difficult to get government approval for Higher National Diploma joint

programmes in China. However, the China team is not familiar with what the UK college can deliver and how the education system in the UK works. Different education systems in the UK and China in vocational education needs explanations from the UK team member who understand both sides. And that slows down the cooperation process.

- Value Specification

China college found it is not easy to identify what the UK college's values are, in terms what kind of project exactly the UK college can provide and how to provide it. Although there are questions raised from the two team discussions and meetings, if there are slowing down in feedback, China team would find it is very difficult to go back and look at the questions again to identify the UK value.

- Solution Development

Solution development in the cooperation from the China side are usually on sight. Which means if the UK team is visiting the China college and there are certain things that the China team can do, it would be done without delay. However, after that, if there are following up things need to execute after the UK team's visit, usually it is very difficult. Reasons behind this is three folded:

A. Lack of fully devoted personnel to be in charge

B. Lack of the motivation to solve the problems

C. Lack of the expertise to provide and guide through the problem solution

- Customer Development

Although the UK colleges has visited the China colleges several times to discuss and develop the programmes, due to budge control or policy concerns, China colleges' leaders are not able to visit the UK to discuss the programme as frequent as the UK did. This is a bottleneck what bumps the process of cooperation in the joint education project. Lack of experts in international projects is another drawback from the China team. Although the UK team can actually provide some of the detailed project design and proposal, there is no such an expert in the China team to follow up and deliver the products. It is considered there are two reasons behind this:

A. Lack of commercial motivation: as China state owned colleges, funding from the government bodies are not decided up how many international projects you have, after all; rather, it is decided how many and how well the China college coped with the arrangements from the government inspections and examinations.

B. Lack of devoted contact person in the joint projects operations. Although senior staff from the China college in the past two years are very supportive when the UK team visited, after the discussion meeting on the meeting venue, the progresses of the discussed project are actually very slow. No fulltime devoted staff from the China college contribute to or in charge of the execute the discussions. As a result, after discussion, taking photos with the UK partners when the UK counterparts visited, little progress can be seen unless the UK team push forward.

- Knowledge about customer

Knowledge about the UK is explained and obtained mainly through the UK team's explanation. Given the China team is not a specific team which devotes its fulltime to this development of the project, all team members from China side are not able to prepare

themselves with knowledge about the UK parterres. Contrary to this, there are two major contact in the UK side to understand the knowledge about its China counterpart. Discussion and meetings when the UK team visiting China is a good way to understand each other, yet after that, communication for knowledge about the UK college is not enough.

- Knowledge for customer

Although joint project agreement is signed, knowledge for the UK college from China side is very late or even lack of feedback.

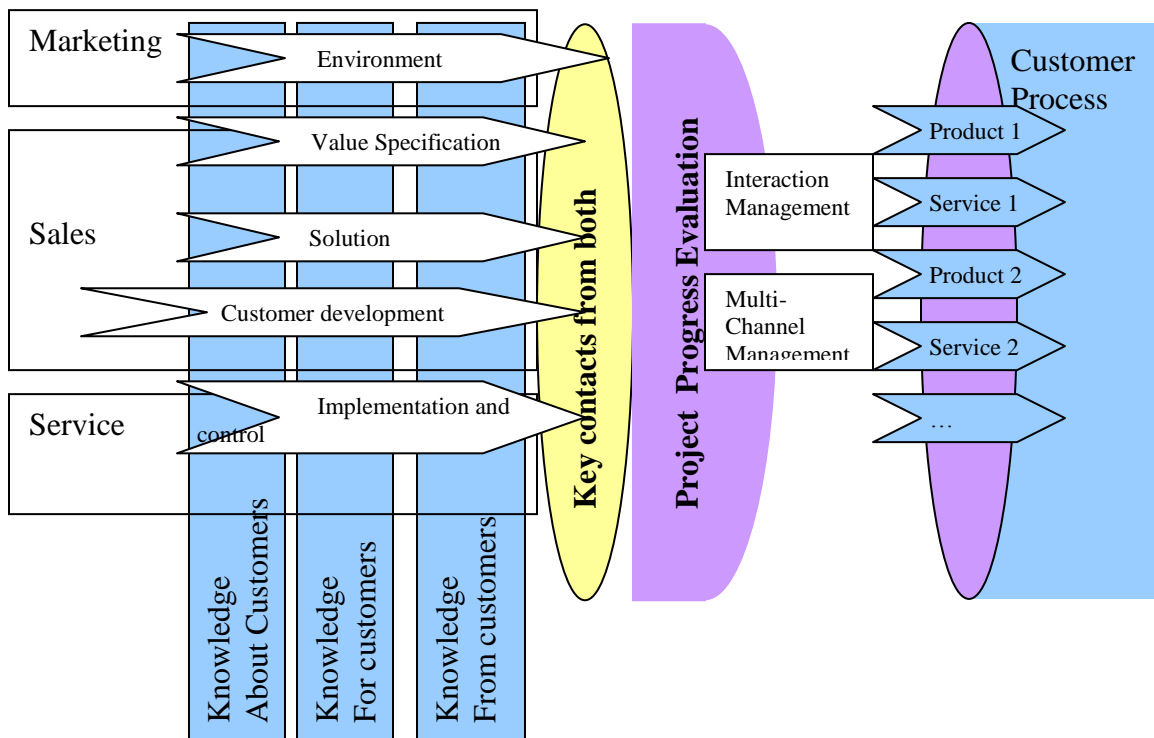
- Knowledge from customer

Knowledge from its UK counterpart is slowing down if not by face to face meetings. China part is very reluctant to communicate by email or phone conversations. During the two year cooperation, China part spent one time to the UK to understand knowledge from the UK side.

3.5 A CKM model in UK-China education projects: Adjusted

Based upon the Elite Interview above, a new CKM model is developed, which adds key contacts from both side and project progress evaluation to the model to ensure CKM in the international project background, as presented below:

Figure 4: A CKM Model for UK-China International Education Project Analysis Model



4. Conclusion and limitations

4.1 Conclusions

In this two-year project, across UK and China cooperation is examined by each CKM steps to understand the pros and cons of CKM process. Different educational system, and different culture background bring difficulties to the cooperation. According to the research however, as project, the UK and China team have common process problem to ensure the quality of CKM result.

The findings shed light on the potential areas in which organisations can practically use CKM in international joint projects. The application of analytical CKM was investigated to build up a CKM model in practice. The paper also provides guidance for the service industry as to how an analytical CKM system needs to be developed to support marketing process.

4.2 limitations and further research

It is understood that qualitative research has its own limitations, which means quantities research in a broader scope would add valuable contribution to this study. Sino-UK international projects are developing fast in China. To better understand the CKM management, more cases studies at different educational level is a potential area to contribute to the research. Also, other international educational project research between China and other foreign countries will add useful insights to the study.

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Appendix 1:

Elite Actor Interview:

Q 1: Pls give us your understanding on 'what is customer knowledge management'

Q 2: Do you have a system in your organization to obtain and process the international partner's (customers') information?

Q 3: What are the most challenging issues in the international cooperation from your experience?

Q 4: Who is in charge of the customer feedbacks and knowledge in the international projects?

Q5: What are the culture impacts on the international projects when it comes to understand your customer?

Q6: In the customer knowledge management system, which one you consider more important, people, process or technology? Why?

Q7: What kind of practice do you have to acquire/extract knowledge from your customer during the project?

Q8: Do you use the customer knowledge you have to improve your service and provide new products? Do you consider it is an important resource for innovation?

Q9: To what extent do you codify the knowledge from your customer in databases and reuse it?

Q10: If there are any thing you would do differently next time in the international projects, what are they and why?