

# Knowledge Management an instrument for implementation in Retail Marketing

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**Abstract-** This paper presents an explorative study of knowledge management as an instrument for implementation in retail marketing from customers, employees & technological perspective. The objective of the study is to understand how fast growing knowledge economy, related to technology, services and globalization is managed in retail marketing, also what are the challenges facing knowledge management in retail marketing environment and how knowledge management can effectively be utilize as an instrument for implementation in retail marketing.

In today's business environment, where retail industry is under pressure, it may be due to the overlooking of the approach of how to keep the retail marketing content updated, relevant and enthusiastic. It is essential for retail stakeholders, to get and manage consistent, accurate and timely information. Despite the fact that, online marketing is big source of information, still the majority doesn't trust information found on internet. Being social animals humans prefer to interact within their social network. Thus, word of mouth is also valuable in retail marketing.

This paper argues that technology may be used to resolve this problem of managing knowledge in retail marketing. The challenges remain in the fact that there is a lack of proven models which can help retailers' marketing strategies, execute and measure the effectiveness of knowledge management initiatives.

**Keywords—** Knowledge Management, Retail Marketing, Information, Technology & Social networking

## I. INTRODUCTION

With the advent of free trade and open economy in India, at the early 1990s, interest in knowledge management has been spurred by accelerating rates of technological and market change that have resulted in innovation and learning becoming increasingly important for business success and by rapid advances in information and communications technology (ICT) offering greater opportunities for exploiting the knowledge available to/in the organizations.

This paper presents an explorative study of knowledge management as an instrument for implementation in retail marketing from ETC (employees, technology, and customers) perspective. The objective of the study is to understand how fast growing knowledge economy, related to technology, services and globalization is managed in retail marketing, also what are the challenges facing knowledge management in

retail marketing environment and how knowledge management can effectively be utilize as an instrument for implementation in retail marketing.

In today's business environment, where retail industry is under pressure, it may be due to the overlooking of the approach of how to keep the retail marketing content updated, relevant and enthusiastic. It is essential for retail stakeholders, to get and manage consistent, accurate and timely information. Despite the fact that, online marketing is big source of information, still the majority doesn't trust information found on internet. Being social animals humans prefer to interact within their social network. Thus, word of mouth is most valuable in retail marketing, as a matter of fact marketing personnel should be equipped with updated knowledge. Now before exploring knowledge management as an instrument for implementation in retail marketing. It is essential to understand deeply the core concept of Knowledge Management (KM) defined by various practicing professionals as well as academicians.

## KNOWLEDGE MANAGEMENT

Knowledge Management, (KM) is a concept and a term that arose approximately two decades ago, roughly in 1990. Quite simply one might say that it means organizing an organization's information and knowledge holistically, but surprisingly enough, even though it sounds overbroad, it is not the whole picture. Very early on in the KM movement, Davenport (1994) offered the still widely quoted definition:

"Knowledge management is the process of capturing, distributing, and effectively using knowledge." This definition has the virtue of being simple, stark, and to the point. A few years later, the Gartner Group created another second definition of KM, which is perhaps the most frequently cited one (Duhon, 1998):

"Knowledge management is a discipline that promotes an integrated approach to identifying, capturing, evaluating, retrieving, and sharing all of an enterprise's information assets. These assets may include databases, documents, policies,

procedures, and previously un-captured expertise and experience in individual workers."

Both definitions share a very organizational, a very corporate orientation. KM, historically at least, is primarily about managing the knowledge of and in organizations.

### ***Categorization of Knowledge***

In the KM literature, knowledge is most commonly categorized as either explicit or tacit (that which is in people's heads). This characterization is however rather too simple, but a more important point, and a criticism, is that it is misleading. A much more useful characterization is to describe knowledge as explicit, implicit, and tacit.

Explicit: information or knowledge that is set out in tangible form.

Implicit: information or knowledge that is not set out in tangible form but could be made explicit.

Tacit: information or knowledge that one would have extreme difficulty operationally setting out in tangible form.

The classic example in the KM literature of true "tacit" knowledge is Nonaka and Takeuchi's example of the kinesthetic knowledge that was necessary to design and engineer a home bread maker, knowledge that could only be gained or transferred by having engineers work alongside bread makers and learn the motions and the "feel" necessary to knead bread dough (Nonaka & Takeuchi, 1995).

### ***The Development Stages of KM***

Looking at KM historically through the stages of its development tells us not only about the history of KM, but it also reveals a great deal about what constitutes KM.

#### **First Stage of KM: Information Technology**

The initial stage of KM was driven primarily by IT, information technology. That first stage has been described using an equestrian metaphor as "by the internet out of intellectual capital". The concept of intellectual capital provided the justification and the framework, the seed, and the availability of the internet provided the tool. As described above, the consulting community jumped at the new capabilities provided by the Internet, using it first for themselves, realizing that if they shared knowledge across their organization more effectively, then they could avoid reinventing the wheel, underbid their competitors, and make more profit. The first use of the term Knowledge Management in the new context appears to have been at McKinsey. They realized quickly that they had a compelling new product. Ernst and Young organized the first conference on KM in 1992 in

Boston (Prusak, 1999). The salient point is that the first stage of KM was about how to deploy that new technology to accomplish more effective use of information and knowledge.

#### **Second Stage of KM: HR and Corporate Culture**

The second stage of KM emerged when it became apparent that simply deploying new technology was not sufficient to effectively enable information and knowledge sharing. Human and cultural dimensions needed to be addressed.

As this recognition unfolded, two major themes from the business literature were brought into the KM fold. The first was Senge's work on the learning organization (Senge, Peter M., 1990 *The Fifth Discipline: The Art and Practice of the Learning Organization*.) The second was Nonaka's work on "tacit" knowledge and how to discover and cultivate it (Nonaka, Ikujiro & Takeuchi, Hirotaka, 1995 *The Knowledge-Creating Company: How Japanese Companies Create the Dynamics of Innovation*.)

Both were not only about the human factors of KM implementation and use; they were also about knowledge creation as well as knowledge sharing and communication. The hallmark phrase of Stage 2 was "communities of practice." A good marker of the shift from the first to the second stage of KM is that for the 1998 Conference Board conference on KM, there was for the first time a noticeable contingent of attendees from HR, human resources, departments, and by the next year, 1999, HR was the largest single group, displacing IT attendees from first place.

#### **Third Stage of KM: Taxonomy and Content Management**

The third stage developed from the awareness of the importance of content, and in particular the awareness of the importance of the retrievability of content, and therefore of the importance of the arrangement, description, and structure of that content. Since a good alternative description for the second stage of KM is the "it's no good if they don't use it" stage, then in that vein, perhaps the best description for the new third stage is the "it's no good if they try to use it but can't find it" stage.

The hallmark phrases emerging for the third stage are content management (or enterprise content management) and taxonomies.. At KM World 2000 a track on Content Management appeared for the first time, and by the 2001 KM World Conference, Content Management had become the dominant track. In 2006, KM World added a two-day workshop entitled Taxonomy Boot Camp, which still exists today. The hallmark terms for the third stage of KM are taxonomy and content.

The Retail industry has been at the forefront of both the development and deployment of knowledge management techniques as a result of several factors as technological,

services, global and market changes in the retail sector became increasing intense during the 1990s and first decade of the 21st century in India.

#### **RETAIL INDUSTRY**

The retail industry, like other sectors, is characterized by globalization, aggressive competition, shorter product life cycles, increasing cost pressures and the rise of customized demand with high product variants (S. Li and B. Lin, 2006).

In the last 30 years, the retail industry has passed through many transformations. The traditional corner store evolved into multitude types of configurations such as the supermarket, hypermarket, discount store, convenience store, specialty retailer, gas station store and virtual store (M. Geuens, M. Brengman, and R. S'Jegers, 2003). These transformations have had a huge impact on the size of stores and the number of Stock Keeping Units (SKUs) managed within those structures. For instance, the size of a traditional supermarket grew from 600 m<sup>2</sup> to almost 4,000 m<sup>2</sup> for superstores (M. Geuens, M. Brengman, and R. S'Jegers, 2003), and the number of SKUs in a typical US food store has risen from nearly 6,000 in the 1960s to almost 40,000 today, leading to an explosion in daily sales transactions. Therefore, capturing sales information using manual, and therefore error-prone, methods has become almost obsolete (F. H. Abernathy, 2000).

Manual capture of sales information increases transaction costs and can cause inventory inaccuracies (E. Fleisch, and C. Tellkamp, 2005).

Moreover, the retail industry is facing new challenges such as managing the short shelf-life of grocery goods, strict traceability requirements and the need for temperature control in the retail supply chain (M. Kärkkäinen, 2003). In this context, the role and pertinence of KM felt acutely as in this difficult economic climate, retailers face more daunting challenges than ever. Many are using knowledge management solutions to help improve sales and their bottom line. The KM help retailers in such areas as managing inventories, driving marketing programs, targeting and retaining customers, and providing superior customer service.

Now, in the present scenario, it is essential for retail stakeholders, be it customers, employees and even suppliers, to get consistent and accurate information at the appropriate time and from the right place. A retail organization is a constantly living and learning environment. The knowledge touch points in retail are immense and have the possibility of extending exponentially with each customer interaction, product transaction or supply chain network activity. It is imperative for retailers to weave together a fabric of processes and systems to effectively capture information, convert it to knowledge and disseminate it to relevant stakeholders in the retail ecosystem.

Knowledge management is highly imperative for international retailers who are opening shops in India. These companies will be setting up new operations, addressing a diverse customer base, recruiting new employees and will need to rapidly scale the learning curve to gain market share and profitability. These performance parameters are driven by a retailers' ability to adapt to local settings. It is necessary that prior experiences, insights and practices in other markets are leveraged throughout the organization to support the operations in a new market. The challenges for retailers remain in the fact that there is a lack of proven models which can help retailers' strategies, execute and measure the effectiveness of knowledge management initiatives.

#### **CONCLUDING OBSERVATION AND SUGGESTIONS**

After deeply understanding the core concept of knowledge management and reviewing the history of retail business, now its time to develop some concluding observations and valuable suggestions which are as follows:

##### **Creating retail intellectual capital**

Many retailers have not yet put in place the initiatives to transform enterprise information from sources into a structure that eventually creates retail intellectual capital.

Knowledge management in many retail organizations is still limited to initiatives such as product information management, information and best practice availability on employee portals and compliance information on vendor portals. The end result is the creation of a huge repository of content which can be accessed by the internal stakeholders. It will not be off the mark to call the prevalent situation as "knowledge challenges related to managing knowledge."

Retailers should take a phased approach towards knowledge strategy, knowledge execution and knowledge measurement into the overall corporate objectives. This ensures a continuum, momentum and traceability of multiple initiatives that arise from the strategy. Knowledge management initiatives in a retail organization should be strategized primarily from three perspectives – customer knowledge capital, human knowledge capital and operational knowledge capital. These perspectives should be bound to organizational metrics related to customer satisfaction; employee productivity and supply chain lead times, respectively. Various programs arising out of these initiatives can be tracked back to the organizational objectives.

While deciding on organizational programs related to knowledge management, it is necessary to identify and priorities the business areas for which a knowledge management program has to be implemented.

The next step is to finalize a few business processes in these business areas where knowledge management can be applied.

In each of these identified processes, it is beneficial to have estimated the current knowledge needs, availability and accessibility of the information to facilitate knowledge.

Some of the most potential and immediate benefits of knowledge management can be realized in business processes within the store.

#### **The processes chosen will also depend on the segment of retail.**

For a consumer **electronics retailer**, it is very essential that store associates are well equipped with knowledge of the product. This will comprise of product specifications, features, pricing options, usage, demonstration videos and also tips to converse with the customer and close the sale. This could also extend to connecting the customer with a product expert who can converse with the customer through video.

For **fashion retailers**, the store associates should have handy information on various fashion trends, material used in the products, videos from shows for luxury fashion, fabric care information, etc. Analytical components can be used to suggest upsells or cross sells using past purchase information of the customers.

#### **Generating targeted messages for employees**

The purpose of knowledge management is not solely limited to enabling customer interactions during a sale. Employee skills, competencies and assessments can be made available to managers to enable capability planning. Targeted messages can be generated for employees or employee groups to roll out organizational or departmental initiatives. Participative knowledge management can also be introduced for various business processes in the supply chain with the use of collaborative workflows.

After identifying and prioritizing the various processes, a retailer needs to identify the sources from where information needs to be made available or generated. The sources of information can be humans (internal or external) or objects, which could range from enterprise systems to barcode scanners. These sources will need to be tapped in a planned and inclusive manner to ensure that the knowledge pool within the organization does not dry up.

While selecting the software applications to enable knowledge management, adequate considerations should be given to the scalability of the application. The knowledge elements within a dynamic industry such as retail increases rapidly and the application should be designed to scale fast as per the needs of the business. The application should be able to facilitate a

convenient storage, retrieval and dissemination of both structured and unstructured data. Unstructured data such as store video feeds, training podcasts and customer comments on social media should be stored optimally. There should be a mechanism to quickly search in both structured and unstructured data.

The knowledge management application should not function only as a content repository. The application should conveniently integrate with other enterprise applications such as those used for decision support, HR, enterprise performance management and other systems. The accessibility of the system is also a key parameter.

#### **Fresh Content**

An aspect that many retailers overlook is the approach to how content is kept fresh, relevant and enthusiastic.

Retail headquarters have many senior personnel with ground-up experience in retail. These subject matter experts should be encouraged to share experiences, best practices and FAQs.

The experts can also conduct live video forums or respond to ad hoc queries from various quarters of the organization. Incentives or rewards programs can be created to boost content generation and moderating activities voluntarily.

The knowledge management initiative owners will need to publish regular updates for the entire organization such as most popular, newly added and testimonies of how organizational knowledge helped solve a business issue. A regular report should also be published for department or unit heads related to the usage of knowledge management tools within their respective functions.

Knowledge management initiatives within a retail organization help create a uniformity and consistency at all locations of the organization. These initiatives give a sense of confidence to the store associates in a way that expertise, knowledge and guidance are available at an arm's length and on demand. The results that can be realized pertain to reduction in lost sales, improved employee productivity and increased customer satisfaction.

#### **A compatible search engine**

One of the most frustrating aspects of using a knowledge management tool is finding the answer you're looking for. Precious seconds are wasted trying different search queries and navigating complex hierarchies. *But what if you didn't have to search at all?*

One of the most important advances in customer service knowledge management is the incorporation of customer context. Context is any piece of information known about the end user—location, customer type, products owned, open cases, etc. As companies collect more data points about each customer, the amount of context available grows and the relevance of search results increases.

By matching this context with associated knowledge articles, the knowledgebase can often predetermine the likely articles that will be helpful to a user—without having to search at all. For example, if we know that a customer lives in New York City and owns a Samsung Galaxy, a new article about expanded 4G coverage in the New York City area for Android users is likely to be very relevant to that customer. Even if the customer does need to search, the contextual information is paired with the search query terms to hone in on exactly the right article with minimal effort.

#### **Automation of Content writing**

Large organizations spend countless hours authoring content for their knowledgebases. Not only is this process time-consuming and expensive, but how can you even be sure you're writing the content that is needed? *What if the knowledgebase could automatically write all the content its users were looking for?*

This notion is not too far-fetched, thanks to social media. Thousands of users go online every day to help one another in online forums and communities. By intelligently listening to these data sources, knowledge administrators can mine the community for the top questions and answers needed by their customers. Routing these article drafts through a workflow ensures the answers are correct and vetted by the appropriate experts.

#### **Automation of fixing the Problems.**

Maybe we can't actually create self-healing televisions and copy machines, but what if these devices could at least tell you what's wrong and how to fix it? I already described the importance of customer context and how it can help you find answers without searching. Devices can provide the knowledge base with contextual information, too. When a device breaks, the model number and error code are often enough context to determine the knowledge article needed to

resolve the issue. By installing a knowledgebase directly on the device or connecting wirelessly to a central server, this context can be passed from the device to the knowledgebase automatically. As soon as you notice the failure, you are already able to see a knowledgebase article describing how to resolve the issue. This tactic can be used on televisions, copiers, machinery, mobile devices or any other number of consumer products in use today.

#### **Web self-service**

A few years ago, Web self-service revolutionized customer service. Instead of calling the contact center and sitting on hold, you could log onto your computer and find help on your own. While Web self-service is still a critical element of providing excellent service, customers no longer want to be tied to their computers. Mobile service on a variety of devices gives your customers the freedom to get help when and where they need it.

True mobile service is much more than formatting some FAQs to fit on a phone screen. Standard search and browse usability on a mobile device can be quite complex—and reading page-long articles on a four-inch screen is a far cry from a great user experience. To create a positive customer experience on a mobile device, the knowledge management system must:

- Be formatted to display on a variety of devices;
- Offer guided resolution trees with questions and answers, rather than forcing the user to read lengthy articles;
- Use context, including the device's GPS, to present personalized results specific to the user's need; and
- Provide escalation options, such as mobile chat and case submission options, if the user is unable to find their answer through self-service.

Eventually, users look for help on the Web, phone, online chat, email and now social media, large organizations often stockpile multiple storage of information scattered throughout the organization. Different departments manage different aspects of the customer required information. Organizations need a single solution that presents knowledge to users across all channels, while providing the flexibility to display content that is formatted and permissioned for each user scenario. As customer expectations increase rapidly, it's important that

organizations keep up. These revolutionary capabilities will allow companies to use knowledge management to provide faster, more accurate service across all channels of communication. As in this age of knowledge economy, knowledge has become a valuable resource and knowledge workers play a vital role (Drucker 1993). The defining characteristic of this age is the significance of knowledge workers and the importance of applying and developing new knowledge (Drucker 1993). Knowledge is applied to generate new knowledge in a continuous cycle (Castells 1996).

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