

Customer Knowledge Management in the Insurance Industry

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ABSTRACT

Nowadays customer knowledge management is one of the most important management issues in organizations. Implementation of customer knowledge management systems in organizations can help them achieve competitive advantage. Emerging of information technology enables electronic businesses to make benefit of customer knowledge management mechanisms for production and services to their customers. Due to poor infrastructure of information technology and lack of knowledge of methods and mechanisms of customer knowledge management, Iranian companies have difficulty in this area. This article reviews the literature of research as meanings of knowledge management, customer knowledge management and presented models mechanisms in the field of customer knowledge management mechanisms and then with use of complete model of customer knowledge management mechanisms and through the insurance company's websites, usage of the mechanisms is examined. Development and growth of information technology in organizations has changed business processes and working. In today's knowledge-based economy, organizations have realized the value of knowledge. With analysis and having the knowledge, organization will achieve a competitive advantage and can offer new services, improve service, respect and satisfaction of customer. But for the success of organizations in today's dynamic and competitive market, should also be considered other element named customer. Advantageous role of customer in business as a rich source of knowledge is considered. IT makes new possibilities for knowledge of customer to companies. A customer based industries is the insurance industry. Customer knowledge as a unique asset for different businesses especially insurance industry deals, which is directly related to services based on customer needs. Insurance companies with respect to features and benefits for their community are important institutions in the world. Insurance companies with transferring risk from customer to themselves, create social peace and prosperity. Regarding premiums that customers are invest them in projects of other industries or Exchange room and cause economic growth of their countries. Modern industrialized countries whose economies are based on technology are more at risk and transferring it to the insurance companies.

KEYWORDS: Knowledge management, Electronic mechanisms, Customer knowledge

INTRODUCTION

Development of Internet and information technology not only provides companies a new way to create knowledge, but also make opportunities for management and exploitation of knowledge [1,2].

Of course, knowledge is the most important strategic resource and the ability to acquire, develop, sharing and its application can lead the organization towards sustainable competitive advantage [3].

Customer knowledge refers to understanding of customers, their needs, wants and goals which are essential to the alignment of business processes, products and services till a true relationship with the client takes shape [4]. Organizations go one step further and use the Internet as an interactive tool to support the demands of their customers [5].

Knowledge management is a prerequisite for e-commerce and growing focus of customer oriented. To operate in an electronic environment, organizations need a good knowledge of the market, customers, products and services, procedures and methods, competitors, employees and the skills they have contractions.

Efforts by companies are to put the customer at the center of their attention. Leadership key of these changes is in emergence of customer relationship management move by integrated information systems and supported software in order to satisfy customer needs.

Customer Relationship Management focuses on customer knowledge and organizations have found Customers are more aware of the employees whose search knowledge of the customer relationships and sales agents. In today's competitive world it is very difficult customer retention and there is a well-known proverb in customer relationship management that says finding customer is cheaper than maintaining it.

In fact, customer knowledge management is a strategic process used by organizations for creating, sharing, understanding and application of customer knowledge as a corporate asset to strengthen ability, speed and ability of a company to transfer products or services for benefit of customer in order to its business strategy [6].

Gibert in 2002, states that the customer knowledge management is a strategic process that led companies as a user of products and services to knowledge partners.

Knowledge management: special organizational and systemic process for business, organization, saving, application, distribution and recreation of Explicit and implicit knowledge to enhance staff performance and value creation [7].

Management relation with customer: it is a designed process for gathering information related to customers, having indexes about customers and applies them in working of business [8].

Customer knowledge management: applying tools and knowledge management technics for supporting exchange of information between organizations and their customers and empowered company to have suitable business decisions [9, 10].

Electronic mechanisms: mechanisms are a group of tools to create, share or extract knowledge of customer [11, 12].

Customer knowledge: it is a kind of knowledge regarding customer relationship that has direct or indirect effects on organization's function [13, 14], is divided to three sections as knowledge for customer, knowledge from customer and knowledge about customer.

Knowledge for customer: it is a kind of knowledge that they can introduce themselves products and services better to customers. Data, information and knowledge for customers can be gained from other customers, information of consultant agencies, competitors and company who prepare necessary information about customers.

Knowledge of customer: it is a kind of knowledge that company use to provide products and services.

Knowledge about customer: it is a kind of knowledge that company gain it to know own customers better.

The importance of and need for this research

Organizations are aware of importance of knowledge as well as information, and recognize it as a significant source, and due to its importance, the similar process for knowledge management should be developed for information management

In today's competitive market that is characterized by uncertainty, companies are able to compete in creating new knowledge, distribution in its organization and change them to goods and services. So knowledge for organization is an advantage and makes opportunity for organization to solve problem and grasp new opportunities. Knowledge not only will be a source of competitive advantage, but in fact it is the only source of it. When an organization's knowledge resources are exploited, organization will have dynamic increasing and value of business. The most important question in today's competitive world is how can figure out existence knowledge in organization and best use it. Knowledge management as a field of science and modern management concepts, language and their specific functions, emerged. Create systems of knowledge management is one of the most important ways to improve knowledge level in each organization.

Customer and its knowledge are one of the most factors that insurance companies remain competitive. Insurance companies try to gain benefit via special services to customers. So considering and reaching customer's knowledge management mechanisms has special importance.

RESEARCH LITERATURE

Organizations know their customers and are more in touch with them to know that they know and watch out for them and their business, they will have more opportunities. A study about why customers don't purchase a particular brand shows that more than 68% of dropout buyers is because of perceived indifference by some personnel of organization. So supporting customer in small and medium agencies is important due to their limited resources.

In addition, unsatisfied customer damage market because they are undermining competition and other customers are also convinced that refrain from trade organizations. It is not strange relationship management with customer is important subject in business issues.

Concept of customer knowledge:

Customer knowledge is known in marketing as a source for supporting research and development of management [8]. To promote innovation, facilitate the detection of market opportunities, support of management of long-term relationships with customers is recommended [15]. As Guaspari [4] said, customer knowledge is refer to organization understanding of customer, their needs, requires and goals that are necessary for alignment of business with processes, products and services to form a true relationship with customer.

To have and control customer knowledge in records of knowledge management, some tools and processes are recommended.

Shahbaz nejad, [12] suggests following processes:

Identify customers

Customer satisfaction research

Acquire knowledge of customers

Interviews with customers

He defined, customer knowledge is a kind of knowledge about customer which has direct or indirect effect on organization's function.

Under this view, customer knowledge management is included of programming process, organization, leadership and control of manageable knowledge of customer which has direct or indirect effect on organization's function.

When is talking about customer knowledge, it means that customer knowledge can be shaped by exchange information between customers and organization, competitors and information consultants agencies. Knowing that you can't manage these interactions is important. For example, customers' knowledge may be affected by interactions of

them and their competitors but significant control is impossible. Although customer knowledge management basically is about knowledge but it is about data and analytical information which will change to knowledge.

Concept of customer knowledge management:

Customer knowledge management is a dynamic recovery process to achieve data and valuable data process of client by paths and different ways create and share customer knowledge across the organization.

Through this process, organization will improve and promote customer relations in models and frameworks of customer-centric organizational environment [5].

Regarding Paquette [16], customer knowledge management includes Processes involved in the identification and access to customer's data and productivity, as well as own knowledge. Such data beyond the outer boarder there are and resulted knowledge from them will create value for organization and customers.

Last studies about customer knowledge management shows that some of success companies think about person and registration of what customers do about sales and services. Under considering these information from customers, they can understand their behavior better and anticipate it. Their aim is to support customers through their learning .In order to support customers in the buying cycle, a continuous flow of knowledge from customer driven. To enable the management of knowledge, make a wide range of technology expanded. Customer knowledge management systems in order to influence the interaction between customers to improve the delivery of products and services are used. In other words, knowledge of the customer is included by the Company for innovation in product and service. Generate ideas for continuous improvement of products and services is also effective [17].

The organization should be able to extract relevant knowledge from data, information and knowledge that can create value for the company and customers, with effective and efficient methods [18]. This matter that transferring all data collected data and useful knowledge, needs strong analysis skills. Companies also face transferring knowledge in frontiers of organizations. In short, the lack of time, resources and attention can be vital to an organization in making the transition to the limited insight [19].

Rowley in 2002 [10] suggested that the customer knowledge management as management and extraction of customer knowledge has been considered.

Customer knowledge management model based on combination of driven and data-driven approach technology in customer relationship management and people-centered approach on customer relationship management are synergy with their potential extracting. It is expected that this effort to show knowledge for customers, knowledge about customers and knowledge from customer. So more profitable products can be given to customers in order to prevent failure of products and ensure commercial success [20].

For tangible concept of customer knowledge management, we identified three types of knowledge that play a vital role in interaction between companies and customers: knowledge for, from and about the customer.

In first phase, to support clients in their buying cycle, a knowledge approach is a prerequisite from company to customer (knowledge for customer). Knowledge for customers include of information about products, markets and suppliers. This aspect of knowledge impact on customer perception of services quality.

Customer knowledge management objectives:

Using customer knowledge in customer knowledge management process is evident and it must be accountable to goals of customer knowledge management. Davenport et al in their study in 2001 noted goals of customer knowledge management which had common points with sample leading companies. Those objectives are:

- Segmentation of customer base and foundation
- prioritize customer based on their needs
- Knowing needs of customers
- Understand customer internet behavior
- Create an environment where the customer is always
- Change and Reform Products and Services
- Add to coincide with the sales success

The role of knowledge management in e-commerce:

Before talking about role of knowledge management in e-commerce will be discussed e-commerce in detail. Kumer Roy & Stavropoulos [21] defined e-commerce as a network which could gather customers, vendors, suppliers, employees and shareholders in a way that has never before been possible. E-commerce is a business in cyberspace and is a result of combining great online sources with information technology systems.

Knowledge management can increase organizational agility flexible and more accurate decision making as a result of the availability and access to right person at right time provides. Knowledge management makes possible rapid adoption of business to new market conditions.

Knowledge management increases capabilities of business with possibilities 24-hour access to knowledge through a separate entrance to prevent duplication and increase creativity. Employees can find knowledge they need through organized knowledge base, faster and easier. Now employees have a job that done before or have knowledge which can re-use it in different conditions. This is especially true in the case of e-commerce in different geographical areas.

Knowledge management facilitates integration between different groups and departments within an e-commerce and these different groups may be put in different business units or geographic locations or organizations that have been made to provide consistency of the chain. Knowledge management facilitate knowledge flow between groups, such as through management knowledge process which makes integration of knowledge more efficient and faster.

Circle life of Knowledge management also increase agility of organization in these promotion markets and allows effective decisions on response to market changes. Knowledge management also allow an organization to select own business model in response to market changes to facilitate communication and sharing of knowledge into new business processes or changing choices.

Knowledge management facilitate access to knowledge through providing a list of existence knowledge in e-commerce. Access in through a separate entrance to source of knowledge without attention to situation of a business unit. This will save time because employees know that they need to find only one border controls, Knowledge management gives positions diagnostic tools such as classification till employees can recover knowledge that they need it quickly and effectively.

E-Commerce jointly designed products across geographical boundaries and sometimes along a range of organizational areas. As well as domestic and foreign organizations working in the real communities there are, for example, through a network of domestic and foreign communities share their knowledge on many different issues. Management, maintenance, and organized knowledge sharing in this conference can be guaranteed to be more efficient knowledge creation.

Knowledge management offers structures, tools and process to provide a different relationship with various business partners. It may take form of a web page. Knowledge management function shall be responsible for organizing the content of the website; Ensure that information and knowledge managed effectively in order to guarantee reasonably and easy organizational and retrieving knowledge.

Knowledge management will guarantee point of view of customer that can be shared in the range of geography and organization breakdown, thus ensuring that employees with update knowledge about customer and notice to where they live, are working. This provides a better understanding of customers and their needs, and thus more effective and more accurate product development, channel strategy and market share possible.

Most previous studies in the field of marketing about customer relationship management strategy, its functions, performance and its effectiveness on company's performance focused [12] recently increased emphasis on knowledge and learning issues which can be connected with the fact that researchers in their efforts to elements of customer relationship management systems have begun; see. Measures such as customer relationship management related to knowledge [22], integration of knowledge management and customer relationship management [12] and customer knowledge management [8] is considered. Although the lack of marketing literature in the field of testing knowledge sharing client in a company and their impact on organizational performance seen Bolding et al. (2005, quoted Shahbaz nejad; 2010) [12] stated that the research about relationship management need to examine the relationship between innovation patterns of a company. In addition, customer service staff and related to sales play border role in the process of customer relationship management; customer relationship management was ignored in literature in the past. In order to fill the vacuum mentioned in the marketing literature of communication, try to create a mental model of the internal processes that focus on customer relationship management and customer knowledge participation impact on organizational innovation and human resource capabilities. Using a strategic perspective, customer relationship management as a strategic management process was found to be used customer knowledge to progress products / services, increase employee marketing, and customer satisfaction.

Since customer knowledge easily imitated by competitors and other sources and is not granted, it is accounted as a valuable asset for companies. So a company is able to collateralize their inherent source of benefits to customers quickly respond and adapt to changing markets, will be leading in the competition.

Behind ability of a company to foster and maintain valuable customer is to share customer knowledge across the organization, In other words, local administrative units can replicate customer knowledge held by other local administrative units and organization has ability to recognize the value of data collected and use it strategically. In the management literature, organized knowledge sharing improves the ability of companies (Hoops and Postrel 1999; stated by Shahbaz nejad; 2010) [12].

Customer knowledge management in insurance industry:

Insurance is one of the most important sources which had relatively significant growth in recent years in Iran and plays critical role in economic development of a country. Most important factors in buying insurance are: buy insurance records and social demographic characteristics of customers (income, education, employer, an event job, marital status, gender, age, etc.)

The market is divided into separate groups of buyers; the first step of marketing is targeted. Today, all organizations seek to classify the good of customers and know that what customers pay more attention and devote less time to which customer and for each of divisions of customer take specific strategies in accordance with that section.

Most managers of Iranian insurance companies have been aware of the importance of customer knowledge management and its role, but it is not the strategy of organization. In the most companies customer relationship activities are without a formal process and program, and even processes such as data analysis does not do. This is normal because when customer knowledge management is not defined in strategy of company then can't be expected that activity in connection with it is targeted to take place as planned. Although all surveyed companies have a website, but most of these websites aren't dynamic and don't enter knowledge to company and merely as a promotional tool, transfer knowledge out of the company.

In all Private insurance companies, activities associated with the customer are done fragmented according to the existing problems need to be integrated by staff felt. Employees do not know the importance of customer knowledge

management or if understand, their responsibilities in its implementation is unclear. The result was quite predictable because when processes are not formally defined then responsibilities are unclear also.

Most employees are unaware of the importance of customer knowledge management leads that they have little interest in sharing customer data and herewith organizational culture for sharing customer data is low.

The findings of this study provide valuable information for insurance managers till based on it and using measurement tools to identify strengths and weaknesses and move toward future development. The most important result of this study is to provide a tool for identifying strengths and weaknesses in the area of customer knowledge management and development in the insurance industry [23].

Customer knowledge management model:

researchers suggest Several customer knowledge management models which there are most useful as follow. Their research shows that with knowledge management of customers, companies can take advantage of market opportunities before their competitors and accelerate economic value for the organization, stakeholders and customers.

Shami Zanjani et al. [13] defined customer knowledge as a form of knowledge in the field of customer relationship that affected performance of organization directly or indirectly. One of the most important results of this model is that customer knowledge can be taken shape via a conscious exchange between customers and vice versa between entities such as companies, other customers, competitors and other institutions. This model has been shown that they can't manage all these exchanges, so focused on management of actions between ourselves and our clients and between clients.

This model based on e-commerce Web sites looking for own business and customers value through selection and use of customer knowledge management mechanisms, provide mechanisms conceptual model of knowledge management.

Data collection method:

In this study, information is collected from documents of the organization, organization's web site and tools used to obtain research data is questionnaire.

In a questionnaire is used of closed questions - multiple choice answers (Likert).

Starfish model of Zanjani et al. [13] has been used to design the questionnaire.

RESULT

The results of this test electronic mechanisms of knowledge management for customers "Send Message to describe a policy for a client," "About Us," "connect to other Web sites," "compare insurance services," "News", "supply knowledge needed customers with e-mail ", " send a message to customers ", "Desk-mail address", "FAQ", "information and characteristics of insurance", "catalog of insurance policies", "bulletin board", "warning message the customer debt", "search engine", "Cooperation" "site Map", "dictionary site" is used in the insurance companies.

According to the model, the mentioned mechanisms of knowledge from customers, results of the study suggest that there are mechanisms of "Send a message to current and future clients," "Write a message to us" in the company.

According to the model, the mentioned mechanisms of knowledge from customers, results of the study suggest that the mechanisms of management of clients' customer satisfaction evaluation system ", " customer complaints registration system "and" customer status "are used.

According to the results of electronic mechanisms in the company "electronic message to remind the expiry of insurance", "broadcast pictures and videos insurance services," "connect to the same group," "Web-based seminars," "order status tracking new insurance policy "" electronic publishing system, "" order tracking information policy ", "The list of required insurance," "Assessment and Scoring clients regarding insurance services", "conversation", "short electronic message", "Forum", "financial information", "box dive," "Access the insurance Journal, "" survey form for existing customers, "" membership to customers ", " survey form for future clients, "" Wish List for future customers, " "The list of future customer requests", "Forum", "private advice to our insurance customers," "Web-based seminars" and "evaluation and ranking of competitors by customers" aren't used.

Results show that more used mechanisms in Iranian insurance companies are information, Insurance specifications and catalogs.

In addition to the above mechanisms, in consultation with support staff and managers of site of Informatics, companies considering other mechanisms such as messaging to customers to inform expire date of insurance, message of debt, and congratulation for birthday of customers that their loyalty will follow in use.

Also in sites of insurance companies, there is a mechanism for staff members and company representatives in an intranet environment that helps to share knowledge.

Recommendations for future research:

It is suggested that the model used in this research use to investigate the mechanisms of customer knowledge management of other insurance companies and also to provide new payment mechanisms.

- Evaluation of generalized ability of results in foreign insurance companies
- Study about electronic mechanisms in insurance companies and comparison with the private sector
- Study about electronic mechanisms in insurance companies using qualitative model (interview)
- Study about providing new mechanisms

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