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## **THE ROLE OF INFORMATION/KNOWLEDGE FLOW IN THE CLIENTS' PURCHASING DECISIONS**

### **Abstract:**

In the current reality and the conditions under which companies conduct its activity, the role of information/knowledge is gaining in importance. The Internet's popularization had a big influence on this increasing, as Internet allows not only for information providing but also its generation. Looking further, it has also contributed to the increasing meaning of knowledge, based on a large amount of information perceived by the receivers. In the case of information that was already presented in the traditional supply chain, as one of the subjects of flows - next to products and financial resources, but its role was confined mainly to the improvement of the entire supply chain. Now, information flows that takes place between the company and its client are very important, these flows play a large role in making purchase decisions taken by clients. Because of this decision, whether to buy the product or not, the further development of the company may depend on. Therefore, the main purpose of this article was to verify whether for the clients, information about the products are important and if they play an important role in making purchase decisions. The authors focused on how clients obtain and share information/knowledge about the products offered by the company, and also examined whether for the client the efficient flow of information is important, and whether in their opinion, the company try to improve their information flows directed to its clients.

### **Keywords:**

information flow, knowledge, purchasing decision, client, company

**JEL Classification:** D83, D19, M15

## Introduction

In today's reality and market conditions, knowledge is treated as one of the key resources of the company. Its identification, acquisition, processing and transmission, with its, at the same time, use is one of the elements of the competitive fight among the companies, operating on the market today. What is characteristics for knowledge, is its constant transformation, which affects the dynamism of today's markets. Another characteristic is its constant development, because in any form knowledge is static, it can be said that it is in constant motion. Considering knowledge as a general resource organization, which consists of, among other things: employees, stored in databases, supplied from the environment, gained through experience, etc., a relatively static character has only its backbone. This part of knowledge is a starting point and is associated with a static part of the organization in the market. It occurs in every company, regardless of its market activity (dynamism). "Surrounded" by the dynamic action of "daily life", ensures the continuity of the functioning of the organization<sup>1</sup>.

Each operating company aspires to become a market leader, at the same time, trying to maintain its position, it must constantly monitor its environment. The main purpose of this monitoring is to obtain information regarding, among others, competitors' current and future activities, upcoming events market, new solutions, customers' behavior, requirements and expectations. The condition for achieving these objectives is to gain knowledge from the closest outside environment. Therefore it will allow the company to take an optimal and fastest action in response to the "signals" from the external environment. Here there is also a certain relationship, because the company is committed to achieve higher goals, so its response to market events must be faster. The key is in fact ahead of competitors - being the first. By monitoring the environment, it cannot be confined to its outer part. The maximum possible knowledge about it, enables the company to optimally respond. Note, however, that the possibility of reaction is not synonymous with the ability to undertake her. This ability provides monitoring and subsequent action: matching, shaping, etc., taking place within the company. These actions are the result of the knowledge, generated by monitoring the internal environment. Knowledge which sources are in the external environment and internal, is complementary.

The company is also the core of knowledge, which its employees own. "It includes accumulated in mind, analyzed, ordered - and in some ways rated - data and information about things, facts and phenomena, that exist in the surrounding human reality, as well as paintings, designs, concepts, models that are created and exist in the mind of virtual form<sup>2</sup>. Knowledge also includes resources, acquisition, collection, processing and transfer using ICT - most often it takes the form of knowledge, stored in databases, which are the backbone of enterprise's information systems. These databases enable the exchange of knowledge, not only between employees of the company, but also between the organization and its external environment. It should be noted that,

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<sup>1</sup> H. Mintzberg, Zarządzanie, Wolters Kluwer, Warszawa 2012, pp. 223-224.

<sup>2</sup> B. Poskrobko, Wiedza i gospodarka oparta na wiedzy, [w:] Gospodarka oparta na wiedzy, materiały do studiowania, pod red. B. Poskrobko, Wyższa Szkoła Ekonomiczna, Białystok 2011, s. 27.

the more valuable is the core of knowledge, the company has more chances of success. Staff turnover, all actions to ensure their development, building and cultivating a corporate culture focused on the knowledge spread and use, help in constant value creation.

All kinds of activities within the company, however, require the implementation of all or several processes, which are the traditional supply chain: procurement, storage, production, transport and distribution, in which, next to the products and financial flows, information/knowledge flows also take place. They must be delivered in the place, required by the customer in a way he understands and accepts, in the required and expected time. It must also meet his expectations and needs. Therefore can be concluded that the tasks carried out in the field of logistics management are consistent with the activities related to knowledge management in the enterprise.

## **Knowledge as a subject of logistics management**

Logistics is most often associated with the flow of material, ranging from its acquisition to distributions of finished products to the final customer. In addition to the flow of material, financial and information/knowledge flows can be also selected. The confirmation of it, is one of the most frequently quoted definition, according to which logistics is "the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirement"<sup>1</sup>. While the products and financial means are materials sources, information and knowledge are non-materials sources. In addition, having in mind that conducting a business is in such reality rely on: faster, than the competition, gaining knowledge about the future, optimal use of resources in order to fit to the future, acquiring knowledge about the activities of market participants, influencing the environment. Material resources play a supportive role in this respect. On the one hand, they can transform the effects of intangible asset management in financial benefits, on the other, reinforce the positive impact on the external environment to achieve the desired objectives. The aim is thereby gain an access to valuable intangible resources (information, knowledge), strengthening of intangibles (information, knowledge, reputation), strengthening the relational resources (cooperation), obtaining financial benefits.

## **The client in the age of information**

A customer is generally "a natural or legal person, cooperating with the given economic entity on the basis of mutual benefit, most often as the recipient of products and services. The customer in a market economy is considered a priority, due to the desire to satisfy his needs and tastes in terms of competition between operators seeking to gain his attention"<sup>2</sup>. The above definition presents the customer as a market participant, with whom the company cooperates for the benefit

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<sup>1</sup> Papuc M., Edu T., Negricea I.C., Purchasing behavior patterns. Evidence from large surface stores in Romania, in: Polish Journal of Management Studies, vol. 10/2/2014, pp. 151-160.

<sup>2</sup> K. Perechuda, I. Chomiak-Orsa, Znaczenie kapitału relacyjnego we współczesnych koncepcjach zarządzania, Zarządzanie i Finanse, Journal of Management and Finance, nr 4/2013, s. 309.

and at the same time, which cooperates with the company in order to achieve benefits. The benefit is mutual, but the company, operating in highly competitive markets must convince the customer about the superiority of their offer<sup>1</sup>. Activities directed to start a cooperation and belief in the benefits of it have character of exchanging information. They lead, each time, to gain a knowledge<sup>2</sup>. In the age of information, the customer can be described as interactive, as J.S. Ławicki states: "interactive client responds quickly, willingly shares his knowledge about the product, but requires current information"<sup>3</sup>. The client, while using company's services, communicate with others not only information about the product or service but also share their knowledge, acquired experience but also his own searching for information in the real and virtual world. The typical behavior of the customer is before making a purchase, is to get as much information about the product or service as well as the company<sup>4</sup>. Very often the source of information are the people, that have used the company's products or services before. This means that in the moment of product purchase, the customer has not only information but also knowledge of the purchased goods. At this point, the important role played by the so-called. Information Logistics, caring for the efficient flow of information between the company and customers, current, potential and past as well. The company always can influence the efficiency of logistics management information and knowledge in dealing with their current and prospective customers. It can also affect the flow of information and knowledge held abroad. This is due to<sup>5</sup>:

- providing relevant information to places, where the individual contact, concerned or may be interested in company's offer,
- provision of information and knowledge to places where the exchange of information and knowledge between individuals centered around: common interests, solving technical problems, etc, takes place,
- monitoring virtual space in search of negative and positive information on the company and its offer, as well as their comments and/or strengthening,
- search for people actively participating in the virtual space and activate them as promoters of the company (providing proper information and knowledge about the development of the company).

Blurred boundaries of time and space in the virtual world, contributes to the emergence of new opportunities for shaping the behavior of market participants. Their use is associated with running an active and effective logistics management of enterprise intangible resources. These include, among others, information and knowledge.

## The research methodology

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<sup>1</sup> R. Krupski, M. Osyra, Użyteczność zasobów niematerialnych w procesach pozyskiwania i utrzymywania klientów, Organizacja i Zarządzanie, Zeszyty Naukowe Politechniki Łódzkiej nr 54/2013, s. 72.

<sup>2</sup> D. Jelonek, Personalizacja jako determinanta sukcesu współpracy z klientem w przestrzeni internetowej, [w:] Zarządzanie strategiczne, rozwój koncepcji i metod, pod red. R. Krupski, Prace naukowe Wyższej Szkoły Zarządzania

<sup>3</sup> J. S. Ławicki, „Marketing sukcesu – partnering”, Difin, Warszawa 2005, p. 63.

<sup>4</sup> Grabara J., Kolcun M., Kot S., The role of information systems in transport Logistics, in: International Journal of Education and Research, vol. 2/2/2014, p. 8

<sup>5</sup> Kościelniak H., An improvement of information processes in enterprises – The analysis of sales profitability in the manufacturing company using ERP systems, in: Polish Journal of Management Studies, vol. 10/2/2014, pp. 6572

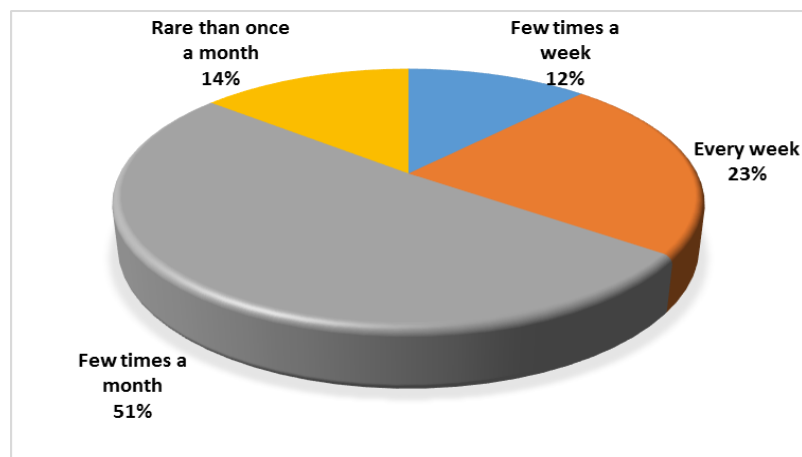
The main purpose of the article is to check whether the clients treat information and knowledge as the one of the major factor in order to gain a better knowledge about the company itself and products offered by it. As was mentioned above, today the flow of information and thus knowledge may play an important role – for both sides – clients and company. The quality and flow of information determine that client will become a customer. Having this in mind we have checked the following:

1. How often do you make a purchase?
2. Do you prefer on-line or traditional shopping?
3. Are you looking for the information about the product before buy?
4. How are you looking for information about the products?
5. Do you your knowledge about the products and companies with the others?
6. Does the efficient flow of information have a meaning for you?
7. How do you perceive the companies activities in the area of information exchange?

In order to conduct a research, the questionnaire was created and sent among the students of Czestochowa University of Technology. More than 500 questionnaires were sent but for the final research 411 questionnaires have been classified, some of them have not been returned and some did not meet the formal requirements. So the study involved 411 students, of which 258 were women (62%) and 153 - men (38%). The largest group of respondents were students of 1st degree, studying in full time mode, they constitute almost half of the study group (209 people). On the second place were students of 1st degree, but studying in part time mode (107 people). The number of students of 2nd degree in part-time and 2nd degree in full-mode was almost the same (53 and 42 people).

## **The research results**

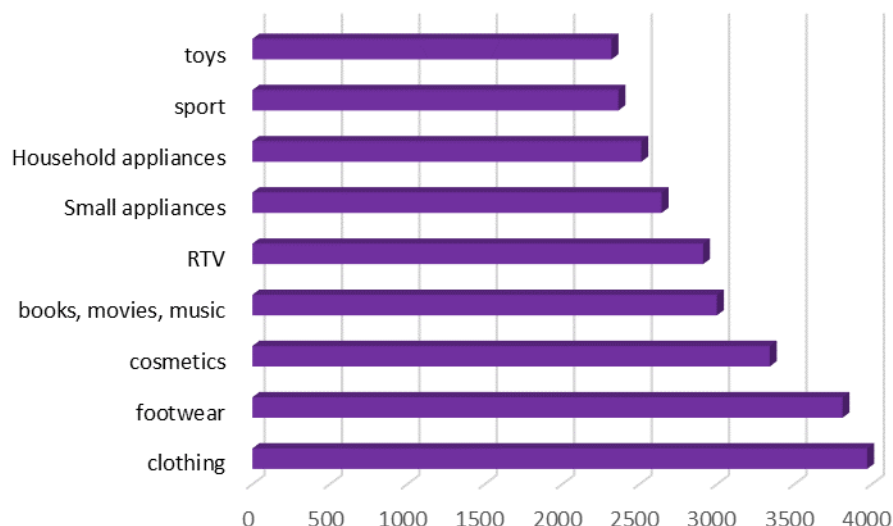
In the first question the respondents were asked how often did they make a purchase, but we highlighted that by “purchase” we meant not daily purchasing such a bread, milk and food in general. But we asked about the purchase such as clothing, footwear, electronic, cosmetics, households appliances, books, movies, music or toys. So the products which are not bought on daily basis.

**Fig. 1. The purchasing frequency**

Source: Authors' own work.

As can be seen from the above figure, a little over half of the respondents declared that purchase several times a month, on the second place was a group making purchasing every week. Almost the same amount of respondents, 58 and 49 have declared that purchase less than once a month and the second group - a few times a week. The survey also consisted "every day" option, but no one from the respondents have selected it. In the further discussions, respondents have added that they would shopping more often, but their financial resources do not allow for this.

In another question, we have asked about the type most frequently purchased products. In this question, respondents attributed the corresponding number according to rank, and so 9 points meant first place, and 1 point meant the last. The structure of the responses is being shown on Figure 2.

**Fig. 2. The most often bought products.**

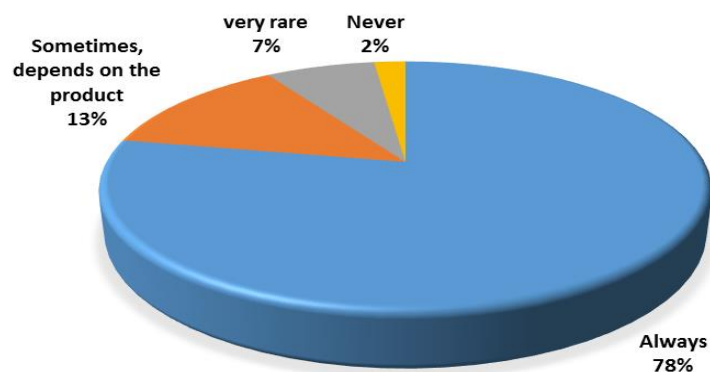
Source: Authors' own work.

Clothing and footwear are the most often bought products, it may be due to the fact that the overwhelming majority of respondents were women - 62%, which can be assumed that the clothes and shoes are their domain. On third place were cosmetics, but on the fourth books, movies and music. At the last place were toys and sporting goods. This is due to the fact that students, usually do not have kids, so they have no need to buy toys.

In the question, respondents were asked what kind of purchasing they prefer – on-line mode or in a traditional one. The vast majority have selected traditional way, but in the same time they do on-line shopping as well. It may be concluded that almost 30% total purchasing are these made on-line. But its share constantly increasing and in a few years the proportion may reach fifty-fifty.

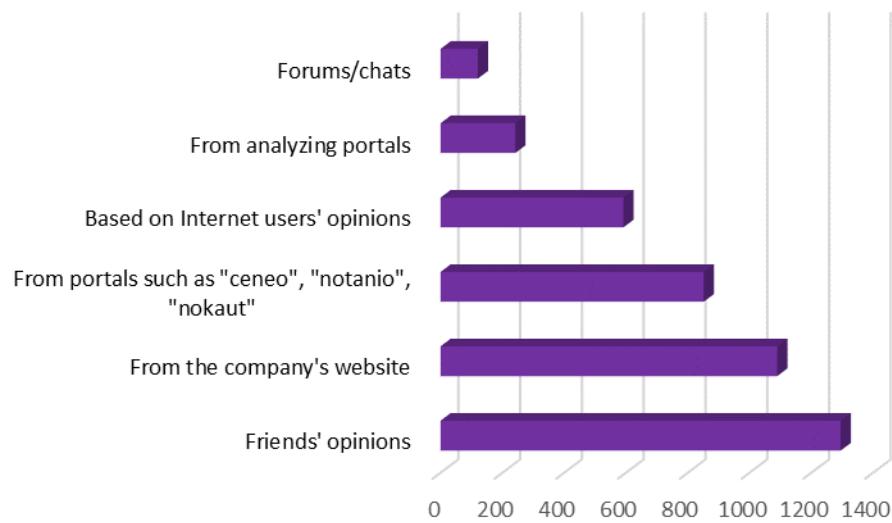
In the next question, the respondents were asked if they looking for the information before buy a products. The figure 3 presents the structure of answers.

**Fig. 3. The frequency of looking for the information about the products.**



*Source: Authors' own work.*

As shown in the figure 3, most of the respondents always is looking for information about the product before its purchase. Most they are looking for price information, in order to check its properties but also for the opinion about the product from other users. On second place was the group of people who search for information about the product but only in certain cases, eg. when the product is acquired for the first time or is a kind of "news" on the market. On the next place was the group of people, who very rarely seek information about the product, most often, do that in the case of expensive products. While 8 respondents (2%) have indicated that they never looked for this kind of information, and they base on their own intuition about the purchased product. However, such a high percentage of people seeking information can be explained by a wide range of tools used for information acquisition. Therefore, the next question, asked how they acquire information about the products they intend to purchase.

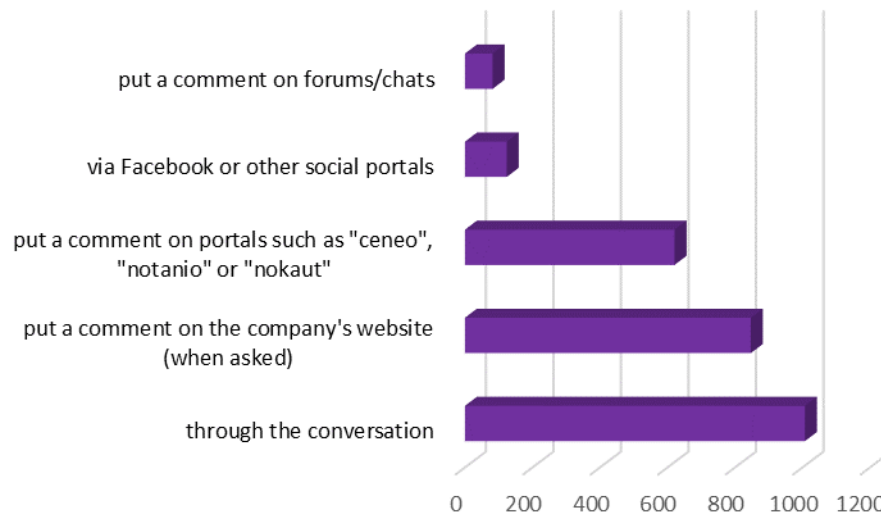
**Fig. 4. The selected way of obtaining the information about the products.**

*Source: Authors' own work.*

The vast majority of respondents have selected “friends’ opinions” as a major source of acquiring the information about the product. This is due to the fact that friends we trust the most and we believe that they provide the real information. But on second place the companies’ websites have been found, on which a description of the product is located, its characteristics as well as the opinions of other users. It can therefore be concluded that companies are treated as units worth to trust, since they are on second place in the case of obtaining information, based on which the purchasing decision is made. On the next place are price comparison websites, also containing a description and characteristics of the product, but also users’ opinions, who bought the product but from another manufacturer or in another shop. To a lesser extent, respondents believe in the opinions of users that can be found in forums, chat rooms, portals or other social networks. This is due to the fact that very often, these opinions have been written by the companies itself and their role is encourage to purchase rather than an actual representation of the product. Respondents admitted that this kind of opinions they treat as an advertisement, which does not provide correct information.

As many as 94% of respondents declared that their share opinion about products with others during the traditional conversation. In the case pf putting the opinion in the Internet, they do that when they are asked for it, to a lesser extent, they decide to posting comments on the Internet.



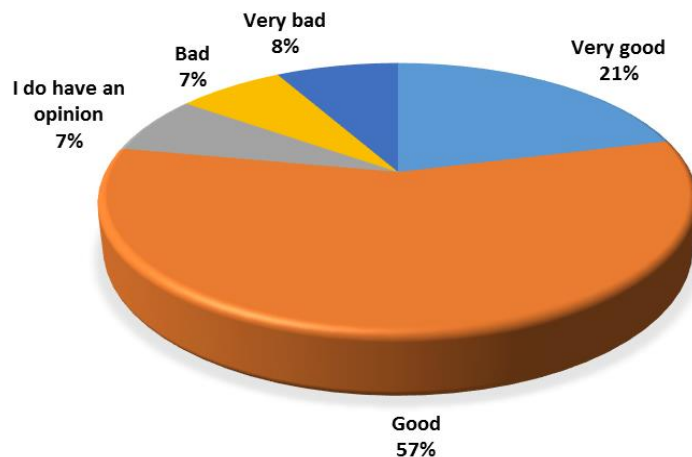
**Fig. 5. The selected way of knowledge sharing.**

*Source: Authors' own work.*

Still the opinion's exchange about the specific product while the traditional conversation is the most common way to share information about the products. On second place is posting reviews on the company's website or portal where the product was purchased. But almost all of the respondents admitted that they do it because they get e-mails asking for giving their opinion, very rarely do so of their own free will. On the last place are the information about the product posted through chat rooms, social portals or other dedicated portals. This is due to the fear that the inclusion opinion, even sincere, meet with mistrust, and the belief among consumers that it is a hidden advert.

In the question if the efficient flow of information between the company and recipients has the meaning, the vast majority of respondents (97%) have chosen the 'yes' option. This means that the exchange of information between the company and clients is quite important. As can be seen from the answers' distribution to the question concerning the assessment of the activities of companies in the field of information exchange, companies understand the importance of this exchange, and 57% and 21% of respondents rated their performance as good and very good. This means that 78% of respondents believe that the company shall endeavor to exchange information/knowledge with the clients was at the highest level.

**Fig. 6. The perception of companies activity in the area of information/knowledge exchange**



Source: Authors' own work.

But quite a large number of respondents, a total of 15% of them (62 respondents) believe that the activities of companies in this area are insufficient or even wrong. So bad mark of company's activities in this field is due to several things:

- Unsatisfactory product information contained on the website, blurred or small pictures,
- Inability to establish telephone contact, because the only form of contact is form posted on company's website,
- Outdated information about the status of products at the warehouse,
- Inability to obtain very detailed information from the people working in the customer service department,
- No information about the shipment of goods and the planned delivery date.

It can be concluded that a bad evaluation of the company's operations resulted primarily from the experience of individual respondents, as all of the above comments relate to the so-called. individual cases and they are not company's activity taken on daily basis.

## Conclusion

As was mentioned above, the main purpose of the article was to check whether the clients treat information and knowledge as the one of the major factor in order to gain a better knowledge about the company itself and products offered by it.

As results obtained from the research, the overwhelming majority of respondents always looking for information about products, which they intend to purchase. The most common source of these information are friends and colleagues, treated as a most trusted group. But companies' website are worth to trust as well, offering products. It can therefore be concluded that over the years, during which a transmission of information/knowledge in the virtual world have spread,

companies' activities in this area were fair and honest. What caused that they are now the second source of obtaining information/knowledge among customers. It also confirms the fact that 78% of respondents believe that the activities of sharing information/knowledge enterprises are conducted properly and with company's great commitment. Also, customers themselves have indicated that the most frequently used way to share information/knowledge about the products or companies are direct talks. And posting comments on the Internet are on second place. But the reviews posted in forums or chat rooms have low level of trust, because they are treated as hidden advertising, this kind of information/knowledge sharing was indicated, by the respondents, as the least frequently used mode of sharing.

Unfortunately we did not get any feedback from the enterprises, how they perceive the level of importance of information and knowledge flows between them and their clients – only 78 filled questionnaires were sent back. And its number was insufficient to make any conclusion.

In summary, however, it may be concluded the information/knowledge play a large role when making purchasing decisions, as well as affect the perception of the company and the products offered by it. In conclusion, it is worth to add that still the exchange of information/knowledge in the real world has a greater influence on consumer behavior than the same exchange occurring in the virtual world. However, can be assumed that over time, these proportions may change.

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