

## Chapter 6

# Transformation of CRM and Supply Chain Management Techniques in a New Venture

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### **ABSTRACT**

*The implementations of successful Customer Relationship Management (CRM) and Supply Chain Management (SCM) systems and their associated techniques in order to optimize the analytics available in any organization are daunting task, especially in a new business venture. Upper management must be committed to focusing these embedded systems in order to enhance supplier integration and customer satisfaction. This chapter focuses on the implementation of CRM systems and analytics as well as SCM considerations in the new startup of the Hard Rock Rocksino at Northfield Park (HRRNP) and the transformation/refinement of their systems over their few years of business. A combination of literature research, interviews of upper management, and personal observations, HRRNP has illustrate their ability to deal with these challenges in a continuous improvement and lean management approach.*

### **INTRODUCTION**

#### **Foundations of Customer Relationship Management and Performance Metrics**

The evolution of the concept of Customer Relationship Management (CRM) has vital implications on organizations in the 21st century. The basic aim of this strategy is the maintenance of long-term relationships with customers (Smith, 2010; Smith & Clinton, 2015; Smith & Motley, 2010; Tsai, Huang, Jaw, & Chen, 2006; Warden, Wu, & Tsai, 2006). For business success, a healthy long-term relationship with the customer is vital for long survival and prosperity. Relationship building and management are leading approaches in marketing, with customer relationship management (CRM) strategies are increas-

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ingly necessary in the improvement of the customer lifetime value (Patel & Hackney, 2010; Rigby & Ledingham, 2004; Sarkar, et al., 2010; Smith & Smith, 2012). Understanding customer needs and offering value-added services are essential factors that set the difference between successful and non-successful companies (Urbanskienė, Žostautienė, & Chreptavičienė, 2008). Equally, the importance of electronic customer relationship management (eCRM), in considering the customer's needs in all business aspects ensures customers' satisfaction.

Providing information on customer profiles, data, and history facilitates the strengthening of core processes of companies, specifically in service, sales, and marketing (Mishra & Mishra, 2009). CRM operating systems typically focus on optimizing profitability and ensuring control over the customer by making them feel included in the business operations (Kamakura, et al., 2005). A successful CRM system integrates the management of customers groups, enhances loyalty and raises the switching costs (Rigby & Ledingham, 2004). The basic concept is that knowledge and basic information concerning consumer preferences provides the organization with a competitive advantage. The system benefits both customers and enterprises' employees through needs fulfillment and mutual value creation activities.

## **Evolutions of Customer Relationship Management**

The interest of researchers and organizations in relationship marketing probably emerged in the second half of the 20th century with the needs for global competitiveness. The dynamic state of the market and the changing service market sector provided significant challenges to the traditional marketing concept. These trends have lead businesses to develop software-based optimizing and analytics to better define customers' needs and reduction in costs (Long, 2010; Mohanty, Ravi, & Patra, 2010; Pahlavani, 2010). Probably the major disadvantage of traditional concepts is that it did not focus on sustaining long-term relationships with market partners and customers (Beldona & Tsatsoulis, 2010; Guo, 2010; Hilmola, 2010). Changing market conditions necessitate new forms of competitiveness, individual random interaction with competitors, suppliers and customer needs satisfaction (Kamakura, et al., 2005). The focus on marketing continually shifted towards maintaining long-term relationships from a focus on the business activity system. The shift in marketing from setting prices, creation of goods and services, and distribution, to including the marketing mix. Current marketing systems also focus on supporting, maintaining and strengthening relationships with other vital market participants. Marketing systems' shift further led to the uprising of eCRM that improves customer management (Smith & Smith, 2012; Smith, 2011). These systems are essential in increasing the productivity of companies and maximizing customer satisfaction. CRM systems also increase the income earned by companies.

## **Implementation of CRM**

The complete implementation of a CRM-related system per se is not assurance for a change in the activity process of an enterprise and the investment on software intelligent systems does not guarantee a return on investment (Mohanty, Ravi, & Patra, 2010; O'cass & Fenech, 2003; Oetega, Martinez, & Hoyos, 2006). Becoming customer oriented is not automatic for an enterprise, and it does not necessarily mean an assurance of the loyalty of a customer or benefits to the enterprise (Sarkar, et al., 2010; Urbanskienė, et al., 2008). An efficient CRM system comprises of several modules (e.g., sales and service activities; customer focused marketing business processes and analytical CRM) (Kamakura, et al., 2005). The analytical module evaluates customer data and patterns of transaction for the improvement of customer

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