

LOGISTICS AND MARKETING MANAGEMENT AS AN ELEMENT OF CREATING VALUE SYSTEM

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Abstract: A combination of logistics and marketing is becoming more common way of effective management, especially in terms of creating new values. The article shows how to apply the management of logistics and marketing in a concrete way to fight competition and to create a satisfactory for customer value system at the same time.

Keywords: logistics management, value creation.

1. The combination of logistics and marketing in the company

The increase in competition in global sphere, as well as the economic crisis has entailed that more and more companies recognizes the need for integration logistics and marketing processes in the sphere of management. This is becoming the basis of strategic actions aiming to fight growing competition.

Logistics management in a company is, contrary to marketing management, less oriented towards increase in production and sales and more towards cost reduction. This results from the concept of logistics, which, with proper organization, enables reduction in costs of purchase and sales, mainly through reduction in inventory levels and improved organization of transport. In practice, the cases of pure marketing or logistics management are rare. Companies which operate in market economy should focus marketing efforts on increased production and sales whereas their activities should be directed towards creation of possibly most efficient and streamlined logistics system [9.]:

Logistics planning takes place in four stages [3.]:

- ◆ decision concerning the value that the company wants to offer its customers, e.g. what standard in punctuality of supplies to ensure;
- ◆ decision on the best system of channel and network strategy, from the point of view of reaching out to the customer e.g. whether the company should serve its customers directly or through intermediaries.
- ◆ development of operational excellence in predicting sales, warehouse management, transport management and materials management.
- ◆ introducing a solution by means of the best systems, equipment, policies and procedures.

According to T. Wojciechowski: "... in economic processes, there are no completely separate targets of marketing and logistics management" [8.]. Therefore it is very important for the

company's strategic planning to relate logistics and marketing actions. The most efficiently planned marketing strategies may not be implemented, if not assisted by appropriate logistics actions. Product may not find a buyer, if it is not placed on the shelf when the customer wants to see it. Sales of even the best products, cost-competitive and successfully promoted may prove to be difficult, unless it is properly planned and carried out from the logistics. The connection of logistics and marketing is also evident in the development of channels of distribution logistics strategy, which takes into account the data related to product, price and promotion, and in particular [7.]:

- ◆ product types, identifying the stage of their life cycle, natural and technical features;
- ◆ price program taking into account conditions of supply;
- ◆ spatial and temporal scope of the planned promotion actions and sales forecasts connected to them;
- ◆ buyers servicing policy according to market segments and geographic areas.

According to R. Matwiejczuk the idea of marketing and logistics management is associated with a specific starting point in the company work. In case of marketing, the subjective starting point of acting is client along with the entire scope of their needs and preferences. However, the objective starting point is demand, understood as disclosed purchase of certain goods aspirations, formulated on the basis of needs and supported by purchasing power. Next, with reference to logistics, the starting point for taken actions is associated with the adoption (using) of flow orientation penetrating particular spheres of the company (supply, production and distribution) [4., p. 32.].

2. Value chain in the company

It is difficult to manage an entity, if for the process of value generating the company must be guided by the principles accepted by the market, and at the same time have a different offer than the competitors. In such a situation it is very useful to apply the rule of logistics and marketing management that will allow to enrich the offer directed to buyers and, as a result, it will also enhance the value system of the company.

The value that customer receives is often associated with financial value connected to economic factors, which the client expects. However, it is not always so because the consumer often receives an element of satisfaction, contentment or better physical or psychological frame of mind. Companies wanting to make money on their products take a number of actions aimed at meeting their customers' needs.

According to A. Stabryła [6., p. 165.]: "Value chain means a sequence of connected (in series or parallel) phases of the management and implementation processes, referred to the particular sector of business." The earned value can therefore be an indirect effect of activity and the final profit as well.

There are two basic varieties of the value chain [6., p. 166.]:

- ◆ external, being cooperative agreement, binding on the company with suppliers, distributors and purchasers,
- ◆ internal, which includes management functions and functions of the basic and logistics processes, which are present in the organization process.

Using the model of value chain following tasks are performed [6., p. 168.]:

- ◆ analysis of the company and its individual external cells,
- ◆ research of the function of the company on the basis of general value chain and developing functional diagrams of the analyzed processes. In addition, evaluation of effectiveness of performing functions in the studied processes and their prioritizing, in terms of negative impact on the work of subsystem,

- ◆ analysis of costs and losses which arise at different stages of the manufacturing process,
- ◆ development of countermeasures in form of corrective actions, which make up a repair strategy, followed by a strategy of competitive advantage.

The received value should be felt for both the customer and the company. Integration of value chains of individual companies and their clients is based on a specific hierarchy of values, so we can distinguish the following kinds (forms) of them [4., p. 55.]:

- ◆ values felt emotionally (by clients) reasonably regarded (by companies) and implemented operationally (by customers and companies) and the mentioned forms of values may occur together or separately;
- ◆ final values (being the aim themselves, such as customers' satisfaction) and indirect values (which are means to implement the first ones, such as products or services as defined bundles of values offered to customers);
- ◆ individual values (created by a unit, such as customer), social values (separated e.g. in sections of group, social class, nation) and general values (universal, of supracultural range);
- ◆ ethical (moral), hedonic, aesthetic, technical, social values. Among the latter socio-economic values concerning actions connected with production, exchange and consumption of goods and provision of services are especially important.

Value chain connects activities not only inside the company, but also those ones associated with purchasers, suppliers and distribution channels. Optimizing the activities and relationships is a potential source of competitive advantage. In the value chain we can distinguish basic actions associated with the value supplied to the customer and ancillary activities [5.].

3. Value chain in the logistics and marketing activities of the studied company

Within the framework of the concept of integrated marketing and logistics management integration of marketing and logistics processes of value creation may occur. Tool for the identification and implementation of marketing and logistics processes of value creation is a marketing and logistics value chain, using the synergies obtained through the integration of logistics and marketing [4., p. 74.].

Marketing and logistics value chain can apply to both single company and all entities operating in the market (suppliers, manufacturers, customers, distributors, etc.). It is an integral component of the system to create value across the supply chain. The primary effect achieved by using the concept of marketing and logistics value chain is the realization of a value-added for the customer and the company [4., p. 74.].

Within the logistics management of flow system we can distinguish the following processes affecting the growth of value-added [1.]:

- ◆ processes and activities directly increasing the value-added, such as customer service process,
- ◆ processes and acts indirectly increasing the value-added, such as steps related to securing the quality of the purchase and taking receipt of goods,
- ◆ processes and activities relatively connected with the value-added, constituting general conditions for its growth, for example, the process of forming relationships with the environment.

Logistics plays a big role in creating new value, since the four main types of economic usefulness, namely: form, place, time and possession - in the following way increase the value of the product or service [2.]:

- ◆ the form usefulness is the value added to the product during processing, manufacturing, assembly, e.g. pooling resources in a certain way in order to obtain the finished product. Some of the logistical operations, such as sharing of large packages into smaller product also enhances the usefulness of the form,
- ◆ the space usefulness is associated with transport, since it is the movement of goods from the places where there is surplus to places where there is demand for them,
- ◆ the time usefulness is an economic value added to the product or service when they were delivered to the place where they are needed in a timely manner,
- ◆ the possession (disposing) usefulness arises mainly as a result of implementing basic marketing activities connected with promotion of products or services.

We studied a manufacturing and trading company of the metal industry. From its offer we selected several types of wire and, guided by the integration logistic and marketing processes, we established values which the customer gets along with the product. Then they were compared to the values offered by competitors, as shown in Table 1.

Table 1. Key values for customers offered by company X and its competition

| Name selection | Key values for customers in offer of company X | Basic strengths of the competition |
|-----------------------|---|---|
| Galvanized wire | High quality, stable price, after-sales service, product availability, packaging in small circles, wide range, experience in production | Low price, satisfactory quality, quick delivery, low logistics minimums, quick responses to changes in raw material pricing |
| Bare wire | High quality, high production capacity, competitive price | Low price, availability, quality, appropriate packaging |
| Barbed wire | Product certified | Low price, low realization price |
| Welding wire | High quality, fast delivery, certificates, merchant care | Competitive prices, good quality, good corrosion protection, aesthetic packaging material certificates |

Source: Own elaboration based on the studied company

On the basis of Table 1. we can see what values the selected products of the studied company give to its customers. At the same time, the same product offer is presented from the point of view of the most important competition. The highest value that the studied company provides to its customers is high quality of selected products. Most of the value is offered, however, at the galvanized wire, because only here we find the convenient package, after-sales service, and stable price. The least strong points are indicated at the barbed wire, while only with the welding wire constant merchant care is provided. As strengths of the competition which are certainly a significant value for customers, we must indicate the high quality and competitive price, which clearly lacks at some of the products of the studied company.

Summary

Logistics and marketing management contributes significantly to the creation of added value. Through marketing activities, you can create a product or a service pleasing to customers and meeting their expectations. However, due to logistic processes it can be supplied in the right place and at any convenient time. Therefore, combining logistics to marketing we can achieve not only values in financial sphere, but also in social or organizational area.

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