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TASKS OF MARKETING LOGISTICS IN MODERN RUSSIA

Assoc. Prof. Dr. Gulshat Guzelbaeva¹

Assoc. Prof. Dr. Andrey Datsyk¹

¹ Kazan Federal University, Russia

ABSTRACT

The aim of the article was to consider the correlation of logistics and marketing functions, which consists in the rather simple phrase: Marketing creates support and increases the demand and Logistics provides it by creating of various systems and schemes of goods traffic (rival and non-rival form) and controlling their passage. The relevance is that for successful modern business management there is a need to establish an effective system of interaction between marketing and logistics, which requires paying attention to the problems arising in the framework of this cooperation, as well as on the possibility of levelling.

Keywords: Logistics, Marketing, Merchandising, Planning, Design, Supply, Control, Management

INTRODUCTION

Despite the fact that the general principles of business process management in the international arena as a whole do not differ from the principles of business process management on a national scale, of course, both of them have their own features, mainly related to marketing and logistics tasks.

Development of marketing and logistics as a separate sphere and functions of production and treatment defines now, on the one hand, the need of a clear distinction, including the range of functional tasks, and on the other hand – the need for effective integration of these two areas. This task is complicated in the case of international business process management in the context of globalization as well as in case of different kinds of sanctions restrictions between countries. Solutions in logistics sphere do not focus on taking into account cultural, traditional and other features of a particular product market, which characterizes the national or local society, serious international marketing is necessary for this.

In recent years, the interest of Russian companies in foreign markets has increased considerably, wherein to single out any particular area of interest is very difficult: software development companies and furniture manufacturers, suppliers of building materials and many others are aimed for going beyond the borders of Russia. As for their territorial preferences, they are also different: in addition to Europe, companies are interested in Asian and American countries. [1]

Access to foreign markets for Russian businessmen is characterized by the need to develop new principles of business process management, to use new knowledge, to assess cultural and international values of different countries, to decide fundamentally new challenges of marketing and logistics.

MAIN PART

The concept of marketing logistics is easy to form on the basis of a common definition of the logistics. Let's remember that logistics is defined as a science (activity) of the end-to-end management of material flows, including:

1. Bringing the material flow before production;
2. Management of the flow process in production;
3. Management of the process of bringing the finished product to the consumer.

Specifics of logistics consist in merging of management of a material flow on these three areas as well as within each of them, in "the same hands".

Marketing Logistics studies the last stage (not in isolation, but in a deep systemic relationship with the previous steps), that is a science (activity) of the planning, control and management of transportation, warehousing and other material and non-material transactions occurring in the process of bringing the final products to the consumer in accordance with the interests and requirements of the latter, as well as transmission, storage and processing of relevant information.

Marketing logistics can be defined as planning, organization, accounting and control, analysis and regulation of all movement operations and storage related to the flow of finished products from the end of the production line to product arrival on the market, as well as the distribution channels required for the organization and ensuring interaction between firm and its markets.

There are two interconnected aspects of marketing logistics: functional aspect associated with the passage of the flow of material and institutional one, related to the choice of distribution channel and its management.

The implementation of this approach, of course, serves the specific purpose of the company's strategy - the most complete customer satisfaction by providing them access to the necessary products, but does not reveal all the features of the systemic joint use of marketing and logistics.

Marketing logistics covers all activities which provide purposeful influence on the markets - due to the high level of supply, constant readiness to supply the goods and relevant goods presentation for preservation and development of the market share of the specific entity (firm). It is aimed at the physical goods distribution from production to the customer and, at the same time, on the controlled by entities goods way. Both ways are connected to each other not forcibly. There are different types of clients. They may be involved in the distribution as channels private sales specialists (indirect sales), as well as end users.

The main condition of merchandising efficiency is to improve its physical distribution system.

The physical distribution as components include:

- production supply;
- goods transportation;
- warehousing and storage;

- loading and unloading operations;
- packaging.

In most European countries and in the USA the distribution system was mostly composed spontaneously. The choice of distribution channels, production management, packaging systems products, transport services and so on occurred separately. The links of the same chain of distribution is often perceived as fragmented, which prevent to adjust sales process.

The marketing concept and marketing logistics helped to generate different views on the distribution process, the movement of goods and the corresponding movements of this information. The approved formula, which claims: "Marketing creates demand, and its logistics implements", is under a powerful basis. Combining all of these processes under a common management beginning contains a large reserve of efficiency increasing because it allows to use all the channels for the control and implementation of production and marketing activities.

Thus, for the successful company's activity it is necessary to solve complex problems on the analysis of material flows, the rationalization of packaging, harmonization of loading units, the introduction of an efficient storage system to optimize the size and the level of reserves, the choice of optimal transport routes, rationalization of transport and storage operations in warehouses enterprises, etc.

The cost of marketing logistics can reach 30 - 40% of the cost of finished goods. American companies spend annually up to 670 billion US dollars on these targets, that is 10.5% of gross domestic product.

One of the reasons for the low competitiveness of goods produced in Russia, is the high cost of transportation expenses, which can reach 30-50% of their value. This problem had appeared due to shortcomings of the transport system and inventory management (which, in turn, is a consequence of the common flaws existing command system, especially in the absence of incentives for savings).

The strategy of marketing logistics is an element of marketing strategy and concerns the establishment of long-term goals and marketing logistics structures. Involvement of logistics in the concept of competitive strategy and, at the same time, in the strategic marketing practice performed rarely although the logistics potential as a strategic factor for success and as a tool for realizing the benefits of competition has been recognized. This condition may be further strengthened as a result of the increased view of continuous logistics that goes beyond the interaction .

Multiple exchange relations between individual markets, combination effects, synergies, etc. with respect thereto do not allow isolated assessment of certain logistic indications of services. The interface platitude focused on the complexity of the logistics concept and on the market marketing concept is marketing logistics. In order that the potential of logistics as a strategic success factor can be used, it is required the inclusion of both concepts bringing together into one generic competitive strategic concept. In this concept supplies service, as a way of logistics, occupies an equal place alongside other marketing tools. In determining its own position in the competition logistics becomes an integral part of the concept of competition.[4]

If differentiated marketing regards to customer groups which react in a certain way on the selection of marketing tools, the logistics concept (and marketing in particular), by contrast, focuses on the integration and consolidation of flows of materials, products and information across the entire enterprise.

The idea of "the logistics of the mission" is the attempt to develop an appropriate market segmentation concept for the sphere of logistics. This concept is based on the definition of geographic target markets, served by a single service standard. Thus, the "logistics mission" usually covers several customer segments. Thanks to it compromise between the direction of customer segments using differentiated marketing and logistics focus the purpose of trade flows may be reached. Among the competitively strategic aspects it may be differed the strategy of focusing, strategy of differentiation and strategy of cost leadership (Strategy of competition). Table compiled logistics expression and conditions for these three types of strategies. It is clear that marketing and logistics strategic decisions are related to each other very closely.

DISCUSSING

Most frequently marketing means the complex system of organizing the production and sales of products. This system focuses on satisfaction of specific customers' needs and profit-making based on market research and forecasting, on the study of internal and external environment of the company, on developing a strategy and tactics of behavior in the market by means of marketing programs. It should be emphasized that the marketing – it is also a philosophy of doing business, the concept of activity in the market, the process of creation and reproduction of end consumers' demand for certain goods for profit, the algorithm of actions in response to customer requests by the product itself, and a number of factors related to the creation, delivery and consumption of this product. The competition encourages firms to seek new opportunities to improve the competitiveness, covering those areas that have not previously been considered a source of gain firm position in the market. Competition occurs constantly and becomes more dynamic.

However, marketing product orientation should be supplemented by object orientation to specific consumer (this most clearly manifested on the wholesale market by means of production) this became the subject of a relatively new business area now called logistics.

At the same time, producer, using marketing concept, is not able to promote effectively its products on the market, if questions about logistics service are not solved in one way or another. This problem is even more acute in circumstances when at market saturation the quality and price of a commodity as motivational criteria of consumers sidelined. At the initial stage of forming the logistics system, logistics goals are often in conflict with marketing objectives. For example, the reduction of finished product shares is not always acceptable for marketing services, as this can cause the loss of sales in the case of growth of demand and the commodity reserves absence. Reducing stockpiles of material and technical resources at the stage of provision of enterprise scares not only the marketing specialist but also producers. The first one fears the lack of the necessary reserves for the organization of new or modified production output. The second one, while minimizing inventories, is afraid of possible production downtime at disrupting the supply.[2]

In this regard, it must be emphasized that the negative moments in logistics function's performance are often caused by marketing failures and temporary additional costs of

eliminating the impact of supply disruption may not always be an excuse to poorly substantiate increase of the constant total cost of logistics.

In a comparative analysis the values may be incommensurable. As a rule, in the future for improving logistics and marketing systems in the enterprise the number of inconsistencies are not only reduced, but the preventive maintenance of specific situations and forecast expectations is carried out regularly. This affects the mutual interference of marketing and logistics.

Logistics pays much attention to the development of marketing tactics. For example, the company, even if it wants to, cannot choose the tactic of individualized offers, when the implementing system based on spontaneous one-time sales, if the logistics system is not prepared for this. [3]

In another case, if the delivery system to a certain group of consumers worked out and has the potential to improve, this factor may be a premise for enhancing the impact of marketing on the market due to the sector.

Leading companies take into account the logistical problems not only in the operational planning, but also in market forecasting, as the search for the right solutions is the basis for the development of the producer logistics system, distribution network development and the formation of logistics channels, as well as financial and investment planning of this area.

The level of the logistics system development and its state has a decisive impact on the choice of distribution channel in marketing activities.

In practice, often to search the potential opportunities to cost reduction, not only in the sphere of circulation, but also in the production, Activity Based Costing is used.

Thus, the desire to reduce marketing costs for the organization of goods movement by reducing the number of warehouses and inventory levels, or change the type of transportation can significantly affect the quality of logistics services. In this regard, to preserve the market position the company may require more funds than the savings to strengthen marketing activities in other areas.

Implementation of the fourth marketing function is also characterized by the integration of the logistics. Advertising of goods using vehicles considered to be very effective and the strongest arm for sales promotion has always been and remains the manipulation of supply conditions and tariffs for transportation. Expansion of logistics services more increases the catalytic role of logistics in marketing. Thus, we can conclude that the logistics and marketing are two equivalent concepts of a single field of functional applications, unified, ultimate goals, but different instruments and the subject of interest. Household structures using in its activity marketing concept, sooner or later have to create the appropriate logistics system, and further improve it, increasing the quality of the logistics processes and the level of integration with other management functions. In respect of marketing, logistics allows more successfully coordinate different factors in a wide range of production and industry with any amplitude of territorial coverage in a dynamic socioeconomic sphere.

In the process of market relations, development products individualization trend and the complication of its implementation are becoming increasingly evident.

The systems of processing, delivery and the whole logistics services in different market segments may differ significantly from both requirements, and by defining parameters. Application of the logistics concept allows standardizing in a certain way and to meet the dynamic needs of individual segments and the market in general.

In the context of «buyer's market» new product development cycle becomes longer. At the same time, there is a tendency to reduce the product life cycle. To reduce the risks of complications of the sale of goods, producers aim to create a flexible and fully consistent power distribution and this is – a sphere of logistics. Therefore, its condition and level of development are having an increasing impact on the adaptability of enterprise in the turbulent environment of market processes.

CONCLUSION

Modern economic relations stimulate the search for reserves, the determination of the most advantageous strategy. The techniques and methods developed in the framework of logistics serve this purpose. All these advantages of the logistical approach are particularly pleasant and tangible at their original planning in the course of drawing up a strategic marketing plan for the company's development. Of course, all the above applies equally to business firm's activities, which do not want to lose extra money due to the lack of logistics service development [5].

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