

INTERACTIONS OF MARKETING AND LOGISTICS FUNCTIONS

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Marketing and logistics represent some of the key areas of companies' activities that have direct impacts on the volume of goods sold and establish distribution strategy for the company. They directly affect each other's activities and can dramatically change the company's market position through the integrated development of the both areas. The main purpose of the above types of activities is the distribution and sale of goods.

Effective supply chain and logistics management play a key role for customers, suppliers, owners and investors of any company as this activity coordinates and connects all structures of the organization. The field of logistics covers the management of a wide variety of objects – flow of documents, information, finance, people, and, of course, goods and materials flow [4]. Decisions made in the distribution area must go primarily in accordance with the decisions in the production and marketing area. Logistics experts make decisions on such issues as distribution routes, store's type and location, sales format etc.

Traditionally logistical decisions are developed within the framework of marketing strategy with such instruments as establishing product's type, price and promotion in order to achieve the highest level of consumers' satisfaction while meeting the demand requirements through trade partnership [1]. According to Blaik P. [2], marketing and logistical activities are complementary — marketing stimulates demand, logistics satisfies it through establishing effective distribution processes. The scheme of interrelations between logistics and marketing are presented in Figure 1.

There are two main tasks of the marketing department, which are implemented through the logistics department. The first is the planning of the product range, the second is the planning of services, optimization of market behavior in order to increase sales. Marketing defines a strict framework in the requirements for logistics service. At the same time, the principles of the logistics system of the enterprise determine the effectiveness of the marketing strategy. Consequently, some aspects of management decision-making is the integration of these functions.

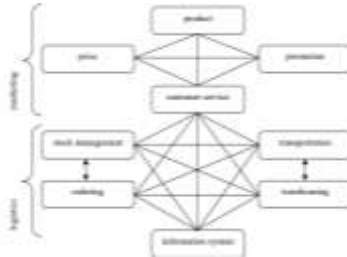


Figure 1: Interrelations between marketing and logistics. *Source: Ciesielski (1999) [3].*

Comparison of functional characteristics of marketing and logistics are developed on the basis of production and distribution functions of the company and presented in Table 1.

Table 1 – Comparison of functional characteristics of marketing and logistics

Marketing	Logistics	Area of interaction
Production		
Determining the assortment structure of production, determining the physical qualities of the product, determining the appearance of the product, its dimensions	Identification of potential and development of existing supply chains for materials for production, material flow management	Product packaging
Distribution and sales channels		
Identification of major partners, search for optimal sales points, demand formation and sales promotion, sales forecasting	Availability of finished products stocks, material flow control, creation and optimization of distribution routes, selection of an optimal transportation mode, development of warehousing and storage system	Terms of product availability, formation of the distribution system, selection of distribution and sales channels, quality service supply, sales analysis
Information system		
Marketing strategy formation, promotion of goods on the market, conducting marketing research, creating a marketing information system	Creation of logistic information and operating system, organization of effective management of information flows	Organization of information support of the sales system
Price policy		
Selection of pricing strategy	Logistics cost optimization	Establishing of competitive price
Market promotion		
Advertising campaign, PR-management, demand stimulation	Assessment of opportunities to improve logistics services	Development of product promotion strategy

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