

Lecture 5

The main objective of lecture is to consider the essence and functions of marketing logistics

1. Essence of marketing logistics
2. Four Functions of marketing logistics

1. Essence of marketing logistics

Marketing logistics involve planning, delivering, and controlling the flow of physical goods, marketing materials and information from the producer to a market as necessary to meet customer demands while still making a satisfactory profit. Maintaining an organization's competitive edge means understanding and implementing an effective marketing logistics strategy regarding product, price, place and promotion. These four functions of marketing logistics help the organization to reach the target customers and deliver the products or services sold by the organization to these customers

In the modern period, it is argued that marketing is used in distribution logistics, which can contribute to a more optimal course of improving sales activities. From the standpoint of the logistics approach, the marketing concept is divided as a general business idea, covering the business activities of all services, and as a functional activity of a special service for studying the sales markets for products, determining prices and drawing up price lists, developing promotions, etc. The most important are the following functions marketing:

- 1) market research;
- 2) its distinction in relation to supply and demand;
- 3) ensuring the merits of their product in relation to competitors;
- 4) the development of a marketing proposal.

The development of a marketing proposal for options for certain sales activities is a central marketing function.

Firms should carry out large-scale research work on the market for products to determine the marketing proposal. Market research is one of the defining prerequisites for the organization of product promotion. This process is defined in a separate structure of intra-company activities. In connection with the orientation of enterprises on a certain commodity market, the role of market research has especially increased. Manufacturers feel an acute need for detailed information on the market for their products and transformations in consumer demand. Coming from sales staff information is sometimes incomplete to make a qualified decision.

2. Four Functions of Marketing Logistics

Product Delivery

One function of logistics marketing is finding out who your customer is and how to get the product or service to the customer. Each customer can have individualized needs so the logistical services provided may vary from customer to customer.

Regardless of these differences, the customer expects 100 percent conformance and assured reliability at all times with every transaction. The goals of this aspect of marketing logistics include filling the order, on-time delivery, precise invoicing and zero damage.

Price

An organization bases pricing decisions on both internal and external factors. Marketing logistics must recognize price drivers. The profile of the customer, the product and the type of order are factors that drive the price. These changes are not typically controlled by marketing logistics. However, marketing logistics must react to these factors and understand how the factors affect customers' decisions. Discounts for quantities and the related logistical cost structure can impact the price the customer will ultimately pay for the product or service. Additional factors driving price include the shipping costs based on the size, weight and distance the organization will ship the item. Further, the size of the manufacturing run, labor costs and the types, quantities and quality of the materials used in the manufacturing process can affect price.

Promotion

Promotion is another important aspect of an organization's marketing logistics process. When bringing a product to market, the organization must coordinate the logistics of the various marketing materials. For example, the art department might design the artwork for the product's box and an outside supplier might manufacture the boxes with the artwork. Marketing logistics can help to ensure that all of these entities work together and produce the marketing materials needed to sell the product.

Place

The function of place in marketing logistics allows the organization to simplify the transactions between a logistics provider and the customer. The organization must execute logistics in such a way that the customer is not aware of the complexities involved in the logistics process. For the customer, the output is always more important than the process. The organization should, therefore, never expose the backroom processes involved with logistics delivery to the customer. Also the location of the factory, warehouse and customer can greatly impact the marketing logistics process by increasing or reducing costs. For example, locating a factory in Mexico might reduce the labor costs associated with a product. However, at the same time locating the factory in Mexico might increase the shipping costs and negate any cost savings.