

# Marketing and logistics – two sides of customer/consumer satisfaction

M. Mehmedov<sup>1\*</sup>

<sup>1</sup>Department "Industrial Management", Technical University, Varna, Bulgaria

**Abstract.** Marketing and logistics are closely linked and represent a single complex that contributes to meeting needs. The marketing component is focused on determining the need itself, so what consumers want, and the logistics component gives an answer to the question of how the consumer will receive the desired product, and with minimal costs, in a convenient place and at the right time. The main tasks that marketing is designed to solve are: a detailed analysis of needs, an analysis of the market situation, the development of products that the consumer currently needs, the development of strategies for behavior in the market, the development of communications. And logistics should ensure the lowest costs for the delivery of goods and determine at what expense and at what stages these costs can be reduced. Thus, the joint integrated use of marketing and logistics will make the process of product distribution more efficient, which will help to receive higher revenues. In this article, the task is to make a study of the places of marketing and logistics in the enterprise management system and the interrelationship between them, analyzing the connections between the elements of the two activities. In the article, 5 conclusions are made, which give an opinion on the joint integration of the two elements in this management system. Keywords: marketing technologies, consumer, marketing logistics, marketing functions, marketing approaches, logistics, marketing communications, product range, modeling of logistics systems, price, supplier, stock assortment, logistic systems.

## 1 Introduction

The objectives and focus of the enterprise are determined by the business strategy. It is subordinated to the functional strategies that show how these goals should be achieved. At the same time, the functional strategies are largely dependent on each other [2,5,11]. Marketing and logistics strategies are an example of such dependence. Marketing activities are aimed at identifying and satisfying the needs of consumers, logistics is involved in the management and optimization of the company's flow processes. It is generally accepted that these two areas of activity are separate from each other, however, logistics is subordinated to marketing [8]. A company's marketing strategy is often developed independently of its

---

\* Corresponding author: [m.mehmedov@tu-varna.bg](mailto:m.mehmedov@tu-varna.bg)

logistics strategy, leading to the adoption and implementation of suboptimal business strategies in terms of profit maximization. Marketing dictates what logistics should be. The most important strategic issue is "to find a combination of services and a level of service that will facilitate the conclusion of profitable transactions" [4,9,10]. Finding the optimal balance, "balance of power" between marketing and logistics is the central problem of managers of many enterprises [2,6,9,14].

A significant share of the economic effect is achieved by reducing inventories along the entire material flow path. According to the European Industry Association, end-to-end material flow monitoring provides a 30-70% reduction in inventory (according to the American Industry Association, inventory reduction is in the range of 30-50%).[7,10]

### **1.1 Basic definitions and concept of marketing and logistics**

Marketing creates demand and logistics satisfies it. Thus, logistics reflects the integration of two areas: market demand and company supply. Marketing is an activity aimed at satisfying the needs, demands and needs of end users. For the examination of this topic, it is important to indicate and reveal the meanings of the main activities in the management of enterprises. As a method, marketing includes not only external, but also internal components aimed at the most effective activities of the organization to achieve commercial goals. In fact, these are all kinds of forms of internal organization and reorganization of any enterprise in close cooperation with management and logistics (economics, finance and accounting and auditing, etc.).[6,7] In a broad sense, marketing is not only an organizational structure or a list with jobs, but also the "attitude" of all employees, from management to contractors. It is a management system that allows production to be adjusted to market requirements to ensure profitable sales of goods.[5,6,15]

In practice, it has been proven that the demand identified by marketing must be satisfied in a timely manner through fast and accurate delivery ("quick response technology"). This "quick response" to emerging demand is only possible with a built-in logistics system.[4,6]

Logistics is a broader category than marketing because it includes market research and forecasting, production planning, purchasing materials, raw materials and equipment, inventory control and a series of sequential operations with goods, as well as customer service research. Logistics acts as a marketing strategy tool and is designed to contribute to the company's marketing activities to achieve maximum results with minimum costs. Functional planning in the enterprise involves the allocation of a logistics service that manages the material flow, starting from the formation of contractual relations with the supplier and ending with the delivery of finished products to the consumer.[10,12] The wide use of logistics in the practice of economic activity is explained by the need to reduce the time intervals between the purchase of raw materials and the delivery of goods to the end user. Logistics allows to minimize costs and, therefore, the price of manufactured products, can significantly reduce the time of delivery of goods, speed up the process of obtaining information and increase the level of service. Demand must be met in a timely manner through fast and accurate delivery, which is only possible when an effective communication system is built between marketing and logistics, including that of its functional area that relates to realization, that is, distribution logistics.[3,12]

Currently, it is established that logistics is a part of economic science, as well as a field of activities, the subject of which is the organization, regulation and control of the processes of functioning of the sphere of circulation of products, goods and services, the creation of infrastructures that ensure the circulation of goods, as well as their management and inventory. The content of logistics, as a science, is the establishment of causal

relationships and regularities inherent in ensuring the movement of goods. In fact, it is a set of views and actions aimed at optimizing and managing costs in these processes. [5,10,13]

In countries with a developed market economy, there are clear and well-founded views on these phenomena, their role and place in the economy. If marketing is considered as a system of views, as well as a way of setting strategic and applied tasks in market processes, then logistics is an executive market mechanism not only in enterprises with different forms of ownership, but also at the municipal and state level in the management of the national economy.

Logistics encompasses and unites in a single complex such diverse types of management activities as information exchange and financial support; packaging, warehousing and warehouse management; organization of handling and transportation of cargo and personnel; creation of organizational structures, management of product distribution processes and personnel; accounting, document flow, etc. The concept of logistics is a system of views on the improvement and improvement of economic activity by streamlining the management of material, financial and information flows.

## 1.2 Relationships and interaction between marketing and logistics

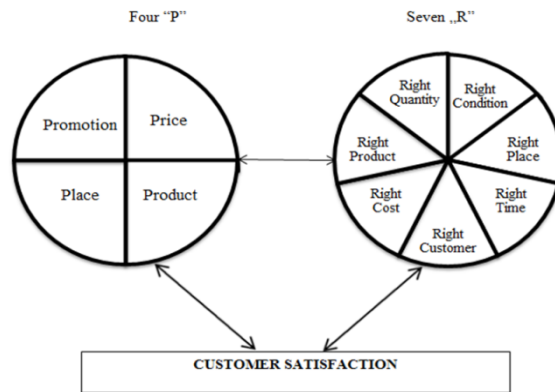
Marketing sets the task of a systematic approach to the organization of commodity circulation, with effective organization of commodity circulation, each stage of this process must be planned as an integral part of a well-balanced and logically constructed general system. But the methods of technical and technological integration of all participants in the process of commodity circulation are the main subject of research not in marketing, but also in logistics.[2,4,6]

According to the authors [3,5,11], logistics should ensure the lowest costs for the delivery of goods and determine how and at what stages these costs can be reduced. Thus, the joint, integrated use of marketing and logistics will make the process more efficient distribution of products, which will allow to obtain a higher income - this sounds more like a conclusion.

The relationship between marketing and logistics can be traced when considering their complexes, whose work affects customer satisfaction. *The marketing mix* includes the **4P's**: *Product* (a product that meets the needs of the end user); *Price* (product price and pricing policy); *Place* (place of application of commercial activity-points of sale); *Promotion* (product promotion system). *The logistics complex* includes seven elements **7R's**: *Right product* (the right product intended for distribution); *Right quantity* (the right required quantity of the product); *Right condition* (correct condition satisfying the desired quality of the product); *Right place* (specific area of distribution of the product - desired or specific place of distribution); *Right time* (calculated correct time for working with the product); *Right customer* (availability of desired users of the product); *Right cost* (correctly calculated costs for working with the product).

The relationship between marketing and logistics is significant and diverse, as these two activities are closely related to a sequence of business process management. Modern commercial organizations master innovative approaches and technologies to increase their competitiveness in the market. One of these innovations is the unification of marketing and logistics as a whole. To improve the efficiency of both types of activities, they are integrated into a single complex called marketing logistics.[2,5]

The structure of such a "mix" of accepted concepts related to Marketing and Logistics is shown in Fig.1.



**Fig. 1.** Interaction of marketing and logistics [Golikov, E.A. Marketing and logistics – new tools of the economy: Teaching manual/E.A. Golikov. - M.: "Examen" Publishing House, 2011. - 220 p.].

In this graphic form, the main paths of interrelationship between the main indicators of marketing and logistics are indicated within the framework of the relationships between the four P's and the seven R's and the relationships between the constituent elements of the two complexes - within themselves: *Marketing complex* - price, product, promotion and place) and *Logistics complex* - quantity, place, time, user, price, quantity, product. Another main relationship that exists in the processes is the relationship between the elements of the marketing 4P's and the logistics 7R's with the users (customers) in order to satisfy their needs.

Logistics, in terms of the "price" factor, usually has a direct impact on the achievement of the firm's corporate or financial strategic goals set by marketing. Pricing decisions require a careful analysis of factors related to competitive goods, socioeconomic, demographic and other characteristics of consumers in a certain market segment.[2,5,6]

Another important characteristic of the sphere of mutual intersection of the interests of marketing and logistics is the product characteristics and, above all, the product range determined by the company's marketing strategy. The characteristics of the assortment of finished products directly affect the structure of supply chains and channels in the distribution system, as well as the level of warehouse stocks, types of vehicles, modes of transportation, etc. The appearance of new items in the assortment, even of one product, but in a different (in terms of overall dimensions) packaging, can completely change the structure of the logistics channel or the method of transportation, and therefore must necessarily be agreed with the logistics management [4,5].

Another important characteristic of the sphere of mutual intersection of the interests of marketing and logistics is the product characteristics and, above all, the product range determined by the company's marketing strategy. The characteristics of the assortment of finished products directly affect the structure of supply chains and channels in the distribution system, as well as the level of warehouse stocks, types of vehicles, modes of transportation, etc. The appearance of new items in the assortment, even of one product, but in a different (in terms of overall dimensions) packaging, can completely change the structure of the logistics channel or the method of transportation, and therefore must necessarily be agreed with the logistics management [4,5].

The desire of the company's designers for original packaging, often dictated by marketing requirements, can cause an unplanned increase in logistics costs. For logistics, the packaging is important above all from the point of view of its overall dimensions and the ability to protect the goods from possible damage during transportation and handling,

therefore the connection between the two systems is mandatory and the regulation of the interests of the services is essential regarding the size of expenses.

Promotion of products in the market is one of the key functions of marketing, which is given a lot of special attention in every company. The importance of promotion is confirmed by the enormous sums spent worldwide on advertising, product demonstration, distribution and sales organization [2,5]. At the same time, the distribution channels of wholesale intermediaries are subject to constant competition between manufacturers of finished products. Often, the manufacturer is forced to stimulate the promotion and sale of products by setting special discounts or creating additional stock at retailers. The emphasis in this approach is on the regulation of finished products in the distribution channels of trading partners [6,14].

From the point of view of logistics, the approaches considered are fundamentally different, as they focus on different logistics functions: transport on the one hand, warehousing and inventory management on the other.

Therefore, constant coordination of strategic logistics and marketing plans in distribution is necessary. (one of the elements of interaction between marketing and logistics).

Another element of interaction between logistics and marketing is according to the "location" parameter and is usually a problem of choosing points of sale for the majority of the finished product. From a marketing point of view, this translates into a choice problem: either sell to wholesalers or directly to retailers. At the same time, decisions on the choice of "place" always precede decisions on the choice of the distribution channel structure. From a logistical point of view, such decisions can significantly affect the efficiency of the logistics system. A significant factor in this case is the much lower level of costs for the manufacturer to transport products [4,5].

In the process of researching the interrelationships between marketing and logistics, a number of significant differences between marketing and logistics are also established, which are presented in table 1.

**Table 1.** Differences between marketing and logistics.

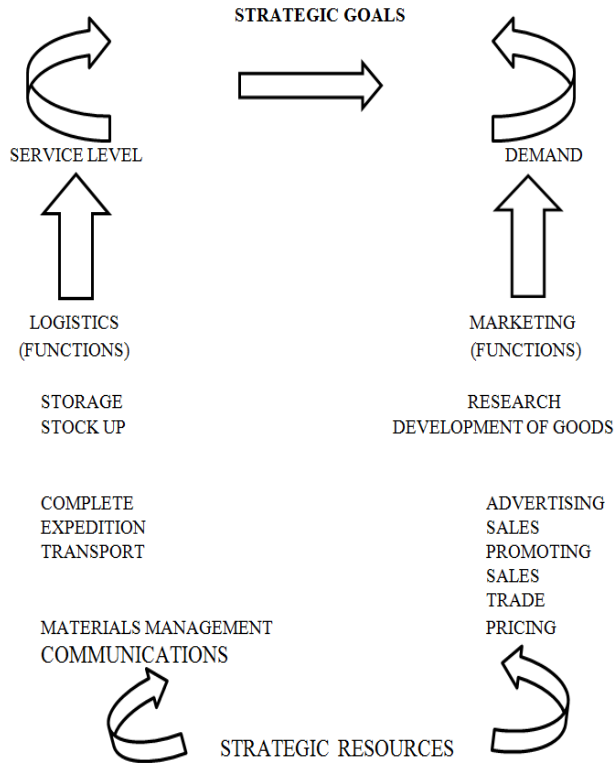
| <b>Comparable characteristics marketing and logistics</b> | <b>Marketing</b>  | <b>Logistics</b>   |
|---|---|--|
| Objects of research                                       | Markets and conjuncture of the specific goods and services.                                     | Material flows circulating in markets  |
| Subject of research                                       | Optimization of market behavior in the realization of goods and services                        | Optimization of material flow management processes.  |
| Research methods  | Methods of researching the market situation, demand and supply of specific goods and services   | A systematic approach to creating material transfer chains, as well as well-known methods that are used in the planning and management of production and economic systems. |
| Final results   | Recommendations on the strategy and tactics of the company: what to produce, in what volume, in | System designs that meet logistics goals: right product needed, in the right quantity, the right quality, at   |

|  |  |  |
|--|--|--|
|  | what markets and in what terms.<br>What could be the benefits. | the right place, at the right time, and<br>with minimal costs. |
|--|--|--|

Table 1 comparison of the object and the subject of research in the field of marketing and in the field of logistics.

When considering the examples of logistics optimization of the material flow in the sphere of circulation, it is found that the essence of the logistics approach to the management of the material flow lies in the integration of individual participants in the logistics process into a single system that can quickly and economically deliver the necessary goods in the right place.[3,8,9]

From the point of view of logistics, the approaches considered are fundamentally different, as they focus on different logistics functions: transport on the one hand, warehousing and inventory management on the other. More often, the logistics manager prefers a push strategy with its greater focus on saturating the logistics channel and preparing sales [2,5,6]. Figure 2 shows the functions and interactions between logistics and marketing.



**Fig. 2.** Functions and interrelationships between marketing and logistics, [Dimitrov I., Logistics, ed. TU-Varna 2012].

The relationship between marketing and logistics is extensive and diverse, since these two realities are closely related to each other through a single algorithm for managing business processes.[2,3,5]

## 2 Conclusions

1. In countries with a developed market economy, there are clear and well-founded views on this phenomenon, its role and place in the economy. If marketing is considered as a system of views, as well as a way of setting strategic and applied tasks in market processes, then logistics is an executive market mechanism not only in enterprises with different forms of ownership, but also at the municipal and state level. of the management of the economy.
2. In modern conditions, the main focus of the efforts of managers and specialists of commercial enterprises should be aimed at successfully unifying and outlining processes, goals, tasks and powers of structural divisions, as well as at the selection (effective) of personnel in structural divisions , which together will enable the best performance of marketing and logistics functions and facilitate enterprise management processes.
3. Based on the information on the relationship between marketing and logistics, it can be concluded that marketing identifies, stimulates and generates demand, and logistics satisfies it in a timely manner by fast and accurate delivery of the product to the consumer.
4. The main conclusion we can draw is that the goal of the modern development of management is to move from management of individual elements to management of the complex as a whole, which is achieved through the emergence of a specialized system for managing the complex including marketing and logistics systems.
5. As evidenced by world experience, the leadership in the competition/competition today is acquired by someone who is competent in the field of logistics and marketing, masters their methods, effectively integrates and applies them in practice, in managing the activities of organizations.

The relevance of the problem of organization and management is connected with the growing volume of the supply of goods on the market, with the growing needs of buyers and the strengthening of non-price competition. The specificity of the problem lies in the fact that the situation is complicated by a general economic situation (corona virus conditions), inflation, a reduced level of effective demand, a low level of population growth and imperfect market relations. That is why the good organization of work of the above-mentioned elements of the complex of management functions including marketing and logistics is essential.

## References

1. I. Dimitrov, *Logistics* (TU-Varna 2012)
2. E.A. Golikov, *Marketing and logistics – new tools of the economy: Teaching manual* ("Examen" Publishing House, M., 2011)
3. D.J. Bowersox, D.D. Kloss, *Logistics: integrated supply chain* (Olimp-Business, M., 2008)
4. P. Doyle, *Marketing - management and strategies* (Peter, St. Petersburg, 2002)
5. Y.N. Egorov, Scientific Institute of Finance. *Financial journal* **2**, 73-8 (2012)
6. F. Kotler, D.K. Jain, S. Macinsey, *Marketing Maneuvers. Modern approaches to profits, growth and renewal* (Olimp-Business, M., 2003) ISBN 1-57851-600-5
7. American Marketing Association (AMA), *AMA Dictionary*, URL: <https://www.ama.org/resources/Pages/Dictionary.aspx?dLetter=M>
8. <http://www.cfin.ru/marketing/goldkat/8.shtml>

9. <http://www.dist-cons.ru/modules/study/book8/section6.html>
10. <http://www.mbm.ru/gdocs/showone.asp?id=334>
11. S. Demirova, Integration levels of company logistics in intelligent manufacturing, International Conference on High Technology for Sustainable Development (2018)
12. D. Damianov, S. Demirova, Principles of designing automated logistics systems-hybrid component of International Conference on High Technology for Sustainable Development (2018)
13. D. Damianov, S. Demirova, Stability of the integrated logistics information space, International Conference on Creative Business for Smart and Sustainable Growth (2019)
14. S. Dimitrakieva, D. Ralcheva, Using the Potential of the Global Network for Effective Execution of Marketing Research (2011) <https://jei.uni-ruse.bg/Issue-2011/12-2011-JEI-Svetlana-Dimitrakieva-Edited-Final-M.pdf>
15. S. Dimitrakieva, Constanta Maritime University Annals Year **XV**, 22 (2014)