

Relationship Between Marketing And Supply Chain Management

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Abstract –

The concept of supply chain management (SCM) started in the logistics literature, and logistics has continued to have a significant impact on the concept. This study, however, proposes that the concepts of the marketing concept, a market orientation, relationship marketing, and SCM are not separate. Rather they are inextricably intertwined. The main purpose of this study is to highlight the role of marketing in the implementation of SCM by suggesting cause-and-effect relationships. Research propositions are presented and future empirical studies are called for to test the cause-and-effect relationships suggested in an integrative model.

Keywords - Marketing concept, Market orientation, Relationship marketing, Supply chain management.

Introduction :

Supply chains and supply chain management (SCM) have emerged as increasingly important areas of business practice and academic scholarship. Originally recognized in the 1980s, SCM has attracted growing interest and attention on the part of both academics and practitioners. Recent conceptions of SCM detail its expanding role within organizations to encompass activities associated with the integration of supply and demand management within and across companies, including coordination and collaboration with channel partners and customers, sourcing, procurement, conversion, and logistics. As recently defined by the Council of Supply Chain Management Professionals: Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all Logistics Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies. As developed, practiced and examined over time, supply chains and SCM include many phenomena and practices common to the discipline and practice of marketing and marketing management. Developments in marketing scholarship have increasingly recognized these commonalities and benefited from their presence. For example, marketing scholarship has gained from the knowledge that is obtained through consideration of an expanded unit of analysis that defines supply chains as well as the managerial goal and principles of integration that are at the core of SCM. At the same time, scholarship in SCM has benefited from the considerable knowledge that has developed within marketing concerning, for example, inter-firm and interpersonal coordination and collaboration including that which has

been obtained through the study of inter-organizational relationships. Other benefits and influences may also be identified. Despite these developments and benefits, the nature and implications of the interrelationships of marketing and SCM have not been explored at great length in the marketing literature. In recognition of the importance of supply chains, the emergence of SCM as an interdisciplinary field, and the important association of each with marketing and marketing management, this Special Issue of the Journal of the Academy of Marketing Science contains interdisciplinary contributions that explore the relationship between marketing and SCM.

Literature Review -

[1]Huang Danmei (2016), Integration of Supply Chain Management and Marketing, University of Gothenburg .

Logistics and SCM plays very important role in today's world with the increase in consumption and demand.

SCM is “a set of approaches utilized to efficiently integrate suppliers, manufactures, warehouse and stores that merchandise is produced and distributed at the right quantities, to the right locations, and at the right time in order to minimize system wide cost while satisfying service level requirement”

MARKETING is defined as the “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals”. As customer demands are becoming more volatile, firms pay more attention on customer service. When coordinative relations between SCM and marketing are poor, the linkage and communication that is vital for the provision of customers value adding may be lacking.

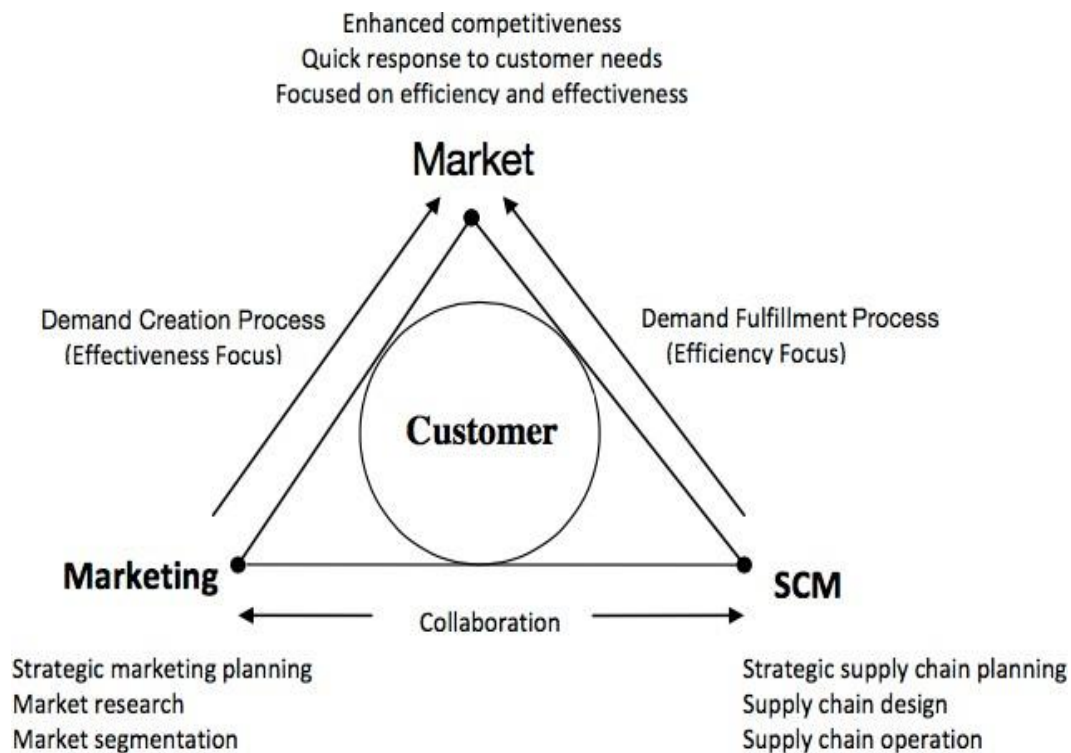


Figure : A framework of integration processes between SCM and marketing [1]

[2]John T. Mentzer & Greg Gundlach (June 2009), Exploring the relationship between marketing and supply chain management: introduction to the special issue, Academy of Marketing Science.

Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all Logistics Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies. Managerial architectures within and between firms for doing so. In marketing, this evolution has recently been captured most prominently through scholarship associated with the service-dominant (S-D) logic of marketing.

[3]Aysu Gocer (December 2013), [Research Opportunities for Marketing in Supply Chain Management](#).

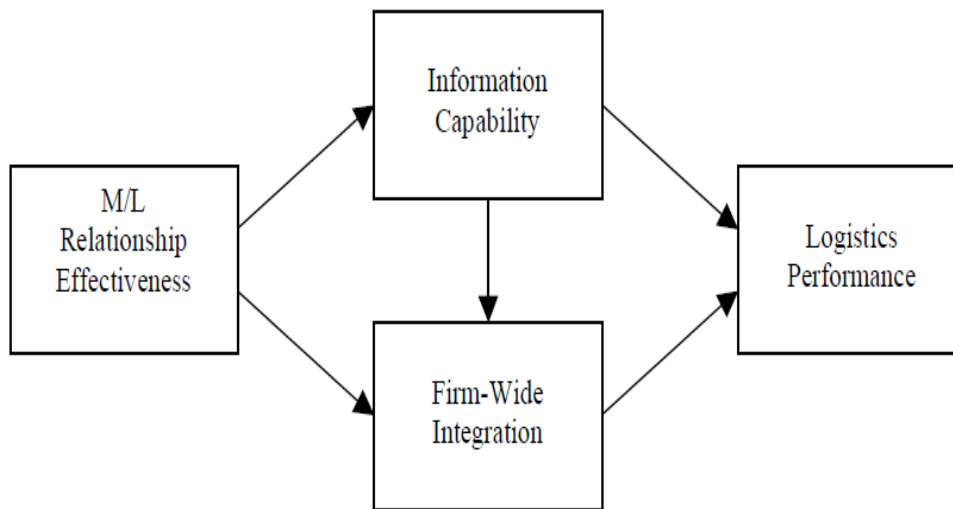
One of the key areas of inter- functional or interdepartmental integration is the integration of marketing and logistics as functions. The strengthening of the link between marketing and logistics has been the focus of many researches. In Ellinger's (2000) article, the interface between marketing and logistics is explained and examples are used to illustrate cases/areas of conflicts and lack of communication between the two functions.

[4]Soonhong Win and John T. Wentzer (October 1999), The role of marketing in supply chain management.

Relationship marketing helps achieve the objectives of SCM such as efficiency (i.e. cost reduction) and effectiveness (i.e. customer service) through increased cooperation in close long-term inter-firm relationships among supply chain partners.

[5] Patricia J. Daugherty, et. Al. 2009, “ Marketing/Logistics relationship: Influence on capabilities and performance”, Journal of Business Logistics, vol. 30.

Conceptual Model -



Research examines the effectiveness of marketing and logistics relationships, specifically, the perception of personnel interacting with others in the two functional areas that their relations are worthwhile, equitable, productive, and satisfying). Marketing and logistics were selected because of the vital roles they play within firms and extending to the supply chain. They directly interact with customers and impact value creation for customers.[5]

[6] Linlin Chai, et. Al. 2017, “ Impact of supply chain and new product process decisions on CRM capability and firm Performance”, Summer AMA proceedings.

Customers Relationship Management outcomes (customer satisfaction, customer retention, Premium prices, scope of relationship, performance on customization) = f (market intelligence, market responsiveness, focus on high value customers, customer education).[6]

[7] John T. Mentzer, et al. 2009, “ Exploring the relationship between marketing and supply chain management : introduction to the special issue” , Journal of the acadamy marketing science, volume 38, pp 1-4. SCM has attracted growing interest and attention on the part of both academics and practitioners. Recent conceptions of SCM detail its expanding role within organizations to encompass activities associated with the integration of supply and demand management within and across companies, including coordination and collaboration with channel partners and customers, sourcing, procurement, conversion, and logistics. As recently defined by the Council of Supply Chain Management Professionals: Supply Chain Management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all Logistics Management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third-party service providers, and customers. In essence, Supply Chain Management integrates supply and demand management within and across companies. [7]

[8] Pankaj M Madhani , 2012, “ Value creation through integration of supply chain Management and marketing strategy.”, The IUP Journal of business strategy, Vol.9, no. 1. The goal of SCM and marketing integration is to create unique competitive advantages by linking together customer values with a more effective flow of products. The flow must always be refined and must create customer value proposition in a constantly changing market. This paper provides an evaluation framework for measurement of performance improvement observed with integration of SCM and marketing. The findings of this paper can further be strengthened by performance evaluation of key cross-functional drivers of SCM and marketing. Being a conceptual paper, further research is required in this area to quantify the benefits of SCM and marketing integration.

[9] John T. Mentzer, et al. 2008, “ Supply chain management and its relationship to logistics, marketing, production, and operations management”, Journal of business logistics, vol 29, No. 1. The frameworks presented above provide a differentiation schema for academics to better understand the interrelationships among the core disciplines associated with SCM. This understanding enables program and curriculum development free of the unnecessary duplication of content that has become commonplace due to the confusion over discipline domain and scope. It also provides a platform for future debate.

[10]. Teresa Vallet-bellmunt, Et al. 2018, “The relationship between logistics and marketing performance in the supply chain. Different paths for manufactures and distributors.”, UCJC Business and society review, vol no. 15, no. 4. The Quality and Cost Logistics Performance contributes to the Commercial Performance and that Logistics Service, with the support of Logistics Quality, improves Relational Performance. It can also be seen that Logistics Service is the variable with the most weight in Relational Performance and Logistics Costs has the greatest weight in Commercial Performance. The result obtained shows the importance of Logistics Service (as a whole) to improve long term Relational or Marketing Performance, in line with Innis and La Londe (1994). Logistics Service improves customers’ satisfaction and their loyalty both for Manufacturers and for Distributors. Any improvement in the Logistics Service will enhance long-term relationships between Manufacturers and Distributors. Costs are not used in either case to build long-term relationships, but instead to increase short-term performance (sales and market share).[10]

SCM and Marketing Integration: Key Drivers

Customer needs and expectations are becoming more and more unstable and difficult to identify as customers have many choices, frequently similar in terms of quality and price (Fassoula and Neoset, 2006). It is no longer enough only to have an efficient supply chain to meet the competitive pressure. The situation requires that the traditional organizations aim to gain customer satisfaction and that a continuous improvement is required to gain Value Creation Through Integration of Supply Chain Management and Marketing Strategy their loyalty. According to Prahalad and Ramaswamy (2004), the customer’s position has experienced a dramatic change. From being isolated, unaware and passive, customers have become more informed and active. This is partly due to the great amount of information available to the customers in this digital age. As a response to this, the market has transformed from mass production to more customer-focused products. Customer’s needs and requirements have grown more complex and expectations of customers have increased manifold.

Following are the major drivers for SCM and marketing integration:

- Increased needs and requirements of the customers;
- Globalization of world economy;
- Increased competition, leading to higher thrust to lower prices;
- Standardized products and services; and
- Shorter product life cycles.

In today’s business environment, customer retention has become very difficult in the face of fluctuating market demand. Expectations of consumers about quality, innovation, prices, 24 × 7 services, etc., also have increased manifold. It is necessary that organizations think again about how front-end marketing should work alongside back-end operations of supply chain and how marketing data should flow from the marketing department to these departments and back for enhancing customer value proposition. For products with short product life cycles, such as fashion apparel, electronic gadgets, personal computers and automobiles, effective integration of SCM (including production, inventory and logistics) and marketing is very important. Increased level of competition and shorter product life cycles make the link between SCM and marketing more critical.

Objectives -

1. To study the recent trends and developments in Supply chain management.
2. To study the technological up-gradation adopted in marketing.

3. To find out the relationship between marketing and supply chain management.

Methodology

The study is based on secondary data collected from various sources such as research papers, news articles, reports and other online databases.

The paper will be showcasing the relationship between marketing and supply chain management. Various papers were taken into consideration and the relationship they showcase was studied down.

Conclusion –

With the changing world, it's necessary to change accordingly to sustain in this challenging world. Relation between marketing and supply chain management plays a vital role in the organization. This paper discusses the recent trends and developments that took place in the field of supply chain with respect of marketing orientation and relation marketing and overall marketing concept. Various theories have been developed to increase efficiency of the organization to sustain in today's market condition and minimize the cost of logistics

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- [5] Patricia J. Daugherty, et. Al. 2009, “ Marketing/Logistics relationship: Influence on capabilities and performance”, Journal of Business Logistics, vol. 30.
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