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**MARKETING AND
LOGISTICS PROVIDING
AS A TOOL OF
INCREASING OF THE
COMPETITIVENESS OF
THE ENTERPRISE**

Current trends of the development of market relations are a reflection of the marketing and logistics paradigm, which is based on the inextricably linked marketing and logistics processes in business, occurring between numerous structures.

The importance and relevance of information communications in modern business conditions are obvious. None of the control systems can function outside the field of information exchange. However, we note that such exchange cannot be effective without streamlining the processes of exchanging information elements of processing primary, intermediate, reference and output documents. The received information on a situation on the market of the goods and services will allow timely define and choose this or that marketing strategy of conducting business on the target market or its segment.

As a rule, information systems of marketing communications management should reflect objectively developing evolutionary integrative processes of the world market. The evolution of international marketing was carried out on the stages, each of which became a logical continuation of the previous one, which contributed to the emergence of new forms and methods of organizing and managing the information flows of marketing communications, adequate to the level of innovation and technical process of the market relations. In this regard, there is an objective need for theoretical justification and interpretation of modern information and communication problems faced by Ukrainian business in practice.

Development of theoretical bases of the organization and management of the given systems first of all assumes the

development of unified methodological bases for carrying out researches of objects of the market, their classification and formalization of the information problems of the marketing communications. This means that for the current stage of the development of the market relations is relevant corporate approach for building information and communication systems based on innovation and comprehensive solution of all interrelated tasks, ensuring effective business management taking into account the current market situation in a particular segment. Moreover, the most important state strategy – diversification of the Ukrainian economy – can be implemented only on the basis of modern innovation processes in the economy, including in the field of optimization and efficiency of relations, interdependence of market structures.

When before the 1980s the main attention was paid to the solution of internal communication processes in the organization, so in the 1990s there was a transition to the external integration of communication tools that help to ensure high business competitiveness, speed of calculations and information support.

In traditional business management information systems, organizations are considered as isolated elements of marketing communications, autonomously planning their needs and purchases. At the same time, local optimization, inconsistency of interaction of all market participants and low level of quality and reliability in the process of information exchange led to a situation where minor changes of the end-consumer demand inevitably led to significant deviations in the plans of other market participants. In this regard, in corporate accounting for the successful implementation of business it is important comprehensive assessment each element of the information system, taking into account its quantitative and qualitative indicators that determine the place of the organization in its market segment.

Obviously, the basis of any proposals for improving the corporate governance of marketing activities of business should be the understanding of objectively evolving real processes in the Ukrainian economy. And before you change something, you should be clearly aware of the feasibility of corporate governance in the context of this problem. Some features were analyzed in great detail in the national literature. At the same time, uncertainty in the interpretation of a

number of problems of a conceptual nature significantly complicates the process of making applied decisions in the field of development of the model of corporate marketing and logistics management.

Emerging in the Ukrainian science corporate approach for marketing and logistics management still carries declarative nature and conclusions about one or another model has not been sufficiently substantiated.

The issue of research and implementation of innovative marketing and logistics solutions that allow the lowest cost to adapt in the integration processes of the world market, today it is equally relevant for various organizational structures of Ukrainian business, regardless of their form of ownership. How to make Ukrainian companies competitive, despite the existing organizational and legal problems in the economy? It is inseparably linked with corporate business management issues of improving marketing and logistics activities of companies, designed to optimize logistics costs throughout the chain of material flow promotion, as business practice shows that the company is not a static object: it is dynamically developing in line with global and domestic markets.

Marketing and logistics activity is one of the most complex and little studied by science business phenomena.

Marketing and logistics are two such areas, the synergy of achieving the goals of which opens for the enterprise the competitive potential, increases the profit margin and keeps the company's brands in the field of customer loyalty [1, p. 127]

In conditions of the huge growth of multibillion-dollar commercial transactions within the global business community, Ukrainian companies are forced to seek opportunities to survive, and even more to achieve a leading position in their market segment.

In this regard, today conducting a comprehensive study of the corporate approach is one of the key areas to increase the competitiveness of business.

Now we are going to consider the activities of the firm in terms of the interaction of marketing and logistics as a single corporate function based on corporate business strategy. The main goals of integrated marketing activities are to ensure the competitive advantages of existing businesses, the development of new market segments and maximizing profits.

But we must not forget that the most careful thought-out marketing strategy will not be successful if the product is not delivered to the end consumer with minimal costs, which is directly related to the increasing of the value and profit of the firm. To do this, the organization must have a strategic logistics resource that can meet the growing consumer demands, taking into account the implementation of all logistics rules.

As world experience shows, the logistics on the firm is not always developed synchronously with marketing. As a result, the pace of business development falls, and the company loses its competitive advantages on the singed segment of the market.

How to be? How to win and not lose your niche in the positioned market, to build your business successful and prosperous? The practical experience of many Ukrainian companies confirms the objective need to conduct and implement comprehensive, scientifically grounded marketing research programs. Often, companies on the basis of superficial marketing research identify a promising market segment, taking into account the high projected profitability of the business. On this basis, commercial contracts are concluded with partners. But such contracts ultimately prove to be unprofitable when it comes to attracting specific logistics companies to the business, supplying equipment for the implementation of «rainbow» projects through real logistics chains.

As a result, the business becomes unprofitable, there are problems with partners, time is lost, the company's image suffers, as a result of which it bears uncompensated losses.

And the reason of everything is the lack of timely coordinated marketing and logistics actions at the company. This is not the only example for Ukrainian business. It should be noted that similar problems also exist in foreign business practice. Thus, well-known American marketers K. Clancy and P. Krieg [2] claims that for the successful conduct of modern business in conditions of fierce competition, firms must develop scientifically grounded comprehensive marketing programs, based, among other things, on the logistics activities of the company. An important factor here is the fact that the interaction with logistics should be carried out at the stage of business development planning and positioning of new market segments with a detailed assessment of real logistics costs

throughout the integrated supply chain to the final consumer.

Determining the most effective areas of development of the company's marketing activities, taking into account trends in the market of logistics services allows you to give a more reliable financial analysis of the costs of marketing research and thus avoid unjustified financial costs. As the experience of market economies shows, the close interaction of marketing and logistics creates the conditions for successful business functioning. And in this regard, the study of the impact of marketing methods and logistics on business results is a major problem [3].

The analysis of the effectiveness of marketing and logistics activities of more than thirty Ukrainian companies engaged in sales, advertising, as well as freight forwarding and other types of activities in various organizational structures and industries, showed that the used marketing solutions lag behind the emerging market and do not give the desired result due to the lack of consistency with logistics, which leads to unreasonable decisions in the face of emerging uncertainty of market processes. It is becoming quite obvious that increasing the level of business competitiveness cannot be achieved without the introduction of scientifically grounded modern methods in the marketing and logistics activities of the company. Every marketing program should be based on an objective and reliable analysis of factors, but not on the intuition and uncertain predictions of pseudo-specialists of this field.

Company executives rightly demand a quantitative assessment of investments in marketing programs, their real value and share in the company's profits (losses). In today's situation, the marketing manager is not able to fully manage the motivational processes of consumers. In the arsenal of any consumer there is a wide range of goods, and he prefers something specific, based on his taste, formed on the basis of many factors. Access to competitors' product information is expanding every day, and the marketer is unable to give an accurate and objective analysis, assessment and forecast of demand.

According to foreign experts' opinion [4], intuitive assessment of emerging demand cannot give an objective analysis of the situation on the market segment and, consequently, will lead to the wrong marketing decision for the company, which, in turn, will lead to its

bankruptcy. Excessive interest in conducting research with quality assessment on fox groups is due to the desire of the head of the company to minimize the cost on the research, and this is understandable. But experience shows that without a detailed corporate approach to research, no effective marketing solution can be developed.

Note that the competitiveness of the business largely depends on reducing the cost price of goods and services, as well as minimizing logistics costs, constituting a significant share of the total costs of the business. A significant part of logistics operations in the process of promoting the material flow from producer to consumer are performed by logistics service providers. The need to expand the market of logistics services is growing in proportion to the development of the Ukrainian economy [5]. In this regard to ensure a favorable market environment, an appropriate infrastructure should also be developed, creating conditions for minimizing logistics and marketing costs, which, in turn, will provide the Ukrainian entrepreneur with conditions for increasing the competitiveness of business. Thus, according to such leading players on the world market as Bosch, Siemens, Mitsubishi, and General Motors, a 1% reduction in logistics costs corresponds to a 10% increase in sales. The given example clearly demonstrates the objective need to find ways to minimize marketing and logistics costs for a business.

This goal can be realized in practice only on the basis of the formation of corporate information marketing and logistics management system, including all evaluative qualitative and quantitative indicators of marketing and logistics. According to the author's assessment based on a study of more than fifty Ukrainian companies in terms of the effectiveness of marketing and logistics, it can be claimed that the lack of modern information marketing and logistics communication systems leads to significant losses. The same opinion also has the specialists of these companies. And since the process of integration of the Ukrainian economy into the European Union is inevitable, the problem under consideration will be especially acute for Ukrainian entrepreneurs, as they will find themselves in unequal competitive conditions on the world market.

Today, this problem is especially relevant, as Ukrainian business cannot ensure its competitiveness without minimizing logistics costs,

which in the Ukrainian economy, according to expert estimates, on the average constitutes about 30% of total costs [6].

In this regard, the authors proposed a corporate information and communication marketing and logistics business model (see Figure 5.15).

Each information element of the company's business processes is transformed in the context of organizing an integrated information system of marketing and logistics management as a single corporate communication function of the business. This model includes a systematic organization of collection, primary processing, analysis, formation of information data characterizing the real situation of the state of the market segment in accordance with the specific situation that has developed on it. This model should also provide the ability to obtain, at the request of the target user, on-line information and reference information about all changes and the current situation in the positioned market segment in order to make timely informed decisions on adjusting the business.

It should be noted that none of the constituent elements which is indicated on the picture of the information system of communication processes management can be considered secondary.

Their importance is determined by the management system, based on the choice of the organization's strategy, which is relevant for a certain period of time.

In conclusion, we note that this model has a corporate nature, eliminating the antagonistic relationship between marketing and logistics.

The ability of the model to respond timely to the new control effects of information elements of marketing communications characterizes it as a flexible system with a high level of business adaptation to external and internal market changes. In conclusion, we note that the corporate marketing and logistics approach for running business is based on the concept of marketing, aimed at the consumer, taking into account the real capabilities of logistics services of the company that successfully implements this strategy. The effectiveness of this approach must be confirmed by an increase in profits.

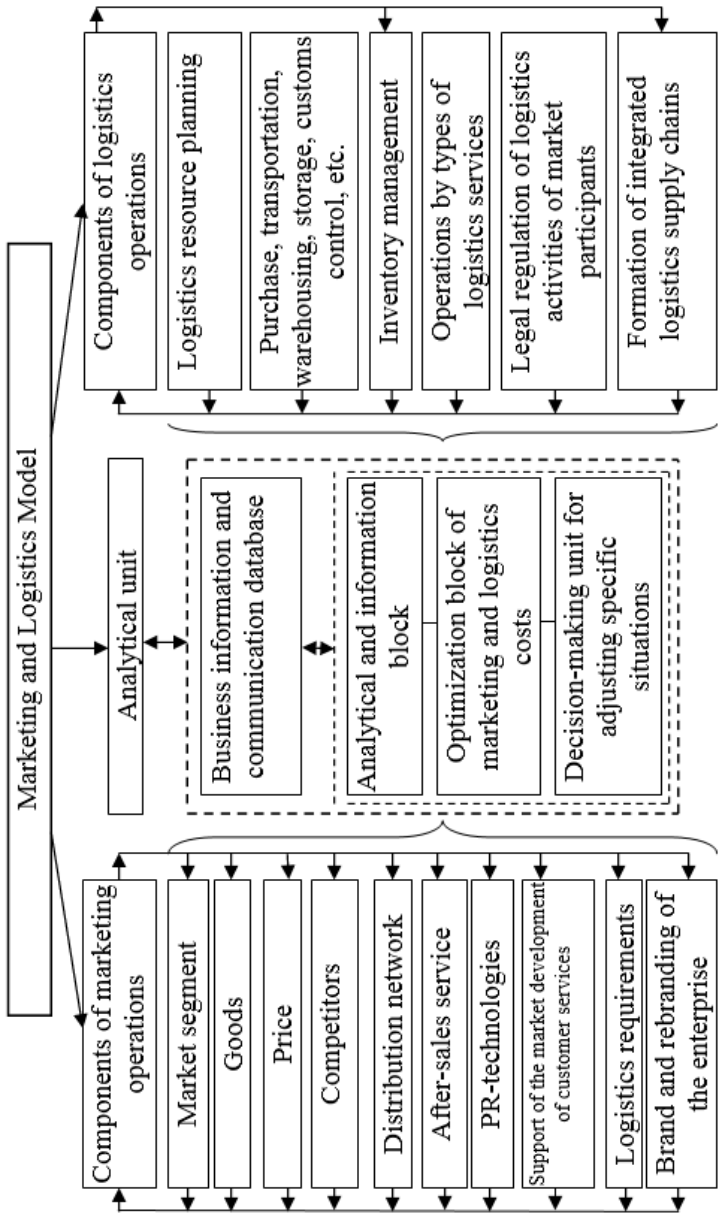


Figure 5.15 Corporate Marketing and Logistics Model of the Development of the Enterprise

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