



## COMPLEX MARKETING COMMUNICATION IN THE SUPPLY CHAIN

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**Abstract.** The article studies the theoretical aspects of managing the relations in the supply chain of industrial companies and analyzes the significant for home companies' fields of managing the supply chains and factors that favor the establishment of integrated relations between companies.

**Keywords:** marketing communication, supply chain, logistics, suppliers relations, expenses control.

### Introduction

Certain enterprises have always tried to optimize their position by organizing the relations with their suppliers in such a way to get the maximum benefit for themselves, including the minimization of their own spending. The relations between the companies in the process of purchasing the goods and other resources have different forms: from dual relations on competitive basis in the group of suppliers to integration of supplier into the chain of company supplies. The primary interest in purchasing organization in the supply chains can be explained by the desire of companies for minimization of expenses and maximization of benefits while promoting the material flow during all its length. The traditional, transactional, approach to the purchase, when the format of relations took the form of maximal force pressure onto the suppliers, aimed at getting the best purchasing prices and conditions quality, does not allow to enable all suppliers' resources, get the benefits from cooperation (Hakansson, Eriksson, 1993). Moreover, the additional transactional expenses need to minimize the risks in the supply chains.

Facing the problems, which are caused by present conditions of competitive activity, enterprises inevitably come to a conclusion, that it is not enough to manage their own business only. It is necessary to widen the sphere of management and get real key factors of control and management of the activity of partners, that is to spread your own influence onto to chain of suppliers. Organization of relations with suppliers allow to move the purchase process on qualitatively new level, when benefits are got by two participants with the help of synergy and interrelations aimed at maximal benefit for not only participant of the deal, but for the chain in general. The necessity of work with final consumers on a new scheme brought to the transformation of traditional channels of distribution to vertical marketing systems. The basic difference is in the fact that, if in traditional channel all the participants worked separately, trying to provide themselves with the maximal profit (sometimes, to the prejudice of partners), the participants of vertical marketing system acted as one organism, increasing their profitability by means of coordination and uniting the efforts.

Marketing of relations. The reasons, which induce the companies to take part in integrated of supply chains are analyzed in details. At the same time, the questions, whether personnel of a company is ready for actions, which are connected with integration with other companies in the process of supplies have not enough researched yet.

The research of relations between companies in the process of supplies was done in detail on the example of industrial markets. The company can manage the suppliers by means of organization of "optimal flow of high quality materials and components at the best prices from suitable group of innovation suppliers" (Goffin, Szejczewski, New, 1997). The development of new methods of management in the supply chains promotes finding the key to solve the task of minimization of combined costs and transactional expenses in the whole totality of companies in the supply chain.

Both the suppliers and producers can benefit from successful partner relations, which may radically change business relations and create new values, which are impossible in the system "seller- customer" (Rackham, 2001). The suppliers by means of participation in the processes of designing new product and

improving the quality, participation in decreasing the producer's expenses, optimization of logistics, influence the work of producer substantially (Monczka, Trent, Callahan, 1993).

Examining the conditions of formation of partner relations between companies, other researchers say that maintaining long-term relations aimed at decreasing transactional expenses is important factor, but not the only and the main one, which urges the companies to form long-term relations. Authors determined the following aspects as the most significant ones: the service quality, trust, side effects of switching over to the other partner. In spite of the fact that these studies were done on the example of service businesses, these factors can be applied to the formation of relations in industry, which is proved by other studies. The studies of Morgan and Hunt (1994) prove economic significant of trust, which is determined as the confidence of a company in the fact that other side will make the actions which will result in positive things for the company or will not act unexpectedly harmful for the company.

It cannot be taken into consideration that the service quality not only helps the consumer to reduce his expenses, but also stimulates the intention to make repeated deals and the readiness to pay more (Zeithaml, Berri, Parasuraman, 1996).

Some researchers (F. Lemk and others) underline that such tasks as quality, price, and delivery quickness gradually stop being perceived as distinctive qualities of partner relations (Lemke, Goffin, Szwejczewski, 2005). Authors think that this happens because all suppliers, regardless of their status, must maintain this obligatory demands level, which becomes standard.

To the listed below factors the reasons, which caused the intention of industrial enterprises to the development of relations of a new type can be added:

- the tendencies for complication of inter- firm relations,
- clear tendency of companies transferring from vertical integration to more flexible forms of management organization.

In a number of factors there should also be mentioned the relations of dependability, which result in increasing the relation length. The relations of dependability appear when the customer cannot switch over to the other supplier without considerable expenses, and when the relations of property between the economic players exist, and when the customer is forced to relations. If the client needs to maintain the dependent relations with supplier, the relations are expected to be prolonged. In such a way, two conclusions should be made, first can be formulated in the following way: the length of relations between companies in the supply chain gives them additional advantages, but the fact of the relations length itself must stimulate the companies to integration into the supply chain. The second conclusion: both purchaser and supplier are interested in long interrelations, and each side is encouraged to this.

Foregoing factors condition the prerequisites, which form the interest of managers for supply chains, but distributing the practice of building supply chains needs appropriate instruments. That is why authors considers that mentioned factors in the works of D. Baujersoks and D. Kloss (2008), which promote the development of practice of formation of supply chains, should be divided into two formats: those, that cause the need, and those that promote this needed implementation.

The aim of the article is to determine the theoretical prerequisites and work out practical recommendations for formation the partner relations in supply chains on basis of generalization of stimulating reasons, which encourage companies to manage supply chains on the example of industrial enterprises of Ukraine in 2009-2011.

## **Results**

In previous researches of the author there were elicited the sectors, the companies in which are inclined for integration of their suppliers. Among them there should be mentioned building, food and machine-building industries, pharmaceutical and some branches of heavy equipment industry and chemistry.

Cooperation of companies in the process of supply of material sources, that is expressed in the format of integration of supplier with customer, has stimulating reasons, which can be divided into objectively retractable in certain business- environment, and subjective, which depends on personal experience and knowledge of managers of companies- participants of supply chain, on their perception of aims and tasks of their companies in the process of promotion of material flow to final consumer. Objective factors, that encourage building such supply chains, are as following: development of marketing strategies by companies, catering for customer.

The second group of factors are: development of new organization forms, which are better oriented on the process under the conditions of globalization of economy.

The third group contains: revolutionary changes in information and communication technologies. Cooperation inside logistic systems demands mutual interfaces, functioning of which depends of information technologies, which appeared as a result of information revolution.

In the fourth group there are such factor as: logistic strategies implementation into practice, strategies that are based on integration of economic and ecological factors, with a glance of conditions that become more and more necessary for resources provision.

The fifth group contains: development of instruments of optimization of logistic processes and management.

The sixth group of factors is: development of production management.

Subjective factors can either intensify the intention of company to integrate in supply chains or take it away from participation in similar processes. To assess the readiness of personnel for developing technologies of cooperation in supply chain there was held a research of dependability of parameters, which describe age, educational level of the personnel of supply department and their experience in comparison with the degree of involvement the company into integrated relations with their partners.

Such problems were researched: the interaction between appropriate types of relations with suppliers and such factors as :a) the personnel age, b) work experience- the length of service in the supply department, c) education, d) including: whether the personnel got specialized education, e) or when personnel got education and the place of study, f) training/retraining. The analysis was done in 66 companies of Ukraine.

The most significant factor, which is closely connected with the factor of company entry into manageable supply chains, is the personnel age (table 1). In a supply department with medium personnel age more than 48 years old there wasn't recorded any case of development of integrated relations with suppliers/ customers.

**Table 1**

Dependability of participation of a company in integrated supply chains on the age of supply department personnel

Personnel age	Percentage of companies, that take part in integrated supply chain
Less than 27 years old	57,1%
28-31 years old	62,5%
32-35 years old	40,0%
36-39 years old	50,0%
40-43 years old	60,0%
44-47 years old	63,6%
48-51 years old	0,0%
More than 52	0,0%

Second most significant factor is the length of work of the staff: the most productive is the length of work of 7-8 years in supply field, and also 5-6 and 9-10 years. When the length of work declines from the medium 9 years in supply field, the number of companies decrease (table 2).

**Table 2**

Dependability of company participation in integrated supply chains on the length of work of supply service staff

Length of work of personnel in supply field	Percentage of companies, that participate in integrated supply chain
Up to 3 years	41,7%
3-4 years	41,2%
5-6 years	66,7%
7-8 years	80,0%
9-10 years	66,7%
11-12 years	57,1%
13-14 years	0,0%
More than 15 years	42,9%

The personnel education has the significant influence onto the level of participation of companies in manageable supply chains (table 3). The less is the share of the personnel with higher education, the more rarely such company implements new approaches to the organization of interaction with suppliers.

Not less significant is the fact of getting business education: if the personnel studied additionally, the share of the companies, that manage their supply chains, increased in 2,17 times.

The assumption that getting specialized education and time and place of receiving education (home or foreign) influence the personnel readiness was not proved.

**Table 3**

Dependability of participation of companies in integrated supply chains on the education of supply service personnel

Percentage of personnel with higher education	Percentage of companies that participate in integrated supply chains
Up to 50%	33,3%
50-59%	40,0%
60-69%	25,0%
70-79%	66,7%
80-89%	60,0%
99-99%	100%
100%	47,7%

## Discussion

If the company intends to apply the described in the article methods of management to supplier/customer, for the success of this strategy it is necessary to assess really the perspectives of its realization and choose consciously the methods of implementation, for which it is necessary to monitor the partner readiness. While assessing the readiness of company-partner for integration the potential readiness of its personnel for this relations format should be assessed as well. The necessity to work with suppliers according to new scheme of interaction is seen by the personnel as useful strategy for business in case of receiving high level of education and further retraining on condition that personnel has the length of work from 5 to 10 years in the supply department and the age up to 48. If the personnel do not satisfy these conditions, the success of chosen format of building the interaction becomes questionable and it is necessary to look for specific approaches for their realization.

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