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## THE IMPORTANCE OF THE SUPPLY CHAIN IN THE MARKETING PERSPECTIVE

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### Abstract

In this paper, we will present the importance of collaborating, concluding a medium and long-term partnership between a distributor and a retailer. Another important aspect is to define and detail this link by describing all the activities and services that take place between the two players in the market. We will describe and present the trade benefits that trade marketing services bring to a distributor in the development of its economic activity.

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### Introduction

In any market, there are several companies and one of the basic activities to increase their turnover and, implicitly, the profit is to manipulate the goods present on that market as well as they can. Physical distribution, logistics, materials management, logistics management and the supply delivery chain are basic marketing activities that improve the distribution business of a company.

The supply has several economic objectives, including:

- Ensuring, at the right time, the necessary goods for the company to meet the customers' demands.
  - Making the most advantageous combination of price, quality and service.
  - Reduction of inventory losses related to storage costs, or other safety stocks.
  - Developing relationships with various competent suppliers in the market, which leads to a rigorous evaluation of the performances of current and potential suppliers and, of course, the establishment of long-term partnership relations with reliable suppliers interested in cooperating to achieve common objectives in the common interest. Here we can place all the trade marketing services provided by Auchan to all its distributors.
  - Developing alternative sources of trust to diminish dependence on one or several sources of supply present on the market. Product sales interest must be shared between the supplier and the retailer, which leads to the need for market services provided to the supplier.
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- Keeping track of the market trend and maintaining the firm's competitive position.
- It is recommended that good relations be maintained between the departments and, in particular, the supplier supply department.

### **The relationship between the supplier and the distributor**

The partnership between the supplier and the distributor, the purchase, must be done through cooperation between the parties, through the development of a long-term relationship by focusing on the quality assurance of the whole process by eliminating non-joint suppliers, through open exchanges of information between the current teams in the two firms, a mutual trust between the buyer and the supplier. Compared to traditional relationships, partnerships determine profound changes in purchasing. The supplier and the client promote objectives of mutual interest for the longer term. The partnership has favorable results for both sides: ensuring a steady quality, continuity in product, supply, the possibility of planning future improvements, access to the supplier's technology, reducing total costs by participating in product design, supplier's investments to meet common goals, facilitating problem solving for continuous communication.

The supplier's interest in promoting partnerships with the client company has several advantages:

- The possibility of advance planning of the activity
- The improvement of its own products and services through cooperation with the client
- The participation in the client's design process
- Cost reduction
- Together solving problems through good communication
- The client's necessary made investments to meet the common objectives.

Philip Kotler, the parent of contemporary marketing, believes that the value chain of a firm is as strong as its weakest link. The success of the firm depends on how well each department performs its task, to create value for the client, and how well the company manages to coordinate the activities of the different departments, as well as the upstream relationship with the suppliers. We can take the example of the huge Wal-Mart retailer, with the slogan "save money and live better", which, as you can see, aims, as a general goal, at low prices. If the purchasing department cannot get the lowest prices from suppliers, or if the operating department cannot distribute merchandise at the lowest cost, then the marketing department keep its promise to offer low, unbeatable prices. We are talking here about a trustworthy relationship between the wholesaler and the retailer, based on regular information and reports. A true marketing orientation implies that the entire business activity of the company is obsessed with creating customer value and perceiving itself as a bunch of processes that define, create, communicate and deliver value to its customers in a profitable way.

We can take the example of McDonald's. Why do you think the world is crowding at McDonald's? People do not clutter at McDonald's just because they like the hamburger of this chain of stores. They are piling up to the system they offer, not just to their food products. Throughout the world, McDonald's value-adding system is a perfectly suited system to market requirements, providing a high standard of quality, service, cleanliness and value. The company is effective only to the extent that it establishes successful partnerships with its franchises and suppliers, as well as with other entities, to jointly creating the place and the preferred way for serving the customers.

Today, more and more companies are collaborating with other supply chain suppliers - vendors, distributors and ultimately customers - to improve the performance of the value-added network to the customer.

Marketing information has no value until it is used to discover relevant customer details and make better marketing decisions. The information system must make the information available to managers and those who need it when they need it. In many cases, this means performing periodic performance reports - but not only additional orders for stock re-inventing, sales developments, promotional campaign periods, other reports and sales developments, but also up-to-date information and reporting of study results research, all being for managers.

Philip Kotler also believes that marketing managers may need information in addition to those typically received for special, or emergency situations. For example, a manager, or sales firm having problems with a large customer will need a summary of the sales made and the profitability of the recent transactions. We can take the example of a brand manager who can request an assessment of the media visibility resulting from launching an advertising campaign. That is why, the distribution of information in this day involves the transmission of information available in a light, urgent and friendly manner for the user, the supplier.

By creating a product and making it available to buyers, it is necessary to establish relationships not only with potential buyers but also with the main suppliers and sellers in the company's supply chain. This chain made up of partners located upstream and downstream. The upstream ones are companies that provide raw materials, different components, spare parts, information to create a product. Usually, marketing activity in Romania has focused its attention on the downstream levels of the supply chain, especially to customers. The supply chain term can be considered limited because it only addresses the production and sales part of the business. This term specifies that raw materials, production needs, should serve as a starting point for market planning. We can use the term "chain of demand" because it recommends connecting to the market and its measures. With this in mind, planning starts with identifying the needs of the target customers to which the company responds by establishing a chain of resources and activities, in order to create value for the consumer. However, as regards the demand chain, the vision is limited as it addresses the linear step of the production and consumption transactions. The big companies are increasingly concerned with building and coordinating a value-added network, which is proving to be very complex and in continuous development.

From a conceptual point of view, it is recommended that channel distribution members be consistently coordinated and motivated to achieve the desired efficiency. The firm must sell not only through intermediaries, but also sell the goods to them and together with them. It is recommended that most companies consider their intermediaries as clients and partners; to engage in strong management of relationships with them to conclude long-term partnerships with channel members. This creates a value distribution system that meets both the needs of business and business partners on the market. Auchan is also doing business through trade marketing services offered to AIER.

Philip Kotler and Gary Armstrong consider integrated logistics management to be the logistics concept that focuses on teamwork - both within the company and across channel organizations - to maximize the performance of the entire distribution system. Today, more and more companies are adopting this concept of integrated logistics management. It recognizes that we provide better customer service by linking the links to each other,

reducing distribution costs, teamwork, both within the company and between marketing channel organizations. Within the company, different departments of the company need to work closely together to maximize their own logistics performance. Importantly, the organization must integrate its logistics system with those of its suppliers and customers to maximize the performance of the entire distribution network. In our case, between Auchan and AIER, through the trade marketing services offered to the latter, the strengthening of this partnership relationship is confirmed.

All companies have to do more than to improve their own logistics. They must work with other channel partners to improve the entire distribution of that stream. The members of a marketing channel are closely tied to their work to create customer value and build customer relationships. A company's distribution system is the supply system of another. The success of each member of the marketing channel depends on the performance of the entire supply channel. Intelligent companies, based on marketing principles, coordinate their logistics strategies and strengthen their partnerships with suppliers and other market players to improve their customer service.

The authors, Manchester Business School's Paul Cousins, Southampton University's Richard Lamming, Benn Lawson of Queen's University of Belfast, Benn Lawson, and Brian Squire of Manchester Business School both believe that the supply process and the management strategy of the company's supply strategy play a very important role in the work of an organization. The subject of business-to-business relationships is, from a managerial point of view, one of the most debated and potentiated aspects of supply chain management. This is due to the fact that supply chain management can be viewed from a variety of perspectives. At a general level, that is to say, at the firm level, through relationships that occur with another or with other commercial companies, through all the processes, flows and documents that change between them, just as it appears in the relationship between Auchan and AIER. At the company level, through the activities of the purchasing and purchasing department, through framework contracts with suppliers, but also through other liaison between departments, such as the synchronization of the procurement and marketing department or sales. The latter formulating and forwarding reports and sales developments to suppliers and the purchasing department for the promptness of the orders and the mutual improvement of the activities. All these relationships are important and must be viewed concurrently, not mutually exclusive. In other words, when we consider the concept of inter-firm relationships, we should think about both, levels and more than that, on all intra-institutional activities.

The processes that take place between the firms in the market must be visualized and understood as best as possible in order to create efficiency of all the activities addressed to the final customer. In order to perform an efficient process, it is important to consider the allocation of information resources for the expected order at the time and the time it takes. It is also very important for the company to have these resources in order to manage the entire delivery process. The basic objective of these relationships is to reach the maximum value of the output. The effectiveness of the entire delivery process is clearly based on the relationship between the two firms. It is widely accepted in the literature that engaging in a purchasing / delivery context approached strategically and in a marketing vision can improve the financial performance of a company and even its competitive position on the market.

The authors, University of Arizona's Robert Monczka, Robert Handfield of North Carolina University, Larry Giunipero of the University of Florida, and James Patterson of the

University of Illinois and others believe that the supply system must be based on global suppliers Integrated logistics services. These integrated services also include, besides all normal activities of storage, transport, storage, handling, containerization, palletizing, etc, specific marketing forecasts and marketing activities such as trade marketing.

All organizations on the market try to identify and detail the elements of the service you want. Logistics services fall into this category. Product offerings must offer better value through all of these ancillary elements to the delivery process. These efforts are at the center of logistics operations and can be considered to be based on all market documents. We can exemplify through the trade marketing services provided by Auchan.

Most of the services that accompany the physical process and the succession of actual events on the market are not at all visible and can not be quantified. It is very important to specify that their lack would lead to a hindrance to the whole economic process, the loss of certain amounts of money, etc.

From a marketing point of view, most definitions emphasize the utilities, benefits and rewards that service activities provide to consumers.

We can synthesize service features: intangibility, inseparability, variability and perishability.

Services are characterized, first of all, by intangibility. The immaterial aspect of the service makes its assessment difficult and often subjective. Unlike the product, which exists in itself, the service is generally impassable, intangible, cannot be seen, tried, tasted, etc. (For this reason, services are also called "invisible", and trade in services: "invisible trade").

Virtually they have a permanent goal, as marketing specialists point out "tangible" services. Due to the intangibility of promotional services, service companies try to tighten the offer, so promotion campaigns are much more difficult to draw. The non-material nature of the service can be associated with another feature, namely the incompetence (services that do not have a material form cannot be stored). This feature is also call perishability. It can cause a number of shortcomings, especially in ensuring supply-demand balance and effective service delivery. Thus, services once offered, but not used, represent loss of human and material means, and they cannot be preserve.

With regard to the first features, there is also the non-durability of most services. This refers to the fact that the effects of services are "volatile", i. e. they are consumed at the time of being produced, and services cannot be kept for the future. It is also one of the main reasons why, for a long time, services were considered unproductive and therefore less important.

Services are often unique, they may appear to be provide differently from firm to firm, but the underlying economic objective is the same. The same is true for all Auchan's trade marketing services to all of its suppliers. We can also talk about service productivity as a relationship between outputs and inputs.

Several studies by authors from countries such as England, Sweden, Greece, Finland, Brazil, Ireland, the USA and the Netherlands show that the relationship between a supplier and a distributor must also take into account different cross-border variables related to the marketing environment (the micromedia and macromedia) and beyond, bringing again a first plan with a number of risk factors that need to be diminished by link services, marketing services and trade marketing services.

Marketing literature deals with the quality of the supplier-distributor relationship through the commitment of both partners, addressing the satisfaction of selling the products to the final consumer. This sale brings added value and a financial boost to both companies.

The quality of services within the marketing channel has a very strong function to develop relationships between the parties. They are based on trust, commitment and satisfaction, and are delivered through a continuous flow of information on supply needs, future

developments, sales made, current products and those under promotions, etc. From a physical and cultural point of view, the distance within international distribution channels leads to the creation of larger structures requiring the exchange of information between the parties. Rapid fluctuations in supply and demand are conditions that undermine traders' confidence in the market and lead to the need for accurate forecasts (reports, developments, movements). These forecasts are needed by both parties. Distributors perform important functions along the value chain, including providing market information, customer contracts, technical support, geographic market coverage, order processing facilities, and more.

It is quite difficult for the retailer to build partnerships with all suppliers, the relationships between them varying in terms of financial strength and, implicitly, negotiation, preferring a relationship of continuity. According to a survey of different suppliers and retailers, conducted in the Nordic market in Sweden and Finland, there have been changes in the organizational structure of the business. Buying and merchandising functions (assortment types, pricing, product promotion, store management) must be managed and integrated by several people involved in these activities. This illustrates the importance of these activities, which are also found in Auchan's trade marketing services.

### **Conclusions**

There are studies in literature that show that downstream information is necessary and essential for good collaboration between the buyer and the supplier. These links and information downstream of the marketing channel are close to find consumers and are particularly important, we can even say vital to the top link. The informational link between the two links is observed.

Once a vendor maintains close links with distributors, he can get information about consumer reactions to his products. He can quickly adapt to the market in terms of production processes to improve the end product for the consumer.

From the point of view of the marketing activity, the relationship with the client is particularly important and it is highlighted at the organizational level of all researches made in the field, the feedback from them, their preferences, the establishment of certain market trends in the direction of consumption and, of course, the level of sales. All this information leads to the formulation of new ideas in the ongoing activity, to facilitating operational planning and is necessary for all entities upstream of the distribution chain; Information such as that provided by Auchan to AIER.

A long-term relationship between supplier and distributor reduces risks and leads to more efficient business.

As regards the trade marketing services provided by Auchan to AIER, we can specify:

- Placing certain products in more visible places leads to increased sales for both partners.
- Most products marketed by Auchan are subject to promotions sooner or later.
- The Distributor has a major interest in promoting its own brand, given that a retailer has a very large variety of brands.
- Increasing the interest of consumers on their own brand.

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