

**THE EFFECTS OF THE PERCEIVED LOGISTICS-MARKETING
COORDINATION ON BUSINESS PERFORMANCE IN LOGISTICS COMPANIES¹**

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ABSTRACT

Marketing is the considered to be a vital part of economy and of course and increasing need exist for an efficient marketing system for logistics. As well as communicating logistics with a purpose of positioning logistics in the present competitive environment, logistics managers are given the tasks of marketing logistics. Planning delivering, controlling the flow of physical goods, marketing materials and informations from the raw material to the market are essential for marketing logistics. The lack of co-ordination of joint activities between marketing and logistics units leads to poor cooperation and low operational performance. The aim of this paper is to examine the effects of perceived marketing and logistics functions on business performance. In that research reflection of this increase to marketing logistics will be discussed entirely. Result will show the importance level of the unity of marketing and logistics coordination on business performance.

Key words: marketing, logistics, competitive advantage

Jel: M31, M21, M11

ÖZET

Pazarlama ekonominin hayati bir parçası olarak kabul edilir ve elbette lojistik için etkin bir pazarlama sistemine artan bir ihtiyaç vardır. Lojistięi mevcut rekabet ortamında konumlandırmak amacıyla lojistięi iletiřimi yanı sıra, lojistik yöneticilerine pazarlama lojistięi görevleri verilmektedir. Pazarlama lojistięi için fiziksel malların, pazarlama malzemelerinin ve hammaddeden pazara bilgi akışının sunulması ve kontrol edilmesini planlamak önemlidir. Pazarlama ve lojistik birimler arasındaki ortak faaliyetlerin koordine edilmemesi, zayıf iş birliğine ve düşük operasyonel performansa neden olmaktadır. Bu makalenin amacı, algılanan pazarlama ve lojistik fonksiyonlarının işletme performansı üzerindeki etkilerini incelemektir. Bu arařtırmada lojistik bir bütün olarak ele alınacaktır. Sonuç, pazarlama ve lojistik koordinasyonunun bir bütün haline gelmesinin iş performansı açısından önem düzeyini gösterecektir.

Key Words: pazarlama, lojistik, rekabet avantajı

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INTRODUCTION

Competition in today's business world increases each passing day with the development of technology and increased globalization. Companies desire to survive by increasing their profits. However, many of them typically can't make it happen or may have to learn to make less profit. One of the aims of the companies is to achieve maximum profit by any means. In this context, the purpose of both large and small firms is to increase profits by increasing their revenues and reducing their costs.

Logistics is one of the factors that play an active role in achieving their target of profit maximization. If a company has a good logistics system, then it has also the power to offer better products. This allows the company to provide better service to its customers and thus to generate more revenue. Moreover, it is also known that the efficiency of the logistics system has a cost decreasing effect.

Today, national and international enterprises are able to achieve more competitiveness with the correct coordination of logistics and marketing as well as their success in production and distribution. Because, the main purpose of the companies is to create a process that meets the customer demands on time, increases the number of satisfied customers, increases sales, improves the efficiency of logistics and marketing activities, and consequently increases the revenues.

According to Zeybek (2019), the contribution of logistics to the economies of countries is increasing with increasing world trade. Logistics sector constitutes about 13 percent of Turkey's national income (GDP). This ratio is quite high compared to the average of EU countries. According to 2012 figures, the share of logistic costs in GDP in 27 EU countries is 6.8%. The logistics sector is expected to reach a volume of 200 to 240 billion dollars in 2023 in the context of the 2023 GDP targets. On the other hand, the share of exports in GDP is 22.2% on average. According to the Logistics Performance Index (LPI) published by the World Bank in 2018, Turkey went down to 47th place among 160 countries with a score of 3.15.

In this study, the importance of logistics and marketing was discussed separately, and then the results of the questionnaires made for several logistics companies were analyzed and the result was evaluated.

LITERATURE REVIEW

Logistics is to deliver the right product to the right customer, in the right amount, in the right condition, at the right place, at the right time and at the right cost (Coyle et al, 2016).

One of the many definitions of logistics is 'an umbrella covering many factors'. According to this definition, logistics is the responsibility to design and manage this system to control the strategic storage and flow, to ensure the input of materials, parts and finished products. Thus, logistic functions such as customer service, demand forecasting, document flow, returns management, material movements for the facility, inventory management, part / service support, material management, order processing, selection of facility and / or storage location, determination of the number of warehouses, production planning and scheduling, protective packaging, purchasing, waste management, traffic management, warehouse and distribution center management are addressed under this umbrella (Arslan, 2001).

Operations that bring about the creation of products and their distribution fall into the heart of an organization. Therefore, we can consider an organization as a structure that takes various inputs (raw material, human, vehicle, information, money, and other resources), makes various operations (manufacturing, service, transportation, sales, training, etc.) and produces (especially to customers) outputs. This view shows the flow of materials from suppliers to

customers through operations. Materials are all kinds of tangible (raw materials, business processes, finished products, spare parts, etc.) and intangible materials (information, money, etc.) used by the organization.

Typically, materials are moved from one supplier to another and from there to the customers outside the company through some suppliers. This journey is actually realized through the supply chain. In practice, the relationship between businesses and the supply chain is a complex one. Therefore, a supply chain is regarded as a network of assets that interact with each other (Baskol, 2010).

The Relationship Between Marketing and Logistics:

Marketing is a series of activities that exist in our lives on a continuous basis. It is almost impossible to meet a person who lives in modern society and never encounters marketing activities at any time. We can be a part of the marketing activity as a consumer or a target audience, even when reading newspapers, watching television or listening to the radio. As a matter of fact, we can even claim that marketing exists in every moment of our lives. We may say that can't escape marketing, taking into account that we are continuously washed with the rain of messages and that these messages are the tools of marketing (Ozmen, Uzkurt, Ozdemir, Altunisik, & Torlak, 2013).

The supply chain can provide added value if only the partners have the right market consciousness and have a proactive role in the delivery of products and services. Marketing brings supply chain management into balance. Marketing helps companies and partners to focus on customers rather than production. Marketing helps to improve supply chain efficiency and creates a strong competitive advantage by improving communication, support, and cooperation (Linton, 2017)

However, business performance refers to the total performance of the units within the enterprise. The performance of each unit must be measured separately and revealed at this point. In case the enterprise does not achieve the desired performance, it should be possible to determine which units' poor performance caused this. The marketing unit is one of the most effective units on the overall performance of the enterprise. Therefore, the success or insufficiency of the marketing unit plays a decisive role in the overall performance of the enterprise.

Due to a large number of companies operating in the logistics sector and the increase in the competition among these companies, logistics enterprises had to measure their performance in order to see their counterparts. Logistics businesses have had to measure their performance to see their position against their competitors due to a large number of companies operating in the logistics sector and the increasing competition between these companies. Some features of the services make performance measurement difficult. These difficulties are also encountered in the logistics sector, which is a part of the service sector (Akdoğan, 2017).

The lack of coordination of joint activities between marketing and logistics units leads to poor cooperation and low operational performance. In 1988, Voorhees stated that the most important subjects of dispute between marketing and logistics managers were purchasing, packaging, customer service and order processing (Yilmaz, Sezen, & Gezgin, 2002).

The regression analysis was performed in this study to determine the impact of coordination with the marketing unit on the perceived operational performance of logistics companies and the impact of the perceived performance of the logistics and marketing units separately on the operational performance.

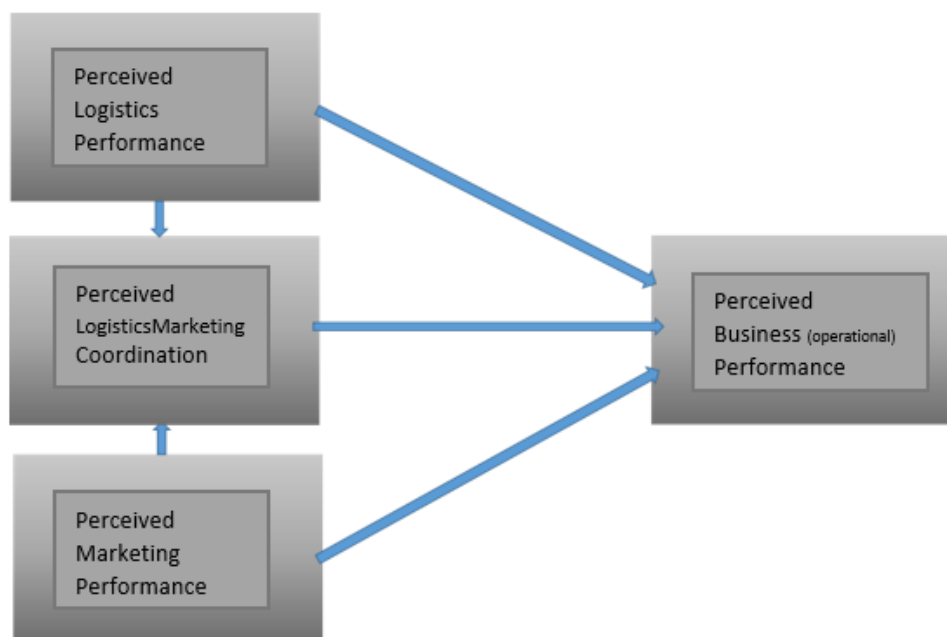
Importance and Purpose of Research:

The success of the enterprises depends to a large extent on the effective integration between business units. (Yilmaz et al., 2002).

The purpose of our study is to test whether the overall operational performance of the logistics function as a result of the coordination of the two departments will be more effective and higher than the overall operational performance as a result of the separate operation of the marketing and logistics.

Similar studies have been carried out on firms before. However, there is no study on logistics and marketing coordination of logistics companies. Therefore, our research will reveal the status of the coordination between logistics and marketing for the logistics companies in Turkey.

Conceptual Research Model:



Hypotheses:

H₁: The perceived performance of the marketing unit have a positive impact on overall operational (business) performance.

H₂: The perceived performance of the logistics unit have a positive impact on overall operational performance.

H₃: The perceived coordination performance of the marketing and logistics units has a positive impact on operational performance.

H₄: The impact of the perceived marketing and logistics coordination performance is stronger than the individual effects of marketing and logistics on operational performance.

Data Collection and Sampling Process

A survey method with closed-end questions was used to provide data in the research. The questionnaires were distributed to the companies through social media platforms. The questionnaire consists of two parts. In the first part, descriptive questions are asked about the

company. In the second part, there are questions about the logistics and marketing of the enterprise and then there are questions about the coordination between logistics and marketing.

The last part of the questionnaire consists of a scale containing 7 questions to measure the performance of the enterprise. The questionnaires were distributed via LinkedIn and mail, and a 5-point Likert scale was used (1- Strongly disagree, 2- Disagree, 3- Neither agree nor disagree, 4- Agree, 5- Strongly agree).

The variables of research:

| | | |
|---|--|---------------------------|
| <u>Logistics Performance</u> | Our company's delivery speed is high. Our company's supply time is short. Complete and timely delivery is done in our company Our products are delivered undamaged. We try to reduce the logistics costs in our company. | (Bakan & Şekkeli, 2016) |
| <u>Business Performance</u> | Our company is better than its competitors in terms of customer satisfaction. Our business is better than its competitors in terms of cost management. Our business is better than its competitors in terms of adaptation to change. Our business is better than its competitors in terms of efficiency. Our business is better than its competitors in terms of asset management. | (Dogan & Dogan, 2017) |
| <u>Logistics Marketing Coordination Performance</u> | The distribution channel is in contact with the members of both departments. Planning the distribution is the responsibility of both departments. Both departments work together to reduce costs for packaging, storage, etc. Both departments ensure the smooth implementation of sales and delivery. With the integration of departments, price policies become more rational. | (Yilmaz et al., 2002) |
| <u>Marketing Performance</u> | We are able to continuously increase market share compared to our competitors. Our sales are constantly increasing. We are able to ensure customer satisfaction and loyalty in the market. Our product and service quality is constantly increasing. We can reduce our costs such as raw materials and workmanship. | (Fawcett & Clinton, 1996) |

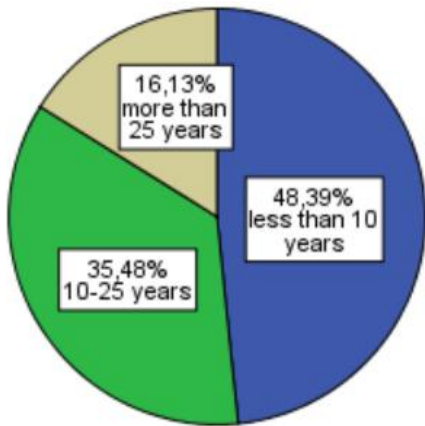
ANALYSIS OF DATA

Descriptive Information

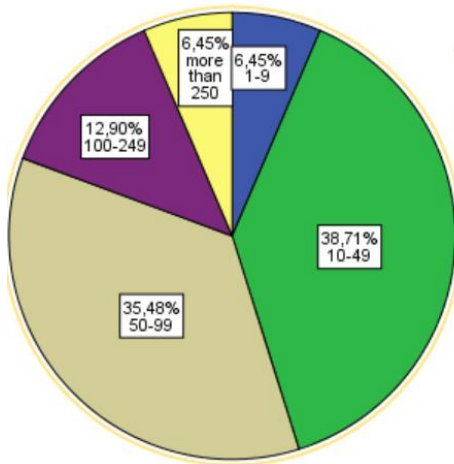
This section presents responses to the questions that addressed the variables of How long has your company been operating? What is the number of employees in your company? How many years have you been working for this company?

There were 31 participants logistics company in this study. The characteristics of the employees who participated in the study are as follows.

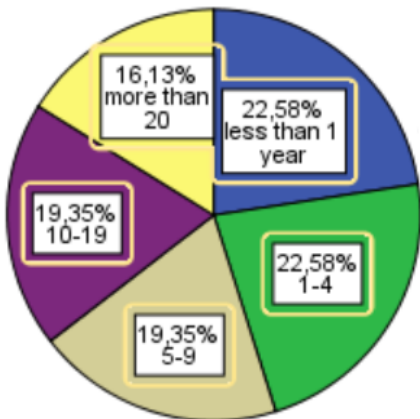
How long has your company been operating?



What is the number of employees in your company?



How many years have you been working for this company?



Linear Regression Analysis

When measuring the main effects regression analysis was run.

ANOVA^a

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|-------|------------|----------------|----|-------------|--------|-------------------|
| 1 | Regression | 8,340 | 3 | 2,780 | 13,873 | ,000 ^b |
| | Residual | 5,410 | 27 | ,200 | | |
| | Total | 13,750 | 30 | | | |

a. Dependent Variable: isletmeperformansGEN

b. Predictors: (Constant), LojperfkoordinasyonGEN, lojistikperformansGEN, PazPerformansGEN

The above table shows the F test results indicating the significance of the whole model. The F test produced significant results which suggests that the data fits the model.

Model Summary^b

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate | Change Statistics | | | | | Durbin-Watson |
|-------|-------------------|----------|-------------------|----------------------------|-------------------|----------|-----|-----|-------------|---------------|
| | | | | | R Square Change | F Change | df1 | df2 | Sig. Change | |
| 1 | ,779 ^a | ,607 | ,563 | ,44763 | ,607 | 13,873 | 3 | 27 | ,000 | 2,343 |

a. Predictors: (Constant), LojPazkoordinasyonGEN, lojistikperformansGEN, PazPerformansGEN

b. Dependent Variable: isletmeperformansGEN

Beta coefficients obtained as a result of regression analysis and their significance levels are given in the table above. The Adjusted R-squared value of 0.563, which was obtained as a result of the analysis, indicates that the independent variables used in the model explained 56.3 percent of the variance in the operational performance. An important statistic here is the Durbin Watson statistics. One of the important assumptions of regression is that there is no correlation between independent and dependent variables. There is no correlation between error terms either. If the statistical value is around 2, it is interpreted that there is no correlation. Values close to 0 refer to a high positive correlation, and values close to 4 refer to a high negative correlation. Durbin Watson statistical value was 2.343 in the study. In other words, there is no correlation between the error terms and 2. So there is no correlation between the error terms because it is around 2.

Coefficients^a

| Model | Unstandardized Coefficients | | Standardized Coefficients | t | Sig. | |
|------------|-----------------------------|------------|---------------------------|-------|-------|------|
| | B | Std. Error | Beta | | | |
| (Constant) | ,341 | ,273 | | 1,248 | ,223 | |
| 1 | lojistikperformansGEN | ,727 | ,210 | ,733 | 3,467 | ,002 |
| | PazPerformansGEN | -,026 | ,220 | -,026 | -,119 | ,906 |
| | LojperfkoordinasyonGEN | ,075 | ,128 | ,099 | ,581 | ,566 |

a. Dependent Variable: isletmeperformansGEN

Logistic performance, marketing performance, and logistics-marketing coordination were independent variables in the regression analysis. The table shows the beta coefficients and their significance levels as a result of the regression analysis. As can be seen in this model, marketing performance and logistics-marketing coordination were not among the factors that significantly influenced business performance. In addition, it has been observed that the

logistics performance has had an impact on the operational performance at the significance level of $p < 0.05$. Accordingly, as suggested in the second hypothesis, perceived logistics performance has a positive effect on the performance of the enterprise. Moreover, the perceived logistic performance has a greater impact than marketing and logistics-marketing functions, in terms of business performance. Therefore, other hypotheses were rejected.

CONCLUSION

In this study, the importance of logistics and marketing was discussed separately, and then the results of the questionnaires made for several logistics companies were analyzed and the result was evaluated.

The participating companies in the research have been operating for less than 10 years with 48.39 %. The number of employees is between 10-49 with a ratio of 38,71%, and these employees are working less than 1 year or 1-4 years with 22,58%,

After regression analysis 1 of the 4 main hypotheses of the study not rejected, and the others were rejected. H₂: 'The perceived performance of the logistics unit have a positive impact on overall operational performance' was not rejected. Variable of logistics performance, when it is evaluated with other variables, becomes significant in terms of operational performance.

Beta coefficients and significance levels were given in the study as a result of regression analysis, and it was observed that marketing performance and logistics-marketing coordination did not significantly affect operational performance.

It was observed that marketing performance did not have an impact on business performance per se. In a previous study (Yilmaz et al., 2002), marketing-logistics coordination had a greater impact on business performance. However, in our study, the impact of coordination of marketing and logistics departments on operational performance was not higher, as expected. It was only seen that the logistics performance had an impact on operational performance at the significance level of $p < 0.05$. It was observed that logistics performance was correlated with all variables at the highest level when the correlation coefficients of all given variables are examined.

Logistic activities, one of the business functions, were carried out by the enterprises themselves. Today, it is seen that the scope of logistics activities has expanded and requires more expertise. The logistics sector has been one of the fastest growing sectors in recent years. The logistics sector is one of the growing sectors in Turkey. The Turkish logistics sector accounts for about 13% of national income (GDP). This ratio is quite high compared to the average of EU countries. As a result of the growth, many companies have entered the sector and this trend continues. Although the number of companies in the sector has increased, it is not possible to claim that the quality of service has increased evenly. Many of these firms are small firms and offer very limited services to their customers.

Logistics companies need to increase their logistic departments' performance to the highest level in order to increase their operational performance. The main objectives of these firms should be to make their logistics departments, that have an enormous impact on business performance, perfect functionally. The business must first ensure high performance in the core business, then in other departments. This is very important in order to improve operating performance.

The limitations of the study

Limitations are as follows: The results cannot be generalized since there is a small sample group that answers the questionnaire. Only Istanbul was included in the study.

The study was conducted on a limited number of respondents due to lack of time and financial resources. Therefore, there is not enough literature on the subject.

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