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DEMAND FOR INTERDISCIPLINARY SKILLS IN MARKETING AND LOGISTICS: THE CASE OF LITHUANIAN ENTERPRISES

Abstract

Currently it is fashionable to say that companies should be close to customers in meeting their needs and accommodating their unique requirements. This trend means that functional capabilities in the firm are necessarily interdependent in creating value for customers. However, usually marketing and logistics operate like functional “silos” rather than serving each other for the customer’s benefit, sometimes missing the challenge of the interdisciplinary approach to problem-solving.

This article, *firstly*, focuses on distinguishing theoretical dimensions of the necessity for marketing and logistics interface by analysing marketing and logistics concepts, activities and skills by identifying different approaches to the integration of marketing and logistics functions: a) general marketing approach, b) customer service approach, c) marketing mix approach, d) product life-cycle approach, e) supply-chain approach, and f) value-chain approach.

Secondly, the article presents main findings of the empirical survey conducted amongst the largest Lithuanian industrial and trade enterprises in 2006. Based on analysed statistical data, views of marketing and logistics practitioners towards marketing/logistics interdisciplinary skills are tackled and those in demand identified.

Key words: marketing, logistics, management skills, interdisciplinary approach, Lithuania - JEL classification: M31, M12, L9, P2.

Introduction

Nowadays when the choice is rather big, quality and terms of delivery are very similar, an ability to solve client problems has become a competitive advantage in the business world. It has become fashionable to say that companies should be close to customers in meeting their needs and accommodating their unique requirements. This trend means that functional capabilities in the firm are necessarily interdependent in the process of creating value for customers. However, usually marketing and logistics operate like functional “silos” rather than serving each other for the customer’s benefit.

This article researches different theories on marketing and logistics interface with *the two-fold aim* to define *theoretical* and *empirical* marketing/logistics interaction in management decision-making. This identification of the aim of the article has led to the following *research objectives* of the study:

- 1) to present an in-depth analysis of the theoretical backgrounds of marketing and logistics and their concepts and identify different theoretical approaches to the interface of marketing and logistics functions,

- 2) to convey an empirical research of marketing and logistics skills spectrum in large Lithuanian enterprises,
- 3) to compare theoretical and empirical dimensions of marketing/logistics interface and propose viable solutions for the development of this interdisciplinary approach in Lithuanian businesses.

In order to achieve the stated aim and given objectives, the *object of research* was defined as the demand for marketing/logistics interdisciplinary skills in the Lithuanian managerial practice.

The article discloses major theoretical approaches to marketing/logistics interface; the current situation of marketing/logistics interaction is viewed in the biggest industrial and trade companies in Lithuania by presenting statistical data and its interpretation in comparison of views of marketing and logistics practitioners. **The main research methods** of the study incorporate (1) systemic review and generalisation of background literature on marketing and logistics interface; (2) the survey based on the structured questionnaire, the results of which were obtained in 2006.

Defining marketing concepts and activities

In short, *marketing* could be described as *selling or facilitating the exchange process*. But this definition would be neither correct nor comprehensive enough for any research. Therefore, several definitions are presented in Table 1 and concluded in a derivative marketing definition, pointing out the predominant concepts.

Table 1. Selected definitions of marketing

<i>Author/ Reference</i>	<i>Definition</i>	<i>Source</i>
AMA (The American Marketing Association)	Marketing is 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 objectives.	Berkowitz, 1992, p.10
Sommers, M. S., Barnes, J. G., Stanton, W. J., Etzel, M. J., Walker, B. J.	<i>Broad definition:</i> Marketing consists of all activities designed to generate and facilitate any exchange intended to satisfy human needs or wants. <i>Micro definition:</i> Marketing is a total system of business activities designed to plan, price, promote, and distribute want-satisfying products, services, and ideas to target markets in order to achieve organizational objectives.	Sommers et al, 1995, p.5-6
Kotler, P.	Marketing is a societal process by which individuals and groups obtain what they need and want through creating, offering, and freely exchanging products and services of value with others.	Kotler, 2001, p.8
Pranulis, V., Pa-juodis, A., Urbonavičius, S., Virvilaitė, R.	Marketing is a process of recognizing needs and making and implementing decisions necessary for satisfying those needs, which helps to achieve individual or organizational objectives.	Pranulis et al, 2000, p.19
Encarta Online Encyclopedia	Marketing is the process by which a product or service originates and is then priced, promoted, and distributed to consumers.	Encarta Online Encyclopedia, 2003

Source: compiled by the author.

Based on similarities and differences between the above definitions a generalized derivative definition of marketing could be suggested: *Marketing is a system of decisions and*

actions in target markets in order to create need-satisfying exchanges of the product/service/idea to meet individual and organizational objectives.

A broad definition of marketing by M. S. Sommers (et al., 1995) reflects the *essence of marketing* – an exchange intended to satisfy human needs and wants. Therefore marketing is *customer-oriented*, i.e. marketing activities focus on recognizing and satisfying customer needs and wants. So, marketing begins and ends with customers' needs. This is the core of *marketing concept*, a managerial philosophy prompting a business organization to satisfy customer's needs through coordinated marketing activities to achieve the organization's performance objectives.

As the customer is in the centre of organization's performance, all efforts in the organization are implemented based on decisions and actions in a product or service, pricing, promoting and distributing the product or service for the customer. These four groups of activities (marketing tools) form *marketing mix* or *4Ps* (Table 2).

Table 2. Components of the marketing mix and related marketing activities

Components of the Marketing Mix	MARKETING ACTIVITIES		
1) PRODUCT	Researching customers' wants	Product variety	Brand names
	Designing a good/service/idea	Product quality	Warranties
	Product features	Product lines	Services
	Product accessories	Packaging	Returns
2) PRICE	Pricing objectives	Level over product life cycle	Allowances
	Flexibility	Geographic terms	Credit terms
	List price	Discounts	Payment period
3) PROMOTION	Promotion objectives	Sales force	Advertising
	Promotion blend	Sales promotion	Public relations
	Push/pull strategy	Direct marketing	Publicity
4) PLACE	Outlets	Assortments	Inventory policy
	Channel type	Kinds of middlemen	Warehousing
	Coverage	Transportation	Service level

Source: adapted by the author after Berkowitz (1992), Kotler (2000), McCarthy (1990).

Under the marketing concept, marketing mix is tailored to fit some specific target customers – target markets (McCarthy, 1990, p. 35). So, marketing activities also involve *market segmentation* and *target market determination*.

All marketing activities add demand-satisfying ability, or what is called *utility/value*, to products or services (Sommers, 1995, p. 19):

1. *Form value* is created by manufacturing as raw materials are transferred into finished goods (which are designed by marketing).
2. *Place value* exists when a product is readily accessible to potential customers.
3. *Time value* means having a product available when you want it.
4. *Possession value* is created when a customer buys the product.

Defining the logistics concept and activities

Usually the term *logistics* is subject to the military context, but this paper analyses the essence of business logistics and its interdisciplinary ties with marketing, therefore, business logistics definitions are presented in Table 3.

Based on the given definitions a generalized derivative definition of logistics could be suggested: *Logistics is a part of supply chain where bi-directional material and information*

movement and storage is efficiently managed in order to meet customer's requirements.

Table 3. Definitions of logistics

Author/ Reference	Definition	Source
Christopher, M.	Logistics means strategically managing the procurement, movement and storage of materials, parts and finished goods inventory and the related information flows, through the organization and its marketing channels in such a way that the current and future profitability are maximized through the cost-effective fulfillment of orders.	(Harrison, Hoek, 2002, p.7)
Ballou, R. H.	Logistics is a collection of functional activities that are repeated many times throughout the channel through which raw materials are converted into finished products and value is added in the eyes of consumer.	(Ballou, 1992, p.6)
MIT Center For Transportation Studies	Logistics is managing the flow of items, information, cash and ideas through the coordination of supply chain processes and through the strategic addition of place, period and pattern values.	(MIT, 2003)
Harrison, A., Hoek, van R.	Logistics is the task of providing: <ul style="list-style-type: none"> • material flow of the physical goods from suppliers through the distribution centres to stores; • information flow of demand data from the consumer back to purchasing and to suppliers so that material flow can be accurately planned and controlled. The logistic task of managing material flow and information flow is a key part of the overall task of supply chain management.	(Harrison, Hoek, 2002, p.6)
CLM (Council of Logistics Management)	Logistics is that part of the supply chain process that plans, implements, and controls the efficient, effective forward and reverse flow and storage of goods, services, and related information between the point of origin and the point of consumption in order to meet customers' requirements.	(Council of Logistics Management, 2003)

Source: compiled by the author.

As marketers have the marketing mix, according to R. H. Ballou (1999), there is *the activity mix* in logistics as well (Table 4). A logistic specialist should pertain to skills, related to *key and supporting activities* in logistics management of an enterprise as indicated in Table 4.

Logistics creates two out of generally recognized values business creates in products or services – *time* (by inventories) and *place* (by transportation) *utilities* – and it makes possession value possible. Also it can be argued that logistics provides also *form utility* by ensuring the product in an undamaged condition.

The role of logistics is getting momentum today, because (Kotler and Armstrong, 2001, pp. 452-453):

- 1) customer service and satisfaction has become the cornerstones of the whole business strategy, and logistics is an important customer service element,
- 2) logistics is a major cost element for most companies,
- 3) the explosion in product variety has created a need for improved logistics management,
- 4) improvements in information technology have created opportunities for major gains in logistics efficiency.

Table 4. Logistics activities

Key activities	Customer service standards	<ul style="list-style-type: none"> ▪ Determine customer needs and wants for logistics customer service ▪ Determine customer response to service ▪ Set customer service levels 	
	Transportation	<ul style="list-style-type: none"> ▪ Mode and transport service selection ▪ Freight consolidation ▪ Carrier routing 	<ul style="list-style-type: none"> ▪ Vehicle scheduling ▪ Equipment selection ▪ Claims processing ▪ Rate auditing
	Inventory management	<ul style="list-style-type: none"> ▪ Raw materials and finished goods stocking policies ▪ Short-term sales forecasting ▪ Product mix at stocking points 	<ul style="list-style-type: none"> ▪ Number, size and location of stocking points ▪ Just-in-time, push and pull strategies
	Information flows and order processing	<ul style="list-style-type: none"> ▪ Sales order-inventory interface procedures ▪ Order information transmittal methods ▪ Ordering rules 	
Supporting activities	Warehousing	<ul style="list-style-type: none"> ▪ Space determination ▪ Stock layout and dock design 	<ul style="list-style-type: none"> ▪ Warehouse configuration ▪ Stock placement
	Materials handling	<ul style="list-style-type: none"> ▪ Equipment selection ▪ Equipment replacement policies 	<ul style="list-style-type: none"> ▪ Order-picking procedures ▪ Stock storage and retrieval
	Purchasing	<ul style="list-style-type: none"> ▪ Supply source selection ▪ Purchase timing 	<ul style="list-style-type: none"> ▪ Purchase quantities
	Protective packaging	<ul style="list-style-type: none"> ▪ Design for handling ▪ Design for storage 	<ul style="list-style-type: none"> ▪ Design for protection from loss and damage
	Cooperation with production	<ul style="list-style-type: none"> ▪ To specify aggregate quantities ▪ To sequence and time production output 	
	Information maintenance	<ul style="list-style-type: none"> ▪ Information collection, storage and manipulation 	<ul style="list-style-type: none"> ▪ Control procedures ▪ Data analysis

Source: created by the author after Ballou, 1999, pp. 8-10; and Grundey, 2003, pp. 113-126.

Interdisciplinary approach to marketing and logistics: literature review

Most authors agree that logistics was the function of marketing in the past without being identified as a constituent part in company's activities (Grundey and Šnapštienė, 1999, p. 105). With time, logistics evolved as a separate business function primary responsible for warehousing, inventory and transport with the demand for marketing skills such as *negotiation, promotion and selling* (Gattorna and Kerr, 1990, p. 383). As neither marketing, nor logistics seems to be responsible for overall channel management, conflicts arise and there is a need for functional interdependence as a key to satisfying customer needs. Interface between marketing and logistics must be accepted and effectively managed if organizations are to gain **competitive advantage** and compete successfully in modern business world. Typically, logistics authors discuss this issue and provide different approaches to the necessity and evidence of the marketing/logistics interface. When analysing the marketing and logistics interface, it is worth researching the existing approaches towards functional interpretation of the marketing functional and the logistics' function. Therewith, the following concepts are being reviewed:

- 1) general marketing approach,
- 2) customer service approach,
- 3) marketing mix approach,
- 4) product life-cycle approach,
- 5) supply-chain approach,
- 6) value-chain approach.

1. General marketing approach. As mentioned earlier, both marketing and logistics are customer-oriented, and, in essence, apply the marketing concept where the customer is the

boss. The marketing concept starts with the goal of satisfying consumer needs at a profit, and all systems of the firm must be integrated toward this fundamental goal (Bowersox and Frayer, 1994, p. 57). This business philosophy holds that all business activities must be customer-oriented and **coordinated** (designed and combined in a consistent way). Besides, customer-oriented and coordinated business is essential to achieve the organization's performance objectives. If a company is to survive, **marketing and logistics must function as a whole** aimed at generation of profitable transactions.

2. Customer service approach. This chapter discusses marketing/logistics interface in regard to customer service as a key component of the marketing concept. Achieving **competitive** customer service levels is complex and challenging because outstanding customer service requires all four values of form, time, place and possession integrated in an end-use context. While customer service is the output of the logistics system, customer satisfaction results when the company performs well on all components of the marketing mix (Lambert and Stock, 1993, p. 44). So, **logistics and marketing** inevitably **interact** here. Besides, customer service improvements are not as easily duplicated by competitors, as are changes in product, price, or promotion. It means customer service is a potential to generate **competitive advantage**.

3. Marketing mix approach. This is one of the most often employed approaches to demonstrate interfaces between marketing and logistics, activities in each principal area of the marketing mix:

- 1) Product size, shape, weight, consumer packaging, and other physical dimensions set by marketing affect the logistics' ability to move and store products (Coyle, Bardi, 1992, p. 51). They affect the carrier that a firm can use, equipment needed, damage rates, storage ability, use of materials handling equipment, external packaging, etc., i.e. Logistics costs and performance.
- 2) *Price* decisions in **marketing** are often **influenced by logistics**, which can create a discount for the customer by selecting the most economical way of delivery. Besides, if inbound logistic purchases high volumes from suppliers, received discount, effective transportation and storage system would allow to lower production costs and the sale-price.
- 3) *Promotion* decisions (push or pull strategy) are made in **marketing** department and they **affect logistics** in two ways: (1) *the pull strategy* is more likely to generate erratic demand that is difficult to predict and that may strain the logistics system, requiring emergency shipments and higher transportation rates, (2) *the push strategy* very often has a more orderly demand pattern and the logistics system is able to fill the "pipeline" more orderly in preparation for sales (Coyle, Bardi, 1992, p. 53).
- 4) *Place* decisions in **marketing** refer to decisions whether to sell a product to wholesalers, or deal directly with retailers. This may significantly **affect logistics** system requirements, as wholesalers tend to purchase in larger quantities than do retailers, and to place their orders and manage their inventories more predictably and consistently than do retailers (Coyle, Bardi, p. 53).

4. Product life-cycle approach. The product life-cycle serves to illustrate how logistical deployment must be adjusted to accommodate a firm's marketing strategy (Bowersox, Frayer, 1994, p. 2.11). This concept suggests that products move through their life which tend to follow four stages (Berkowitz, 1992, p. 61-62):

- 1) *Introduction*. During this stage a high level and response of logistics performance is desirable. Product unavailability during this time could dilute the total impact of the marketing effort.

- 2) *Growth*. During this stage logistics emphasis shifts from a high level of customer service to a more balanced service/cost design. The key is to use logistical competency to gain market share and customer loyalty.
- 3) *Maturity*. This stage is characterized by intense competition and logistics performance can be expected to become highly selective towards key customers.
- 4) *Decline*. During this stage product's volume declines and logistics must support existing business while avoiding excessive risk in the event that the product is discontinued.

Thus, logistics managers cannot hope to provide appropriate levels of logistics support for the marketing effort, unless they understand what marketing is trying to achieve with each product (Gattorna and Kerr, 1990, p. 386). Consequently, *coordination* and *cooperation* between marketing and logistics is of necessity, i.e. these business activities must *interact*.

5. Supply-chain approach. To be successful the firm also needs to look for competitive advantages beyond its own operations, into the value chains of its suppliers, distributors and customers (Kotler, 2000, p. 45). This leads to supply chain management, which CLM defines as the **systematic**, strategic **coordination** of the traditional business functions and the tactics across these business functions within a particular company and across businesses with the supply chain for the purposes of improving the long-term performance of the individual companies and the supply chain as a whole (Council of Logistics Management, 2003). In essence, it means that marketing, as a business function, cannot complete transactions in isolation from logistics, another business function, when business processes penetrate intra- and inter-organizational boundaries in supply chain. So, supply chain approach, providing high **customer** value and building **competitive** chain **advantage**, is another imperative for marketing/logistics interface.

6. Value-chain approach. The "value chain" approach was developed by Michael E. Porter (1989) as a way of *systematically* viewing the series of activities a company performs to provide its customers with a product. The value chain identifies *nine strategically relevant* (primary and support) activities that create value and cost in business. The *primary* activities are those involved in the physical creation (operations), marketing, delivery (inbound/outbound logistics), and after-sale service of the product. Overarching all of these activities are *support* activities – procurement, technology development, human resource management, and firm infrastructure. The firm's task is to examine its costs and performance in each value-creating activity and look for ways to make it better than its competitors. To the extent that it can perform certain activities better than its competitors, it can achieve a *competitive advantage* (Kotler, 2000, p. 45).

The firm's success depends not only on how well each department performs its work but also on how well various departmental activities are *coordinated* (Kotler, 2000, p. 45), i.e. a *system approach*, indicating *mutual interdependence* of the basic functional areas of the firm, is applied in the value-chain (Grundey *et al*, 2002). It means erected walls between marketing and logistics slow down the delivery of quality **customer** service. This is the reason to accept marketing/logistics interface. Moreover, each process (not excepting marketing) in the value chain requires logistical support to perform its mission (Grundey *et al*, 2004).

Methodological issues of the national survey

After the above theoretical analysis, one may come to *the general finding*: *marketing and logistics interdisciplinary approach provides with unique capabilities to gain differential advantage and helps the firm to ensure long-term survival and profitability*. Consequently, an assumption may be made: if marketing and logistics departments work cooperatively and in a coordinated way, the company should be profitable. Based on this, *the sampling size* for the research of marketing and logistics interface in Lithuanian managerial practice was deter-

mined by the list of the most profitable companies in Lithuania. Namely, 202 trade and industrial companies were randomly picked out from the list of 300 largest Lithuanian enterprises, which was presented by prestigious Lithuanian business newspaper “*Verslo žinios*” (“Business News”, 2006). Trade and industry sectors were selected as they represent the largest target group to identify practitioners with both marketing and logistics skills in Lithuanian enterprises.

As the above marketing/logistics interface approach is so rarely applied in the Lithuanian companies, the research *hypotheses* would be as follows:

H1: marketing specialists are not aware of functions, performed by logistics specialists and vice versa in large Lithuanian enterprises.

H2: marketing and logistics do not interact in management decision-making in large Lithuanian enterprises.

H3: large Lithuanian enterprises are in demand of interdisciplinary specialists, which are capable of managing marketing and logistics functions on equal grounds.

According to these hypotheses, the *research objectives* of the empirical study amongst the Lithuanian enterprises were set in the following way:

- 1) to define whether marketing and logistics practitioners are aware of functions, which theoretically should belong to different departments;
- 2) to identify how logistical functions are allocated in Lithuanian enterprises;
- 3) to establish whether functional marketing/logistics interaction exist in Lithuanian enterprises;
- 4) to determine whether practitioners treat interdisciplinary marketing and logistics skills as a potential for a more efficient operation of a company.

The basis of the research is a *structured questionnaire*, i.e. a type of survey performed according to a written questionnaire.

Research period and feedback. Separate ‘mirror’ questionnaires were prepared for marketing and logistics managers. During the research month, namely November 3 – 31, 2006, 404 questionnaires were sent by e-mail to 202 trade and industrial companies. 56 filled in questionnaires were returned. The response-rate of the survey was 13.91%, but all of the returned questionnaires were usable for a further statistical processing.

Research findings and their interpretation

According to the national survey, conducted at Kaunas Faculty of Humanities, Vilnius University, Lithuania, 60% of respondents at *marketing* departments of large enterprises claim they have theoretical knowledge on *logistics* functions, but few of them know that *logistics* functions include:

- Packaging (30%),
- Customer service standards (30%),
- Purchasing (40%),
- Materials handling (50%).

On the other hand, 80% of *logistics* managers claim having theoretical knowledge on *marketing* functions, but they indicate marketing functions as:

- Advertising (90%),
- Sales (40%),
- Customer service (30%).

So, when *defining whether Lithuanian marketing and logistics practitioners are aware of functions, which theoretically should belong to different departments*, one could make a conclusion that often marketing and logistics practitioners in biggest Lithuanian companies are not aware of which functions should theoretically belong to different departments,

which confirms **H1 of the research**. And this unconsciousness can be an obstacle in marketing & logistics interface in practice.

When analysing *allocation of logistical functions in business practice*, very often logistics is treated as “a second half” of marketing in the large Lithuanian companies what can be a drawback in co-operation between departments. Some logistics functions and demand for skills are allocated to both departments (see Table 5), and marketing is responsible for packaging and customers service standards, which are functions of logistics.

Table 5. Comparison of marketing and logistics practitioners’ attitudes on marketing and logistics skills in large Lithuanian enterprises, 2006

Attitude in marketing departments	Attitude in logistics departments
<p>Logistics managers usually are responsible for:</p> <ul style="list-style-type: none"> • Inventory management (80%), • Information flows and order processing (70%), • Purchasing (70%). <p>Marketing managers should be in charge of:</p> <ul style="list-style-type: none"> • Customer service standards (83%), • Packaging (61%), • Customer service (50%). 	<p>Logistics managers usually are responsible for:</p> <ul style="list-style-type: none"> • Inventory management (70%), • Purchasing (70%), • Information flows and order processing (55%). <p>Marketing managers should be in charge of:</p> <ul style="list-style-type: none"> • Customer service standards (80%), • Packaging (50%), • Customer service (50%).
<p>20% companies have both managers responsible for the same logistical function. 5% companies would give it to one of them.</p>	<p>10% companies have both managers responsible for the same logistical function. 2% companies would give it to one of them.</p>

Source: compiled by the author.

When researching *whether functional marketing/logistics interaction exists in Lithuanian enterprises*, as H2 states, opposite opinions of marketing and logistics managers on their co-operation and collaboration are found. From the point of view of *marketing* managers in Lithuanian enterprises, there are no obstacles for marketing and logistics integration and co-operation between the departments is frequent in researched Lithuanian companies. From the point of view of *logistics* managers, communication between marketing and logistics is often difficult and, in their opinion, there is rare collaboration with marketing practitioners. Managers in both spheres admit that not high degree of marketing and logistics integration is reached by now (see Table 6). Therefore, **H2 is partially confirmed**. According to indicated average frequency in a 5-point-scale of contacts between marketing and logistics departments, 50% of researched Lithuanian companies have reached higher than average level of marketing and logistics integration.

60% of marketing managers and 90% of logistics managers in large Lithuanian enterprises indicate *place* as present point of marketing/logistics interface. Among potential points of interaction, *price* and *product life cycle* is mentioned. 20% of marketing managers and 30% of logistics managers assume that there are no potential areas to co-operate and collaborate. And these results of *present and potential points of marketing/logistics interface* demonstrate that marketing/logistics interaction in large Lithuanian enterprises usually exists in *product distribution*, i.e. non-systematic and narrow approach towards this interface prevails, which proves that **H3 is validated**.

Table 6. Indicated frequency of contacts between marketing and logistics practitioners in large Lithuanian enterprises, 2006

Integrated activity of co-operation	Marketing practitioners		Logistics practitioners	
	Mean	Mode	Mean	Mode
Achieving common goals of the company	4.28	5	4.20	5
Mutual understanding of responsibilities	4.00	5	3.50	4
Informally working together	3.83	4	2.70	1
Sharing ideas, information resources	3.94	4	3.60	4
Working together as a team	3.94	4	3.50	4
Making joint decisions about overall efficiency of the company	3.56	3	3.20	3
Collective responsibility	3.00	3	2.70	3

Source: compiled by the author.

However, 70% of respondents treat *marketing and logistics interface as a potential to increase efficiency in the company*, therefore stimulation or promotion of interdisciplinary marketing and logistics skills in large Lithuanian companies could have results.

Theoretical vs. practical issues of interdisciplinary marketing and logistics skills in the Lithuanian large enterprises

After theoretical perceptions and functions of marketing and logistics were identified and interdisciplinary issues pointed out, and after the conduction of the empirical study in large Lithuanian enterprises, we are able to perform a comparative analysis of discrepancies between theory and practice as witnessed in large Lithuanian enterprises.

Table 7. Most frequently identified marketing and logistics skills (functions) in scientific literature and the empirical study, performed in Lithuania, 2006

	<i>In theory</i>	<i>In practice</i>
Basic marketing skills (functions)		
1) Product decision-making	yes	90%
2) Price decision-making	yes	80%
3) Promotion	yes	60%
4) Distribution	yes	20%
<i>Additional skills (functions)</i>		
		5) Advertising (90%)
		6) Sales (40%)
		7) Customer service (30%)
Basic logistics skills (functions)		
1) Transportation	yes	83%
2) Warehousing	yes	83%
3) Order management and information processing, related to it	yes	80%
4) Inventory management	yes	67%
5) Materials management	yes	50%
6) Purchasing	yes	39%
7) Formation of customer service standards	yes	28%

8) Packaging	yes	28%
9) Information processing	yes	n/a

Source: compiled by the author.

Firstly, specialists of marketing and logistics in large Lithuanian enterprises usually overrate their theoretical knowledge of the subject, though a vast majority (88%) of the respondents claim that their higher education was sufficient. It can be concluded that skills (functions) performed by marketing and logistics specialists in practice does not correspond to the theoretical classification of equivalent professions (Table 7).

As indicated in Table 7, the top three skills (functions) for a *marketing specialist* are as follows: 1) product decision-making (90%); 2) price decision-making (80%); and 3) promotion (60%). It should be noted that practitioners in large Lithuanian enterprises have identified additional skills (functions) that a marketing specialist should be aware of, namely: 1) advertising (90%); 2) sales (40%); and 3) customer service (30%).

Table 7 also demonstrates top three skills (functions) for a logistics specialist are as follows: 1) transportation (83%), 2) warehousing (83%); and 3) order management and information processing related to it (80%). The Lithuanian respondents did not identify information processing function as a separate one.

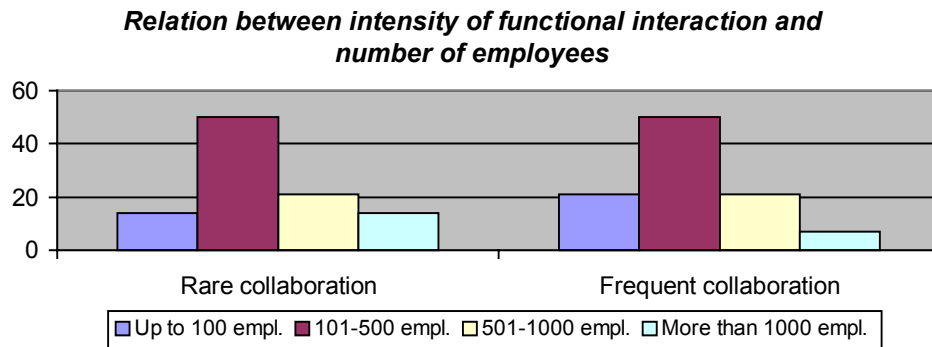
Table 8. Interdisciplinary skills (functions) of marketing and logistics – theory vs. practice approach

<i>Interdisciplinary skills (functions) in marketing and logistics, as indicated in scientific literature</i>	<i>Interdisciplinary skills (functions) in marketing and logistics, as indicated by marketing specialists in large Lithuanian enterprises</i>	<i>Interdisciplinary skills (functions) in marketing and logistics, as indicated by logistics specialists in large Lithuanian enterprises</i>
Value chain	n/a	n/a
Supply chain	n/a	n/a
Product life cycle	Product life cycle	Product life cycle
Marketing complex: • Product • Price • Promotion • Place	Elements of marketing complex (<i>in the sequence of importance</i>): 1)Place (Distribution) 2)Product 3)Promotion 4)Price	Elements of marketing complex (<i>in the sequence of importance</i>): 1)Place (Distribution) 2)Promotion 3)Price 4)Product
Marketing concept	n/a	n/a
Customer service	Customer service	Customer service

Source: compiled by the author.

Secondly, in the Lithuanian management practice, the interdisciplinary skills of marketing and logistics do not cover all possible aspects, identified in theoretical literature as indicated in Table 8. So far, the Lithuanian enterprises failed to strategically structure and implement the following business management components – value chain management, supply-chain management, a marketing concept and a customer service concept. A surprising outcome of the survey was that marketing specialists in the large Lithuanian enterprises indicated that the interdisciplinary skill (function), which should be integrated on marketing-logistics level is *distribution* (place – the component of the basic marketing mix); it was expected that a *product* would take a top position.

Figure 1. Relation between intensity of functional marketing/logistics interaction and number of employees in surveyed Lithuanian companies, 2006



Source: compiled by the author.

Thirdly, the relation between company's profitability and frequency of marketing/logistics interaction in it was thought to find, as according to literature analysis a company with integrated marketing/logistics activities should be profitable. But Lithuanian companies tend to indicate no their profits, questionnaires asked about their turnover and number of employees, i.e. their size. No statistical relation between intensity of functional interaction and company's turnover was found in surveyed Lithuanian enterprises.

Conclusions and recommendations

In summarizing the analysis of marketing/logistics interface, the following *conclusions* are presented:

- 1) Marketing is a system of decisions and activities in target markets in order to create need-satisfying exchanges of the product/service/idea to meet individual and organizational objectives. Marketing is *customer-oriented* and primarily responsible for creating *possession utility*.
- 2) Logistics is a part of supply chain where bi-directional material and information movement and storage is efficiently managed in order to meet customer's requirements. Logistics is *customer-oriented* and responsible for creating *place, time and form utilities*.
- 3) There are different approaches to *marketing/logistics interface*:
 - *Marketing concept approach*. Marketing and logistics must work in a consistent way to satisfy customer needs at a profit.
 - *Customer service approach*. Customer service requires marketing and logistics, creating all four values, integrated in customer service and other business policies.
 - *Marketing mix approach*. Product, price, promotion and distribution are mutual marketing/logistics interfaces.
 - *Product life-cycle approach*. Logistics must be adjusted to accommodate marketing strategy in different product life-cycle stages.
 - *Value chain approach*. Marketing and logistics as value-adding business functions are mutually interdependent and must be coordinated.
 - *Supply chain approach*. Marketing and logistics as business functions in the supply chain must be systematically coordinated.

- 4) Marketing/logistics functional interdependence is a key to *satisfying customer needs* and creating value in the eyes of the customer. Interface between marketing and logistics must be accepted and effectively managed if organizations are to gain *competitive advantage*.
- 5) The processed and interpreted data of the empirical research in biggest Lithuanian companies has showed that not all theoretical points of marketing/logistics interaction are covered in management decision-making

But searching for relation between frequency of collaboration and company's size gave some results (see Figure 1), based on which the following *recommendations* could be outlined:

- SMEs (up to 1000 employees) in Lithuania should stimulate integration of marketing and logistic managerial skills in decision-making processes, such as product, product life cycle, price and promotion, in order to gain more effective interface of marketing and logistics.
- Biggest Lithuanian enterprises (more than 1000 employees) stimulate integration of marketing and logistic managerial decisions in product and price, in order to gain more effective interface of marketing and logistics.

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