

Seminar 11

Topic: Sales logistics. Distribution logistics.

Questions on the topic of the lesson:

1. The essence of sales logistics.
2. Tasks of sales logistics
3. Logistics channels and distribution chains
4. Operational sales work
5. Distribution logistics

1. The essence of sales logistics

Sales logistics covers the planning, management, flow and control of all material flows and related information flows leaving a manufacturing enterprise. The objects of study are direct and return material flows. Sales logistics is part of customer relationship management, the essence of which is to deliver the right product (the right quantity and grade) in the right condition, at the right time, to the right place. If these criteria are met, then sales logistics is effective.

Distribution logistics – ensuring the physical movement of products to the consumer. The main thing in distribution logistics is to improve the process of physical distribution of goods from the manufacturer to the consumer in accordance with their interests and requirements.

The functions of sales logistics are as follows:

- ✓ planning, organizing and managing the transportation of goods;
- ✓ inventory management;
- ✓ receiving orders for the supply of products and their efficient processing;
- ✓ assembly and packaging of goods;
- ✓ organization of shipment;
- ✓ delivery management and control over the execution of transport operations in logistics chains;
- ✓ planning, organization and management of logistics services.

Sales activities at the enterprise require significant costs for their implementation. The main part of logistics costs is related to the implementation of key logistics operations: warehousing, processing, transportation, forwarding, preparation of products for consumption, collection, storage, processing and issuance of information on orders, stocks, deliveries, etc.

Logistics costs are associated with transport and storage costs, packaging and container costs, costs associated with the delivery of goods, and sending goods to consumers.

The fundamental difference between sales logistics and traditional sales methods is as follows:

- ✓ subordination of the process of managing material and information flows to the goals and objectives of marketing;
- ✓ the relationship between the distribution process and the production and purchasing processes (in terms of material flow management);
- ✓ the interconnection of all functions within the sales department itself.

2. Tasks of sales logistics

Sales logistics solves the following tasks at the enterprise level (micro level): planning the sales process; organizing the receipt and processing of orders; organizing a warehouse network; choosing the type of packaging; deciding on the assembly of batches; organizing operations preceding shipment; organizing the shipment of products; organizing delivery and monitoring of transportation; organizing post-sales service.

When choosing the optimal scheme of goods movement from the manufacturer to the consumer, it is necessary to consider the entire chain of goods to the end consumer. It is necessary to consider the minimum delivery times, the maximum level of service, the maximum level of profit, and the minimum costs.

3. Logistics channels and distribution chains

Material flows arise from various sources. These may be suppliers (raw materials), a manufacturing plant (finished products), or a distribution center (goods).

In all cases, the final destination of the material flow is the consumer. The consumer may be production or non-production. The supplier and consumer of the material flow represent two micro-logistics systems connected by a logistics channel or distribution channel.

A logistics channel is a partially ordered set of different intermediaries that carry out the flow of material from a specific producer to its consumers.

The set is partially ordered until the selection of specific participants in the process of moving the material flow from the supplier to the consumer is made. After this, the logistics channel is transformed into a logistics chain.

Making a fundamental decision to sell products through an agency firm and thus refusing to work directly with the consumer is the choice of a distribution channel. The choice of a

specific agency firm, a specific carrier, a specific insurer, and so on is the choice of a logistics chain.

A logistics chain is a linearly ordered set of participants in the logistics process that carry out logistics operations to deliver an external material flow from one logistics system to another.

The ability to choose a logistics distribution channel is a significant reserve for increasing the efficiency of logistics processes.

When choosing a distribution channel, the form of goods movement is chosen: transit or warehouse. Choosing an effective distribution chain is choosing a specific distributor, carrier, insurer, forwarder, banker, etc. Various methods can be used.

The distribution channels through which goods reach final consumption may vary.

The product can go directly to the end consumer. The initial cost of the product in this case will be the lowest, since intermediaries will be excluded from the chain and the cost of the product will increase only by the cost of delivery of the goods. However, in this case, the goods are sold in the largest possible quantities, which will not allow retail stores to form a wide range.

A wide range of products is formed by a wholesaler specializing in this area and located in the place of consumption concentration. This intermediary specializes in providing maximum service to the end consumer. A distribution channel through two wholesalers (at the place of production and at the place of consumption) will provide the greatest service to the consumer, but at the same time the cost of the goods will be the highest. As part of the sales activities of a manufacturing enterprise, a logistics chain is selected and the feasibility of using wholesale intermediaries is determined (currently, large retail chains can purchase goods directly from the manufacturer).

When organizing sales work, great importance is attached to the dispatch of finished products from the enterprise (operational sales work) and the preparation of accompanying documentation (accompanying information flow).

4. Operational sales work

Operational sales work at each enterprise has its own characteristics, which are determined by the purpose of the manufactured products, the organizational structure of sales, and the industry specifics of the enterprise. Operational sales work is the completion of the process of selling manufactured products. Operational sales work includes:

- ✓ development of schedules for the shipment of finished products to enterprises;
- ✓ acceptance of finished products from the enterprise's workshops and their preparation for shipment to customers;

- ✓ organizing the shipment of products to customers and preparing documents related to shipment;
- ✓ control over the fulfillment of customer orders and the solvency of clients.

Schedule plans are developed for short periods of time (a decade or a week) and are used to coordinate sales plans with the production plan.

The products manufactured by the workshops are delivered to the general plant or workshop warehouses of finished products, which must accept them from the workshops according to quality and quantity. The acceptance of finished products is formalized by special documents: invoices, acceptance certificates or statements.

When preparing products for shipment to customers, special attention is paid to strict compliance with packaging and labeling rules, and establishing the quantity of products to be shipped.

When shipping products to customers, the correct choice of packaging is especially important. Packaging must perform the following functions:

- ✓ protect goods from damage and spoilage;
- ✓ ensure the creation of conditions for the transportation, loading and unloading of goods, their warehousing and storage.

The packaging of goods must correspond to the means of transport used for their transportation, as well as to the means of mechanization and automation during loading, unloading and warehousing. For example, packaging goods in shrink film on pallets corresponds to transportation in containers and the mechanization of warehouse work using forklifts.

Marking during preparation of goods for shipment has the following purposes:

- ✓ indicate the product features;
- ✓ warn transport organizations about the peculiarities of loading, unloading and transportation of goods;
- ✓ inform transport organizations about net and gross weight for the correct selection of lifting equipment and payments for the transportation of goods;
- ✓ sort cargo items according to their belonging to a specific consignee or contract;
- ✓ check the completeness of loading and unloading according to the numbering of places in the batch.

To achieve these goals, the marking must contain the following information:

- ✓ name of the consignee and its official address;

- ✓ box number (if there are several boxes in a batch, the numbering is done as a fraction: the numerator is the box number, the denominator is the number of boxes in the batch);
- ✓ contract number;
- ✓ net weight;
- ✓ gross weight.

The product must also be marked when sold. The label must contain only one brand name, but in most cases the label is a carrier of a much larger volume of information: the type of product, its date of manufacture, expiration date, percentage composition of components, etc. Currently, bar coding of products has become widespread. Radio frequency coding of products is becoming common practice. The use of bar coding of products in the sphere of circulation allows for the prompt management of inventory, reduction of internal warehouse costs, and reduction of product losses.

When preparing products for shipment to customers, much attention is paid to the correct execution of documents used in settlements with customers. These primarily include documents certifying the quality and completeness of the shipped goods:

- ✓ specification confirming that the goods have been delivered in the nomenclature and quantity stipulated in the contract;
- ✓ a quality certificate confirming that the goods have been checked by the supplier for compliance with the technical requirements of the contract before shipment;
- ✓ a packing list, which indicates which packages contain which goods and in what quantities;
- ✓ a transport document confirming acceptance of goods for transportation;
- ✓ a packing list indicating which parts of the complete delivery the parts being shipped are;
- ✓ invoice for payment of shipped goods. The invoice is issued by the supplier for the delivered batch of goods together with the consignment note (the number and date of issue of which must be indicated in the invoice) or, in the case of prepayment, before the release of goods and is also the basis for payment for the goods.

The consignment note is one of the main shipping documents. The consignment note is a transport document for delivery by road transport; it is essentially an agreement with the carrier of the goods. The most common practice is to draw up this document in four copies. The first and second copies remain with the consignor. The third and fourth copies are received with the

goods by the consignee. When the goods are shipped by the supplier's transport, it is permissible to draw up a consignment note in three copies.

When shipping goods by rail, the railway consignment note (contract-consignment note) acts as the accompanying document. Specifications and packing lists may be attached to the railway consignment note.

When transporting cargo by sea, a bill of lading is issued - a certificate of acceptance of cargo for transportation on a ship.

In the process of operational sales activities, the need for vehicles is determined.

The calculation of the need for transport vehicles is carried out using the indicator of the total volume of product deliveries for a certain period of time, which is determined by the formula:

$$A = On + T - Cn - Ok ,$$

where On , Ok are the balances of finished products in the enterprise warehouse at the beginning and end of the period under consideration;

T – expected output for a certain period of time;

Cn – the amount of products left for the enterprise's own needs.

By dividing the total volume of product deliveries by the vehicle's carrying capacity, the required number of vehicles can be determined.

After the products are prepared for shipment, they are shipped to customers. The largest amount of products in Russia is shipped by rail or road. When distributing products by type of transport, the transportation distance must be taken into account. At a distance of up to 150 km from the manufacturer, products should be shipped to consignees by road; near piers and ports, it is more convenient and cheaper to use water or mixed rail-water transport; small loads over long distances should be sent as baggage at passenger speed.

5. Distribution logistics.

In specialized literature, the concepts of "sales logistics" and "distribution logistics" are often mixed up. An analysis of the general process of goods movement allows us to draw the following conclusions.

Sales logistics , or distribution logistics, is the level of micrologistics, i.e. management of the outgoing material flow at a manufacturing enterprise – shipment, packaging, product

labeling, selection of a logistics channel and formation of a logistics chain. In this case, management decisions are made at the enterprise level.

The promotion of goods in the sphere of commodity circulation should be attributed to **distribution logistics** (physical distribution). Its scope of action begins when the finished product leaves the place of direct production and ends with consumers (traders) or end users. Distribution logistics forms the distribution system of consumer goods. This functional area is considered within the framework of supply chain management (*Supply Chain Management*) at **the macro level**.