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Recent trends in the literature on the impact of marketing in supply and demand chain

Abstract

This paper investigates the relationship between the demand and supply chain and the concept of marketing based on a literature review based on twenty-nine papers between 2009-1999. The preliminary literature review indicated that the discussion in the papers outline primarily the differences between the supply/demand chain and the resulting impact on marketing; investigating further into elements of brand, advertising, demand creation and other tools. The literature review indicated that the papers are rather in exploratory stage dominated by case studies followed by analysis of existing theoretical models and lastly but finally ways on how application could be improved. The findings of this paper directs to the notion that although the integration of both concept and the impact on/of the marketing is present in the recent years, there is still room for further research incorporating the application of market driven supply chains.

Keywords: Demand Chain Management, Supply Chain Management, Marketing, Literature Review

Introduction

The ability to predict and manage the customer demand on the one side and supply on the other side has become one of the main areas of interest for the organizations in order to survive today's volatile market. There is an interdependent relationship between demand and supply which requires a balancing act and in some cases "companies needs to understand customer demand before they can manage it, create future demand and, of course, meet the level of desired customer satisfaction" (Walters, 2008; 701). The purpose of this paper is twofold; firstly to assess in which areas the supply/demand chain management and marketing have been blended in the literature and secondly to assess whether there are any consensus on challenges visible from this interdisciplinary research agenda.

Supply chain management has been defined in different ways, the basic notion behind the terms is that it integrates the initial supplier to the final customer in order to fulfill a common aim, the integration also necessitates the collaboration between the dependent and independent units of supply chain. Parente et al. (2008) encourages the thinking that although the notion itself presents the integrative nature however in many cases in organization supply chain or logistics departments organize it as a standalone function. Similarly this attitude can be seen in some of the academic literature (ibid), despite the evidence that synergies through the integration has been acknowledged in marketing and supply chain literature (Alverado and Kotzab, 2001; Hilletofth et al, 2009; Kumar et al, 2000), in addition researchers build in the notion of demand chain within the research agenda of supply chain and undertook the research agenda in marketing respectively (Hilletofth et al., 2009). The scope in this paper hence includes an investigation into these three notions; marketing, supply chain and demand chain management and an assessment to what extent the literature encompasses this three areas and whether we can create interdisciplinary framework build on the three building blocks.

Method

The research offers a literature review based on the Emerald database taking 29 papers published from 1999 to 2009 into account on the keywords supply/demand chain whilst integrating marketing concept. Second, it offers a conceptual setting, in which it summarizes the research in this field comprising two parts; (1) assessing supply/demand chain and marketing linkage, and (2) creating a research agenda based on the integrative model on supply/demand chain management for marketing agenda. It is evident that research is still dominated by the operational agenda of supply chain issues. Both practitioners and academics of supply chain and marketing might find the literature review useful, as it outlines major lines of research in this interdisciplinary field.

A brief background on supply/demand chain management and their interaction with marketing

In the light of the content the definition of each area and its interaction needs to be highlighted. Walters (2008) reasons the initial need for the development of the concepts and their interlinkage to the incentives, which encourage the integration of

supply and demand chains – presenting a new venue for organizations to add value. However, he also iterates that the interdependent relationship between supply and demand would require organizations to acquire knowledge on customer demand before they even begin to manage and use for future demand creation. On one side demand defines the supply chain target, while supply supports and shapes the capabilities of demand. Hilletofth et al (2009) focus rather on the integration of both concepts and resulting synergies created in a Swedish company, underlining how marketing can be linked to encompass the customer focus through the manufacturing process.

The traditional view is that the mismatch between supply and demand can lead in many supply chains to losses stemming from stock-outs, markdowns, excess inventory and/or disposal costs (Kaipia et al., 2006). However through the understanding that marketing and SCM could be coordinated and integrated could align these mismatch. Juttner et al. (2007) underlines this mismatch on the notion that supply chain management (SCM) is seen as focusing on efficient supply and cost, whereas marketing is more concerned with revenue (demand creation) by identifying what the customer perceives as valuable, and how this customer-perceived value can be translated into product offerings. In an operational environment, the demand creation and its fulfillment are rather disintegrated; wherein marketing sets the strategy (what to sell, where to sell, how to sell) and SCM executes it (Hilletofth et al, 2009). The nature of a supply chain and the product complexity adds another layer and impacts on the demand and how the demand has been delivered to create value, for example Fresh Foods includes a volatile demand pattern, short shelf life with physically and temporally extended supply chains in some cases presenting characteristics of demand and supply are distinctly different (Taylor and Fearné 2009)

Key findings of the Literature Review

The literature review based on features of demand and supply chain management and the impact/interlinkage on marketing can usefully be considered in three broad categories. First the characteristics of the existing research signals that along the supply and demand chain there are differences which impacts marketing and the resultant activity patterns that are triggered based on tools and techniques used and

finally operational features related to the efficiencies and productivity gains resulted from integrating these concepts.

The changes and differences between Market driven vs. Supply driven supply chains

Analysis of the literature review from the twenty-nine papers revealed that three recurrent features of demand chain and implication on marketing: variability in consumer demand, misalignment of demand and activity along the chain and poorly managed daily demand. It was interesting to see that the 69% of the papers included these recurrent features. Followed by 56% of it mentioning the main difference between the both chains and their differences on the marketing impact. The literature review on 29 papers also included another interesting finding which showing that 61% build on case study research, indicating that the exploratory nature of the phenomenon still required in-depth understanding within the context of case studies. And out of the case studies 72% were mainly based on single case studies, showing that there is still need for research with comparative case studies. The case studies usually also were placed in one industrial setting and almost all of them referred to the product complexity and their impact on the particular supply/demand chain and thereof marketing.

Another interesting finding was that the conceptual papers which represent more than ten percent of the total papers, encourage a more cross industry comparison and builds on rather general examples of well-known case company names and their practices. The preliminary findings of this initial research indicates that the changes and the differences between the two types and their interrelationship with marketing still seems to be in its adolescent stages, where in-depth understanding is still sought to be compiled through different line of enquiries with limited conceptual frameworks provided. However, at this stage of the preliminary research of the literature review this finding needs to be further analysed to see whether the current literature review from 2009 onwards has provided a more theoretical foundations on cross industry comparison and theoretical frameworks.

Marketing Tools and Techniques on how to integrate marketing within the boundaries of supply/demand chains

Although the impact has been discussed on the area of marketing – the interesting finding was that several tools and methods from promotion to branding and creating brand loyalty has been mentioned – however, nonetheless the impact on the demand/supply chain is not fully investigated vice versa. Almost two thirds of the papers under investigation referred to specific tools, and techniques, for example two of the papers referred to specific e-procurement tools and their impact on the demand/supply chain in the overall effect on marketing failed short to give specific finding on the impact on the supply/demand chain. This can be also linked to Walters (2006) wherein he underlines that the research undertaken in a contextual setting might require involvement within the process and in some cases a more longitudinal collection of data. This notion is understandable, wherein the impact on branding, creating customer loyalty and the synergies achieved through the supply/demand chain calls a longitudinal research. Similarly, Glaser`s (2008) research highlights the gap in the literature calling for research on brand strategy management which is found to be in his research a priority in the demand and supply chain, in contrast to its general demand chain focus. This tendency also can be followed in Adenbonjo (2009) who adds with the increasing use of promotions in the food industry ads to demand management complexity. The absence of longitudinal research with consisting only 6% of the papers investigated calls also a further research in this area. However as this is a preliminary research, it would be interesting to investigate whether the selected research areas have been further explored with a longitudinal study context, and if not, where the challenges of such research agenda lies.

Efficiencies and Productivity gains achieved

It is interesting to observe that the majority of the papers (87%) did mention and used the concept of value added and value creation when describing the efficiencies and productivity gains achieved, only 7% of the papers included an in-depth impact study on the value added. This is an interesting observation that requires further in-depth analysis on despite the general agreement on the impact on value- limited research attempted to investigate this agenda.

Another interesting finding is that when a specific tool and method is mentioned, in 29% of the papers, this is followed by a more in-depth analysis on the impact on the particular tool and technique. The assumption here one may need to further investigate is, whether there are specific efficiencies and gains associated with specific or tailored products or techniques. Similarly, Glaser (2008) underlines, in order to investigate the transaction model with an e-procurement example, argued that generally the approaches do not highlight the contribution of aligning stakeholders, especially customers, within the supply chain thus, he argues that brand is the only common element to the entire demand chain.

Conclusion

The preliminary findings indicated that the literature review based on the last ten years research; (1) the research agenda is rather dominated with case studies, with limited conceptual papers (2) the impact on specific tools and techniques have been iterated in papers, however there is a general lack of papers which investigate these tools and their impact/interlinkage on/to marketing agenda and (3) finally but not least the preliminary research indicates that all papers underline the synergies and efficiencies gained through the interaction of these three concepts, however the areas of overall synergies were limited to each contextual setting and calls for a more cross-industry comparisons.

It would be interesting to see how the last ten years research has moved in comparison to the last 10-20 years, where one would assume that the volatile market conditions must have called for

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Walters, D. (2008). Demand chain management 1 response management 5 increased customer satisfaction, *International Journal of Physical Distribution & Logistics Management*, 38(9), 699-725

Table 1: Papers used for the literature review

Author(s):	Title	Source:
Per Hilletoft, Dag Ericsson, Martin Christopher	Demand chain management: a Swedish industrial case study	Industrial Management & Data Systems; Volume: 109 Issue: 9; 2009
David H. Taylor, Andrew Fearn	Demand management in fresh food value chains: a framework for analysis and improvement	Supply Chain Management: An International Journal; Volume: 14 Issue: 5; 2009
Dotun Adebajo	Understanding demand management challenges in intermediary food trading: a case study	Source: Supply Chain Management: An International Journal; Volume: 14 Issue: 3; 2009
David Walters	Demand chain management+response management=increased customer satisfaction	International Journal of Physical Distribution & Logistics Management; Volume: 38 Issue: 9; 2008
Stan Glaser	The role of branding in the value chain	International Journal of Physical Distribution & Logistics Management; Volume: 38 Issue: 9; 2008
Sylvain Charlebois	The gateway to a Canadian market-driven agricultural economy: A framework for demand chain management in the food industry	British Food Journal; Volume: 110 Issue: 9; 2008
Lokesh Nagar, Karuna Jain	Supply chain planning using multi-stage stochastic programming	Supply Chain Management: An International Journal; Volume: 13 Issue: 3; 2008
Mario Duarte Canever, Hans C.M. Van Trijp, George Beers	The emergent demand chain management: key features and illustration from the beef business	Supply Chain Management: An International Journal; Volume: 13 Issue: 2; 2008
N. Ravichandran	Managing bullwhip effect: two case studies	Journal of Advances in Management Research; Volume: 5 Issue: 2; 2008
Chris Morgan	Supply network performance measurement: future challenges?	The International Journal of Logistics Management; Volume: 18 Issue: 2; 2007
Riikka Kaipia, Jan Holmstrom	Selecting the right planning approach for a product	Supply Chain Management: An International Journal; Volume: 12 Issue: 1; 2007
Thomas Thron, Gabor Nagy, Niaz Wassan	The impact of various levels of collaborative engagement on global and individual supply chain performance	International Journal of Physical Distribution & Logistics Management; Volume: 36 Issue: 8; 2006
Jari Collin, Dennis Lorenzin	Plan for supply chain agility at Nokia: Lessons from the mobile infrastructure industry	International Journal of Physical Distribution & Logistics Management; Volume: 36 Issue: 6; 2006
David Walters	Demand chain effectiveness – supply chain efficiencies: A role for enterprise information management	Journal of Enterprise Information Management; Volume: 19 Issue: 3; 2006
Dany Jacobs	The promise of demand chain management in fashion	Journal of Fashion Marketing and Management; Volume: 10 Issue: 1; 2006
Bradley Z. Hull	Are supply (driven) chains forgotten?	The International Journal of Logistics

David Walters, Mark Rainbird	The demand chain as an integral component of the value chain	Management; Volume: 16 Issue: 2; 2005 Journal of Consumer Marketing; Volume: 21 Issue: 7; 2004
Curtis N. Bingham	Creating “insatiable demand” – leverage the demand chain to expand your customer base and your revenue	Handbook of Business Strategy; Volume: 5 Issue: 1; 2004
Srinivas Talluri, Kemal Cetin, A.J. Gardner	Integrating demand and supply variability into safety stock evaluations	International Journal of Physical Distribution & Logistics Management; Volume: 34 Issue: 1; 2004
Michael Catalan, Herbert Kotzab	Assessing the responsiveness in the Danish mobile phone supply chain	International Journal of Physical Distribution & Logistics Management; Volume: 33 Issue: 8; 2003
Adrian Slywotzky, Richard Wise	Three keys to groundbreaking growth: a demand innovation strategy, nurturing practices, and a chief growth officer	Strategy & Leadership; Volume: 31 Issue: 5; 2003
Rhonda R. Lummus, Leslie K. Duclos, Robert J. Vokurka	The impact of marketing initiatives on the supply chain	Supply Chain Management: An International Journal; Volume: 8 Issue: 4; 2003
Johanna Smaros, Juha-Matti Lehtonen, Patrik Appelqvist, Jan Holmstrom	The impact of increasing demand visibility on production and inventory control efficiency	International Journal of Physical Distribution & Logistics Management; Volume: 33 Issue: 4; 2003
B.S. Sahay	Supply chain collaboration: the key to value creation	Work Study; Volume: 52 Issue: 2; 2003
Sameer Kumar, David Meade	Has MRP run its course? A review of contemporary developments in planning systems	Industrial Management & Data Systems; Volume: 102 Issue: 8; 2002
Martin Christopher, Denis R.Towill	Developing Market Specific Supply Chain Strategies	The International Journal of Logistics Management Volume: 13 Issue: 1; 2002
Marilyn M. Helms, Lawrence P. Etkin, Sharon Chapman	Supply chain forecasting – Collaborative forecasting supports supply chain management	Business Process Management Journal; Volume: 6 Issue: 5; 2000
Dotun Adebajo, Robin Mann (2000)	Identifying problems in forecasting consumer demand in the fast moving consumer goods sector	Benchmarking: An International Journal; Volume: 7 Issue: 3
Sveinn Vidar Gudmundsson, Rita Walczuck (1999)	The Development of Electronic Markets in Logistics	The International Journal of Logistics Management; Volume: 10 Issue: 2
