



Logistics Management as a Tool to Achieve Competitive Advantages of the Enterprise Trade

Victoria V. Prokhorova^{1*}, Oksana N. Kolomyts², Alyona I. Nenasheva³, Nikolay A. Sholukha⁴, Pavel G. Vashchenko⁵

¹Kuban State Technological University, Krasnodar, Russia, ²Kuban State Technological University, Krasnodar, Russia, ³National Research Nuclear University, Moscow Engineering Physics Institute, Moscow, Russia, ⁴National Research Nuclear University, Moscow Engineering Physics Institute, Moscow, Russia, ⁵National Research Nuclear University, Moscow Engineering Physics Institute, Moscow, Russia. *Email: vi_pi@mail.ru

ABSTRACT

The need for logistics management explained convent-house reasons, among which we distinguish the main. One of them – the development of competition caused by the transition from a seller’s market to a buyer’s market. Cash invested in the sphere of distribution, began to influence the position of the supplier on the market is much stronger than the same money invested in the sphere of production. The logistically organized material leading chains cost of goods delivered to the final consumer, was lower than the cost of the same goods held by the traditional way. Emerging difference provides the participants a competitive advantage, not dependent on the size of included capital, and the ability to organize the logistics process. In addition, using the logistics providers can guarantee the delivery on time the right amount of product required quality and represent for the consumer is much more valuable than suppliers that the reliability of such assurances do not provide.

Keywords: Management, Administration, Logistics, Competitive Advantage

JEL Classifications: L14, L17, L23, M11

1. INTRODUCTION

The world of globalization and the growing dynamism of the market economy determine the internal market needs and new challenges for the economy of Russia. In order to operate successfully in a market environment, and fully meet the needs of economic actors in the distribution system should be restructured regional distribution centers.

This situation requires a substantial revision of the mechanism of the distribution regions functioning of Russian system based on logistics management, implying that the formation of the integrated systems of organizational-economic, information and different order, whose purpose is not only to provide a better level of customer service, but also in globalization economic activity, strengthen the implementation of international requirements in the field of responsible

storage of goods with the help of intellectualization of applied technologies.

Logistics is the most efficient, market-oriented mechanism for the implementation of economic reforms and acts in the world of product distribution system, as a way of planning, formation and development of the movement of material flows with minimal time and financial costs (Kobersy et al., 2014). As a catalyst for economic development, logistics has a greater virulence of theoretical and applied tools of formation of integrated logistics systems, covering specific business sectors, as well as entire countries and regions.

Today, Russia is in the process of formation of innovation-based economy, involving intensive development and implementation of information technology, informed the creation of a competitive environment in the field of product distribution, development of

co-operation and interaction in the system of economic relations between the parties to the product distribution process. Logistics and logistics management require strengthening of integration trends in the regional economy, require a search of operational and functional market mechanisms to ensure the effective functioning of the distribution sector of the country.

The urgency of the matter identified the choice of the theme, goals and objectives of the research work. The subject of research are economic and organizational solutions that arise in the management of the logistics activities of enterprises, regional distribution centers in the functional product distribution system.

2. MATERIALS AND METHODS

The working hypothesis of the study is to recognize the impact of effective systemic and integrated approach to logistics management a number of aspects of the activity in the field of distribution of goods and services, which in turn will create favorable conditions for the growth of the capacity of the regional market, reorganize its structure and will contribute to Russia's economic potential.

Theoretical and methodological basis of the research were the works of the Patriotic-governmental and foreign scientists in the field of logistics management theory and practice. Research on this topic was carried out with the use of methods of economic and system analysis, expert evaluations and statistical analysis.

3. DISCUSSION

Theoretical, methodological and practical bases of logistics management, which are the starting point of the modern market-oriented mechanism for the implementation of economic reforms, discussed in the writings of scholars such as Anikin (2011), Hadjinsky (2013), Margunova (2011), Lukinskiy (2007), Nerush (2008), Ivut and Kissel (2012).

At the same time accumulated a wide experience in the use of modern logistics distribution management technology contained in the works of Dybskaya (2012), Nikolaichuk (2012), Sarkisov (2008) and others.

Logistical procedure in trade at the level of trade intermediation institutions is implemented by streams that operate among the components and subsystems of a trading company, but also among the company and the external environment. Management of the company, integrating complex functions of strategic planning, motivation and control, sets the desired characteristics of the state trading companies to prove their results through a system of incentives. Resources and, at the same time, product management logistics action is considered informative flow, presented a collection of updates, properties and characteristics of which are due to the concept of channels and means of interconnection, data sources and notification of customers. Through the channels of the forward and the opposite relationship informative flow is divided among the departments that implement the logistics procurement movement, sale, transportation, maintenance and others.

The final properties of inventory flows asked subjects demand: Buyers are transient (trade and intermediary companies, low cost structure, etc.) and final users (households), demonstrated by separate buyers.

Logistics management functions in the trading company are appropriate:

- The purchasing department: Selection of partners and the development of optimal relationships in accordance with the procurement, including the amount of the organization of communications with suppliers: Market analysis of proposals; selection of suitable modifications and purchase conditions, including establishment of service level management, the establishment of the purchase price; creation of a suitable scheme, the terms of circumstances, the regime and the monetary settlement unit, controlling the payment due to the company established inventory items (Gerasimov, 2010); lawyer's criticism of the procurement, the amount of work handling complaints; analysis of the financial performance of the movement of purchases;
- Transportation department: Calculation of the need for transport; establishing transport characteristics, the establishment of suitable techniques moving vehicles routing; the selection of the type and the type of vehicle, the carrier; the completion of the agreement in the use of transport services, establishing the need for forwarding proposals; Dispatch motor flux; the establishment of special circumstances, the transport (forwarding, insurance, order and the physiological demand of transportation and other);
- Trade department: Customer selection, the organization of communication with customers; analysis of the demand situation; the creation of suitable conditions of delivery, counting the cost of delivery; creating service policies, enterprise management logistics service customers; design appropriate calculation methods, timing, circumstances, mode of payment of monetary units; controlling the supply of payment timeliness buyers; legal criticism of the delivery of the work, including handling complaints activities; analysis of the financial performance of supply.
- Warehousing: Loading and unloading, the company works; implementation of high-quality and numerical acceptance of baggage; creating flow charts of intra-movement of transport and conservation units, the location of the mass of commodities received in the areas of storage and preservation; inventory management (Darling, 2011); Product organization and industrial use.

Retail trade activity in the past year has undergone significant structural changes and through their own scope and impact on the living standards of inhabitants is a major importance in the state economy.

The retail market research related to the study of supply and demand, the delivery system of products in retail trade, the conservation system, transportation, sales of products, and so on.

Search successful implementation paths selected functions in order to gain competitive advantage leads to a need for

widely popular as well as in our country, and abroad logistics concepts.

For a long time, the importance of logistics in the retail trade was underestimated. Nowadays, scholars and practitioners to notice, then the logistics, providing absolutely rational management of all activities, the company makes trading more efficient and competitive. Logistics keeps stable trading company in the market, improve the purchasing function, transportation, conservation reserves. It is advisable to purchase the actions of disposing of products, delivery of goods in retail trade companies, reserves of products, logistics saves loss of rotation, reducing the cost of products, increase the profitability of the business (Arzhakov and Silnov, 2016). The use of logistics increases efficiency of goods movement by reducing transport costs; accelerate the turnover of the currency of money invested in commodity reserves; and also the use of modern information technologies.

4. TRENDS IN THE LOGISTICS DEVELOPMENT

The administrative, economic and scientific literature in the current period, experts emphasize two basic trends in the management of logistics.

One of them is associated with multi-functional layouts to the traffics, in this case the rule has absolutely all the physiological operations that need to be carried out at the delivery of the products from the supplier to the buyer (Spruce and Lebedev, 2011). Another direction is characterized by the extensive layouts: In addition to product distribution operations management it provides market research suppliers and customers, coordination of demand and regulations on products and services market, and in addition the harmonization of the interests of participants in the movement of goods movement.

Summarizing the importance of logistics as well as the competitive advantages of the tool deeds of sale, it is necessary to note that it contains the strategic importance and takes effect on all, without exception, financial performance, including earnings and revenue (Grigoriev et al., 2011; Kurganov, 2009; Silnov, 2015). Without logistics cannot be productive to make the main procedure in the trade. Logistics makes it possible to monitor the existence of products in the database and reserves turnover, their relevance expansion and prevent shortage of products affected by the change (decrease) in transaction losses, helps to reduce costs of transportation, reduce the extent of total losses, and improves the period and range of delivery of products, affects the increase the quality of trade services. In the end, the logistics greatly increase the effectiveness of individual trading companies on the market.

Buyers interested in the quality of products, service level, cost, level of products, the presence of additional services in the period of search and purchase the product in the store, which in turn are formed by step introduction of logistical approaches in the retail company.

You can set the logistics in the retail trade is aimed at such changes as well as:

1. Organization of rapid delivery of products to a separate trading company;
2. Optimization of delivery routes and transport costs (Ivanov, 2010);
3. The use of current concepts of informative, allowing for control of receiving the product and its location at the base, to dispose of commodity reserves, to carry out an inventory and much more;
4. High-quality customer service;
5. Actively respond to changes in demand;
6. The use of the current implementation of technologies such as merchandising;
7. Minimizing the total loss treatment trading company, that will plunge to a reduction in costs and increase profitability.

Most companies use logistics approach is at a low level, due to the fact that the word refers to both the formation of logistics transport and storage, that is, the more limited scope of use of logistics. List of the main conditions under which the introduction of logistical layouts in small trade companies is difficult:

- Low concentration of funds for their own development;
- Lack of economic capacity for the company deliberately equipped with storage space, including stand-alone;
- Narrow areas for the company of a trading hall, spare room;
- The lack of their vehicles and equipment for storing and handling products;
- The development of a kind of inventory, specialized to meet the domestic demand (similar to the list of products, usually with a small period of conservation, quickly traded).

Increasing competition in the Russian market is forcing traders to use different methods for the purpose of saving the firm profitability by reducing logistical losses (Kunelbayev et al., 2016). The main course according to a decrease in logistic losses in the trade is considered to be a separate association, allows for an optimal flow of goods method.

Logistics integration among production, transportation, wholesale and retail organizations captures all the most important role in the integration of trade actions. In the retail trade as cash savings generated integration movement in the market there are different formats of trade, receiving competitive dignity by offering the market its brands, maximizing monetary relations, extraction price bonuses to purchase products from manufacturers.

Integration of motion in a separate trade due, on the one hand, the low competitiveness of many shops, which does not possess sufficiently fine-concentration of funds for his own formation, and with the other hand, the need to increase the properties of the functioning of the trading companies themselves.

It should be noted that the quantity and quality changes in retail logistics contribute to the improvement of trading companies:

1. Increasing the size and frequency of purchases of products by retailers;
2. In connection with the expansion of the range in individual

- trading companies increased the number of suppliers, workers with retailers;
3. To increase the share of semi-finished products, fresh perishable products increased speed of the commodity reserves through a chain of retailers supply;
 4. Due to the growth of market share, related network of retail trade, Sauveteur-growth decreases the level of centralization of purchases;
 5. Increases the degree of interaction with suppliers and integration and partnership in accordance with the whole supply chain;
 6. Due to the continuous enlargement of the scope of work performed continuous reduction of specific losses (including logistics) retail trade;
 7. Increases the importance of the retail logistics for redistribution forces in the sales channel, as direct sales companies establish what products and from some manufacturers will be represented in the store;
 8. The introduction of a rapid response concept, aimed at improving the management of reserves, accelerating the movement of commodity flows (Linders, 2007), responding to changing customer needs and reduce the situation of occurrence of product deficiency by introducing the concepts of electronic data interchange, bar coding concepts and the application of modern packaging, which allows to move the product to the shopping facilities without prior preparation.

Logistics integration streaming action in individual firms captured without exception, logistic functions in the company. Logistic integration – a procedure to organize some logistic functions and commodity resources of trading companies in order to increase the productivity of their work.

Thus, it can be established that the logistics at the present stage is becoming increasingly actual orientation and develops according to such trends as the production logistics, reserve management logistics, distribution logistics, sales logistics, transport logistics, warehousing logistics, information and economic logistics. In turn, the formation of logistics activity provides an opportunity to improve the relations of economic agents, in consequence of which increases the effectiveness of the functioning of companies in general.

5. MANAGEMENT OF LOGISTICS AND COMPETITIVENESS OF THE ENTERPRISE

In the modern market economy, the main purpose of the company is to survive in the market, profit maximization and cost reduction. In the face of brutal competitiveness are considered an important indicator of the competitive advantages of the company.

The concept of “competitiveness” (from the Latin face) – The concept of a universal, applicable in economy, politics, technology, etc. A common feature of this concept when used in all spheres of society is its market-oriented, which is due to the value of its root.

The competitive advantage of the company to identify opportunities and dynamic adaptation to different market competitive conditions.

Now there has been increasing competitive advantages through the use of logistics. It is characterized by the results obtained in the economies of the capitalist countries. (For example: Ford Motors, IBM).

Under the logistics can be understood as the effective management of the material, in-formational and financial flows with optimal costs of all resources to meet customer requirements. Logistics brings together into a single process of the company various activities, such as production, transportation, warehouse management, transportation, packaging and so on. Logistics helps

Currently, the market is characterized by stiff competition, and logistics plays a major role in the consumer service (Kurochkin, 2012). Service for the market became the main element of the marketing strategy of the company and thus increasing the interaction between logistics and marketing, key factors in the competitiveness of firms.

To improve the maintenance services, improving the quality of services in the field of competitiveness of the company’s services are rising. These activities are a direct object of the logistics management. Logistics is integrating the potential to bind and improve the interaction between functional areas of the company, such as procurement, marketing, sales organization.

Activities in the field of logistics firms to increase the competitiveness of a member of the “seven rules of logistics.” The main rule of logistics, it must be integration (Melnikov et al., 2014). Logistical activities should help to quickly transfer data between the company’s departments and coordinate suppliers. Meet the company resources, plan production operations, coordination between wholesalers, promotion of products on the market.

Logistics management can ensure effective coordination in purchases of material resources and the production of finished products to the projected (based advertising research) sales.

To find the quantitative characteristics of the effects of logistics solutions, some conditions are needed, namely:

1. The presence of well-functioning accounting and information system;
2. Conduct comprehensive analysis of costs and revenues structural divisions of the company and all the participants, based on the application of the principle of “mission” of the supply chain and a single methodology for calculating costs;
3. Definition of the share of profits from the logistics activities of the company.

6. MAIN FUNCTIONS OF LOGISTICS TO COMPETITIVENESS FIR US

Logistics has an impact on the costs associated with the sale of products. For some expenses include the costs of order execution, which include the costs of their treatment, transportation,

warehousing, inventory management, and on the packaging of goods, software and consumer market with spare parts, after sales service and other similar activities. Logistics also has an impact on improving the situation of companies in the market, which implies an increase in their share in it.

Logistics affects input capital through the main elements of the company's assets and liabilities balance. Because in our time, many companies are faced with a lack of cash "items such as" cash and accounts receivable "are critical, based on the company's liquidity belief," and are more appropriate.

Since logistics impact on fixed assets through inventory reduction (it supplies raw materials, semi-finished products, devices and finished products), then it follows, logistics management is dependent on the policy of the company in respect of the production levels, the extent of these levels of control and management. Immediately, the policy for the purchase of raw materials, particularly associated with the accounts of creditors, have an impact on their fixed assets.

Consequently, procurement management, and integration of production management – A component of the company's logistics strategy, which will eventually allow a significant economic effect. Studies show that in firms where stepwise spending of reserves corresponds to the planned production requirements for raw materials, manufacturing costs are reduced, and the degree of use of invested capital increases (Skylight, 2008).

Rental of warehouses, vehicles and other elements of the logistics system is for the tenant's current expenses. Replacement of fixed capital for operating costs is achieved through third companies to perform operations on warehousing and transportation instead of acquiring its own funds to implement them.

Studies conducted in the field of logistics for a large range of markets (from food markets to capital-intensive production), show that the company-producers and intermediaries have enough opportunities to create preferable conditions to consumers. However, these features may be implemented only if the logistics operation fully drawn solely on the market.

In conclusion, it can be argued that the main objective of logistics goes beyond reducing costs and increasing profits. It can be concluded that the competitive advantage of the company is to increase competitiveness by offering additional services and improve their quality. This concept can be used by most companies, cost reduction can again be a matter of priority, but on a different basis. Therefore, improving the competitiveness of firms at the expense of logistics – the process is continuous and adaptive.

7. CONCLUSION

Any business organization, incorporating logistics and forming a proper logistics system with its objectives, in particular,

seeks to assess its actual or potential effectiveness. During the development of logistics in the industrialized countries has formed a system of indicators, in general terms, to assess its effectiveness, efficiency and effectiveness. The overall logistics cost is the total cost associated with complex functional logistics management and logistics administration in the logistics system. Generally accepted in the Western business is the allocation and accounting of expenses for transportation, warehousing, materials handling, inventory management, order management, information and computer support, etc. Often, to meet the challenges of optimizing the structure or management in the logistics system as a part of total logistics costs accounted for the loss of profits from freezing (immobilization) of products in inventory, as well as damage caused by the logistics risks, or low-quality logistics services. This damage is usually evaluated as a possible decrease in sales volume, a reduction in market share, loss of profits, etc. The famous American consultant in the field of logistics, Herbert W. Davis for several years tracked logistics costs in the US industry in warehousing, transportation, order management/customer service, distribution management, and inventory management as an integral part of the final price of products and customer service.

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