

Implementation of Marketing Mix Strategies for the ASEAN in Logistics Management

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Abstract

Economic growth and e-commerce in particular create huge demand for logistics in ASEAN. To gain competitive advantages through a higher level of customer satisfaction, with lower cost for an acceptable level of service, companies should integrate their marketing mix with the logistic and a supply chain management aided by new technologies such as automated guided vehicles (AGVs), automated storage & retrieval systems (AS/RSs), vehicle tracking for fleet management, and delivery planning systems, etc. Therefore, they may implement total quality management (TQM), move raw materials, store work in process and finished goods, and deliver to the final customers with efficiency and effectiveness.

Keywords: Logistics Management, Marketing Strategy, ASEAN Market, Transportation system, Marketing

Introduction

The crucial role of logistics is involving moving, storing, and distributing activities from the source of production to the final consumer within the condition of a time limit of delivery and total cost competitiveness. This can be seen that it is consistent with the role and function of the packaging. However, due to the current trade, there is intense competition. Therefore, marketing planning becomes an essential part. As a result, it can make the activities flow, store the material and distribute the goods. One of those successes is packaging that is part of the marketing promotion by focusing on attracting the consumers' attention to make a purchase. Packaging in today's era also has to create the image of the product before the buyer sees the product on a shelf. More than that, the packaging of the product must be attracted by colored or shaped to color. In addition to this, it must be covered with the strength to protect the products.

The main goal of today's logistics is to reduce costs, increase consumer satisfaction, reduce transportation time, and reduce all the problems that will occur by using the lowest price. In the ASEAN region, Thailand is one of the leaders in logistics and exporters. Therefore, there is more increasing demand for logistics jobs. Then, higher education has added a logistics and supply chain management course. In the past, the understanding of Logistics and Supply Chain

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Management might be only in transportation. Transportation is only one part of logistics. More than that, there are also about inventory management, warehouse, distribution center that serves to distribute products to customers.

Logistic in ASEAN

Since its entry into the ASEAN Economic Community (AEC) in 2015, the transport system has had to considerably plan and adjust its work processes to accommodate this critical transition to have an effective logistics system. In addition to increasing the ability to compete with ASEAN and the ability to attract foreign direct investment also help to accelerate the push for regional economic integration. In the field of logistics packaging, they are focusing on cost and the convenience of usage for customers. It can be noticed from how easy of adaptability in packaging even from shape, size and material as long as the business can generate more customer satisfaction. Thus, the role and function of packaging as part of logistics activities can be summarized in three ways:

1) Storage Support: in terms of the protection and storage of goods. It helps to avoid damage and makes it is more convenient in storage.

2) Transportation Support: in terms of the convenience and safety of mobility to transport.

3) Cost reduction: in terms of saving space for storage and convenience for transportation

Packaging is related to logistics activity as a mechanism for the logistics system to be driven efficiently. The role of packaging will be the primary mission of maintaining products product packaging serves to protect the product inside. Packaging must keep the product safe during shipment between the manufacturing facility and the retailer and must prevent damage in the limited area so as to have the most effective space of utilization. As a result, this will affect logistics costs.

Many countries have begun to develop projects related to logistics to be more complete, for example, the Lao People's Democratic Republic, which is under construction on a railway line connecting to China, along with the development of a large distribution center in Vientiane. Also, in Cambodia, there is a national logistics master plan in order to focus on the development of the transportation hub in the sub-region by improving the existing road routes and constructing a route connecting the port and the internal provinces. Due to the fact that, the changing environment of the surrounding countries in ASEAN. As a result, Thailand's online commerce market accounts for 8% of total retail. There is still much growth potential, especially in expanding into neighboring countries that have developed sequentially.

Vietnam has a growing e-commerce system, which is expected to be the third in the ranking by 2025, after Indonesia and Thailand. They are popular platforms similar to Thailand such as Shopee and Lazada, the growth of e-commerce has also resulted in the expansion of other branch services, especially logistics services, which plays an important role in the transportation of goods warehouse storage distribution of products to consumers and cash on delivery by transporting goods in neighboring countries, CLMV will use roads as the main transportation channel.

Currently, the logistics industry in Thailand and in the ASEAN region during the past year has three trends. The first trend is making a difference (differentiation), which makes logistics service providers usually only one-sided service, such as cold storage warehouse or make a car park or general warehouse. However, at present, the competition is so high that entrepreneurs turn to focus on price competition and therefore cannot manage their returns well. Therefore, differentiation is a solution that many logistics operators are trying to adapt. To create more outstanding and comprehensive services. The second trend is the adaptation of logistics

businesses to meet the needs of customers. For example, it is implementing consolidation in logistics, which is the process where a carrier or a shipping company combines several smaller shipments into one full container. In the case of the carrier, it helps to reduce the cost of the shipment and to make delivery of goods quicker. Moreover, the business can be using outsourcing which is using an external supplier for services to a company that cannot provide them for itself, or cannot offer them in an efficient way. The third trend is the implementation of technology. At present, the growth of e-commerce is considered to have a high impact on the logistics business, so the technology must be developed to support the e-commerce logistics that will make business more competitive (Bangkok Post, 2020).

The freight forwarding business in Thailand and abroad has significant growth. Due to the opening of AEC, especially freight forwarding to Myanmar and Cambodia, which have been growing up to approximately 6-7% per year. Moreover, in the past few years, B2B, B2C, and C2C transports are increasing growth because of the expansion of the e-commerce business. As a result, logistics service providers have to develop technology in transportation systems to meet their needs.

Last year, GDP growth in CLMV countries (Cambodia, Lao PDR, Myanmar, and Vietnam) was 7-8%, with Cambodia and Myanmar have been in the highest growth. This makes the overall demand for logistics services has been increasing, but there are some different types of logistics transportation. For example, Lao's growth of infrastructures is in road construction and railway system, which drive the logistics industry that supports mega-projects (Bangkokbiznews, 2021)

In Cambodia and Myanmar, the manufacturing and export sectors are in good growth. As a result, the logistics business sector expands. Because there are more foreign investors interested in investing in these two countries. In the past few years, many private sector entrepreneurs have invested in Vietnam. This is because Vietnam has a favorable geographical advantage to invest as an export base. In addition, the government supports foreign investment in both the manufacturing sector for domestic consumption and the manufacturing sector for export. This is a factor supporting the expansion of logistics, especially distribution centers or nationwide distribution, which is becoming a popular trend in Vietnam.

In addition, it can be seen that from the point of view of Thai entrepreneurs, there are joint ventures such as SCG Nichirei Logistics, a joint venture company between SCG Logistics and Nichirei Japan in order to be the world leader in temperature-controlled cargo transportation and being a modern cold storage warehouse, which enhances temperature-controlled logistics services and pioneering markets for B2C and C2C. As a result, both businesses become even more vital in this industry (SCG Logistics, 2016).

Marketing Strategy

Marketing Mix is the primary tool that marketers use to create a competitive advantage over their competitors. It is the process that can generate the marketing leader for the business and make businesses profitable for continuity and sustainability that are superior to competitors.

Therefore, it is an essential mission for long-term business operations. This is because when a business can create a competitive advantage over competitors, the firm can operate better than competitors (Chaengploy & Jadesalug, 2016). Since the business focuses on quality management to meet the needs of consumers, this is derived from the search for the needs, wants, and purchasing ability of consumers. To get the most satisfaction from the customer, it needs to implement "4Ps" are including product, price, place, and promotion (Kotler, 2000). If

the firm can combine all 4 factors appropriately, it will lead to achieving marketing goals and meeting consumer needs which are better than competitors.

To create a competitive advantage, one thing that should be concerned is to use the insights of data to drive the marketing strategy, analyze the business overview, and implement SWOT analysis to understand the marketing mechanism.



Figure 1 Complete Competitive Intelligence Concept

Source: <http://www.biakelsey.com/services/competitive-intelligence/>

For the principal model above, Complete Competitive Intelligence is a great marketing driver. Businesses need to implement the business analysis strategy are including industry business overview, situation analysis, internal and external factors (SWOT ANALYSIS) for understanding customers, and producing the right products to meet the needs of the target customer. Businesses bring these into the marketing mechanism for marketing planning. These may be the parts that provide a competitive advantage for the company (Chaengploy & Jadesalug, 2016).

Logistics and supply chain management

Logistics and Supply Chain Management (SCM) consists of processes that drive business in different objectives. Nevertheless, there are some goals to achieve, which include as mentioned below: 1) to attain superior competitiveness; 2) to make the business more profitable; and 3) to generate to the organization sustainability.

Marketing and logistics and supply chain management are related activities by emphasizing on time of delivery and also after-sale service to make more satisfaction (Barcik & Jakubiec, 2013). More than that, in the current situation, there is more integration by implementing Total Quality Management (TQM) in the firms. There are three main principles of TQM that the company should be considered. Firstly, businesses need to focus on both internal

customers and external customers. Secondly, businesses need continuous improvement, which can be mean incremental change using PDCA (Deming, 1998). Lastly, TQM is the strategy that focuses on staff involvement and engagement to create better organizational performance results.

In addition, it can be seen that in the current era, business is highly competitive. As a result, entrepreneurs have to continually develop their business by increasing the competitiveness in order to operate the businesses with stability (Lambert & Stock, 1993). It is undeniable that one of the most essential factors in business development is the ability to analyze, evaluate and estimate logistics performance, and competition. This can lead the company to understand their strengths and weaknesses and also bring it to apply to gain more competitive. This is because logistics management is a comprehensive measure of business activities in managing cost, time, and customer satisfaction such as order fulfillment, on-time delivery and the number of inventory rotations, etc.

One of the key factors of important logistics management is transportation (Speranza, 2018). The activities that move goods from the point of origin to the point of consumption are the most efficient. The correct quantity must be delivered in perfect condition and on time, resulting in added value or utility in terms of time, place, and amount. Therefore, transportation is an essential part of driving various activities in the logistics system and for operators to understand and be able to decide which products are suitable for which type of delivery to reduce costs. Therefore, it can be seen that logistics related sectors cover many parties from raw material source, packaging, loading, delivery-receiving processes, customs, warehouses, and also the variety of transportation infrastructures (road systems, rail systems, ports, and airports)

In addition, the implementation of innovation is to generate a tool for use in the development of logistics management systems (Sakchutchawan, 2011). It can increase efficiency and create competitive advantages which can reduce costs, whether it is the cost of transportation of goods, inventory holding costs, and logistics administration costs. For example, innovative equipment technology is used to move pallets, conveyors, automated guided vehicles (AGVs), automated storage & retrieval systems (AS/RSs), technology vehicle location tracking, fleet management, and delivery planning systems, etc.

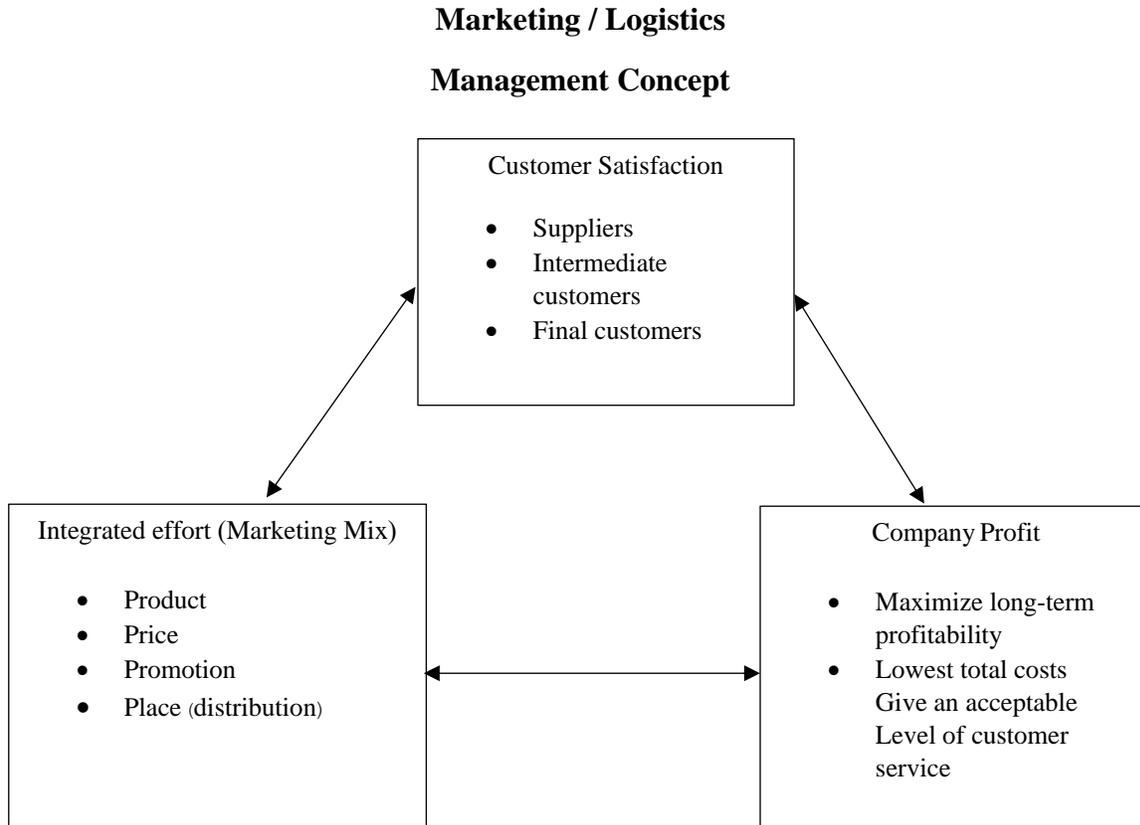


Figure 2 Marketing/Logistics Management Concept

Source: <http://www.thailandindustry.com/onlinemag/view2.php?id=1334§ion=30&issues=80>

From the picture above, it can be seen that the current marketing concept is integrated with both marketing and logistics management, and the business direction has been adjusted accordingly to achieve operational efficiency for the goal of long-term business gains, cost reductions, and maintaining an appropriate level of customer service (Sungsri, Khamthong, & Kanthaboon, 2018). This can lead businesses for having repeat purchases from customers. As a result, a business can generate sustainable profit. In addition to this, Efficient Customer Response (ECR) is a system that maintains business to manage customer relationships.

Conclusions

From the information above, the development of service efficiency should focus on implementing information technology (IT) systems and innovations in information also adding communication technology to organize and manage, especially in the replacement of labor such as warehouse management. It can use automation to manage and reduce the number of employees. It will help solve the problem of shortage of logistics staff and reduce labor costs. Therefore, the development of the medium and large logistics systems should have an innovation center to develop software or innovations that can meet the needs of their own

specific business and reduce the dependence on labor in the future which can also create an advantage over competitors. The information below includes six marketing planning strategies that logistics companies should implement in order to develop and improve marketing plans.

1) Set the appropriate service proposal

It's a good start for businesses has to set the standard planning in terms of the time of delivery to the final customer because there are many logistics services for transportation such as truck, rail, pipeline, sea, and air. More than that, businesses need to recognize in technology tools to implement in the company to make it more efficient.

2) Identify primary and secondary markets

Nowadays, it is always changing over time in society and situations something that the market will change over time, society and situations. Including the business need to change the system or logistic users. Assessing the target audience in the primary and secondary markets will be able to make a marketing plan allocate a budget, including making it profitable to the business.

3) Competitor analysis

Businesses need to analyze and prioritize the top three competitors so as to they can set the marketing strategy properly. It's the importance for the business to understand their strengths, weaknesses, and opportunity to arrange the appropriate channel, communication, advertising, and also transportation. This can be a business strategy that set the differentiate for the company to beyond competitors.

4) Present the strengths to the right group

Nowadays, it is very important to highlight the product's strengths and set it to match the target audience. In some principles, for example, the startup will focus on the thought process that must present the strengths to the target group for easy to apply marketing strategy because it is not old-fashioned marketing that focuses on a broad target group. Currently, business needs more specific customers so as to create a personalized product and select the right option of the type of logistics model that matches with customer requirement.

5) Marketing budget allocation

Setting your marketing goals is an important part of creating a marketing budget plan. This will help the company to clearly define the channels and strategies to implement are including allocating budget and planning of the logistics expenditure.

6) Develop a strategic marketing plan

The business plan can start with the basic guidelines for production. In order to meet the needs of target groups, the company needs to connect with the logistics service and provide the best shipping to end customers.

Suggestion

From the information above, it can be seen that the marketing strategy for logistics management to the ASEAN market is a crucial issue that not only entrepreneurs and business owners should understand but also the staffs need to realize their importance. Due to the fact that the better logistics management can be reflected that customer service to generate more customer satisfaction. Therefore, the business needs to focus on building customer loyalty and maintaining market share by developing packaging to be convenient for transportation and also implementing innovation, which suitable and appropriate such as the flow automation system and moving and flow system. Both of them are examples of applying in business in order to reduce transportation costs and develop a more efficient logistics system.

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