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Sales Policy and Sales Marketing System

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ABSTRACT

Sales policy of the company is organization of optimal distribution network for effective sales of manufactured goods (creation of wholesale and retail trade, determination of routes of distribution, transportation, storage, supply system, maintenance facilities and exhibition halls, ensuring the efficiency of product distribution). The activities of the company in the marketing and distribution of products should be subject to a particular purpose. First, to ensure the delivery of manufactured goods in the required amount in such a place and time more than just satisfied consumers. Secondly, to attract the attention of customers to products of firms and encourage the expansion of its sales to the final consumer. The main objectives of sales policy are: achievement of a certain percentage of turnover; the conquest of a specified market share; determination of the depth distribution; minimization of distribution costs. As a result of achieving these goals, a tool of influencing the consumer side of the company as part of the sales policy are, on the one hand, distribution channels, their structure, the process of choosing marketing channels, and developing and implementation of marketing activities for the physical distribution of goods.

JEL Classification: M11, M31, M37.

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1. INTRODUCTION

Every company operates within a particular economic situation and feels the need to address problems related to four areas: the world economy (terms of trade, marketing costs, exchange rates, etc.), national

economy (government policies, etc.), the consumer market in a broad sense, the immediate sales market. “Effect of pressure” on the part of these four areas on a company’s activities must be taken into account when planning marketing and sales activities.

Theoretical and methodological basis of research are fundamental works, monographs, scientific articles of leading domestic and foreign scientists on the problems of marketing and management of marketing activity and its impact on the nature of the economic enterprise development in a competitive environment.

The methodological basis was the traditional science of the methods of cognition: systematic method of investigation, techniques of comparative analysis.

2. SALES POLICY OF THE COMPANY: CHANNELS OF DISTRIBUTION AND THEIR FUNCTIONS

The main functions of marketing are:

- commercial (promoting the sale of goods and implementation of the transfer of ownership): making contact – the transfer of goods, execution of orders, organization of payment and settlement operations the transfer of ownership of the goods; the information – collecting information about customers, competitors and the market as a whole, informing the consumer about the product and the firm.
- physical (moving from producer to consumer): transportation of goods; completion of production sorting, packaging, etc.; warehousing and storage of goods (Gavrilenko, 2016; Shvedenko et. al., 1998; Karepova et. al., 2015);

Sales policy in the marketing system is the accurate analysis of the impact of decisions at each subsequent stage of movement of the mass of commodities from production to consumption. These tasks are complicated by the continuously ongoing changes of the market situation is influenced by the increasing demands of customers, the range and quality of products and implementation of achievements NTP in the trade, the changing tactics of competitors, etc. (Godin, 2016).

The main content of the marketing policy is the choice of the optimum scheme of delivery of product from producer to consumer, physical distribution, and after sales service.

Distribution channel (product distribution) is a set of interdependent organizations that make product or service available for use or consumption. Role of distribution channel is the movement of goods from producer to consumer (Kotler, 1998; Gavrilenko, 2016).

With the canal eliminated gaps in time, place and ownership of that separate goods and services from buyers. Participants distribution channels perform the following essential functions (Kotler, 1998):

1. Distribution and marketing of products.
2. Marketing research.
3. Stimulating policy of promotion of goods to the buyer, promotional events.
4. Establishment of contacts with consumers.

5. Auxiliary types of work – sorting, Assembly and packaging, the selection of goods.
6. The conduct and conclusion of contracts,
7. Organization of product distribution – transportation, warehousing and storage of goods.
8. Financing costs on operation of channel of distribution.
9. Taking on the risks of commercial transactions,
10. Service work of goods sold.

Functions of the product distribution can be performed by different members of the channel. The use of intermediaries is mainly due to their effectiveness in ensuring the wide availability of the product and bring it to the target markets (He, Wu, Yan, Akula, & Shen, 2015). If the production ensures the rate of return of 20% and employment in retail trade gives to estimates, only 10%, the firm will want to deal with their own retail.

First, the wholesale intermediary has the ability to deliver the product to the consumer faster than the manufacturer. Secondly, mediation allows the manufacturer to cut costs (Lamben, 1996).

The functions of sales lead to five flow allocation between the parties of exchange process:

- flow rights of ownership: transfer of ownership of the goods;
- physical flow: consistent physical movement of goods from manufacturer through intermediaries to the final consumer;
- the flow of orders: orders coming from customers and intermediaries and direct to manufacturers;
- cash flow: various payments, accounts that move from end user to manufacturer and intermediaries;
- information flow: this flow extends in both directions – information about the market moving in the direction of the manufacturer, information about the offered goods at the initiative of the manufacturer and intermediaries are directed in the direction of the market (Kotler, 1998).

Thus, the availability of distribution channel involves the distribution of functions and flows between the participants of the product distribution. Under sale understand the whole system of relations of production and trade. One of the key issues of product distribution is the choice of structure and the type of distribution channels, which we will discuss in detail in the next section.

3. SALES ACTIVITIES: STRUCTURE AND TYPES OF DISTRIBUTION CHANNELS

Despite the fact that the main classification criteria of only two (the foundations of the system and the number of intermediaries), the relationship between manufacturers, Resellers and end users can purchase a variety of types and forms. The most active role in these relations belongs to the manufacturer that when choosing a distribution system primarily takes into account the risk factor distribution, and estimates the costs of marketing and profit. Consider the variety of types of distribution on the basis of different criteria.

Number of Channel Levels

There are two main types of channels of distribution – direct and indirect.

Direct channels of distribution (Channel zero) are associated with the movement of goods and services from producer to consumer without using independent intermediaries. They are most often used by businesses who want to control their marketing program, seek close contact with consumers and have limited target markets. There are three basic ways to direct sales – peddling, mail-order trade and trade through manufacturer-owned stores.

Indirect channels of product distribution are associated with the movement of goods and services from producer to independent party goods movement, and then to the consumer. They usually attract firms to increase their markets and sales, willing to give up many marketing functions and costs and, accordingly, from a certain degree of control over the distribution channels and contacts with consumers (Godin, 2016).

Indirect distribution channels can be characterized by the number of components in their levels. The level of distribution channel – is any intermediary that performs work on the approximation of the goods and rights of ownership to the end customer. The length of the channel is denoted by the number of existing intermediate levels.

One-level channel involves one intermediary - a retailer or sales agent.

Two-level channel includes two intermediaries. In consumer markets, such intermediaries become wholesalers and retailers.

Three-level channel includes three intermediaries between wholesalers and retailers is usually a small wholesaler.

When the organization's indirect distribution channel, there is a need to determine its length and width. Channel length is the number of channel levels and channel width is the number of intermediaries, conventionally located at the same level (Maslova, Bozhuk, & Kovalik, 2012).

Due to the fact that indirect channels include independent members, the company developed a General plan of marketing and distribution obligations specified in the contracts (terms of delivery, fees, terms of payment, support, advertising, discounts of the size of the supply, labelling) (Godin, 2016).

Number of Intermediaries (Strategy of Market Coverage)

There are three levels of intensity channel (three strategies of market coverage):

Intensive distribution. Producers seek to ensure the availability of their goods, as a rule, daily demand, in as many outlets. For these goods, the necessary convenience of location and place of purchase.

Exclusive distribution. In this case, the number of intermediaries is severely limited. Thus, concluded an exclusive distributorship agreement under which the company-the sellers undertake not to sell goods competing brands. Exclusive distribution occurs in the practice of sale of new automobiles, some major appliances, etc. Providing exclusive rights for distribution of its product, the manufacturer hopes for more aggressive and skillful marketing, and the possibility of more complete control over the activities of the

sellers in the area of pricing policy, promotion, provision of services and level of service. This distribution usually contributes to the rise of the image of the product and allows for a higher margin.

Selective (selective) distribution is a cross between intensive and exclusive distribution. In this case, the number of intermediaries involved is less than the total number, are ready to start selling the product. Selective distribution gives manufacturers the ability to achieve desired market coverage under more strict control and at a lower cost, than in the organization of intensive distribution (McDonald, 2010).

Nature the Interaction of the Participants within the Channel

To reach different target markets, producers can use multiple distribution channels.

From an organizational point of view, there are the following main types of sales marketing systems:

Traditional Marketing System consists of a third-party, one or more wholesalers and retailers. Each channel member is a separate entity, seeking to maximize their profits, even at the expense of the entire distribution system. None of the members of the channel has no control over the activities of the other members, the goods pass from link to link, as a rule, with the loss of property rights.

In the development of marketing structures, to adapt them to changes in the internal and external environment, and especially under the influence of competition, there were vertical marketing system.

Vertical Marketing System

Vertical marketing system (VMS), by contrast, consists of participants acting as a single entity, pursuing common goals and interests. In this case, one of the channel members or the owner of the rest, or gives them the right of franchise, or has the power providing their full cooperation, while retaining ownership of the product. The appearance of Navy linked with attempts by more powerful actors to control the behavior of the channel and to prevent conflicts between individual member States. Navy economical from the point of view of their size, have a large market power and eliminate duplication of effort. Navy became the predominant form of distribution in consumer marketing, where they had already covered up to 80% of the market (Kotler, 1998).

There are three main types of VMS:

1. Corporate Navy. All the successive stages of production and distribution are in a single ownership and have a high degree of control over distribution channels. For example, in Department store chain Sears approximately 50% of all sold goods manufactured by companies with which the Corporation partially or fully owned.
2. Managed the Navy coordinate the activities of a number of successive stages of production and distribution through size and power of one of its members, which seeks the cooperation and support from Resellers (Novikov, Pykhtin, Gureva, Sozinova & Prokhorova, 2016). So, Corporation "General electric", "Procter & Gamble" able to achieve close cooperation with Resellers of their products in organizing exhibitions, allocation of retail space, carrying out of stimulus measures and policy prices.

3. Treaty of VMS consists of independent firms associated contractual relations and performing different tasks in the production and distribution of products and unifying their efforts to jointly achieve maximum business results. Contractual Navy recently received widespread (Kotler, 1998).

Contractual Navy are of three types:

Voluntary chains of retail dealers under the aegis of wholesalers. Wholesalers organize a voluntary Association of independent retailers to help them to survive in competition with the networks of large stores.

Cooperatives and retailers. Retailers are creating a new independent Union that will engage in wholesale operations and perhaps production. The group members make their purchases through cooperative and jointly plan promotional activities. The resulting profit is distributed among the cooperative members in proportion to the volume of purchases made by them.

Franchising (organization of holders of privileges). Franchise - the right to exercise a certain activity, usually using the well-known trademark, according to pre-established rules and norms (Godin, 2016).

The last time it was this trend in retail trade is developing most rapidly.

There are three forms of privileges:

1. franchises granting the right to benefits to retailers under the auspices of the manufacturer. For example, the firm "Ford" licenses for the right to trade in their cars to independent dealers who agree to adhere to certain conditions of sales and service organization.
2. franchise-wholesalers to the holders of privileges under the auspices of the manufacturer. For example, the company "Coca-Cola" licenses for the right to trade on different markets the owners of bottling plants (wholesalers), who buy her drinks concentrate, aerate it bottled and sell it to local retailers.
3. franchise retailers under the company providing services. In this case, the firm services form a comprehensive system, which aims to bring services to the consumers in the most efficient way. For Example, "McDonald's".

Horizontal marketing system (HMS) consists of two or more firms joining together in collaborative exploration of opening marketing opportunities. Individual firms either do not have enough capital, production capacity for action alone, or she sees in the Union a considerable benefit to themselves. Firms may cooperate on a temporary or permanent basis, and may establish a separate joint venture. For example, the firm "Dr. Pepper" lacked the capacity for bottling your soft drink, and she decided to engage in the licensed-based bottling enterprises, collaborated with the company "Coca-Cola" (Kotler, 1998).

Multi-channel marketing system lies in the organization of one firm trade and through its own distribution network and through independent intermediaries. For example, a Corporation "General Electric" sells major appliances both through independent dealers and directly to large contractors engaged in residential construction. Firms can benefit from increasing the number of distribution channels in three ways: increasing market coverage, reducing the costs to sell to a specific group of buyers, the added channel can be taken into account unmet demands of customers.

Thus, we examined the diversity of species distribution. The choice of distribution channels is based on economic criteria – comparing sales with costs of the establishment and operation of the canal, from the point of view of possibilities to control the activities of distribution channel and adapt it to marketing new products, or working in a new environment.

4. PLANNING AND ORGANIZATION OF SALES NETWORK

Defining the essence of marketing policy, having examined its functions and a variety of forms, it is logical to turn to the question of planning of the sales structure and choice of distribution channels.

Planning sales policy is a strategic decision which includes a determination of:

- sales strategy and policy of the organization channels of distribution,
- types of channels of distribution, a combination of different product groups and market segments
- the number of channel levels,
- management distribution channels and forms to establish the legal and organizational relations
- the width of the channels of distribution,
- intensity channel of distribution,
- the feasibility of using simple or complex distribution channels
- the optimal structure combining and combinations of various distribution channels in the variety of products (Gavrilenko, 2016).

Consider some of the issues facing manufacturers when making decisions about the structure of the channel.

Selecting and Managing Marketing Channels

The decision on the choice of distribution channel is one of the most difficult decisions to be taken by management. Selected channels by the most direct impact on all other solutions in the field of marketing and sales organization.

Factors in the assessment of distribution channels are: coverage of the target market; professional sales; the effectiveness of product demonstrations; access ways to the channel (Balseiro, Feldman, Mirrokni, & Muthukrishnan, 2014).

The choice of the reseller depends on criteria such as financial aspects; marketing; sales range of products; the total quantity of goods sold; market coverage, warehousing; the reputation of the mediator.

An important factor affecting the choice of distribution channels, is the characteristics of the product itself: the conditions of storage, transportation, timing of production and delivery, consumption, and so on. So, perishable goods require short channels, clothing and footwear – broad capital goods – short, related work, etc. (Shvedenko et. al., 1998; Vertakova, Rudakova, Shadrina, Kobersy & Belova, 2016).

The study of experience of enterprises, both abroad and in Russia shows that in determining the channels of distribution are normally taken into account, in addition to the above:

- needs and preferences of customers;
- costs, the ratio of income and expenses
- flexibility in action;
- methods of promoting products and sales promotion;
- delivery of goods;
- inventory levels;
- issues of transportation and other criteria (Godin, 2016).

The results of the study the main indicators, the firm decides on the most effective structure of the distribution channel.

In the channel allocation function a variety of organizations. When between them there is no agreement in the channel conflict.

The conflicts are:

- horizontal between organizations of the same level of the channel (for example, between dealers that serve the same manufacturer);
- vertical, between different levels of a single channel (e.g. between manufacturer and dealers).

Though the single recipes of clearing such conflicts do not exist, to establish in the channel of the spirit of cooperation must be fulfilled at least two conditions:

1. Establish clear roles for all participants in the channel, referring to how the rate of profit, and their function.
2. The development of certain measures on coordination of activity of participants of the channel, that typically involves the presence of a leader in the channel and good will from other participants (Golubkov, 1999).

The most progressive method of management is the creation on a scheduled basis professionally managed vertical marketing system that takes into account the needs of both manufacturer and distributors. In the framework of marketing the manufacturer shall establish a division of planning work with distributors, which is identifying the needs of distributors and developing programs to stimulate trade.

Assessment of the work of distributors occurs for indicators such as the implementation of standards of sales, maintaining the average level of inventory, speed of delivery of goods to consumers, the relation to the damaged goods, cooperation with firm in the implementation of programs to stimulate sales, staff training, and a set of services which the intermediary should provide the consumer release (Kotler, 1998; Novikov, Klochko, Yarushkina, Zhukov & Dianova, 2015; Krekova et. al., 2016).

The enterprise management should pay attention to the issues of optimization of the number of clients from the point of view of the volumes of purchased commodities. This situation exists when the demand for the products of the enterprise exceeds the capabilities of its product coverage. The technique of this optimization is evaluated based on the Pareto principle. Pareto optimal is the variant when the average plan 20% of customers buy 80% of goods.

On the Russian market mainly practiced distribution sales and marketing functions in different departments. Demand planning has two aspects: planning agents and the planning of activities on site.

Summarizing the above, we can conclude that the choice of distribution channel is determined primarily by constraints imposed by the target market factors, customer behavior, features of product, firms and other factors. Effective management of distribution channels affects the sales of the organization as a whole.

Selection of the Communication Strategy in the Sales System

The cooperation of intermediaries is a key factor in the successful implementation of the marketing strategy of the company. To achieve it, the firm may choose communication strategy pushing or retraction, as well as their combination.

Strategy pushing are characterized by the fact that the main marketing efforts of manufacturers facing intermediaries. Objective: to achieve cooperation with an intermediary, offering him attractive terms and promoting your product in any way. The main objectives of motivating the mediator: the growth of sales and maintaining inventory levels; intensification of the work of the trading personnel; the growth of local activities for the promotion of goods; improvement of customer service.

Strategy pushing necessary for interoperability with those marketers, without which the firm cannot gain market access. In markets with intensive distribution, intermediaries determine the terms of cooperation. The risk of such a communication strategy puts the firm in the dependence in front of intermediaries with no real control over the distribution system.

However, advances in communications technology open up new possibilities for direct (interactive) marketing, which reduces the role of intermediaries.

The strategy of retraction concentrate all communication efforts on the final consumer, without intermediaries. Goal: to create at the level of final demand favorable attitude to the product or the marches, so that the user required this brand from the intermediary and thereby induced it to that product. In contrast to the strategy of pushing firm seeks to create a forced cooperation of the intermediaries. Consumers play the role of a pump: mark is drawn into the supply channel thanks to final demand (Bhattacharjee & Cruz, 2015).

In practice, most firms use mixed strategies as the integration of the previous one.

Thus, considering the capabilities and features of the sales process, it is targeted marketing programs always contain several alternative models effective sales organization. Depending on the characteristics of products choose the most suitable option distribution, taking into account the cost of each channel of distribution.

5. CONCLUSION

Sales policy of the company is organization of optimal distribution network for effective sales of manufactured goods.

The main content of the marketing policy is the choice of the optimum scheme of delivery of product from producer to consumer, physical distribution and after-sales service of consumers.

One of the key issues of product distribution is the choice of structure and the type of distribution channels which has been discussed in detail by us in the first Chapter. The choice of channels is based on economic criteria – comparing sales with costs of the establishment and operation of the canal, from the point of view of control and adaptation under the new conditions, and is determined by the constraints imposed by the target market factors, customer behavior, characteristics of the goods of the company.

The main task of marketing logistics is to ensure the efficiency of goods movement, as well as coordination of actions of participants of the channel, while satisfying customer requirements profitably. Decisions made by logistics professionals, affect the levels of costs and the ability of firms to manage demand.

There are four classes of mediators that can be included in the distribution channel: wholesalers and retailers, agents and commercial companies.

Wholesalers and retailers perform a number of functions, including sales activities, the formation of the product range, warehousing, provision of freight forwarding, consulting, advertising and informational services, financing. Also, examine the market conditions to determine supply and demand.

The greatest success comes to those intermediaries who adopt their services to the needs of suppliers and end users, knowing that their existence depends on the efficiency of its own channel of distribution.

Sales promotion is a diverse means of influence short-term incentive designed to stimulate consumer markets, the trade and private sales staff of the company. For different subjects used different means of stimulation: discounts, coupons, prizes and samples, contests and sweepstakes. Getting to the sales promotion, it should be remembered that it is effective only when its use is linked to the product life cycle, consistent with the goals and objectives.

From the foregoing, it follows that in terms of marketing is not enough to produce quality products. You also need to be able to influence the sales process, using all possible means, namely: activities that generate customer demand; the system of measures on stimulation of trading intermediaries and sellers; expansion of services special advertising that accompanies the product.

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