GOALS, TASKS, AND FUNCTIONS OF DISTRIBUTION LOGISTICS

Distribution logistics is the planning and control of the physical movement of materials and finished products from manufacture to consumption places. It is related to product movement in the distribution area. The distribution of one company closely interacts with the purchase of another one. The major goal of distribution logistics is to bring the product to the consumer with minimal costs.

The main stages of distribution logistics consist of distribution of:
1) orders between suppliers when purchasing products;
2) goods directly to their storage places when they arrive at the company;
3) actual inventory between different production sites, material flows during the sale.

The key difference between distribution logistics and purchasing logistics is product distribution and purchases take place in different parts of the circulation area. Distribution logistics and purchasing logistics have different goals and objectives. In distribution logistics, a performer is a manufacturing company; in purchasing logistics, it is a buyer.

Distribution logistics is based on the following logistics principles:
• consistency as distribution management in its integrity and interdependence of all kinds of sales activities;
• complexity, i.e. solving the entire set of problems related to meeting the solvent demand of buyers;
• optimality, both in the relations of parts of the system and in the mode of its work;
• rationality, both in the organizational structure and in the organization management.
The functions of distribution logistics are efficient distribution and sales, determining consumer demand and seeking to its satisfaction, accumulation, sorting, and placement of finished product stocks, establishing business relationships for the delivery of goods and services to consumers, choosing the optimal forms of commodity movement and trade implementation [1].

Physical distribution is associated with transportation, storage and warehousing, processing, and so on. Distribution logistics involves the planning, implementation, and control of the physical movement of materials and finished products from their place of origin to their places of use to meet the needs of consumers.

Basic goals of the manufacturer’s distribution logistics are to ensure readiness to expand the target market; improve the competitiveness of goods and services; find new markets; guarantee the delivery of goods to their destination; improve delivery conditions; establish reliable relations with consumers; control over the orders fulfillment; maintain the proper level of inventory, and efficient transportation system, and meeting the deadlines; to extend the presence of warehouses on different markets; provide additional services and customer consultation [2].

The distribution logistics tasks at the macro and micro levels are different.

At the micro-level, the following tasks are performed: analysis of the previous sales period reports, planning the implementation process, organization of order processing, performing the before shipment operations, organization of the shipment itself, delivery, and control, after-sales service.

At the macro level, the following tasks are performed: choosing distribution channels, choosing a warehouse operator or the location of the company’s own warehouses, and managing the material flow.

References: