

INCREASING OF MARKETING COMPETENCY WITH LOGISTICS INTEGRATION IN AUTOMOBILES INDUSTRY FOR GERMANY IMPORTED

by

Chayanan Kerdpitak
Suan Dusit Rajaphat University,
Bangkok, Thailand
E-mail: chayananmail@yahoo.com

and

Kai Heuer
Wismar Business School,
Hochschule Wismar University of Applied Science, Germany
E-mail: kai.heuer@hs-wismar.de

ABSTRACT

Marketing competency is one of the major missions of the organization that aims to gain market share, higher revenue and continued increase in sales volume. Therefore, this research has an aim to study main factors affecting marketing competency of the Thai automobile industry, including logistics integration, trust and personal connection. In this study the researcher has utilized quantitative and qualitative research, using questionnaires and in-dept interviews. The sample group used in this study comprises distributors of automobiles imported from Germany. Path analysis has been applied to analyze data. At the same time the researcher in this study has proposed concepts to be used as guidelines, answering to the question whether the integrated logistics really affects the marketing competency, whether personal connection and trust have an effect on the integrated logistics. Also, three assumptions have been recommended.

KEYWORDS

Marketing Competency, Automobiles industry, Logistics Integration

INTRODUCTION

The automobile industry plays a big role in the Thai economy due to its high cost of investment [1,2]. Moreover, this industry has a full capacity to expand its market, both domestic and international, as automobiles imported from Germany possess certain strengths, differing from automobiles manufactured in other countries [2, 3]. However, automobiles imported from Germany are still facing several difficulties, consisting of purchase time, spare parts and materials needed to be imported, care and maintenance specialists, higher price when compared to other brands in similar market segment. In addition, problems are found in manufacture and maintenance due to engine differences from those produced in Asia. [1,3] According to the study of the supply chain, the automobile industry still deals with many useless activities, requiring solutions to develop its marketing capacity [1,2,6].

The automobile industry thus plays a major role in the Thai economy. However, some obstacles need to be overcome to improve its market competency and competitiveness. Hence, the integrated logistics has become an alternative to solve the problem.

The researcher has investigated factors influencing Marketing Competency in order to formulate guidelines to be applied to the successful solving of Automobile industry problems. The research questions for this investigation are as follows:

1. Which factors influence Marketing Competency for these organizations and what are their roles?
2. Which factors can be used in solving organizational problems?

LITERATURE REVIEW

Resource Dependency Theory is about organization management. That is to apply and adjust resources owned by the organization in order to add value to those resources and improve business potential [5,21]. Based on this theory, working procedures in the organization are changed to enhance the capacity of the organization [5,31,33]. Furthermore, the working procedures have been adjusted to add value to existing resources in various organizations. For example, the ongoing information system has been made better [27,30,32,34]. Besides, the theory has been brought to strengthen internal and external relationships in the organization for quicker performance and decreases in time and cost, affecting logistics operations and integration [12, 32, 38].

Logistics Integration means the movement process of products, services and information, from the production source in the organization to business partners and later end customers,[6, 7, 9, 13, 15, 33] requiring collaboration among all people concerned in the supply chain to achieve the target.[10, 13, 15, 17, 31] The logistics management is part of the supply chain management. Initially, the logistics management had no collaboration, but each organization would wrap up its responsibility after the product had been sold.[6, 21, 23, 25, 27] As business competition becomes tougher, the organization tries to create more collaboration, both internal and external [8, 11, 14, 16, 34, 26] for resource, benefit, information and solution sharing [6, 8, 11, 15, 26, 36].

Business competition must focus on the integrated logistics management. In other word, the customers' need must be responded quickly [26, 30]. At the same time the quality and the varieties of the product and service must be consolidated.

H1 : Logistics Integration has a positive effect on Marketing Competency

Trust is required for the strategic management of business alliances and partners. The level of trust is developed from co-acceptance and confidence [6, 18], resulting in cooperation and teamwork [18, 25]. Trust consists of 1) trust in the organization [24, 25] 2) trust given by business partners [18, 24] and trust received from non-alliance partners [18, 25]. Trust in the organization leads to the confidence in products and services and thus enhances business promotion by means of solid communication and word of mouth.

H2 : Trust has a positive effect on Logistics Integration

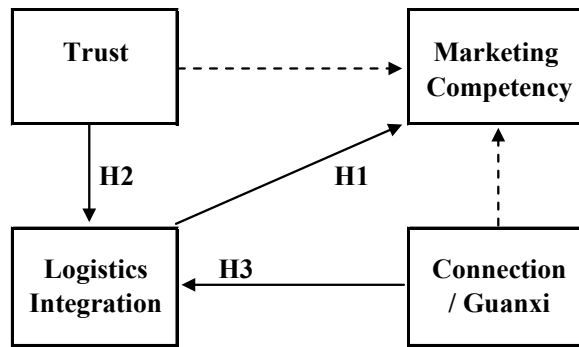
Personal Connection (Guanxi/Connection/ Relationship) also plays a vital role in the organization, building business conveniences. The personal connection has been employed widely and consistently in China [4, 20, 36]. The personal connection can help create mutual benefit between business partners. In the organization, the personal connection helps reduce shortages in main resources, contact procedure difficulties, while increases communication advantages, safety, attention and solutions [22, 24]. The personal connection and the organization promotion take place at the same time, and it should be promoted among business partners [20, 22, 35]. Building the organization strength is one of the powers that helps drive the organization to achieve rational performance. Meanwhile, the personal connection can help reduce job difficulties and thus lead to business success of the organization [19, 20].

H3 : Connection has a positive effect on Logistics Integration

Marketing Competency of the organization is measured by overall and long-term performance [28, 29, 30]. The performance of the organization can be divided into three aspects as follows: increases in market share, sales volume and sales revenue [28, 29, 32, 33]. The marketing competency of the organization must be measured for three years consecutively for information accuracy. The result is from logistics integration, trust and personal connection (Guanxi/ Connection/ Relationship) [4, 13, 28, 29, 32, 37].

The organization, the market share of which continues to increase, must have a clear target. Competitiveness theory states that the organization with high market share must continue to focus on strategic development, cooperating with business partners [28, 29]. The result of a good cooperation comes from solid personal connection and trust. The organization must have a sensible target for a reasonable outcome. Moreover, the successful organization must consistently focus on the relationship outcomes with its business partners [32, 33].

FIGURE 1
A PROPOSED MODEL OF MARKETING COMPETENCY



RESEARCH METHOD

This study has been conducted using quantitative and qualitative research. Therefore, the tools can be divided into two parts comprising Part One: the quantitative research using questionnaires broken up into four main parts consisting of 1) integrated logistics management 2) trust 3) personal connection and 4) marketing competency. Part Two: the qualitative research using in-dept interviews to verify the relationships among variances.

The population used in this study comprises 70 sales distributors of automobiles imported from Germany. The sample group has been selected by means of simple random sampling. Purposive sampling has been chosen for the interviews while variance influences have been tested with the Path Analysis Technique, utilizing SPSS as a tool for data analysis.

Hypotheses Testing

$$Mkcom = \beta_0 + \beta_1 \text{Login} + \beta_2 \text{Guanx} + \beta_3 \text{Trust} + \zeta \dots \dots \dots (1)$$

$$\text{Login} = \beta_0 + \beta_1 \text{Trust} + \beta_2 \text{Guanx} + \zeta \dots \dots \dots (2)$$

RESEARCH RESULTS

On the basis of the findings derived from in-depth interviews and the study of general conditions and problems in the Automobiles industry for Germany import, the following three significant problems in the industry’s supply chain were isolated:

TABLE 1
FACTORS DERIVED FROM IN-DEPTH INTERVIEWS TO BE USED IN
FORMULATING GUIDELINE FOR THE SOLUTION OF PROBLEMS

Variable	Mean	S.D.	result
Logistics Integration : Login			
There is good quality team work in organization	3.61	0.72	most
There is change ideas in solve problem	3.8	0.93	most
These is improve work practice in organization for cost reduction	3.61	0.92	most
These is information sharing in organization	4.02	0.63	mostly
There is communication between organization	3.66	0.96	most
There is shareing benefit between organization	3.8	0.82	most

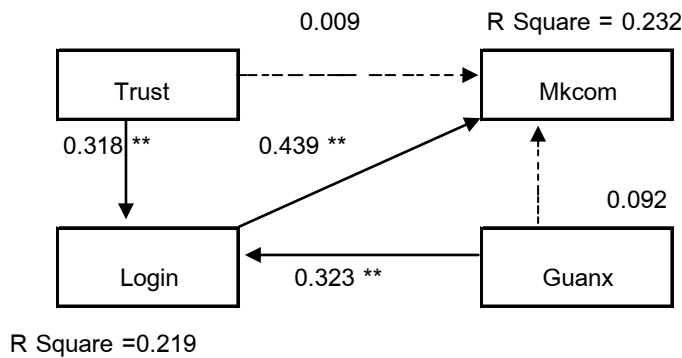
Trust : Trust

Organization have base on trust	4.11	0.44	mostly
Entrusted enterprise continuously	3.84	0.68	most
Organization entrusted with any situation that arises	4.2	0.7	mostly
The organization has earned the trust of members of the same chain.	3.34	0.68	most
The organization has won the trust of customers	4.27	0.5	mostly
The organization has been a trusted supplier	4.5	0.59	mostly
The organization has gained the trust of the other members of the supply chain	4.09	0.42	mostly
Connection / Guanxi : Guanx			
To maintain a good relationship with each other for a long time between major trading partners	3.91	0.52	mostly
Adding up to a strong relationship to long	4	0.65	most
Building new relationships in order to increase the benefits of trade	3.84	0.81	most
Relationship to the support one another	4	0.53	most
Relationships between employees in organizations	4.18	0.5	mostly
Establishing a good relationship with a separating function level	4.09	0.52	mostly
Establishing a good relationship with all parties involved.	4.02	0.51	mostly
Marketing Competency : Mkcom			
Market share increases	3.82	0.5	most
Income from higher sales	3.05	0.75	most
Increased sales volume	3.7	0.59	most
Sales increases	3.91	0.68	most

TABLE 2
FINDINGS ON THE BASIS OF AN OVERALL ANALYSIS OF
THE FACTORS INFLUENCING MARKETING COMPETENCY

Assumption			Correlation	R ²	□	t - value	p - value	Results	
Independent	Dependent								
H1	Logint	Mkcomp	positively	0.473*	0.232	0.439	2.797	0.008	support
H2	Guanxi	Logint	positively	0.344*	0.219	0.323	2.332	0.025	support
H3	Trust	Logint	positively	0.340*	0.219	0.318	2.300	0.027	support

**FIGURE 1
THE PATH ANALYSIS MODELING**



DISCUSSION

The research results are as follows:

Logistics Integration Management: It can be concluded that the integrated logistics management possesses two important elements consisting of 1) Internal Collaboration: The organization must focus on a good teamwork to exchange ideas for solutions and improve working procedures for cost reduction including decreases in activities, documents and time. Also, data sharing among all departments in the organization should be emphasized for accurate information and quick communication. 2) External Collaboration: The external collaboration will help reduce resource consumption, ensure that the work goes in the same track and thus reduce time consumption. The organization must set up a good communication system for precise information which will lead to trading convenience and profit sharing.

Trust: It can be concluded that trust composes of three main factors comprising 1) Trust-ability: Trust-ability will support the business of the organization. Business partners are confident to work with. 2. Trust Given by Business Alliances: This quality will help support the continued business between the organization and other business partners. 3) Trust Given by Business Non-alliances: The organization should also receive trust and support from other organizations apart from its partners.

Personal Connection: It can be concluded that relationship building will focus on customers and employees, regardless of their job positions, responsibilities, education, economic statuses and incomes, leading to long-term friendship and positive effect on work performance. For example, staff can join in improving working procedures. Moreover, personal connection also aims to build new relationships, strengthen and maintain relationships for business advantages and work performance of the organization.

Marketing Competency: It can be concluded that marketing competency has four elements consisting of 1) Increase in Market Share: It will help create a good image of the organization. The organization must have a stable marketing base and focus on continued business partners. In addition, the new market must be expanded to increase the market share. 2) Increase in Income: To achieve higher income, the organization must lower its selling costs by various means such as resource sharing between the buyer and the seller. 3) Increase in Sales Volume: The organization must try to find new methods to raise its sales volume, including setting up the conditions for the benefit in the purchase and sale contract, based on quantity and time stated. 4) Increase in Sales Revenue: According to the study results, the increase in sales revenue comes from existing customers who are confident in the organization. For example, the customers are confident in quality, image and service, leading to business consistency while the word of mouth will reach new customers. These four factors will enable the organization to heighten its marketing competency.

CONCLUSION AND SUGGESTIONS

According to the study results, an increase in marketing competency by means of the integrated logistics management in the automobile industry can be analyzed by three factors as follows: 1) the integrated logistics management has affected an increase in the marketing competency of the automobile industry for cars imported from Germany, with the significance level at 0.008. The main factors comprise internal and external collaboration, joining in work improvement, exchanges of ideas for solutions and profit sharing. 2) The personal connection has affected the integrated logistics management with the significance level at 0.025. The major factors consist of internal relationship building, relationship building with business partners and building new business relationships. 3) Trust has affected the integrated logistics management with the significance level at 0.027. The important factors include trust-ability in the organization and trust given by other organizations such as customers, suppliers and supply chain members and non-members. According to the result of the accuracy verification of the marketing competency model, it is in line with the assumptions.

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