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Is Marketing Still Part of Supply Chain Management, and Should Marketing Academics and Practitioners Care?

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Abstract:

Over the past twenty years Supply Chain Management (SCM) has exploded as both an academic field of study and a critical competency for success in the modern business landscape. From its original conceptualizations Marketing has been seen as a core component of SCM. However, in recent years Marketing appears to play a smaller and smaller role in SCM theory and practice. This paper discusses the evolution of the SCM concept and its relationship with the marketing discipline, and offers a series of questions to guide future research in exploring these trends.

Keywords: *supply chain management, marketing*

Introduction

Over the past twenty years Supply Chain Management (SCM) has exploded as both an academic field of study and a critical competency for success in the modern competitive business landscape. From its original conceptualizations (see Mentzer et al, 2001), Marketing has been seen as a core component of SCM. However, in recent years Marketing appears to be play a smaller and smaller role in SCM theory and practice. In fact, in most universities SCM is far more aligned with Operations Management than with Marketing. The purpose of this paper is to discuss this evolution in the concept and practice of SCM and to offer a series of questions to guide future research in exploring these trends.

Literature Review

The concept of SCM began to be clearly articulated in the end of the last century. Marketing scholars such as Mentzer et al. helped to define the concept and provide formalized definitions of SCM (2001). Their work highlighted both marketing's role in many of the core components of SCM (distribution, sales, promotion, purchasing, etc.) and provided a framework type of definition of the cross-disciplinary nature of SCM. Figure 1 presents the "Mentzer Model" of SCM and highlights the previous points.

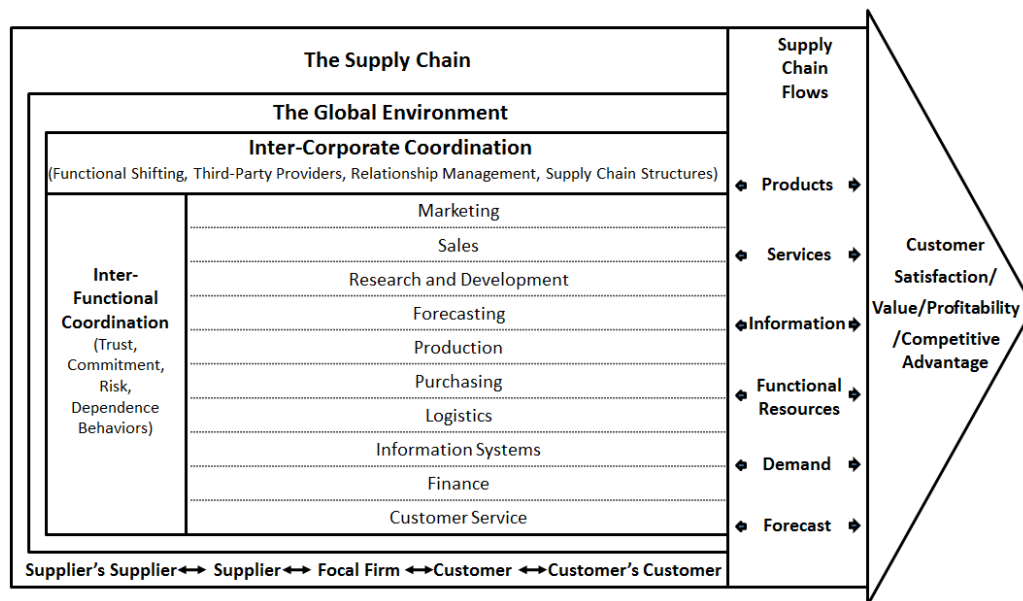


Figure 1 – Mentzer Model of SCM

Along with other authors, the concept of SCM continued to grow through the last two decades to refine the definitions and identify critical aspects of SCM. While Mentzer's Model provides an excellent starting point and grew out of the Marketing literature, other disciplines began to redefine SCM with different views on the items and importance of the various functions. Not surprisingly, Logistics, Operations Management (OM) and Information Systems practitioners and academics viewed SCM as either a subset of their field, or as a closely aligned cross-disciplinary related field. Larson and Halldorsson (2002) provided an example of the four common views of SCM compared to Purchasing using academics as a study group. Figure 2 displays the traditional ties between Marketing and the emerging field of SCM shown in the Larson and Halldorsson research.

In addition to the overlapping nature of SCM and Purchasing, Larson and Halldorsson also identified that Michigan State University merged Procurement, Production, Logistics and Marketing to create a new department titled Marketing

and SCM in 1997. Also, they noted that the *Journal of Marketing Theory and Practice* did a special issue on SCM at that time. In short, there was a strong relationship between the Marketing discipline and the growing field of SCM.

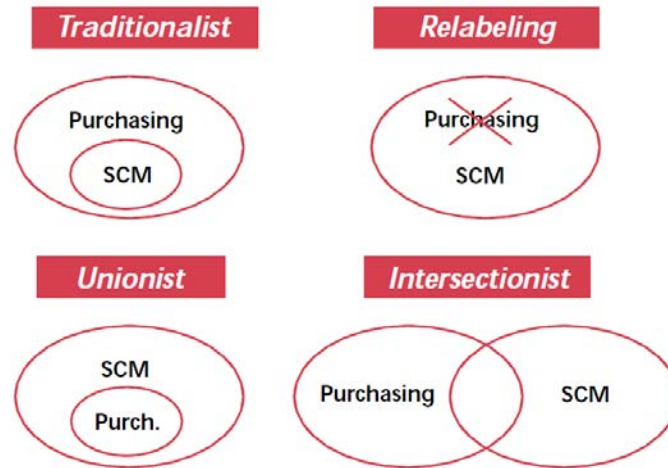


Figure 2 – Larson and Halldorsson Four Perspectives on Purchasing vs. SCM

Beyond those Mentzer et al. and Larson and Halldorsson, specific definitions of SCM clearly stated the important role that Marketing played in the SCM process. For example, the Council of Supply Chain Management Professionals (2015) states “Supply chain management encompasses the planning and management of all activities involved in sourcing and procurement, conversion, and all logistics management activities. Importantly, it also includes coordination and collaboration with channel partners, which can be suppliers, intermediaries, third party service providers, and customers. In essence, supply chain management integrates supply and demand management within and across companies.” While their definition is not discipline specific, Marketing’s traditional role as the area of thought leadership in sourcing and procurement reinforces the importance of the discipline as part of SCM. Furthermore they specifically state that the SCM covers “a broad range of disciplines” on the same webpage as the definition. This concept is reinforced by Leenders and Fearon (1997) when they stated that the SCM “Often is used to refer to the purchasing department’s efforts to develop better, more responsive suppliers.”

While Mentzer et al. and other articles highlighted the relationship between Marketing and SCM, perhaps the article that provides the most support for Marketing’s role in SCM is from Svensson (2002). First, Svensson acknowledges the link between Marketing and Logistics through the area of marketing channels research. Furthermore, he cites works back to 1912 addressing the field of Marketing’s relationship with the physical distribution portion of SCM. Finally, he discusses how the rise of Logistics should not minimize Marketing’s key role in SCM.

In fact he specifically states that “Logistics is still an essential part of marketing” in his work. Beyond that, Svensson further discusses the how the functionalist theory of marketing provides the “Theoretical foundations” upon which much of the SCM literature is based (2002). The value of his work highlights the importance of Marketing as a critical portion of the SCM literature, thought and practice. Furthermore, his careful examination between the role of Logistics and Marketing further supports the intertwined relationship of two of the critical portions of SCM.

If one is to accept Svensson’s belief that Logistics is a subset of Marketing, then the argument for inclusion in SCM is strengthened. There is tremendous literature in support of the role of Logistics as part of the overall SCM area. A full literature review would be beyond any one paper. However, the evolution of the Council of Logistics Management into the Council of Supply Chain Management Professionals (2015) supplies one real world example of the tight relationship between Logistics and SCM. Furthermore, Larson and Halldorson (2004) built on their previous work by trying to identify where the two areas actually differed. The implication was that Logistics and SCM were often thought to be completely overlapping in industry and academia. Ballou (2007) further identified that while the two areas were closely aligned, there were differences between Logistics and SCM. Figure 3 presents the linkages between Marketing, Logistics and SCM (Ballou, 2007).

It should be noted that even in Ballou’s model, Marketing is set out as an area that does not include various fragmented functions that have historical ties to the field. Without rehashing Svensson’s point, one could argue that demand forecasting, packaging, order processing and customer service are all functions that have significant and traditional linkages to Marketing theory, thought and practice.

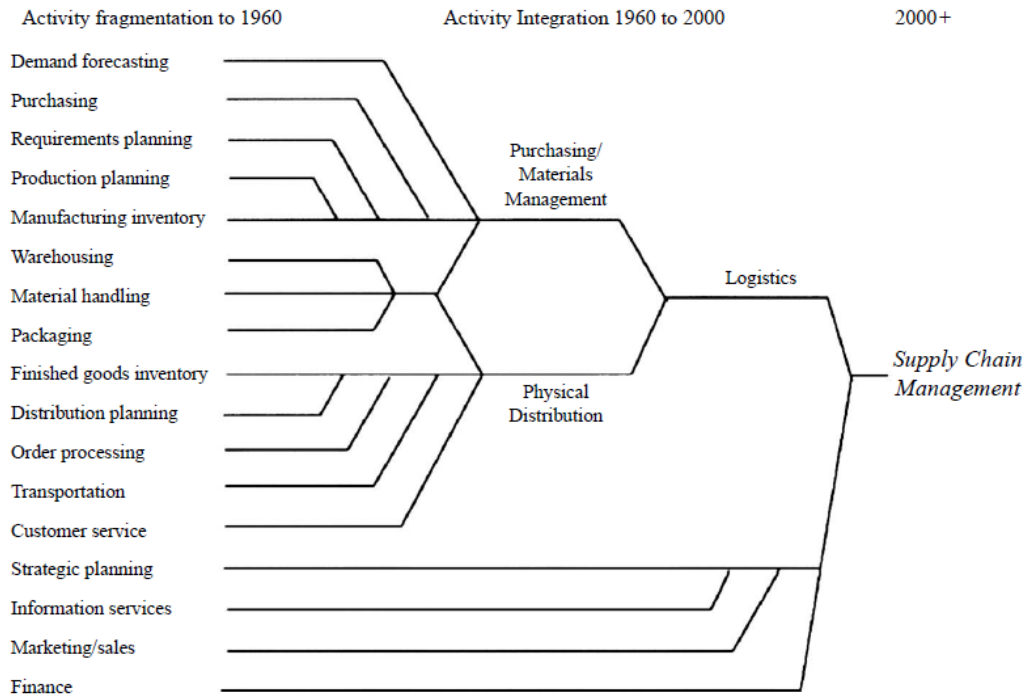


Figure 3 – Evolution of SCM (Ballou, 2007)

The net result of the literature was to present a strong case that Marketing has a historical tie to SCM. The foundations of much of the SCM literature about exchange, relationships and physical distribution were derived from Marketing thought. Furthermore, Svensson argued that Logistics was a part, or at a minimum derived, of Marketing. Therefore, many of the Logistics elements of SCM could also be tied to Marketing. Regardless of one’s belief in Svensson’s supposition, the net effect was to reinforce traditional views about the relationship between Marketing and SCM.

However, there appears to be a slowly changing view of what is SCM and the principle disciplines within the area. Cavinato (2010) identified a need to update the definition and clarify the specific components of Supply Management. He stated that Supply Management was “The identification, acquisition, access, positioning, management of resources and related capabilities the organization needs or potentially needs in the attainment of its strategic objectives.” Since Cavinato omits the “Chain” in SCM, a reader might think that his work was less focused on the entire SCM process and would focus on the supply aspect. However, this does not appear to be the case with his lack of emphasis of Marketing. While he does include acquisition, he never discusses Marketing. Furthermore, in his Appendix he identifies 14 components: which include quality, logistics, manufacturing, transportation, etc. However, the only two items that could be considered related to Marketing are packaging and transportation (as part of the traditional part of the 4Ps.) Also, it

might be possible to include purchasing/procurement as both a Marketing and Management area. However, in his further discussion of packaging, he only addresses the protective/handling nature and omits any reference to the promotional nature of this area. Furthermore, under procurement and purchasing he clearly is focused on the logistical functions as much as any areas that Marketing has a traditional role. The goal of these points is not to criticize Cavinato's work, but rather to highlight what appears to be a growing trend of SCM moving farther and farther from the Marketing discipline. While Cavinato has a tremendous history as a Logistics researcher, his failure to include Marketing appears to be part of a growing trend.

Anecdotal evidence supports this shift in focus of SCM. Recent reorganization in Department structures in many College of Business highlight a shift away from Marketing with SCM. Some universities seemed to evolve in structure to match the evolution in thought. For example, a Department of Marketing often would begin to incorporate Logistics as a separate discipline and become the Department of Marketing and Logistics. Then, Logistics would be moved into a new structure. Many of the new Department of Supply Chain Management would include some combination of disciplines such as Logistics, OM, Statistics and/or Information Systems. In most of those situations, the Marketing disciplines remain a separate, stand-alone department. Without going through each university's structure, it is clear that this is a fairly common model that has resulted in some form of SCM department. One example comes from Penn State. Penn State is a tier one university, recognized for its excellence in SCM. After it reorganized, the disciplines of Operations Management, Information Systems and Logistics were combined into the Department of Supply Chain and Information Systems (20 faculty). At the same time the Smeal College maintained a Department of Marketing (30 faculty). This may be due to the number of faculty members were make a combined department too large. Regardless, it is another example of the growing separation of Marketing from SCM. This one example is by no means a unique illustration the decreased role of Marketing in the SCM area even at the basic organization structure level.

This shift is also becoming more evident in the theoretical side of SCM as well. Mentzer and Gundlach (2010) specially addressed the lack of SCM literature in the Marketing discipline. They stated "Despite these developments and benefits, the nature and implications of the interrelationships of marketing and SCM have not been explored at great length in the marketing literature" and dedicated a special issue of the Journal of the Academy of Marketing Science to help kick start the process. Furthermore, a search of Google Scholars for "SCM and Marketing" shows that since 2010, there have been few, if any, academic articles published in key Marketing Journals (i.e., JM, JCR, JMR, etc.) An examination of the Journal of Supply Chain Management from the beginning of 2010 (the last twenty-two issues) had no articles specifically addressing marketing in the title. The one issue that was close was one special topics issue that examined the consumers' roles in the supply chain. Furthermore, there were numerous articles on bullwhip, trade, manufacturing and other operations management or logistics specific topics. The

implication is that either SCM is moving farther from Marketing or Marketing researchers are choosing not to participate in this area. While this is not a condemnation of either the journal or researchers, it does highlight a possible shift in attitudes in SCM and Marketing.

Discussion

Before we address specific issues and questions, it might be helpful to frame the discussion with a model that helps to provide some relationship among the various SCM professions (Marketing, OM, Logistics, IS, etc.) The model is not an attempt to in anyway define SCM; rather it is merely illustrating some of the traditional relationships among the various SCM disciplines. Furthermore, it is useful as a tool to discuss and demonstrate the possible reasons Marketing decreasing role in SCM. Figure 4 is presented below.

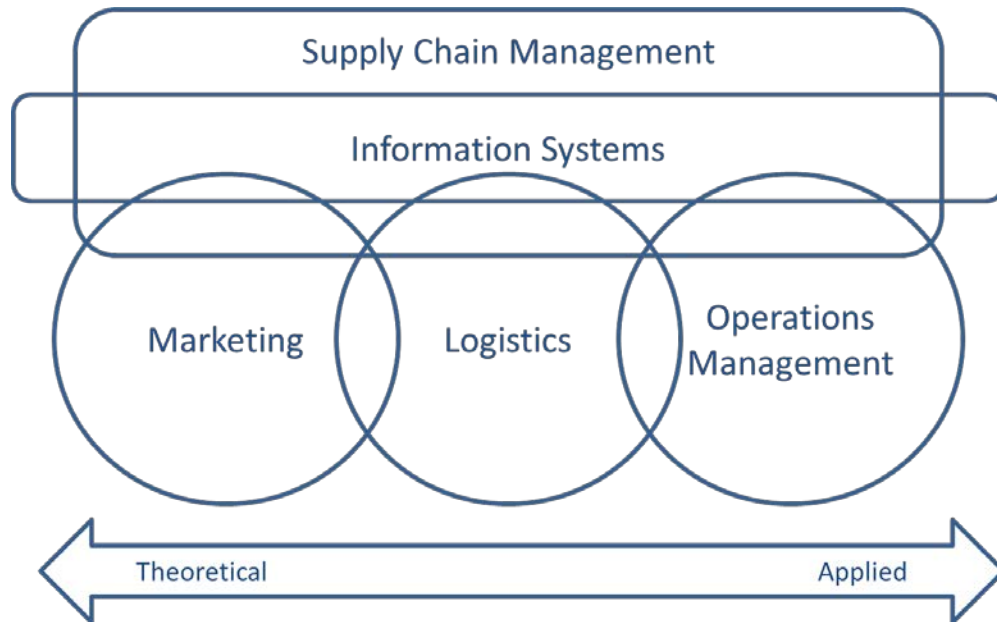


Figure 4 – Traditional Relationships among SCM Disciplines

First, SCM is boundary spanning and include as part of many disciplines using the Larson and Halldorsson intersectionalist approach. Also, Information Systems connects to all the disciplines, but also has areas beyond SCM or the specific disciplines. Within other portions of the model, the areas of overlap are to represent topic that are often considered boundary spanning in theory. For example, with the 4P's of McCarthy's Marketing mix include place or customer service which is often considered part of Logistics and hence the overlap. On the other side of Logistics, the modeling of inventory within a manufacturing setting would overlap with OM.

Finally, the scale provided at the bottom is somewhat arbitrary, but highlights a different viewpoint among disciplines about the types of research often conducted. While all disciplines have applied and theoretical research, the areas to the right are more commonly solving specific issues while those at the left are often more engaged in theoretical research.

The first question is why does there appear to be a shift of Marketing not participating in SCM as an equal partner to the other disciplines. More and more, SCM appears to be dominated by OM faculty along with their Logistics colleagues. The argument for Logistics within the SCM literature seems obvious given the number of areas that fall under the research areas of Logistics faculty when compared to either the Menzer Model (Fig. 1) or Cavinato's list. In both cases, there are many subareas or specific functions that fall within the realm of Logistics. In fact, the high number of Logistics" authors in the JSCM sample is not surprising. This is even true when one considers the small numbers of Logistics faculty as a whole. Rather, the growing number of Operations Management authors is of more interest. It should be noted that in Ballou's work (Fig. 3), there is no specific inclusion of Operations or Manufacturing in any form in SCM. Rather, some of the fragmented activities overlap with traditional manufacturing areas. However, this trend towards OM's increasing role in SCM is curious given that it is only one portion of the larger model or SCM process.

To address the specific question from above, part of the reasoning may be that OM may be looking to expand their areas of research in a period of declining manufacturing in the United States. The growth of SCM has coincided with a decline in opportunities for OM to do research within the US. Therefore, it appears a natural reaction to move into the SCM area due to the traditional, natural overlap of manufacturing within the SCM area. This may help to explain the shift in many colleges of business from a traditional OM department or viewpoint to a more blended approach where OM is the major discipline in SCM. Since there are little traditional relationships between OM and Marketing, this may be a contributing factor in the reducing role of Marketing in the SCM area.

Another point is that the one discipline that rapidly began doing research in the area of SCM was Logistics. This too may help explain some of the decline in interest from the Marketing academics. In many programs, Logistics was considered a subset of Marketing. In fact, many early Logistics scholars held a PhD in Business Administration while majoring in Marketing. As the Logistics discipline moved towards a separate field, it took the most likely SCM researchers out of the Marketing field. Many of the traditional "channels" types of individuals were no longer doing research in Marketing, but rather, becoming the first generation of Logistics faculty members.

Another possible contributing factor was the growth of Consumer Behavior (CB) in the Marketing field. If Figure 4 was to be expanded, the left side of Marketing would likely have an intersecting circle with Psychology to represent the CB portion of the field. While CB/Marketing researchers have provided valuable contributions

to the literature, they are normally the least likely to be interested in the mechanics of SCM processes and research. Furthermore, the importance and growth of journals such as JCR highlights the rise of the CB side of the field. Again, this has many overall positives for research on promotion, sales, etc. but appears to limit Marketing academics that would choose to pursue SCM topics.

There are likely a multitude of other contributing factors to the shift away from Marketing by SCM faculties. These may include limited budgets, lack of respected publication outlets, biases of current faculties and increases in other Marketing topics. Regardless, the net impact is that Marketing faculty seem less engaged in the SCM field than in its inception in the Mentzer era.

Propositions

Based on recent trends, there appears to be a research opportunity to verify any shift in Marketing research and identify the impact(s). There are a number of research questions that can be developed to address the overriding concept of a shift in Marketing thought and importance of SCM to the discipline.

- P1: What relationship do Marketing and Logistics academics and practitioners see between Marketing and Logistics? Do they see logistics as an integral part of marketing, or as a separate but related field?
- P2: What relationship do Marketing and Logistics academics and practitioners see between Marketing and SCM? Do they see Marketing as an integral part of SCM, or as a separate but related field?
- P3: What relationship do Operations Management academics and practitioners see as the role of Marketing and Logistics in SCM?
- P4: Who is the leader in SCM in the academic realm? Who is the leader in SCM in practitioner application?

Impacts

While it appears that Marketing academics may be less engaged, the follow on question becomes is there any impact or negative consequences to this shift. The purpose of this paper is to begin the discussion of if there is truly a shift away from SCM. However, the discussion is rendered moot if there are not negative consequences to any shift. Marketing faculty could argue that any shift frees up resources (budget, faculty lines, journal space, etc.) to allow a concentration on traditional Marketing areas. Also, another advantage is to divest Marketing faculty from channels and Logistics areas that there was traditional less support among faculty. Finally, another possible advantage is the ability gain synergies in what SCM research is done by including non-Marketing faculty on those projects.

All of these points may be valid. However, there are some likely negative points. First, the assumption that any Logistics or channels faculty lines that become vacant

will be filled with a more traditional Marketing person may be false. The growth of SCM seems to be mirrored by increased lines in Logistics, OM or specifically SCM faculty. Even if there is not a decrease in Marketing lines, new or growth hires are often in SCM.

Finally, the benefit of Marketing, Logistics, and OM collaboration rarely seems to be materializing. In fact, it is becoming somewhat rare to see SCM research that includes co-authors from the traditional field of Marketing. The shift away from SCM has opened traditional areas of negotiation, relationships, packaging and others to be investigated by OM and Logistics researchers with little to no input beyond literature reviews of Marketing research. This trend seems counter-productive as these areas have traditionally seen significant focus in the Marketing literature.

Finally, the most important aspect may be dollars. Logistics by itself accounts for approximately 10% of the total GDP (CSCMP, 2014). If that is added to other value creating steps in SCM, the dollar amounts far outpace all the revenues of advertising and promotion within the United States. Marketing is moving away from a massive area of potential funded research by reducing its role in SCM.

Conclusion

There appears to be a shift in the Marketing field away from SCM. The purpose of this paper was to begin a research process to identify the validity of this idea. Furthermore, there are likely good reasons that part of this shift has occurred. The discussion needs to be joined to determine if the shift from SCM is happening, should there be concern on the part of Marketing academics. The growth of SCM has created new opportunities for academics of all disciplines to reshape their research. The key point is that it appears that Marketing may be missing a golden opportunity to further the overall knowledge of the discipline.

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