

DISTRIBUTION PROCESSES IN THE ACTIVITIES OF THE METALLURGICAL COMPANIES

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Abstract

The study based on conducted surveys presents selected issues concerning the organization of the distribution in the activities of the metallurgical companies. The research are: the distribution of logistics tasks, the number of customers who work with companies, transport used in the delivery, supplies used in distribution channels, customer relationships, a market research, planning, delivery and distribution costs, the occurrence of difficulties in ensuring the flexibility of supply and prospects to increase the flexibility of supply. The paper aims at presenting results of questionnaire surveys of selected distribution aspects in the business of metallurgical enterprises in Poland. The aim of the research is to identify some aspects of the distribution in metallurgical companies in Poland.

Keywords: Distribution channels, relationships with customers, the flexibility of supply, transportation of supplies, metallurgical companies

1. INTRODUCTION

The metallurgical sector delivers materials, components and finished products to numerous manufacturing sectors. In Poland it consists of a large number of enterprises, most diverse in terms of size. At the same time the current market situation, featuring a decline in the number of orders, a lack of possibilities to increase sales revenues and to cut the production costs, to a significant extent affects the profitability in the metallurgical sector. So the improvement of distribution effectiveness and the cost reduction become key issues. Distribution is one of the most important links in a logistic chain, its task consists of making the product available at a place and on time consistent with customers' needs and expectations. It is necessary to emphasise also its significant influence on the volume of sales, on the customer service level as well as on financial results [1-3].

The paper aims at presenting the results of questionnaires as the basis for the identification of selected aspects of distribution processes in business activities of metallurgical enterprises, comprising broadly understood metallurgical industry, i.e. steel production, steel and steel products distribution, metals processing.

The survey was carried out among 40 Polish enterprises from the metallurgical sector. The questionnaire comprised closed questions with a possibility of expanding or supplementing responses. The survey covered small (8), medium (20) and large (12) enterprises, where the number of employees was the main criterion for division, cf. [4-7].

Manufacturing enterprises were dominating among the analysed metallurgical companies, especially among large and medium enterprises. In terms of capital prevailed, companies with Polish capital prevailed among medium and small enterprises, while among large enterprises a foreign capital was playing a substantial, although not a dominating role. A substantial part of surveyed enterprises consisted of international companies, mainly in the case of large enterprises, as well as of national-scale enterprises in the case of medium-size companies, while small companies to a significant extent operate regionally and locally.

2. PRESENTATION OF SURVEY RESULTS

Based on the conducted survey it was possible to notice that the organisation of distribution, apart from transportation and warehousing, is the basic logistic task (**Figure 1**).

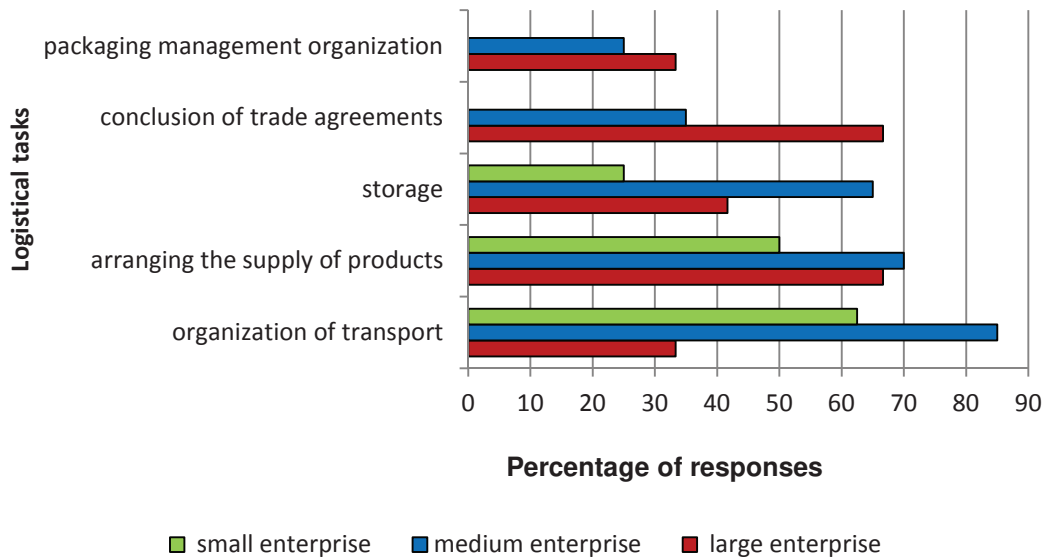


Figure 1 Logistical tasks in metallurgical companies

Around 70 % of large and medium metallurgical enterprises and about 50 % of small companies indicate that the organisation of supplies to customers is the basic task within the performed logistic processes. A higher level of indications among large and medium enterprises, proving a significant role of distribution logistics, results from the necessity to service frequently a substantial number of customers (**Figure 2**) and from a large supplies frequency.

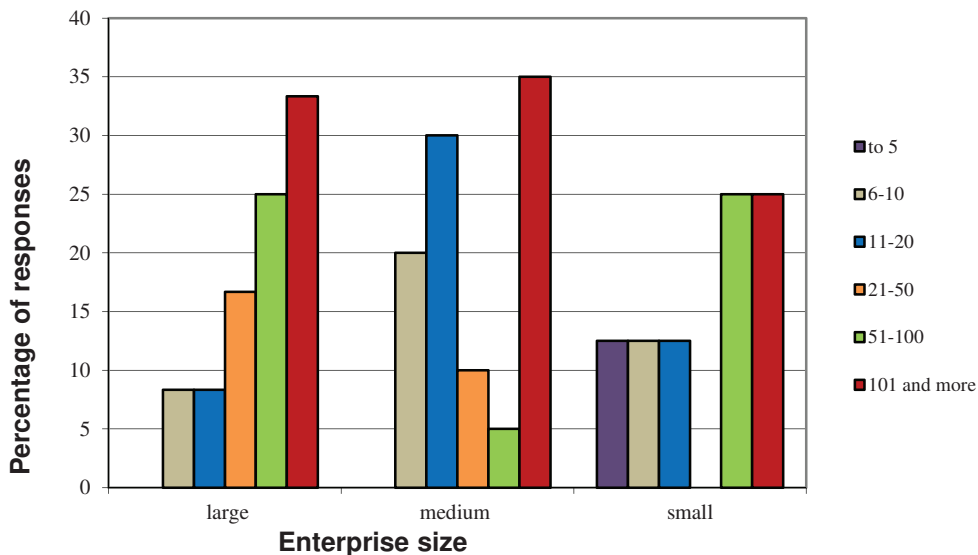


Figure 2 Number of customers with which metallurgical companies cooperate

Among large and medium-size companies around 35 % - from among the surveyed companies - service more than 100 customers. Taking into consideration additionally the fact, that a substantial number of surveyed enterprises consists of manufacturing companies, the implementation of distribution processes requires extending the areas of key competences for efficient and effective customer service. In the case of large enterprises the frequency of deliveries carried out by enterprises is a crucial issue, indicating the complexity and intensification of tasks in the process of distribution (**Figure 3**).

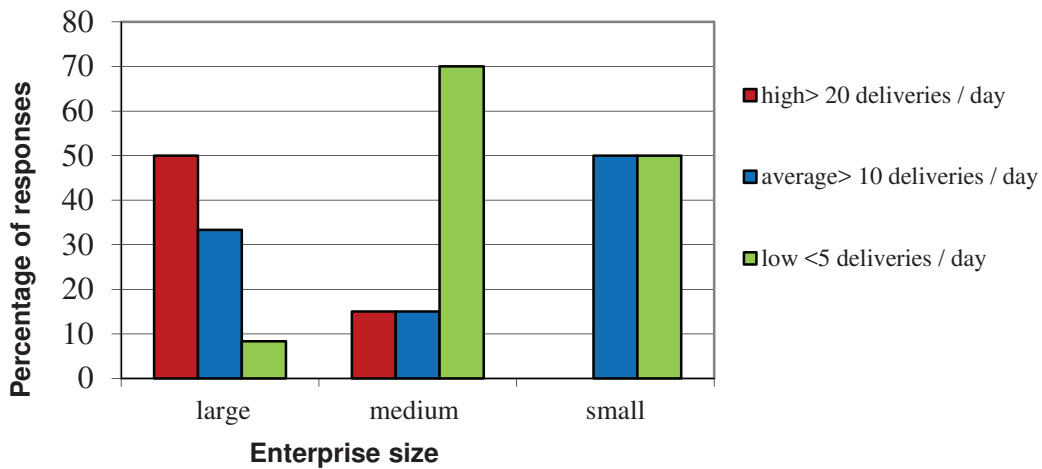


Figure 3 Frequency of deliveries by metallurgical companies

For a half of large enterprises the frequency is defined as high (> 20 deliveries per day), for medium-size and small enterprises the supplies frequency is rather low (< 5 deliveries per day). A high number of deliveries, related mainly to large enterprises, to a large extent results from the scale of business and from the necessity to service a usually large number of customers. At the same time a direct relationship between the execution of deliveries, requiring the need to involve means of transport, and making the decision on the choice between an own or outsourced transport should be emphasized (**Figure 4**).

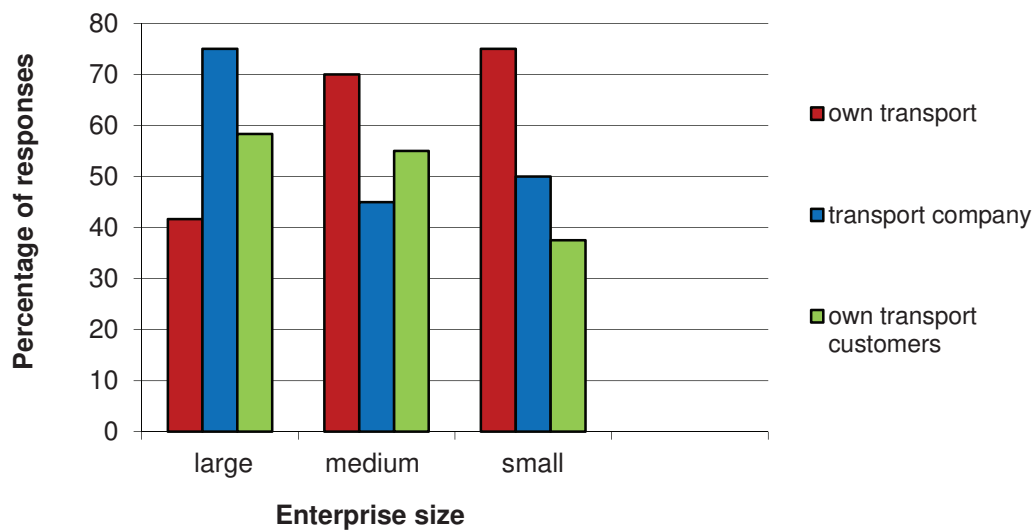


Figure 4 Transport supplies to customers

Results of indications related to deliveries to customers show some regularity. Large enterprises have been using services of transport companies to a larger extent (approx. 80 % of indications), while in the case of medium and small enterprises there are less than 50 % of indications due to a substantial use of own means of transport in the distribution process. The obtained results show also a pretty common utilisation of own transport of customers (for approx. 60 % of large and medium-size, and approx. 40 % of small companies). A possibility to use an integrating function of transport, allowing a direct contact with the customer, is a positive aspect of such relationship.

A similar integrating role may be played by the used distribution channels (**Figure 5**).

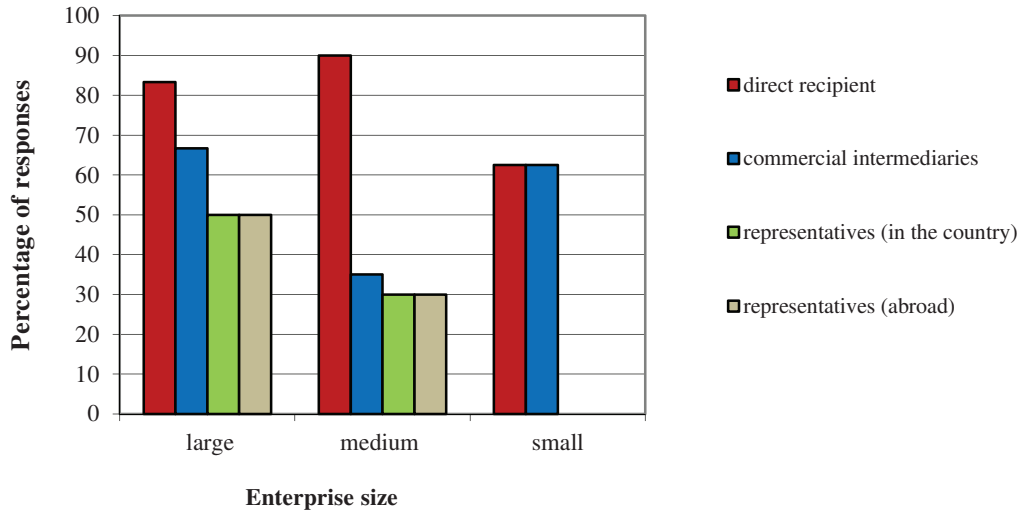


Figure 5 Used in different ways (channels) distribution by metallurgical companies

Direct distribution channels fulfil a significant role, irrespective of the enterprise size. This is a positive phenomenon, mainly due to a direct contact with the customer, allowing shaping appropriate relationships with customers in longer time-horizons (**Figure 6**).

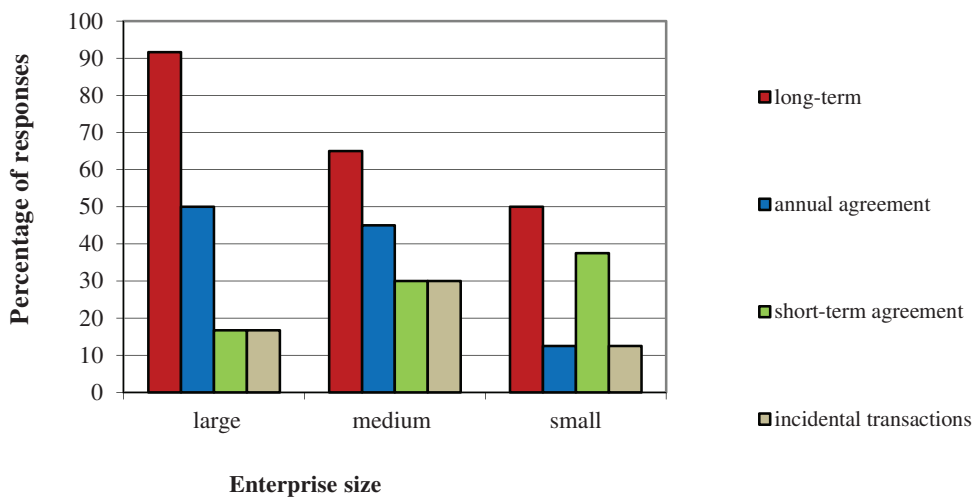


Figure 6 Relationships of metallurgical companies with customers

A definite majority of large enterprises indicates a long-term cooperation with customers, being a significant pillar of companies' business and competitiveness on the market. Irrespective of maintaining permanent relationships with customers, large and medium-size enterprises (around 70 %) declare carrying out market surveys (in the case of small companies - less than 40 %).

A similar relationship exists in the case of deliveries and distribution costs planning, which are most often shown among logistic actions undertaken in large companies (about 80 %). More than a half of small and medium enterprises also indicates the perception of costs planning role in the field of distribution logistics.

The problem related to ensuring the deliveries flexibility was one of the most often indicated difficulties in the distribution field of surveyed companies (approx. 40 % of large, around 30 % of medium-size, and about 50 % of small companies).

However, it should be emphasised that a significant part of enterprises recognises prospects for increasing the supplies flexibility due to implementation of logistic solutions in enterprises (80 % of large companies and approx. 60 % of small and medium-size).

So enterprises notice the need, but also prospects for improving the customer service level through increasing the supplies flexibility.

3. CONCLUSION

Distribution and the customer service is a basic aspect of metallurgical enterprises operation in the market economy, which is related to adapting to customers' requirements, flexibility, the need of cost planning and cutting, to ensuring an appropriate customer service level.

Based on the obtained questionnaire survey results it is possible to show that the organisation of product deliveries to customers is the basic task within performed logistic processes of the metallurgical companies. To some extent this results from the necessity to service a substantial number of customers and from the deliveries frequency.

Direct distribution channels fulfil a significant role in the distribution and in the customer service, irrespective of the metallurgical companies size. A definite majority of enterprises indicate a long-term cooperation with customers. At the same time in the case of more than a half of enterprises the market survey is mentioned as a significant element in the distribution activity.

The metallurgical companies recognise a significant role of cost planning in the area of distribution, problems in the field of ensuring supplies flexibility as well as possibilities to increase the supplies flexibility due to implementation of logistic solutions.

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