

Redefining the Role of Distribution and its Relationship with Production

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Abstract

At first, the distribution of goods played the very clear and simple role of buffer between the time when the goods were produced and the time the clients' demands were processed. The distribution strategies, the location of storage houses, the levels of delivery and operation were conceived based on this role, which has allowed facilities, processes, technologies and policies to emerge. It has also helped define the functions underpinning the way distribution worked and is still fundamentally working even today.

Today, however, the traditional functions of the distribution of goods are challenged by the business environment while the level of competition is considerably higher. The supply-delivery chains grew rapidly and substantially, especially after the emergence of online distribution; the volumes of demanded and circulated goods increased; the size of the orders decreased while shipment solutions diversified. Furthermore, information technology opens new avenues to improving operations, especially because customers suggest and demand ever more significant investments in IT and IT-based technical support.

Amidst these general trends, the classical operating mechanism of distribution (stocking, storage, and delivery) needs to shift towards supplier – producer interaction in order to speed up delivery and cut down delivery costs while also finding solutions to a customized answer to the clients' specific demands.

Keywords: distribution, production, logistics, trends, relationship

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