

ITM 3303
LOGISTICS FOR TOURISM
MANAGEMENT

Credit 3 (3-0-6)

Unit 1 Introduction

Topic

- Globalization and development of logistics
- Definition of logistics
- Importance and role of logistics study

Objectives

Students should be able to:

- Describe about globalization or global evolution that has changed the world's economic principle.
- Explain how logistics is defined.
- Explain differences between logistics and supply chain.
- Explain importance and roles of logistics.

GLOBAL EVOLUTION

After the World War II, political and economic changes had been occurred. Communism disappeared, with an emergence of capitalism almost all over the world. It is this capitalism that has driven the world's economics. There are more trades and investments and the world has opened for more freedom.



Factors of these drives

- (1) Higher level of trade opportunities and threats both within country and international level, and both in micro economics and macro economics
- (2) The world today: More opportunities and threats are driving the world's economics and finance.
- (3) Changes of the global economic principle: The world in the past is different from the world today

Factors

More services and investment across the world (international trading of goods and services)

Symbols of material cultures and product- consumerism drive the world to be a global village where the world's population almost like the same things, do the same things or consume the same products such as Iphone, Coca Cola

Production factors are from various sources of raw materials across the world, then goods are produced and spread across the world;

Forces of international organizations such as WTO, international meetings on economics such as G-20 influence on the world's liberalization for trades and investment;

Economic policy of a country or many countries can lead to the global or regional financial crisis due to the fact that the world now is very interdependent such as Subprime crisis in U.S.A or financial crisis in Asia;

There still are people living with poverty, sickness, and the environment is getting worse- therefore there are people who act against the globalization.

In the past



- Countries were separated from the world trades and investments;
- Countries locate in a big distance and in different regions;
- There is a big difference in time;
- Countries have different cultures and languages;
- Countries have different economic systems; and
- Countries have different governmental disciplines and regulations.

The world's countries today have less difference by:

- Opening of free trades and investments;
- Transport technology; and
- Information and communication technology.

Globalization + very high competitive environment.
Companies' struggling to survive and gain competitive advantages.

Developing and adjusting products to respond local likeness and tastes

Managing logistics activities with lower cost and faster response to their customers;

Managing each step of supply chain to have high value for their products;

Managing appropriate market segmentation and marketing mix for different markets;

Improving productivity and flexibility by selecting production location, points of selling and distribution, and methods of production that can respond to their customers more quickly;

Managing and re-organizing organizational structure that can support competition strategies and that is easy for administrating in running business process.



**COME AGAIN
THE WORD
'SUPPLY CHAIN'!
AND PLUS
'LOGISTICS'!**

So, let's watch some VDOs about logistics
and supply chain management

What is Logistics? Rob O'Byrne Explains

<https://www.youtube.com/watch?v=fN9U6a5byKA>

Love Logistics-A life without logistics.

https://www.youtube.com/watch?v=vj6n_2MCR9E

English Vocabulary for Supply Chain Management 1

<https://www.youtube.com/watch?v=hupFY8lGE6s>

English Vocabulary for Supply Chain Management 2

https://www.youtube.com/watch?v=_OwKCTsRFpo

Form a small group.

Then watch these VDOs about logistics, and after watching all VDOs, help together to get possible keywords/ key terms that the group think mainly reflect the meaning and the definition of logistics, including the goal of logistics management, and try brainstorming to conclude what logistics is about in a paragraph with an example of a manufactured product.

DEFINITION OF LOGISTICS

What is logistics?

- Management of logistics involves activities that support production and distribution of finished products/ goods.

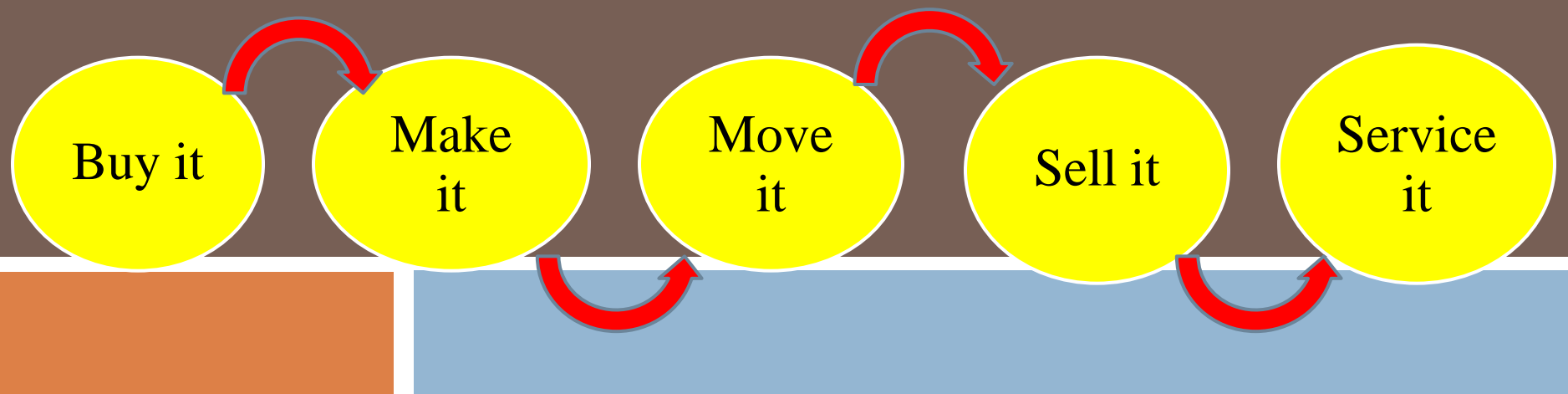
Procurement

Keeping/ Storing

Movement
(Transportation)

Delivering

- Logistics is a process and tool that businesses use for creating value for products and services and responding needs of customers
- Companies or organizations will need to have effective and efficient logistics management by managing all logistics activities with low cost, while making customers to be satisfied with products and services.



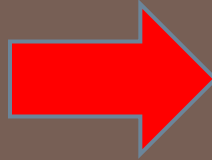
Logistics and supply chain cover activities related with:

Flow of production

Storage of production materials (i.e. raw materials/ parts)

Flow of information





- Focal firm
- Suppliers and other partners
- Logistics service providers




- Customers


(1) “to increase product value with effectiveness”, (2) “to respond quickly to customers’ needs”, and (3) “to cooperate and work together closely for customers’ satisfaction towards products and services”.

Differences between logistics and supply chain

- Logistics is about “flows” of products and service, and storing of production materials (raw materials) and finished products, and about information related.

 The goal of logistics is making the total logistics cost as low as possible, while still satisfying customers in the service.

- Supply chain is about managing flows and storing of products from “point- of- origin to point- of- consumption” (from producers to consumers).

 Supply chain management of focal firm is to effectively manage suppliers' works from production sources (i.e. factory), involved companies (i.e. intermediaries), and distributors until the finished product reaches consumers, and consumers should be satisfied.

Keywords of each term

Higher profitability and satisfaction of all

Value chain



Competitive strategy

Product value added

Logistics



Physical flow

Information flow

Lower logistics cost

Supply chain



Focal firm management of stakeholders / suppliers

Flow management from point-of-origin to point-of-consumption



IMPORTANCE AND ROLE OF LOGISTICS

Importance of logistics

- Raw materials and finished products at present day come from various sources of the world.
- Patterns and ability to transport raw materials and finished products (big or small scale) has been changing depending on an advance of transportation.
- Population has moved from rural to urban areas and to business centers. It is “not necessary” anymore that people live near production centers, or productions take place near residence centers.
- The geographical distance between the production point and consumption point increased.

Finally, logistics facilitates producers, suppliers, distributors and customers to get the right materials, at the right time, at the right point and in the right condition at the lowest cost.

Role of logistics in each work

➤ In terms of production, logistics supports *in transforming raw materials into finished products with utility*. This is called *the value added to production*. *Without logistics, production cannot occur*.

➤ In terms of marketing, *logistics supports as marketing tool to help consumers possess and use products*. *Without logistics, many marketing activities cannot be successful or run smoothly*.

➤ In terms of logistics itself, *it is to transport products in the right time (the time in which consumers want products), and to the right place (the place where there are people who want to use products).*

This can be explained in 4 types of utility:

Form utility

In production process management: from raw materials to finished goods

Place utility

In distribution management: from factories to distribution centers to retailers/ wholesalers to consumers (to where there is still demand)

Time utility

In inventory management: Just- in- time (JIT system) of purchase demands (ordering, purchasing, receiving products)

Possession utility

In marketing and sales promotion process: fast ordering, purchasing, receiving products— “order fulfillment”), creating customers’ demands to possess products

Task at home no. 1: individual assignment
(paper):

Respond to the following question: If we think that logistics management refers to flow management, how could this be considered and discussed in service industry? Please also provide an example of a service unit.

Submission: Next week