



„THE PROBLEM OF ACHIEVING COMPETITIVE ADVANTAGE IN THE TRANSPORT SERVICES SECTOR”

Pawel Romanow¹ - Maciej Stajniak²

Key words: competitive advantage, instruments of competition, economic and globalization changes, TSL operators, organizational structure

Abstract:

The paper presents the problems of competitive advantage in the road freight transport sector. Key sources of achieving competitive advantage by companies and instruments of competition have been described.

The idea of competition within the transport sector is a process of creating companies' capability of achieving and maintaining price and/or quality advantage over other companies from the business. Competitive advantage is most often associated with characteristic features of various competition strategies and consists in achieving the price advantage and measurable profits resulting from company's virtues acquired in the process of improvement of transport and transport-related services.

The basic sources of achieving competitive advantage by transport companies are: type of services (clear functions and unique, distinctive features, competences and experience of staff, organization (specific functions / operations, transport technologies), programmes / plans (speed and accuracy of deliveries) and processes (defined and consequently realized ways of work organization). They are presented in more detail in table 1.

¹ Pawel Romanow, Poznan School of Logistics

² Maciej Stajniak, Poznan School of Logistics

Table 1. Key sources of competitive advantage of transport companies providing services for supply chain actors.

Type of source	Description of source
1. Technological	Results of research work, technological innovativeness and transport service innovations. Company's competitiveness resulting from being first.
2. Production	Low transport production costs resulting from the easy access to factors of transport production, vertical integration forwards or backwards, flexibility of service activity, appropriate internal organization structure of company, use of telematic techniques in service processes, etc. Company's competitiveness resulting from lower costs or / and higher transport service quality.
3. Distribution	Developed network of offices, service availability and quick service. Company's competitiveness resulting from lower level of frozen capital and transport costs and better customer service.
4. Promotions, complaints handling	Effective marketing, appropriate services for appropriate customers, proper advertising and promotion of services, quick complaint service. Company's competitiveness resulting from better recognition of market needs and service adjustment and providing the services in accordance with the needs. As a result the company achieves competitive advantage in costs and service quality.
5. Trademark, reputation	Strong position of trademark which does not require costly marketing actions, because the trademark makes the offered services distinguished from the environment. Company's competitiveness resulting from customer loyalty to the trademark.
6. Uniqueness of company and offered services, service quality	Perceiving the company and its services as different from the competition's. Effective service differentiation. Company's competitiveness resulting from achieving the quasi-monopoly position, capturing market niches.
7. Management, managerial talents	Management professionalism, managerial talents make it possible to reach to one of the abovementioned sources and become the basis of company's competitive advantage.
8. Knowledge and information	Acquiring knowledge in the transport service providing process, efficient subcontractor, competitor and customer information system is an important factor in creating one of the abovementioned sources of company's competitiveness.
9. Time management	Capability of quicker than the competitors reacting to market changes and skilful long-term acting ensure flexibility and reputation which increases competitiveness.

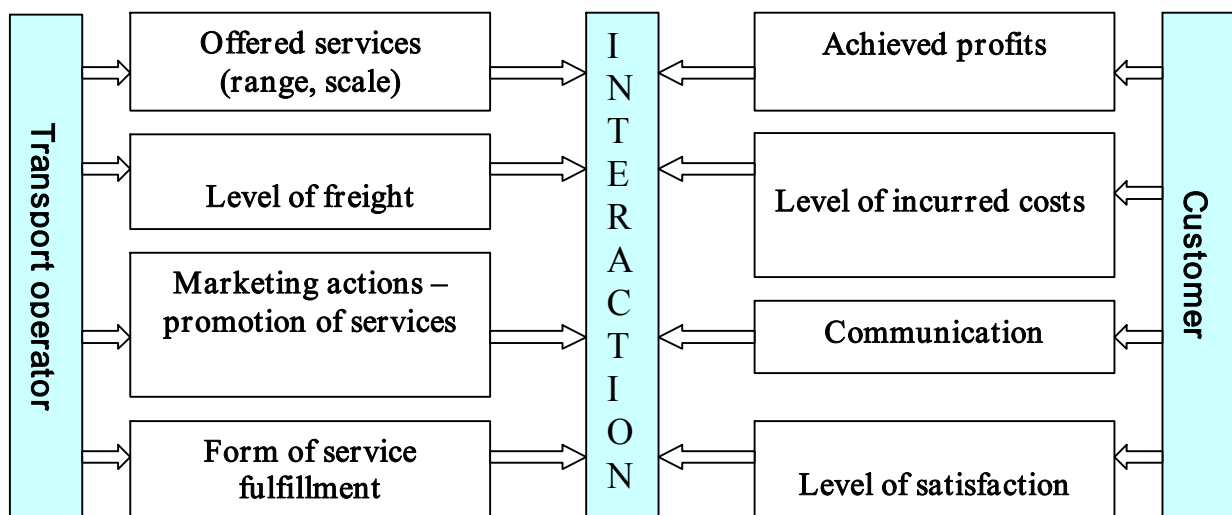
Source: Own study based on: Rosa G.: Usługi transportowe: rynek – konkurencja – marketing. Wydawnictwo Naukowe Uniwersytetu Szczecińskiego, Szczecin 2006 r., s. 87.

Analysis of table 1 drives to a conclusion that transport company's competitiveness advantage depends on the quality and quantity of transport resources, difficulty in imitation

and the fact they are non-substitutional, which are key success factors. The skill of creating competitive advantage in supply chains are verified by measuring the company's competitive position. Reliable analysis of the position allows to define the factors of its strengths and weaknesses. It is a base for making an action plan directed at maintaining the sources of competitiveness and eliminating possible competition gap³.

The mechanism of competitive actions in the transport services sector is determined by the companies functioning in that economic field. A scheme of instruments of competition⁴ and the way they are perceived by transport operators' customers are presented in figure 1.

Fig. 1. Scheme of instrument of competition



Source: Own study.

Implementation of instruments of competition and consequent fulfillment of the assumptions in that field consists in an attempt of transport operators to achieve two main goals:

- strengthening competitive position (bargain power) in relation to the companies from the sector;
- neutralizing or overcoming the negotiation advantage of customers (they foster achieving acceptance / being distinguished by current or potential customers).

Competition on the transport service market gives the companies of the supply side many instruments characterized by different structure. It is determined by the level of differentiation of the instruments and characterized by the following dependencies⁵:

- it is more difficult to assess service quality, contrary to the price, due to the subjectivity of the assessment;

³ STRATEGOR: Zarządzanie firmą. PWE, Warszawa 1996 r., s. 68.

⁴ Wrzosek W.: Funkcjonowanie rynku. PWE, Warszawa 1994 r., s. 229.

⁵ Ibidiem, s. 230.

- the price, contrary to other instruments, is a measurable category, which means that it may be the subject of direct comparison;
- it is much harder to make changes in transport service quality and functionality than in price and advertisement.

The success of each instrument, as well as the whole competition mechanism, may be measured by the speed and depth of customer's and competition's reactions to the instruments used by certain transport company. The quicker reactions of customers and the slower reactions of competitors, the more effective the instruments.

Under conditions of uncertainty and in the face of the competitive struggle becoming fiercer and fiercer transport operators' actions should enforce certain survival / market expansion strategies. In the times of "chasing the west" a drastic change of transport demand-supply relation is one of the most important transport issues. Barriers and constraints of transport development have different force of influence. The most constraining factor is undoubtedly the economic barrier connected with current economic situation. Apart from enforcing the transport potential through increasing the number of means of labour, quality changes also have a significant meaning. The quality changes include first of all organizational changes which may mitigate the investment „pressures" and decrease disproportions between potential (assumed) and current transport capacity.

Transport companies operating on the Polish road transport market are characterized by different development capabilities. Some of them operate effectively in current conditions and have appropriate strategic potential. However, most companies operate in much worse conditions trying to overcome various structural, organizational and economic problems. The most important thing for those companies is to survive and maintain at least the position they have at the moment – which is often only surviving. The number of carriers on the almost 40-million-market is not a surprise for anyone. What is unusual is high rotation of companies (many companies are established and many collapse).

In Polish transport enterprises the competitiveness problem should undeniably be treated as a central point of interest of the companies from the sector. It is now hard to talk about company's success without active competitive strategy. The competition on the transport service market may be defined i.a. according to the degree of competition for potential orders and proposed level of meeting transport needs. In the first case, competition is perceived as direct and substitutive. In the direct competition the competitors are those who offer the same services and operate on the same, geographically separated, market. The substitutive competition is when competitors offer different services but meet the same or similar needs. In case of transport companies it is not substitution of services but substitution of the means used to fulfill the services. In this meaning, railway or combined transport services are substitutes for road transport. Those services meet the same need in a different way. The way of handling those two levels of competition should be adequately different. However, in each case the essence of the strategic solution is creating a sort of company's uniqueness, i.e. difficult to copy, stable competitive advantage over other companies.

In order to ensure proper conditions of effective transport service management, transport companies work out dedicated (to the conditions) organizational structures. The structure may often differ from each other and they do because the volume of transport work, the companies' transport potential, their location and area, the range and scale of service, technological specialization, division of rules and competences etc. Apart from these elements

the organizational structure, as internal situation management system, is continuously modified to adjust to the changing environment conditions. Organizational system may be improved with the use of the diagnostic or prognostic method. Nevertheless, regardless of the method, the basic assumption of improving road transport company organizational structures is „flattening” them, mainly by eliminating indirect links and increasing the rules and competences of direct transport service providers, i.e. dedicated transport offices, data communication base or technical potential.⁶

Making transport companies more independent requires an effective system of settlements with contractors from the business and customers as well as common use of internal rules of economic independence. The system should concern all principal and auxiliary company units involved in transport order handling activities.

To conclude, the competitive situation of road transport operators in supply chains must be perceived and analyzed in reference to the speed of transport market development in Poland, which is conditioned by many factors. One of the most important incentives of its growth is – as it has been mentioned before – Poland’s accession to UE and its consequences. The sector’s performance depends on results of the whole economy since it is directly connected to most of its realms. Further development of the sector is also influenced by the state through legislative actions defining the “elbow room” of domestic and foreign transport operators – fulfilling orders within the area of Poland.

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⁶ Mindur L.: Technologie transportowe XXI wieku, Warszawa-Radom 2008 r., s. 31.