

DEVELOPMENT PERSPECTIVES OF LOGISTICS SERVICES PROVIDERS IN POLAND

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The market of logistics services (TSL) in Poland is new, yet already mature. There are a lot of diverse entities operating there that provide various types of logistics services. So far the major goal of business conducted by them has been to generate profit that ensured further development. However, currently a change in the attitude towards business that is aimed for example at management of the company value is observed. And thus the following question should be asked: „What activities are undertaken by logistics services providers for the purpose of achievement of success such as for example improvement of the company attractiveness or growth in the company value?”

To answer the question put in this way, the analysis of activities undertaken by providers of logistics services in Poland is performed. The article presents activities of logistics services providers that are the response to demands of the market – the customer, for the purpose of satisfaction of their individualised needs. We can consider them determinants of further operations that describe possible trends of development.

Key words: business models, elements of strategies, logistics services, providers, development, trends.

Piața de servicii logistice (TSL), în Polonia, este nouă, dar deja matură. Există o mulțime de entități diferite care operează acolo și oferă diferite tipuri de servicii logistice. Până în prezent, obiectivul major al afacerilor efectuate de acestea a fost de a genera profit, care a asigurat dezvoltarea în continuare. Cu toate acestea, se observă o schimbare în atitudinea față de afaceri, care are ca scop, de exemplu, gestionarea valorii companiei. Astfel, următoarea întrebare ar trebui să fie: "Ce activități sunt întreprinse de către furnizorii de servicii logistice în scopul realizării succesului, cum ar fi, îmbunătățirea atractivității companiei sau creșterea valorii companiei?".

Pentru a răspunde la întrebarea adresată, se efectuează analiza activităților întreprinse de către furnizorii de servicii de logistică în Polonia. Articolul prezintă activitățile furnizorilor de servicii logistice, care sunt răspunsul la cerințele pieței, adică ale clientului în scopul satisfacției nevoilor individualizate, fiind considerate factorii determinanți ai operațiunilor ulterioare care descriu posibilele tendințe de dezvoltare.

Cuvinte cheie: modele de afaceri, elemente de strategii, servicii de logistic, furnizori, tendințe, dezvoltare.

Рынок логистики (TSL) в Польше является новым, но уже зрелым. Есть много различных субъектов, действующих и предлагающих там различные типы логистических услуг. До сих пор первоочередной целью осуществляемой ими деятельности являлось получение прибыли, которая обеспечивала дальнейшее развитие. При этом, в настоящее время наблюдается изменение в отношении к бизнесу, целью которого является, например, управление ценностями компании. Таким образом, следующим должен быть вопрос: "Какие мероприятия проводятся поставщиками логистических услуг для достижения успеха, как, например, повышение привлекательности компании или увеличения ценности компании?".

Чтобы ответить на поставленный вопрос, проводится анализ мероприятий, проводимых поставщиками логистических услуг Польши. Статья знакомит с деятельностью поставщиков логистических услуг, отвечающих требованиям рынка, то есть клиента в целях удовлетворения индивидуальных потребностей. Можно рассматривать их в качестве детерминантов последующих действий, которые описывают возможные тенденции развития.

Ключевые слова: бизнес-модели, элементы стратегии, логистические услуги, поставщики, тенденции, развитие.

JEL Classification: M2; M29; L52; L20

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Logistics services providers in Poland

Polish market of logistics services is a new market that emerged as a result of economic changes taking place in Poland in the 80s of the previous century. Activities aiming at market facilitation, adjustment of legislative procedures (particularly implementation of the Act on freedom of conducting business activity in 1989) and changes in the approach to conducted business were significant for changes that were taking place. For many enterprises functioning at that time it was a new and uncertain situation that demanded taking a considerable risk of their activity. On the other hand, new business entities for which there occurred an opportunity to conduct their own business activity started to arise. For the „old” companies functioning at that time, new entities with new business concepts posed a serious threat in the form of competitors growing in strength. Transformations occurring in Poland also opened new possibilities for foreign services providers that were on higher level of evolution. For many of them this represented acquisition of new markets and thereby new possibilities of development and making larger incomes (revenues). Therefore companies-service providers of diversified condition and on various level of development occurred in the market of logistics services.

Besides, a similar service offer resulted in the fact that struggle for the customer started between the companies providing logistics services of various kinds. Emergence of many service providers was also a response to demands of the market that more and more frequently searched for companies / providers of services that could offer not only simple logistics services (for example transport, shipment, customs services) but also provide the whole packages of service on a high level of complexity. Figure 1 presents major characteristics that enterprises need to have to achieve a higher level of development and win a better competitive position.

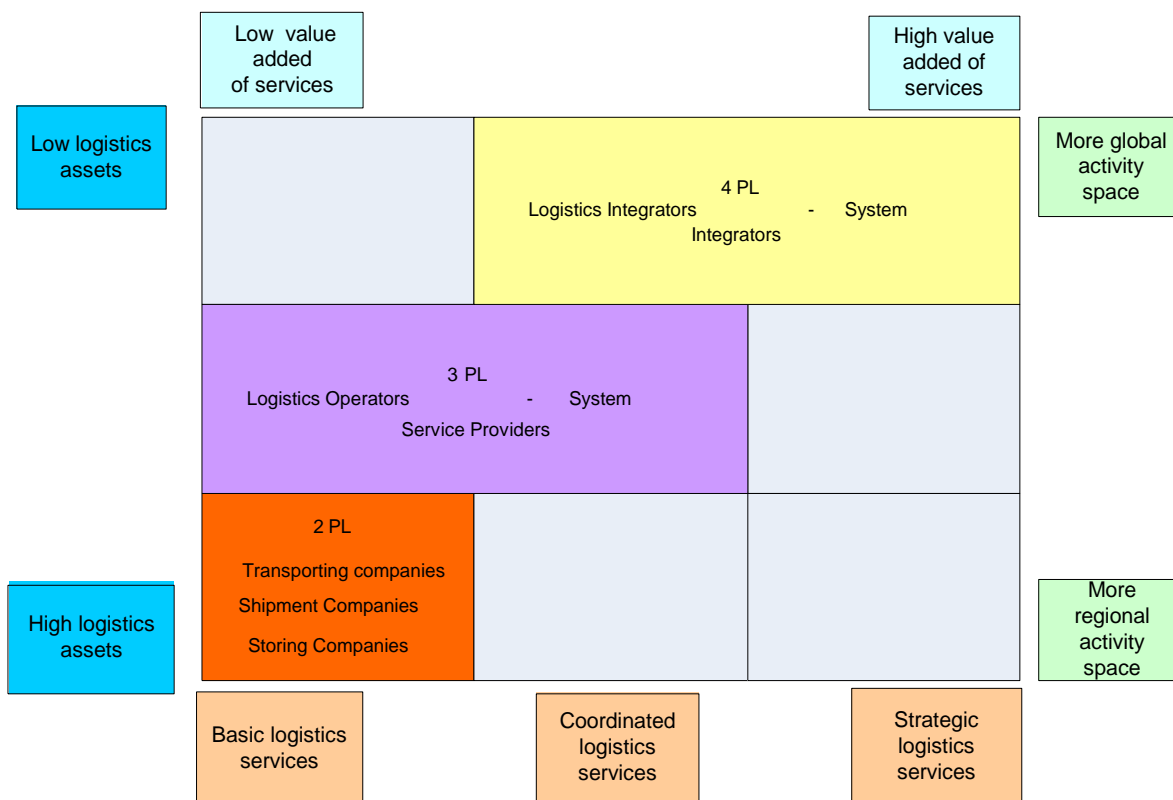


Fig. 1. Segmentation of logistics services providers

Source: Own case study on the basis of [Baumgartem, Kasiske, Zadek, 2000].

Business models of logistics services providers

Enterprises operating in the market of logistics services undertake a specific type of market game that in the long-term perspective should ensure success for the company. This victory is identified with attaining success in the market in the form of high competitive position, growth in the company value, increase in profit and profitability and certainty of permanent and loyal customers thanks to whom all these will be possible. However, in the pursuit of success, logistics service providers have to solve a very difficult problem while answering the question of „how business activity should be conducted to achieve the intended goal”. The question asked in this way may not be explicitly answered. „Conducting business activity” means something different for each entity providing logistics services. However, „business” is most often identified with economic activity or an idea of how to make money [Kozmiński, 2004]. In economic practice, a business model represents the model of profit or activity in the sphere of profit [Slowytzky, 2000].

According to Slowytzky, a change in the concept of activity has been currently observed. So far the share in the market has been a significant measure of success. Companies focused on development of the product and achievement of the profit of scale. The view that a large share in the market guarantees achievement of large turnover, as they say „win a larger share in the market and this will be followed by profits”, was predominant. However, in the situation of serious competition, technological progress and extensive improvement in information technologies, many enterprises that had remarkable share in the market were not able to achieve high profitability and thus large profits. This made managing entities aware that existing concepts of management ought to have been changed and adjusted to new conditions, because activities that do not translate into incomes (activities in the sphere with no profit) would result in company bankruptcy. To ensure survival for a company in the long term, business model ought to be refreshed, and spheres of profits should be focused on because only they could ensure further development and growth in the value. In new economic order (competition, imbalance) orientation on activities in the sphere of profit is the key condition to achieve success.

Perceiving business model in this way results in the fact that service providers are forced to develop their own, unique business models as they all operate in the environment that is familiar to them and they all have diversified resources including assets and competences.

Therefore we can assume that business model is a strategic method of conducting activity including a combination of resources, processes and relations that is unique for the enterprise and that aims at increasing profitability and value of the company and ensures its competitiveness (in a long term) in a particular sphere.

Model of development of logistics services providers

Business activities that are undertaken by logistics services providers aim at constant development. So far the company development has been perceived in terms of obtained profit (income generated from sale) that allowed for conducting further business activity or investment in possessed assets. However currently the income as the major goal of activity and accounting notion¹ that was historically a complex measure of company success started to lose its predominant significance.

Nowadays traditional way of understanding and perceiving development is contested. More and more frequently they write in the literature about new way of management indicating that development that is characterised by large dynamics in time ought to be identified with the value of company in market and the value for customer. Attention is focused on the issue of activities associated with growth in income that allow for better exploitation of the potential possessed by the company which is translated into growth in the value in long period of time.

Implementation of development model by logistics services providers is reduced in the initial stage to narrow specialisation (horizontal expansion) which lets them distinguish themselves in the sphere of the offer, quality and costs against other competitors. Then, in further stages, while aiming at establishment

¹ *Accounting profit has a retrospective nature; it reflects the effects of past events. Shaped by the instruments of balance law, it does not translate fully into the market value. See H. Zadora, Wycena przedsiębiorstwa w teorii i praktyce [Company valuation in theory and practice], Stowarzyszenie księgowych w Polsce [The Accountants Association in Poland], Warsaw 2005, p. 13.*

of strong and stable competitive position, service providers conduct concentrated activity on the basis of possessed specific skills and specialist knowledge (vertical integration). In the last stage of development model implementation, expansion of service providers on foreign markets and numerous mergers and takeovers of weaker companies that strengthen competitive power of the strongest entities are observed.

Implementation of the concept of growth in value is a new challenge for logistics services providers that allows, through activation of appropriate motivational mechanisms, to create strong and stable company that bodes well for the future development in longer term.

Trends of development of logistic services providers

Success of the company, a logistic services provider, depends on developed strategy of operation (business model) based on ability to reconcile execution of determined goals with changing customers' expectations and other elements of company surroundings. Adopted strategy ought to relate to „company vision in the perspective of stakeholders', customers' and owners' demands” while creating service offer of high quality that is adjusted to demands and specific character of trades and scope of customers' activity.

In previous years providers of logistics services based their business strategies on three elements that guaranteed them achieving success (Figure 2). Nowadays they more and more often notice the need to focus on reliability and partnership in relations with subcontractors.

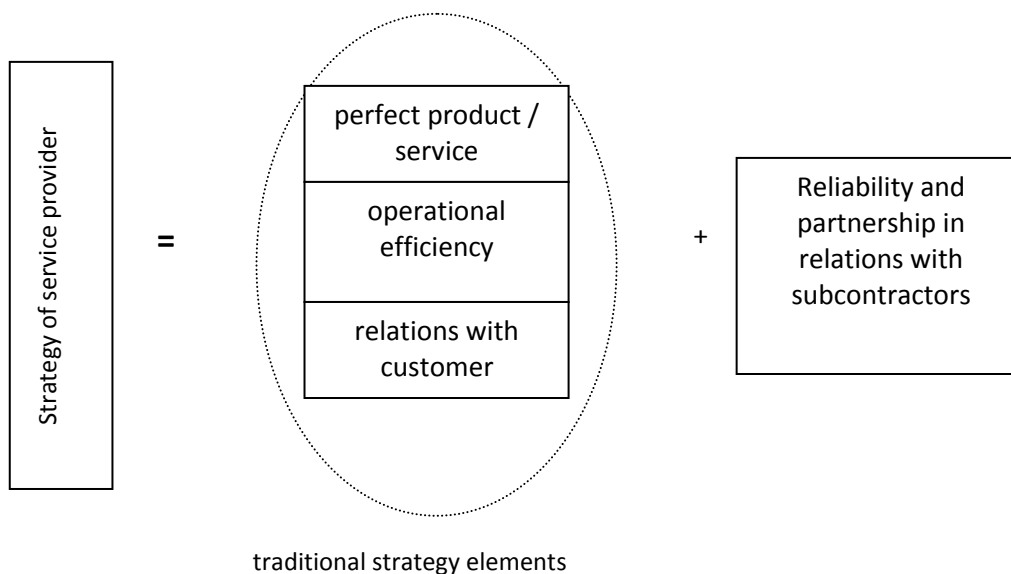


Fig. 2. Elements of strategy of logistics services provider

Due to the fact that the market of logistics services (TSL market) is the market instantly reacting to changes occurring in the world economy as a result of for example fluctuations in exchange rates, fluctuations in fuel prices, unstable political situations or conflicts, etc., it is considered and defined as an economic barometer by many people (economy practitioners and theoreticians) who deal with it every day. It is a reflection of economy situation and reaction of companies.

This means that if services providers want to achieve success in unstable and turbulent environment, they have to adjust quickly to changeable market situation and customer demands. One thing is permanent: all activities of service providers are based on establishment of market position, compliant with expectations and possibilities of a particular entity.

Analysing behaviour of service providers in the market of logistics services (TSL) it can be stated that all entities undertake diversified activities, adjusted to their abilities that aim at achievement of intended success – attainment or maintaining a desired market position generating profit, expansion on new markets, etc. It is observed that adjustment activities undertaken by services providers, particularly the leading ones, are perceived by other entities as the so-called determinants

of development operations. Therefore we can talk about suggested development trends of logistics services providers (Figure 3).

All logistics services providers functioning in conditions of strong and severe competition aim at finding elements that might ensure obtaining advantage over other entities (being ahead of competitors). They realise that within the „portfolio of services”, customers ought to be offered varied services that might fully satisfy their needs and that would be distinguished by unique qualities that prove high market specialisation against the competitors. This specialisation can be implemented in two dimensions: with respect to geography and segment. In reality this represents having the latest and innovative solutions or a unique know-how in the sphere of complex logistic offer tailored to individual customer.

Providing services for e-commerce in the sphere of services for individual customer (B2C) for whom courier companies are the major beneficiary is the key development trend for the whole logistic business. Latest information systems, on the basis of which personalised projects of logistic processes will be created, are going to be more and more significant. Technologically complicated and financially expensive networks of self-service mail portals can serve the example here.

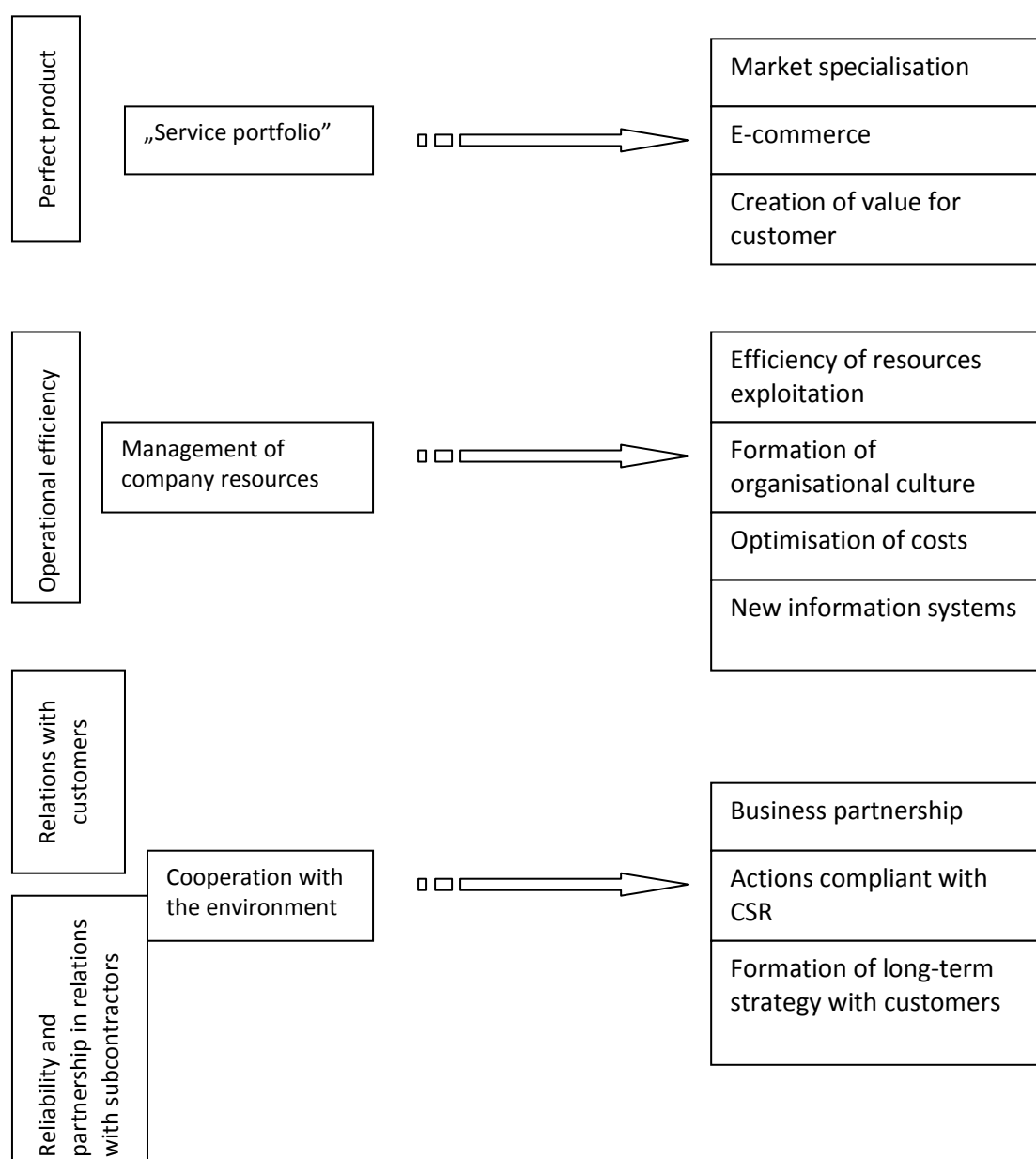


Fig. 3. Trends of development of logistic services providers

Determination of development trends in the sphere of operational effectiveness is the activity related to management of resources. As a result of the recent economic crisis many service providers had to revise their attitude towards the issue of resource acquisition and limit their investment intentions. Decisions made at that time bring consequences until nowadays. Currently, larger services providers reluctantly invest in resources they need. Expanding resources takes place through starting direct cooperation with subcontractors and „transferring” the investment costs on them. In the case of resources already possessed, activities of service providers are directed to more effective exploitation of own networks and optimisation of costs. However, optimisation of costs does not consist in reduction of employment or sale of means of transportation. Undertaken activities should aim at management of costs of logistic operations for the purpose of elimination of unjustified costs and thus better exploitation of logistic infrastructure.

Services providers that offer innovative solutions and build long-term strategy of cooperation with their customers on the basis of business partnership will have the chance of development. Mutual relations ought to be dominated by understanding needs, advisory skills in the sphere of choice of best solutions and business partnership based on mutual trust which unfortunately is a problem currently observed in cooperation.

It is observed that few logistic service providers undertake activities in accordance with new trends in management, for example in the sphere of networking, sustained development or corporate social responsibility. In this way, while basing on the synergy of economic, environment and social aspects (sustained business) they mark their difference against their competitors through the prism of perceiving the company as the entity taking care and looking after natural environment.

Summary. The market of logistics services in Poland is the market that has been extensively developing and the entities functioning in the field have relatively stable and strengthened position. Logistics services providers, aware of their weaknesses and strengths make attempts to modify existing business models. While considering their strengths, they undertake activities that often stay ahead the customer needs and that become a new value for the customer. On the other hand, they try to limit or eliminate their weaknesses. Logistics services providers, while seeing new development possibilities in weaknesses, make decisions that are supposed to bring intended results in long term.

There is no doubt that in the period of globalisation, good solutions become an example for others while becoming a determinant for development. Its expression is looking for new practices determining their further development trends that ought to increase the company value at the same time. This is confirmed by the fact that logistics services providers operating in Poland are perceived as high level experts in the sphere of logistics.

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Recommended for publication: 16.01.2015