

TRANSPORT SERVICE MARKET IN CRISIS: THREATS AND OPPORTUNITIES

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In the article the author describes the basic tendencies in transportation service market under the economic crisis conditions. Negative and positive consequences of crisis for transport companies and market in general are opened, and new directions for transport business are revealed. In the article the characteristics of the new formed transport market are also presented.

The world economic crisis has affected Russian economy and industry seriously, it has influence on the functioning of transport branch which serves the domestic enterprises.

There is a direct dependence between the commodity market and transport market situations.

The transportation service market in crisis conditions is characterized by the following basic tendencies.

Because of ruble devaluation the import costs grows. Decrease in import volumes (up to 50 %), arriving to Moscow through the ports of Finland, Azov-Black Sea pool and the Far East, has led to the reduction of cargo stream in big cities which are the centres of customs registration and distribution of consignments across Russia.

Commercial networks make lower procurement prices, creating a serious barrier between the manufacturers and consumers lead to the termination of deliveries or even productions of commodity items. It is one more factor introducing an additional disbalance in cargo carriage between Russian regions and foreign countries.

The rates of carriers from the end of 2008 have been lowered practically to a minimum, that has been provoked by the expected decrease of the amount of orders (it is traditional for the first quarter of each year). In December, 2008 the tariffs of carriers in relation to mid-annual rates of 2008 have gone down practically in all directions by 7-10 %. In January-February, 2009 the decrease has constituted still an order of 20 %. Carriers have practically reached the bottom level and faced the choice: to work further or to stay. Some cargo owners, referring to crisis, reduce a service price of cargo carriage, thereby forcing cargo carriers to carry out unprofitable trips.

Deficiency of loadings forces many forwarding agents and carriers to search for new clients more aggressively: to leave on direct agreements, to offer groundlessly concessionary terms and even to try to corrupt employees responsible for logistics. The dumping of prices leads to the decrease in quality of services and responsibility.

The growth of unemployment among the population has already led to criminality strengthening, increase in quantity of robberies and swindle on Russian roads. Crisis became direct threat to business of many transport operators. There is already an interruption of business or even closing of some forwarding companies.

To survive in such conditions, each company produces the strategy of actions for the period of crisis. Some cut down salaries to experts or reduce staff, thus aspiring to lower expenses. Others narrow the framework of activity, trying not to spray means for insufficiently perspective directions. A number of companies decide to sell the business and thus do not lose the invested capital. All these actions are focused on survival at the expense of already turned out skills and experience.

In the present situation transport companies should choose - what to direct the company effort to and what should be refused.

The analysis of various information sources on logistics, publications of domestic and foreign companies, and also opinions of competent experts of branch has allowed to allocate the following basic directions on which it is recommended to direct the efforts of transport companies in crisis:

1. To analyze the markets to allocate the most perspective and vulnerable of them;
2. To direct the efforts to the preservation of the achieved results by introducing the sys-

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tem of bonuses and discounts to regular customers;

3. To refuse (at the given stage) regional development;

4. To check clients on solvency: through mass-media and publications in specialized editions, by the interrogation of counterparts, by the inquiry of accounts and constitutional instruments. It is recommended to refuse the bargains with counterparts who are known for the default of obligations;

5. To refuse the risky projects requiring serious financial injections. To concentrate on the effectiveness of already existing system in the organization. It is necessary to understand that in the present situation in order to receive one rouble of profit, it is necessary to expend much more forces, and it is possible to make it only by achieving the maximum return from each employee, from each enclosed rouble.

Transport companies directly depend on financial circumstances of the clients. Therefore, the struggle against crisis should be based on the close interaction with clients, mutual concessions and compromises. The company should help the client to save a source of income.

First of all, the partnership with client is necessary for the companies, and it can be achieved by offering favorable conditions. Specific proposals on cost optimization are always interesting to the client. Transport company can offer various decisions. The client can use competitive advantages of transport operator to the effectiveness of its business. Transport opera-

tors should pay attention to the optimization of internal processes. who can effectively plan all chain of deliveries.

Transport outsourcing can become one of the instruments of providing support for transport company.

Despite negative consequences of crisis for the market and its separate participants, it also bears the positive moments.

First, the given situation forces the operators to analyze existing business processes: to reveal strengths and weaknesses, possibilities, threats (SWAT-analysis); to expand a complex of represented services, to enter new markets. The companies search for new ways of business effectiveness by saving costs.

Crisis sharply reveals the negative sides of company operation, giving the chance not only to see them, but also to liquidate.

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