



DEFINITION OF STRATEGICALLY ORIENTED TRANSPORT USERS IN FREIGHT TRANSPORT AT ŽRS

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Abstract

User of transport services is company or person who, based on contract signed with the carrier, acquires certain rights and assumes certain obligations. The task of the railway company is to meet the needs of service users, the economy and society as a whole, in terms of passenger and cargo transport. If the services and their quality meet the user's demands and the prices are stimulating, it will provide a satisfactory sale of services, as well as the capacity utilization. This paper deals with analytical processing of existing and potentially important users of transport in order to create a basis for consideration of the economic interest of the railways.

Keywords: transport user, transport contract, quality of service

1 Introduction

The restructuring of railways requires the transport of goods to be prepared for an independent and sustainable business in the transport services market. So far, the railways have provided practically two types of commercial concessions for all users at approximately the same or similar level, without taking into account how much each user has invested to carry out rail transport and how big their strategic commitment to rail transport is. The existing commercial policy of Republika Srpska Railways (RSR) jsc. Doboј defines the use of a single commodity tariff and the approval of certain concessions. The commercial concessions which were granted to all users in the freight transport have been permanently changed over the years, regardless of their commitment, readiness, organization and investment in the development of their own capacities for rail transport. In the commercial terms, the tariff policy of the railways must create an environment to attract new users, as well as permanently ensure an increased volume of transport from year to year, thus creating the conditions for further development of freight transport activities.

2 Commercial conditions for transport users of Republika Srpska Railways

The transport user is a legal or natural person who, based on the contract with the carrier, acquires certain rights and assumes certain obligations [1]. The carrier is the railway company with which the passenger or the consignor of the goods concludes a contract of carriage. The contract of freight carriage obliges the carrier to transport the freight to the destination station and hand it over to the consignee, and the consignor undertakes to pay the carrier the agreed charge for the transportation (carriage charges). The consignor may subsequently amend the contract of carriage, thereby requiring the following from the carrier:

- To stop transporting the freight further.
- To postpone the delivery of the freight.
- To hand over the freight to another entity, and not the consignee referred to in the consignment note.
- To hand over freight in another place, and not the place referred to in the consignment note.
- To establish the carriage charge for this wagon based on the price table for the tare wagon reduced by 50 %.

3 Definition of a strategic oriented transport users and the criteria for their determination

Implementing a selective railway policy in relation to transport users means finding possible measures to provide better conditions to individual service users which are strategically oriented towards railway transport – the strategically oriented transport users, in relation to their overall importance for railway operations [2].

The determination of priorities in terms of granting certain advantages to individual users of services implies conducting a preliminary study of all significant transport users, both existing and potential.

For the railways to be in a position to perceive its long-term interests when it comes to its users, it is necessary to analyze the data on the volume of transport for all the users or the overall volume of operation performed for the purpose of the transport users as a whole.

The analysis of the importance of individual transport users is based on the following fundamental criteria:

- Total number of transported tons of freight.
- Earned revenues from the transport users.

An assessment of their importance may be obtained by applying these criteria to each individual transport user.

4 Classification according to the total number of transported tons of freight

The classification of transport users can be carried out according to the criterion of the total annual volume of operations (the number of transported tons of freight), expressed in tons. According to this criterion, the five categories of transport users were established with the following annual volume of operation.

Table 1 Classification of transport users according to the realized operations

1. category	over 500,000 tons
2. category	100,001 – 500,000 tons
3. category	10,001 – 100,000 tons
4. category	1 – 10,000 tons
5. category	0 tons (no operation)

The number of categories has been selected on the basis of long-term research of operation with the transport users. The categorization defined in this manner reflects well the differentiation of transport users according to the scope of operations.

The classification of transport users may be carried out according to the criterion of total annual revenue, expressed in convertible marks (BAM). Five categories of transport users with annual revenue earned to RSR jsc. Doboj were established according to this criterion. The number of categories has been selected on the basis of long-term research of operations with the transport users. Such a defined categorization reflects well the differentiation of transport users according to the revenues earned to RSR jsc.

Table 2 Classification of the transport users according to the revenues earned to RSR jsc. Doboj

1. category	over 1.000.000 BAM
2. category	100.001 – 1.000.000 BAM
3. category	10.001 - 100.000 BAM
4. category	1 - 10.000 BAM
5. category	0 KM (no operation)

5 Definition of strategically oriented transport users

The existing commercial policy of RSR jsc. Doboj defines the use of a single commodity tariff and the approval of certain concessions. The commercial concessions which were granted to all users in freight transport have been permanently changed over a number of years, regardless of their commitment, readiness, organization and investment in the development of their own capacities for rail transport.

In regards to the tariffs and commercial affairs, the same principles apply to all users, which should not be the case in the coming period, especially when it comes to the wagon demurrage, which is practically a penalty for the largest customers in situations where they have emergency (unloading capacity defect, strike, low temperature, etc.).

So far, the railways have provided practically two types of commercial concessions for all users at approximately the same or similar level, without taking into account how much each user has invested to carry out rail transport and how big their strategic commitment to rail transport is. These concessions are the following:

- Commercial concessions for a certain annual quantity of goods (20 - 30%).
- Tariff concessions for block trains and groups of wagons (10 – 20 %) [3].

The structure of revenues in freight traffic generally consists of:

- Revenues from strategically oriented transport users.
- Revenues from other transport users.
- Transit revenues [2].

The abovementioned division implies that the commercial policy measures of RSR jsc. Doboj should not be the same for all listed users. In commercial terms - the tariff policy of railways must create an environment for attracting new users, as well as permanently ensure an increased volume of transport from year to year, thus creating the conditions for further development of freight transport activities. Should the tariff and commercial conditions be changed, the users of transport would try to redirect the goods that were transported by road until now to the railways.

In the coming period, the railways must improve at all levels, that is, the level of quality of transport services, in order to obtain new quantities of goods from strategically oriented transport users. The quality of freight transport services consists of the following elements:

- Speed of freight transport and delivery period.
- Regularity of transport.
- Method of ordering and delivery of wagons, time and method of loading and unloading.
- Information about the consignment movement.
- Characteristics of transport capacities.
- Transport safety [1].

6 SWOT analysis

SWOT analysis is a method of marketing research at a strategic level, named after the initial letters of the English words Strengths / Weaknesses / Opportunities / Threats. By using this analysis, the company can identify its main advantages (strengths) and disadvantages (weaknesses), what the opportunities (chances) and limitations (threats) are in the realization of its goals [2]. The ultimate goal of the SWOT analysis is aimed at determining the strategic position of the company and choosing a development strategy which can be adequately implemented. When implementing this analysis, the advantages and disadvantages refer to the company, i.e., to the resources it has in relation to the competition and to the users of transport services, while the opportunities and limitations refer to external factors affecting the transport company.

The advantages refer to zones of noticeable success, while disadvantages refer to zones of failure of a company. The chances refer to environmental trends with positive outcomes, while threats refer to environmental trends with potentially negative outcomes. Naturally, the goal of a company is to make the most of its strengths and opportunities, and to minimize its shortcomings and limitations [1]. The analysis procedure is as follows:

- Identification of strengths, weaknesses, opportunities and threats.
- Classification according to importance and probability of occurrence.
- Analysis of the interrelationship of opportunities with strengths and weaknesses, as well as threats with strengths and weaknesses.
- Identification of strategic alternatives [2].

The relationship between railway and road transport, as well as the existing competition, requires special analysis and, based on them, special measures, which will significantly redirect goods to railway traffic [1]. In order to make good use of all the advantages of rail transport for transport users, it is necessary to look at strengths and weaknesses (internal analysis) and opportunities and threats (external analysis). These parameters are distinguished through the SWOT analysis.

Strengths and weaknesses need to be analyzed in the light of the anticipated opportunities and threats from the business environment. In addition, the concept of competitive advantage points to the importance of evaluating the position relative to the competitors. The first step in this analysis is to take stock of strengths and weaknesses, and then opportunities and threats. The purpose of the SWOT analysis is to highlight internal strengths and weaknesses, as well as the main opportunities and threats from the environment. This analysis identifies key aspects of the capabilities of RSR jsc. Doboj to use its own strengths and highlight weaknesses in responding to changes in the business environment.

The results of this analysis help to formulate a strategy for meeting the needs of clients, primarily strategically oriented transport users.

Table 3 SWOT analysis for RSR jsc. Doboj in the field of transport and relationship with the transport users

Strengths	Weaknesses
<ul style="list-style-type: none"> - the existence of the transport market – actual demand for transport services, - large transport capacity, - price competitiveness - potentially low transport costs, - preservation of the environment, - saving energy, i.e., liquid energy sources, - safety, - available staff. 	<ul style="list-style-type: none"> - technical - technological obsolescence of capacities, - low quality of transport service, - shortage of wagons and locomotives (great immobilization), - high total and fixed operative costs, - inadequate cost monitoring, - insufficiently adapted work organization to market business conditions, - poorly designed marketing and promotion.
Opportunities	Threats
<ul style="list-style-type: none"> - more flexible formation of prices and concessions, - social reforms and potential economic and regional development, - approval of international loan institutions for investment in development of railways, - increase in cartage/delivery capacity, - the possibility of introducing modern transshipment techniques. 	<ul style="list-style-type: none"> - greater flexibility and quality of road traffic service, - speed of transport by road traffic, - door-to-door truck delivery, - price policy "by agreement", - slowness of reforms and restructuring, - large locational dispersion of transport users.

7 Conclusion

The structure of revenues in freight traffic generally consists of:

- Revenues from strategically oriented transport users.
- Revenues from other transport users.
- Transit revenues.

In commercial terms - the tariff policy of railways must create an environment for attracting new users, as well as permanently ensure an increased volume of transport from year to year, thus creating the conditions for further development of freight transport activities. Should the tariff and commercial conditions be changed, the users of transport would try to redirect the goods that were transported by road until now to the railways.

In the coming period, the railways must improve at all levels, that is, at the level of quality of transport services, in order to obtain new quantities of goods from strategically oriented transport users. The railways as a carrier in the following period must change the method it operates with transport users in such a way that the railways as a carrier attracts the user and the goods and not vice versa, that the user offers the goods for transport to the railways. It is necessary to improve cooperation with the carriers in the region, especially in the segment of determination of the price of transportation on the entire route, i.e., that the transport user may obtain information about the price of transport in one spot, and not wait to receive the information for several days. With a view to overcoming this problem, the railways in the region should come to an agreement about the joint participation in the freight transport market as soon as possible.

References

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