FACTORS FOR COMPETITIVENESS IN THE FREIGHT TRANSPORT SERVICES MARKET: CASE OF LITHUANIA

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Abstract

Competitiveness in the freight transport services market is rather difficult to observe. Freight transport services providers try to compete by low cost, extra value, quality aspects, and etc. The market of these services meets the challenges on high competition because of competitors from local and international market. There are no barriers to enter freight transport services market for neighbouring countries' suppliers. The goal of the paper to disclose the preconditions for competitiveness in Lithuanian freight transport services market. Statistical data analysis, as well as opinion of president of association 'Linava' and suppliers of freight transport services are discussed. Even if low costs remains to be a very important factor for success – other factors as reputation of suppliers, operational decisions in delivery system, recognition of customers and specializing in niching markets – urgent. Small enterprises what are no capable to provide wide package of freight transport services, are offered to combine in subcontracting system, making long term or short term contracts in order to satisfy a customer.

Keywords: competitiveness, freight transport service, preconditions, Lithuania, services market.
JEL Classification: M30, M31, D41.

Introduction

Freight transport services in Lithuanian economy plays a rather great role. The large part of GNP is created by freight transport services sector which involves freight transport, storage, forwarding and logistics services sub-sectors. As well as the large part of employment also is affected by employee of freight transport services enterprises. Besides that freight transport services sector is rather competitive one in Lithuania, Lithuanian services providers meet the high competition from neighbouring countries, such as Poland, Latvia, Belorussia, Germany, etc., as supply of freight transport services is not limited by borders of the country, specific know-how or other competitive advantages.

Competition war in services industry has some specifics comparing to industrial one. Even if pricing factors are very important for choosing a service's providers, other factors, such as specific experience in some regions (for example, Romania, Russia or even Nigeria, Ruanda) open market for a few services providers. As pricing factors is very easy copied by competitors, exceptional quality, specialization (Langvinienė, 2009b), knowledge (Ciriaci, Palma, 2008), wide regional coverage, customer recognition (Devlin, 2001), priority for human resource-based view in order to gain not copied competitive abilities (Godlevskaja, Iwaarden, Wiele, 2011), implementing of innovation and communication technologies (ICT) (Minoja, Zollo, Coda, 2010) are important.

Freight transport services sector in Lithuania meets the challenge to compete with cheap labour from Russia, well equipped trucks from Germany, with Latvian enterprises what have closer relations to Russia, etc.

The research problem analysed in this paper is formulated of such questions – what are preconditions to compete for Lithuanian freight transport services providers? What are factors influencing the success of such kind of business? What set of elements creates the long-term competitiveness for provider?

The objective of the research is to disclose the preconditions for competitiveness in Lithuanian freight transport services market. A research is limited to freight transport services provided by road transport, eliminating the railway, air, sea and watercourse transport means.

Methods of the research are analysis of the scientific literature, statistical data analysis, qualitative (deep interview) and quantitative survey (questionnaire). Statistical data analysis let us survey the general trends in freight transport services market. Deep interview was made with representative of National Freight Transport Association 'Linava' in order to clarify preconditions for competition from viewpoint of association of freight transport services providers (logistic, forwarding and transport). Questionnaire was filled at the enterprises, supplying freight transport services, located in Kaunas region. Questionnaire let us to disclose the situation from the view point of providers who meets challenges for compete any day in any market.

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Research findings showed that one of the most important criteria for stabilizing the competitiveness of services providers remains to be reduction of costs. This is largely affected by politics of Lithuanian Government or bilateral politics. As very important factors for competitiveness are reputation of enterprises, loads delivery system, expedition, recognition of customers, their wishes and expectations, fulfilment of the contract's condition; less important (or even unimportant): extra load insurance, quantity of services supply, innovations, advertisement campaigns are discovered. Guidelines for strengthening the competitiveness of freight transport services enterprises are developed.

Theoretical background of competitiveness in freight transport services market

Freight transport services market meets a lot of challenges to compete. The increasing competition is influenced by local and international services suppliers, as these services usually are not limited by borders of the country, specific know-how and are supported by various funds of EU. There are a lot of opportunities to compete in services market according researches: low cost, low price (Fam *et al.*, 2011), specialization (Ciriaci & Palma, 2008; Langvinienė, 2009a), implementation of ICT (Minoja, Zollo & Coda, 2010), wide package of a services and wide assortment of services (Godlevskaja, Iwaarden & Wiele, 2011), special interest to a customer (Devlin, 2001), etc. The term of *competition* is related to relationship between enterprises what sell similar services and products at the same time for the specific customer, according Stanikūnas (2009). Competitive advantages employed by services supplier depends on the service: for daily use services – the costs, accessibility are more important, for rare use – an exceptional quality, individual approach to customer and other factors. Capability to compete, employ competitive advantage, keep a competitive advantage or mix of them for a long period – could be described as competitiveness of a provider. Competitiveness of enterprise could be kept also one of the most urgent terms for surviving. Competition among enterprises practically means the competition among their provided services, their extra value to a customer.

Finding a niche in the freight transport services market practically becomes unrealizable goal for a supplier. Barriers to enter these services market usually limits by purchasing a transport mean, as researches shows (Langvinienė & Vengrauskas, 2004; Langvinienė, 2009b), that customers prefer to buy services from freight transport services supplier who has his own transport mean, not forwarder. Pricing of services remains to be very important (Park *et al.*, 2009). Other factors for choosing the supplier as possibility of various assortments, extra value, and supplementary services play already the secondary role choosing the supplier. Possibility to provide global supply chain in freight transport services process also can act as competitive advantage before local players (Yeo, Roe & Dinwoodie, 2011). Developing the competitive advantage of road transport services providers comparing to air, sea, railway freight transporter, such factors as mobility, flexibility, speed and regularity, various possibilities for packaging, no requirements for special terminals for storage are issued, from one hand. From other hand, road transport services providers comparing to suppliers using other means of transport, have such disadvantages as small tonnage, high price (comparing to railway, sea transport), high pollution, high dependence on fuel price, etc. As freight transport services competitiveness is highly affected by intensive labour, do not require great investment in brand development (Enderwick & Nagar, 2011), Lithuanian freight transport services market can gain an international competitiveness as other emerging, developing markets. Technological dependence is related to transport mean and IT equipment of drivers and forwarder only; what is arranged by national suppliers rather well (Langvinienė, 2009b). Of course, international competitiveness of Lithuanian freight transport services market could be gained fulfilling a few of requirements: political and economic stability; geographical territory, cultural environment are more favourable for years.

There are a lot of factors what have direct or indirect influence on competitiveness of freight transport services providers. Factors for competitiveness of services providers, according different authors, could be divided to the groups. Porter (Mann & Byun, 2011) develops groups that affect competitive performance of enterprises: factor conditions, demand conditions, relating and supporting industries, enterprises strategy, structure and rivalry. Despite of the large input of Porter's diamond into the analysis of competitiveness of nation, enterprise, etc., clearly defined rules of competition, this model has got critics, too, because of variations of competitions of nations, enterprises, sectors, products and services. Usually two groups of external and internal factors (Meidutė & Raudeliūnienė, 2011) affecting the competitiveness are developed. There are two main groups affecting competitiveness of freight transport services providers: outer factors (macro environment) and inter (micro environment) presented in the Figure 1.

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Factors of macro environment	Level of influence	Notes	Factors of micro environment	Level of influence	Notes
Suppliers	*Direct influence*	Retailers of fuel, transport, equipment	Strategy and goals of enterprise	*Direct influence*	Kind of enterprise: transport, logistics, forwarding
Competitors		Local, international market players			Local, international, global market strategy
		Transport, logistics and forwarders suppliers	Resources		Human, technological, financial
Customers		Business participators	Management		Business model: franchise, national enterprise, international subsidiaries
Substitutes		Different transport means owners			
Brand rivalry			Culture		Depends on size and location of enterprise
Economical	*Indirect influence*	Global, international and national economics	IT		Implementing of IT programmes in trucks, forwarding process, control of load, etc.
Political-legal		Barriers, taxes, custom politics			
Socio-cultural		Russian, European, Asian cultural factors	Exceptional service		Specialization *vs* differentiation
Technological		Requirements for transport			Geographical coverage
Natural-geographical		Transitional country			Possibility to load different kind and size of loads (full trailer, partial; liquid load or standard)

Figure 1. Factors affecting the competitiveness of services provider

Ghani et al. (2011) on the ground of Porter's Diamond Model competitiveness of freight transport services enterprise describes as a mix of variables: technology changes, services, equipment, efficiency of handling equipment, new technology evolutions, development of innovative products, access to scientific experts, information sharing, value added services, channel integration practice, technical and scientific personnel, etc. However these factors disclose only the indirect and direct influence of technological environment and human resource factor, innovation implementation inside the enterprise, but do not includes other important factors for competitiveness.

Research methodology

The article is based on data collection by statistical data, interview and questionnaire. The main goal of the empirical survey was to predict the preconditions for developing (increasing) the competitiveness of Lithuanian freight transport services enterprises. On the ground of the statistical data the analysis of current situation in these services market was done. Analysing the factual situation of the freight transport services market documents concerning the market dynamics were analysed, too. One the ground of the interview with representative of National Freight Transport Association 'Linava' analysis of dynamics of the freight transport services providers competitiveness was done. On the basics of quantitative survey (written form questionnaire) guides for strengthening the competitive abilities of providers in the market were disclosed.

Four blocks of questions in the questionnaire form for suppliers were made: 1) general characteristics of supplier (type, status, experience); 2) specifics of particular (exceptional) service provided; 3) internal factors creating competitiveness; 4) external factors and actions in response to changes of competitors' movements. During the interview internal and external factor, their importance for gaining competitiveness, action in competitor's war was discussed.

Findings and discussion

*The analysis and estimation of transport sector's **statistical data** let us to disclose the main results of this sectors activity, as well as to identify indices having influence on providing the competitive abilities for freight transport services enterprises.*

Estimating the sector of freight transport in Lithuania, some point should be concluded: enterprises providing road transport and logistics services, makes 98% transport enterprises; 80% of land transport revenue is brought by road transport. The rising part of transport in Lithuania is proved by GNP, which made 9% in 2008 and 12% in 2010 (Makroekonominės prognozės, 2011). Comparing 9 months of 2011 with the same period of 2008, revenue from transport still are less by 1.2%; while revenue of logistics enterprises is already higher by 28% as before financial crisis.

Indices of suppliers. On the ground of Statistics of Lithuania (Makroekonominės prognoses, 2011) during third quarter of 2011 the rise of loads estimated 6.7% comparing to the same period 2010 (2011 3rd quarter – 29.5 million t, 2010 – 27.6 million) (Transporto įmonių rodikliai, 2011). Freight transport by road made 46.6% loads. Freight transport by road grows by 0.1% in the 3rd quarter 2011 comparing to the same period year before. Annual revenue from road transport at the beginning of financial crisis started to drop earlier as other sectors of economy and in the middle of 2009 the drop of revenue was estimated by 27%.

Market of freight transport services started to renew at the beginning of 2010. The largest influence for it was made by transit transport. During the half-year of 2011 grow of load estimated 19.4% and overcame the level of pre-crisis period by 1.8%. On the data of Creditreform Lietuva (Transporto įmonės po sėkmingų 2011-ųjų ieškos kelių išsaugoti pajamas, 2011) enterprises successfully used the situation of increased demand; however barriers for entering the market increased, too. Trends of demand are grounded on statistics: total amount of loads in 2010 grow by 3.5% comparing to year before; amount for local freight transport decreased by 5%; amount for international transport from Lithuania increased by 24%, to Lithuania by 16% and international freight transport between other countries than Lithuania increased by 10%. Freight transport services grow four years already, starting from 2006 (+44%).

A large part of enterprises are established not many years before. Approximately 40% of enterprises acting in 2009-2010 were established in 2005-2010. In 2007 10.8% of enterprises were registered. It should be noticed that the larger enterprise the older it is. 73% of large enterprises (turnover more than 25 million Lt); 50% of middle (turnover 4-25 million Lt); 48% of small (1-4 million Lt) were established till 1997. Micro enterprises (44%, till 1 million Lt) were established starting from 2005.

Directions of freight transport services. Loads directions to Lithuania overcome the loads from Lithuania about 50%. Directions for export mainly EU and Russia are dominated, for import – only EU (Germany). Comparing first half year of 2011 with the same period of 2008 a turnover of loads drop by 19.7%: local freight transport drop by 39%, freight transport to Lithuania drop 3.1%, from Lithuania 23.6%.

Market of freight transport services is famous that it is not concentrated even if sells increase. There are 5000 enterprises in land transport: largest 40-50 enterprises takes 50-55%, middle 300-350 enterprises takes 35-40% of the market (Transporto įmonių rodikliai, 2011). Estimating the storage, forwarding and logistics activity the largest 50-60 enterprises have 40-45% of the market, middle 240-270 enterprises have 30-35% of the market. Turnover of land transport enterprises grew by 58% during the first half year of 2011 comparing to year before. Furthermore – 9.5% enterprises started their activity during past 12 months (12% micro enterprises); during the same period 7% of road freight transport enterprises finished their activity (10% micro). Comparing first half year of 2011 with the same period in 2010 sells of storage and forwarding enterprises increased by 54%. 10.5% of enterprises started their activity during last 12 months (17% micro enterprises). During the same period 7% of forwarding enterprises finished their activity (13% micro). Profitable activity is observed by 67% of land freight transport and logistics enterprises in 1st quarter, 2011, and 74% in the 2nd quarter. Generally, competitive environment in road freight transport and logistics was getting sharper: new members of market enter, earlier – leaves. Financial crisis touched not only new and small freight transport services providers. During 2009-2010 more than 300 road freight transport enterprises (6%) were bankrupted.

Revenue from transit services during 2010 comparing to 2008 increased by 23% while in passengers transport decreased by 13%. These numbers do not correspond to the beginning of 2011, as Poland and Russia were in contentions and Lithuanian freight transport services have had overtaken the large part of their orders. Half of enterprises increased their sells in 2010 comparing to year before; 7% of enterprises are new. One of the peculiarities of freight transport services market is that not only largest enterprises are growing, but also middle and micro. As extra reserve for increasing the competitiveness could be equilibrate of flows of loads from and to Lithuania, if a market of Lithuania will recover. Situation in separate segments can be worse, for example, in the field of cars transporting while flows to CIS can decrease. As negative factors: discomfit of ferries, changes in road taxes in Poland and other countries, a lack of permits to enter Russian territory at the end of the year and possible EU penalties to Belorussia.

Provision with resources. Amounts of purchased trucks and trailers do not leaves behind the level of 2008 and purchases of semi-trailers exceed the level of 2007 by one quarter. A large influence for success of enterprises has a lack of financing instruments and strict politics of suppliers (fuel, tires, auto details, and exploiting materials) lending. The majority of freight transport services enterprises feel a lack of current assets. Currently suppliers keep the strict politics of lending. A few of them are able to use merchant credit or factoring services. Risk is influenced by licensing assets, too. At the beginning of 2011 39% of transport means were purchased using a credit. Middle freight services enterprises have had the smaller risk, as they were less went to the debt (Transporto įmonės po sėkmingų 2011-ųjų ieškos kelių išsaugoti pajamas, 2011). Similarly the low risk level is famous for 25% of large, 36% of middle and 17% small and micro enterprises.

Rising prices of fuel is very urgent for freight transport services enterprises; however Lithuanian transporters have a possibility to buy cheap fuel at the territory of Eastern countries. Meantime the smaller influence for rise of costs of freight transport services enterprises is made by rising costs for salary of employees. However, it should be noticed, that a lack of employees still exist. The development of freight transport services enterprises will be limited because of lack of own capital, working capital. A lack of investments also could be actual one. There are all preconditions for quicker concentration of the activity of freight transport services enterprises and investment of capital from other sectors, starting from logistics.

Deep interview *with president of National Road Transport Association 'Linava' A. Kondrusevičius enabled to identify the viewpoint of freight transport services enterprises because of conditions for successful activity in services market and providing of the competitiveness and keeping it for long-period.*

A president of the National Road Transport Association 'Linava' during the interview noticed that 'markets are under change'. Improvement of business conditions and climate as well reduction of tax burden is one of the key policies of the Association 'Linava'. Business activities of carriers involved in international shipping is like a litmus paper of national economies showing which markets are first to recover after the crisis. It was the 2010 that the trade among major countries-manufacturers saw much more action. The working environment of transport companies also undergoes changes due to new market conditions. Flows of loads from East to West are rather large. Road transport is dominating – by road transport two thirds of loads are transported, while by railway – the sixth. The members of 'Linava' eventually occupied strong positions in international freight transport services market due to higher quality of services, regularity of carriers. Transport fleet, according the president, also is renewed, as well as new technologies are implemented, accessibility of information and speed of communications raised ten times. Essential features providing well positions for freight transport services providers in the international market are modern schemes of working, flexibility and definite work of transport, understanding and meeting of customer's expectations and wishes. The main shore of competitive freight transport services providers are competence and quick reaction to market changes (Transporto įmonėms – palankios prognozės, 2011).

The phenomena of the global economic crisis had some impact on state policies, and different border crossing restrictions, 'Black lists' of transport companies or the problems of permits have become common business issues for freight transport services enterprises. It is five-year economic upturns and downfalls in transport business that are best reflected by the number of trucks involved in the international freight transport. Lithuanian carriers involved 26000 trucks in 2009. With the global economic setback, the number of trucks rapidly decreased in Lithuania. Today trucks owned by the companies that are members of the Association 'Linava' are also employed in domestic routes in Western Europe and strategic East-West transports corridors.

Association 'Linava' has developed quite an effective system of cooperation and, first of all, that of communication with the ministers of transport in the neighbouring countries as well as customs offices and carriers associations. Besides general tasks of association, it is representing the interest of freight transport services enterprises, a large attention is paid to seeking the new markets, management of information and training, participating in the international fairs, seminars and conferences where new partnership and business partners are found.

Respondent, analysing the main changes in the international freight transport services market, emphasized peculiarities of recent situation comparing with business terms and opportunities at the terms of economies rise. Situation in the market is still very uncomfortable – an amount of loads still decrease. This creates vicious cycle as trying to avoid outage and provide stable work freight transport services providers forced to agree with terms of loads owners and forwarders and transport a load much cheaper. Price for transporting is balanced at the level of costs and recently even fall down. Results of it are clear – a lot of enterprises are forced to stop working. A lot of employees stay without living recourse, Government does not collect the taxes and even is forced to increase costs for citizens requiring social subsidies. The task to become a competitive is not the first priority, as priority stays to survive and avoid losses. Upon the talker, one of the most important tasks is immediate reduce inner costs, refuse from a few long term investment programmes, to look for possibilities for new, effective and flexible freight transporting and resource management schemes. On

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the basics of a country, rational and considered state politics is necessary. As never before, a rational politics of excises, other taxes setting and collecting, more liberal changes in Job Codex are important. A. Kondrusevičius to the question about trends in freight transport services market answered that carriers understand that safe mode is urgent: ‘Safe will be main element wishing to survive in this kind of businesses’. Government institutions are inflated and will be to heavyweight for tax payers. Corruption at the level of public purchasing is not a secret for anybody. Politics are concentrated only for solving problems of a few of parties (often personal one). Radical means and changes in these spheres would be understandable and grateful. Government is able to help the most by reducing taxes for freight transport services sector.

President of association said that if he would be a customer, he would choose a services supplier who is able to supply all services related to freight transport services. Besides that, he would pay attention if a services provider would be a member of association. Members of ‘Linava’ are trustable between customers and other enterprises and this could be a factor for competitiveness. ‘There are 192 enterprises-members of association in the region of Kaunas what supplies freight transport services and it is the majority of enterprises at all.

Summarizing changes in the freight transport services market is should be noticed that the largest influence was made by changes in economy both in Lithuania and Europe. The main reason for reducing the number of providers is related to reducing amount of loads. That is why prices for services are reduced till the minimum. The nearest goal is to survive and do not bankrupt as a part of competitors.

*In order to identify the directions for strengthening of competitiveness of freight transport services providers, **written form inquiry** of suppliers was organized. Respondents according nature of activity and geographical territory of activity were chosen.*

Cumulative findings represent situation of Kaunas town and region enterprises. 41.8% of enterprises participating in the survey were transport, 29.9% – mixed services enterprises, 17.9% – forwarding, 9% – logistics and 1.5% other services suppliers. The majority of enterprises were acting longer as ten years (60%), 21% – from five to ten, and rest of them –acting till five years. Transport enterprises supplies full (89%) and partial loads transporting services (71%). The main services of forwarding enterprise is forwarding (100%), and these suppliers supplies full loads (83%) and partial loads transporting (67%) services. Forwarding suppliers offer wider spectrum of services comparing to transport enterprises. The main service of logistics enterprise is full loads transporting (83%). These enterprises supply more storage services (50%) and consulting about logistics (50%) than other. Enterprises supplying mixed services offer wide spectrum of services: full and partial loads transporting (85%), forwarding (75%), storage (65%), intermediate in customs and extra insurance (35%), dangerous loads transporting (35%), consulting services (30%), arranging of following documents (20%) and other related services.

Findings of the survey showed that enterprises, what were acting one – two years, supplies their services in the territory of EU (50%); enterprises, acting from two to five years, supplies their services in EU countries and Lithuania (67%). It should be noticed, that longer than ten years acting enterprises supplies their servicers not only in Lithuania, EU, but also in CIS countries (50%). That’s proves that duration of acting in the freight transport services market extends the demand to act in larger and more various markets. Enterprises expand their geographical territories trying to survive. Very important inner factors for competitiveness of freight transport services enterprises are as follows: management of time of delivery of loads, implementation of contracting terms, reputation of enterprise, expedition of confirming and processing the order, transport fleet, and flexible system of pricing. Actually 58% of inquired forwarders have confirmed that it is very important to arrange the freight transporting in such a way that it will be delivered in time, problems will be solved operative, and large attention paid for becoming more familiar with problems of a customer. These actions will guarantee long-term partnership with a customer. Logistics services enterprises as well noticed that for strengthening the competitiveness of enterprise – a collection of information about a customer is very important, as well as important interest to specifics of customer activity, meeting main requirements of customer (83% representatives of logistic enterprises). Urgent factors are: communication skills of employees (50%), qualification (50%). Representatives of mixed services enterprises besides factors, mentioned above, mentioned competitiveness of enterprises because effective costs exploitation (45%), financing stability (40%).

Findings of the research showed that *negative affect for competitiveness* is made by factors as follows: raise of fuel excise (75% of transport enterprises, 42% forwarding, 67% logistics, 65%), recession (54% of transport, 67% forwarding, 33% logistics, 45% mixed), increased number of insolvent customers (57% of transport, 50% forwarding, 33% logistics, 60% mixed), raise of VAT (36% transport, 33% forwarding, 83%

logistics and 25% mixed), decrease of demand for services (46% transport, 33% forwarding, 33% logistics, 35% mixed), improper actions of competitors (for example, dumping) (39% transport, 25% forwarding, 67% logistics, 10% mixed). *Positive factors* for competitiveness are cooperation with foreign partners (32% of transport, 33% forwarding, 83% logistics, 40% mixed). Partnership enables to get opportunities as enterprise becomes to be famous at EU. Standards of EU also improve opportunities of providers (11% of transport, 50% logistics, 10% mixed). Adopting standards enterprises becomes full right's member, that's enables to split services, implementation of world satellite navigation system (18% of transport, 8% forwarding, 33% logistics, 10% mixed). Implementation of ICT lets for enterprises more quickly manage the processes of freight transporting and all information is reached in time. Membership in international organizations (FIATA, IRU) improves the opportunities for strengthening the competitiveness more often for logistics providers (14% transport, 33% logistics, 15% mixed) as in these way new possibilities, relationships and useful experience appears.

Ways for strengthening the competitiveness during recession are presented in the Figure 2. Transport services enterprises during recession period tries to increase the competitiveness reducing costs for transport, improving quality of services and servicing, image of enterprise and expanding the geography of activity. Forwarding enterprises tries to increase the competitiveness by improvement of supplied services quality, servicing (communications skills of staff, expedition and attention), image and reducing prices for services. Logistics as well regulate prices (reduce it), improves customer's servicing and quality of services, adopts discounts and reduce costs. Mixed enterprises increase the quality of services and apply discount system for regular customers. A part of these enterprises noticed that they will pay a large attention for investment into IT which facilitates work for customers and quick processes inside the enterprise.

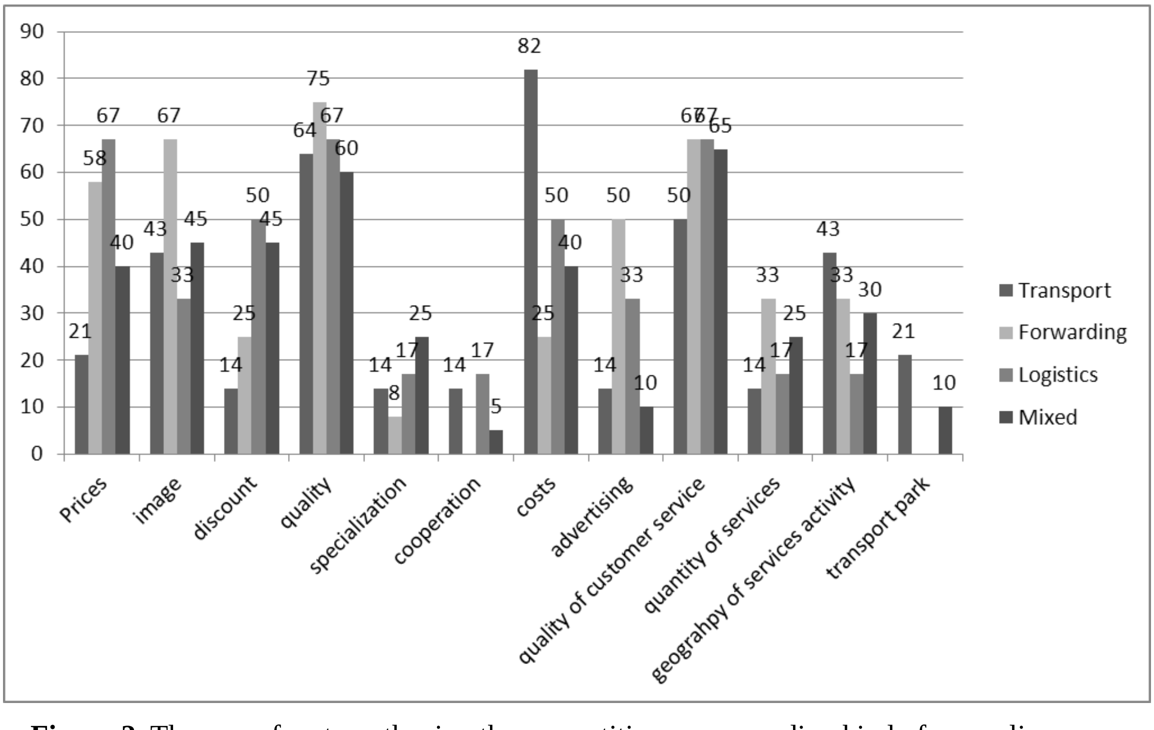

Figure 2. The ways for strengthening the competitiveness according kind of a supplier

Summarizing the ways for increasing the competitiveness, freight transport services enterprises are going not only to improve qualitative parameters of supplied services, implement more flexible price and discount system, but also to provide services, necessary for a customer, increase attention for training the staff and servicing the customer.

Conclusions

On the basics of the survey, it should be stress that main external factors for strengthening the competitiveness of freight transport services providers are as follows: 1) well-disposed politics of Lithuania for taxes of fuel (the largest part of costs of provider) and employment of less developed countries immigrants (Russia, Belorussia, Asia); 2) actions of competitors in local and international services market are urgent (reducing costs, increasing wage for the staff, expanding services package); 3) global economy's situation and individual approach to a customer (demand for loads delivery, periodicity, solvency of customers, etc.). Internal factors such as exceptional human and technological recourse and IT implementation in the process are important. A freight transport service itself covers quality parameters of a service (mobility, terms, and costs) and quality parameters of customizing a purchaser. A combination of reputation of provider, pursuance of contract's terms and terms of delivery is the most important factor for competitiveness.

Guides for strengthening the competitiveness are developed: entering to the new markets, not limiting the Western Europe and near CIS countries, but as well as further CIS, Asian countries. As well as deeper penetrating to Russian, Belorussian countries, Kazakhstan should be done; countries what are ambitious to become members of WTO (World Trade organization). Cooperation of small companies would be useful competing with larger enterprises in freight transport services market, providing modal, intermodal services. Partnership between providers would enable to expand the package of services not overtaking the increasing costs, etc.

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