

FREIGHT EXCHANGE AS EUROPEAN MARKET FOR TRANSPORT

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Abstract

Freight exchange is directly connected to globalisation as it is a platform based on the exchange of information and on making transactions concerning free freight or free vehicle space between companies related directly or indirectly to transport industry.¹ Freight exchange may be divided into types according to two main criteria: the reach and the nature of business.

Keywords: globalisation, freight, exchange, local exchange, national exchange, European exchange, international exchange.

Mode of operation of freight exchange

The character of carrier's liability was regulated as early as the ancient Rome, where the law defined a carrier as a person liable for the freight. One may say therefore that transport law is as old as transport itself. The current transport law is very precise in specifying the nature of liability for the transport of persons and goods provided for consideration. The details of the cooperation and the obligations of the carrier and the person commissioning the transport are set out in a contract. Several carriers may use one contract or transport documents. The transport law regulates all financial responsibility of a carrier for all services during the carriage, the damage or loss of the goods. Freight exchange operates mainly on the basis of: Article 8 item 1 point 1 of the act of 18th July 2002 on the provision of services by electronic means (Journal of Laws Dz. U. 2002, No 144, item 1204 as amended). The freight exchange may be defined as a platform for the exchange of information between carriers and forwarding companies which aims at facilitating and accelerating making transactions in transport industry. The world wide web

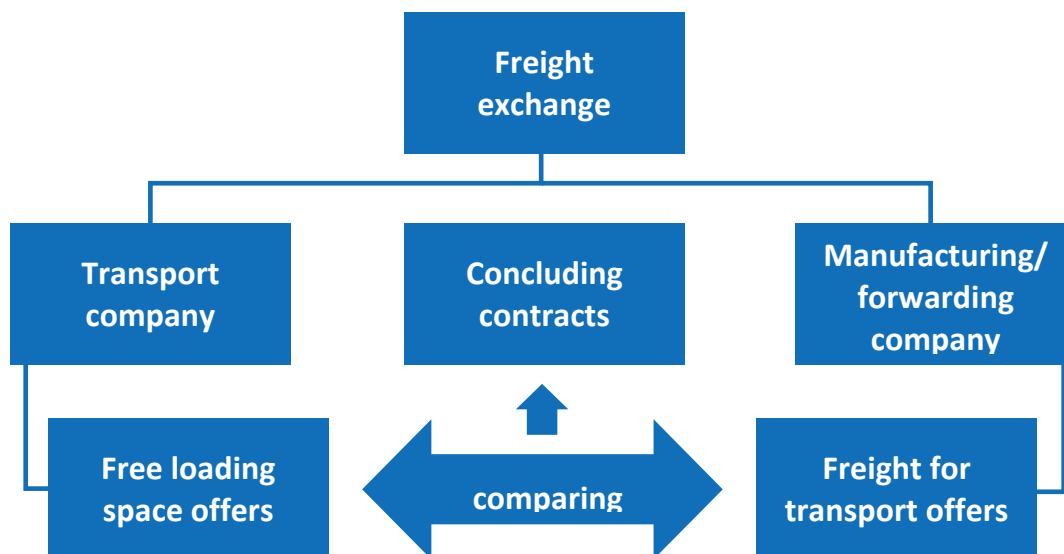
is used as a primary tool, where you can search for or exchange freight, contact your contractor and conclude a contract for a service in real time.

Such operations often remind bidding offers.

Freight exchange allows the carriers to limit the number of empty shipments, use their freight space optimally, supplement their loading and acquire new transport commissions which in result leads to decreasing the costs of providing services and additional profit.

For instance: a company who has freight for transport posts a transport inquiry, i.e. provides the description of the freight and the route. The offer is consulted by carriers wanting freight, the interested party contacts the person in possession of freight and makes a transport offer. The reverse process is also possible. The freight exchange is therefore a place where “demand meets supply” when it comes to goods transport. Freight forwarders need the exchange in order to increase the number of their carriers and to find the best transport solutions. The second group of clients are carriers who, in lack of transport commissions from their existing clients, seek new freight.

Picture 1. The principle of operation of freight exchange



There is also a third group of clients of the exchange, namely traders and producers who conduct limited transport operations and who decide to conduct them on their own without engaging freight forwarders. Frequently, though, such clients are banned by freight exchange in order to protect the carriers.

Services provided by freight exchange:

- quick search for available vehicles in whole Europe,
- quick search for return cargo,

- quick execution of transport commissions and freights,
- quick networking in the world of transport,
- quick obtaining interesting transport commissions,
- reduction of transport costs /a lower number of empty runs/,
- greater competition leading to the decrease of transport prices,
- saving time and money of the freight forwarders /e.g. telephone costs/
- financial verification of the commissioners
- debt collection from transport debtors
- opinions and recommendations of forwarding and transport companies.

With the help of the Internet freight exchange user may within just a few seconds search for a freight offer or enter their own, unused vehicles into the system. Among the clients of freight exchange one may find both small enterprises with just a few employees and international corporations. The way of using freight exchange depends on the scale of activities. For a smaller company freight exchange may be an effective tool to sell their oversupply of transport fleet or to look for commissions while they do not have any. In case of a logistics operator, who sees the market as an entirety, freight exchange is an invaluable source of information on market tendencies and clients' expectations, and the analysis of such data provides grounds for planning the strategy of operation or development.

Advantages of freight exchange:

constantly updated announcements and their availability anytime and anywhere you can use the Internet,
performance improvement of the fleet of transport companies by reducing the number of "empty returns",
definite reduction of administration costs in forwarding companies,
possibility to find freight appropriate for the loading space on offer (e.g. deep-frozen foods, live animals, etc.),
aid in establishing market prices and the security of planning thanks to long-term transport contracts,
saving time as the systems allows simultaneous communication with multiple potential contractors,
the possibility to manage the freight globally (all data are in one system),
the access to the worldwide freight market,

Disadvantages of freight exchange:

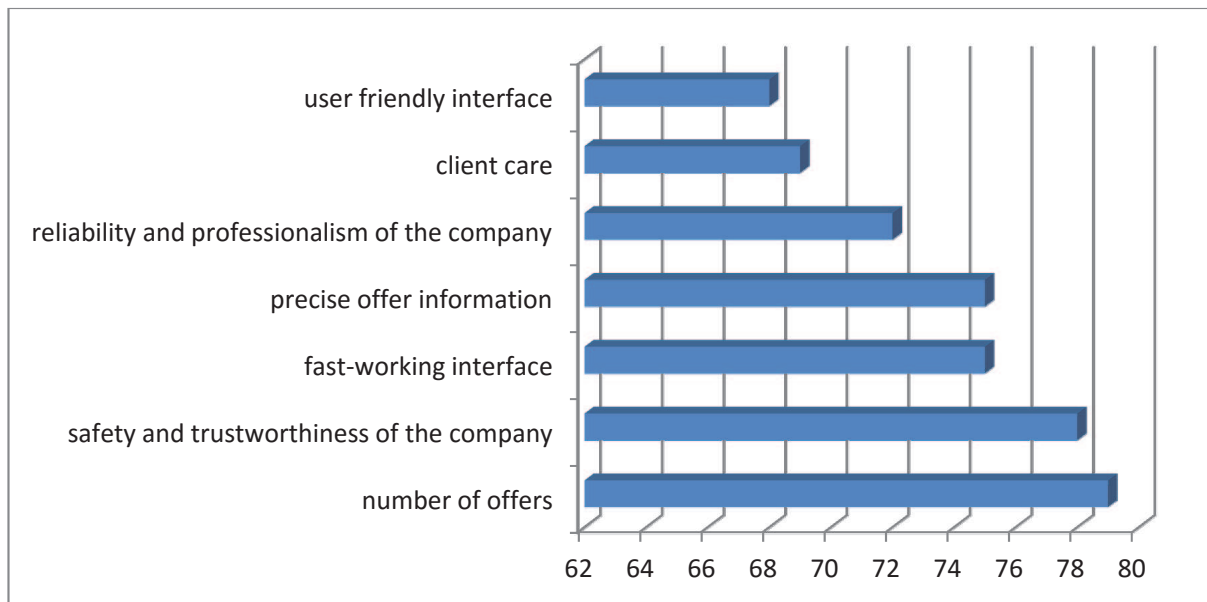
- dependence on current market situation which caused the offered prices to frequently be unprofitable for carriers,
- frequent problems with verifying clients which may lead to some abuse, subject to which are often smaller companies.

How should an ideal freight exchange look like?

According to freight exchange users from ten European countries, the main features of freight exchange should be:

- high number of freight and free vehicles,
- precision of information concerning offers,
- being quick and easy to use,
- positive image of the company

Chart 1. Advantages of freight exchange



Source: www.egospodarka.pl

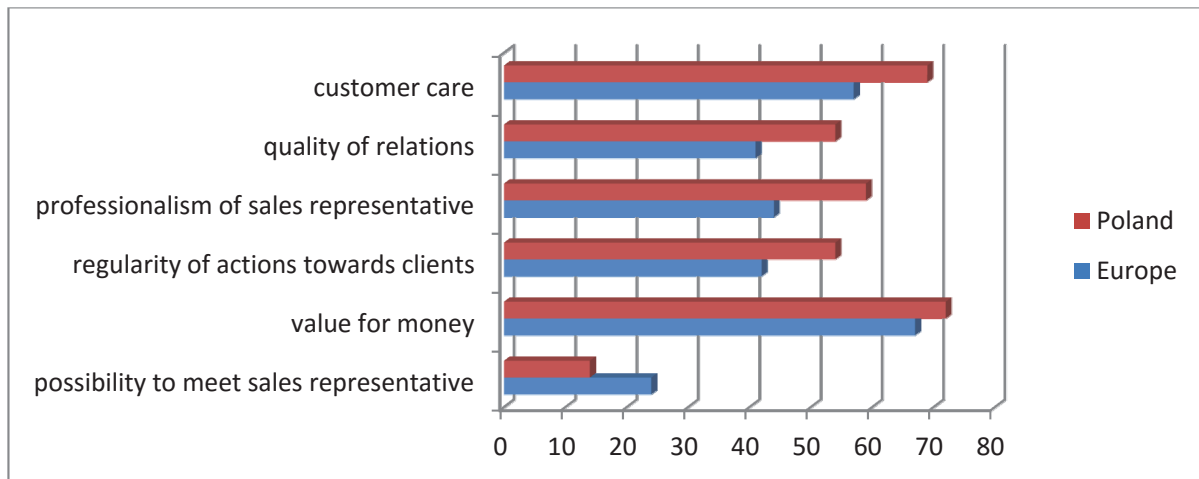
The users of freight exchange have been asked about the most important issues referring to the image of the company, price structure, communication with clients, posting and searching offers, additional products and services, call-centres and contact with sales departments.

A detailed analysis of the results shows what kind of freight exchange would be the most user-friendly. 1046 users of freight exchange Teleroute¹ participated in a study done by TNS SOFRES and respective bodies in other countries (TNS OBOP in Poland). The study was conducted in ten European countries in the latter half of 2012.

Clients in Poland also find customer service and contact with sales department important.

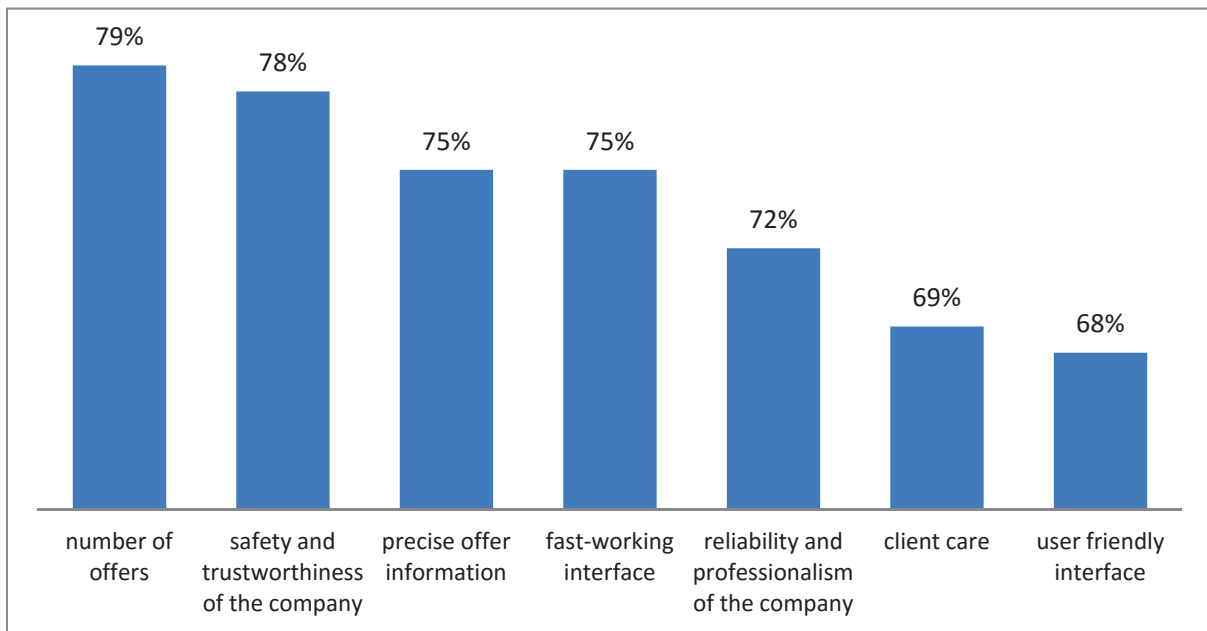
¹ Teleroute is one of the three biggest freight exchanges in Europe with 70,000 registered users.

Chart 2. Analysis of the assessment of Teleroute exchange done by their users



Source: Compiled on the basis of research conducted by TNS SOFERS and TNS OBOP

Chart 3. The most important features of freight exchange according to Polish users.



Source: Compiled on the basis of research conducted by TNS OBOP

Ideal freight exchange according to Polish users

The study has shown that Polish users appreciate the same aspects of search systems as other respondents but they pay much more attention to customer care in comparison to respondents from other countries (69% in Poland and 57% in Europe) and to contacts with sales departments. They also pay attention to the quality of relations (54% and 41%), professionalism of sales representatives (59% and 44%) and regularity of actions towards clients (54% and 42%). Polish clients also deem the quality to price ratio as

really important (72% and 67%). They do not care much about the possibility to meet sales representatives (14% and 24%) and other products and services offered by companies. What is most important about this study is that it has been done on a large number of users who use a particular system in their everyday work; it is always the most significant source of information on its advantages and disadvantages.

The analysis shows that what remains paramount to freight exchange users are issues connected with the system of posting and searching for freight offers and free vehicles, the image of the company offering the system and competent and well-organised customer service. This is why all freight exchange systems aim at increasing the safety of their Internet platforms and transactions concluded there. They do realise that only a few freight exchange systems, with the biggest share in the market, may survive because clients may trust them. The market needs high quality offers from dependable and reliable business partners which would allow freight orders and commissions to be professionally executed.

In case of a logistics operator, who sees the market as an entirety, freight exchange is an invaluable source of information on market tendencies and clients' expectations, and the analysis of such data may be a great source in the stages of planning the strategy of operation or development.

It remains impossible to define the ultimate group of recipients from a point of view of a particular segment of the transport, forwarding and logistics market, the size of the company or the range of operations. All those companies are unified in one thing: their willingness to establish business relationships with other companies which constitute, to a greater or lesser extent, their competition in the market.

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