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CHARACTERISTICS OF FLEET STRATEGY FEATURES OF POLISH INTERNATIONAL ROAD HAULIERS¹

1. General assumptions

Fleet is one of the most essential and fundamental elements in the operation of transport companies, and its composition determines the types of transport solutions which such companies can offer. Selecting a suitable vehicle in terms of the tasks which a given vehicle is supposed to perform affects haulier's competitiveness as, to a certain extent, it determines costs and influences the possibility of generating income at a specified level. As a result, important also become issues relating to the selection of a particular category of a vehicle (its weight class) and different units of which a given vehicle can consist, which also determine vehicle's technical and operating parameters, as well as a vehicle supplier, i.e. whether the vehicle has been purchased from manufacturer A or manufacturer B. It can also be of a significant importance whether instead of purchasing a brand new vehicle a haulier chooses a used vehicle and in what condition such vehicle will be – a low mileage and a good technical condition or a high mileage, heavily exploited and in a bad technical condition. Choosing such vehicle in view of imperfections of

¹ If something is not mentioned article is mainly based on the information and knowledge gained by the Author during many years of his branch activities as a professional journalist – editor-in-chief of the Polish language version of „Lastauto-Ominibus” – „ciężarówki i autobusy” – monthly magazine – Publisher Motor-Press Polska and J. Brach, *Strategia taborowa polskich przedsiębiorstw międzynarodowego drogowego transportu ładunków*, UE Wrocław, during publishing and *idem*, *Internacjonalizacja polskich przedsiębiorstw międzynarodowego drogowego transportu ładunków*, habilitation monograph, paper version, UE, Wrocław, during publishing.

market self-regulatory mechanisms which allow offering low-priced services can lead to market deregulation. All these elements should obviously be viewed from the angle of the specifics of vehicles used in international haulage.

The fact that tasks performed by international road hauliers as well as facing foreign competition, where both derive from the fact of operating on the international market, means that selection of suitable fleet vehicles needs to include certain restrictions concerning the fleet. Such restrictions, relating to the scope within which certain means of transport displaying specific parameters are allowed to perform freight transport include:

- conditions and requirements in force in the parent country,
- international regulations,
- regulations and requirements in force in foreign countries to which a haulier transports freight, and which, in extreme cases, can differ from the regulations being in force in the parent country and from international regulations as well.

However, it needs to be emphasized that the number of differences concerning regulations and requirements is systematically decreasing due to the fact of the advancements in international integration being made.

On the basis of the considerations presented above the notion of fleet strategy² in the case of purchasing fleet vehicles intended for international road freight transport comprises all the operations undertaken within the scope of purchasing fleet vehicles. This is a total set of decisions concerning types of vehicles (and their parameters) and the type of trailers, semi-trailers and bodywork (and their specific technical and operating parameters), and the fact from which foreign company they are purchased (at present this question relates to the country where a given company is headquartered and not the place where key components are manufactured or where they are finally), in what quantities (which is determined by the demand for haulage services), at what price and at what time they will be purchased and then, in what time and on what conditions they will be delivered. Hence, the fleet strategy of international road hauliers will be significantly affected by the source from which such vehicles are purchased, which is understood as a possibility of purchasing suitable fleet from domestic manufacturers or a possible necessity to import such fleet vehicles from abroad. Such differentiation becomes of considerable importance when:

² *Ibidem.*

- a) in the parent country there are no manufacturers producing fleet vehicles with the required technical and operating parameters;
- b) in the parent country the number of fleet vehicles with the required technical and operating parameters being manufactured is too low in relation to the demand;
- c) fleet vehicles manufactured in the parent country represent the minimum technical requirements and the imported fleet displays such parameters that their advantages outweigh the purchase price of imported fleet;
- d) fleet vehicles produced in the parent country display suitable technical and operating parameters which are also available in fleet vehicles which can be purchased from abroad; however, domestic manufacturer/s does/do not have a well developed network of service and repair centres. Due to a lack of such network domestically manufactured fleet vehicles cannot be purchased because such situation is classified as if such vehicles did not meet the technical parameters required by a vehicle user.

The notions of “domestically manufactured fleet” and “imported fleet” need to be considered while also accounting for political and economic conditions. In the case of economies exercising various import-related restrictions, operating anti-import policies, obstructing domestic business entities’ access to hard currencies such differentiation is fully understandable. Such economies used to include so called centrally-planned economies of the former socialist countries.

2. Characteristics of fleet strategy of Polish carriers providing international road freight services

An attempt to assess the fleet strategy of Polish carriers providing international road freight from the angle of the elements discussed above and factors affecting and shaping the strategy can carry us to the following conclusions.

First of all, from the very beginning Polish carriers offering international road freight services used exclusively, or for the most part, high quality, mainly large goods vehicles manufactured by widely-recognised corporations. Such fleet guaranteed the opportunity to achieve best quality performance of transport services due to the following factors:

1. Fleet manufactured in the West is marked by high technical and operating parameters which translate into a relatively low failure frequency, low

operating costs, high average delivery speed and added driver comfort, which in turn has always had influence on road safety and time of travel.

2. Fleet manufactured in the countries of Western Europe could easily find technical support outside the country of manufacture and outside Poland. Accordingly, in terms of fleet, the carrier could offer reliable freight services, as it could count on the support offered by the network of service and repair centres. As a result, a damaged/faulty vehicle was generally expected to be back in service in a short time. If there was no possibility to draw on the services of authorized or even not authorized repair centers abroad, the carrier had to resort to other solutions.

Secondly, which remains in relation to the above, the use of an exclusively or predominantly high standard fleet from the very beginning was necessary to be competitive in the international market, including that of Western Europe, i.e. a market where, to a larger or lesser degree, rules of competitive struggle applied. Thus, from the very beginning in order to solicit orders, it was necessary to compete with foreign entities not only in terms of prices but also quality, which was understood as guaranteed delivery of the goods intact to a designated place in the agreed time. In order to maintain the quality connected with the price it was necessary to offer the equipment with appropriate parameters, i.e. vehicles marked by high performance which did not diverge from the vehicles used for comparable freights by leading competitors. That is why in the case of freights transported to the states of Western Europe, from or between such states, Polish companies dealing in international road freight had to use high standard fleet when the opportunity to compete with foreign carriers operating such fleet occurred. And the fleet comprised only vehicles manufactured in the West, characterised by high technical standards. It should be stressed that in the case of Poland vehicles of Western origin always constituted the basis of the fleet. It was particularly symptomatic before 1989, i.e. in the time of socialist economy, which was based on central planning and limited hard currency imports. Despite the socialist system, the first international road carrier – PMPS Pekaes, had appropriate vehicles purchased in 1958 in the so-called second payments area.³ In those times that was indeed a very bold decision to take but there were several reasons for that. The most significant include: lower quality of the fleet manufactured in socialist countries including

³ R. Przybylski, *Na dalekich trasach. 50 lat Zrzeszenia Międzynarodowych Przewoźników Drogowych*, ZMPD, Warszawa 2008, p. 17; *Historia Grupy Pekaes. Pamiętniki od PMPS do Pekaes SA – 1958–2004*, PolPress, Warszawa 2004, p. 10.

Poland and worse technical and operating parameters as well as lack of an extensive international network of service and repair centres run by all manufacturers from the socialist countries. That is why the decision to select as the base a fleet manufactured in the West was perfectly justified in terms of technical, operating and economic reasons. The fleet, which was then kept in view, provided the opportunity to successfully engage in a competitive struggle with carriers from other countries following the principles of a free market economy, without being subsidized from the budget. Moreover, from the very beginning the investment in the fleet turned out to be economically beneficial on several planes.

The principle that in international road transport Polish companies considerably rely on a fleet manufactured in Western Europe prevailed throughout the whole period of the centrally planned economy. The only element subject to changes was the number of vehicles in service and the number of companies which owned them. There were very few such companies, which was due to the fact that prior to 1989 a fleet manufactured in the West was considered an extremely rare commodity and thus found its way to carefully selected owners. By 1973 PMPS Pekaes was the only such owner. In the following years the number of state-owned entities entitled to such vehicles was growing slowly but surely. Beginning with 1973, apart from PMPS Pekaes a significant carrier operating such fleet was PLO⁴ from Gdynia, followed by selected PKS branches, C.Hartwig Warszawa⁵, POZH and Hortex Góra Kalwaria. Apart from that, with infrequent exceptions, there were virtually no imports of second-hand vehicles.

Social, economical and political transformations that took place in 1989–1990 affected fleet policy in terms of quantity and quality, but caused no changes in the area of supply. The quantitative changes involved a significant, several-fold rise in the number of vehicles when compared to the year 1988⁶, and were a consequence of an increasing number of companies dealing in international transport. The above was in turn the outcome of liberalisation in access to the profession of an international road carrier. The quantitative changes were accompanied by legislative solutions which had a diverse impact on changes in terms of quality. For example:

⁴ R. Przybylski, *Już w dwa lata po Niemcach*, „Logistyka-Transport-Spedycja, 2007, No. 2, p. 22.

⁵ www.c.hartwig.pl; R. Przybylski, *Od furmanki do tira*, Auto-Press, Warsaw 2010, p. 76.

⁶ PEKAES Auto-Transport SA – emission prospectus, Warsaw, 26 June 1998, p. 79.

1. In the period of 1989–1992, with full liberalization in access to the profession, as a result of putting into service an enormous number of second-hand vehicles, the quality suffered considerably: the average age of the operated vehicles rose and there were frequent instances of using older vehicles in a very poor technical condition.
2. In the period of 1992–2002, that is in the time when concessions were required, there was a decrease in the number of vehicles in service and their quality improved substantially. Second-hand vehicles were largely eliminated and the quantitative structure showed a growth in dominance of new vehicles complying with increasingly demanding environmental standards.
3. In the period after 1 January 2002, that is the date when concessions were replaced by licences⁷, and after 1 May 2004, that is from the date of Poland's joining the European Union, the situation in fact returned to that from the early 1990s, namely the number of vehicles increased while their quality deteriorated, which was connected with the fact that older vehicles, theoretically not even complying with environmental standards, were permitted in international transport. At the same time, both new vehicles and the older, excessively worn ones are used where it makes economic sense. In consequence, as indicated below, the new, modern fleet has been used for transport services to the West while the older vehicles operate in the East.⁸

Despite the quantitative and qualitative changes, there was no significant diversification in the fleet suppliers. As for the trucks, the only thing that has changed – possibly in relation to the concentration process in the branch of truck manufacturers – is the fact that instead of five makes, i.e. Mercedes, MAN, Renault, IVECO and VOLVO domestic international hauliers started to purchase the vehicles of all the leading Western European makes. This meant that the five manufacturers mentioned above were joined by the remaining representatives of the group of major seven European truck manufacturers – DAF and Scania. When it comes to trailers, semi-trailers and bodywork it should be noted that Western sup-

⁷ Ustawa z dnia 6 września 2001 roku o transporcie drogowym, DzU 2001, nr 125, poz. 1371; Ustawa z dnia 6 września 2001 roku o transporcie drogowym, DzU 2004, nr 204, poz. 2088, subs. change.

⁸ *Międzynarodowy transport drogowy w okresie 1 stycznia 2006 roku–1 stycznia 2007 roku*, BOTM Warszawa 2007; *Międzynarodowy transport drogowy – zasady funkcjonowania*, „Rzeczpospolita” 17.03.1998, p. 19.

pliers maintained their leading position, but as a result of growth of this branch in Poland, their position is not as strong as before 1989.

Thirdly, when it comes to the quantitative fleet structure of Polish international road hauliers, domestically manufactured vehicles or vehicles imported from former socialist countries never played the most important or basic role. In the case of Polish trucks, it was related to the fact that domestic motor industry was not well developed. As a result, the fleet strategy of domestic international road hauliers saw vehicles manufactured in Poland or in other socialist countries, including mainly Czechoslovakia, as additional, supplementary only, and not as the ones that could replace trucks of Western European origin. Generally, they were never to play a fundamental role. Before 1989, if used in international transport, they covered short-distance routes, mainly to other socialist countries.

Following year 1989, seizing new opportunities, manufacturers from Eastern Europe adopted appropriate measures to rid their vehicles of many weak points, but the actions taken did not produce the intended results. In effect, trucks intended for typical long-distance travel which left the assembly lines in factories in Poland, Czech Republic and Hungary never became serious competition for the equivalent vehicles manufactured by famous Western-European corporations. At most they could be used as an alternative in the early 1990s. However, even if they were used in larger numbers at that time, later – in the second half of 1990s and at the beginning of this century their use in international transport started to gradually decrease. This was mainly due to the improved financial standing of domestic international road hauliers. At the beginning of the 1990s, due to poor budget, domestic carriers could not afford to buy new, high quality vehicles manufactured in the West. Moreover, for a variety of reasons, some hauliers did not wish to purchase second-hand Western trucks. Hence, vehicles produced in the former socialist countries were considered a temporary solution. And they were used only until a given entity could stand to purchase a brand new fleet manufactured in the West, or despite the initial reluctance, to buy second-hand vehicles of Western origin. As a result, after 1989 Liaz or Raba, similarly to Jelcz, with strong competition from Western corporations and virtually no barriers in access to domestic markets as well as losing their usual markets, were too weak to survive for a longer period of time, despite, which was the case of Liaz, their own innovative designs.⁹ Accordingly, in the middle of 1990s, Polish and other

⁹ www.liaz.cz.

markets were in fact taken over by the major seven companies producing vehicles for international transport, forming the leading manufacturers in Europe, i.e. Mercedes, MAN, DAF, Renault V.I., IVECO, Volvo and Scania.

The situation in the segment of trailers, semi-trailers and bodywork has been slightly different from that in the truck segment. Until 1989 two interrelated phenomena could be observed here. First of all, Western European trucks were combined with such trailers, semi-trailers and bodywork. With other trucks, there were the following trends: domestically manufactured chassis received domestic bodywork and trailers. Chassis imported from the East were released from the factory only with box bodywork, while special-purpose refrigerator bodies were of domestic origin. Domestic towing units were generally coupled with domestic semi-trailers with the sole exception of refrigerator semi-trailers, which had never been manufactured in Poland. The situation developed similarly in the area of imported towing units.

After 1989 the market witnessed a certain significant change which came with the fact that Polish companies offering bodywork were soon able to develop and commercialise rival products that could successfully compete with those present in the market in terms of quality, price, use, maintenance as well as technical and operating parameters. Owing to that, domestically manufactured products like trailers, semi-trailers and universal, or sometime special purpose, bodywork are purchased almost on a par with goods offered by Western European manufacturers, which does not mean they are bought in the same numbers.

Fourthly, the issue of operating second-hand vehicles is a complex one. Prior to 1989 domestic hauliers involved in international carriage relied almost exclusively on brand-new fleet. Second-hand vehicles were used only in two cases. The first situation involved transferring exploited units, but such that were still suitable for use, from PMPS Pekaes/Pekaes Auto-Transport S.A. or PLO mainly to PKS branches. In the second case, at the end of 1980s, second-hand vehicles purchased in the West started to be used occasionally in international transport by a small group of private carriers.¹⁰ After 1989 there was a radical change in the use of second-hand vehicles. In the period of 1989-1992, in terms of quantity, second-hand vehicles functioned even as the basis for fleets operated by our carriers in international transport. This was caused by a large liberalisation in access to international road freight profession, as a result of which several thousand capital

¹⁰ R. Przybylski, *Na dalekich trasach...*, p. 46.

deficient, usually sole proprietor, businesses were formed. Those businesses could not afford to purchase a new fleet manufactured in the West due to its relatively high price, and at the same time, quite reasonably, they preferred second-hand vehicles that were a few years old and manufactured in the West to new Polish trucks.¹¹ The second-hand fleet started to be replaced by the new, high quality vehicles complying with more stringent emission standards as a result of, on the one hand, two legal acts on international road freight maintaining the concession system, i.e. acts of 1991 and 1997¹², and on the other hand, due to the policy of granting permits by German and Austrian authorities promoting the use of new vehicles. This positive trend in giving incentives and the actual use of brand new vehicles was reversed at the very beginning of this century. It was caused by two interconnected events – the implementation in 2002 of an act on road transport as well as Poland’s accession to the European Union. As a result of another liberalisation process in access to the haulier profession, this time being the effect of replacing concessions with licences and abandoning the permit system for freight to the West, the use of second-hand vehicles again became very common. It was mainly financial reasons that played their role in it. Again, the sector witnessed the appearance of many small, capital deficient companies, the process being facilitated by the fact that emission permits were no longer required. Also, some carriers decided that due to market perturbation it is safer to purchase 4 or 5-year-old vehicles, as they were still in a good operating condition, than to buy new, more expensive units, and in case of problems in the market, be left disputing with credit and leasing institutions.

Fifthly, there has been a slow improvement in the selection of suitable vehicles, considering, of course, a steady technical advancement in the sector, i.e. the fact that certain solutions and subassemblies which at first are highly expensive and offered as an option, with time, in the course of technical advancement, become more common and less expensive.

Before 1989 factories in Poland and Eastern Europe offered a very limited number of versions, while when purchasing products from Western companies,

¹¹ M. Ciesielski, A. Maryniak, E. Mendyk, E. Rzymyszkiewicz, *Transport międzynarodowy*, ZN AE Poznań No. 464, Poznań 1995, p. 66; S. Krzemiński, *Konsolidacja przedsiębiorstw transportowych*, SGH Warszawa 2005, p. 33–34, *Transport*, ed. W. Rydzkowski i K. Wojewódzka-Król, PWN Warszawa 2009, p. 278.

¹² Ustawa z dnia 26. 07. 1991 o warunkach wykonywania międzynarodowego transportu drogowego, DzU 1991, nr 75, poz. 332; Ustawa z dnia 2.08.1997 o warunkach wykonywania międzynarodowego transportu drogowego, DzU 1997, nr 106, poz. 677, subs. change.

mainly standard versions, which were rarely equipped with more expensive options adding to driver comfort, were selected. For instance, for thirty years vehicles with medium power engines were ordered, hardly ever those with high-power engines. However, such strategy involving the purchase of vehicles without extra accessories and with lower parameters allowed the carriers to provide high quality services while maintaining relatively low costs resulting in lower prices. After 1989 the situation concerning engine powers, cabin types and extra equipment started to change for the better slowly but steadily. As for engines, higher power started to be selected. As for cabins, the standard was long versions with raised, or less frequently, high roofs. As for extras, such items as an air-conditioning system or additional heating are already the norm. This is related to the purchasers' getting richer and having more demanding requirements as well as the said technological advancement taking place not only in the automotive industry but also in related branches: metallurgy, electronic, petrochemical and chemical industries. As a result more and more components sooner leave the group of extras and become part of a standard offer. This is especially true of systems responsible for driving safety. As a result ABS, ASR or EBS systems that used to be an expensive addition, are now offered in standard versions. Also such systems as ACC or ESP are becoming to be offered as a standard.

Conclusion

Since the date when the very first haulage company was established in 1958 the fleet strategy which Polish road freight carrying companies adopted proved successful. The decision to rely from the very beginning on almost solely high-quality and heavyweight fleet vehicles produced by Western European manufacturers initially enabled one Polish company and soon other domestic hauliers which followed in its footsteps, regardless of the political and economic conditions, to take up a challenge of engaging in fair competition and maintaining competitiveness in terms of the fleet owned. Thus, having a suitable fleet determined such competitiveness. Owing to that, for over 50 years the Polish international road haulage companies have been able to develop steadily. The first haulage company which started with 10 truck-trailer combinations developed so extensively that it gave the beginning to an all important industry branch of the Polish economy, which now boasts 100,000 vehicles and employs 150,000 staff, generates a significant

part of GDP, and also is able to provide import- and export-related services along with delivering transit orders and orders for cabotage and cross-trade operations required by the state economy. What is also extremely important is that this branch of economy has also managed to build up its own positive image when compared with similar well-developed branches in other countries. This is supported by the fact that Polish carriers have succeeded in becoming the greatest international road haulier within the EU in terms of the freight carried. Polish hauliers also seem to have rather good perspectives for the future even when the negative tendencies in the current economic situation have been accounted for. Despite such tendencies being present in the years to come domestic carriers should be able to cope well, which be proved by Polish carriers soliciting better-paid and more profitable orders. Such orders are all important as they will enable hauliers to make necessary investments in even more modern and environmentally-friendly fleet vehicles. This becomes even more important in view of an approaching implementation of Euro 6, a most demanding standard aimed at reducing exhaust emissions. This standard, in the case of West-bound hauliers wishing to remain in the competitive market of road freight carriage, is quite likely to necessitate purchasing a new fleet complying with the requirements under the Euro 6 standard.

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www.liaz.cz.

www.c.hartwig.pl.

STRATEGIA TABOROWA POLSKICH MIĘDZYNARODOWYCH PRZEWOŹNIKÓW DROGOWYCH

Streszczenie

Tabor to jeden z podstawowych elementów w funkcjonowaniu przedsiębiorstw transportowych, a jego rodzaj wpływa na możliwość wykonywania przez te przedsiębiorstwa określonych typów zadań. W rezultacie wybór właściwego pojazdu warunkuje dokonywanie przewozów w sposób bezpieczny i efektywny dla przedsiębiorcy oraz w zgodzie z obowiązującymi przepisami.

Tłumaczenie Jarosław Brach