

Strategic Positioning of the Road Freight Transportation Companies: the Case of Croatia

NALETINA Dora¹

¹ Faculty of Economics and Business Zagreb (CROATIA)
Email: dora.naletina@efzg.hr

DOI: 10.26352/DJ02F5005

Abstract

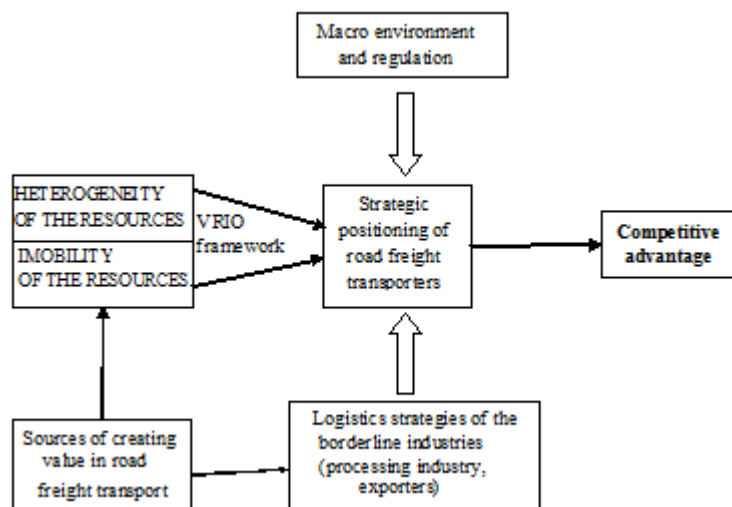
In today's environment, for the companies to survive, it is necessary that they establish strong positions. Positioning enables a firm to present its strategy to the target market and gives it the possibility of managing the users of its services. Management faces the most crucial decision: to determine the desired positioning strategy. Since road freight transporters are leaders in Croatian land transportation, the focus of this paper is placed on the analysis of their strategic positioning. In last years it become crucial for road freight transporting companies that they direct their interest from the basic service (transportation) to additional services to surpass the needs and expectations of their users. Strategies that can be used for positioning of road freight company have been analysed. Due to that the key factors (macro environment and regulation, logistics strategies of the borderline industries, sources of creating value in road freight industry) that determine the process of their positioning have been analysed.

Keywords: positioning, regulation, road freight transporters, the Republic of Croatia

Introduction

Positioning is a process that, through the marketing mix, influences the consumer perception of the product or the service in relation to the alternatives. It is a specific way of operating, so a company's strengths could be displayed in the chosen environment and be recognized as advantages (Pavlek, 2008).

Fig. 1. Conceptual model of the strategic positioning of the road freight transporting companies in Croatia



Source: author

Companies that want to survive today, have to develop strong positions. A position is in fact the distinctive competence that a company wants to present itself with on a market and there create competitive advantage (Easingwood and Mahajan, 1989). Competitive advantage will hardly be achieved by the firms that have no clear positioning strategy (Dombrowski, Krenkel and Wullbrandt, 2018: 1196). Therefore, management faces the most critical decision of determining the desired positioning strategy (Wind, 1988: 402). Positioning strategy is defined as the choice of target segments and unique characteristics a firm uses to compete on the market (Jobber, 1998). Positioning alternatives available to firms are limited by their resources and capabilities (Graham, Broderick and Moller, 1998). As road freight transporters are leaders in Croatian land transportation, for the purpose of this paper, a conceptual model of strategic positioning of the road freight transporters in Croatia has been constructed. The goal is to analyse key factors that determine the process of their positioning.

Macro Environment and Regulation in Croatian Road Freight Industry

Market regulation is generally concerned with correction of some market irregularities. A market needs regulation if there are some externalities present or if the government deems an intervention is necessary for stabilization of the specific industry, with the aim of price and employment regulation (Hoj, Kato and Pilat, 1995). A national strategy for road freight is crucial to ensure domestic demand for efficient transport of goods is satisfied, and to enable domestic road freight transporting firms to be globally competitive (Sulaiman, 1997). Ideal traffic system is efficient, strong and financially stable; and in order to achieve that ideal, regulatory policies have to be so created as to ensure that all the transporters have equal status on the market. Regulatory environment is the basic factor of an industry's efficiency. Fair, cost-efficient and balanced regulatory demands are crucial for the establishment of sustainable development. Regulatory institutions can under no circumstances provide advantage for any participant on the market through special promotions, subventions or tax relieves (Londoño-Kent, 2009).

Material law in case of international road freight transport of goods is the **Convention on the Contract for the International Carriage of Goods by Road** (the CMR Convention), whose provisions are applicable in the cases when the point of loading and the point of delivery of the goods are in two different countries. On the other hand, the contract on the domestic transport has been regulated with **the Civil Obligations Act** (cro. *Zakon o obveznim odnosima*) (Radionov, 2009).

Croatian road transport law encompasses four areas: legal status of the roads as the traffic infrastructure, organization of the road transport market, traffic safety and the contracts on the road transport of goods (Radionov Radenković, 2006). Legal status of the road infrastructure is regulated with **the Highway Act** (cro. *Zakon o cestama*) (Official Gazette, 92/14), organization and access to the road transport market with the **Road Transport Act** (cro. *Zakon o prijevozu u cestovnom prometu*) (Official Gazette, 82/13), while road traffic safety is under the regulation of **the Road Traffic Safety Act** (cro. *Zakon o sigurnosti prometa na cestama*) (Official Gazette, 67/08). The government controls international road transport of goods, i.e. the transport into the countries that are not EU members, but Croatia has concluded a **bilateral agreement** with them. This agreement defines the number of international permits both countries can grant their transporters for operating between the two countries, which ultimately means that Croatian transporters have limited access to those markets, and the transporters from those countries have limited access to the Croatian market. In the domestic transport, regulation has not limited the access to the traffic market enough, which has led to a considerable surplus of the capacity on the market, and the vehicles are mostly not technologically advanced or are of the high average age. The issue of insufficient and poorly defined criteria when assigning a certain permit quota represents large burden for the Croatian transporters and decreases their competitiveness (Banelli, Kolak and Vukadinović, 2009). The state plays an important role in case of a crisis on the domestic market, because, in line with the Council Regulation n. 3916/90, it can provide a comprehensive report to the Commission at the European Union which confirms the crisis and submit a proposition of the measures for the protection of the domestic transporters. This

is regulated with the Road Transport Act (2013), which also states that the protection measures can be applied for not more than six months, with the possibility of a one-time prolongation. Fixed costs have a big influence on the price of the transport service, and the level of the cost is also influenced by the fees prescribed by the law. Therefore, it can be said that the state influences the prices of the transport and the competitiveness of its transporters considerably, on the domestic and on the international market. Through forming the taxes and excise duties, the state influences the fuel prices, which represents 15-30% of the total costs of the road transporters, depending on the type and the way of the vehicle utilization, which, in the end, also reflects in their competitiveness on the domestic and the international market. Transporters are not the final consumers of the fuel because to them, fuel is the raw material for the production of the transporting services they provide while performing their basic business activity. From this perspective, it can be concluded that the price of the fuel for the transporters should be lower than for the final consumers, the fact which could also influence the increase of the competitiveness of our transporters (Banelli, Kolak and Vukadinović, 2009). The specificity of the Croatian market is in the fixed costs that are different depending on the county, since the insurance policy is still paid regarding the headquarters of the firm. This discrimination is unjustified, since the headquarters does not influence the risks in the transportation process, because the transport is performed not just among the counties, but also among the countries (Faculty of Transport and Traffic Sciences, 2006). The government should eliminate this discrimination with new regulations.

With the aim of increasing the quality of the vehicle fleet of the Croatian road transporters, in 2009 **the Programme for Reducing Negative Influence on the Environment** was issued, and since then, a tender is opened once every year for allocating 70,000 Kuna to the Croatian transporters for buying new vehicles with the highest EURO standard (Ministry of the Sea, Traffic and Infrastructure and the Environmental Protection and Energy Efficiency Fund, 2009). Besides this Programme, the government has over the years introduced the following measures with the aim of increasing the competition of the Croatian road transporters: 1. It has ensured the reduction of the road tolls for the highways under the management of Hrvatske ceste d.d. (a company that manages Croatian public roads) for the vehicle categories III and IV, 2. It has reduced the fee for issuing the Annex in line with the CEMT Resolution and 3. It has reduced the fees for single CEMT permits.

The Regulation should arrange the traffic market better, especially regarding domestic transportation. The sometimes-cruel traffic market entices transporting firms to set the fares below the level of profitability, which then results in entering the grey economy and the reduction of labours rights (Banelli, Kolak and Vukadinović, 2009).

Strategic Positioning of the Croatian Road Transporters

Positioning is an important strategic concept that enables a firm to display its strategy to the target market and to manage the relations with the target consumers on the selected market segments (Simonić, 2012). The importance of road transport in the context of the modern economies is unquestionable. In order to increase the efficiency and reliability of the transport and remain competitive on the market, road transporters have to continually develop innovations. Information and communication technology still represent one of the key areas of innovation.

The current economic volatility has forced road transporting firms to optimize their costs and, at the same time, to improve the service level (Evangelista and Sweeney, 2014).

In order to position themselves well on the market and develop an adequate strategy, road transporters have to take into account the following market demands (Simonić, 2012):

1. The heavy industry and production concentration on the global scale leads to the increase of the volume of the business for one buyer and from one point.
2. The increased demand in the transporting industry calls for a higher level of service.
3. Specialization becomes more and more necessary.

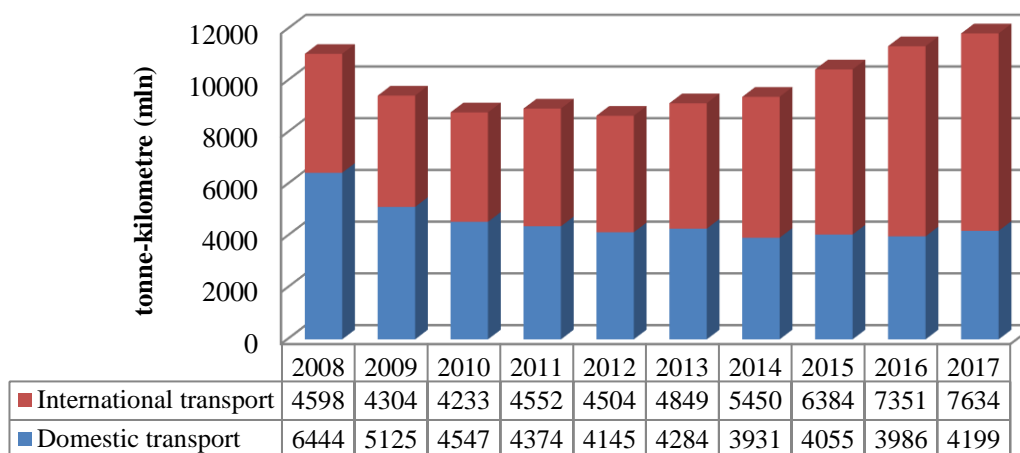
4. The pressure from the competition imposes the need for providing additional logistics services (storage, packaging, labelling etc.).

Transporting firms need to make the decision whether they will service the domestic market, the international market or both; whether they will supplement their offer with additional logistics activities and, finally, whether they will specialize for the specific types of transport (hazardous material, fluids, special cargo etc.). Transporting companies that operate in the Republic of Croatia do not have the same development conditions. Some of them operate efficiently in the current conditions and have adequate strategic potential, while most of them operate in significantly poorer conditions and strive to tackle the existing organizational and economic issues. For them, it is most important to overcome these difficulties and survive on the market.

During recession, firms that offer transportation of the goods try to increase their competitiveness by lowering the transportation costs, improving the quality of their services and servicing, improving the image of the company and by expanding onto other markets. Also, they can achieve the same by investing in additional training of the drivers and additional analysing of the consumer satisfaction.

Internal factors: people, technology and implementation of information technologies are exceptionally important for creating and anchoring competitive advantage. Langviniene and Sližienė (2012) state that reputation of a transporting firm and complying with the contract provisions are two most important factors of competitiveness. The partnership among small transportation firms has enabled them to expand the offer without bearing too much cost.

Graph 1. Road transport of goods in the Republic of Croatia, 2008-2017 (mln tkm)



Izvor: author compiled according to data from Croatian Bureau of Statistics (2018). *Statistical Yearbook of the Republic of Croatia 2018*, p. 355.

If we are to consider road transport from the aspect of destination, then we can distinguish domestic and international transportation. Graph 1 presents the amount of the transported goods in tkm in domestic road transport. It can be noticed that in 2017, the amount was lower by 35% in relation to the year 2008. In the same period, the amount of the transported goods in the international transport was higher by 65%. This can lead us to conclude that our transporters should orient themselves towards the foreign market. Since the drop in the international transport was considerably smaller than in the domestic transport during the crisis, it can be concluded that the demand for their services is much more stable on the international market.

In the area of the human resources management in road transport, the modern organization approach has not been thoroughly applied, and the negative consequences of this condition are (Banelli, Kolak and Vukadinović, 2009):

- Insufficient use of modern transporting technologies which enter the phase when market analysis and the application of the marketing concept in planning of its growth and development are critical.

- Insufficient knowledge about important legalities and relevant technical and technological, organizational, legal, financial and marketing aspects of the transporting services production.
- Inadequate and unsystematic approach to human resources that should be based on the analysis and respect of modern organizational and marketing achievements.
- Unsatisfactory professional qualification of the managers and their disinterest in the complicated research of the modern aspects of production of the services in the road transport.
- Unfavourable expertise and age structure of the drivers.
- Inconsistent and uncontrolled professional training of the drivers and other staff.

Transporting companies in Croatia are mostly small firms that partially operate on the national and the foreign markets, and generally, every firm sets their own price of the transport. Organizational, administrative, technological and other changes are necessary to advance transporting processes in all the phases and to increase the competitiveness of our transporters. A certain number of the transporting firms are dependent on the season and they are most active during the specific part or parts of the year. The smaller the firm, the harder it is to establish an optimal organizational model.

So, one person performs a series of activities, which, in the end, usually results in transportation service being not good enough. The big issue is insufficient education and the attitude that expanding the vehicle fleet always means success, and little thought is given to specialization and the establishment of the optimal vehicle fleet size with the optimal organizational model (Banelli, Kolak and Vukadinović, 2009).

Road transport firms from the countries of Eastern Europe differentiate themselves with considerably lower salaries and therefore more competitive operational costs and so, they present a big threat to Croatian road transporters (Evangelista and Sweeney, 2014). If they want to keep their competitive advantage, road transport firms have to, at least twice a year, conduct the analysis of their clients' needs and eventually make any necessary adjustments to their service so that it is in line with their clients' wishes. Transporters that operate outside the borders of Croatia should use aid from the EU structural funds for the modernization of the vehicle fleet. Aiming at attracting as many clients as possible, road transporters should, above all, constantly improve upon their services and reputation (Lazauskas *et al.*, 2012).

Positioning among the others enables a company to manage the users of its services, and a road transporter has to define which attributes to develop and promote on the market with their positioning strategy. The criteria that play the critical role in determining a positioning strategy of a road transporter are:

1. Price.
2. Transporting service characteristics (transportation of hazardous materials, transportation of fluids, transportation under controlled temperature etc.).
3. Availability (the possibility of ordering at any point and from any location).
4. Reliability (on-time delivery).
5. The level of the technology used.
6. Flexibility (adjusting to the clients demands).

The emphasis in the very process of the positioning should be on creating image of the transporting firm, the type of the service, the characteristics of the services it offers and the needs and expectations of the users (Simonić, 2012). The phases in the positioning process of a road transporter are:

- Identifying the transporting service of the competition.
- Identifying the transporting service characteristics.
- Analysis of the existing position on the road transport market.
- The choice of the positioning strategy.
- Application of the positioning strategy.
- Measuring the efficacy of the applied positioning strategy.

A road transport firm can choose among (SPOET Foundation *et al.*, 2006):

1. the subcontracting strategy (oriented exclusively towards the big buyers),
2. the specialization strategy (specialized for the specific type of transport: chemicals, easily perishable goods, special cargo etc.),
3. the organizational strategy of one's own traffic network (networking with the companies from abroad),
4. the strategy of spreading the logistics services (the firm expands its basic offer with additional services: packaging, storage, filling out the documentation, inclusion in the specific stage of the production etc.).

The key characteristic of the Croatian road transport market is a large number of small firms, i.e., 90.4% of the road transporters have vehicle fleets of less than five cargo vehicles (Jović, 2013). These firms not only should choose an adequate strategy from the above-listed, but also should consider the possibility of concentrating and associating if they want to survive on the market (Babić, 2012).

Strategic alliances imply joint effort of two or more firms where they merge their resources trying to achieve common goals that they could not achieve individually or could achieve them with great difficulties (Lambe, Spekman and Hunt, 2002). In Croatia, as early as in 2002, there was a cluster of the road transporters formed, but its role, and the role of the ones that were founded later on, is marginal because most firms do not realize the potential of the clusters functioning as in other member states. Fuel cost is one of the highest costs for all the transporters. It is necessary that road transporters form interest alliances more actively and jointly appear before the suppliers of the oil products. Road transporters have to focus more on their inner reserves, where the fuel cost rationalization offers good possibilities for successful business and sustainable development. It is a complex and a very demanding process, where all the participants in the chain are important and where necessary savings cannot be achieved without cooperation and team work under precise and sensible instructions from the management and the active role of the drivers. The state should be more actively involved with its instruments for increasing the competitiveness of the Croatian road transporters, which also relates to every transporter individually. Transporting firms should commit to improving their services and to conducting necessary activities systematically (Banelli, Kolak and Vukadinović (2009).

Logistics Strategies of the Borderline Industries

The twenty-first century offers many new missions, challenges and opportunities for the companies. Also, due to the rising global competition, financial crisis and the increased awareness on the ecological issues, the firms have to implement new business strategies (Leenders, 2009). For it to be successful and competitive, a firm needs to react quickly to the market changes, customer demands and the behaviour of the competition (Vlckova, Exnar and Machac, 2013). The users of the transporting services, present in the production and the consumption, look for adequate transporting capacities when it suits them individually, and reliable drivers who will carry out the given function within the limits of the optimization of the indicators of the transporting process qualities (Banelli, Kolak and Vukadinović, 2009). Križman Pavlović and Kalanj (2008) state that Croatian firms mostly position their offer through the strategy of differentiation (76%) and, more rarely (24%), through the strategy of cost leadership.

Transportation demands are conditioned with the economic activity in the specific environment.

Stronger economic subjects will generate more transportation demands in dispatch and delivery, in import and export, and following that, they can influence the forming of the transportation price and the capacity of the vehicle fleet in the environment (Banelli, Kolak and Vukadinović, 2009).

Managing logistics functions in the modern organizations includes making decisions on the entire distribution of the goods and services with the aim of maximizing the value and minimizing the costs (Razzaque and Sheng, 1998). Regardless of the importance of other modalities in the global logistics, it is almost impossible to establish the supply chain, in the country or abroad, without the use of the

road network (Daalhuisen, 2013). Lower costs of transportation improve the efficiency in the supply chain, but also influence the growth of creating value in the value chain (Larsen, 2003).

The idea of externalization of the isolated logistics activities to the outer providers, like the transportation, is not a new phenomenon, but today, it represents one more approach that can lead to a higher degree of competitiveness. Externalization of the logistics functions includes the use of external firms for activities traditionally performed inside the organization (Bowersox and Closs, 1989). It relates to delegating storage and shipping activities to the firms that possess long-term knowledge, technology, means and experienced staff. For the process of externalization to be successful, one should be strategically well prepared. If a company decides to use a combination of its own and the external transportation, the biggest problem is the decision on what users it will service with which type of the service (Vlckova, Exnar and Machac, 2013).

Externalization offers many advantages for those who use it. Since road transport firms are able to ensure transport at lower price due to the economies of scope connected with providing their same basic business service to other firms, capital investments and costs are primarily cut (Bowersox and Closs, 1989). For many companies, it is hard, expensive and often risky to perform transportation alone. Therefore, transportation services have become activities that are most often externalized (Vlckova, Exnar and Machac, 2013). The loss of control, the loss of contact with important information, failure to choose the provider, unreliable promises of the providers and their inability to respond to the changing demands are also perceived by the users as potential problems (Bradley, 1995). Partnership with logistics service providers or transporting firms develops through long-term contracts which should result in synergy in the shape of a balanced ratio of costs and added supply chain value (Vlckova, Exnar and Machac, 2013).

The research conducted so far in the Republic of Croatia show that the process of externalization encompasses the following processes or their parts: processes relating to transportation and distribution (61% of the firms that use externalization), information services and maintenance (41% of the firms use externalization), production and legal work (30%), marketing activities (27%) and import/export services (26%) (Drljača, 2010).

Externalization will still surely represent a key part in the supply chain and the cost strategy of many companies. For the strategy of the firm that includes externalization, it is proved that it can be effective, but that it also implies considerable risks. Therefore, firms have to carefully choose and manage their partners to ensure that the service quality will not be reduced (Protiviti and APICS, 2004).

Sources of Creating Value in Road Transport

Competitive advantage is very often associated with the specific characteristics of different competitive strategies and it implies achieving price advantage and measurable profit being the result of the firm's vantages applied in the process of improving the transport and the associated transporting services (Romanow and Stajniak, 2008). In line with the modern conditions of human resource management, the key to achieving goals of the road transport lies in the permanent professional education and training of the management and other staff, with the aim of creating initial assumptions for efficient satisfaction of the needs of the market groups as the users of transporting services (Banelli, Kolak and Vukadinović, 2009).

If a road transporting firm wants to operate successfully, then the management has to clearly define the target markets, the target groups it wants to service, and also identify the needed resources. It is of extreme significance to have a clearly defined vision of future development (Simonić, 2012).

According to Romanow and Stajniak (2008), basic sources of achieving competitive advantage for road transporting firms are: type of the service (unique and clear missions, recognizable characteristics and capabilities, staff experience), organization (specific functions/operations, transporting technologies), programs (speed and accuracy of the delivery) and the processes (defined ways of work organization). In the results of their research, Langviniene and Sližienė (2012) list

important factors of competitiveness of a firm for transportation of goods: time management, keeping to the agreement, firm's reputation, confirmation and processing of the orders, vehicle fleet and flexible price system. Implementation of the instruments of competition and the consequent fulfilment of the presupposition in that area consists in the effort of the road transporter to achieve two main goals: strengthening the competitive position in relation to the companies from the sector and neutralizing or overcoming the negotiating advantage of the buyer (Romanow and Stajniak, 2008).

Successfulness of the business activities of a road transporter depends on: utilization of the capacities, the number of the rides, fuel price and other operative costs. With the aim of maximizing the profit, road transporters have to increase their income by utilizing the maximum load capacity of its fleet or adjusting the fleet to different types of goods to satisfy all kinds of demands, from general cargo to easily perishable goods and hazardous materials (Sriraman *et al.*, 2006).

For road freight transporting companies, it is very important to direct their interest from the basic service (transportation) to additional services to surpass the needs and expectations of their users (Karlo Marijanović, 2010). Over the last thirty years, in the developed countries, like the USA, Great Britain and France, many transporters with their main business activity being road transportation, have expanded their services with the assortment of storage services (McKinnon and Piecyk, 2009).

Road freight transport industry is characterized by a series of ecological and social pressures and the rising demands for higher level services at lower prices. Therefore, road transporters should implement new and innovative ways of improving the transport efficiency in order to fulfil the requirements of delivering the goods on time and reliably, but with as little negative influence on the environment (Thomson, 2010). The use of information and sharing them plays the key role in improving the efficiency of the transport (Nagarajan *et al.*, 2005). Main advantages related to the use of ICT applications in road freight transport are the following:

1. Improved planning and the most optimal driving schedule.
2. Better tracking of the vehicle and the goods.
3. Faster transporting operations as the result of a more efficient gathering of information and data analysis.
4. Improved documentation of the transactions.
5. Higher level of coordination and integration among different road freight transporters and other participants in the supply chain.

Information and communication technology are distinguished by cutting the costs and improving the services and therefore, it influences the increase of the total competitive advantage (Forslund, 2012).

Table 1. Average distance of carried goods by road freight transport, 2011-2017 (km)

	2011	2012	2013	2014	2015	2016	2017	Growth rate 2011-2017 (%)	Growth rate, 2016-2017 (%)
Belgium	114	110	109	106	120	121	112	-1,75	-7,44
Bulgaria	157	174	169	182	200	241	232	47,77	-3,73
Czech Republic	157	151	156	140	134	116	96	-38,85	-17,24
Denmark	91	95	92	91	86	87	87	-4,40	0,00
Germany	108	106	104	102	104	101	99	-8,33	-1,98
Estonia	180	185	193	231	222	194	214	18,89	10,31
Ireland	92	94	86	86	85	83	81	-11,96	-2,41
Greece	41	52	38	48	47	60	73	78,05	21,67
Spain	141	161	171	165	166	169	164	16,31	-2,96
France	89	86	86	86	85	90	98	10,11	8,89
Croatia	120	132	135	142	157	156	164	36,67	5,13
Italy	107	111	124	122	122	125	135	26,17	8,00
Cyprus	36	39	39	37	39	36	32	-11,11	-11,11
Latvia	225	231	211	220	235	224	220	-2,22	-1,79
Lithuania	467	484	503	487	452	487	508	8,78	4,31

Luxembourg	146	146	167	163	168	161	166	13,70	3,11
Hungary	189	204	212	194	193	202	211	11,64	4,46
Netherlands	131	126	112	113	107	103	101	-22,90	-1,94
Austria	83	78	74	72	73	69	67	-19,28	-2,90
Poland	157	179	190	193	206	221	223	42,04	0,90
Portugal	168	213	247	233	212	236	216	28,57	-8,47
Romania	143	157	178	184	196	223	242	69,23	8,52
Slovenia	217	253	234	220	228	231	200	-7,83	-13,42
Slovakia	220	224	243	219	254	249	241	9,55	-3,21
Finland	85	85	89	84	90	96	100	17,65	4,17
Sweden	112	114	119	110	98	99	92	-17,86	-7,07
United Kingdom	97	97	104	100	102	107	109	12,37	1,87
EU-28	116	121	124	123	125	129	131	12,93	1,55

Source: author compiled according to Eurostat (2018). Road freight transport by journey characteristics.

Road freight transporting firms, most of them being small family firms, are facing serious problems while hiring and keeping the staff. Combination of the resources, including human resources, that gives every company unique characteristics, can lead to differences in competitive performances in the entire industry. Human resources are considered valuable if they are mostly heterogeneous in supply and demand, since people differ in the skills they offer, while firms differ regarding the work they offer. High quality of human resources is also rare because the well-known expansion in human cognitive abilities. Human resources are potentially very mobile, but there are often considerable transaction costs included in the transition from one working place to another. The more specific employees' skills become for the firm, the less likely is that transition will happen (Marchington and Carroll, 2003). Optimal ratio of experienced and young drivers produces good business results.

Among the indicators whose value reflects efficiency of the road freight transporting firms are the following: the length of the run, empty runs, load factor and the age structure of the vehicle fleet. By dividing the sum of tonne-kilometres generated by the transporter from the specific country with the transported tonnes, average distance of every transported tonne is calculated. In 2017, the transporting firms from Lithuania, Romania, Slovakia and Bulgaria transported the goods at longest distances.

While the average distance per run for the transporters from Lithuania was even 508 kilometres, for those from Cyprus, it was only 32 kilometres. Average distance of the Croatian transporters per run has been recording positive growth rate over the last years and in 2017, it was higher by 37% than in 2011, being 164 kilometres. The increase of the traffic system efficiency is one of the main goals of the European traffic policy. Empty runs of the road freight vehicles are inefficient and should be avoided as much as possible. In 2017, one fifth of road freight runs were performed by empty vehicles.

In almost all Member countries there are much more runs with an empty vehicle on national level than on international level (European Commission, 2018).

Table 2. Average vehicle loads in road freight transport, 2011-2017 (t)

	2011	2012	2013	2014	2015	2016	2017	Growth rate 2011-2017 (%)	Growth rate, 2016-2017 (%)
Belgium	13,8	13,8	13,8	13,4	12,9	13,3	12,7	-7,97	-4,51
Bulgaria	13,9	14,7	15,2	15,7	15,4	15,6	16,3	17,27	4,49
Czech Republic	13,3	13,2	13,2	13,0	12,9	12,0	11,6	-12,78	-3,33
Denmark	10,7	11,1	11,1	11,2	11,0	11,5	11,5	7,48	0,00
Germany	13,4	13,3	13,3	13,3	13,3	13,3	13,3	-0,75	0,00
Estonia	16,3	16,5	16,3	17,0	16,7	16,9	17,0	4,29	0,59
Ireland	11,4	11,5	11,2	11,4	11,6	11,4	11,4	0,00	0,00
Greece	15,0	15,3	14,2	14,9	14,1	15,4	16,0	6,67	3,90
Spain	16,2	16,2	16,2	16,1	16,1	16,1	16,1	-0,62	0,00
France	12,6	12,8	12,8	12,8	12,3	11,5	12,0	-4,76	4,35

Croatia	14,6	14,3	14,6	14,9	15,0	14,9	15,1	3,42	1,34
Italy	15,8	15,6	15,3	15,0	15,4	15,1	15,4	-2,53	1,99
Cyprus	10,8	11,5	10,7	10,2	10,4	10,5	11,0	1,85	4,76
Latvia	16,5	16,7	16,1	16,5	16,5	16,0	15,9	-3,64	-0,62
Lithuania	16,5	16,3	15,9	15,7	15,9	15,8	16,3	-1,21	3,16
Luxembourg	16,7	16,3	17,1	16,5	16,3	16,7	17,1	2,40	2,40
Hungary	14,6	14,6	14,5	14,7	14,7	14,3	14,4	-1,37	0,70
Netherlands	11,5	11,3	13,1	12,8	12,4	12,4	12,6	9,57	1,61
Austria	15,3	15,0	14,7	15,0	14,8	14,8	14,7	-3,92	-0,68
Poland	14,3	14,5	14,5	14,6	14,5	14,6	15,0	4,90	2,74
Portugal	14,8	15,1	15,5	15,5	14,3	14,5	15,6	5,41	7,59
Romania	15,2	14,7	14,6	14,8	14,7	14,7	14,7	-3,29	0,00
Slovenia	14,8	14,9	11,3	10,9	11,3	11,3	10,2	-31,08	-9,73
Slovakia	10,6	11,2	15,2	15,1	15,5	15,7	15,8	49,06	0,64
Finland	14,9	16,1	15,3	16,5	18,2	17,2	17,1	14,77	-0,58
Sweden	16,5	16,4	16,3	16,5	16,3	16,9	16,4	-0,61	-2,96
United Kingdom	10,1	10,5	10,1	9,9	10,3	9,7	9,9	-1,98	2,06
EU-28	13,6	13,6	13,7	13,7	13,6	13,5	13,7	0,74	1,48

Source: author compiled according to Eurostat (2018). Road freight transport by journey characteristics.

Load factor represents one more measure of road transport efficiency. The bigger the load factor, the fewer vehicle kilometres is necessary to generate the specific number of tonne-km. Fewer vehicle km means less traffic, which eventually ensures less traffic congestion (European Commission DG for Mobility and Transport, 2011). Table 2 shows that in 2017, in the EU, the average load factor of the road freight per run was 13.7 tonnes, while the average of the Croatian transporters was 15.1 tonnes. In the observed period, the average load factor of the Croatian road freight transporters achieved its highest value in 2017, which was by 3.42% higher than in 2011.

Table 3. Road freight transport in EU by age of vehicle, 2011-2017 (mln. tkm)

	2011	2012	2013	2014	2015	2016	2017
< 2 years	207.655	270.209	267.184	281.812	339.225	398.646	417.073
2 years	167.099	173.538	257.495	241.305	237.296	223.055	279.882
3 years	260.650	148.481	142.505	217.568	188.175	197.107	190.508
4 years	247.562	215.156	105.323	125.578	169.239	157.582	170.573
5 years	195.997	207.781	197.077	89.978	101.895	153.699	144.434
6 years	160.463	169.615	196.122	173.257	82.356	93.612	132.402
7 years	123.059	127.812	142.305	159.358	149.920	71.580	78.439
8 years	84.035	93.248	105.910	112.183	136.150	125.358	58.243
9 years	75.463	65.928	77.216	80.477	92.315	115.942	101.333
10 to 14 years	184.218	181.700	173.704	178.202	199.574	219.517	261.636
≥ 15 years	38.012	38.676	45.433	58.629	62.790	67.547	72.989
Unknown	230	256	815	1.505	2.622	4.143	5.606
Total	1.699.507	1.692.397	1.711.223	1.719.858	1.761.623	1.830.519	1.913.116

Source: Eurostat (2018). Road freight transport by vehicle characteristics.

Road freight vehicles below two years of age dominated in the total amount of the transported goods in 2017, with the share of 21.8% in the total tkm. Vehicles over 5 years of age and less achieved 61.9%, and vehicles older than 10 years had the share of 17.8%. Buyers identify price and delivery time as key criteria when choosing a transporting firm, while the firms think key criteria are service quality and safety of the transport. Attitudes of the clients and the transporting firms on the service exclusivity are completely opposite. While transporting firms pay much attention to service exclusivity, the clients deem it as not important at all (Lazauskas *et al.*, 2012).

Conclusion

Positioning is a process with which one can influence the consumer perception of the product and the service in relation to the alternatives. It enables a firm to manage the users of their services. The goal of this paper was to analyse the factors that determine positioning of the firms in the Croatian industry of road freight transport. For the purpose of this paper, a conceptual model of strategic positioning of the road freight transporting firms in the Republic of Croatia was conceptualized, which singled out the following key factors: macro environment and regulation, sources of creating value in road transport and logistics strategies of the borderline industries. The analysis of the macro environment and regulatory framework established that the state largely influences the competitiveness of the road freight transporters with different regulations. It is necessary to adopt regulations that will eliminate the existing discrimination on this market. Primarily, it relates to the differences in the fixed costs that occur from paying the insurance policy for the vehicle according to the headquarters of the firm. For a firm to choose its strategy, it is crucial to define if the firm will operate on the domestic market alone, or does it want to position itself on the foreign market as well.

Croatian road freight transporters have over the last years been more and more oriented towards the foreign market because the critical period has shown that there is much more serious and stable demand for their services. Companies from the borderline industries are directing themselves towards the process of externalization of the logistics activities, i.e., they hire firms that have transporting services as their primary activity. In the last years, the need for expansion of the services has been growing and it is imperative that they offer additional services alongside the primary service (transportation). For the successful long-term positioning, it is important that a firm has clearly defined the market it wishes to operate on, that it adequately manages human resources and follows the changes in the environment. Owing to their heterogeneity, human resources can offer a firm the possibility of building competitive advantage.

REFERENCES

1. Babić, A. (2012). Transport i pridruživanje EU: Što se mijenja 1. srpnja 2013. godine? Retrieved 14.11.2018 from <http://www.index.hr/vijesti/clanak/transport-i-pridruzivanje-eu-sto-se-mijenja-1-srpnja-2013-godine/635283.aspx>.
2. Banelli, M., Kolak, A., Vukadinović, D. (2009). *Priručnik za međunarodni cestovni promet*, Banelli d.o.o., Zagreb.
3. Bowersox, D. J., Closs, D. J. (1989). Simulation in logistics, a review of present practice and a look to the future, *Journal of Business Logistics*, 10(1), pp. 133-148.
4. Bradley, P. (1995). Third parties gain slow, cautious buyer support. *Purchasing*, 18, pp. 51-52.
5. Croatian Bureau of Statistics (2018). *Statistical Yearbook of the Republic of Croatia 2018*. Zagreb: Croatian Bureau of Statistics.
6. Daalhuisen, G. (2013). Logistics in 2020: The Future of Road Freight, Retrieved 17.04.2016 from <http://www.kewill.com/blog/2013/03/21/logistics-in-2020-the-future-of-road-freight/>.
7. Dombrowski, U., Krenkel, P., Wullbrandt, J. (2018). Strategic Positioning of Production within the Generic Competitive Strategies. *Procedia CIRP* 72, pp. 1196-1201.
8. Drljača, M. (2010). Outsourcing kao poslovna strategija, *Zbornik radova 11. Međunarodnog simpozija o kvaliteti. Kvaliteta, konkurentnost i održivost*, Hrvatsko društvo menadžera kvalitete i Oskar, Zagreb, Sv. Martin na Muri, pp. 53-64.
9. Easingwood, C. J., Mahajan, V. (1989). Positioning of financial services for competitive advantage. *Journal of Product Innovation Management*, 6(3), pp. 207-219.
10. European Commission DG for Mobility and Transport (2011). Road freight transport vademecum 2010 Report. Market trends and structure of the road haulage sector in the EU in 2010. Retrieved 17.01.2019 from <http://ec.europa.eu/transport/modes/road/doc/2010-road-freight-vademecum.pdf>.
11. Eurostat (2018). Road freight transport by journey characteristics. Retrieved 17.01.2019 from https://ec.europa.eu/eurostat/statistics-explained/index.php/Road_freight_transport_by_journey_characteristics#Average_distance_travelled.
12. Eurostat (2018). Road freight transport by vehicle characteristics. Retrieved 17.01.2019 from https://ec.europa.eu/eurostat/statistics-explained/index.php/Road_freight_transport_by_vehicle_characteristics#Age_of_vehicles.

13. Evangelista, P., Sweeney, E. (2014). Information and communication technology adoption in the Italian road freight haulage industry, *International journal of logistics systems and management*, 19(3), pp. 261-282.
14. Fakultet prometnih znanosti Sveučilišta u Zagrebu (2006). Analiza tržišta cestovnog prijevoza u Republici Hrvatskoj. Retrieved 13.12.2018 from http://www.mppi.hr/userdocsimages/2008/ATCPRH_studija_FPZ.pdf.
15. Graham J.H., Broderick, A., Möller, K. (1998). Competitive positioning and the resource-based view of the firm, *Journal of Strategic Marketing*, 6(2), pp. 97-115.
16. Hoj, J., Kato, T., Pilat, D. (1995). Deregulation and privatisation in the service sector, *OECD Economic Studies*, N. 25, pp. 37-74.
17. Jobber, David (1998). Principles and Practice of Marketing, as quoted in Percy, Larry, John R. Rossiter and Richard Elliott (2001), "Positioning Strategy", *Strategic Advertising Management*, pp. 107-127.
18. Jović, M. (2013). Star i usitnjen, *Kamion i bus*, Year XIV, N. 77, pp. 26-27.
19. Karlo Marijanović, K. (2010). Diferencijacija usluga iznajmljivanja vozila na hrvatskom tržištu, *Tržište*, 22(1), pp. 113-128.
20. Križman Pavlović, D., Kalanj, I. (2008). Uloga poslovnog pregovaranja u stjecanju konkurentske prednosti, *Ekonomika istraživanja*, 21(4), pp. 62-81.
21. Lambe, C. J., Spekman, R. E., Hunt, S. D. (2002). Alliance competence, resources, and alliance success: Conceptualization, measurement, and initial test, *Journal of the Academy of Marketing Science*, 30(2), pp. 141-158.
22. Langvinienė, N., Sližienė, G., (2012). Factors for competitiveness in the freight transport service market: case of Lithuania, *Economics and Management*, 17(1), pp. 264-271.
23. Larsen, I. K. (2003). Freight transport as value adding activity: A case study of Norwegian fish transports, Institute of Transport Economics, PO Box 6110 Etterstad, N-0602 Oslo, Norway.
24. Lazauskas, J., Bureika, G., Valiūnas, V., Pečeliūnas, R., Matijošius, J., Nagurnas, S. (2012). The research on competitiveness of road transport enterprises: Lithuanian case, *Transport and Telecommunication*, 13(2), pp. 138-147.
25. Leenders, R. (2009). The Responsive Supply Chain: A new road to competitive advantage. Retrieved 15.12.2018 from <http://arno.uvt.nl/show.cgi?fid=121661>.
26. Londoño-Kent, P. (2009). Freight transport for development toolkit: Road Freight Retrieved 08.10.2015 from <http://www.ppiaf.org/freighttoolkit/sites/default/files/pdfs/road.pdf>.
27. Marchington, M., Carroll, M. (2003). Labour scarcity and the survival of small firms: a resource-based view of the road haulage industry, *Human Resource Management Journal*, 13(4), pp. 5-22.
28. McKinnon, A. C., Piecyk, M. I. (2009). Measurement of CO₂ emissions from road freight transport: A review of UK experience, *Energy Policy*, 37(10), pp. 3733-3742.
29. Ministarstvo mora, prometa i infrastrukture i Fond za zaštitu okoliša i energetska učinkovitost (2009). Natječaj za javno prikupljanje ponuda za neposredno sudjelovanje Fonda za zaštitu okoliša i energetska učinkovitost i Ministarstva mora, prometa i infrastrukture u financiranju zamjene cestovnih vozila prema programu smanjenja negativnog utjecaja prometa na okoliš - prva mjera: smanjenje emisije štetnih plinova cestovnih vozila (kategorije N2, N3, M3) za 2009. godinu. Retrieved 13.12.2018 from http://www.mppi.hr/UserDocsImages/EURO%205%20-%20NATJECAJ_37.pdf.
30. Nagarajan, A., Canessa, E., Maciek, N., Will, M., White III C.C. (2005). Technology in Trucking. Published in Belman, D., White III, C. C. (eds.). *Trucking in the age of information*, Ashgate Publishing Ltd. Burlington VT, pp. 147-182.
31. Narodne Novine (2008). *Zakon o sigurnosti prometa na cestama*. Zagreb: Narodne novine d.d, N. 67.
32. Narodne novine (2013). *Zakon o prijevozu u cestovnom prometu*. Zagreb: Narodne novine d.d., N. 82.
33. Narodne novine (2014). *Zakon o cestama*. Zagreb: Narodne novine d.d., N. 92.
34. Pavlek, Z. (2008). *Branding: kako izgraditi najbolju marku*, M.E.P. Consult d.o.o., Zagreb.
35. Protiviti i APICS (2004). Managing the risks of outsourcing: A survey of current practices and their effectiveness. Retrieved 23.03.2015 from <http://www.protiviti.com/en-US/Documents/Surveys/ManagingOutsourcingRisks.pdf>.
36. Radionov, N. (2009). Odgovornost cestovnog prijevoznika za robu i poslovi osiguranja, *Osiguranje*, N. 12, pp. 34-44.
37. Radionov, Radenković, N. (2006). Tržište usluga prijevoza robe cestom u Hrvatskoj: vode li ceste u EU? *Zbornik Pravnog fakulteta u Zagrebu*, 56(Special Issue), pp. 567-590.
38. Razaque, M. A., Sheng, C. C. (1998). Outsourcing of logistics, *International Journal of Physical Distribution and Logistics Management*, 28(5), pp. 89-107.
39. Romanow, P., Stajniak, M. (2008). The problem of achieving competitive advantage in the transport service market, *Medzinarodna vedecka Konferencia Globalizacia a jej socijalno-ekonomske dosledky' 08*. Retrieved 28.11.2018. from <http://www.logistickymonitor.sk/en/images/prispevky/romanow-stajniak.pdf>.
40. Simonić, T. (2012). *Značaj marketinških strategija u stvaranju konkurentske prednosti prijevozničkog poduzeća na tržištu cestovnog teretnog prijevoza*, magistarski rad, Zagreb: Ekonomski fakultet.
41. Sriraman, S., Venkatesh, A., Karne, M., Mohite, V. (2006). Competition issues in the road goods transport industry in India with special reference to the Mumbai metropolitan region, *The Competition Commission of*

-
- India.* Retrieved 23.11.2018 from http://www.competitioncommission.gov.in/Market_Studies_Research_Projects/CompletedStudies/Link_of_Study1.pdf.
42. Sulaiman M. Y. (1997). Developing a national strategy for the road haulage industry in Malaysia, *Proceedings of the Eastern Asia Society for Transportation Studies*, Vol. 1, Autumn, pp. 207-221.
 43. Thomson, F. (2010). Truck IT Report. A brief analysis of eye for transport's recent survey 2010, *Eye for Transport Research Series*, Georgetown, United Kingdom.
 44. Vlckova, V., Exnar, F., Machac, O. (2013). Strategic and Operational Decision Making an Outsourcing in Road Transport, Lorca, P., Popescu, C. (Eds.), *Proceedings of the 5th International Conference on Applied Economics, Business and Development (AEBD' 13)*, Vol. 2, WSEAS Press, pp. 304-309.
 45. Wind, Y. J. (1988). *Positioning analysis and strategy*. Wharton School, University of Pennsylvania.
 46. Zaklada SPOET, TLN, CNV, NEA, Nizozemska vlada, Transportkomerc, Sindikat prometa i veza Hrvatske (2006). SPOET program, seminar I: Ekonomija upravljanja: marketing i kalkulacija troškova u prijevozu cestom.