

# The importance of location in transport - logistics companies

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## Abstract

Location is perhaps the most important factor on which the success of a business depends. It depends on what the business relationship will be with the business environment without which the business can not be imagined.

Transport-logistics companies, as an economic entity encountered in the markets of the world, need a good location. Most important is their connection to the traffic and communication network. The vehicles that are part of the operations of these companies require a good logistics infrastructure, which will serve the good segments to achieve the best results.

**Keywords:** business environment; market analysis; business entities; logistics infrastructure

## 1.Introduction

Today's way of life, access to products and services from all over the world make it possible for people to enjoy their daily lives. For enterprises, however, this is a challenge especially for transport logistics companies. For them, the process of delivering products that consumers enjoy is part of the job, the place where they can develop and improve. Transport-logistic enterprises are in the category of service enterprises, according to the activity they perform. The challenges they face are increasing day by day, but also changing. The reason for such changes is the technical-technological breakthroughs and revolutions that lead to changes in their way of working. These companies work with flexible, modern management methods that give them the potential for further expansion. Most often they work with certificates that prove the quality they possess in order to enjoy customer trust. With the development of technology and technology, these companies have great potential for investing in logistics infrastructure making their job easier.

Logistics centers are the most organized form in this area, ie a place where transport services are combined with logistics services. The development of a logistics center requires large investments, top-level organizational structure and human capital engagement. The tasks of these centers are larger and more complex than those in smaller areas, ie less developed cities. Because of this, choosing the location of transport logistics companies is an important aspect, perhaps the most important part of the job. The success of the business will depend on the choice of location. The need to choose a location with this type of enterprise is particularly pronounced, first due to the need for space, then to the connection with other types of enterprises, which are cooperative in this work.

## 2. Transport-logistic companies

In a developed economy, trade and production use countless services from transport logistics companies. The notions of transport and logistics companies are constantly encountered in the literature. But the most important thing is to distinguish between these two terms.

Transport company is one that cares for the transportation of goods from one place to another. Their task is to provide the best solution, ie at the best prices, with the best conditions to deliver the products to the desired location. Depending on the transportation and the way this process is transported, it is implemented as: transportation, leasing, etc. The users of the transport system services are most interested in the quality and the cost of the transport service that will meet their needs and requirements.

Logistics companies have a wider scope of action, ie their task is to find the best solutions for storing goods, distributing them to the needed places and of course finding the best possible alternatives for getting the desired products to the customers. The scope of work in logistics companies is much wider, with transport companies subject to work, which largely depends on the operation of logistics companies. The main task of a logistics company is to plan, control, organize and control the storage and movement of products.[1]

The highest form of existence in the logistics market is the logistics center. At these centers, distribution and transport are concentrated in one place. The logistics center concept is based on three important elements:

- ✚ Territorial planning together with infrastructure rationalization;
- ✚ Quality of transport;
- ✚ Development of intermodal transport

Below is a picture of a modern logistics center where car manufacturing elements are stored.



**Figure 1** Logistic center (Auto-Teile-Pöllath Handels GmbH)

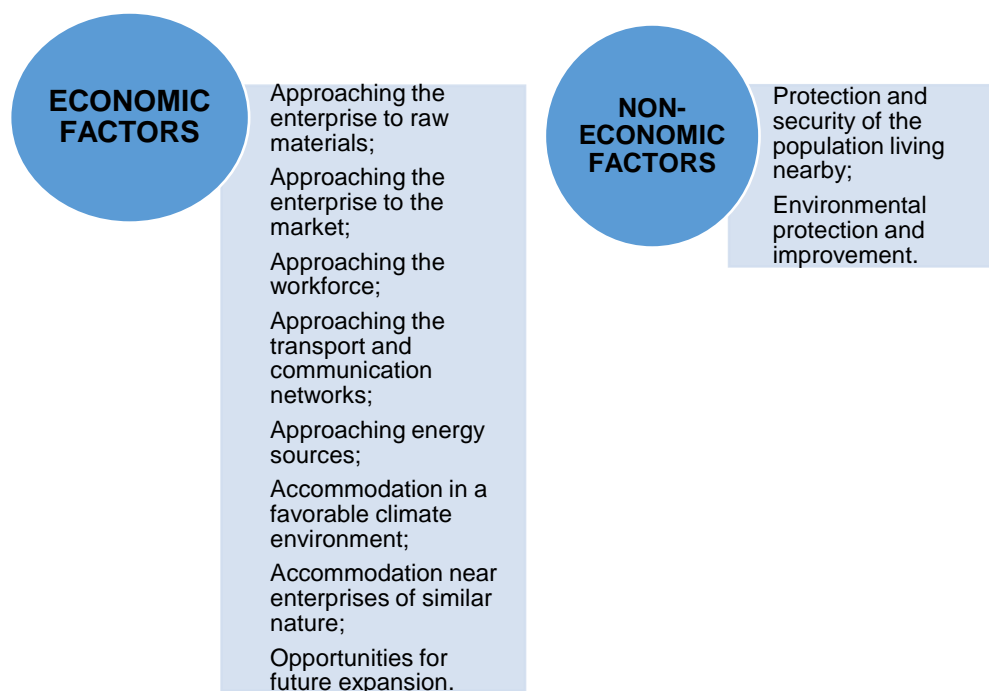
The future of logistics is based on technology and innovation. Today, many businesses are looking for clever ways to reduce supply chain loss and innovate the industry as a whole. Larger industries need to constantly strive to become better and more productive. [2]

Today logistics centers try to incorporate technical - technological innovative solutions into their operations. They try to reduce the use of labor, while also trying to include machines (robots) in their work.

### 3. Location as a factor in the success of the operation of the transport logistics enterprises

The location affects the overall operation of the enterprise, ranging from access to the necessary raw materials, energy sources, manpower, ending access to the markets where the company operates. The specificity of the work of these companies requires specific analysis of the markets in which it will operate. Owning large vehicles, storing large stocks of products at one time requires companies to locate themselves on larger areas, meaning they cannot be in urban areas. Their location is usually outside the city, with spacious areas where vehicles can be accommodated, those who come to pick up the products or leave them. The success of the enterprise will depend on the overall conditions the company offers, ie if the needs and desires of the consumers are not met normally they will not use their services.

The location where the company will be located is perhaps the most important economic problem, ie the location of the business will depend on the location. Connecting with other market stakeholders, getting to the required sources and channels are very important. If the location is well chosen, it means that the enterprise will be able to satisfy the basic principles of operation (ROI, productivity and economy). As mentioned earlier, analyzing the market situation and opportunities where the company will operate is very important. Location decision-making must be based on a database derived from the analysis. That is why, before deciding on the location of the underlying enterprise, it is necessary to do a thorough analysis of the situation in a narrower and more serious way. In fact, prior to locating, all the factors that have an impact on the job and originate from the site should be analyzed. The choice of location is influenced by a number of factors, some economically some of an uneconomic nature. It is very important for the entrepreneur to know that these factors are not adopted once and for all and do not affect each time to the same extent, ie it is a dynamic catheter. One must also take into account the nature of the enterprise, that is, the nature of the work to be done, in order to know which categories of factors to consider. If the company engages in service and needs employees who will be trained to communicate and interact with consumers daily, then it is normal for the location to be in an urban, populated area. The following are factors that influence the location.



**Figure 2** Economic and non-economic factors affecting the location of the enterprise

In the last few decades a number of methods have been developed to solve or help choose a location. Depending on the complexity of the problem, accurate and heuristic methods are available. Weber first talks about this type of method, then Cooper and today can be found in the work of many other researchers. **[3]**

There are a number of criteria to consider when deciding the location of transport logistics companies. Some of them will be discussed below:

#### Price of land

When talking about a logistics center you are thinking about more places, ie parking space, storage, administration building and free space. Logistics companies pay particular attention to the cost of land, as they require more space. **[4]**

#### Access to traffic

Due to the nature of the work, ie the constant use of transport means access to the traffic networks is the most important factor in choosing a location. A key determinant of transport accessibility is the capacity and structure of transport infrastructure, which stimulates the movement of goods, reduces transit time, improves market access and promotes economic development. **[5]**

#### Market demand

If there is no market demand and it is an economically weak market then there is no reason to choose that location to open a logistics center. The coordinated development of the logistics and processing industries is an objective requirement to reduce costs for manufacturing enterprises and to promote the development of logistics companies.

#### Advantages of agglomeration

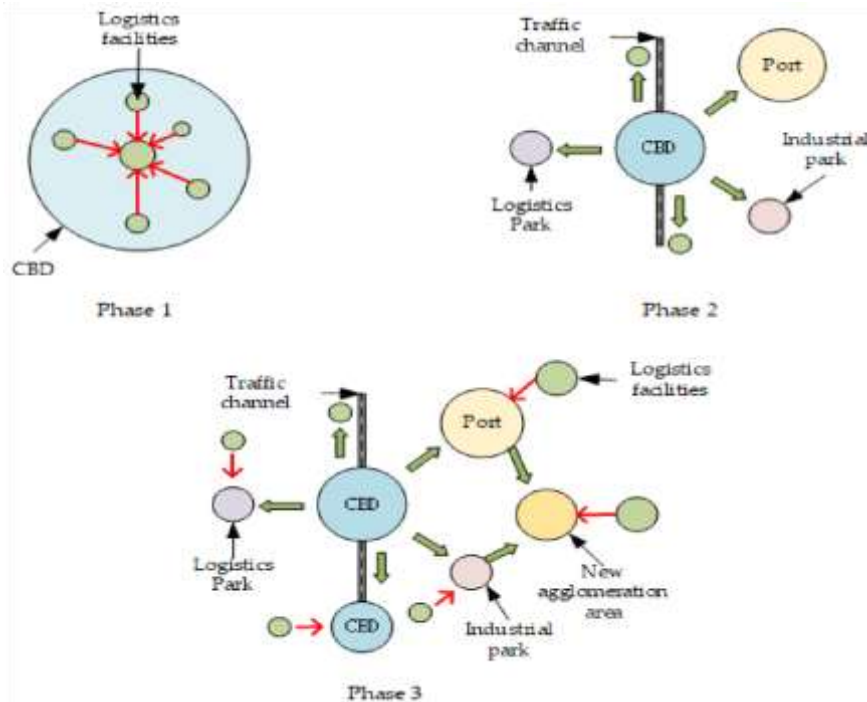
These companies most often make the decision to locate in industrial agglomeration. For logistics companies, the area of agglomeration provides sufficient professional workforce, transportation advantages, resource sharing, value added services and perfect logistics infrastructure. In addition, the government promotes logistical agglomeration through various financial incentives and tax incentives.

#### Government policy

Particularly important aspect is government policy, ie how the Government of the country where the company is located looks at this activity. That is, are there laws protecting them, which provide some incentives and help this type of enterprise. Land use planning and pricing can be used by the government to control the spread of logistics, and can also be used to stimulate spatial concentration of logistics companies. **[6]**

Each of these factors has its own impact, that is, it contributes to the decision of where to locate the business. Very often their influence is mutual. That is, the impact of one of these factors cannot be taken into account, and the other can be disaggregated.

The picture below shows the historical development phase of the logistics centers, which shows the need for space for these enterprises. By the very fact that overall development affects business expansion and needs space for core activities.



**Figure 3** The progress of the evolution of logistics space

In the first phase the logistics centers are located in the downtown area. Already in the second phase, with the advantages of agglomeration and economies of scale, these companies continued to develop themselves. The third phase is actually the expansion of the city areas, ie they are transferred out of the city where there are other companies. In fact, in the third phase, the different types of enterprises were merged into one location.

Today, logistics centers can be found in many places in developed and underdeveloped areas of a country. However, great care is needed when choosing the location of this type of enterprise.

#### 4. DB Schenker

DB Schenker is known for its Deutsche Bahn transport and logistics services. It is one of the world's most renowned logistics centers, which manage to combine transport and logistics into one and deliver services around the world. The most important feature of this company is that it is represented with its logistics services among the clients in every type of transport (land, water, air, rail).



Let's take a brief look at the history of this company that points to the need to spend more time to become the best at something. Then we can see in more detail how their logistics centers operate.

**1872** - Gottfried Schenker founded Schenker & Co. in Vienna, Austria

**1873** - First consolidated freight transport by rail from Paris to Vienna

**1895** - The first Austrian-American shipping company is established

**1922** - First shipment by air

**1931** - Schenker connects to German Rail

**2000** - The first integrated logistics center opens in Rotterdam, The Netherlands

**2016** - Schenker opens its first Middle East office in Dubai

DB Schenker supports industry and commerce in the global exchange of goods: in road transport, in the world of air and ocean transport, contract logistics and supply chain management. In 2019, with around 75,800 employees in around 2,000 locations worldwide and revenues of 44.02 billion euros, this company is perhaps the most famous in the world. DB Schenker holds senior positions in the automotive industry, high technology, consumer products, freight forwarding, special transportation and large sporting event services.

### **Land Transport in Europe**

DB Schenker is a leader in land transport in Europe. The business unit connects the most important economic regions in more than forty European countries, with a network of about 32,000 regularly scheduled freight services per week.

### **Air Freight / Logistics of cargo by ship**

They operate at more than 800 locations around the world, with about 13,000 employees. There are 1,200 charter flights a year for premium airlines, connecting centers on all continents.

### **Train transport**

In addition to the presence and presence of all traffic networks, DB Schenker can be said to be the world's leading freight forwarder in Europe in terms of the quantities of goods transported. Their network offers unique competitive advantages. They have approximately 4,200 direct train terminals at customer locations in Europe; 114,000 freight wagons and 3,400 locomotives.

If you visit their website (<https://www.dbschenker.com/global>) their leading strategy can be seen. It encompasses its economic, environmental and social goals that drive the enterprise into operation.

***"By 2020 we will be a leading provider of integrated transport and logistics services. "***

What is most important is to see their commitment, ie, the care of the transport and logistics services around all types of products or services. Industry solutions for all types of products and services can be found in their operations. [7]

- Automotive logistics solutions;
- Logistics solutions for beverages;
- Customer logistics solutions;
- Logistics solutions for electronics;
- Logistics solutions for the fashion and retail industry;
- Logistics solutions for healthcare and pharmacy;
- Oil and gas;
- Logistic solutions for perishable products;
- Semiconductors and solar panels etc.

Making decisions and solutions to work with this vast product range indicates the interest, or diversity, that is important in the job. With the fact that the company is showing interest in several fields, ie caring for the transport and logistics of such a wide range of products and services, their capability can be seen.

Dedicating attention and allocating funds from the enterprise funds to every aspect of human life result in success in many fields. The wide range of activities the company carries out allows for diversion of funds, assisting in various opportunities but also research in many areas. Being in different parts of social living and working requires a great deal of dedication, huge human capital and financial resources.



As previously mentioned, DB Schenker's business presence is worldwide, in more developed and less developed countries. Their presence in multiple markets also requires analysis of those markets and human intelligence that would work in different territories.

#### **4.1. DB Schenker in the Republic of North Macedonia**

On the Macedonian market DB Schenker can be found since 2001. Within the Schenker DOOEL Skopje, there are the Units for Land, Air and Maritime Transport and the Customs Intermediation Unit with its own customs warehouse. The offices and customs warehouse are in the Ilinden Industrial Zone in Skopje.

Progress and continuous growth and development are proven through the possession of ISO 9001: 2000 Quality management standard, ISO 14001: 2004 Environmental management standard and HACCP certified by External Audit in 2013.

In the Republic of Northern Macedonia the opportunities for development, growth and utilization of technical and technological innovations are not the same as in other economically developed countries where DB Schenker works. However, owning those innovative processes does not diminish this market either.

The DB Schenker company boasts a number of innovative technologies used in the operation of the entire transport logistics process.

#### **Conclusion**

The success of an enterprise is the result of several factors, ie it depends on the many results to be achieved. The enterprise, as an economic entity, is exposed to various changes in its business environment so the results that must be achieved in order to succeed are far from over. The need for a good commitment of resources (human and material), organizing all the work and setting goals in the work are indispensable for managing the work.

The choice of the location of the enterprise is perhaps the most important factor on which the overall operation of the enterprise depends. Starting from the selection of employees, that is, the staff who live in that place, then the transport and communication network with the rest of the environment and of course all the work. Regardless of the type and size of the enterprise in question, location is important for both the smallest and the largest. The decision for it is taken unquestionably on the basis of the type of enterprise or the activity in which it operates. The needs of location benefits vary across companies, whether we are talking about a commercial, service or other type of enterprise.

Location as a factor in transport logistics enterprises, which is the topic of labor processing, is the most important factor. It depends on how the company in this business will connect with customers who have specific requirements in this business. The opportunities offered by one location cannot be expected at another location. The necessity of the administrative space, warehouse space, parking space and traffic connection of these enterprises determines the choice of location. Since success in business is largely measured by the profits that the company will make, undoubtedly companies of this type will have large savings, ie making a greater difference in cost revenue if they choose the right location and shorten shipping time.

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