

ICEST 2021**II International Conference on Economic and Social Trends for Sustainability of Modern Society****PROBLEMS AND TRENDS IN THE DEVELOPMENT OF THE
LOGISTICS SERVICES MARKET**

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Abstract

The article is devoted to the current problems and trends in the development of the regional market of logistics services of the Republic of Bashkortostan. Based on the analysis of modern foreign practices, the experience of Russian regions and the peculiarities of managing logistics processes in the studied territorial entity, a number of factors were identified that have a direct and indirect impact on the structure of the commodity market. During the study, problems of various levels were considered: regional, municipal and individual. For each level, a number of main problems were identified that most clearly reveal the features of the functioning of the logistics market agents. The study in general form showed dissatisfaction of regional entrepreneurs with the logistics infrastructure, efficiency and quality of logistics services. Traditional logistics methods used in the republic are becoming increasingly obsolete, and therefore there is a need to change the structure of the logistics services market and, in particular, within the framework of the 3PL/4PL-level service maintenance concept.

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Keywords: Logistics, logistics services, logistics infrastructure



1. Introduction

The economic development of the regions is closely connected with the industry of organized trade. The systematic operation of logistics systems and supply chains ensures the prompt and effective exchange of benefits at all levels of government, as well as the development of socio-economic and economic ties between various sectors of regions and regions. Focusing precisely on the role of logistics activities within the framework of the territorial principle, it is necessary to specify the concept of logistics services regarding the regional aspect.

2. Problem Statement

In general terms, a service is the result of a certain process occurring in the interaction of the consumer and the supplier on the basis of mutual economic interest (Yakunina, 2014). Therefore, as part of this study, the regional logistics market is a streaming intraregional system for distributing material, information, service and money traffic between the consumer sector by producing a certain set of services related to processes such as supply, transportation, service support, route optimization, etc. It is services at the current stage of development of this market that acquire a special role, which is associated with the rapid growth in the quality of logistics procedures, including in Russia.

3. Research Questions

The logistics market has a high degree of proximity to perfect competition, which is certainly reflected in the dynamics of economic development of territorial entities. This fact makes it possible to state the need to improve the logistics industry at the regional level. However, from the point of view of world trends in the development of the logistics services market, the Russian Federation is still at the initial stage of the formation of a highly efficient logistics system, which is primarily due to the regional differentiation of the socio-economic situation of households. In other words, today the Russian market of goods movement is inferior in quality and complexity of services to similar world practices of developed countries (Glazkova & Zemlyanskaya, 2013). So, if in the foreign market the share of goods transportation services occupies about 68 %, and the share of complex logistics services and management activities – 18 and 12 %, respectively, then in the Russian market the transportation of goods is 88 %, and management logistics is only 1 %, the remaining 11% is other services for shippers and consignees (Prokofieva & Pokareva, 2013). From this it follows that the specifics of the modern Russian logistics market lies in its mono-direction, and the key process determining the content of the market is the movement of goods between the supplier and the buyer. Another feature of the industry under consideration in Russia is the absence of logistics intermediaries (That Europe seems strange in Russian logistics, 2020). As a rule, economic entities build their own system of goods movement, not using intermediary services, due to the low level of trust characteristic not only of the logistics sector, but also in general for the Russian private sector, especially on a regional scale.

4. Purpose of the Study

The combination of the above features negatively affects the level of logistics costs. And since the overall assessment of the transport and logistics system of the country consists of separate regional indicators, the study of the logistics services market at the level of the territorial entity of the Russian Federation is considered relevant and, in particular, the experience of developing the logistics system of the Republic of Bashkortostan, a region with favourable conditions for business activities and high potential opportunities in the field of logistics, is interesting.

5. Research Methods

In this article, the following research methods are used: graphic, comparison method.

6. Findings

According to the Federal State Statistics Service, the average revenue growth rate of the logistics market of the Republic of Bashkortostan at the beginning of 2019 was 18.4%, which is 16.6% more than the same indicator in Russia and 11.7% more than the growth rate in the Volga Federal District (EMISS Federal State Statistics Service, 2020). Relative to other regions of the Volga Federal District, the market for logistics services in Bashkortostan is most stable, which is partly characterized by a positive and increasing indicator of profit from sales of services in the internal system of goods movement (Figure 1).

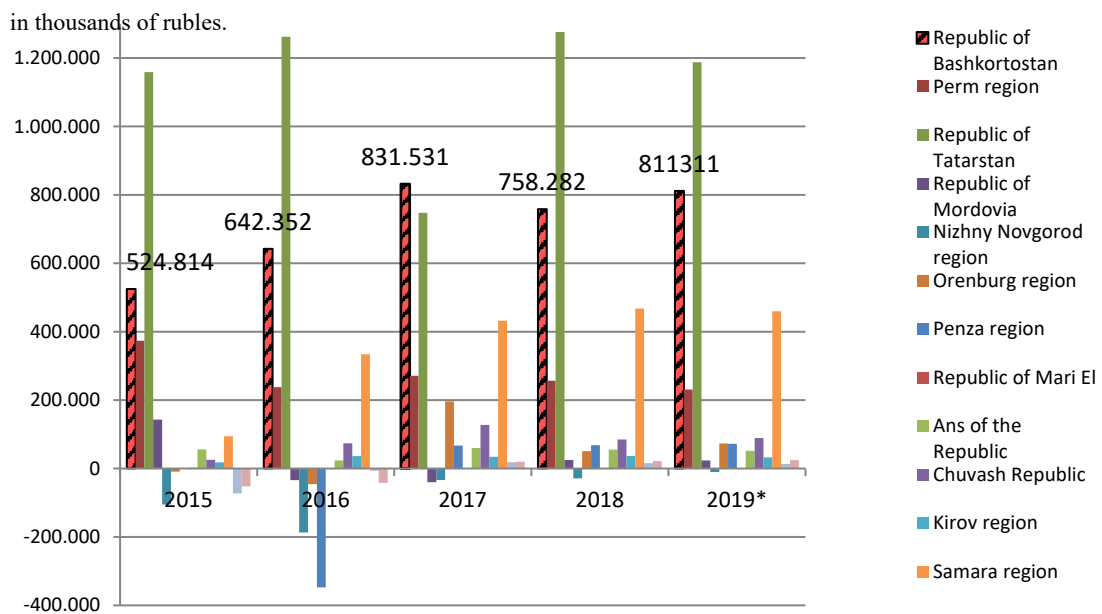


Figure 1. Comparative analysis of the level of profit from sales of logistics services in the regions of the Volga Federal District (Oborin, 2019)

The region under study actually has a high potential for the development of the national logistics market, both due to the favorable geographical location and due to the presence of many federal routes and

territorial roads connecting the densely populated subjects of Russia (Logistics. Automation capabilities in Bashkortostan, 2020). In addition, the indicator of retail and wholesale trade turnover in Bashkortostan is promising: the republic is one of the top ten regions in the circulation of goods in the national economy. Compared to the results of 2012 to date, this indicator has increased 1.3 times (On approval of the state program "Development of Trade of the Republic of Bashkortostan", 2020). Similar to the trade turnover in the region, the volume of traffic is growing, and the demand for high-quality logistics services tends to increase. It is also important that local authorities recognize the importance and need to develop logistics as an alternative to the growth of inventories. However, the above does not exclude the existence of a number of problems that hinder the speed and quality of improving the logistics services market in the republic and the most obvious negative factor affecting the efficiency of the freight transportation system is the low professionalism of logistics operators, combined with the low technical security of service support processes. The previously noted problem of Russian companies in the limited range of logistics services is also relevant for the Republic of Bashkortostan (Table 1).

Table 1. The structure of the logistics services market in the Republic of Bashkortostan, Russia and in the world (Gainutdinova, 2020; Russia is gradually approaching Western standards of logistics service, 2020)

Territorial entity	Developed countries (Japan, Germany, Singapore, USA, Canada))	Russian Federation	Republic of Bashkortostan
Party Logistics	*DU	DU	DU
1PL/2PL (primitive level)	21%	92%	94%
3PL/4PL (advanced level)	64%	7%	6%
5PL (innovation level)	15%	1%	0%

high level of coordination between operators. Examples: "Ebay," "Aliexpress," "Amazon," etc.

participants in virtual logistics. Examples: Aerohrad.

skills, the lack of investment, and more.

Note: * – share of participants in the logistics services market at a certain level of development of the goods transportation system.

Based on the data of Table 1, it can be concluded that the development of the logistics services market in Russia and, in particular, in the Republic of Bashkortostan is significantly lagging behind the developed countries. Most Russian companies of the 3PL/4PL level operate with the participation of foreign capital, which is due to the high degree of development of foreign logistics models and their orientation towards the foreign consumer sector. It is also worth noting the fact that the initial stage of the organization of logistics processes (1PL/2PL) in world practice occurred at the end of the seventies, and the active phase of the development of the logistics market in Russia began only after twenty years. A similar situation is observed with subsequent levels of logistics development: at a time when Russian companies are just entering the 3PL level of supply organization, foreign firms are already actively taking advantage of the innovative level of logistics outsourcing, operating on the basis of electronic digital technologies (5PL). However, it is worth noting that globalization provides opportunities and conditions for improving the structure of the logistics system equally for all countries, but the reactions of territorial actors to these opportunities are very mixed. A certain part of the regions opposes the tendencies of developed countries in the field of logistical intensification, the other part - on the contrary, sees globalization as an instrument for modernizing the strategy for the development of logistics and the economy as a whole. In other words, Russia and the Republic of Bashkortostan are characterized by the same realities as foreign markets for logistics services (for example, the active development of information technologies, the availability of Internet resources, the openness of information exchange, etc.). It is important to add that the main directions of the development of the logistics services market in the Russian regions and in developed countries abroad are of equal importance. In particular, all logistics systems are characterized by a desire to expand the range of services offered (Logistics Factors and Trends, 2020). This trend implies the introduction of processes such as:

- direct delivery of goods with use of virtual instruments of data transmission (on the basis of programs of automation, digitalization and computerization of logistic processes);
- coordinating the functions of the movement of goods by simultaneously informing the participants in the movement of goods;
- combining the marketing functions of mass producers;
- minimizing the cost of operation of distribution centres through direct shipping, etc.

Another current trend in the development of regional markets for logistics services is the reduction of the number of suppliers and the development of long-term relations among agents of the goods movement system. Many business relationships with different logistics companies make sales and supply processes difficult. The greatest effect of cooperation with suppliers is achieved by expanding the functional role of a certain logistics company. The long-term prospects of cooperation stabilize and systematize the

various business processes of both parties, reduce the administrative costs of market participants, improve the quality of output (due to the improvement of the controlling system), partnership becomes an effective tool of competition, etc.

The development of methods for controlling the processes of goods movement is also relevant both for foreign markets of logistics services and for Russian - regional ones. The logistics methodology is constantly being transformed because this area is characterized by a wide variety of system solutions. Improving logistics management methods allows you to reduce transaction costs, increase the level of company productivity, and create competition for other market players. The most popular method of managing logistics business processes today is outsourcing, but in the Republic of Bashkortostan this concept has received only partial development, which is characteristic not only for the region under study, but also for all territorial entities of the Russian Federation. Nevertheless, the effectiveness of outsourcing is proved by the long-standing practice of foreign companies. This method opens up a number of opportunities for consumers of the logistics market. For example, the contracting authority, through the use of the services of specialized firms, can reduce the cost of logistics processes due to economies of scale, which involves simultaneously consolidating the production of products and reducing the costs of its creation and implementation. At the same time, specialized logistics organizations are characterized by a high level of adaptability to market changes and the needs of partners. Outsourcing reduces the risks of consumer companies, since the responsibility for the performance of functions is entirely entrusted to intermediaries.

The reasons for the underdevelopment of the outsourcing concept among business figures of the Republic of Bashkortostan are:

- reluctance of entrepreneurs to transfer the functions of control over logistics processes to third parties;
- continued distrust of cargo owners in the possibilities of the Russian logistics service;
- low protection of consumer companies against possible financial and economic risks;
- high cost of outsourcing services regarding traditional methods of building logistics strategies (Barkova, 2018).

The growth of the organized goods market in Bashkortostan and the simultaneous non-acceptance of world trends by the local business community brought to the surface other problems of the development of the regional logistics sphere. So, the most attention is drawn to the question of the logistical infrastructure of the region: most outsourcing firms, consumer companies are concentrated in the urban district of Ufa. At the same time, such settlements as Sibay, Uchaly, Belebey, Tuymazy, Oktyabrsky do not have an effective product marketing system due to the underdevelopment of logistics centers, the complexity of the road transport network, the lack of modern warehouses focused on local business (Akhmetov & Fathullina, 2018). The low level of logistics infrastructure development has a direct impact on the costs of consumer companies. Even when a business person is ready to build a strategy for goods supply taking into account current trends, he does not have the opportunity to realize his tasks as a participant in the logistics services market due to the lack of modern infrastructure solutions. The need to develop a system for ensuring the

functioning of supply activities is confirmed by studies of foreign experts: improving the quality of logistics infrastructure by 10 % contributes to an increase in export trade by 2 %, and import - by 3 % (The Importance of Trade Costs: A Gravity Model Applications, 2007).

The underdevelopment of the infrastructure environment of the Republic of Bashkortostan can be explained from the point of view of inefficiency of regulatory regulation. The lack of access of logistics service providers to regional infrastructure projects, as well as the lack of state (municipal) support for entrepreneurial initiatives in this area, hinder attempts to transform well-established ways of organizing the marketing of products. For the same reason, the local logistics system cannot reach the new 3PL level. On the other hand, the infrastructure of the supply chain system is not intensifying due to lack of investment (Kizim & Eremenko, 2020). This phenomenon is observed in many regions of Russia and is explained primarily by the low level of efficiency of the public-private partnership system. Since PPP involves a joint solution of the business sector and the ruling elite of socially significant problems on mutually beneficial terms, this tool is quite promising in the development of the region's logistics infrastructure. The development of public-private partnership in the Republic of Bashkortostan can be described as a past stage of testing and formation. Although the current period of legislative transformation is accelerating the development of relations between government and business, this partnership takes precedence between federal authorities and large corporations. The practice of developing the PPP institute between municipalities and the small and medium-sized enterprise sector remains not fully implemented. Consequently, projects to improve logistics infrastructure at the regional and municipal level of the Republic remain unrealized.

Another problem of the logistics services market in the studied region is the underdevelopment of internal communications of both outsourcing companies and entrepreneurs developing their own logistics system. Due to the fact that the organizational structure of goods movement is only the basis for qualitative integration of logistics market agents, the end result of cooperation between customers and suppliers depends to some extent on the internal environment of these companies (Dmitrieva, 2013). In the context of this problem, it is also necessary to note the shortage of highly qualified specialists in the field of logistics at republican enterprises. The shortage of logistics specialists in the region is due to the following reasons:

- short-term training programmes prevail in the educational sphere, the quality of which is significantly lower than full-fledged training courses in specialized areas. Short-term training tends to be provided by non-professional organizations that do not offer trainees the opportunity to learn the skills of a logistics professional;
- short-term training programmes prevail in the educational sphere, the quality of which is significantly lower than full-fledged training courses in specialized areas. Short-term training tends to be provided by non-professional organizations that do not offer trainees the opportunity to learn the skills of a logistics professional;
- university education in certain cities of Bashkortostan does not organize business programs for advanced training, although in the regional market of logistics services, the vast majority of workers in the field of logistics are entrepreneurs and employees of private businesses;

- due to the large lag behind the logistics service system of the region (and the country as a whole) from the trends of developed foreign markets, training of future specialists is often carried out on the basis of outdated practices and methodologies.

Similarly, in outsourcing organizations, there is a problem of low professionalism of logistics operators, which is the root cause of the paucity of the range of services provided. Due to the lack of, for example, a transport fleet, high price tariffs, or due to irregularities in supply, the development of the entire logistics market of the region is hindered. The chain of problems that arise one after another is again closed by the lack of demand among consumers and suppliers of innovative 3PL/4PL logistics products.

The fact that the region as a whole is not able to form large volumes of production, as a result of which the level of demand for logistics services remains low compared to the most developed regions of the Russian Federation, is also a barrier to the modernization of the commodity supply system in the Republic. The remoteness of the territorial entities of Bashkortostan, one way or another, causes an increase in the costs associated with transportation, which make up the largest share in the logistics structure of both the region and the Russian state as a whole (Dunaev & Nesterova, 2013; Kizim et al., 2014; Shaykhtudinova et al., 2015, 2017; Solodilova et al., 2020). In this regard, entrepreneurs, guided by the principles of economy, place their own production next to actively functioning markets, or near a cluster of suppliers. And since the logistics infrastructure in the Republic of Bashkortostan remains undeveloped, economic entities migrate to regions with better access to resources and the market. Accordingly, local entrepreneurs contribute to the development of the logistics component at the place of operation - in other regions of the Russian Federation or in foreign countries. And those business figures who are limited in the possibilities of production movement create their own, narrowly directed logistics systems, which are certainly characterized by low development and monopolicity. Private investors spend a large amount of resources on the formation of their own infrastructure, which does not allow them to participate in any regional projects to develop the local market for logistics services, or in events that are not aimed at supporting national segments of goods. The creation of a new "portfolio of opportunities" is seen only in the context of the development of regional service logistics according to the principles of systemality, complexity of services, complementarity and interposition. This format will allow the system to independently generate new technologies that would support the market for logistics services at a level relevant to world practices.

7. Conclusion

Summarizing the above, it can be concluded that in Russia and, in particular, in the Republic of Bashkortostan, there are a number of problems faced by participants in the logistics services market: the lack of a mechanism for ensuring the functioning of sales and supply processes; lack of investment to modernize logistics management; absence of 3PL/4PL/5PL operators due to lack of demand for these services; insufficient professionalism of logistics specialists and business leaders who independently develop the commodity supply system; Lack of effective state (municipal) support and inadequate regulatory framework in the provision of logistics services; imperfect institutional conditions for doing business in a number of logistics areas; underdeveloped internal communications in supplier and consumer companies. All this negatively affects the national development of the economy and the competitiveness of

the region. To solve these problems, it is necessary at the regional level to develop public-private partnership projects, systematize measures for the innovative development of the industry, stimulate the activities of educational and research institutions, and promote the investment development of logistics infrastructure. In today's circumstances, it is important to have competitive advantages not only at the Federation level, but also at the regional management level.

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