

Spatial Approaches on Transport Costs – neo-classical and post-classical explanations

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Abstract— Logistics is about reducing costs in freight transport and removing virtual (rather than physical) obstacles in the event. The majority of the current research and reports dwell on the quest for efficiency and show ways to remove bottlenecks and costs. The reduction of these costs was instrumental to an ever increasing exchange notably of finished goods between the countries of the World. The cost elements of transportation depend on the nature of the goods to be transported as well as the topography, the distance to overcome and the modal choice. The classical and neo-classical transportation geography allocates the spheres of production and of consumption according to costs of production and transport. This is the spatial, as to say geographical view as it was and still is promoted by famous researchers like Paul KRUGMAN. But day-to-day reality seems to paint a totally different picture to the economic analyst. Does it still make sense to apply or even study the neo-classical theories? This paper starts with the two diverging opinions. The combination of two sets of models, one coming out of the classic methodologies and one from modern marketing concepts, gives a solution. It comprises notably

- classical distribution models based on increasing transport costs with distance;
- marginal costs models where production costs per unit decrease with the rising use of a given capacity (under the assumption of relatively high fixed costs in the production process);
- concepts of segmented markets whose order generally follows a geographical pattern

Together they can reconcile both model builders and empirical analysts and serve as an explanatory background of the geographical realities hidden behind the day-to-day challenge of logistics.

Key words— cost efficiency, freight transport, economic analysis, transportation geography.

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