

Position in the market

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Competition has always been a tricky matter for USPS as it is a government funded unit and has many advantages. The rivals frequently claim that USPS has created a monopoly for itself and the revenues it generates from this monopoly are used to compete against private companies like them. Despite of such power, the USPS faced major competition from these private companies and still it doesn't cater to all delivery categories. In the express delivery segment, Fed Ex is the largest shipping company in the world and UPS is second.

In terms of rates, USPS is the cheapest followed by UPS and FedEx. The main reason behind was that USPS is a government entity and is exempted from taxes and custom duties. Till 2000, the company was also protected by postal laws which made other companies charge twice as much for the services being offered by USPS and such private firms. The company has speedy and quick delivery but FedEx still is the leading name in terms of delivery time.

The speediness also depends on the type of mail at USPS for example priority is very quick but a little expensive and normal parcel mail is not that speedy but least expensive. The tracking system does not provide ample information and this is where the competition is far ahead in the race. FedEx still is number one when it comes to providing detailed tracking system. The company also offers flat rate mail boxes and flat rate envelopes which the competitors do not. These enable the customer to more easily budget mailing costs and also send heavier packages without any cost increase.

(Perry, 2006) As mentioned earlier the company being government unit has major competitive advantage over the competitors. One cannot describe the

competitive advantages on competitor to competitor bases as the core advantage and strategy applies to all the competitors. USPS's main advantage is price. The postal law has given a lot of protection to the company. Competitors such as FedEx which are already high priced are not an option of domestic mailing or parcels. DHL and UPS are also only used when people have some extramoneyto spare on postal bills.

Similarly being a governmental organization, no taxes are included in the price which is another advantage. FedEx, DHL and UPS have to pay taxes which are transferred to customers in form of higher delivery rates. The option of flat delivery rates also decreases prices in terms of heavy packages for example. This option is right now only being offered by USPS. Fed Ex and UPS do not offer flat rates as they charge on weight and distance. Priority mail is available at self-service machines and can be sent anywhere in the United States.

FedEx and UPS do not provide mailings to all destinations (Perry, 2006). The USPS started the circulation of its Deliver magazine to businesses in 2005; it is an attempt by the company to promote direct mail and is a decisive competitive marketing and promotional effort (David, 2006). One recent service innovation and marketing strategy of USPS that has the potential to increase its revenue significantly is the sale of Post-it notes made by 3M along with advertising and placed on the envelopes going through the mail.

This service representing a new strategy was put in effect in 2005 and aimed to allow marketers to advertise in a unique way while drawing revenue to USPS.

References

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