

Advantages and disadvantages of fedex and ups essay sample

[Business](#), [Branding](#)



This essay critically analyses two giant competitors in the package delivery industry: Federal Express Corporation (FedEx) and United Parcel Service, Inc. (UPS). Both corporations have achieved a great success on a global scale. FedEx Express currently serves hundreds of cities and markets with its intercontinental and international express services [1]. It founded in 1973 and has developed to serve and reach every corner of the world. FedEx committed to offer the best services to customer and pursue the highest professional and ethical standards. United Parcel Service, Inc. (UPS) began in 1907 as a messenger company. Then, the company has developed into a multi-billion-dollar corporation, which concentrates on the goal of enabling commerce around the world. Today, United Parcel Service Inc. is one of the most recognised and admired brands in the world.

It is a leading provider of logistics, specialised transportation, capital, and e-commerce services [2]. Both FedEx and UPS are often on ' Fortune' magazine's list of the most admired global companies. Therefore, as two of the largest global courier companies, their competition has never ceased over the years. In this essay, ' SWOT' analysis method will be adopted to examine the rivalry between United Parcel Service (UPS) and Federal Express Corporation (FedEx), as well as to compare their advantages and disadvantages. According to the article of FedEx Express SWOT analysis [FedEx, 2004], FedEx provides people with various services, such as logistics solutions, overnight courier services, and business support services. The company's retail business is droved by powerful brand image.

The powerful brand image besides driving domestic revenues facilitates international expansion as well. However, industry's strong competitive landscape may exert additional pressures on the company's operations and could adversely impact FedEx's performance. According to the article of United Parcel Service Inc. SWOT analysis [2004], UPS is one of the largest global package delivery companies. The integrated global network and strong financial support of UPS enables the company to deliver sustainable business growth and capture profitable opportunities across the world. Here is a table about the SWOT analysis of FedEx and UPS:

Federal Express Corporation (FedEx)

United Parcel Service, Inc. (UPS)

Strengths

- a) Powerful brand image
- a) Integrated global network

provides

Weaknesses

- a) Unfunded employee post-retirement benefits
- a) High dependence on the US market

Opportunities

- a) Network expansion
- a) Expansion of global healthcare network

Threats

- a) Intense competition

a) Intense competition

Table 1 [FedEx & United Parcel Service Inc. 2014]

Strengths

FedEx has a powerful brand image. As one of the world's largest express transportation companies, FedEx Express offers time-certain delivery to over 220 countries and regions, connecting markets that account for more than 90% of the gross domestic product of the world [FedEx, 2014]. In addition, the company is amongst the most famous global express delivery services segment. For instance, during 2013, the company was ranked sixth in FORTUNE magazine's World's Most Admired Companies list. UPS is one of the largest global courier companies, in terms of both income and volume. The company operates through an integrated global network and service portfolio. It provides wide range of services that are delivered via its comprehensive ground, air and ocean global network. The company deals with all levels of service, such as air, ground, domestic, international, commercial, and residential through a single pickup and delivery service network. [United Parcel Service Inc, 2014]

Weaknesses

FedEx has significant unfunded pension obligations. FedEx sponsor programs that provide retirement benefits to most of its employees. These programs include defined benefit pension plans, defined contribution plans and post-retirement healthcare plans. In FY2012, the company's pension obligations stood at \$22, 600 million as compared to the planned assets of \$19, 433 million resulting into an unfunded status of \$3, 167 million. [FedEx, 2014]

UPS is highly dependent on the US market for its income. In FY2013, the 75.

3% of the company's total revenues comes from US. [United Parcel Service, 2014] They heavily rely on the US markets, if the economy and the company's sales in the US do not grow as expected, it could have a negative effect on the company's revenues. Moreover, the concentration of operations in this area increases UPS' exposure to country specific factors such as changes in raw-material prices, labour strikes, changes in economic conditions, and most importantly, increasing competition from the low-priced products. Opportunities

FedEx's growth in business performance relies heavily on the growth of its network expansion. For instance, FedEx Trade Networks launched its new operations in Dublin in June 2013, which complies with its expansion strategies. Before this, FedEx already had 23 offices across European. [FedEx, 2014] The establishment of Dublin offices marks the first time that FedEx enters Ireland market. It enables customers with an enhanced access to other markets with the company's variety of shipping and freight services and solutions. UPS healthcare is now confronted with challenges in many levels. On the one hand, its existing drug patents are gradually expiring its time limit. On the other hand, it has to conform to the transforming regulations required by authorities of different countries where they have operations. Many pharmaceutical companies are reforming their marketing strategies to involve more infrastructures in order to combat these impacts. UPS received more demand asking for supply chains keener and more suitable under these new conditions. This shift of strategies brings UPS more customers in pharmaceutical, biotech and medical device industries. Threats

FedEx is faced with high level of competition, particularly from UPS. The transportation and business services markets are not only competitive, but are also easily influenced by any change in price or level of service. This influence may be even more severe in time of economic stagnation or low growth rate. FedEx has always had some strong competitors. Some of the company's competitors have more financial resources and are controlled or subsidized by foreign governments, which enables them to raise capital more easily. UPS is subjected to challenge on many scales, from local, regional, to national and international. Due to its diverse service portfolio, covering a range from motor carriers, express companies, freight forwards, air couriers, etc, it also needs to compete with various other companies both within and outside of the US who provide the same type of services.

Some of the company's competitors include FedEx, United States Postal Service, CH Robinson Worldwide, Expeditors International of Washington, Deutsche Post and etc. Competition may also come from other sources in the future. The SWOT analysis shows that both FedEx and UPS, as industry leaders, share a strong feature of big companies. This is like the two sides of a coin, denoting both strengths and weakness. UPS's rigid business structure saved it from the challenges presented by FedEx and many other competitors, but also impedes its development in IT capabilities. In addition, both companies are threatened not only by one another but by the possibility of new competitors entering the package delivery arena, which is extremely competitive.