

# United parcel service marketing essay sample

[Business](#)



The current business environment is characterized by a considerable level of competitive rivalry and as a result businesses have to constantly reengineer their internal operations in order to build and maintain a competitive advantage. According to Michael Porter's framework for strategy formulation, a business organization has three strategies at its disposal: differentiation, cost minimization and focus. All three strategies are implemented at United Parcel Service. However the problem with implementing these strategies is that they cannot lead to the development of a sustainable competitive advantage. This is a critical consideration in the context of the industry in which the company operates. Another threat for the company is that during economically hard times, this industry is one of those hardest hit. Therefore it is a critical consideration for the company to maintain a flexible organizational structure. The flexible structure enables the company to adapt its strategies to the changing external environment and thus maintain a competitive advantage.

The company's operations are spread throughout 200 countries. As a result the competitive rivalry that it faces is intense. In this respect, the management of the company attempts to implement the global market segmentation process. This process enables the management to minimize the marketing expenses. The challenge in conducting international marketing is that segmentation characteristics vary to a considerable extent across national boundaries. This forces the management to make compromises between standardization and customization. The greater the extent of standardization that the management can implement, the more cost effective it is. The process of global market segmentation maximizes the

extent of standardization. For this reason, the strategic focus of UPS is to emphasize the process of global market segmentation. This enables the management to standardize the promotional campaigns so that their costs can be minimized. This facilitates the implementation of the cost minimization strategy. However this does not lead to the development of a sustainable competitive advantage.

Employees are the most important assets of an organization. This philosophy is embraced at UPS. This facilitates the building of an organizational culture based on ownership, responsibility and accountability. As mentioned before, the three strategies of differentiation, cost minimization and focus cannot lead to the development of a sustainable competitive advantage. This is because competitors can copy these strategies in a short period of time and thus create a similar competitive advantage. Usually this is done in the form of external benchmarking (cited in Baldwin & Curley, 2007). However when the competitive advantage is based in the cultural orientation of the company as in the case at UPS, then the process of external benchmarking is no longer effective. This is because organizations even in the same industry vary considerably in terms of their cultural orientations. The organizational culture of shared norms, beliefs and values is given framework by the organizational structure of core competencies. Combining the core competencies into a strategic focus takes time and therefore the combination serves as the source of a sustainable competitive advantage.

In order to develop the right core competencies, the management at UPS conducts formal training and development programs (cited in Aaker, 2004).

In this respect the management implements the balanced scorecard

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methodology in order to tie the outcomes of training and development programs to customer-related and financial considerations. This is the issue of employee learning and growth that is also connected to internal business processes. This is a critical consideration at UPS because the company maintains a continuous improvement process in order to maintain its competitive advantage. As a result the process of managing change becomes a critical consideration. However most change management projects fail because of employee resistance. This problem is minimized at UPS by linking employee learning and growth to internal business processes. This enables the management to conduct business process reengineering while maintaining the strategic alignment process. This serves as the source of a sustainable competitive advantage.

Given the competitive nature of the current business environment, businesses have to adopt technological sophistication in order to enhance their productivity. However, too much automation will impair the productivity of the business in terms of having a limiting effect on employee morale. The level of automation has to be limited by the strategic alignment process. This is because too much focus on technology takes attention away from the strategic focus of the organization. Whatever the process of managing change may be, it is absolutely imperative for the management of a company to ensure that the end result of change enhances the strategic focus of an organization (cited in Bank, 1993). The strategic focus of an organization is determined by the alignment between organizational core competencies and key environmental issues. For this reason, the importance of face-to-face interactions cannot be overemphasized. These interactions

have a direct impact on the motivation of the employees and in this manner are directly related to the level of productivity that they can achieve.

Face-to-face interactions are critical to ensuring efficiency in the existing communications structure of a company. There are many technological solutions available to replace interactions between humans. One of the widely used solutions is the enterprise resource planning solution. This solution makes the different departments interconnected and enhances efficiency in information sharing. The benefit in implementing such a solution is clear: it multiplies the accessibility of mission-critical information. However unless employees directly interact with each other, it is impossible for them to zero in on the critical issues of the day. Face-to-face interactions facilitate group dynamics and in this context many perspectives are brought to attention. This enriches the decision-making process. However group decision-making may be impaired in the event that the management emphasizes technological solutions at the expense of personal interactions between employees. For this reason, the management at United Parcel Service emphasizes human interactions in setting the market strategy.

United Parcel Service is one of the leading brands in package delivery, logistics and transportation. In order to build a sustainable competitive advantage, the company has created a cultural orientation which keeps the spirit of innovation alive. This facilitates the process of technological sophistication. However the management emphasizes the process of human interactions over technological solutions because employees are the most important assets of an organization. Therefore it is imperative for the management to maintain a high morale among the employees. Another <https://assignbuster.com/united-parcel-service-marketing-essay-sample/>

reason that the management considers face-to-face interactions to be more important is that it enables the management to collect information about what employees consider to be the best working conditions (cited in Armstrong, 2005). This is an important objective for the management. However the management must also align organizational interests to employee interests. For this reason, the management at UPS conducts formal training and development programs in order to enable employees to see how their work relates to the strategic focus of the organization.

At UPS, face-to-face interactions are emphasized upon in order to build better relations. Face-to-face interactions enable employees to develop a sense of perspective over the organizational processes that would not have been possible through online interactions. This facilitates the process of developing a cultural orientation based on ownership, responsibility and accountability. This is a critical consideration in any organization because as mentioned before, employees are the most important assets of an organization. It is their productivity that creates the competitive advantage. The competitive advantage thus created becomes sustainable. Organizations which emphasize upon technological sophistication over face-to-face interactions may be able to develop an edge but it is only temporary because competitors have access to the same technology. Therefore human interactions cannot replace technological automation.

Customer relationship management is a critical success factor at UPS. In this respect, the implementation of the e-commerce business model becomes a critical consideration. E-commerce enables customers to track order status and thus ensure that the products in question are arriving in a timely

manner. In this respect, the company is currently emphasizing upon attaining more organizational customers. This segment of the market is dominated by FedEx. Therefore this is the marketing challenge that faces the company at the moment. One of the problems that UPS currently faces is that it is still perceived to be a domestic carrier in the US (cited in Hill & Jones, 2007). Therefore the company needs to reposition as a global provider. This objective can only be met with greater presence in the organizational segment of the market. Therefore the marketing challenge is to develop a competitive advantage accordingly. In this respect, the company has an advantage in terms of access to an efficient infrastructure which facilitates the implementation of the e-commerce business model.

The company implements the balanced scorecard methodology in order to facilitate the process of managing change. The company maintains a continuous improvement process in order to develop a sustainable competitive advantage. As a result, the process of managing change happens frequently. The balanced scorecard views the organization from four perspectives: financial, customer, learning and growth and internal business processes (cited in Fred, 2006). The balanced scorecard is an example of total quality management which emphasizes the interconnectedness between different process chains. This is a critical consideration at UPS because the company's operations are dispersed widely globally. Therefore when the process of managing change takes place, the management has to map the different processes of operations, marketing, finance and human resource management in order to assess the full magnitude of change being considered. Only in this manner is the

management able to ensure the strategic alignment process which maintains the strategic focus of the organization in the midst of change.

The industry in which the company operates is characterized by a fast state of change. Therefore the company has to maintain the process of managing change. In this respect the management emphasizes upon the creation of a forward looking performance management system. This objective is met with the implementation of the balanced scorecard methodology. The balanced scorecard creates a forward looking performance management system because the traditional metric of profitability is interconnected with customer satisfaction, human capital and internal environment under this framework (cited in Evans, 2004). As a result, the management at UPS has to address the issues in all four areas in order to maintain the profitability of the business. As a result of this framework, marketing strategies are developed keeping in view the issues of customer satisfaction, employee learning and growth and efficiency and effectiveness in internal business processes. The implementation of this framework also facilitates the process of stakeholder identification.

As mentioned before, the cultural orientation at UPS is based upon ownership, responsibility and accountability. Creating this cultural framework necessitates the involvement of the employees. Most change management projects fail because of employee resistance. This problem is minimized at UPS because of the early involvement of the employees in managing change. Because employees at UPS are involved in the process of managing change, they are also empowered to make their own decisions in how best to serve the customers. This relates to the issue of decentralizing the decision making

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process. In this respect, the management implements the process of global market segmentation in order to facilitate decentralization. Decentralization leads to empowerment which lifts employee morale and facilitates the creation of a cultural orientation based ownership, responsibility and accountability. A high level of motivation enhances employee productivity and this contributes to enhancing the effectiveness of the marketing program at UPS. This also leads to the development of a sustainable competitive advantage.

As mentioned before, the current business environment is characterized by a considerable level of competitive rivalry and this is even more so in the context of the international business environment. UPS has made its operations global in order to capitalize upon the opportunities of globalization. However when it comes to globalizing business operations, the management has to consider the issues of standardization and customization. The greater the extent of standardization feasible, the more cost effective it is for the business (cited in Higgins, 2007). The situation is the same for UPS. However making the process of global market segmentation feasible means that the company has to conduct market studies periodically and customize its marketing strategies accordingly. This means that the management has to coordinate the process of decision making. For this reason, effectiveness in marketing at UPS means global coordination in decision making. This has been facilitated by the decentralized decision making structure. However coordination in decision making is also facilitated by the use of communications technology.

As mentioned before, the management at UPS emphasizes human interactions over technological communications. This is the reason that the management emphasizes upon employee empowerment. However the effectiveness of the communications structure can only be maximized if the two processes can be synergistically combined. This relates to the issue of customer satisfaction management at UPS. The company has built an e-commerce business model which enables customers to find answers to their questions. However customer service representatives also directly interact with customers in order to personalize the quality of service to a greater extent. This strategy contributes to enhancing brand equity. However as mentioned before, a critical success factor for the company is to empower the employees to make their own decisions about how best to serve the customers. The two objectives are interconnected under the balanced scorecard methodology in the two perspectives of customer and employee learning and growth.

In order to attract customers, the company has to capitalize upon its strengths and minimize the impact of its weaknesses. One of the strengths for UPS is that it has high brand equity and one of the most well-known management teams in the industry (cited in Hitt, 2007). The weakness facing the company is its limited presence in the international market. However the management of the company has been customizing the marketing mix in order to attract a greater share of international customers. In this respect, the company's top competitor is FedEx. As a result, the management at UPS has been formulating strategies to win market share away from FedEx. FedEx has a strong presence in the overnight segment and this is the

segment in which the presence of UPS is the weakest. However, recently the company has been offering corporate rates and frequent user coupons to sign up a greater number of customers in overnight delivery. This will create a competitive advantage for the company in terms of making products and services more affordable.

The advantage that the company possesses in formulating marketing strategies is that it has a strong brand reputation. In order to capitalize upon this strength, the company has been focusing on making its products and services accessible everywhere. In this respect, the management of the company has been considering the possibility of forming a strategic alliance with Wal-Mart in order to form a drop-box network (cited in Dess, 2007). This will enable the company to attract more customers. The strategic focus of the company has always been to enhance market share in the organizational segment of the market. For this reason, UPS has been offering corporate rates in order to attract more customers in this market. The management of the company has been focusing on this segment of the market because of the increased pace of globalization. As companies have been globalizing their operations, they are in increasing need of managing global logistics. The management of UPS has been targeting this segment of the market in attracting organizational customers. In this respect, the company has also been offering money-back guarantees.

UPS has also been expanding its presence in China. The Chinese economy has been flourishing at a phenomenal rate and this is creating business opportunities in all industries. For UPS this has been a golden opportunity to expand its presence overseas. Businesses in the West have been moving <https://assignbuster.com/united-parcel-service-marketing-essay-sample/>

their operations to the Chinese market and as a result they are emphasizing greater efficiency and effectiveness in international supply chain management. This has resulted in multiplied business potential for UPS in both ground and air deliveries (cited in Besterfield, 2002). UPS has the largest ground network in the US. However it has yet to reach that position internationally. Facilitating this expansion has been the strategic focus of the company and expansion into China has been facilitating the implementation of this strategy. As a result of this strategy, the company's international market share has been rising. This strategy has also enabled the company to enhance market share in the overnight segment which is still being dominated by FedEx. As a result, this is an opportunity that the company has been pursuing in order to enhance the profitability of its operations.

The company has been implementing traditional media as well as electronic media in order to conduct its promotional programs. The target audience of the company consists of two segments: private households and companies. In order to maximize the reach of its promotional programs, the company has been using television, printed media and websites in order to raise awareness in the market regarding its different products and services. The use of the website has been facilitating the implementation of the e-commerce business model. This is a critical success factor for the company because global manufacturing companies are emphasizing upon tight integration in supply chain management in order to maintain their competitive advantages. In this respect they should form a strategic alliance with UPS in order to facilitate the integration because the company possesses a considerable level of IT knowledge in running the e-commerce

business model. This has been the main message in its promotional campaigns.

The marketing strategies at UPS have focused on three product categories: ground deliveries, air deliveries and international deliveries (cited in Baschab, 2005). The company already holds the market leadership position in the US because of its wide network which is the largest in the country. However the company has yet to carve out a strong position in the international market and in overnight segment of the market. In order to strengthen the position in these two areas, the company has been implementing a number of marketing strategies chief among which have been expansion into China and customization of the price structure to the different segments of the customer base. As part of its marketing strategies, the company has also been focusing on the organizational segment of the market. In order to facilitate entry into these different segments, the company has been customizing its promotional campaigns accordingly. In addition to advertising and public relations activities in the form of sponsorships, the company has also been offering sales incentives in order to attract both private households and companies.

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