

Fedex, its business environment and who they are



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Introduction

FedEx, originally known as FDX Corporation is a logistics services company who pioneered the modern air/ground express industry in 1971. The founder of FedEx is Frederick W. Smith and it is based in the United States with headquarters in Memphis, Tennessee. The name “ FedEx” is a short form of the name of the company’s original air division, Federal Express, which was used from year 1973 until year 2000. (Wikipedia, 2010)

Under the respected FedEx brand name, FedEx is offering integrated business applications through operating companies competing collectively and managed collaboratively. There are FedEx Express, FedEx Ground, FedEx Freight, FedEx Office, FedEx Custom Critical, FedEx Trade Networks, FedEx Supply Chain and FedEx Services. With more than 290, 000 employees, FedEx currently serves more than 200 countries which include in the Asia Pacific, Europe, Middle East, Latin America and North America. (“ About FedEx”, 2010)

FedEx’s mission is to produce the superior financial returns for shareholders by providing high value-added supply chain, transportation, business and related information services through focused operating companies. Then FedEx has made a promise that customer requirements will be met in the maximum quality manner appropriate to each market segment served. Besides, FedEx will attempt to develop mutually rewarding relationships with its employees, partners and suppliers. (“ About FedEx: Mission Statement”, 2010)

FedEx and its business environment

Technological environment

Technology plays a very important role in delivery of the FedEx service.

FedEx is setting the efficiency industry standard and customer service by using technology advanced and FedEx was do extremely well in anticipating and projecting demands of an environment that would depend and thrive on information.

FedEx was the first to integrate wireless technology more than two decade ago and continues to develop and lead the industries in developing innovative wireless solutions. Hence, FedEx has developed an information system's network that enables customers and support personal to have wireless access anytime and anywhere.

Then, FedEx implemented e-business application to improve the level of customer satisfaction as well as their overall transactions with the clients. The e-business system included a web or call centre service where the company can easily be informed of the status of the packages delivered. (“About FedEx: FedEx Attributes Success to People-first Philosophy”, 2010)

Competitive environment

There are two main competitors for FedEx which are DHL and UPS.

UPS or United Parcel Service Inc. is the world's largest package delivery company which headquartered in Sandy Springs, Georgia, United States. UPS delivers more than 15 million packages a day to 6. 1 million customers in more than 200 countries and territories around the world. UPS is well known for its brown trucks, internally known as package cars and UPS <https://assignbuster.com/fedex-its-business-environment-and-who-they-are/>

also operates its own airline based in Louisville, Kentucky where its World port air hub is also located. (" Wikipedia: United Parcel Service", 2010)

DHL Express is a division of Deutsche Post DHL providing international express mail services which originally founded in 1969 and expanded its service throughout the world by the late 1970s. DHL expanded its services to countries that could not be served by any other delivery service, including the Eastern Bloc, Vietnam and the People's Republic of China. (" Wikipedia: DHL Express", 2010)

Cultural environment

FedEx is more emphasized on a people-first philosophy, where respect for all people is a fundamental value and everyday business practice within the company. FedEx Corporation strives to create an environment where people can contribute and grow, and where the values of diversity are woven through the organization.

Chapter 4: The Analysis of Customer Touch Points

Types of customer touch points

There are 3 types of customer touch points which are pre-purchase stage, purchase stage and post purchase stage. There are different ways and strategy that a company uses to set up these touch point with the customer in order to build a relationship. FedEx is also one of the companies that practice this customer touch point strategy.

First customer touch point will be the pre-purchase stage which consists of 3 customer touch point method. The first one will be manageable communication tools such as advertising, public relations, point of sales
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materials, sponsorship and etc. FedEx have established many customer touch point in this area by using integrated marketing communication tools to build up relationship with the customer. Example: FedEx uses advertising tool to introduce the company and promote its product which is the delivery service that they provide are the best to the customer; Public relations tool is also in use where by FedEx held some press conferences or road shows to explain and demonstrate how well is their delivery service to the public customer; FedEx also having some sponsorship to quite a few major events around the world like Olympics, World cup and so on.

Second are the non-manageable communication tools such as word of mouth, search engine, news cover and etc. Since these are non-manageable communication tools, FedEx can't control these tools but the only way to create positive image is by producing good quality delivery service to the customer and satisfy them so that the customer will help spread some good word of mouth or even have a chance to get on some news cover page.

Third are the company representatives such as salesperson, email, and recipient. If a customer wants to deliver a package by using FedEx service, they will need to encounter their salesperson, counter recipient or email to FedEx.

Next, the second customer touch point will be the purchase stage which means that the customer making the purchase will come in contact with the company itself. Customer can purchase FedEx service by their e-commerce site, outlet store and confirm their purchasing order through fax or email that is very convenient for the customers. FedEx sells delivery

services, so the main touch point from FedEx to the customer are the company's delivery truck, driver, delivery note and their employee.

Customer can purchase the delivery service through FedEx website or directly through FedEx outlet and each parcel is attach with a location device that the customer can log on to FedEx tracking internet service to check whether the customer parcel is delivered successfully.

The last customer touch point will be the post purchase stage where the company provides some after sales service to customer to ensure that the trading process is a satisfying experience for the customer. FedEx provides fine after sales service to the customer by providing complaint forms and calls to ensure that the customer that receives their delivery package will be in good shape and to improve on their service quality to ensure every delivery is up to the customer expectation. FedEx will also ensure the package will be delivered on time to the customer and the package will be in one good piece. If the package is damaged, lost or didn't received on time, customer can file a complaint to FedEx and FedEx will attain to the complaints.

Track the experience along the touch points

The objective is to track the experience at various customer touch points to develop an understanding of the customer thoughts and learn how the customer experience can be enriched. From above we know that there are 3 stages and each stage provides various touch points. The company need to track down the customer experience in each touch points to find out what information that the customer needs and what actual experience that they desire.

The company can track the customer experience through the customer decision making process which consists of 5 stages: Need recognition, information search, and evaluation of alternative, purchase and post purchase. These 5 stages are categorized under the 3 type of customer touch point to help in tracking the customer experience. The first three: need recognition, information search and evaluation of alternative are fall under the Pre-purchase stage, while the other two falls under their respective stage.

First, how FedEx gain need recognition from the customer? The answer is by advertising through the mass media like television, radio, internet and etc. By doing all these, customer will soon aware of FedEx and it's delivery service. Next, after the customer needs recognition start, they will try to search for information about FedEx delivery services through word of mouth, internet search engine, counter recipient and etc. After the information search is done, customers will start evaluating FedEx delivery service and compare it against FedEx competitors such as UPS and DHL. The fourth stage will be the purchase stage where the customer purchases FedEx delivery service through internet, phone, retail outlet and etc. The package will be delivered after the confirmation of purchase based on how the customer chooses to be delivered. Once the package is delivered to the customer, post purchase stage starts. Customer will either feel satisfy or file up complaint to FedEx while FedEx need to provide after sales service to ensure the satisfaction of the customer.

Service Failure

Reliability is very critical in service to every company but in all service contexts, service failure is inevitable because mistake or errors will always occur, nothing is perfect, what the company can do is to minimize the service failure. Especially for FedEx, a service company that sells mainly on their delivery service to the customer must uphold their service quality even though FedEx also will face service failure problems.

Service failure occurs when the company service performance that falls below a customer's expectations in such a way that leads and results into customer dissatisfaction. FedEx also occurs service failure which creates dissatisfaction to the customers. One of the cases is FedEx and its child company FedEx Ground having system differentiation, means that these two are two separate companies where FedEx can't manage or solve the problems or issues that occur in the child company FedEx Ground. There are customers that are facing some service problem with FedEx Ground because their parcel wasn't delivered on time and somehow the parcel was found missing, the customers call up FedEx and ask for a solution but the FedEx staff just giving empty promises because FedEx can't interfere in FedEx Ground businesses although they are parent and child company relationship.

When there is service failure, the company needs to think of a way, a strategy to respond to it, to solve the problem, this is where service recovery happens. Service recovery refers to the actions that are taken by a firm in response to a service failure. FedEx provides a money back guarantee service to the customer whenever there is a service failure occur, by doing this, FedEx hopes to ensure the customer will not feel dissatisfied with FedEx and

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continue using their service without spreading bad word of mouth that will result in negative image. FedEx also will attend to a customer complaint immediately to help the customer to solve his problem as soon as possible to maintain the customer satisfaction.

Dissatisfied Consumer Behavior

According to the Retail Customer Dissatisfaction Study 2006 by the Verde Group found out that 48% of the respondents reported that they will avoid a store because of someone else's negative experience, and for those who encountered problems, 33% said that they would "definitely not" or "probably not" return to the same company for their product and service. This shows that word of mouth can create a huge impact and influence on the company negative image; this can be referring as the exponential power of storytelling, as people tell the story of their bad experience with the company, the negativity is established and will grow eventually. There are some customers that encountered bad services with FedEx and this resulted in some serious issues. These dissatisfied customer wrote a post on their blogs or forums to express their feeling by telling the story that how they are treated by FedEx delivery services and they are also felt angry towards the attitude of FedEx customer service that doesn't treat them as important customer, so in the end they decided to change to purchasing FedEx competitor services like UPS or DHL.

Service Guarantees

What is guarantee? From Webster's Dictionary, guarantee equals to an assurance of the fulfillment of a condition make by one individual to another individual. In the business context, a guarantee is a pledge or assurance that

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a product or service offered by a firm will perform as promised and, if not, then some form of reparation will be undertaken by the firm to the customers. Example: for tangible products, a guarantee is often done in the form of warranty.

FedEx always stress out that their delivery service will be on time and they are confident and sure about this statement, but incident do happens, that's why FedEx offers service guarantee too to gain the customer confidence and belief in their delivery service. FedEx offers money back guarantee service to the customer if the package that they delivered didn't arrived to the destination within the promised time, customer can either request for a refund or transfer the money for the delivery service charges but under some terms and conditions.

Chapter 9: The Hybrid Interface

There are two types of hybrid interface which are people-led hybrid interface and machine-led hybrid interface.

People-led hybrid interface

People-led hybrid interface defined as an interface where interaction between human being and machine occurs in which people operate in the foreground and are supported by the machine (Rayport, 2005). The interaction between human being with a machine can enhance the effectiveness or increase and productivity in the daily operation. The peoples who operates in the foreground and are supported by the machine needs to have the knowledge to manage and evaluate the state of the machine.

For example, the people led interface incur when the FedEx driver driving the courier van to deliver goods and services to their ultimate customers. Hence, the interaction between the FedEx driver and the customers caused the FedEx driver to accomplish the task of delivering goods and services on time with enabling by the machine

FedEx provide and deliver on time services to their customer in order to maintain the long term profitable relationship and develop the customer loyalty towards its company. Hence, FedEx has developed the innovation of the technology to support their daily operation. FedEx set up COSMO (Customer Operations Service Master On-line System) to monitor each stage of their delivery cycle. COSMO is a computerized packaged tracking system that allows the FedEx employees to key in the information needed by several ways (Technology innovation at FedEx, 2010). For example, FedEx customer service representatives key in the necessary information into COSMO by computer terminals to reach their customers, this mean that FedEx has apply the people-led hybrid interface where the customer service representative (human being) is enable by the COSMO (machine) to reach the customers.

Besides, FedEx always giving supports and encourage their employees in order to allow them to be more innovative in the working environment and more confident in decision making process by providing quality results. FedEx is providing their employees to use the high technology hand-held tracker and the digitally assistant dispatch system (DADS). The hand-held tracker is used to records the information throughout the day and allow the couriers to scan the bar code on every waybill at each stage of delivery

process. It helps to retain and transmit the information of the package such types of service required, destination and routing instruction as well as provide guidance to the couriers by a series of performance measurement.

While, DADS is a small digitally assisted dispatch computer system that found in all couriers van to enable the couriers to administer their time and routes with high efficiency (Technology innovation at FedEx, 2010). For example, when the couriers return to the van, the information acquire is then downloaded from the hand-held trackers to the DADS in order to update the package location in the COSMO system. By using this type of people-led hybrid interface, it provides the customers a convenient ways to find out the time and location of their package. Hence, FedEx able to maintain positive control over its shipments and enhance their customer satisfaction by constant tracking with the interaction of the human and machine.

Furthermore, FedEx develop its innovation technology by setting up the Command and Control system in their operation. Command and Control is the satellite to ground-level operation system which based at the Memphis SuperHub (Technology innovation at FedEx, 2010). FedEx used this system to act as a weather management tool and to check the traffic information in order to enable the FedEx Company deliver the package in any weather condition with the fastest and safest manner. For example, FedEx connect to over 750 customer service workstations, over 500 aircraft and traffic hubs around the world to ensure the coordination of inbound and outbound aircraft and thousands of delivery vehicles are in smooth condition and enable their employees to deliver the package on time to their customer to achieve customer satisfaction.

Each types of hybrid interface used by FedEx Company have the benefits that improve the company's daily operation. People-led interface helps the front line employees of the FedEx to increase their work productivity and enhance the effectiveness and efficiency of their work. For example, with the high technology hand-held tracker, it helps the couriers to records and retains the information by scanning the bar code of the waybill in every stage of delivery process. Thus, it helps to increase the productivity and the efficiency of the work of front line employees.

Besides, the people led machine interface helps FedEx to maintain their positive control over every single step of it shipment process to deliver the goods and services to the customers. It is because, when the couriers return to the van, the information is downloaded from its hand- held tracker to the DADS and immediately updated the package location in the COSMO system. Hence, it enables their customers to check their shipment status, delivery time and etc to provide 100% customer satisfaction.

Furthermore, the interaction between human and machine interface enables FedEx to deliver goods and services to their customers with the fastest and safest route in any weather with the implementation of Command and Control system. FedEx using the NASA weather data and artificial intelligent to help the company selects the fastest, safest and most cost- effective way to deliver goods and services to the ultimate customer. The command and control system help FedEx to increase per capita output of their frontline employees and thus increase the quality of their interaction with customers.

Machine-led hybrid interface

Many business organizations have deployed the use of machine-led interface in their daily operation nowadays. Machine-led hybrid interface is defined as the interaction between the machine and human, where machines operate in the foreground and are supported by people (Rayport, 2005). It requires an output to ensure that the machine will always keep the user up to date in the progression of commands or execute commands in physical space.

FedEx has set up 45 call centers in global to handle over 500, 000 telephone calls from their customers around the world per day. FedEx's call centre is a machine led hybrid interfaces that enable the machine (telephone) to be supported by the people (call centre representatives). It used for the purpose of receiving and transmitting a large volume of requests by telephone and is operate by the company to administer incoming product support or information inquiries from consumers. By setting up the call center, it allow the customers who prefer more " personal touch" than using high technology device and customers who need more in depth explanation and information about the shipping process to call and speak with the call centre representative regarding their problems.

FedEx has developed its operation through online by creating their own company website and embedding the FedEx's live chat into their official website. Through the company's web page, FedEx can connect with their customers and get their involvement into the chat room to engage the positive relationship between the company and their customers. When the customers need any further assistance or have any enquiries regarding their shipment status, they can use the " Chat with FedEx" function by fill in their <https://assignbuster.com/fedex-its-business-environment-and-who-they-are/>

personal details to start the chat session. Thus, the FedEx's employees will reply the customer through this interactive chat medium immediately.

Hence, with the interaction between FedEx's live chat (machine) with the supported of the employees (human being), it helps the FedEx to improve their business operation to be more efficient and easily to get into the involvement with their customer's internal process as well as enhance the customer's relationship.

The machine-led hybrid interface brings some benefits to FedEx such as cost saving and higher productivity. FedEx website allows the customers to track their shipment information or the status of the package based on the package number without calling to the service centre. Thus it helps FedEx's service centre to operate more efficient and able to handle more than 100,000 tracking enquiries daily. Furthermore, the capability of the FedEx's live chat was successfully helps the FedEx to saving up the investment cost of setting up more call centre.

The machine-led hybrid interface leverage the human talents by distributing their personalities or the emotional intelligent in scalable way. Human being is excelling in conveying empathy and handling the exception; hence with the support of the frontline machine, it helps to increase the employees' productivity by channeling their work more efficiently. For example, when the customers call to the service centre, the system will deliver the customer to the service provider via phone line. After that, the customer service representative will answer the call and handling the problem or enquiries from the customers and try to satisfy their needs and wants in a polite manner.

Chapter 10: Delivering the Integrated Customer Experience

Integration within Implementation Domains

There are three types' implementation domains: brand experience, interface and innovations. The brand experience it can help the organization build reputation and get awareness in connections with customers. It included company or brand name, logo, advertisement, and web design.(Rayport, F. J. & Jawoski, J. B. 2005)

-Brand Experience

FedEx shows a global brand the fastest route to worldwide. In year 2009, FedEx has been honored as one of the “ 100 Best Companies to Work For” in the United States. FedEx also has been ranked in Fortune’s magazine as Global Most Admired Companies .

-Logo

FedEx has its own Corporation logos; each of it has its own version of the wordmark used for identification and branding. The FedEx name is incorporated as a simple distinct text-only typographic treatment to create a clear, visually memorable identity. For FedEx logo, the “ Fed” is in purple and the “ Ex” is in a grey for the overall corporation use. While, for the original “ FedEx” logo had the “ Ex” in orange. The FedEx wordmark is actually a notable hidden right-pointing arrow between the “ E” and the “ X”, which to emphasize the arrow shape. The concept of an arrow is to be promoted as a symbol for the speed and precision positioning, both FedEx communicative attributes. (Wikipedia, the free encyclopedia)

Website has become a dominant technology. FedEx has its home page shipping resources source for everyone, so that customer could find out the information that the delivery services offer in their own region. FedEx website has created a quality website with full useful guidance and tools. In addition, a successful website should be able to lead the customers to take action. Such as, FedEx also allow the users to download FedEx Welcome Kit, so that it could help them optimize their shipping and manage account efficiently.

-Interface

Interface refers to the dynamic exchange of information in service that occurs between the company and the customers. Interactions with sales people face-to face, phone call, online chatting. (Rayport, F. J. & Jawoski, J. B. 2005) FedEx main focus is on customer service, so they will always have interaction with customers. If customer encounter any problems and make complaints they can even get to the customer support centre, faces-to- face interactions with FedEx staffs. The front office will handle the customer procurement and complaints. While, if customer have feedback or comments, they could email FedEx by select the appropriate service in order for a customer support representative to assist customer's inquiry.

-Innovations

Innovations are a change in the product or services for adding something new that added features and benefits. The changes must increase product value, customer value, or producer value. The information about the package is just as important as the package itself. (Fred Smith, 1978).

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Today, FedEx provides customers access to real time information which has enabled new supply chain models and efficiencies. FedEx focus and improve built upon innovation and it continues to be an integral part of the FedEx culture and business strategy. The FedEx Innovation labs is an information technology project designed to create an atmosphere of collaborative thinking around critical technologies such as advanced optics for scanning, robotics, pervasive computing, biometrics, video object recognition etc. The Labs house a research and development team tasked with looking at future technologies that have a 3-5 years production roadmap.

Integration across Implementation Domains

Integration across implementation domains is more complex. It requires training program and expertise to create trustworthiness for customers. The Jobs at FedEx requires higher level of knowledge, experience, capabilities, and educated. FedEx need employs people with literature degrees, though FedEx might also need people holding with higher qualifications with MBAs. In addition, FedEx couriers receive roughly 50 hours of training per year. In order to maintain high quality service levels, training to be conducted by training professionals who understand the technicalities of the express transportation business. The courses from supply chain planning and logistics management to training on specific software programs, quality management and marketing sales.

Linkages between the interface & innovation

To create linkages between the interface and innovation, the company must provide “ experiential encounters” that are referred as dynamic, interactive, and innovative. (Rayport, F. J. & Jawoski, J. B. 2005). FedEx created

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corporate sponsorship and events. Beginning in 2007, FedEx became the title sponsor of the FedEx Cup, a championship trophy for the PGA Tour. FedEx is spent an estimated \$44 million a year to sponsor the FedEx Cup, a full season of PGA Tour events culminating with a four-tournament playoff series to determine the top men's golfer, also Golf Digest reports. FedEx is trying to reach executives and other corporate decision makers. The PGA Tour has all the professional golfers from worldwide and its events are broadcast worldwide, and it's appealed to FedEx. It is because FedEx is a global company; they needed to communicate to customers on global stage. FedEx is recognized by executives and consumers, by sponsoring such huge amount of cost and long run event it make sense because it provides wide and extended exposure. So, this communications can provide new personalized experiential encounters between FedEx and the customers.

Integrated marketing

Integrated marketing is the process for managing customer relationships that drive brand value. In FedEx, within the marketing department activities are centered on customer segments. Each segment is staffed by a cross-functional team composed of manager, marketer, analyst, agency account executive, and may be a representative from the agency-managed fulfillment house. These cross-functional teams meet as frequently as necessary. E-mail has greatly facilitated this integration. All marketing vendors are connected to FedEx and to each other through the FedEx corporate e-mail system.

The marketing communication can provide information to prospective customers. It can let the customers know about the service options available, <https://assignbuster.com/fedex-its-business-environment-and-who-they-are/>

cost, specific features, functions, and service benefits. FedEx has own customer information services department. It offering a customer service toll-free telephone line for customer questions. It is operated by an automated operator then will prompt the user to a live agent for uses of tracking, claims, scheduling pick-ups, locations, ordering supplies, setting up FedEx accounts, billing etc. However, the customers can get information in FedEx website which is <http://www.fedex.com/my/> . One of the roles of marketing communication is persuade target customers that service offers best solution to meet their needs and build relationship with them. The company added on a facility on the official website for consumers to be able to track their packages from the Internet. Marketing at FedEx has two IT work teams supporting its efforts. The teams are physically located within the marketing building and report to both the IT and marketing organizations. FedEx marketing mix strategy affected the retention rate prevailing within the industry.

Marketing communication can also help maintain relationships with existing customers. It requires comprehensive, up-to-date customer database and ability to make use of this in a personalized way. FedEx marketing database contains a complete picture of all the company's customers worldwide, and their FedEx transactions. So, they can turn customer data into customer knowledge, to satisfy the customers' needs.

e) Marketing communications mix

-Personal communications

FedEx become a well known company through word of mouth. What really has established a good reputation for FedEx is the consistency in providing good quality services to its consumers. So, the customers will spread the positive words of FedEx to others. FedEx provides excellent customer care in this service-based industry, this enhances an emotional connection between FedEx and its customers.

-Advertising

Advertising is a form of communication intended to persuade an audience to purchase or take some action upon products, ideas, or services. FedEx has the TV commercial video ads. The advertising campaign launched to reflect on the new feature provided by FedEx also identified the expanded international capability of the company, appealing to a global audience to try FedEx services. One of the best known ad campaigns is "We Live to Deliver". This creates a huge impact for the company. One of the package deliveries giant's biggest web campaigns, which is running on YouTube