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Royal Mail is a renowned postal service company, which was established in 1516. Over the years, the company has provided its designated Universal Postal services in the UK marketplace. According to the annual report of Royal Mail Group Limited (2014), the company has enlisted its name in the ‘ FTSE 100 Index’ during 2013. Currently, more than 162, 000 people are engaged in the operations of Royal Mail. According to the recent financial report, the company has witnessed £m 9, 456 revenue during the financial year 2013-14, which is 2% higher than that of the previous years, i. e. 2012-2013. Moreover, it has also been recognised that the company has over 11, 500 branches located in the UK market (Royal Mail Group Limited, 2014).
Critical Analysis
In order to determine the competitive position of Royal Mail, it will be vital to apply ‘ Porter’s Five Force Model’. The elements of this model are aligned with the various factors related to the company and are described below:
Figure 1: Porter’s Five Forces
Bargaining Power of Supplier
Royal Mail relies on its special deliverance system with the aim of providing quality services to its customers. In this regard, it has been determined that approximately 18, 000 vehicles assist the company to produce designated postal services across the world. Thus, it can be asserted that the bargaining power of its supplier is high (Royal Mail Group Limited, 2014; Karagiannopoulos et. al., 2005).
Bargaining Power of Consumer
The bargaining power of buyers is rising within the industry in which Royal Mail operates its operations in the UK market. Correspondingly, it has been recognised that the present customers of the company have become more of service quality conscious and time sensitive, which has enforced the company to reduce its rate of delay or accidents in the UK market. Thus, it can be asserted that the bargaining power of its consumers is relatively high within the industry (Royal Mail Group, 2013; Karagiannopoulos et. al., 2005). A diagram is depicted below for better comprehension of the above stated concept.
Fig. 2: Accident Frequency of Royal Mail in UK
(Source: Royal Mail Group Limited, 2014)
Competitive Rivalry
In order to identify the competitive rivalry, it has been observed that Royal Mail has witnessed higher threats from its competitors, due to the private courier service providers in the UK. Subsequently, it has been recognised that Royal Mail has emphasised towards quality services in order to attain competitive advantage over its competitors. Thus, the level of competitive rivalry can be identified to be high (Karagiannopoulos et. al., 2005).
Threat of Substitute Products and/ or Services
With respect to the threat of substitute, the company has faced severe challenges from other industries such as telecom and information technology among others, which has affected the profitability of the company. Nevertheless, the degree of threat of substitutes can be considered to be moderate (Hooper, 2008; Karagiannopoulos et. al., 2005; Lamb, n. d.).
Threat of New Entrants
In case of threat of new entrants, it can be asserted that the company does not face any challenges from the new entrants. Besides, it can be stated that it will be very difficult for the new players to assure quality of services alike Royal Mail. Thus, it can be identified that in case of postal services industry, the threat of new entrants is quite low (Hooper, 2008; Karagiannopoulos et. al., 2005).
Conclusion
Based on the above study, it has been observed that Royal Mail has maintained its competitive advantages in the UK market through its quality services and co-operation with its stakeholders. At the same time, the company has also concentrated on risk projection aspects with the aim of enhancing the efficiency of the company. Thus, in order to conclude the topic, it can be evidently affirmed that through the integrated communication process, effective corporate governance strategy along with effective leadership and ethical practice, the company can ensure its profitability and long-term sustainability in the global market.
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