

# Entry or exit of major firms



In the past year or so, DHL was forced to shut down their intra-America service in the United States; this was due to three consecutive years of net loss. This has opened lots of business for other competitors in the US. Another potential exit could be UPS considering they have currently asked the United States for a bail out and are waiting for a response. Regulatory Influences and Government Policy Changes The major policy change affecting the industry at the moment is the class action suit against FedEx and how they classify their drivers.

As explained, this suit can completely alter how FedEx Ground will run their business. From that, it's clear that government policies and influences play a role in the small package industry just because of how large competitors can be. Nine-Cell Industry Attractiveness-Competitiveness Strength Matrix To view Nine-Cell Industry Attractiveness-Competitiveness Strength Matrix Please Go to Appendix C. 1. All Revenue values used in the nine-cell matrix were derived from the press release of Fiscal Year 2009 Statements (their Fiscal Year 2009 ended on May 31, 2009).

Based off this analysis we can see that the Competitive Strengths are held at the highest level by FedEx Express due to their high level of Global availability and cliental base. However, FedEx Express does fall behind in the Industry Attractiveness because of the effects of our recession. Using the Ground industry in North America has increased by many business and residential customers because of the cost saving in the use of their low-cost provider. Ground has also maintained an on-time delivery service rate of 99%, which can easily encourage past Express users to come to Ground.

Freight is relatively strong in their competitive strengths in their service in comparison to competitors, but is only knowledgeable to those that are aware of the service they provide; therefore this has scored them a medium on Attractiveness. FedEx Services provides many different small administrative services however their attractiveness and competitiveness is medium to low. Lastly, FedEx Other does not stipulate what service or products are provided from them but they have declared a \$306 million loss on revenue. Conclusion

FedEx Service has fallen in a relatively low to moderate area, but it is believed that FedEx Corp should invest more capital into growing these special services because these services currently enhance the FedEx experience. Should they not develop the FedEx Service to a stronger level, this may cause a loss in revenue and open doors for customers to other service providers. In regards to the Other section, it is believed further investigation should be made into this area to determine what product and/or services they offer and conduct many analysis' to decided whether this section is salvageable or should the eliminate this part.

It is recommended for FedEx Corp to; continue investing in the growth of Freight, Ground and Express. They should also spend available cash flows on research and development to enhance the FedEx Services Sector. FedEx Corporation must seriously look into their Other section and determine if this is salvageable or should it be removed from the cooperation. Lastly, it is recommended for them to look into the only missing section of delivery service, which is via water and boats. They must determine if this would be a

profitable area or if they should continue to keep it out of their company profile.