

Parcel and small package delivery industry

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UPS business operations are divided into three segments. UPS delivers packages, provides transportation, logistics, and financial related services both in the US and other countries. The three business segments of UPS are US domestic package, International package and Supply chain, and Freight business segment (Dennis, 2011). UPS supply chain and freight business segment provide services such as customs brokerage, supply chain management, freight distribution, and consulting services such as technology solutions. UPS has 220, 000 employees, 523 aircraft, and over one hundred thousand cars, trucks, and vans for ground transportation. On the other hand, FedEx has four main business segments that are FedEx Ground, FedEx Express, FedEx freight, and FedEx services. FedEx Express is tasked with shipping services for the delivery packages (Kurtz & Boone, 2009). FedEx also provides custom clearing, ocean and air freight forwarding services, and other international trade advisory services (Kurtz & Boone, 2009). FedEx Ground offers ground parcel delivery while FedEx Freight offers the less-than-truckload airfreight parcel delivery services that are time-sensitive. FedEx Services provides customers with numerous services such as computer rentals, information communication solutions, marketing services, web-based platforms, and customer service support (Dennis, 2011). From the business segments of each company, FedEx has managed to diversify the services than UPS that mainly depends on the traditional packages and parcel delivery business segment.

Both UPS and FedEx have an extensive regional presence in Europe and Asian continents. FedEx offers time-specific delivery in most countries especially in Asia through the FedEx Asia one network (Dennis, 2011). FedEx and UPS are the largest companies in the courier industry. FedEx has

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cheerful customer representatives and an extensive global network. FedEx is more reliable than UPS. FedEx land transport may be weaker but it has more than 672 aircraft that travel in more than 400 airports across the world while UPS has more than thirty thousand vehicles on the ground. FedEx delivers 6.9 million average daily packages while UPS delivers 15.8 million packages per day (Kurtz & Boone, 2009). FedEx has an average of 43,000 ground vehicles while UPS has about 101,900 ground vehicles. FedEx has attained an average 4-year actual business growth rate of 3.1 % compared to UPS's 2 % 4-year average actual growth rate. In terms of return on equity, FedEx has a 9.5 % return on equity while UPS has 43.3 return on equity. FedEx has a profit margin of 3.7 percent while UPS has a profit margin of 7 percent (Dennis, 2011).

FedEx delivers packages to any destination within the United States including both fast delivery and overnight delivery. FedEx business is based on five strategies that include lowering the unit costs, building close working relationships with customers, improving the service level, establishing international leadership, and maintaining the people-service-profit philosophy. UPS has maintained a credit rating of AAA compared with FedEx BBB rating due to the efficient utilization of equity and debt capital (Dennis, 2011). UPS offers fast ground transport at lower prices and senders can receive real-time status of their shipments.

SWOT Analysis of FedEx and UPS