

FEDEX VALUE PROPOSITION

The Value Proposition must always answer the question "why should I buy/use your company/product?". FedEx's value proposition - give customer's peace-of-mind and confidence by delivering the package where you need it AND when you need it (on-time). FedEx's value proposition is.

That common culture is what makes FedEx uncommon. Case closed. FedExG has used proceeds from this success to invest in automated sorting facilities, which further lowers cost. When they are not working for FedExG they can leverage their assets to transport goods on behalf of other carriers. Who knew! The company chose not to promise faster delivery of any package "the package would always be delivered by the next morning even if the customer was willing to pay more for special treatment. The result is that FedEx may have an Express facility in an expensive downtown location, and a Ground terminal in a cheaper industrial setting. This secret formula combined with exclusive use of the coca-cola brand name means that nobody else can ever produce a coca-cola product, merely imitations of it. Tailored value chain? In addition, FedExG avoids paying these drivers benefits or vacation pay. UPS on the other hand, has a unionized workforce of employees who are paid by the hour. UPS combines facilities into one location that tries to meet the needs of two very different sets of customers premium service versus value. Loyalty: We earn the respect and confidence of our FedEx people, customers, and investors every day, in everything we do. The advantage of a "uniquely better" value proposition is that you avoid price wars as long as what you're offering remains unique. This guarantee makes life much easier for its customers. It is this focus on safety which makes Volvo cars unique in the marketplace. Values People: We value our people and promote diversity in our workplace and in our thinking. Often in the rush to produce a business plan and find funding, entrepreneurs and companies forego the seemingly mundane bench work of fully fleshing out the value proposition and business model. FedExG can price lower than UPS, allowing them to increase volume in a business that benefits from economies of scale. The disadvantage is that you're always in danger of becoming a commodity that can easily be swapped out. This requires a manufacturing and distribution methodology that squeezes every drop of extra operational cost. Unique value proposition? The customer will pay more in order to save time and mental energy. But for those companies who needed to get staff on the road sooner than am, the premium was well worth it. FedEx allows each business unit to manage its operating network in a way that best meets customer needs "facilities are rarely combined. The classic example of this is Fedex, which can charged a premium because it "absolutely, positively" promises on-time delivery. Plus, they may sense a certain psychic value through their belief that using an Apple validates their own self-assessments as more highly evolved, creative beings. One that puts our team members first. Contrary to what may be thought, FedExG drivers are not being taken advantage of in this model. In some cases, as with companies like Webvan or Amazon, the value proposition was so compelling and new that a certain expectation arises that the business model will evolve to fulfill the promise of the value proposition. Dell will deliver a low-cost, customized computer direct to your door. All three companies effectively executed their strategies and also taught us that you can serve the same function and be successful if you implement a sound strategy. You betcha. The cheapest Ground carrier is now also the carrier with the fastest service. Similarly, if shipping is a big expense, you might locate your manufacturing locally to the customer. At first blush, these three companies appeared to be competitors but upon closer examination, they each passed the five tests of a sound strategy. What FedEx realized was that the value of what the company proposed to do was intrinsic not to using the service but to not using it. FedExG deals with this variability by outsourcing line-haul trucking, pick-up, and delivery to independent contractors. The disadvantage is that you're forced to fight endless price wars because competitors following may leapfrog your cost-of-goods or sell at a loss to build marketing share. Yet envisioning, articulating and then implementing them requires a tremendous amount of up-front thought. Share This! UPS rather than Fedex. The interesting thing was that if there was a package that was not from an elite customer, there was no guarantee that it would arrive on a certain day, let alone by a certain time. And everyone in the company knew the model. Here they are: 1.