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Case Summary Airborne Express

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1.) Thanks to the Analysis of the Airborne Express mail industry, it was pretty clear that the competition between these companies was very rough. They all provided an almost identical package or mail delivery service, and their operations were essentially alike; in simpler terms, they just moved a package from one place to another. These firms also possessed resources with parallel proportions, such as the number of employees or sizes of new Hubs. They were so similar in the '90s, that in fact, their prices also were the same. "In the early 1990s, industry observers heralded a bloody "parcel war" between Federal Express and UPS. Each company matched not only the other's prices but also the other's innovations." Due to these low prices, there was not a lot of brand loyalty on the consumer's part; especially big businesses that were always price-driven at the time to select a provider for their delivery needs. All in all, this means that the low-switching costs provided the buyer with some power in the industry, naturally making these firms innovate as much as they could to make business with high-volume buyers.

It is also very important to notice that this analysis is about the mail industry in the 90s. A decade when the internet was beginning to catch up with society and replaced many products or services; sadly this industry was no exception to this. Just as they had other threats that could substitute their products, the creation of electronic mail (email for short) became a really big problem for them. These companies realized that a valuable part of their profits would decrease

thanks to this. Since a segment of their market was taken away by email they now had to compete even more against each other for the deliveries of packages.

2.) **UPS:** When reading the UPS history part of the analysis, it states that the company was very proud of having the same rates for everyone for many years, and they even viewed the USPS as their main rival and tried to match their low prices. This might give the impression that the company had a cost leadership strategic position with a broad market within the mail industry. However, with Federal Express's emergent success during the late 80s and the early 90s, UPS quickly realized that in order to compete it had to make adjustments to its business model. The company decided to invest in indispensable resources, in order to provide better customer service; changing from a low-cost leadership to a differentiation type of strategic positioning, but still being broad within their possible buyers.

Airborn Express: Just like UPS, Airborne express was known for its low prices offered to customers. On top of that, they also had more money invested in resources, one of them being: an airport that served the function of a hub or the major software system that provided customers with information on their packages. However, the company solely focused on businesses with a high volume of packages or mail that was needed to deliver. This would mean that its positioning was on a focused part of the market yet integrated the practices of low-cost leadership and differentiation.