



Marketing Case Study

FedEx: Making Every Customer Experience Outstanding

DA YEH PhD program in management

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My MOTTO of Marketing



*Sell yourself before selling
your product!*

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01

Introduction to FedEx

Introduction to FedEx

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FedEx: Single-minded focus on the customer experience

- From its humble beginning, in 1971, FedEx has grown into a \$46-billion-a-year global giant.
- Everyday, 325,000 FedEx employees deliver 11 million packages Via 673 aircraft and 100,000 motor vehicles, connecting more than 99% of world's GDP.

Introduction to FedEx

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FedEx: Single-minded focus on the customer experience

- When you have a package that must arrive at a distant location with 24 yours, what's the first company that comes to mind?
It's *FedEx*.
- As Google used for Internet search, you can “*google*” it, FedEx is used as in “I’ll *FedEx* it to you.
FedEx is synonymous with *overnight shipping*.”

A wide-angle photograph of a city skyline at dusk or dawn. The Taipei 101 skyscraper is the central focus, illuminated with a golden glow. Other buildings of varying heights are visible, some with construction cranes. The sky is a mix of blue and orange, with soft clouds. In the foreground, there are silhouettes of trees and a grey geometric overlay containing the number "02".

02

Starting with a Customer Need status

Starting with a Customer Need

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Fred Smith saw trend emerging

- It all started in the 1960s when Fred Smith, FedEx's founder and current chairman and CEO, was an undergraduate student at Yale, paying his way through school working as a charter pilot.
- As he crossed paths with corporate pilots, the young Smith saw a trend emerging.

Starting with a Customer Need

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Fred Smith saw trend emerging

- Companies often used their own corporate planes as internal courier system – at great expense – to cart around *the customer needs* in an effort to minimize downtime.
- *The customer needs* – Computer components or parts urgently needed to the right place

03

A wide-angle photograph of the Taipei skyline at dusk or dawn. The Taipei 101 skyscraper is the central focus, illuminated with a golden glow. Other high-rise buildings are visible, some with construction cranes. The city is set against a backdrop of mountains under a blue sky with scattered clouds.

Putting the Customer First

Putting the Customer First

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FedEx's first positioning *slogan* – FedEx: When it absolutely, positively has to be there overnight

- If people were going to use FedEx in lieu of having incalculable amounts of money tied up in inventories, it “absolutely, positively” had to be there when promised”
- To ensure to deliver on that promise, Smith pursued the goal with a “*no holds barred*” vigor.

Putting the Customer First

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No holds barred

- Nationwide clearinghouse infrastructure, Fleet of planes and trucks.
- But while the complex and expensive, those attributes were conventional.
- It was the unconventional elements that characterized the boundless pursuit of customer service that formed the core of the FedEx brand.

Putting the Customer First

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- **Unconventional elements that characterized the boundless pursuit of customer service that formed the core of the FedEx brand**
- Multiform labels
- Small computers with barcode-scanning capabilities
- Tracking the inventory on the move

Putting the Customer First

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Purple Promise

- A promise committed to memory by every FedEx employee: “*I will make every FedEx experience outstanding.*”
- But the promise goes far beyond traditional service.
It require all employees, regardless of their job titles, to recognize that what they do affects how customers perceive the FedEx brand.

Putting the Customer First

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Leaning tower of packages

- For years, FedEx management thought of the majority of customers at its World Service Centers and FedEx Office locations as “Frisbees”
- A study revealed that all customers were pleased with their experiences when dropping off packages.

Putting the Customer First

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Confirmers

- The other 90% fell evenly into three different behavioral groups
The most intriguing of these groups was the “**Confirmers**”, in a word, Confirmers were “**uneasy**”
- That worry was compounded by the “leaning tower of packages” – FedEx-speak for the piles of packages already stacked behind the counter

Putting the Customer First

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A wall behind the counter

- Those uneasy customers were on the verge of taking their shipping business elsewhere
- FedEx's *Purple Promise*: The company placed a *wall* behind the counter with five presort windows.
- Customers will see the package through window slip down to that corresponded to the type of service the customer had purchased.

04

A wide-angle photograph of the Taipei skyline at dusk or dawn. The Taipei 101 skyscraper is the central focus, illuminated with a golden light. Other high-rise buildings are visible, some with construction cranes on top. The city is set against a backdrop of mountains under a blue sky with scattered clouds.

The Purple Promise Today

The Purple Promise Today

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Nicole Snow – Loyal FedEx customer

- Social media - More action than talk
- One example of how FedEx remains open to customer-centered change is the degree to which it has embraced social media.
- Nicole Snow is in a remote area in Maine, one day reached out to FedEx on social networks and asked for help.
The team responded immediately and helped her solve the problem.
- Snow is now a huge FedEx fan and advocate

05

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Chinks in the Armor

Chinks in the Armor

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There are bound to be some glitches now and then

- Despite FedEx's obsessive customer focus, with 11 million packages flying all over the planet every day, there are bound to be some glitches now and then.
- *Employees mishandled packages*
Rear door wide open and packages falling out onto the highway
FedEx driver was caught stealing iPhones out of customers' packages

Chinks in the Armor

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Everyone at FedEx is committed to placing customer needs at the center of everything we do

- Today, FedEx continues to focus on its goal to “make every FedEx experience outstanding”
- One recent statement, “Everyone at FedEx is committed to placing customer needs at the center of everything we do”

The pledge seems to receive more than just lip service. 口惠不實

Chinks in the Armor

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Putting Customers First

- Top 10 of both *MSN Money's* “Customer Service Hall of Fame” and *Fortune's* “World’s Most Admired Companies
- With founder Fred Smith still at the helm after more than 40 years, it appears that FedEx intends to be around for the long haul by *putting customers first.*

06

A panoramic view of the Taipei skyline at dusk or dawn, with the Taipei 101 skyscraper as the central focus. The city is illuminated by the warm light of the setting or rising sun, and mountains are visible in the background under a blue sky with light clouds.

Chinks in the Armor

Questions for Discussions

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1. Give examples of needs, wants, and demands that FedEx customers demonstrate, differentiating these three concepts.
2. Describe FedEx in terms of the value it provides customers. How does FedEx engage customers?
3. Evaluate FedEx's performance relative to customer expectations. What is the outcome of this process?
4. Which of the five marketing management orientations best applies to FedEx?
5. With increased competition today, how can FedEx continue to be competitive?



**Thank
You.**

Current Aviation Industry Development and Opportunities in Taiwan

Q&A