**A MARKET RESEAERCH REPORT ON VISA Inc.**

**Report’s Overview**

1. Visa Inc.: the company, its close peers, substitutes, and new markets.
2. Visa’s cost and revenue drivers and their relationship with current market trends
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**Visa Inc.: the company, its close peers, substitutes, and new markets**

Visa Inc. is a leader in the financial industry, specifically in the digital payment world. The company has a strategy focused on accelerating growth in consumer payments, new flows, and value-added services. Broadly, the company serves four customer segments, which are the financial institutions (classified as the issuers and acquirers), the card holders, and the merchants. In an effort to deepen its cardholder base, Visa operates a Multi-sided Platform business model that stimulates the usage of the card by the holders, which in turn increases the merchant’s acceptance of the card. Some of the company’s peers are American Express, Master Card, PayPal, etc. Several close substitutes for Visa Inc. include cash, checks, wire transfers, etc. Irrespective of the close substitutes, there are emerging markets in the digital payment service, like the use of crypto assets, that could pose a challenge to Visa’s authority.

**Visa’s cost and revenue drivers and their relationship with current market trends**

The company’s **revenue streams** are anchored on the four-party payment model which are outlined below:

1. Service revenues (source: from banks)
2. Data processing revenues (sources: from authorization, clearing, settlement and transaction processing services)
3. International revenues (source: from transactions where merchant’s country differs from cardholder issuer country)
4. Other revenues ( sources: license fees for usage of the Visa brand; Visa Europe; service fees; licensing and certification; and other activities)

On the other hand, the company’s **cost drivers** are Personnel, Litigations Provision, Network, EDP, and Communications

**Visa Inc.’s: A SWOT Analysis**

The analysis of Visa’s position of strength , weakness, opportunities and threats are outlined below:

**Strength (S):** Visa has a widespread brand with huge acceptance as an industry lead in global payment platform by consumers, merchants and banks. Also, visa has a strong acumen in robust and secure technical infrastructure. The company is very strong in marketing and branding which provides the customers with excellent perception of quality, reliability and conveniences. The cumulative impact of all these factors have allowed Visa to maintain a dominant market share in the financial service sector.

**Weakness (W):** The emergence of digital wallet and cryptocurrencies as an alternative payment method poses challenges for Visa because of its over reliance on the credit card market. The issue of currency instability is a major issue for Visa as well since its operation is global. PayPal, American Express, Mastercard etc. are competitors with strong influence which Visa faces.

**Opportunities (O):** The opportunities that abound for Visa are but not limited to; strategic partnerships and acquisitions of emerging financial technology companies. Pursuing these opportunities would create a diversified revenue base for Visa, increase the feasibility of its products and service. The digital payment industry is growing fast, Visa is solidifying its market position by high-value investment in mobile and contactless payment, and can further consolidate its leading strategy by tapping into the value that abounds in the ongoing shift towards cashless transactions and e-commerce.

**Threats (T):** Compliance is highly important in the financial industry. More challenging is in that, regulations and challenges changes rapidly. The aftermath of these changes can affect Visa’s forecasted revenue and mapped out strategies. Visa’s traditional business model is threatened by the emergence of blockchain technologies and cryptocurrencies. Visa is huge with a global presence, hence, it can be a major targets for cyber-attacks and the high need to ensure data protection and avoid data breaches is important. Visa’s rivals are established business with global presence too. More challenging are the emerging competitors with strong acumen in technology and cutting-edge techniques.

**Visa Inc.’s: A PESTEL Analysis**

This assesses Visa’s business tactics across various external factors like political, economic, social, technological, legal and environmental. The outline below details the analysis.

**Political Factors:** The long-term sustainability and profitability of Visa Inc. is tied to stable political space in countries they operate in. Being a global player, the company is prone to changes in political environments of different countries. It is worthy for Visa Inc. to diversify its systematic risks. Some political influencing factors that affects visa are;

1. **Political stability**: The more stable a political space is, the better for the business in planning and predicting market growth. However, a troubled political environment harms stakeholders’ believe and even more, increased political tensions can impeded growth potentials available to Visa Inc.
2. **Changing policies**: governments in every country sets priorities and formulate policy directions. Thus, it is imminent for Visa Inc. to each country’s trend as changes in government deliverables may change the government’s priorities towards the development of different industries.
3. **Other factors**: Protests/pressure groups and governance system, bureaucracy and corruption and taxation, trade restriction and intellectual property protection.

**Economic Factors:** exchange/interest rate, labour market conditions, inflation and saving rates are economic indicators that describes the overall economic environment of a country and Visa Inc., if the need to evaluate the growth of industry and organization must take cognizance of these economic elements. Some economic factors that influences Visa Inc. are economic/business cycle stage; rates of inflation, employment, interest and forex exchange; labour market conditions; economic structure and financial markets efficiency.

**Social Factors:** the need to drive high-level organizational structure is significant as it determines the culture of work and performance efficiency of the work force. Furthermore, Visa Inc. needs to understand the demographic trends, power structures, consumers’ spending patterns and shared beliefs in order to craft tailored marketing strategies and target the consumer groups. Some social factors that influences Visa Inc.’s social factors are demographic trends, equality and power distance, gender roles etc.

**Technological Factors:** during strategic decision making processes, it is germane to factor in the outcome of a detailed technological analysis of the environment in order to capture value and achieve business advantages like boosting innovation, profitability and enhancing the operational efficiency. For Visa Inc., some promising influencing technological factors are social media marketing, technological innovations and development level, research and development on technology and impact on cost structure and value chain etc.

**Environmental Factors:** with the rate of advocacy for climate actions, it is imperative to imbibe the culture of thorough environmental analysis and incorporates the outcome into the overall business strategy. Some environmental factors Visa Inc., can consider are recycling and waste management, renewable technologies, behaviours towards eco-friendly products, weather and climatic conditions etc.

**Legal Factors:** it extremely important to study the legal details, environment and regulatory structure of the new consumer markets by Visa Inc. before investing in them. The unfortunate event of not considering legal factors can lead to hurting competitive advantage premised on the violation of consumer protection standards. Some legal factors that influences Visa Inc. are employee protection laws, consumer protection laws, intellectual property laws etc.

**Visa and its Peers: an analysis on the competitive environment, performance evaluation and key strategies.**

In comparison with its peers like America Express etc., the Q1 2023 report analysis of Visa Inc., against others is summarized below;

**Revenue** wise, Visa Inc.’s revenue grew by 11.07% year-on-year. This is above Visa Inc.’s competitors average revenue growth of 10.81% reported in the same quarter. The **Net Income** of Visa Inc. grew by 16.73% year-on-year in the reported quarter. This is a faster growth compared to 3.69% of competitors’. In terms of **payment volumes**, **total volume** and **number of transactions**, Visa is the largest retail electronic payments network in the world. In comparison with PayPal and Mastercard Incorporated etc, Visa Inc., with a $492.92B has the highest **market capitalization**. However, it has lower workforce compared to the two mentioned peers. It has the lowest **monthly return** of 7.6% compared to Mastercard (7.90%) and PayPal (11.23%). One month **Price Performance** of Visa is estimated to be 7.6%, 0.14% lower than Mastercard’s and 3.63% lower than PayPal’s. Debt wise, it has the highest **long term debt** with 20.61B, 5.32B higher than Mastercard’s and 10.13B more than PayPal’s.

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