**Market Research Report for Visa Plc**

1. **Identify the industry the company is in**

The global payments industry

1. **Identify two close peers for the company**

American express

Mastercard

1. **Analysis on the competitive environment of the company and its peers evaluating their performance and key strategies / Identify substitutes and new markets**

New markets

The global payments industry continues to undergo dynamic change. Existing and emerging competitors compete with visa’s network and payment solutions for consumers and for participation by financial institutions and merchants. Technology and innovation are shifting consumer habits and driving growth opportunities in ecommerce, mobile payments, blockchain technology and digital currencies.

These advances are enabling new entrants, many of which depart from traditional network payment models. In certain countries, the evolving regulatory landscape is creating local networks or enabling additional processing competition.

Competition

Visa inc. competes against all forms of payments including, paper-based payments, primary cash and checks and all forms or electronic payments. The electronic payments competitors of Visa inc. principally include: Global or multi-regional networks including Mastercard, American express, JCB in Japan and Diners Club. These networks typically offer a range of branded, general purpose card payment products that consumers can use at millions of merchant locations around the world.

The table below compares the network of Visa Inc. with its global competitors and showing its strength in payment volumes.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | Visa | Mastercard | American Express | JCB | Diners Club |
| Payments volume ($B) | 10,894 | 5,975 | 1,274 | 325 | 207 |
| Total volume ($B) | 13,508 | 7,723 | 1,284 | 335 | 219 |
| Total Transactions (B) | 244 | 140 | 9 | 5 | 3 |
| Cards (M) | 3,936 | 2,579 | 122 | 144 | 66 |

Real-time payment (RTP) networks

Alternative payment providers: These providers such as closed commerce ecosystems, BNPL solutions and cryptocurrency platforms, often have a primary focus of enabling payments through ecommerce and mobile channels, however they are expanding or may expand their offering to the physical point of sale.

Payment processors: Visa Inc competes with payment processors for the processing of visa transactions.

Value added service and new flows providers: Visa face competition from companies that provide alternatives to our value-added services as well as new flows (e.g. visa direct and visa B2B Connect). This includes a wide range of players including technology companies, information services and consulting firms. It is believed that regulatory initiatives could also lead to increased competition in these areas.

1. **Identify the key revenue and cost drivers.**

Visa Inc seeks to accelerate revenue growth in three primary areas — consumer payments, new flows and value-added services. The components of its net revenues include service revenues, data processing revenue, international transaction revenues and client incentives. Total net revenues for 2022 amounted to $29,310m.

The key revenue drivers for Visa Inc are payment volume on visa products for purchased goods and services.

Revenue per transaction \* transaction volume.

Based on payments volume and number of transactions, Visa is one of the world’s largest electronic payments system.

Cost Drivers – as % of revenue (trend analysis)

Personnel costs (17% of net revenue), Marketing costs (4.5% of net revenue), Network and processing costs (2.5% of net revenue), Professional fees (1.7% of net revenue), Depreciation and amortization (2.9% of net revenue), General and administrative (4% of net revenue) and litigation provision (2.9% of net revenue).

**6. A SWOT grid for the company**

**Strengths of Visa**

**Innovative Products:**It has a successful track record of developing new innovative products according to the needs and changing customer behaviours and requirements to attract their customer base and to be able to satisfy their customer needs.

**Largest Market Share:** The company has the largest share base in the United States as it operates on a global level.

**Endorsements:** Visa has many sponsored events such as Visa Newsroom, Olympics, the Paralympics, FIFA and events happening on a global level.

**Currency of Progress:** It has launched a program to better educate the world about how digital currency advances economic empowerment and business competence worldwide.

**Weaknesses of Visa**

**Abortive in Integrating Firms with Many Work Abilities:** Visa is not highly successful at integrating firms with many work abilities and they are not able to focus on many things one at a time so there are not able to adjust to terms and conditions according to the needs of the company and that is why they only what they can handle well

**Risk & Hazards:** Visa is highly exposed to risk and fraud. The internal analysis gives insights into Visa’s weak transaction system that sometimes lead to major duping payments and due to this problem, customers doubt the veracity of the company and its products thus Visa transactions might lead to chaos at times.

**High Dependency Rate:**Visa has a high dependency rate on contractual relationships with large clients.

**Opportunities for Visa**

**Upgradation in Technology:** Visa’s new technology offers a convenience to practice distinguished price strategy in the new market. It can maintain its firm customers by providing great service and also able to attract some new customers utilizing value-oriented proposals. **(e.g. Visa Enable**[**Next-Gen of Digital Payments**](https://www.electronicpaymentsinternational.com/news/visa-launches-fintech-partner-connect-to-enable-next-gen-of-digital-payments/)**).**

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**E-currency:** The across world use of digital currency at the international level has seen a big indication for Visa.

**Threats to Visa**

**Global Transactions:** As Visa is being operated across the globe, it is exposed to currency fluctuations as different countries have different currencies so these fluctuations happen because the price differs from country to country.

**Competing Environment:** The highly competitive environment in the financial market is very much dangerous for Visa.

**Strengths**

Strong and secure payment infrastructure

* Strong distribution network

Market leadership and strong brand value

Strong strategic partnerships with card issuers and merchants

Resilient business model that protects against inflation

**Weakness**

Lack diversification in business model

Lack of product development to combat new and emerging payment methods

Lack of innovation

**Opportunities**

Increasing preference for online shopping and cash-less transactions due to the pandemic

Opportunities to collaborate with emerging competitors like PayPal and mobile wallets

Loyal and large customer base that can be introduces with new or add on products

Availability of vast data that can be researched for product development

**Threats**

Threat of becoming obsolete due to new and emerging payment technologies

Increased competition owing to duopoly market

Lack of differentiation from competitor

Large amount of personal data that needs to be secured for privacy

Threat of fraudulent activities

Threat of money laundering and terrorism financing

**7. PESTEL grid for the industry Visa Inc.**

**The political factors:**

The nation has a dynamic common society network and Visa Accounts should fabricate spans with them and search out regions of co-tasks. Common society gatherings are persuasive in strategy making as well as in building a general public wide story. Visa Accounts need to live with working under the shadow of a fear-based oppressor assault. Visa Accounts can flourish in an open, straightforward and stable world of politics.

**The Economic factors:**

The higher GDP development rate sign developing interest in the economy, Visa Accounts can use this pattern by growing its item extend and focusing on new clients. One approach to begin is by intently mapping the progressions in – purchaser purchasing conduct and developing incentive.

**The social factors:**

Visa Accounts ought to deliberately break down the mentality towards power before propelling a showcasing effort for its items and administrations. Visa Accounts ought to think about statistic slants before new item improvements.

**The technological factors**

Visa Accounts needs to make sense of the degree of innovation acknowledgment in the general public before propelling new items. Frequently organizations enter the field without imperative foundation to help the innovation arranged model. Visa Accounts ought to break down territories where innovation can enable inventory network accomplices. This can help Visa Accounts to acquire more straightforwardness and make inventory network increasingly adaptable.

**The environmental factors**

The arrangement of waste administration in the planned market and how Visa Accounts can stick to the waste administration prerequisites in that market. Visa needs to understand how environmental change will affect Visa Accounts plan of action and production network.

**The legal factors:**

Visa Accounts needs to evaluate what are the information laws in the nation and what it needs to do to agree to them. The work laws in the nation and are they steady with the plan of action of Visa Accounts. Visa Accounts ought to do an essential research in regards to how a lot of time it regularly takes to finish up a court case in the nation given the kind of lawful difficulties Visa Accounts can confront.

**Political**

Demonetization (India)

Attitude of ruling party about cards instead of cash

Government backed local competitors

Tax legislations

**Social**

Attitude towards credit cards/savings

Card penetration in developing countries

Increasing number of elderly people becoming digitally literate

**Technological**

Impact of technology helping competitors and new entrants

Costs for new technology adoption and prevention of fraud and crime

Crypto currency gaining market share

Emerging mobile wallets like paypal

Penetration of ATMs and Point of sale

Tokenization, Biometrics, Machine learning

Tap to pay, Scan to pay

**Environmental**

Global warming impact on weather issues which affect spending patterns

Seasonality impact on spending patterns

Covid and work from home culture increasing the use of cards in e-commerce compared to cash

**Legal**

KYC and privacy laws in various countries

Anti money-laundering laws

Privacy and data protection laws

**Industry Analysis/Key strategies**

The global payments industry has been growing rapidly ever since the aftermath of the 2008 recession, in 2018 the industry totaled revenues of 1.9 trillion.

The strategy for Visa is to expand their core Business which consists of Core Products (cards), Tap to pay technology, Ecommerce (outpacing physical retail), Access & Acceptance (new markets), Partnerships (through fintech development) and Ventures (strategic investments to enrich broader payment systems). In 2019 Visa acquired earth por EarthPort that allows Visa to reach 99 percent of the world’s banked population in 88 countries, including the top 50.

Visa provides auxiliary or value – added services which is a growth opportunity. Visa’s fraud and security services run by artificial intelligence-powered risk scoring engine helped financial institutions prevent about $25 billion in fraud. In addition, Visa provides tokenization services and their product, developed by their provider Bell ID, allows users for much lower fees. Visa also provides data analytics, settlement and other services within this group of services.

Mastercard’s strategy is to broaden their capabilities as consumers and merchants demand enhanced payment options, with Mastercard focusing its technology on the business-to-business market which Mastercard estimated is a $25 trillion market annually in the U.S. Mastercard have begun implementing this strategy through various acquisitions.