Term Project Dissertation Report on

MARKETING STRATEGY AND COMPARATIVE ANALYSIS OF AMERICAN EXPRESS BANK

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CERTIFICATE

This is to certify that Mr. Devashish Kumar Saraswat, has completed the term project titled

"MARKETING STRATEGY AND COMPARATIVE ANALYSIS OF AMERICAN EXPRESS BANK" under the guidance of Ms. Shelika Arora as part of the Executive Master of Business Administration (EMBA) curriculum of Delhi School of Management, New Delhi. This is an original piece of work and has not been submitted elsewhere.

Mentor Name and Signature
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DECLARATION

I, Devashish Kumar Saraswat Roll No. 2023/EMBA/13 student at Delhi School of Management,

Delhi Technical University, Bawana Road Delhi – 110042 studying in EMBA with this declare that I have completed the project on "MARKETING STRATEGY AND COMPARATIVE ANALYSIS OF AMERICAN EXPRESS BANK" during the semester 3rd of the academic year 2023-2025 under the guidance of project guide Ms. Shelika Arora. The information submitted is true and original to the best of my knowledge.

Devashish Kumar Saraswat (2023EMBA/13)

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AMERICAN EXPRESS BANK. "I also wish to express my sincere gratitude to the non-teaching staff of our college. I sincerely thank all of them for helping me carry out this project work.

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ABSTRACT

Every organization these days wants to advertise their products and spend a lot of money on promotional activities so that people buy and consume their products/services and earn in turn. This is what is known as Marketing strategies created by brands to advance themselves. Organizations always try to create marketing strategies based on various parameters first the segmentation of the market then positioning of the product in those segments and end up targeting the population more fruitfully.

There are many Banking/Financial companies in the Indian market as well as globally with huge competition between them like American Express, Visa, Mastercard, etc. All of them are famous because of their brand promotion and marketing strategies. In this report, the marketing strategies of American Express will be highlighted to understand the internal and external marketing forces that affect its performance. Also, we will see how American Express is performing in the market concerning other competitors in terms of process and other parameters.

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CHAPTER 1: INTRODUCTION

A marketing strategy is a detailed and thorough document that defines an organization’s approach to promoting its products or services. Crafting such a strategy is vital for any business looking to thrive in today's competitive landscape. Each company engages in developing a marketing plan that outlines specific policies designed to drive sales, ensuring that their offerings stand out in the market. Central to brand promotion is the emphasis on highlighting the quality and standards associated with the products. By implementing innovative strategies and actionable plans aimed at building a robust brand, organizations can create pathways to success.

Moreover, marketing literature serves as a critical tool for conveying the brand’s marketing communications to various media outlets. In modern business, the promotional strategy has evolved into a crucial element of the production plan, efficiently drawing in customers and enhancing visibility. To expand their market share, organizations devise a diverse array of strategies, all aimed at boosting revenue generation and achieving long-term sustainability. It is also essential for organizations to conduct a thorough analysis of their brand’s strengths, weaknesses, opportunities, and threats (SWOT analysis) to navigate challenges effectively.

The concept of a global brand value chain helps measure how well a brand performs on the international stage, giving insights into its global impact. Companies must unlock the secrets to developing unique brand identities and establishing distinct business outlets to stand out in the crowded marketplace. In particular, the Indian market presents unique challenges; its competitive nature implies that understanding consumer needs and market dynamics can significantly influence profitability and minimize losses.

From an operational perspective, tracking marketing progress is critical for businesses as it provides valuable data that allows them to assess their successes and identify areas for improvement. Key stakeholders within the organization must remain informed about the marketing strategies in play. By understanding the marketing plan, stakeholders can contribute meaningfully and realistically to shape and influencing the strategic direction.

In essence, the development of a marketing strategy is paramount for any business. It represents a focused effort to align limited resources with opportunities for significant sales growth and exceptional customer satisfaction, both of which are integral to fulfil
the needs and desires of customers.

American Express exemplifies a successful organization in this domain, functioning as a global leader in travel, banking, and network services. Established in 1850, it has risen to prominence as a Fortune 500 company, widely recognized for its financial products. The company offers an array of financial services, including charge and credit cards, traveller's checks, and other secure payment solutions.

So, what accounts for the remarkable success of American Express? A key factor lies in its adept use of digital marketing strategies, which have propelled the company to a leading position in the banking sector. In an age where the digital landscape is ubiquitous, it is clear that marketing has become the backbone of virtually every industry, shaping how businesses connect with consumers and achieve their goals.

1.1: COMPANY PROFILE

American Express is a global company that provides travel, financial, and network services. It started in 1850 and is now a Fortune 500 company. The firm offers charge and credit cards, traveller's checks, and other stored-value products. American Express is the largest issuer of charge cards in the world and is also the biggest travel company and issuer of traveller's checks.

In addition, American Express provides financial planning, brokerage services, mutual funds, insurance, and other investment products. The company has 2,300 offices and operates in 175 countries. It oversees three main businesses: American Express Travel Related Services, The American Express Bank Limited, and American Express Financial Advisors.

The American Express Bank Ltd. was founded in India in 1921. Its main goal is to offer financial and commercial banking services to large businesses in India. The bank serves a wide range of industries and consumers. In 1998, it expanded by launching retail banking services in India.

American Express Bank Limited is known for its effective marketing strategy. It promotes its products with meaningful social themes, which helps it stand out from competitors. The bank uses modern marketing techniques, including digital marketing, to run online campaigns on social media platforms like Facebook, LinkedIn, and YouTube.

Chief Executive Officer	Stephen Squeri
	Elizabeth Rutledge
	Worldwide
Industry	Banking, Financial Services
Revenue	$64.56 Billion
Vision	Provide the world's best customer experience every day.
Tagline	Don't do business without it. Don't live life without it

Table 1.1: Overview of American Express Bank: Key Statistics

Chief Marketing Officer

Area Served

1.2: OBJECTIVE OF THE STUDY

1. In this case study, we will explore the marketing strategy of American Express Bank, focusing on segmentation, targeting, positioning, marketing campaigns, social media marketing, celebrity marketing, mobile apps, and content marketing strategies.
2. Comparison of processes with other financial organizations, such as Visa and Mastercard.
3. Why haven't American Express cards succeeded in India? How can American Express enhance its presence in India?
4. How is American Express developing its environmental, social, and governance (ESG) strategy?

CHAPTER 2: LITERATURE REVIEW

Marketing strategies outline an organization's promotional efforts for a brand within a specific year. Developing a marketing plan is essential for any business aiming to grow and thrive in today's competitive environment. Every company must carefully plan its marketing strategies to boost sales of its products or services, as major stakeholders are interested in understanding the action plan for product marketing to justify their significant investments.

American Express, established in 1850, has implemented various strategic plans for its card products to outperform competitors over the years. Recently, the company has adopted multiple segmentation approaches, including demographic, geographical, and location-based strategies. In terms of demographic segmentation, American Express targets customers across all age groups, such as Gen Z, Gen X, and Baby Boomers. The geographical and location-based strategies focus on the ethics, personalities, and lifestyles of customers.

Despite facing competition from companies like Visa and Mastercard, American Express has a significant advantage due to its strong financial position, which allows it to implement various marketing plans on a larger scale. However, a major drawback is that American Express offers a limited range of products in comparison to its competitors. To address this limitation, American Express can expand its product offerings by targeting the increasing demands of consumers, thus enhancing sales. This can be achieved by engaging with consumers on social media platforms like Facebook, Twitter, and Instagram, and promoting their new range of products through these channels.

CHAPTER 3: RESEARCH METHODOLOGY

This research methodology involves the collection of data, the application of various approaches, and the validation of estimated market figures through primary research. The information presented here aims to estimate the market size of different key industries within this sector using both primary and secondary data.

Primary data is collected primarily to obtain factual responses from policymakers and marketing personnel at the banks being studied. Secondary data is gathered from sources such as magazines, newspapers, and previous related studies. Various reports related to banking have been reviewed to better understand the challenges of marketing services within the banking sector.

Descriptive research is the chosen methodology, as it is comprehensive in addressing most aspects of marketing research. The objective is to provide an accurate depiction of certain elements within the market environment. This method is more rigorous than exploratory research and focuses on describing the uses of the product.

Nature of study: This project is descriptive in nature.

Nature and Sources of Primary Data: The data for this project is collected from various published articles and reports to enhance the study's credibility and factual basis.

Method of secondary data collection: Information was gathered from a variety of sources including articles, balance sheets, income statements, annual reports, social media, magazines, ResearchGate, websites, reports, press releases, and international journals.

Analysis of Data Collection: Types of data analysis techniques used in the project:

- ✓ Graphical analysis performed using MS Office – Excel.
- ✓ Percentage analysis performed using MS Office – Excel.

The information obtained from the primary source was analyzed using Microsoft tools. The results from the Excel worksheet were refined and interpreted to enhance our understanding of data analysis. Additionally, various graphs and charts were generated using Microsoft Excel to visually represent the findings.

CHAPTER 4: MARKETING STRATEGY OF AMERICAN EXPRESS BANK

American Express's segmentation divides its marketing strategy into different parts based on several factors.

- Demographics
- Geographical
- Location-Based

American Express identifies different groups of customers based on their specific needs. The company segments its products according to customers in the same geographical region.

American Express's **targeting** strategy allows them to differentiate within a large market by focusing on distinct segments. They analyze and cater to all customers based on various characteristics, mainly targeting individuals with higher incomes.

Positioning refers to how their products and services compare to those of other companies. American Express simplifies offerings, prioritizing convenience and safety for its customers. Given that their clientele tends to be affluent, they implement sophisticated strategies to meet their needs.

Marketing Campaigns

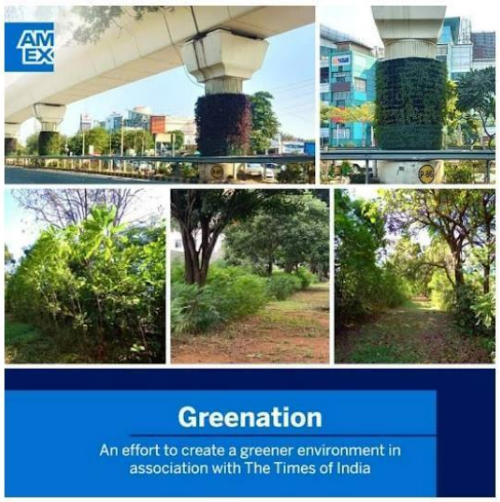

Figure 4.1: Environmental initiative

Three years ago, American Express launched an environmental initiative project in partnership with the Times of India. Over this period, the project has successfully established and maintained vertical gardens on all the pillars in Gurugram. Such initiatives contribute to increasing greenery in the environment and improving air quality, while also raising societal awareness. #InvestInOurPlanet

#MakeMyTrip

A campaign was launched in November 2021 with MakeMyTrip to provide the best travel offers to its customers, including discounts of up to 15%. This initiative aims to increase the company's profits.

Figure 4.2: MakeMyTrip American Express Card

#Empowering Women Artisans

Figure 4.3: Empowering Women Artisans

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This campaign started in 2022 on International Women's Day with Dastkar Delhi, supporting small industries severely affected by the pandemic. American Express and Dastkar showcase the inspiring stories of many craftswomen.

Social Media Marketing

American Express maintains an active presence on all social media platforms, which are well-managed and have a large audience.

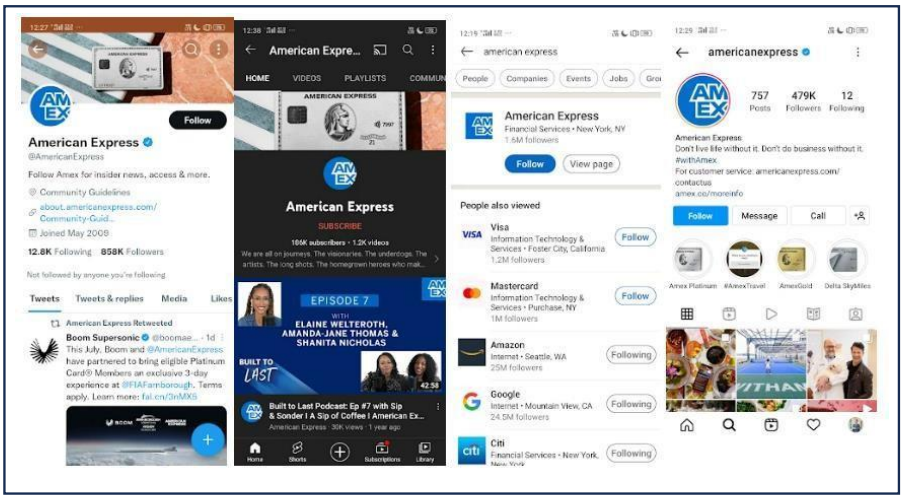


Figure 4.4: Social Media Marketing Campaign

LinkedIn is one of the most popular social media platforms for American Express, boasting over 1.6 million followers. It effectively attracts new customers while retaining existing ones by offering information about credit cards, promotions, and more. The company also maintains a presence on other social media networks, including Twitter, YouTube, Facebook, and Instagram.

Search Engine Optimization (SEO) Strategies

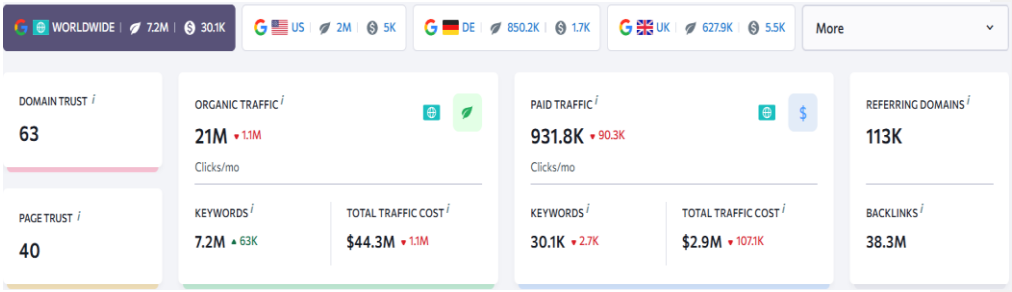


Figure 4.5: SEO Traffic

According to SEO rankings, American Express Bank has over 7.2 million unique organic keywords, demonstrating the outstanding performance of its digital marketing efforts. Additionally, the bank receives approximately 21 million visitors per month.

Celebrity Marketing

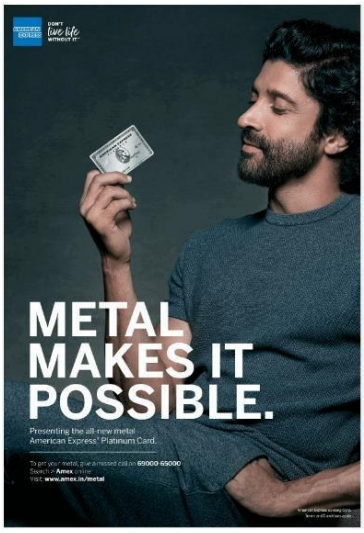


Figure 4.6: Celebrity Marketing

Celebrity marketing has helped American Express attract more customers. Farhan Akhtar, an actor and director, has partnered with the brand for a new campaign promoting their Metal Platinum Charge Card. He serves as the brand ambassador for the American Express Platinum Club, using the slogan, "Membership Changes Everything."

Mobile Apps

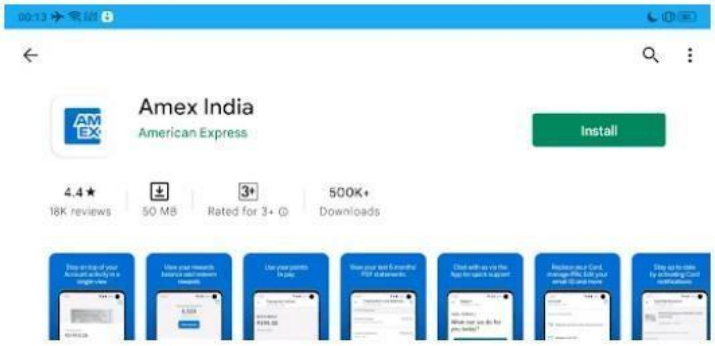


Figure 4.7: Mobile Application

The American Express India mobile app assists users in managing credit cards and related activities. Its user interface is simple and familiar, enhancing user experience with improved security.

CHAPTER 5: AMERICAN EXPRESS'S PRESENCE IN INDIA

American Express has been a leader in the credit card industry for over 100 years. It began in 1921 with the establishment of a travel office in Kolkata. From that point on, the company ventured into what is known as the Destination business, allowing customers from around the world—whether they held cards issued in Europe, the US, or other locations—to use their cards while traveling.

In India, American Express has launched a variety of products for both consumer and commercial sectors, as well as other businesses. They began by focusing on financial operations, including functions like payroll and ledger management, drawing from practices in other parts of the world. By the mid-1990s, as wage arbitrage evolved into quality arbitrage, the company established numerous centers of excellence. These centers now handle not only finance and call center operations but also risk modelling, analytics, technology, and more.

India has experienced remarkable growth in digital payments, largely due to increased digitization. More people are adopting digital payment methods, and the Unified Payments Interface (UPI) has particularly benefited from this trend. UPI transactions have reached a total value of 5 lakh crore and nearly 2.5 billion transactions in volume.

As this trend impacts card usage, it's important to note the evolution of UPI (Unified Payments Interface). In its initial years, UPI was primarily dominated by peer-to-peer transactions. However, in recent months, there has been a significant increase in person-to-merchant transactions. Since the demonetization in 2016, UPI has seen a remarkable surge in its usage, particularly in transaction volumes.

Currently, about 70 to 75% of UPI transactions are person-to-person, while approximately 25% are person-to-merchant transactions. This means that users can utilize UPI to make payments at various merchants, which can include local Kirana stores. Typically, these transactions fall within the range of $5 to $10.

In India, since the introduction of contactless payments, there has been a growing interest in enabling contactless transactions through smartphones. With the reopening of malls, movie theatres, and restaurants following the vaccination rollout, people are increasingly turning to these modern payment methods. This shift is evident in

sectors where credit cards were traditionally used, leading to a rise in contactless transactions among customers.

American Express believes that the comfort of having a card in your wallet remains high, despite the potential for mobile solutions in the future. In India, for example, only about 55-60 million credit cards exist, and just 3 in 100 people have one, compared to 35 in 100 in the U.S. In developed countries, that number can reach between 30 to 80. This shows there is significant potential for growth in credit card penetration.

The use cases for credit cards have traditionally grown at a rate of 25% to 30%. However, there was a dip in 2020 due to COVID-19, and the credit card market, which is valued at $100 billion, saw a decline. Point-of-sale volumes in India dropped to about $85 billion in 2019. For the first time in the last 20 years, American Express experienced a decline, but it is expected to grow at approximately 25% moving forward. Hopefully, this growth will continue at that pace.

When opening a bank account in India, customers receive a debit card, leading to around 900 million debit cards in total. These primarily serve as ATM withdrawal tools, accounting for about $90 billion in point-of-sale transactions. However, UPI has reduced ATM withdrawals by offering convenient real-time transactions, while credit cards are increasingly used online, with 75-80% of the $85 billion in industry transactions occurring online in 2020. American Express targets premium segments to cater to the growing appetite for credit in a country where 60% of the population is under 30. This demographic is eager to make big purchases, often opting for instalment plans for items like smartphones and electronics.

American Express cards are not commonly accepted in India for several reasons, including:

Merchant discount rate: Its merchant discount rate is higher than its competitors, making its cards less accepted, particularly by small merchants.

Interchange fee: They charge merchants between 1.43% and 3.3%, while Visa and Mastercard charge between 1.15% and 2.5%.

American Express needs to act quickly to keep customers in India. It is a well-known global credit card company that is recognized for its exclusivity.

Axis Bank and HDFC Bank have improved their card services significantly. In contrast, American Express has not prioritized its cardholders.

Here are a few factors that have contributed to their downfall in India:

American Express has a significantly higher merchant discount rate in India compared to its competitors, resulting in low acceptance of their credit cards, particularly among small merchants.

Using an American Express card at petrol pumps is frustrating for those who primarily shop at luxury brands and stores that readily accept it.

HDFC's credit cards have experienced some devaluation; however, the Infinia and Diners Club (DCB) cards still offer significantly more value compared to the American Express Platinum Reserve. It's noteworthy that HDFC actively promotes their lowest-tier card, which is valued at ₹10,000, despite the availability of superior options like the Infinia, DCB, Magnus, and Vistara cards in the market.

American Express can enhance its presence in India by implementing a variety of strategies:

1. Customized services: Customized services are designed to meet the preferences of Indian consumers, including appealing rewards and benefits such as discounts on dining, travel, and shopping.
2. Collaborative Partnerships for Broader Acceptance: Partnering with local banks, retailers, and businesses to enhance acceptance and provide co-branded cards with tailored benefits for Indian customers. Expand the number of merchants that accept American Express cards across various sectors, including retail, dining, travel, and entertainment.
3. Digital Innovation: Enhancing its digital platforms and mobile apps to provide seamless and convenient experiences for Indian cardholders, including features like mobile payments, expense tracking, and personalized recommendations.
4. Customer Service: Invest in multilingual customer support and offer dedicated services tailored to Indian customers, understanding their specific needs and preferences. Engage with customers through targeted marketing campaigns and loyalty programs to foster long-term relationships.

5. Marketing Campaigns: Creating targeted marketing campaigns that resonate with Indian culture and values, and demonstrate how American Express can enhance their lifestyles and support their financial goals.
6. Corporate Partnerships: developing connections with Indian companies for travel services, incentive programs, and cost management while concentrating on corporate card solutions.
7. Regulatory Compliance: Keeping up with changing financial policies in India and making sure local regulations are followed to preserve credibility and trust with authorities and consumers.
8. Community Engagement: Show dedication to community development and social responsibility programs in India. To gain the goodwill and trust of Indian customers, take part in charitable endeavors, lend a hand to regional concerns, and encourage financial literacy initiatives.

American Express may greatly increase its visibility and competitiveness in the Indian market by successfully putting these methods into practice.

CHAPTER 6: AMERICAN EXPRESS ENVIRONMENTAL, SOCIAL AND GOVERNANCE STRATEGY

"Back people and businesses to thrive and create equitable, resilient, and sustainable communities globally."

American Express's ESG objective is to create a company that serves customers, partners, and society by addressing global issues and offering high-impact solutions.

Promote DEI

-Promote a community of inclusion through encouraging diverse representations with equal opportunities.

-Support small business interests and develop more inclusive marketing campaigns.

-Improve social justice and racial equality among communities.

Figure 6.1: Promote DEI[15] Advance Climate Solutions

-Minimize impact on the environment and manage related threats and opportunities.

-By providing new capabilities, enable clients and partners to transition to a low-carbon economy.

-Numerous community initiatives to promote fair communities and climate resilience.

Figure 6.2: Explore Innovative Climate Solutions

Build Financial Confidence

- Encourage consumers to use goods and services with strong account security to establish and preserve their financial well-being.
-improved small business income management and financial stability through several programs.

Figure 6.3: Build Financial Confidence[15]

Promoting the Sustainable Development Goals of the United Nations

The American Express Company makes an important contribution to the UN's Sustainable Development Agenda for 2030. The 17 Sustainable Development Goals listed below are those to which American Express contributes through the way it operates:

Figure 6.4: Sustainable Development Goals Promoting Diversity, Equity, and Inclusion

- By preserving 100% pay parity across genders, races, and ethnicities, the company should improve its inclusive culture and diversified representation.
- Increasing the yearly investment in DE&I initiatives to $4 billion till 2025 will help to meet the needs of consumers and small businesses while also fostering more varied marketing campaigns.
- From 2020 to 2024, at least 250K small and medium-sized firms in the US will receive financial education solutions. creating a wider range of marketing

campaigns to create programs and goods that satisfy the demands of both businesses and consumers.

- Providing $50 million by the end of 2024 to promote social justice and racial equality, including for members of marginalized communities. In the US, American Express Leadership members from small groups have increased from 50% to 75%.

Figure 6.5: Growth in DEI Advancing Climate Solutions

- By SBTi, minimizing the impact on the climate and managing associated risks and opportunities to achieve net-zero emissions by 2035. All aspects of American Express's company will benefit from improved risk and opportunity management with climate change
- Developing low-carbon product innovations, such as carbon tracking and offset solutions, by the end of 2022 to enable our clients and partners to transition to a low-carbon economy
- Contributing $10 million to Encourage coworkers to participate in the Green2Gether program and support community partnerships, programs, and activities that tackle the negative impacts of climate change in order to create more equitable and climate-resilient communities.

Building Financial Confidence

- Enabling people from small groups to use goods, services, technologies, and education to improve their financial well-being.
- Enhancing small businesses' and customers' financial stability and knowledge of money management through a range of products, services, campaigns, and initiatives.
- Developing resilient communities by investing in a variety of grants, programs, and initiatives that promote equity and economic empowerment

Figure 6.7: Growth in Building Financial Confidence

Key Pillars and Business Values

Brand	Authentically build brand relevance and brand affinity for American Express with Black, Latinx, Asian, LGBTQ+, and other underrepresented communities, customers, and colleagues.
Customer	Develop holistic strategy across the Enterprise to strengthen our business with underrepresented consumers and small businesses.
Culture	Become a company where explicit consideration of equity is integrated in everything, we do to embody inclusion.
Colleague	Create a culture that respects, values, and recognizes everyone by removing systemic barriers to achieving inclusion and advancement that drive company success.
Business	Develop holistic strategy across the Enterprise to strengthen our business with suppliers in underrepresented groups and investments in businesses owned by underrepresented groups.
Community	Combat systemic racism and promote equity and advancement through our community initiatives and charitable priorities.

Table 6.1: Key Pillars[16]

American Express Values

- Back Our Customers
- Make It Great
- Do What's Right

- Respect People
- Embrace Diversity
- Stand for Inclusion
- Win as A Team
- Support Our Communities

CHAPTER 7: COMPARISON OF AMERICAN EXPRESS FOR VISA/MASTERCARD

Although American Express's 2023 net revenue was $60 billion, the company continues to be far from dominating the credit card industry.

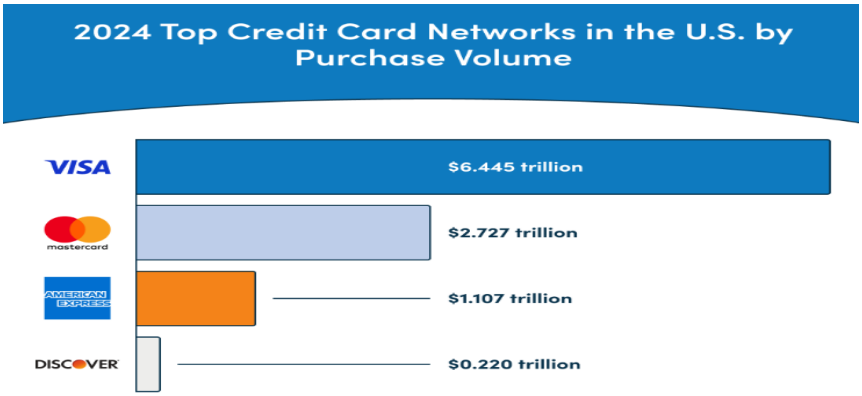
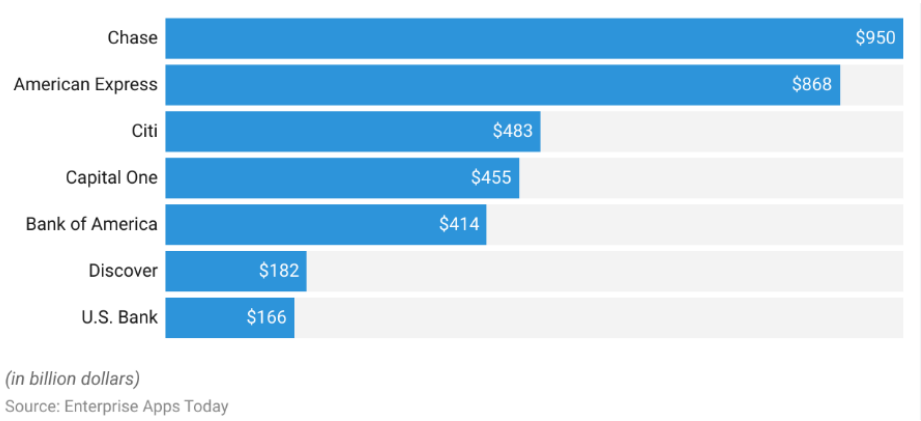


Figure 7.1: Top Credit Card Network 2024



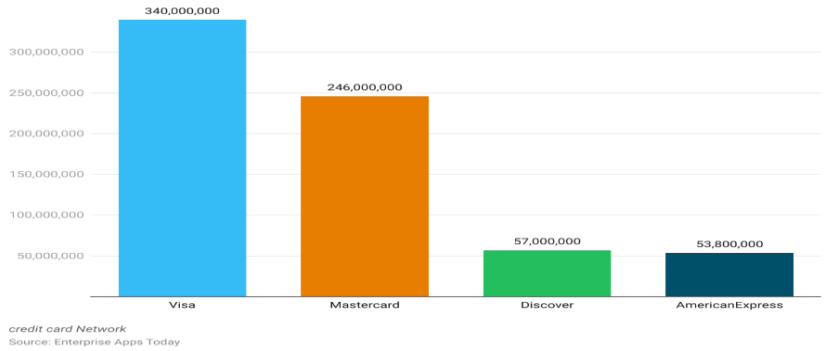


Figure 7.2: Credit Card Circulation in US 2023

Given the risks posed by Visa and MasterCard, American Express finds it challenging to operate in this market.

They have discovered that there are those who frequently use the card to make large purchases and pay them off, and they are prepared to serve this group by providing them with premium benefits, whether at the airport or for daily necessities. Uber Cash, Walmart Plus memberships, and other items that need frequent use of the card keep it in the wallet.

American Express has experienced remarkable development thanks to its devoted client base and great rewards. Since 2017, the company's revenue has risen by more than 32%, and its stock has grown and persevered in a volatile market.

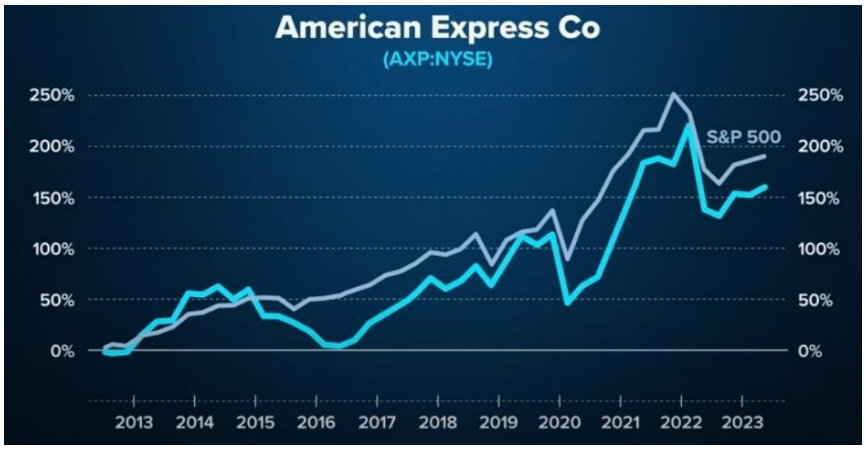


Figure 7.3: American Express Revenue Growth[17,23]

American Express is a highly stable company with growing revenues in the high single digits to 10%. They also receive a small amount of operating leverage, which helps them increase earnings in the low double digits even more.

To better understand what their customers care about, they have broadened their company strategy.

Where is American Express going next, and what is the key to its success?

In 1850, American Express started out as a freight forwarding firm, moving different kinds of commodities across a country that was growing quickly. It wasn't until the late 1800s that it started to change into a payments corporation. It started offering travel services and banking items.

It then launched the first charge card in the 1950s to give consumers a more practical method of payment after seeing great success with traveler checks. This is where the modern brand starts. They have released several products, including the Platinum and Gold cards, and they are concentrating on the corporate and consumer card markets.

The way American Express's network functions is what distinguishes it from the competition. The majority of credit cards issued by Visa and MasterCard operate under a system known as an open-loop system.

Figure 7.4: VISA/MasterCard Open Loop System[17]

When a card holder uses the card in their network to make a purchase from a merchant, they generate revenue by relaying that information from the issuers, usually the banks that have issued the cards to the acquirers or the merchant’s bank.

American Express on the other hand operates in a closed loop system where it functions as the issuer, the acquirer and the network combined.

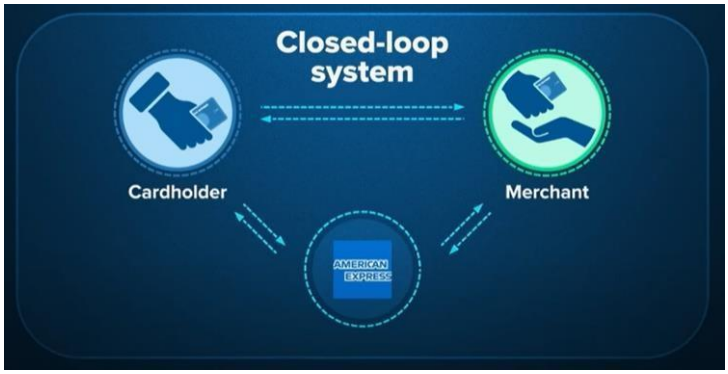


Figure 7.5: American Express Closed Loop System[17]

American Express is different from Visa and MasterCard because American Express is a lender, Visa and MasterCard are merely card networks, so they process transactions but they're not actually issuing credit.

In addition to being a card network, American Express is a credit lender. A transaction processor that lets them see exactly how much their consumers are spending on each item and gives them all the extra information they need to target different rewards or advertise. The total dollar amounts that Visa and MasterCard can view will be significantly different from that.

Particularly on the merchant side, it enables them to customize some of those discounts. They don't have to worry about changing their standard conditions to accommodate a particular merchant's business if they have a valid justification for doing so. Unlike Visa and MasterCard, a bank would be furious with those terms. Unlike Visa and Mastercard, American Express is also able to profit from interest because of this closed-loop structure. In 2022, the company's net interest income was around $9.9 billion.

American Express has a spend-centric strategy to target these wealthy customers, with the primary goal of increasing card spending—this is where rewards come in. American Express spent about $17 billion in 2022 alone on services and benefits for its cardholders. The American Express platinum card is a travel-focused product with rewards, airport lounges, and a free Walmart plus membership. It offers everyday credits and a high spend-centric model, attracting customers willing to pay higher annual fees for benefits like spending rewards. The card's closed loop system

prioritizes spending over transaction volume, attracting and retaining customers through offers that leverage vast data.

Figure 7.6: Different Types of American Express Cards[18]

Rewards programs in mainstream cards can be ad hoc and not always value-driven. American Express, for example, uses a closed loop dynamic to create personalized rewards for consumers. They recruit top hotels and restaurants, offering specialized offers and rewards, ensuring benefits are shared among affluent consumers.

American Express, a major issuing bank, has an affluent customer base that offers decreased credit risk. Delinquency rates are lower compared to other major banks, and credit losses are closely linked to unemployment. American Express has been diversifying its customer base, targeting millennials and underbanked Americans, with 60% of new card acquisitions being Gen Z and millennials. The company has also invested in scaling and improving its technology to compete against alternative premium cards. American Express has made progress abroad, winning approval in China and partnering with local brands to tap into the increasingly affluent consumer audience. The biggest threat for American Express is competition within the credit card industry, with Visa and MasterCard being the biggest threats. However, American Express's unique value from its closed-loop model can be replicated by digitized technology and data analytics. Despite increased loan loss provisions following high inflation, American Express's high-spending, affluent customer base likely means they are well-prepared to weather a possible recession.

	Quarters Ended March 31, 2024	2023	Percentage Inc/(Dec)
Billed Business (Billions)	$367.0	$345.5	6%
FX-adjusted[1]		*$344.1*	*7%*
Total Revenues Net of Interest Expense	$15,801	$14,281	11%
FX-adjusted[1]		*$14,230*	*11%*
Net Income	$2,437	$1,816	34%
Diluted EPS[2]	$3.33	$2.40	39%
Avg. Diluted Common Shares Outstanding	722	744	(3)%

(Millions, except per share amounts, and where indicated)

Figure 7.7: Q1, 2024 Business Update[19]

Comparison of American Express and its rival competitors Strategies:

Attribute	American Express Strategy	Mastercard Strategy	Visa Strategy	Conclusion
Expanded Acceptance	Focusing on increasing merchant acceptance through partnerships.	Collaborating with banks and retailers to expand acceptance.	Partnering with banks and businesses to enhance acceptance.	All three prioritize increasing acceptance to improve card utility.
Localized Products	Developing tailored products with relevant rewards and benefits.	Offering localized benefits and co-branded cards with partners.	Providing customized solutions and rewards for diverse markets.	Customization is crucial for meeting diverse consumer preferences.

Digital Transformation	Investing in digital innovation for seamless payment experiences.	Enhancing digital platforms and enabling contactless payments.	Implementing advanced digital solutions for secure transactions.	Digital advancements are key for staying competitive in the market.
Customer Engagement	Providing exceptional customer service and personalized offerings.	Focusing on customer experience through rewards and support.	Offering customercentric services and loyalty programs.	Strong customer engagement is vital for loyalty and retention.
Partnerships and Alliances	Collaborating with key players for mutual growth and market access.	Forming strategic alliances and expanding network partnerships.	Partnering with banks, retailers, and fintech for market expansion.	Partnerships are essential for market reach and service enhancement.
Corporate and SME Solutions	Offering comprehensive solutions for corporate and SME customers.	Providing business focused services and expense management tools.	Offering corporate cards and solutions for business efficiency.	Addressing corporate needs is crucial for capturing business spending.
Community Engagement	Demonstrating social responsibility and supporting local causes.	Engaging in philanthropy and promoting financial literacy.	Supporting community initiatives and promoting sustainability.	Community engagement builds trust and enhances brand reputation.

Table 7.1: Comparison of American Express v/s competitors

CHAPTER 8: FUTURE SCOPE OF AMERICAN EXPRESS

American Express's brand is always aspirational; it is about supporting its clients. The brand is much more hospitable and accessible to a larger spectrum of consumers seeking value, unique experiences, and services. All millennials, Gen Xers, and boomers have goals, and they think their card can help them reach those goals, whether they be financial, vacation, or lifestyle-related. According to what I understand and have learned, American Express's future will probably cover several important sectors, driven by changes in consumer preferences, technological breakthroughs, and worldwide economic trends.

- American Express will keep making significant investments in digital innovation to improve its data analytics, digital payment systems, and mobile apps. This involves using AI and machine learning to detect fraud and deliver individualized experiences for customers.
- To broaden its ecosystem and provide clients with a wider range of services and advantages, American Express will establish strategic alliances with banks, retailers, and fintech firms. Partnerships for integrated payment systems, financial management software, and loyalty programs may fall under this category.
- While strengthening its position in developed areas, American Express will concentrate on growing its footprint in emerging ones. This entails utilizing cross-border opportunities for consumers and enterprises, improving acceptance networks, and customizing goods and services to meet local demands.

- American Express will place more emphasis on sustainable financing projects as social and environmental issues gain more attention. This entails providing environmentally friendly card choices, endorsing green projects, and encouraging inclusivity and financial knowledge.
- American Express will leverage AI and advanced data analytics to gain deeper insights into customer behaviour, preferences, and spending patterns. This information will drive personalized offers, targeted marketing campaigns, and risk management strategies.
- Given the rising cyber threats, American Express will continuously enhance its cybersecurity measures and fraud prevention technologies. This includes biometric authentication, real-time transaction monitoring, and proactive risk mitigation strategies.
- American Express will prioritize delivering exceptional customer experiences across all touchpoints. This involves seamless omnichannel interactions, 24/7 customer support, and innovative solutions that add value to cardholders' lives.
- American Express will work towards promoting financial inclusion by expanding access to its products and services to underserved communities. This may involve initiatives such as microfinance partnerships, education programs, and affordable banking solutions.

These areas will shape its growth trajectory and competitive positioning in the evolving financial services landscape.

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