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REPORT

STRATEGIC ANALYSIS OF

AMERICAN EXPRESS



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1. INTRODUCTION

This report analyses American Express's approach to adopting and exploiting the Fintech sector, using models and theories to demonstrate how the company achieved a competitive advantage in the financial sector. In the first part, the author will provide an overview of the determined subject, including the organization's background, goals, mission, etc. In the second part, the author analyses American Express's strategic approach to the macro-environment and micro-environment. The strategy is defined as a the long-term direction of an organisation (Whittington, 2019).

To better understand the external characteristics influencing American Express's strategic management approach, a macro-environment analysis will be conducted using the PESTEL framework. This analysis provides insights into the political, economic, social, technological, environmental, and legal factors that impact the company. A micro-environment analysis is then performed using the industry life cycle and Porter's Five Forces model to evaluate the competitive forces in the market and the industry's growth prospects. The internal analysis of American Express evaluates the company's strategic resources and abilities, which are critical in sustaining its competitive advantage. Next, the value chain analysis is conducted to investigate primary and secondary activities and identify possible areas for improvement. The VRIO analysis of distinctive resources and abilities demonstrates the company's competitive advantage. Finally, the SWOT analysis provides a comprehensive outline of the company's strengths, weaknesses, opportunities, and threats, which are paramount in designing effective strategies. The report determines strategies to support competitive advantage and offers growth strategies based on the analysis. The Green strategy and Corporate Social Responsibility (CSR) initiatives are also examined to research the company's environmental social responsibility measures. Finally, the report concludes with recommendations based on the analysis conducted. The recommendations concentrate on improving client experience by investing in technology and partnerships with Fintech start-ups, analyzing opportunities in emerging markets, and diversifying revenue streams to mitigate risks.



2.AMERICAN EXPRESS BACKGROUND

American Express, or AMEX, is a multinational financial services company that has extended the financial services industry over the past century. The business began as an express mail provider, delivering packages, valuables and other goods(American Express Company,n.d.). Only in the 19th century did business grow into the financial industry. The company has introduced revolving credit cards, charge cards, and traveller's cheques, benefiting millions of consumers globally. American Express's primordial contribution to the financial services industry has been introducing innovative products and services. According to World's Most Innovative Companies for 2023 ranking, American Express was classified as No. 1 on Fast Company's annual list in the Personal Finance category(Harris,2023). In response to the developing financial services industry landscape, AMEX has recently embraced financial technology, or fintech, to enhance its business offerings and better serve its customers. According to Fintech News(2022), the company announced its intention to broaden the scope of its research centre to explore the development of use cases for artificial intelligence (AI), machine learning (ML), and natural language processing (NLP) technologies. As of 2022, several key factors are significant for companies in terms of their success and competitiveness:

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Human capital was the most crucial resource for AMEX in 2022; the total number of employees globally was 7,300, a 20.78% increase from 2021 (Tikkanen, 2023). The company (American Express,n.d) funds its people and promotes diversity, inclusion, and collaboration by offering many benefits (health insurance and dental plans, free, confidential counselling services, etc.).



The market cap in 2022 the market cap was \$110.40 B -an 11.32% decrease from 2021 (finance.yahoo.com,n.d.).



Strategic Management Key: Customer Service Experience ,Innovation and Development .

2.1 COMPANY MISSION AND VISION

Mission: The AMEX mission is simple: "to become essential to customers by providing differentiated products and services to help them achieve their aspirations" (www.americanexpress.com, n.d.).

Vision: The AMEX is the leader in the financial services industry to" Provide the world's best customer experience daily (www.americanexpress.com, n.d.).

3.MACRO-ENVIRONMENT ANALYSIS

3.1 PESTEL ANALYSIS

Amex's ability to survive and prosper depends on choosing and implementing a good strategy (Barney & Hesterly,2018). Therefore, to comprehend the company's competitive circumstances and strategic opportunities, a comprehensive analysis of the macro-environment in the financial services corporation industry in which it operates is vital. In this section, the author will examine the external factors that influence the industry, such as economic, political, technological, social, and environmental trends using the PESTEL matrix. According to the Corporate Financial Institution(2023) combined, the six PESTEL factors can profoundly impact firms' risks and opportunities.

Factor	Description
Political	American Express is heavily exploited by political factors, such as transformations in government policies, regulation, trade agreements, tax lows, and global political results is regulated, supervised and examined by the Office of the Comptroller of the Currency (sec. gov,2017). Operating in a rigorous sector that the Governmental Supervision regulates, the company must support additional regulatory compliance costs. Moreover, economic growth and global trading can influence American Express trade agreements.

Factor	Description
Economic	The interest rates, inflation rates, and economic growth can significantly affect American Express's business. As a financial services company, American Express is highly exposed to transitions in interest rates, which can impact the cost of borrowing and the need for credit cards. For example, in 2022, AMEX announced increasing interest rates for UK consumers' credit cards (Hickey, 2022). In addition, inflation can also influence consumer purchasing capability and demand for AMEX's products and services. Ultimately, economic growth, especially in emerging markets, presents opportunities for American Express to expand its enterprise and reach new clients.
Social	American Express is also affected by social factors, such as changes in consumer behaviour, demographics, and cultural norms, has transformed consumer and business behaviours (Rybackzewska & Sparks, 2021). The boosting popularity of e-commerce and mobile payments may lead to the falling direction for traditional credit card services. In addition, as an ageing population or increasing diversity, changes in demographics impact the types of products and services that American Express offers.
Technological	Technological factors, such as advancements in payment technologies, data security, and mobile applications, have a significant impact on American Express's business. American Express operates in a highly competitive industry and must maintain pace with technological developments to remain competitive. Data security is also a critical concern for the company, given the sensitive financial information that it handles. The increasing use of mobile devices for financial transactions presents opportunities for American Express to expand its mobile offerings and reach new customers. According to the Alan Turing Institution, artificial intelligence plays a central role in the current processes of technological change in financial services (Ostmann & Dorobantu, 2021).

Factor	Description
Environmental	Environmental factors as climate change, natural disasters, and sustainability initiatives can impact American Express's business. Natural disasters like hurricanes or wildfires can disrupt company operations and impact the bottom line. In addition, climate change influences the availability of natural resources, which can affect the cost of doing a corporation for AMEX and its customers. Additionally, sustainability initiatives can impact how American Express conducts its business, particularly energy use and waste management (American express. com,n.d.).
Legal	The legal factors impact how American Express operates in the financial services industry and may limit its ability to merge with or acquire other companies. For example, consumer protection laws, intellectual property rights, and anti-trust regulations influence the company's daily business operations, such as complying with consumer protection laws, such as the Fair Credit Reporting Act (Black, 2021) and the Truth in Lending Act. In addition, given its brand's and trademark's value, intellectual property rights are essential for American Express.



The financial sector is very dynamic, and American Express must be open to challenges to its atmosphere of political, economic, social, technological, environmental, and legal factors in order to provide decision-makers with the insight and analysis needed to make better, more strategic business decisions (IBIS World Research,2020). According to the PESTEL Analysis, AMEX can exploit economic growth and technological development, representing an opportunity (American Express,n.d.); the potential to grow its business and reach new customers, particularly in emerging markets. Moreover, keeping pace with new technological payment methods (European Central Bank, 2022), The Economic and Technological factors represent an opportunity for the company. AMEX can exploit economic growth and technological development (American Express,n.d.), the potential to grow its business and reach new customers, particularly in emerging markets. Moreover, keeping pace with new technological payment methods (European Central Bank, 2022), using AI, Fintech and fast payments are only a few characteristics of AMEX's competitive advantage in the fast-paced industry.

However, on the other hand, the company must be aware of the possible threats emerging from social and political factors. In 2023 significant banks filed for bankruptcy because of a history of poor management going back many years(Sky News,2023), and the Federal Reserve Board is closely monitoring the big players in the financial sector. Nonetheless, cultural norms and demographic changes can be a barrier for the ageing population, which is still using the traditional to adopt the new changes in the financial sector. The Environmental factor represents a mix of limitations and opportunities. For example, while natural disasters represent a threat, sustainability initiatives represent an opportunity.



4. MICRO-ENVIROMENTAL ANALYSIS

In order to remain competitive, AMEX must execute a micro-environment to analyze the industry in order to remain competitive. A micro-environment examination assesses the internal factors impacting a firm's operations, such as its competitors, consumers, suppliers, and stakeholders. The author will use the Industry Life Cycle and Porter's Five Forces Analysis methods in this section. The consumers are essential for American Express being the lifeblood; the company has diverse customers as corporations, SMEs and individuals, and the company must invest heavily in customer service. According to the University of Cape Town(n.d), synergy must be created between the various departments in a company, by which the collective effort of working together creates a more significant impact to maintain customer loyalty.

4.1 INDUSTRY LIFE-CYCLE

According to Levitt (1965), the life story of most successful products is a history of their passing through a particular recognizable stage. Various researchers developed the theory over time; in 1966, Raymond Vernon suggested the life cycle framework. Vernon's approach recommended that products go via a life cycle of three stages: innovation, growth, and maturity. However, in the 1970s, Philip Kotler and Theodore Levitt propose the fourth stage, "the decline stage". Since then, was accepted as a fundamental tool in strategic management. Even in the 21st century, companies use the framework to guide their sales strategies, marketing and product development. AMEX has implemented the PLC technique to navigate its product strategy as a firm that offers a lifespan. In the following section, the author will use the PLC framework to develop or improve new products. Please see Product Life Cycle below.

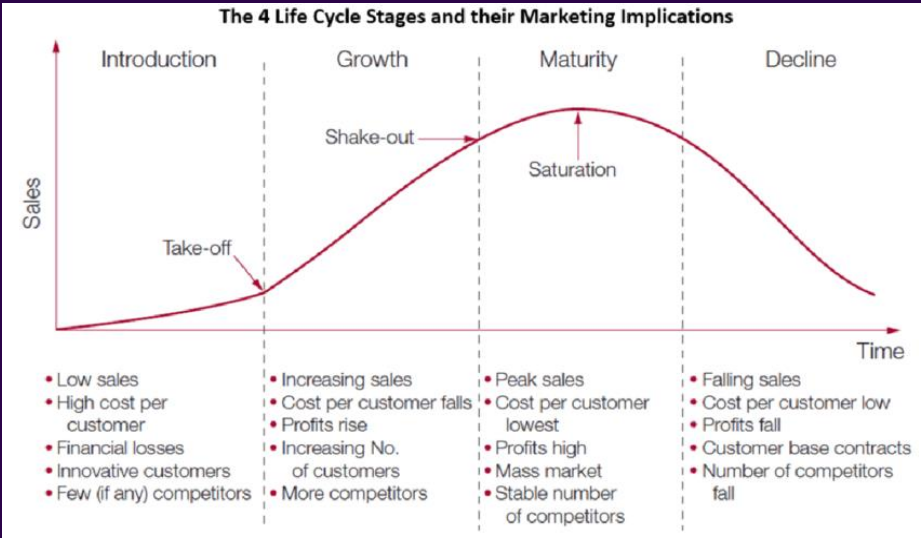


Figure No 1. Product Life Cycle (Zhang,2019)

Stage	Description
Introduction	During the introduction stage, AMEX presents a new product. The business's marketing team heavily finances advertising and promotions to build awareness and generate curiosity about the product. The company may also propose incentives and discounts to promote earlier adoption. In this stage, AMEX aims to establish the product's brand identity and build a positive appearance in customers' minds.
Growth	Once the product or service achieves acceptance in the market, it enters the growth stage. In this stage, AMEX concentrates on developing the product's market share and growing sales. In addition, the firm sponsors new distribution channels and explores opportunities to reach new segments of customers. AMEX may also introduce new features or services to differentiate the product from competitors.
Maturity	As the service or product matures, the growth rate slows, and AMEX focuses on preserving market share and maximizing profits. The business may lower promotional spending and focus on improving product or service quality and customer service. AMEX may also consider decreasing the product's price to attract price-sensitive customers.
Decline	The product eventually enters the drop stage as it evolves less suitable to customers or new technology or replacements appear. AMEX may phase out the development or discontinue it together at this stage. The company may also consider suggesting the product or service at a discounted price or repurposing it for a new market.

The product Life Cycle Method helps the management team to make informed decisions on a product and a service journey. AMEX need to understand, and not sub-estimate, the importance of understanding the stages of a product or a service. Please refer to Appendix No 1 for more details. Another benefit is the anticipation of the modifications in the market and the adoption of the changes. Nevertheless, this method has some limitations and must be discussed to analyze the Life Cycle theory more deeply. The method represents a linear progression product lifecycle starting with the introduction and ending with the decline. Please refer to Appendix No 1 for more details.

4.2 PORTER'S INDUSTRY FIVE FORCES ANALYSIS

Comprehending the powers that constitute industry competition can help AMEX make informed strategic decisions to maintain its market position and achieve sustainable growth. Being one of the biggest payment card issuers, the company face intense competition from other companies in the same industry (Mastercard, Visa, etc.). Therefore, by making an informed decision to maintain its position in the market and achieve sustainable growth, the company benefits from Porter's Five Forces technique.

- **The threat of New Entrants:** Being in a highly regulated sector, the barrier to the new entrance into the market could be higher. Gaining market share in the financial sector services such as AMEX is very hard because of the company's reputation and loyal customer base, with makes the threat of entrance even low. The company's network makes the entrance challenging.
- **Bargaining Power of Suppliers:** The relationship between the suppliers and the AMEX can influence the bargaining power of suppliers. However, the company's reputation and size can be an opportunity and increase negotiation power. The company are reducing the bargaining supplier power by leveraging its scale and continuing contracts. The power of bargaining suppliers is moderate.
- **Bargaining Power of Buyers:** AMEX's customers include consumers and businesses using its financial products and services. Providing financial services to the customer is primordial for the company, and the company doesn't need to underestimate the bargaining power of buyers. The unique rewards programs that the company is providing are increasing the brand reputation. The power of buyers is moderated because of the alternatives available in the market.
- **The threat of Substitutes:** The threat of substitutes is low for AMEX; providing various services with attractive offers for customers creates a barrier for competitors to substitute or replace the offers of American Express.
- **The Intensity of Rivalry:** Competitors such as Visa, Mastercard and Discover Card represent a barrier for AMEX. However, the company is concentrating on corporate customers and high-value individual clients that reduce the intensity of rivalry. A successful rewards program and network influence the company, increasing brand awareness over the competitors.

American Express is a unique company, but its future is hard to predict since the financial landscape is changing (Brodersen, 2018). Operating in a moderately competitive environment, the company must identify where power lies. Following the result, American Express performs in a moderately competitive environment with low threats from new entrants/ substitutes, moderate bargaining power of suppliers/buyers, and moderate intensity of rivalry. The primary advantage of using the Five Forces Analysis in the context of AMEX is emphasizing the essence of companies' brand reputation and individual rewards programs as sources of competitive advantage. It also underlines the demand for the company to persist in innovating and acclimating to transformations in customer choices.

Nevertheless, the PFF needs to analyze the competitive environment in which AMEX performs comprehensively. The regulatory changes and the technological innovation impact represent the external factor that the framework doesn't consider. Moreover, the probable effect of blockchain and cryptocurrencies in emerging payment technology is not considered when the financial services sector is overgrowing. In conclusion, a framework helps analyze the competitive environment in which a business performs. However, it is essential to assess its limitations and use it with other analytical tools to comprehensively analyze a company's competitive environment. According to Isabelle et al. (2020), innovativeness was considered an internal factor leading to a competitive advantage in earlier years. Still, it now felt like a vital external factor among forces driving industry competition (Bruijl, 2018). For AMEX, Porter's Five Forces supply practical understandings of the competitive landscape but must be integrated with other theories to deliver a comprehensive analysis.

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5. INTERNAL ANALYSIS

An internal analysis is vital to a company's comprehensive strategic planning process. It is an activity to document a company's resources, strengths, and weaknesses. Understanding and evaluating a corporation's resources is a prerequisite to identifying and developing strategies (Appalayya, 2015). This section concentrates on American Express's strategic resources and capabilities, which have been instrumental in the organisation's success. The author aims to demonstrate how the firm has developed a sustainable competitive advantage over its rivals.

Moreover, the internal analysis will allow identifying areas where the business can improve its competitive position by leveraging its capabilities and available resources. So how can the company gain long-term success in the vibrant and competitive financial services industry? Strategic resources are necessary to achieve and defend market positions (Größler, 2007). The company's competencies and internal assets can encourage it to achieve its strategic goals and gain a competitive advantage over rivals in the industry representing the strategic resources and capabilities concept. The tangible and intangible assets of the company, such as human capital, brand reputation, financial resources, intellectual property and technological infrastructure, constitute the strategic resources of AMEX generating a sustainable competitive advantage (Hussain et al., 2019). On the other hand, the capabilities are the companies' capacity to leverage these resources to create value for their consumers and gain their strategic goals. The capabilities represent the business's ability to have exceptional customer service, operational excellence, strategic partnership and innovation. It emerges when a company delivers on its individuals' combined competencies and skills (Smallwood & Ulrich, 2014).

5.1 American Express's Strategic Resources and Capabilities

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The Strategic Resources and Capabilities Theory, or The Resource-Based View (RBV), identifies and leverages the company's unique resources and capabilities. The management is conceiving and implementing strategies that improve efficiency and effectiveness (Barney, 2001). The AMEX strategic resources are:

1. Strong reputation and image for quality services
2. Considerable customer base
3. Strong financial infrastructure
4. The human capital is professionally skilled
5. Strong financial condition with low levels of debt and healthy levels

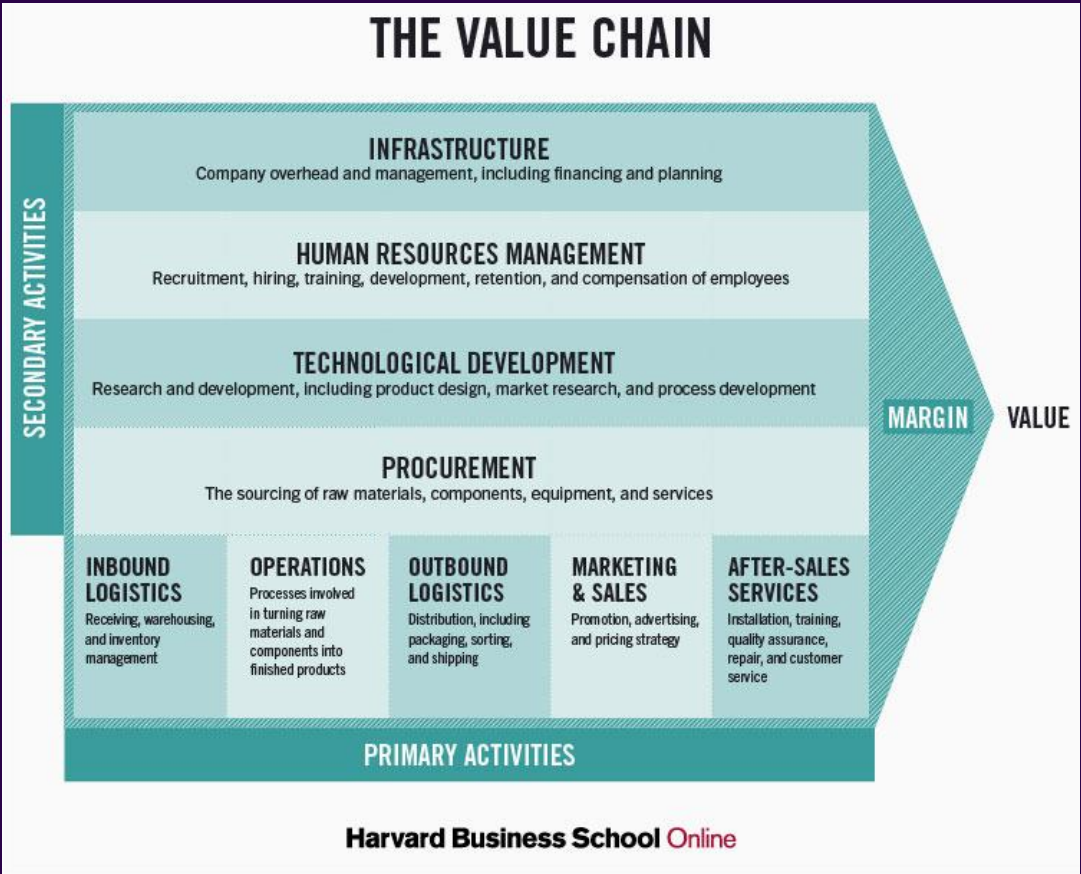
The company capabilities identified are:

1. Collaboration and Innovation
2. Organizational capabilities
3. The expertise in risk management

There is constantly an overlapping between capabilities and resources, and some characteristics could be viewed as both a resource and a capability. An example is that a highly experienced and skilled workforce could be both a resource and a capability, as it illustrates both a valuable asset to the business and a critical capability that allows the organisation to innovate and adjust to changes in demand.

6.VALUE CHAIN

The idea of the "value chain" was introduced by Porter (1985) to represent the full range of activities, which are required to bring a product or service from conception through the different phases of production, distribution to consumers, and final disposal after use(Zamora, 2016), By identifying the optimisation and improvement activities by breaking them down into individual components, the company can analyse the areas to create additional value for the customers. Also, the company can reduce costs and improve operational efficiency. This section aims to examine the concept of value chain analysis in more detail and discuss its significance for AMEX in today's active business environment. The author will discuss the critical components of the framework, the advantages of conducting this theory and the stages.



Activities	Characteristic	Description
Primary	Inbound logistics:	AMEX's inbound logistics involve acquiring raw materials and supplies to produce its credit cards, charge cards, and traveller's checks. The company has established strong relationships with suppliers, enabling it to source high-quality materials at competitive prices.
	Operations:	AMEX's operations involve producing and delivering its financial services products to customers. The company has invested heavily in technology and infrastructure to ensure efficient and effective operations.
	Outbound logistics	AMEX's outbound logistics involve distributing its financial services products to customers. The company has established a strong distribution network, including partnerships with banks and other financial institutions, enabling it to reach customers worldwide.
	Marketing and sales:	The AMEX focuses on promoting its brand and financial services products to customers, so the marketing and sales activities are focused on achieving this goal. The company has developed a strong brand reputation and uses a variety of marketing channels, including advertising, sponsorships, and social media, to reach its target audience.
	Service	AMEX's service activities are focused on providing high-quality customer service to its customers. The company has established a strong customer service culture, offering its cardholders a range of services and benefits to enhance their experience.

Moreover, the internal analysis will allow identifying areas where the business can improve its competitive position by leveraging its capabilities and available resources. So how can the company gain long-term success in the vibrant and competitive financial services industry? Strategic resources are necessary to achieve and defend market positions (Größler, 2007). The company's competencies and internal assets can encourage it to achieve its strategic goals and gain a competitive advantage over rivals in the industry representing the strategic resources and capabilities concept. The tangible and intangible assets of the company, such as human capital, brand reputation, financial resources, intellectual property and technological infrastructure, constitute the strategic resources of AMEX generating a sustainable competitive advantage (Hussain et al., 2019). On the other hand, the capabilities are the companies' capacity to leverage these resources to create value for their consumers and gain their strategic goals. The capabilities represent the business's ability to have exceptional customer service, operational excellence, strategic partnership and innovation. It emerges when a company delivers on its individuals' combined competencies and skills (Smallwood & Ulrich, 2014).

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3. Strong financial infrastructure
4. The human capital is professionally skilled
5. Strong financial condition with low levels of debt and healthy levels

The company capabilities identified are:

1. Collaboration and Innovation
2. Organizational capabilities
3. The expertise in risk management

Activities	Characteristic	Description
Secondary	Procurement	AMEX's procurement activities involve sourcing raw materials and supplies necessary for producing its financial services products. The company has established strong relationships with suppliers, enabling it to source high-quality materials at competitive prices.
	Technology development	AMEX has heavily supported the development of technology and infrastructure to guarantee efficient and practical operations. As a result, the business has developed a range of proprietary technologies, including its payment processing platform, that enable it to deliver high-quality financial services to its customers.
	Human resource management	AMEX focuses on attracting, retaining, and developing top talent. The company has established a solid corporate culture emphasising employee development and engagement.
	Infrastructure	AMEX's infrastructure activities involve developing and maintaining its physical and technological infrastructure. The company has invested heavily in its data centres, payment processing platforms, and other critical infrastructure to ensure efficient and effective operations.

Based on the analysis, the author identified the areas where AMEX could improve operational efficiency, reduce cost, and add customer value. The framework has facilitated the business to persist competitive in the financial services industry and accomplish strategic goals with an integrated approach(Strakova et al.,2021). Over the past years, AMEX has built solid logistics abilities to source high-quality materials at competitive prices, allowing it to deliver high-quality financial services products to its consumers at a lower price than its competitors. Another characteristic is the capability to provide exceptional customer service to increase the customer service experience over the rivals. In order to remain competitive, the Value Chain strategy has a significant impact on AMEX. The value chain analysis is a valuable mechanism for determining the actions within a company's procedures that create value and those that do not. Businesses can use the insights they gain from value chain analysis to identify priority processes, streamline workflow and increase efficiencies(Harrison, 2019). However, the value chain analysis narrowly emphasizes internal activities and the need to assess external factors, such as changes in the competitive landscape or consumer choices. Moreover, the value chain analysis needs to advise the performance of its insights. It is up to the company to decide how to allocate resources and make modifications based on its findings.

7. VIRO ANALYSIS

Jay B. Barney created the VRIO analysis in the late 1980s to evaluate a business's resources and capabilities (Nuno,2012).The analysis is founded on four criteria: Valuable, Rare, Inimitable, and Organized. It creates the resource-based view of the company, which asserts that a business's competitive advantage is founded on its unique resources and capabilities. According to this hypothesis, a business's resources and capabilities are more critical than its industry or marketplace in defining its success. To be a source of sustained competitive advantage, the company must meet the resources and capabilities criteria.This phragaraf focuses on identifying the AMEX resources and capabilities that are distinctive and difficult to imitate that can provide a sustained competitive advantage.

The VRIO examination is valuable for companies to determine their strengths and weaknesses and design systems to exploit their unique resources and capabilities.

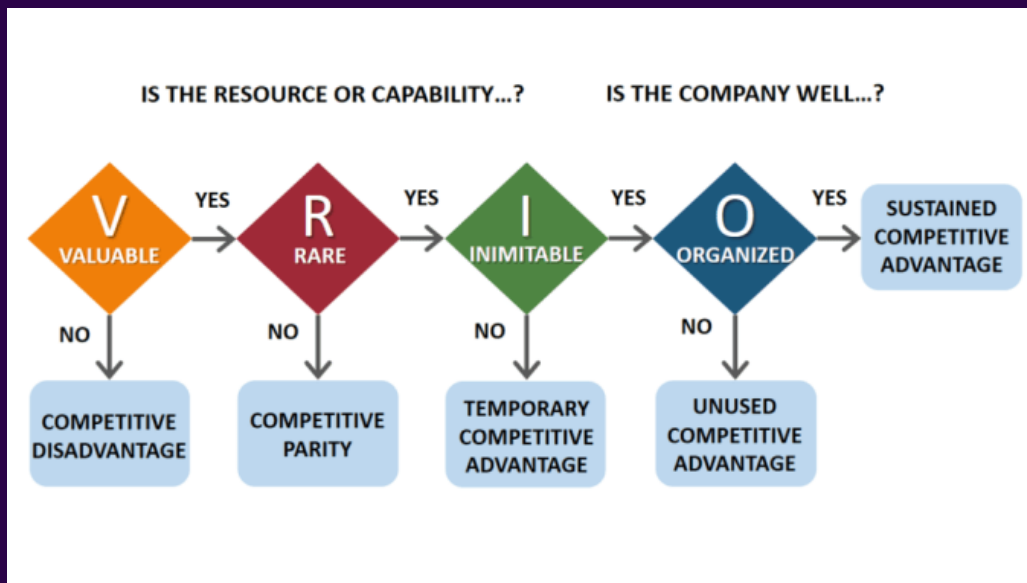


Figure NO 2. VIRO Framework (De Bruin, 2016)

Value: AMEX has several resources and capabilities that build value for the company. One of the critical resources is its firm brand name, which is widely recognized and associated with trust and reliability. AMEX has a strong presence in the travel and entertainment industries, which provides the firm with a diversified revenue stream. In addition, the reputation as a high-quality customer service provider allowed the company to differentiate itself from its competitors.

Rarity: AMEX supports diverse sources and capabilities that are rare and challenging to reproduce. AMEX has a powerful existence in the travel and entertainment industries, which supplies the firm with a diversified income. In addition, the reputation as a high-quality customer service provider allowed the company to differentiate itself from its competitors. The company's brand name and reputation for customer service are also rare resources that are difficult for competitors to replicate.

Inimitability: AMEX's resources and capabilities are generally tricky for competitors to imitate. The company's proprietary payment processing system and closed-loop network are highly complex and require significant investment in technology and infrastructure to replicate.

Additionally, AMEX's reputation for customer service and the firm brand name have been built over many years and cannot be easily duplicated by competitors.

Organization: AMEX's well-organized and efficient structure enables the company to manage its resources and capabilities effectively AMEX corporate solid culture that emphasizes customer service and innovation is a highly skilled workforce.

General, AMEX's resources and capabilities are valuable, rare, and difficult to imitate. The business's proprietary payment processing system, closed-loop network, and firm brand name are unique resources that deliver a sustained competitive advantage.

Nevertheless, the author identified some limitations to the company's resources and capabilities, such as the company's heavy reliance on the US demand for revenue and the increasing competition from fintech companies. Therefore, AMEX must persist in innovating and adapting to transforming market conditions to maintain its competitive advantage.

The VRIO matrix is an effective instrument that can support institutions such as American Express to consider their resources and capabilities to specify their competitive advantage. Determining its powers, AMEX can leverage these benefits to achieve a competitive advantage over its competitors. Besides, VRIO can assist in strategic decision-making, enabling AMEX to cultivate effective strategies for enhancing its competitive position. Nevertheless, executing a VRIO analysis can be complicated and time-consuming, especially for big companies with multiple resources and capabilities to evaluate. Regardless of challenges, VRIO is a valuable framework for companies like AMEX to understand their competitive strengths and weaknesses better.





8.SWOT ANALYSIS

A strategic planning instrument that helps to analyze and identify the business's strengths, weaknesses, opportunities, and threats is the SWOT analysis. The matrix is efficient and straightforward in determining and channelling the company's limitations into opportunities to mitigate the risks. The author will analyze the AMEX company trou the SWOT sphere in the following paragraph.

Strengths:

Brand name: AMEX's strong brand image is synonymous with high-end services and luxury experiences—the company differentiates itself from its competitors and attracts new customers.

Comprehensive product and service: The company provides various financial products and services, starting with credit cards, travel services, merchant services, and insurance. In this way, AMEX is diversifying its portfolio of customers.

Powerful customer loyalty:

AMEX's admiringly loyal customer base appreciates its premium products and services. Strong customer loyalty encourages retaining customers and generates repeat business.

Innovative technology: Investing in technology and providing services and products creative as digital wallets, mobile payments, and face recognition significantly impact the financial industry's evolution.

Financial position: American Express has a definite financial place, with high revenue and profits, which permits it to support R&D and expand its operations.

Weaknesses:

Maintenance fees: AMEX has high maintenance costs, charging high prices to its customers, making it less appealing to cost-conscious consumers and limiting its customers.

Limited merchant approval: restriction of the usage of the card; the AMEX cards are accepted only by some merchants.

Conditional on wealthy customers: The bank's superior products and services cater to affluent clients, creating it helpless against economic downturns affecting this demographic.

Opportunities:

Occurring markets: AMEX can expand its operations in emerging markets with a growing demand for financial services.

Alliances: Possible strategic partnerships and alliances with other institutions to extend its product and service providing and expand its market share.

Digitalization:

Adapting digital technology in the financial industry is an opportunity to innovate and offer unique products and services to its customers.

Sustainability: By providing environmentally friendly financial products and services, AMEX can capitalize on the ever-increasing sustainability trend

Threats:

Competition: AMEX encounters intense competition from other financial services organizations, especially in credit card and payment processing.

Economic : Economic uncertainty and downturns can impact consumer spending and restrict the development prospect of AMEX. Regulatory: The economic services industry is regulated seriously, and restriction changes can influence the functions and profitability of AMEX.

Cybersecurity: The risk of cybersecurity risks AMEX's operations and prestige.

Based on the SWOT analysis results, the strengths are strong brand reputation, broad product offerings and customer loyalty.



Nevertheless, it faces challenges from high fees, inflexible merchant approval, and economic tension. Nevertheless, some opportunities to extend into emerging markets, form strategic partnerships, innovate through technology, and concentrate on sustainability.

To mitigate threats, AMEX must navigate intense competition, regulatory changes, and cybersecurity threats.

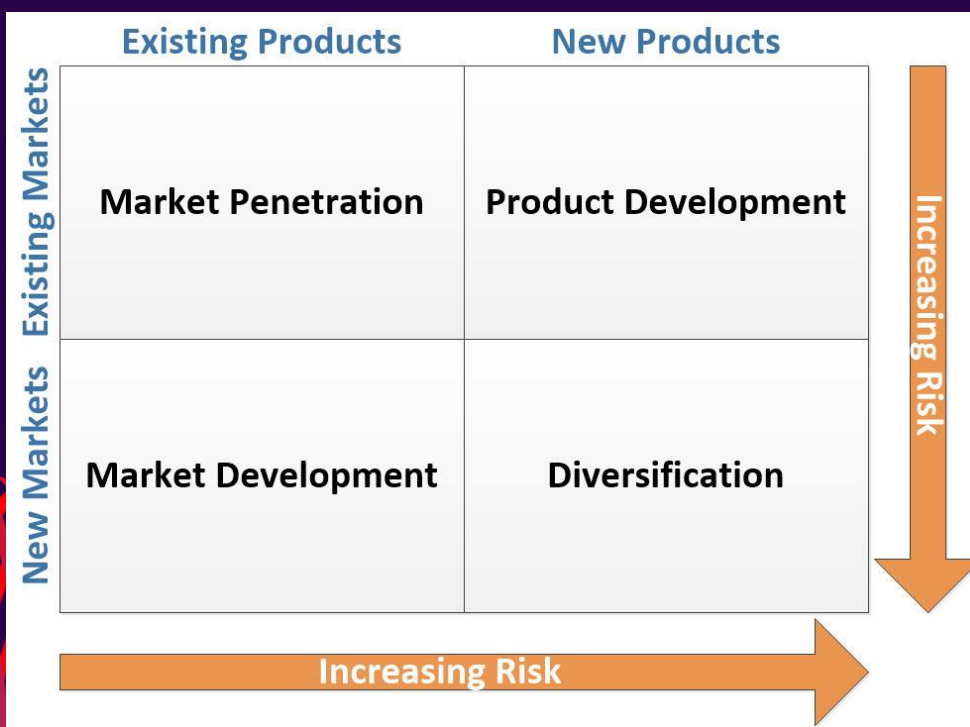
In order to avoid threats, the company needs intense competition, regulatory changes, and cybersecurity threats. However, the SWOT matrix has some limitations, such as generalization, by only focusing on four basic categories: strengths, weaknesses, opportunities, and threats. Leads to a need for more comprehension of the full complexity of the situation. Also, the analysis is subjective judgments and opinions, which personal biases and perspectives can exploit, resulting in inaccurate information. So the company must mixt the SWOT analysis with other theories.

9.GROWH STRATEGY

The vision of growth strategy appeared in business management as a reaction to the market saturation in various industries and increasing competition. As the global economy evolved more complicated and competitive, institutions began to examine other growth strategies, such as market development, product development, and diversification, to sustain their growth and remain competitive.

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Figure No 3. Ansoff Matrix (Reiling, 2021)



American Express has embraced several growth strategies, including market penetration, market development, and product development.

Market Penetration: AMEX has been pursuing market penetration by growing its customer base and improving its market share in the existing markets. By proposing more rewards and gifts to its current cardholders to retain them and attract new ones. It has also been developing collaborations with other organisations to contribute more significance to its customers, such as partnering with Hilton to deliver premier discounts and benefits to its cardholders. Besides, AMEX has implemented technology to enhance its services and make them more available to a wider audience. For example, it has established a mobile wallet, Amex Pay, to allow cardholders to pay through mobile devices.

Market Development: AMEX has been following market development by expanding into different markets and geographies. In recent years, AMEX has concentrated on expanding its presence in emerging markets with significant growth potentials, such as China and India.

Product Development: The company worked hard in the past years in developing and introducing new services and products to meet the growing needs of its clients. To offer more benefits to its customers, AMEX launched co-branded credit cards (the Marriott Bonvoy Brilliant card and the Delta SkyMiles Platinum card) to provide more advantages. In addition, to enhance efficiency and reduce client costs, AMEX implemented the American Express Go and the Corporate Program to improve company payment and expense management solutions. Further, to develop innovative solutions and enhance its services, AMEX has financed emerging technologies such as blockchain and artificial intelligence.

In conclusion, American Express's growth technique is various and encompasses market penetration, market development, and product development. Consequently, AMEX can support its growth and remain competitive in the financial industry by developing its customer base, penetrating new markets, and presenting new products and services. However, the strategy has some restrictions, such as assumptions about the external environment, which can be unanticipated and subject to change. Therefore, elements beyond the organisation's control may affect the strategy's success.



10.GREEN STRATEGIES & CORPORATE SOCIAL RESPONSABILITIES

Green strategies and Corporate social responsibility have become increasingly significant in the business world, with multiple organizations acknowledging the significance of sustainability and environmental stewardship. Organizations, therefore, need to develop strategies best suited to their strengths and weaknesses in relation to the environment in which they operate (Lynch,2018). In recent years, American Express has incorporated green and sustainable techniques into its business processes and executed CSR initiatives to improve its social and environmental impact.AMEX reduced its ecological footprint by implementing sustainable practices such as reducing energy consumption, minimizing waste, and using renewable energy. As a result, the goal is to reduce greenhouse emissions by 50% until 2030. In addition, diverse CSR practices have been implemented in order to support the communities by addressing social issues. The diversification and inclusion programs are committed to promoting gender and racial equality and helping minority-owned businesses.The company is a promotor in diverse charitable associations and disaster relief efforts, including financial aid and volunteer support to those affected by natural disasters. In conclusion, American Express's green strategy and CSR initiatives reflect the organization's sustainability and social responsibility commitment. By integrating these procedures into its corporation operations, AMEX aspires to decrease its environmental footprint, enhance its reputation, and improve its social relationships with stakeholders.



11.CONCLUSION

In conclusion, this report emphasises the significance of understanding companies' micro and macro environments to create functional methods for sustained competitive advantage. The author used diverse analytical instruments and frameworks, such as Porter's Five Forces model, PESTEL analysis and the VRIO analysis. As a result, it understands the internal and external elements affecting American Express regarding the market's competitive forces, identifies the organisation's individual resources and capabilities, and evaluates its strengths, weaknesses, opportunities, and threats. The analysis demonstrated that AMEX has successfully capitalised on the opportunities presented in the financial sector navigating the challenges. In order to maintain its position as a leader in the financial sector and its competitive advantage, the company must focus more on innovation. Nevertheless, the report also emphasises several areas where the business must improve, such as diversifying its revenue streams, enhancing investments in technology, and researching possibilities in emerging markets.

12.RECOMMENDATIONS

American Express can maintain its competitive advantage by **exploiting** its unique resources and capabilities while constantly adjusting to differences in the market and industry. To accomplish this, AMEX can follow several approaches. First, AMEX must invest in R&D to innovate new products and services that satisfy changing client needs and preferences.

By remaining ahead of its competitors, AMEX can continue providing exceptional customer value and maintain its market leadership.

Secondly, developing strategic partnerships and affiliations with other businesses in the industry to develop new opportunities and synergies that benefit both parties. As a result, the company can access new markets and client segments that it may eventually reach.

Thirdly, the company must prioritize creating a solid brand image and reputation by delivering high-quality services and sustaining a customer-centric focus. By establishing a loyal customer base and positive brand perception, AMEX can differentiate itself from competitors and maintain its competitive advantage.

Ultimately, AMEX must adopt an aggressive process to risk management by predicting potential risks and taking reasonable actions to mitigate them. As a result, AMEX can minimize disturbances to its operations and sustain its competitive advantage. In

conclusion, AMEX can maintain its competitive edge if it supports innovation, develops strategic partnerships, builds a solid brand image, prioritizes sustainability and social responsibility, and adopts a proactive approach to risk management. These strategies can help AMEX maintain its market leadership and continue to deliver unique value to its customers.

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14. APPENDIX NO 1.

However, the companies during the activity are experiencing some oscillations and can change the trajectory. Another limitation is the negligence of the significance of external factors such as technology development, market competition, and changing consumer behaviour. The framework can be expanded by including the "extension line" (see figure below).The method represents a linear progression product lifecycle starting with the introduction and ending with the decline. However, the companies during the activity are experiencing some oscillations and can change the trajectory. Another limitation is the negligence of the significance of external factors such as technology development, market competition, and changing consumer behaviour. The framework can be expanded by including the "extension line" (see figure below).

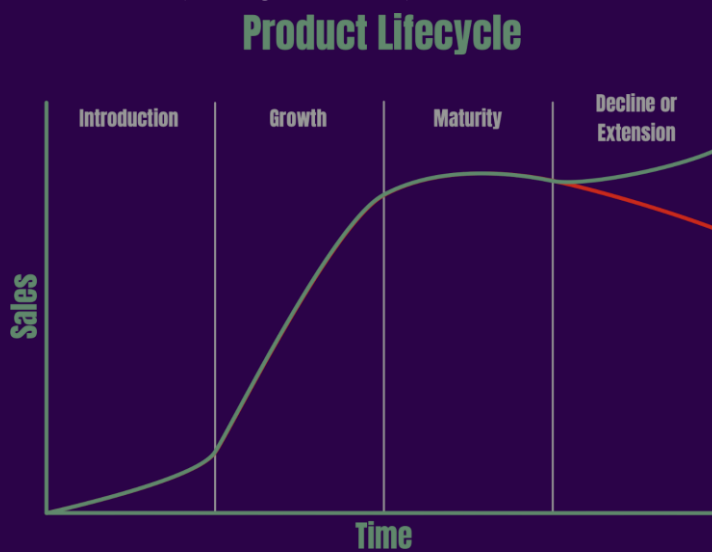


Figure No 4. Product Life-Cycle adapted and extended.NCFE,n.d).

The extension stage concerns transforming the product, enhancing its characteristics or quality, or presenting it to new markets. Although, in this way, the business can extend the products or services' life, it is essential to identify its constraints and adjust them to suit precise market requirements and business goals.

Porter Five Forces

The five forces framework was coined by Harvard Business School Professor Michael Porter and was published for the first time in the Harvard Business Review in 1979(Bruijl,2018), Porter's Industry Five Forces Analysis is an instrument that permits businesses to understand their industry's competitive atmosphere and the characteristics that affect profitability.