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# **STRATEGIC ANALYSIS OF AMERICAN EXPRESS**

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## Introduction

This article has considered American Express as case study and investigation is conducted by using different models like PESTEL, SWOT to evaluate internal and external factors affecting American Express. The investigation is further broadened by VRIO Analysis, Porter's five forces, Ansoff matrix. Also, this report has investigated the current issues associated with American Express, current strategies to tackle the issues and it further suggest other strategies which should be incorporated by the organization to achieve competitive advantage. The investigation has focused over different issues such as fraud prevention, high competition due to companies such as Visa and Mastercard, regulatory requirements such as Finance act 2022, Bad debts etc. So, this report focuses over mentioned issues and current strategy adopted by American express and need of different strategies.

American Express is an integrated payments company and it provides different services to customers. It provides customers access to products, experiences and insights. It is one of the leading providers of personal and corporate credit cards as well as offers travel-related offerings. It is a company with \$34 bn annual revenue (Annual report, 2023) and it mainly focuses on the home market which is the United States. It has been pointed out from the annual report of the company that the net income reached \$ 7.5 billion or \$ 9.5 per share in the year 2022 (Annual report, 2023). The US revenue accounts for 72.9% and the operations of American Express are diversified with businesses in payments, credit cards, traveller's checks and loyalty programs. It operates in five different sectors commercial services(CS), Corporate and other, Global Merchant and Network Services(GMNS), International card services(ICS) and US Consumer services (USCS) (Marketplace Business segments, 2023) Below diagram indicates year wise Total revenue and net income.

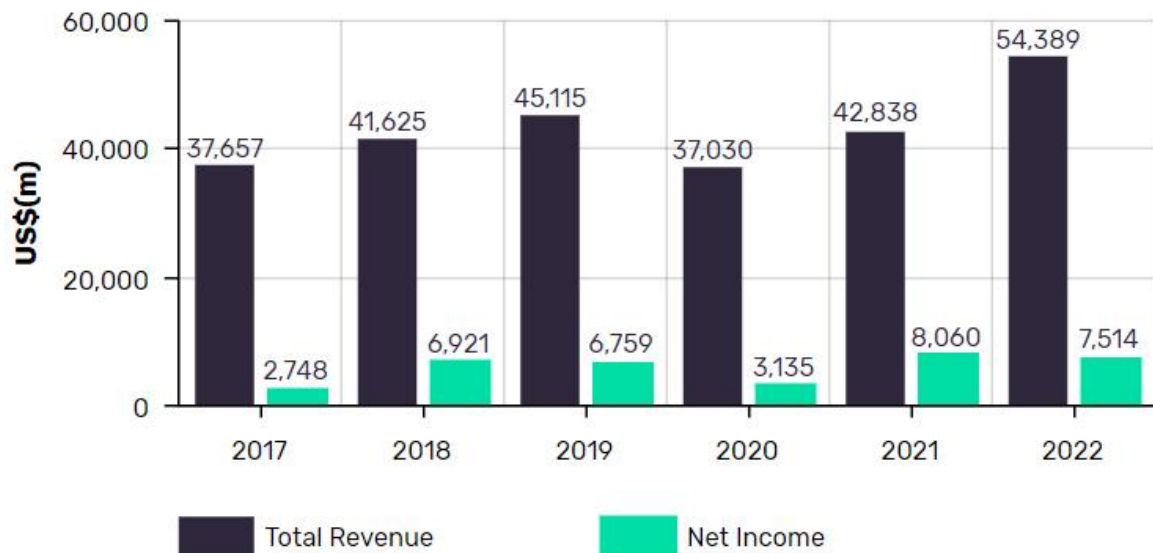


Fig.01: Revenue from 2020 to 2022 (Marketplace , 2023a)

It has involved around 77,300 employees and it operates in more than 100 countries according to 2022 statistics (Macrotrends, 2023). Further below image provides other details.

|                              |                        |                                 |                         |
|------------------------------|------------------------|---------------------------------|-------------------------|
| Revenue (2021)<br>\$54,389 m | 26.96%<br>2021 vs 2020 | Net Profit Margin<br>13.82 %    | -26.57%<br>2021 vs 2020 |
| M Cap *<br>\$116,205.8 m     |                        | Enterprise Value/Sales *<br>4.4 |                         |
| Fiscal Year End<br>December  |                        | No. of employees<br>77,300      |                         |

Fig. 02: Overview of American express (Marketplace , 2023a)

The mission of the company is to maintain relationships with consumers by providing differentiated products and services (Americanexpress, 2023) . It is mainly driven by the concern to deliver extraordinary services and products. Its objective is to value customer relationships. The net income of American Express is around \$2.7 billion and the market capitalization is around \$85.7 billion (American express, 2023)

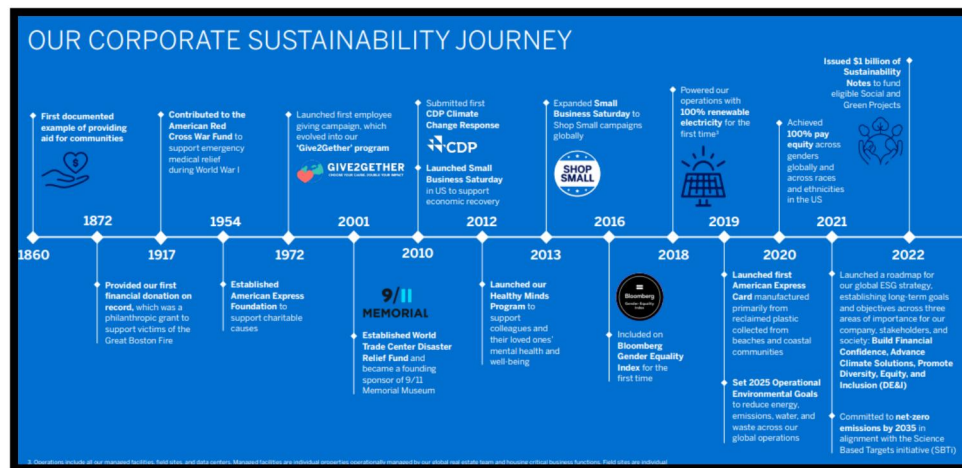


**Figure 1: CSR journey of American Express**

(Source: (ESG report, 2023))

It can be defined by the services that the company offers to customers and how well they take care of them. As per the case study, it has made around 53 Fintech investments which have accounted for 90% (ESG report, 2023). At American Express, ESG's objective is to thrive and create resilient and sustainable communities across the world. It mainly seeks to mobilise businesses to highlight global issues and to deliver impactful initiatives to serve customers and communities. The CSR journey of the company has depicted that it has launched a new road map for the global ESG strategy and mainly focuses on critical areas such as financial confidence, diversity, equity and inclusion, stakeholders and society and climate solutions (Americanexpress, 2023). It has released Sustainability Financing Framework and it has issued around \$1 billion in April 2022 to invest in green and social projects that support ESG strategy (ESG report, 2023). In December 2022, the company allocated around \$750 million of the \$994 net proceeds. It has been highlighted that around \$727 million is going to be utilised for social projects and around \$23 million for green projects (ESG report, 2023). The study is going to focus on a strategic analysis of American Express which mainly focuses on the issues faced by the company and how it has mitigated such issues.

## Background

As reflected by the ESG report of the company, the key miles stones have been identified in terms of diversity, equity and inclusion, advancing climate solutions and developing financial confidence. The company has spent more than 1 billion US dollars in order to advance diversity, equity and inclusion (American express News, 2021a) It has declared its goal to spend additional 3 billion US dollars with suppliers from underrepresented groups with its DE&I initiatives (American express news, 2022b). The company invested more than 150

million US dollars in 2019 for developing facilities that have green building certification. In order to build financial confidence, it has invested around 265 million US dollars in community development loans and has initiated the Backing Small grant program for supporting small firms and enterprises (American express News, 2022c)

Backing small has been launched as an initiative to bring together grant programs to build financial confidence and provide financial support to small businesses. It is effective to provide support to those small businesses that are economically vulnerable or underrepresented. It has also engaged in partnerships with youth development organisations to bring financial literacy among young people in 11 countries (Vercida, 2022). The company provides secure, responsible and transparent products and services to build financial resilience and help people to continue the operations of small businesses. It has partnered with Ripple for Cross border payment solutions and the company has developed strategic partnerships which have allowed the company to leverage the technologies of other companies. Strategic partnerships have helped the company to launch a new integrated solution, while an acquisitions strategy has been adopted to strengthen the portfolio of the company based on security solutions that are offered to customers.

American Express is also focused on enhancing operations to meet the needs of the community and consumers in the transition to a low-carbon future (American express News, 2023d) . A supplier diversity program has been initiated to manage the procurement of products from diverse business suppliers and vendors with 51% ownership of members in the diversity programs. It is also taking initiatives to support the circular economy by decreasing the use of virgin plastic (Sustainability report , 2023) . It has invested around 7 million US dollars of the net proceeds from the sustainability notes to manufacture cards of 4 million in number from recycled plastics (Sustainability report , 2023)

It has acquired Acertify to create a fraud prevention solution for financial institutions and e-commerce businesses. The main goal of recycling is to manufacture at least 70% of the cards from recycled materials by 2024 (Sustainability report , 2023). It has enabled the company to develop its portfolio by involving fraud detection tools that are offered to online merchants. It has been identified that the United States is the largest market for American Express in terms of Credit Cards though the number of issued credit cards by the company outside North America has decreased (Raynor, 2023) It has also developed an invested arm as well as a tech lab to provide support to start-up businesses and to provide support to young talents with digital payment ideas. It is a strategic direction of the company at the time of digital transformation.

## Mission and objectives

The organisation's mission is to deliver privileged products and services by maintaining good consumer relationships by providing differentiated products.

- To central good relationships with the consumers by providing good products and services that are technologically advanced
- To deliver impactful business for customer services and responsibility to communities that offer better choices of products
- To identify global issues that create obstacles to the delivery of better services and customer satisfaction
- To mitigate challenges and focus on the inclusion and sustainable business for ethically correct and with good behaviours

## Macro environment analysis

Macro environmental analysis is part of the organisation's strategic management that enables various opportunities and hazards that might impact the business. The macro-environmental factors are related to the laws and regulations of the government and the company and industry both operate it. The macro-environment mainly affected the GDP of the country, fiscal policies, inflation, employment rates and consumer spending (Khartit, 2021). Below diagram indicates different layers of business environment.

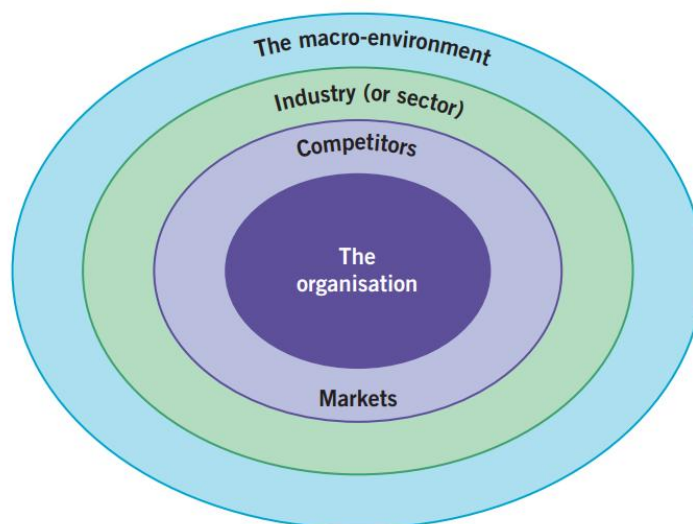


Fig. 02: Different layers of business environment (Whittington, et al., 2020)

## PESTLE analysis:

Pestle Analysis examine macro-environmental factors, which are mainly political, economical, social, technological, ecological and legal which further includes both market and non-market aspects. It also examines further market environment which consist of

suppliers and customer and non-market environment which consists of Ngo's, politicians , media etc. (Whittington, et al., 2020c)

| Factors       | Description                                                                                                                       |
|---------------|-----------------------------------------------------------------------------------------------------------------------------------|
| Political     | <ul style="list-style-type: none"> <li>Equity market capitalization is 24.3 trillion USD</li> </ul>                               |
| Economical    | <ul style="list-style-type: none"> <li>79% of the Euro area in derivative transactions in trading (Sabanoglu, 2023)</li> </ul>    |
| Social        | <ul style="list-style-type: none"> <li>Gross new consumer lending over 28 billion GBP</li> </ul>                                  |
| Technological | <ul style="list-style-type: none"> <li>Software spending in the finance sector is 491.86 million USD (Vailshery, 2022)</li> </ul> |
| Legal         | <ul style="list-style-type: none"> <li>Finance Act 2022 (Finance Act, 2022)</li> </ul>                                            |
| Economic      | <ul style="list-style-type: none"> <li>Industrialization affected 74% of the population through pollution (OECD, 2023)</li> </ul> |

**Table 1: PESTLE**

The equity market of the UK finance sector is 23.4 trillion USD which encourages *American Express* to jump into innovations with low risks in the financial base. The economic factors are affected by the derivative transactions in trading while consumers are lending money indicating acceptance of the inclusion of financial segments.

The UK has invested 491.86 billion USD in various software development of the finance sector which includes financial stability (Vailshery, 2022) . Industrialisation affects society and pollution impacts the financial investments of different colonies that are coming from other countries that lose customer base and revenue. The organisation has launched technological advancement and various software that leveraging biometrics, QR codes and machine learning technologies that indicate major changes in the business. The organisation has implemented two chatbots based on AI that have voice-driven features that enhance the customer's account on information that provide information to tap existing knowledge and expertise on companies for investments (Napaletano, 2023) . The company has introduced virtual payment options that indicate quick responses from customers and include customer satisfaction.

The government has implemented the Finance Act 2022 which provides more regulations to run the business with low risks. The prevention support to the reconciliation process, safe transactions, and VAN's improved reconciliation indicate safer transaction indicated support to the business (Salop, et al., 2021) . Industrialization is the major reason for increasing pollution as it increases the threat to the environment. The carbon footprint has been increased and it refers to the dissatisfaction of stakeholders. The organisation has pledged to future buyers that identifying buying behaviours of the customers is improved which includes a more customer base with satisfaction.

### **Micro environment analysis**

The micro environment's effect on the financial sectors influences the performance of the organisation and day-to-day activities. There are various components of the microenvironment that provide support to the company, marketing intermediaries, suppliers, competitors and customers. Moreover, it affects the organisation's performance and decision-making process that endeavours to manage the business operations.

### **Industry life cycle**

American Express is a financial company that provides cards and travel-related services and also serves personal and corporate travel advisory and insurance. The annual revenue of the organisation is 34 billion USD and it is spread over more than 100 countries (Annual report, 2023) . The company operates its business in diversification which provides various loyal programs with the strength of 77,300 employees (Macrotrends, 2023). The transformation in digital technologies brings down the business while it realised the investment explore and support disruptive digital payment methods. The organisation has focused on mobile infrastructure, big data and cloud computing that helps to build and offer innovative digital payment solutions for American Express card holders.

### **Porter's industry five forces analysis :**

It is a tool to evaluate the effectiveness, attractiveness, and structure of an organization. Further, it assists in setting the agenda for action on different issues. It also helps the managers to evaluate the positions with a firm can best defend itself against the competitive forces. So, it can be characterised in four categories which are threat of entrants of potential entrant, bargaining power of supplier and buyer as well as threat of substitutes (Whittington, et al., 2020c)

| Factors | Description |
|---------|-------------|
|---------|-------------|

|                                                |                                                                                       |
|------------------------------------------------|---------------------------------------------------------------------------------------|
| <b>Bargaining power of supplier (Low)</b>      | Compare to the other card services switching cost of the company is very low          |
| <b>Bargaining power of customer (High)</b>     | Offer product mix and regulate different companies and products with certain benefits |
| <b>The threat of new entrants (High)</b>       | Government regulation in the finance sector is high that undergoes different barriers |
| <b>The threat of substitute products (Low)</b> | Substitute credit payment cards are costly and do not allow free-of-cost payments     |
| <b>Competitive rivalry (High)</b>              | Other companies offer significant markets, different products and packages            |

**Table 2: Porter's five forces**

(Source: Created by author)

Based on the above table Porter's five forces analysis of American Express refers to the low bargaining power of the company that indicates low switching cost of the organisation. Alternatively, the high bargaining power of the company indicates the offer product mix that provides certain benefits to the organisation. The threat of new entrants is high as there is strong regulation by the government has included while the existing players have large market shares that include an economic scale (Carlton, 2019). The substitute products in the market are not available in an affordable price range the organisation provide facilities. The competitive rivalry of the company is very high as other companies are offering a diverse range of products that included warrior packages.

### **Internal analysis**

Internal analysis of business strengthens the core activities of the organisation that helps in identifying the methods that eventually enhance the operations. The analysis of project different provides opportunities and various essential reasons for conducting internal analysis. It highlights the organisation's strengths and weaknesses in the organisational competencies, competitive advantages and resources.

### **Strategic resources and capabilities**

American Express is a strategic investment group that mainly focuses on early-stage and start-up areas in consumer commerce and B2B services that indicate the core capabilities of the organisation. The company strategically invests in digital transformation and works

closely with start-ups and helps other companies to develop disruptive digital products to better serve its customers (Kotsantonis & Serafeim, 2019) . The core capabilities of the organisational areas are referring to customer acquisitions, security, identifying frauds and data analytics that encourage more investments in different companies. The digital disruption includes a different marketplace, lending, payments, and digital marketing that enhance customer loyalty while automation to the start-up business brings growth.

### Value chain analysis

VRIO analysis consists of main four components which are value, rarity, inimitability and organizational support which are used to make an analysis over how responsibilities and resources can improve the sustainable advantage over other organization (Barney & Hesterly, 2019). This analysis is further useful in the analysis over how resources and capabilities can be developed based over the dynamic capabilities (Whittington, et al., 2020b).

| Primary activities                                                                                                                                                                                     | Secondary activities                                                                                                                                                                                 |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Inbound logistics</b> <ul style="list-style-type: none"> <li>● Maintain good relationships with the suppliers</li> <li>● Concentrate on the raw material that delivers finished products</li> </ul> | <b>Firm infrastructure</b> <ul style="list-style-type: none"> <li>● Different aspects of legal rules and regulations affect strategic management</li> </ul>                                          |
| <b>Operation</b> <ul style="list-style-type: none"> <li>● Implement efficient processes and manage day-to-day administrative tasks</li> </ul>                                                          | <b>Human resource management</b> <ul style="list-style-type: none"> <li>● Unique HRM policies regarding recruiting, rewarding and retaining process</li> </ul>                                       |
| <b>Outbound logistics</b> <ul style="list-style-type: none"> <li>● It is focusing on the customers and their behaviours in purchasing</li> </ul>                                                       | <b>Technology development</b> <ul style="list-style-type: none"> <li>● Advanced technology involves big data, and cloud computing that eventually help in the production and distribution</li> </ul> |
| <b>Marketing and sales</b> <ul style="list-style-type: none"> <li>● High-quality products with various facilities in the affordable price range</li> </ul>                                             | <b>Procurement</b> <ul style="list-style-type: none"> <li>● It refers to the raw material, different equipment and supplies that required for in-time delivery</li> </ul>                            |

|                                                                                                                                                     |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|
| <b>Services</b> <ul style="list-style-type: none"> <li>• The promotional activities are helping in the distribution of produced products</li> </ul> |  |
|-----------------------------------------------------------------------------------------------------------------------------------------------------|--|

**Table 3: Value chain analysis**

(Source: Created by author)

The value chain analysis provides various advantages to American Express that start from the planning process and eventually gain through the competitive advantage. The improved information flow helped in the company's operations and affects the productivity that improved the demand sales forecasting. Modern customers are demanding quick responses from the organisation while technological disruption help in removing the bottleneck to the information flow (Sandler, 2022). The value chain analysis helps the organisation regarding its decision-making and choosing the right strategy requires knowledge of the cost structure of the business.

### **Primary activities**

The primary activities of the organisation are related to inbound and outbound logistics, operations, marketing, sales and services that provide competitive advantages to the organisation. The organisation aims to maintain good relationships with the consumers and retain them for longer periods. Alternatively, the outbound focus is on the customer's behaviours for purchasing the products (Sagers, 2019). The company provides high-quality products and facilities in an affordable price range that attracts more customer base. The unexpected interruption also improves to minimise the delay that tract activities throughout the supply chain. The effective implementations of the value chain enhance sales and demand forecasting for the business.

### **Secondary activities**

Effective strategic management refers to the organisation's infrastructure that affects the strategic management of the business. Organisational rules and government regulations are affecting business operations and help in gaining a competitive advantage. Unique HRM policies are refers to the talented candidates and make them join the organisation based on their talent and capabilities (Sandler, 2022). The organisation evaluate talents recruits them, place them in respective departments, and rewards them to retain them for a long time in business. Technological development enhances business activities and makes them more

proper and accurate which helps in the production and distribution process. Moreover, raw materials, equipment, and supplies are indicating competitive advantages.

#### **VRIO analysis of distinctive resources and capabilities**

| <b>Resources</b>          | <b>Valuable</b> | <b>Rare</b> | <b>Imitable</b> | <b>Organised</b> | <b>Competitive advantage</b> |
|---------------------------|-----------------|-------------|-----------------|------------------|------------------------------|
| Brand awareness           | Yes             | Yes         | No              | Yes              | Sustainable                  |
| Customer Community        | Yes             | Yes         | Yes             | Yes              | Sustainable                  |
| Financial resources       | Yes             | Yes         | Yes             | Yes              | Sustainable                  |
| Technological advancement | Yes             | No          | Yes             | Yes              | Sustainable                  |

**Table 4: VRIO analysis**

(Source: Created by author)

The most popular and valuable resource of American Express is brand awareness that spread all over the place and people are well aware of their products. The internal environment of the organisation depicts that brand awareness brings sustainability to the company. Customer satisfaction regarding the brand brings a competitive advantage to the brand and attracts more customer base to the brand. The financial resources of the organisation refer to the original assets that indicate much support to the firm in the competitive market (Investor relations News, 2023). Technological advancement has included rare factors to the business including much advancement in business operations that brings customer satisfaction and helps in business growth.

The internal analysis depicts the strong base of the organisation that provides the power to face challenges and implement business strategies for business growth. Most Silicon Valley-based technological companies are entered into finance and introduced, online, mobile and cloud-based services that are provided by conventional card companies (Hovenkamp & Morton, 2019) . The credit cards and other products of the company started to introduce various products that target the rich clients. The strategic planning for the business provides worldwide changes that need to attract affluent customers that encourage the premium product market. The resource factors are valuable, rare, imitable and organised of the organisation that refers to the sustainable business.

### SWOT analysis:

It is a kind of analysis which provides a generous summary of strength and weakness which us explored in analysis of resources and capabilities as well as opportunities and strength (Lynch, 2018) which is generally explored in analysis of environment SWOT analysis is fairly simple tool to apply but prioritisation of the issues matters in this analysis (Whittington, et al., 2020a).

|                                                                                                                                                                                                                                                                                          |                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Strengths</b> <ul style="list-style-type: none"><li>● Strong Revenue of the brand.</li><li>● The employee's strength is 77,300 (Macrotrends, 2023)</li><li>● Spend centric Model and revenue Mix (Marketplace, 2023b)</li><li>● Capital adequacy.</li><li>● Cost efficiency</li></ul> | <b>Weaknesses</b> <ul style="list-style-type: none"><li>● Traveller's check business is sharply declining</li><li>● Except for credits cards it has no other variety of products</li><li>● Past Penalty against Foreign Narcotics Kingpin sanctions leading to deterioration of reputation (Marketplace, 2023b)</li></ul> |
| <b>Opportunities</b> <ul style="list-style-type: none"><li>● Technological innovation includes business enhancement</li><li>● Financial brand equity offering more products</li><li>● Strategic Initiatives</li></ul>                                                                    | <b>Threats</b> <ul style="list-style-type: none"><li>● Bad debts bring huge losses to the business</li><li>● Visa, and MasterCard are the core competitors of the company</li><li>● Competition and risk related to online identity theft and hacking</li><li>● Rapid changes in the technology</li></ul>                 |

**Table 5: SWOT**

The organisation's revenue growth indicates a proper internal operations system that indicates better services in the organisation. The organisation has a strong base of employees' strength that refers to the main executors of planned operations. Along with that it has spend-centric business model which enables card business for revenue generation through promoting spending and through fees and charges (Marketplace, 2023b) The company has other weaknesses that indicate traveller's check that is sometimes declined by other pay platforms that bring dissatisfaction among the customers. The market capital of the organisation is high still it has not had much variety of products. The organisation deals in credit cards and does not provide any debit cards variety or options to deal with. The company believes in

international usage so it strongly recommends credit cards for travelling. Technological advancement in the financial sector increases the accuracy of the business and it is useful for the organisation. The big data, introducing chatbots, AI, and voice-driven capabilities enhance cardholders' access to account information that added value to the services (Panner, 2020) . Moreover, bad debts in the business bring losses that took advantage of by rival companies such as Visa and MasterCard.

## **Strategies to sustain competitive advantage**

### ***Porter's generic strategy***

This strategy is a framework for planning strategic direction for the business organisation that gains an advantage in the marketplace. The other competitors are inclined to gain a competitive advantage and choose strategic resources to mitigate the risks. The generic strategy helps to grab the market share that makes sure this makes an effort to provide full services to the consumers. The higher price range command the higher cost of the products while the organisation focus on the affordability that can be avail by the maximum number of populations (Lee, et al., 2021) . American Express Company has mainly focused on cost leadership which indicates gaining a competitive advantage and high recognition in the target market. The company sustains its market leadership position and increase market share without exerting significant effort. The prevailing business environment of the company has obtained a critical advantage over other competitors to gain a competitive positioning base. American Express Company's competitive advantage strategies might understand this generic strategic model for intensive growth.

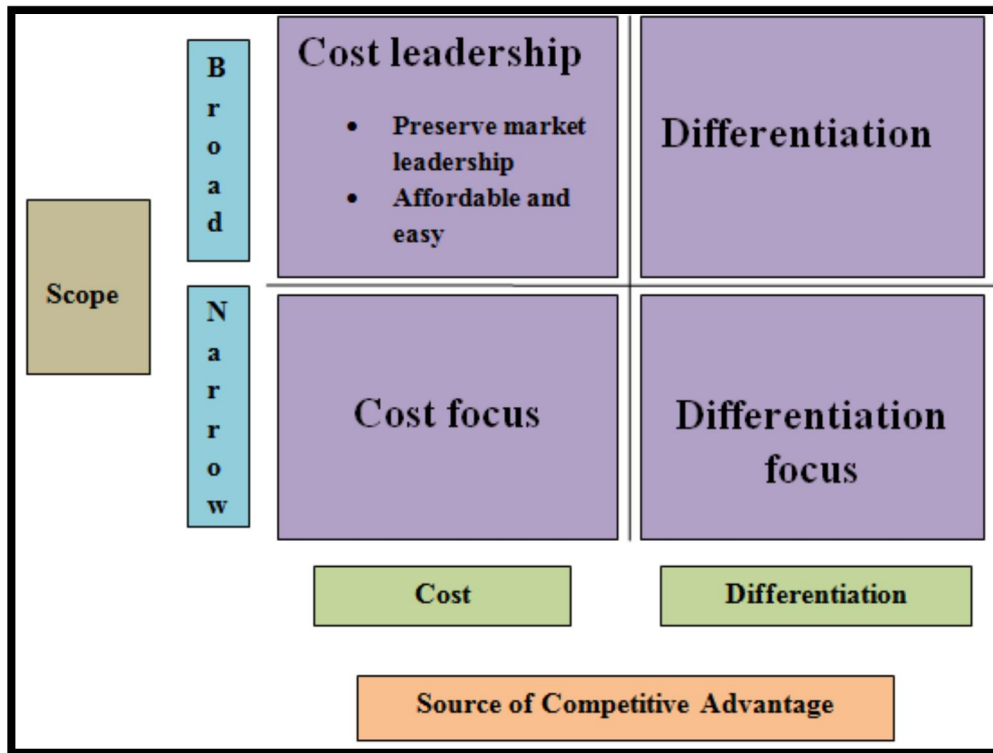


**Figure 4: Porter's generic strategy of American Express**

(Source: Created by author)

The organisation has adopted cost leadership as their main strategy for sustaining in the competitive market. The customer base expansion provides sales growth objectives and obtains focus on intensive growth strategies. The company mainly target market penetration, product development, market development, and diversification. This strategic approach provides a detailed discussion of the strong area of the company and the main tool for focusing on the market (Lauer, 2019) Cost leadership involves gaining a competitive advantage by cutting costs while the company used various markets to evaluate cost leadership. The primary objective of this generic strategy is to retain the market leadership position that provides effective value chain management. The strategy allows expanding the market share while targeting the middle range of income level population and overall consumer market mix in various countries. Middle-class consumers usually pay high importance to the pricing strategy that refers to the cost leadership that caters needs of the consumer segment.

American Express mainly focuses on the affordability of products and their easy accessibility produce across the globe which leads towards high brand awareness. It includes high sales growth and provides a strong competitive advantage as the lowest price range of products is offered at low production cost. Moreover, the efficiency of the supply chain in the company

has frequently offered discounts and coupons to achieve sales targets and handle the competition pressure from various rivals in the market. American Express Company highlight cost leadership as their main strategy to manage the basic competitive advantages that are intensively involved with the global consumer market (Ruckman, & Blettner, 2022) . The company tried to understand the mind of the customer's demand and perception and the strategy become valuable and sustainable for the organisation. The purpose of this strategy is to reduce costs and try to maintain the industry average price that eventually increases the market share by charging a lower price. The price and product offer intensive purchase through short-time discount code coupon and sale consumer still gets attracted by the valuable of the product and gets excited about cost saving.

## **Growth strategies**

### ***Ansoff matrix***

This is a strategic tool developed to facilitate and guide businesses in the process of decisions about the growth of the business. This matrix focuses on four different segmentations such as market penetration, market development, product development and differentiation. Among these factors, American Express has adopted new market penetration that is influenced by internal and external factors. The external factors include political, economic while the internal factors are aspects of talent management and resource capacities (Clarissia, 2020) . Based on these internal and external factors the company has chosen market penetration for the business growth. The new market penetration strategy has been implemented to add business growth through their existing products in the new markets and the markets are already operational. It helps in increasing production capacity that allows American Express to reach out to more customers' base within the same market. The increase in production capacity includes efficiency and effectiveness that control the overhead cost.

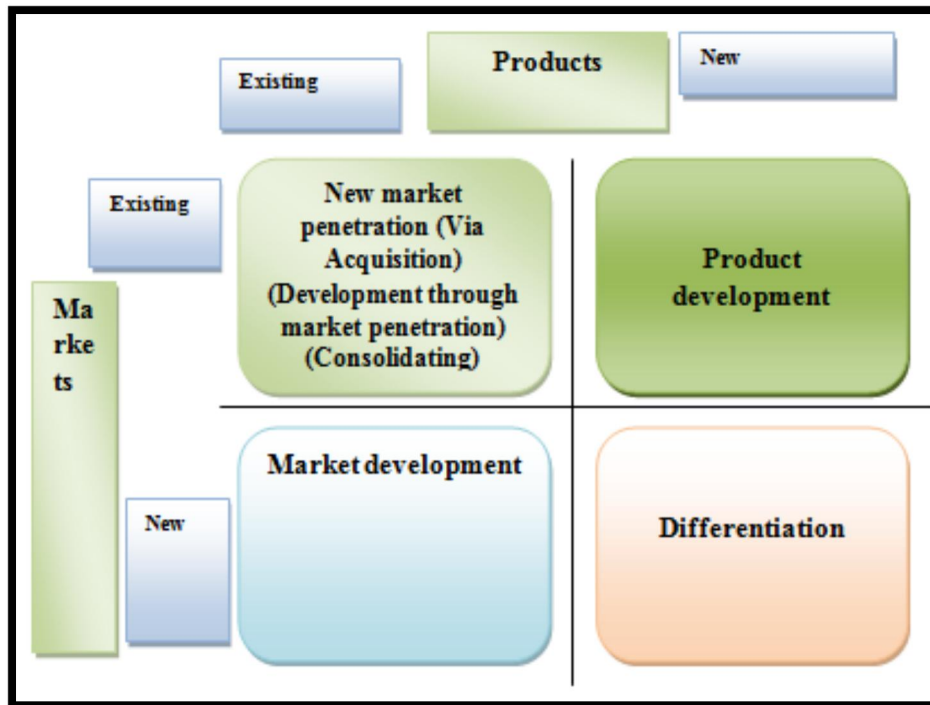


**Figure 5: Ansoff matrix of American Express**

(Source: Author)

This matrix helps in increasing marketing investment which refers to the marketing and advertising activities of the company to gain customers. It helps to explore new and innovative distribution that helps in exploring different channels and strategies to increase market penetration by improving accessibility. Competitive pricing of the products increases consumer engagement with the product and the pricing might increase the penetration while reducing operational costs increased competitive pricing to get higher affordability. The company entered in the renewed market through different modes such as acquisition, development through market penetration and consolidation (Jelonek, et al., 2022) . The acquisition develops leverage through a diversified supply chain and distribution channels. Acquisitions lead to higher penetration that includes different consumer groups and segments in existing markets. The consolidating phase is the part of industry's life cycle while organic growth increases the market share. It offers customers new services that acquiring and merging with other companies. The consolidating market strategy is not long-term, it only experiences range-bound price activity that is noticed as market indecisiveness.

### ***International Strategies***

International strategies are involved with the global markets that operate the company that considers creating an effective global strategy that helps in a successful business. The main purpose of developing global strategies includes standardisation and international and

multinational strategies that provide benefits to the company. International strategies include making sales in the new market that helps in increasing global brand awareness. Global strategy creation also involves market competitors, customers from all over the world, and other components of business getting success in the international market (Xu, et al., 2021). The international strategies implementation *generates new sales* and the customer base while operating in different markets. The international strategy allows us to take advantage of emerging markets and increase economic growth. International strategies have helped to *access new resources* that create global competitive advantages that help American Express to obtain less expensive resources.



**Figure 6: International Strategies**

(Source: Author)

International strategies fostering global brand awareness while it moves to the new market it increases recognition in all parts of the world. The benefits of using an international branding strategy include consistency of messaging, reducing market cost and increasing the company's customer awareness across the globe. The company has introduced lowering labour costs that include efficiency and seeking activities that support decreasing labour costs and increase profits of the company. The international strategies allow for the diversification of business risks including economic risks that business risks vary in the major threats (Robson, et al., 2019). In the process of operating a business in the global market, the operational activities need to be flexible and market the product with different locations and change production ways.

### ***Entry mode strategies***

Global expansion refers to the company's growth in the international market that provides opportunities to expand its operations. American Express adopts exporting as a new market entry mode for business expansion that expands operations to capture a wider market share. The organisation has formulating strategy and planning to access the new market that includes great logistics, customer duties and currency conversion that provide resources to help you to get started. The company gets government resources to develop land for exporting and guide through the development process. The strategy mainly involves marketing goods that produce and places in the global market and place them with the intent to sell products.

Selling products in the international market sometimes needs third-party involvement to sell products. Alternatively, the international market use indirect exporting that involves the service and agent. The company has adopted exporting method for new market entry as this technique requires paying agents that leads to a good return on investment as the agent understood the requirements to get success in the market. In this process, American Express exports the sales products and services to foreign countries which introduce more sales growth than the domestic country (Chipp, et al., 2019). This strategy for entering the new market is the most simple and easy to adopt to enter the international market and American Express adopted it to increase the sales growth of products and services in foreign countries that are sourced from the home country. It helps the organisation to establish brand recognition and consumer awareness that provide through, marketing and logistic investments.

## **Green Strategies and CSR**

American Express's approach to CSR is the natural extension of the brand that stands for trust, security and services. The organisation provides value that includes social, environmental and economic approach across the key stakeholder groups. The organisation believes in the impact that has made through its products in people's lives which provides powerful backing for the organisation. The ESG strategy is the natural extension and strategic roadmap for the advanced goals. The company's ESG mission thrives for creating equitable, resilient and sustainable communities globally (American express News, 2022c). It mobilizes the business to address the global challenge and serve high-impact initiatives to serve colleagues, customers and communities.

ESG strategy draws long-term goal objectives that indicate critical areas of the organisation, stakeholders and society. Green CSR recognises obligation or the waste reduction practices

of the organisational activities that maximize efficiency. Alternatively, it helps to minimise negative influencing on the future generation of the country. The goal of green CSR embrace responsibility for the company's actions that encourage a positive impact through various activities related to the employees, consumers, communities, stakeholders and the environment (Wandosell, et al., 2021) . American Express has introduced the green innovation that bridges eco-design, green supply chain management, and renewable energy and includes eco-efficiency along with enhancing firm performance on availability of resources that balance environmental protection.

Green CSR is a part of socially responsible communication that influences the attitudes of individual target groups towards the brand. Green CSR involves recycling, waste reduction and reducing water consumption that introduces green innovation in the organisation. The innovation includes product innovation; the development includes a less negative impact on human lives and optimising the use of natural resources (Contrafatto, et al., 2020) . Green CSR includes sustainability in the business and allows organisations that address different economic and environmental issues that provide growth and productivity in the business.

## **Conclusion**

It has been concluded that the strategic analysis of American Express in regarding business activities and the internal and external environment of the organisation is. The study has elaborately discussed on the organisation's mission, and vision objectives to understand the actual scenario of the strategic analysis that needs to include. The company has evaluated its strategic approach to expanding business in the new marketplace and trying to implement international strategies for more growth in business. Green CSR strategies have been included to build financial confidence, advance climate solutions and promote diversity. Moreover, equity and inclusion highlight the progress of the organisation.

## **Recommendations**

American Express is a top-notch service provider for the best reward available that provides business or personal credit cards.

### ***Digitization***

The company need to implement digitization for business growth as it influences the efficiency and accuracy of the business. The company can focus on providing products that are available online to gain more customer base (Cartwright, et al., 2021). Digitization adds more accuracy in business dealings that enhances brand awareness and product acceptability.

### ***Social media marketing***

The company can include more investment in marketing and social media marketing as millions of people are connected through social media. Social media platforms increase brand visibility among consumers and potential consumers and gain the trust of the brand which provides more sales growth.

### ***Customer support***

The company can provide great customer support as AI, chatbots, and big data have already been implemented and can restore data for the next generation of business dealing (Hovenkamp, 2019). The company has included various innovations that support customer service for enhancing business activities.

### ***Relationship building***

With better communication and satisfactory products and services to the consumers, the company can gain strong relationships with the customer and the business management. The customer and the organisation are dealing with a relationship that enhances business growth.

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