

Competitive/Comparative Analysis Report

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Introduction

This Competitive Analysis Report will be focused on understanding the competitive landscape of the peer-to-peer (P2P) money transfer solutions. Specifically, this report will be written with Venmo as the focal product while analyzing its competitors.

Venmo is a P2P money transfer solution introduced in 2012. The goal of all P2P money transfer solutions is to allow its users to efficiently transfer small sums of money to those they desire. Venmo is highly popular in the younger, 18 to 30 demographic. Some of the competitors of Venmo include Square's Cash App, Zelle, Paypal, and the traditional method of P2P money transfer via physical paper checks.

The research question posed for this competitive analysis report is the following:

- What are the similarities and differences between Venmo and its competitors?
- Why do users choose Venmo over other services?

The goal of this report is to understand Venmo's competitive advantage and how it sustains that advantage. The scope of this report will focus on mobile solutions offered by the different companies in the P2P money transfer space.

Methods

The following Competitive Analysis methods are employed in this report:

- Criteria for Product Selection
 - All-around similarity
 - Cash App was the most similar in terms of all functionalities and offerings
 - Mobile app similarity
 - Does the product offer a Mobile application like Venmo?
 - Zelle is built into other banking application, hence the Tier 2 ranking
 - Core service similarity
 - Does the product focus on P2P money transferring?
 - Paypal is focused on all money transferring with the P2P ability, hence the Tier 2 ranking
- Products Selected
 - Venmo
 - The main product in which all other products are compared to
 - P2P Money Transfer service focused on ease of use and speed
 - Emphasis on social features
 - Cash App
 - The most similar product to Venmo
 - P2P Money Transfer service focused on ease of use and speed

- Emphasis on Debit Card feature
- Zelle
 - P2P Money Transfer service focused on ease of use and speed
 - Emphasis on being integrated with other bank apps
- Paypal
 - General internet-based money transfer service with P2P option
 - Emphasis on accessibility (international transfer, customer to business transfers)
- Paper Check
 - Traditional money transfer with little limitations
- Research Methods
 - Online Articles
 - The majority of statistics, costs, and numbers came from online sources
 - Sources include business websites like Forbes and primary sources like the official website of the service
 - Application Usage
 - For the design dimension, the actual mobile application were downloaded and used to take screenshots
 - App Store
 - For the App Store dimension, the iOS Store were used to scrape description information, review information, ranking information, and rating information
- Product Comparison Criteria
 - Access
 - Platforms
 - How many ways can you access the service?
 - Mobile App
 - Can the service be accessed on mobile?
 - Transaction Volume (2018)
 - How popular was the service?
 - The higher the transaction volume, the more profitable service is
 - Social
 - Adding Contacts
 - Can you add contacts?
 - Activity
 - Can you view the activity of others?
 - Can you view your own activity?
 - Finding Users
 - How easily can you find the people you are sending/receiving money from?
 - Finance
 - Adding Money into App Balance
 - Balance refers to a location in the service where you can

- transfer money into to be used to transfer in the future
 - Does the service have its own balance?
 - Does it cost money to do so?
 - Debit Card
 - Does the service offer a debit card that draws from the service balance?
 - Debit Card Attraction
 - Are there any perks to using the service's debit card?
- Cost
 - Signup Fee
 - Is there a cost to signing up for the service?
 - Sending Fee
 - Is there a fee for sending money to the service?
 - Withdraw Fee
 - Is there a fee for withdrawing money from the service balance?
- Design
 - Color
 - What is the main color scheme?
 - Landing Interface
 - What do users see after launching the application?
 - Sending Interface
 - What do users see when they try to transfer money?
- Speed on Mobile
 - Steps to transfer page
 - How easily can users access the transfer page?
 - The fewer steps to the transfer page, the more potential for a transaction, the more the possible profit
 - Steps from transfer page to submitting
 - How easily can users complete a transaction?
 - The fewer steps, the more potential the completion of transactions, the more the possible profit
 - Complexity of steps (Ranked from 1 being easiest)
 - How simple is the user interface?
 - The easier the service, the more popular the service would be
- Limitations
 - Upper transfer amount
 - Is there an upper transfer amount?
 - International Transfers
 - Can you transfer to international users?
 - Internet Dependency (Will transaction fail or be saved without the internet?)
 - Can you use the service without the internet or does the service save your transactions when you are offline?

- App Store (iOS)
 - Key Features in Description
 - What are the main market features of the service in the app store?
 - Review
 - How many stars did the app get on the iOS app store?
 - Ranking
 - How popular is the application?

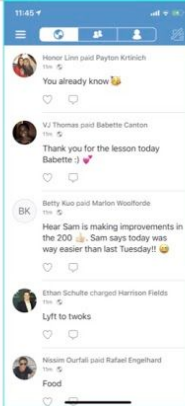

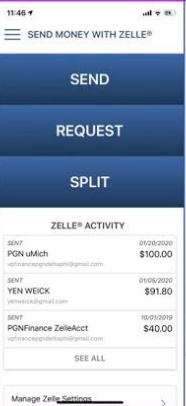
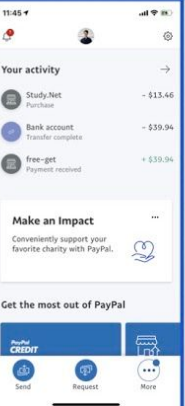

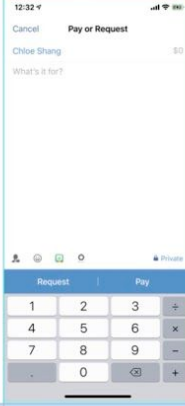


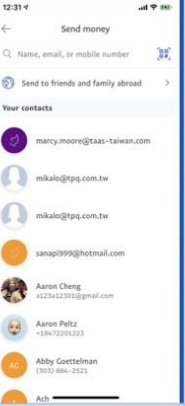

Findings and Recommendations

Summary Results

This analysis report reveals that Venmo's competitive advantage lies in surprisingly few key differences that are critical enough for users to prefer the service over competitors. These key differences are the social component and the special feature with the debit card, which is technically also tied into the social component.

Key Findings

P2P Money Transfer App	Venmo	Tier 1: Cash App	Tier 2: Zelle (In banking app)	Tier 2: Paypal	Niche: Physical Checks
Product description	-Peer to peer money transfer solution -Mobile Application and Website -Debit card option to spend money stored within service -Social component with the ability to comment/label each transaction and share with friends	-Peer to peer money transfer solution -Mobile Application and Website -Debit card option to spend money stored within service	-Peer to peer money transfer solution -Interface integrated in individual bank mobile application and website	-Peer to peer, consumer to business, and business to business money transfer solution -Mobile Application and Website	-Using physical, paper checks to transfer money -Possibility of depositing checks received using mobile/web solutions
Access					
Platforms	iOS, Android, Web	iOS, Android, Web	iOS, Android, Web	iOS, Android, Web	Physical, paper checks
Mobile App	Stand-alone application	Stand-alone application	Integrated as an additional service on participating banking applications	Stand-alone application	Possible to deposit physical checks through mobile banking applications if offered by the bank
Transaction Volume (2018)	\$64.2 billion	\$30.8 billion	\$122 billion	\$141.8 billion	\$172.3 billion (all bank p2p transfer services)
Social					
Adding Contacts	Can add "friends" on the app	Can view recent/repeating contacts	Can add contact lists	Cannot add contacts	N/A
Activity	Can view your own activity, your friends' activity, and global activity	Can view your own activity	Can view your own activity	Can view your own activity	Can view activity through bank
Finding Users	Name, @username, phone, email, QR Code	Name, \$Cashtag, phone, email, QR Code	Name, phone, email	Name, phone, email, QR Code	Physically handing them the paper check
Finance					
Service Balance	Users can add money into in service balance to transfer without fee	Users can add money into in service balance to transfer without fee	Users do not need to add balance. Money sent directly from bank account	Users can add money into in service balance to transfer without fee	N/A
Debit Card	Offered. Requires loading money into App Balance	Offered. Requires loading money into App Balance	Not Offered (Debit card available with participating bank)	Offered. Requires loading money into App Balance	N/A
Debit Card Attraction	Instant Cash Back on Larger brands (Dunkin, Sephora, Macy). Instantly split purchases made from the debit cards	Instant Cash Back on larger brands and local brands (No Thai, Zingerman)	Not Offered (Debit card perks dependent on bank)	Free ATM withdrawals	N/A
Cost					
Signup Fee	Free	Free	Requires bank account with certain banks which may cost money	Free	Requires bank account with certain banks which may cost money
Sending Fee	Free if linked debit card/bank account/in-app balance. 3% if using credit card	Free if linked debit card/bank account/in-app balance. 3% if using credit card	Free	Free if linked debit card/bank account/in-app balance. 2.9% if using credit card. Additional fees for international transfer	
Withdraw Fee	Free for standard (1-3 days) withdraw. 1.5% of transaction for instant withdraw	Free for standard (1-3 days) withdraw. 1.5% of transaction for instant withdraw	Does not have withdraw issue. Instant cash deposited into bank account.	Free for standard (1-3 days) withdraw. 1% of transaction for instant withdraw.	Dependent on location/method of check cashing. Generally free at banks or on bank app. May cost fee at other locations.
Design					
Color	Light Blue	Green	Purple	Dark Blue	Dependent on paper

P2P Money Transfer App	Venmo	Tier 1: Cash App	Tier 2: Zelle (In banking app)	Tier 2: Paypal	Niche: Physical Checks
Landing Interface					
Sending Interface					
Speed on Mobile					
Steps to transfer page	1 step	0 step (Landing page)	(From banking app): 2 step (From Zelle in app): 1 step (Landing page)	1 step	1 step (Fill out check)
Steps from transfer page to submitting	1. Select user 2. Enter amount 3. Write description 4. Pay or Request	1. Enter amount 2. Pay or Request 3. Select user	(From PNC banking app): 1. Reveal menu 2. Choose Zelle 3. Pay or Request 4. Select User 5. Enter amount	1. Pay or Request 2. Select User 3. Enter amount 4. Confirm	1 step (Fill out check)
Complexity of steps (Ranked from 1 being easiest)		2	1	4	3 Extremely simple to fill out.
Limitations					
Upper transfer amount	\$2999.99/week	Transfer: \$2500/week Receive: No limit	Dependant on bank	No limit	No limit
International Transfers	Not offered	Not offered	Not offered	Yes, with fees	Yes, through mail or physically handing the check after taking an airplane
Internet Dependency (Will transaction fail or be saved without the internet)	Failed	Failed	Failed	Failed	Independent. Can write and hand checks without the internet
App Store (iOS)					
Key Features in Description	1. Splitting the Bill 2. Social/Commenting feature 3. Debit Card	1. Security 2. Fast 3. Free 4. Debit Card (and perks) 5. Purchasing Bitcoin 6. Purchasing stock 7. Deposit Paycheck	N/A	1. Security 2. Peer Transfer 3. Paying for Goods and Services 4. Debit Card 5. International Transfer	N/A
Review	4.9 stars (7.7M reviews)	4.6 stars (306K reviews)	N/A, must look at individual banking application (PNC had 4.8 stars from 581K reviews)	4.8 stars (2.9M reviews)	N/A
Ranking	#4 in Finance	#1 in Finance	N/A	#5 in Finance	N/A

- Similarities
 - All the services were very similar with each other with Zelle and Physical Checks being the most different (Which explains the Tier 2 and Niche Tier)
 - All the services were the same in platforms offered (iOS, Android, Web). Even physical checks had ways be cashed on all platforms
 - Cash App and Venmo were the most similar with 5/8 dimensions (Access, Social, Cost, Speed on Mobile, Limitations) nearly identical
 - Paypal and Venmo were also really similar in 4/8 dimensions (Access, Social, Cost, Speed on Mobile) which is to be expected since Paypal owns Venmo
 - Physical Checks, Zelle, and Venmo have main similarities in their core P2P Money Transfer abilities
- Differences
 - All services had at least one dimension that is dramatically different from competitors to stand out
 - Venmo's main difference is in its Social dimension
 - Venmo is the only service that allows users to view friends and public activity
 - Cash App's main difference is in its Debit Card attractions and Design
 - Cash App has more local and relevant discounts on its Debit Card, which is one reason why the application is extremely popular
 - Cash App focused its design on simplicity, making it the easiest to use and least step-complicated among the services
 - Cash App is rapidly gaining popularity, securing the #1 place in Finance on the iOS App Store versus Venmo's #4 place
 - Zelle
 - Zelle has a very different user base than Venmo, focused on the older demographic
 - Zelle approached P2P Money Transfer with integration into other services like bank apps
 - Paypal
 - Paypal's main difference with Venmo is its accessibility for more purposes
 - Paypal not only focuses on P2P money transfers, but also allows customer to business and international transfers
 - Paypal has the largest transaction volume outside of traditional banking
 - Physical Check
 - Physical Checks was the service with the most differences from Venmo, with nearly all dimensions different
 - Physical Checks could be cashed using internet, but rely on physical interactions to complete transaction

Recommendations

The key recommendation this report offers is for Venmo to further expand on its current competitive advantage, the social dimension, while making its design elements more simple to dampen Cash App's growth and reach the older demographics that Zelle has popularity in.

- Social Dimension Expansion
 - Increase privacy protection for social dimension (Changing default activity to be private) and advertise security features in App Store description
 - Have the option for users to write the transaction comments when sending money like a regular check to attract older demographic
- Design Simplification
 - Change the landing page to the money transfer page, similar to what Cash App does
 - Cut down the steps it takes for a user to complete transaction

Conclusion

The P2P Money Transfer space has grown extremely competitive since 2012 when Venmo was introduced. With Cash App, Zelle, Paypal, and Physical Checks all gunning for the same transaction, it is critical to understand the key similarities and differences that sets Venmo apart. The key competitive advantage Venmo has is its social component. The social component allows for the app to be more like a social media platform where users can see friend activity, and allows the user's Debit Card to have features like splitting bills with friends. For Venmo to maintain its spot as the most popular money transfer application, it should expand its social dimensions to be more secure and friendly to an older demographic, and simplify its design to compete with Cash App's competitive advantage.

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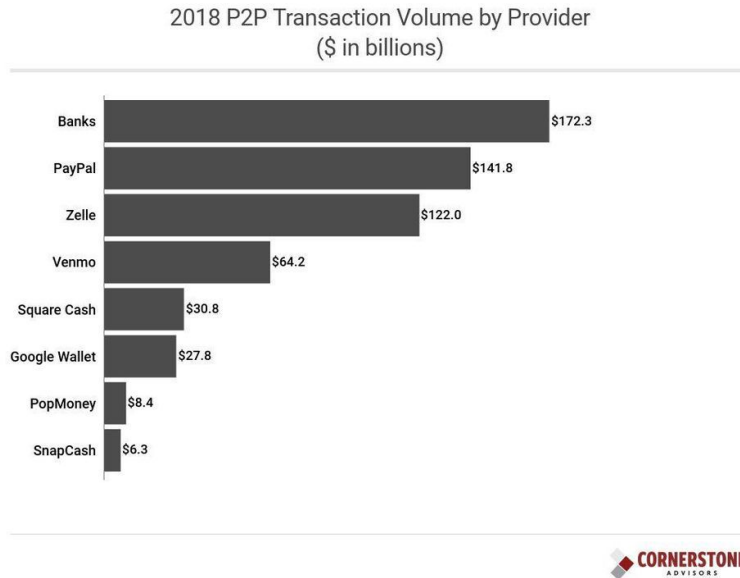
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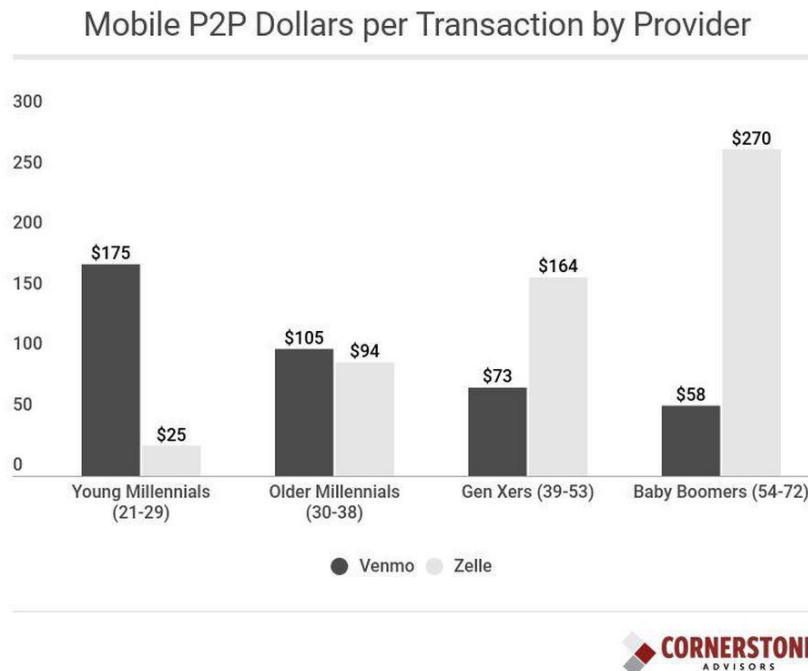
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- Physical Check information:
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Appendices

Appendix A: Transaction Volume from Forbes.com



Appendix B: Venmo/Zelle popularity among different age demographics from Forbes.com



References