Client Information

Our proposed client is Venmo. Venmo is an American mobile payment application. Venmo was founded in 2009 and has been owned by PayPal since 2013 (*Pay friends: Payments app*, 2024). Venmo allows people to transfer funds to others and businesses. Venmo has become very popular within the last 5 years. It has a social media aspect to it, which makes it a fun way to send money back and forth for not-so-fun things. People generally use it to split any type of bill.

The 4 P's (product, price, promotion, and place) of our client Venmo are simple. The product that Venmo offers is a digital wallet that lets users make payments and transfer money to other users or businesses. Venmo offers a few different product features such as instant transfers, a credit and debit card that can be used for purchases and a social feed to interact with added friends on. As for price, Venmo is free to users for their basic services such as sending money back and forth to other users with a linked debit card or bank account. Venmo does charge a fee for instant transfers of funds into your bank account, but not a standard one. For place, Venmo is a mobile app found on many app stores such as Google Play and the Apple App Store. Venmo also has a website. Lastly, for promotion Venmo promotes their services on various platforms. Venmo has a large following on social media channels such as Instagram. Venmo also has partnerships with businesses who accept Venmo payments. Additionally, Venmo's largest promotional aspect is through word of mouth. Venmo users tend to be very loyal to the online payment service. We have all heard a friend or family member say "just Venmo me" when paying for something. This creates a referral loop (*How Venmo made payments fun with its marketing strategy,* n.d.) and causes others to continue to download it. Zelle and PayPal may seem out of date to most Venmo users, and it seems like every millennial or gen z uses Venmo. Personally, we have given the Venmo word of mouth promotion as well as received it. The social feed aspect of Venmo has made it more popular than most competitors.

Venmo has a mission statement which claims they are the app for "fast, safe, social payments between friends." (*Pay friends: Payments app*, 2024). Their app claims to enhance friendships through money, not complicate them (*Pay friends: Payments app*, 2024). Venmo tends to have an outstanding reputation. It is known for being safe and user friendly. You can have your social feed private or public, and there are many verifications on the app making sure it is you, and you are paying the right person. Venmo lets you purchase cryptocurrency charging no additional fees. Venmo does not charge any regular fees unless you request an instant transfer. Venmo has no history of hacking, poor marketing efforts, or anything unethical within the company. In fact, they work to make their security stronger every year.

As for revenue, Venmo has seen consistent growth over the years as well as growth in users (Curry, 2024). There are now over two million merchants in the United States that accept Venmo, proving it to be bigger than just paying friends and family (Curry, 2024). Venmo competes with Zelle, Cash App, Apple Pay, Pay Pal, Google Pay, Chime, and Samsung Pay

(Hendelmann, 2022). Most of these competitors are just P2P (peer to peer) companies, and Venmo works with merchants and businesses through partnerships.

Consumer Insight

The consumer group we are researching is undergraduate college students. For many, college is the first time they experience some form of financial independence. Along the way, these students often make financial mistakes. On average, a college student overdraws their bank account twice a year (Dickler, 2017). Additionally, 66% of college students have less than $1,000 in their bank accounts (Perez, 2023).

Balancing academics, extracurriculars, social lives, part-time jobs, internships, and managing personal finances can be overwhelming, especially since many of these responsibilities are new to them. Most of these activities require money or financial transactions, which is why Venmo has become popular with college students. A 2022 study by Bankrate found that 63% of Gen Z uses Venmo (Elkins, 2024).

Awareness is not the issue here; in fact, Venmo is the largest peer-to-peer (P2P) digital money transfer platform among this demographic. However, according to LendingTree, 90% of Gen Z uses some form of P2P money transfer app (Davis, 2022), which indicates that Venmo still has room for growth within this target market.

When we look at payment preferences, the data shows that Gen Z users prefer debit-based transfer systems, such as Venmo's, over credit-based payment methods. In fact, 65% of Gen Z users favor debit systems, which makes sense given their relatively low account balances. Credit can be risky, especially when there’s a chance of overdrawing their accounts. Additionally, 80% of Gen Z users prefer touchless payment methods over traditional ones, while only 10% use cash as their primary form of payment (Elkins, 2024). Having grown up in a digital era, Gen Z is comfortable managing their finances through technology.

Given all of this, why don't all college students use Venmo? One reason could be the network effect associated with P2P money services. It’s common for friend groups and social circles to adopt a preferred method of money transfer, which creates resistance to switching to a different service. The key to overcoming this is reaching college students early in their journey, as it is easier to onboard new users than to convert existing ones.

Our focus will be on targeting freshmen who are new to college and new to banking. Freshmen are making new friends and expanding their social circles. While only 49% of high schoolers have a bank account (Butts, 2022), that number jumps to 85% for college students (Dickler, 2017). Targeting these new account holders as they gain financial independence will be

crucial for Venmo to overcome the network effect and dominate this market of young college students.

Problem Definition

Venmo has some key opportunities for college students that we have identified. The problem is many high schoolers do not have a bank account with a financial student. When they move on to college almost all of them will have a bank account. Once that bank account is established people usually adopt a type of online banking or mobile P2P payment system. Specifically in college, students create friend groups, join clubs, have bills to split with roommates, need money from their parents, and pay each other for small things like groceries. Venmo is the perfect platform for these students to use, but we want to make sure they are choosing Venmo and not PayPal or Cash App. Therefore, the opportunity lies within incoming college students or freshman. If Venmo starts targeting those younger students, they will create brand loyalty and generate more word-of-mouth advertising within social groups. This way, we are making sure incoming students will be choosing Venmo.

The key opportunity our agency has chosen to target is those seniors in high school transitioning to college who do not yet have a touchless online payment application. If we target them in our advertising efforts, we are ensuring that they choose our client along with their friends and family.

As for future research, we would like to address a few things. In our primary research we want to ask consumers simple questions:

- Why do they use Venmo?
- What do they use Venmo for?
- Why do they use Cash App?
- At what age did they download and start using Venmo?
- How many times a week do they make online payment transactions?
- How often do they do activities that require finical transactions with friends?
- How often do they pay for friends?
- How often do friends pay for them?

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