



PREVIEW



U.S. Merchant Category Encyclopedia



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About This Report

ABOUT THIS REPORT

For the purposes of this report, the content is focused on 37 major U.S. merchant categories. The report serves as a directory in understanding the dynamics of each category, the payments players that focus on each category and an analysis on the attractiveness of the category from an industry and acquiring perspective.

The first half of the report is a briefing on the U.S. macroeconomic landscape which identifies key government economic indicators and the implications for merchants through 2016. This part of the report also provides a snapshot of the concentration makeup of the U.S. merchant landscape and breaks down U.S. merchant categories by region, industry type and merchant size.

The latter half of the report identifies 37 major U.S. merchant NAICS categories and provides detailed information on each category such as dollar volume growth, transaction growth, market share by payment tool, growth in establishments, sales per establishment, establishment concentration, by state, sales concentration by state, total industry sales estimate, producer price index, employment and a look at the top payments players that focus on that specific merchant category. Each category receives an industry attractiveness ranking and an acquiring attractiveness ranking.

WHY IS THIS USEFUL?

This report will provide useful information into the various facets of 37 major U.S. merchant industries. The report is an excellent tool for payments companies to track and analyze the performance of various merchant categories along with identifying potential merchant verticals that should be focused on for expansion. Forward-thinking acquirers will use this type of data to prioritize their sales strategies as well as benchmark their own metrics.

The information can also be leveraged by companies outside of the payments industry, especially the investment community, to understand where a strategic investment in the payments space makes the most sense by merchant category and the payments players that focus on a particular space.

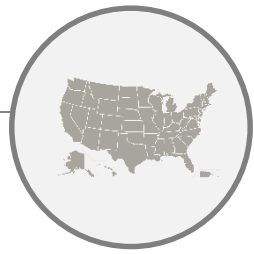
Report Overview

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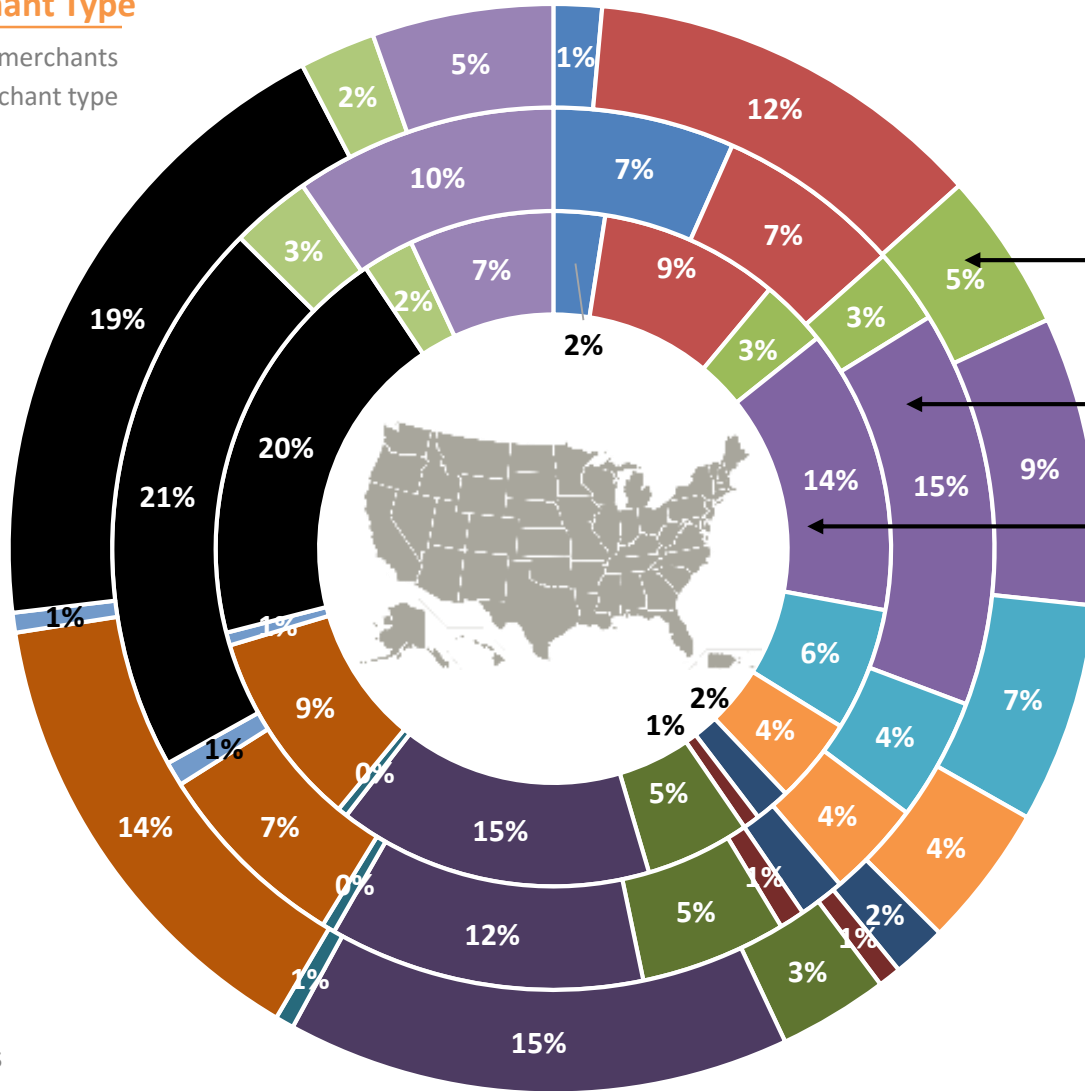
Merchant Concentration



Concentration by Merchant Type

This chart shows the makeup of merchants in the U.S. by merchant type

- Airline & Hospitality
- Business Services
- Construction
- Eating & Drinking Places
- Educational & NPOs
- Entertainment & Rec.
- Farming & Ag.
- Finance & Real Estate
- Grocery & Petrol
- Healthcare
- Manufacturing
- Personal Services
- Public Administration
- Retail
- Transportation & Utilities
- Wholesale



Outer Ring:
Merchant Concentration



Middle Ring:
Dollar Volume Concentration



Inner Ring:
Net Revenue Concentration



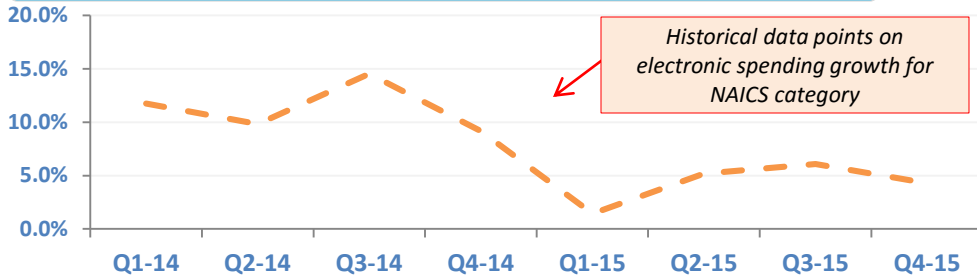
Merchant Category Directory - How To Read



This section of the slide provides a summary of the merchant category and what types of services the category entails or does not entail.

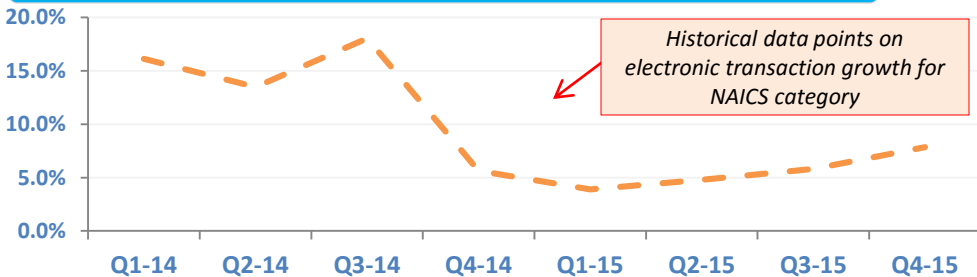
Electronic Spending Growth

Year-over-year (YoY, same store) dollar volume growth

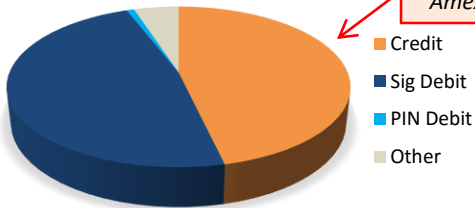


Electronic Transaction Growth

Year-over-year (YoY, same store) transaction growth



Market Share by Payment Type (dollar volume)



Industry Statistics

Key industry data sourced from U.S. government sources such as the Department of Commerce

| | 2015 | 5-Year Growth |
|-------------------------------------|------|---------------|
| # of establishments | | |
| • Sales per establishment (\$1,000) | | |
| • Industry sales estimate (mn) | | |
| Producer Price Index | | |
| Employment (in thousands) | | |

Establishment Concentration



Sales Concentration



Where available, U.S. maps on establishment concentration and sales concentration

Industry Payments Players

| | |
|----------------|---|
| Acquirers/ISOs | A listing of payment players by industry based on public marketing material. Note: APIs are defined here as payment related application programming interfaces. |
| Gateways | |
| APIs | |
| POS Software | |

Industry Attractiveness

Acquiring Attractiveness

Assigned ranking of industry and acquiring attractiveness

NAICS: 813 (Religious, Grant Making, Civic, Professional, etc.)

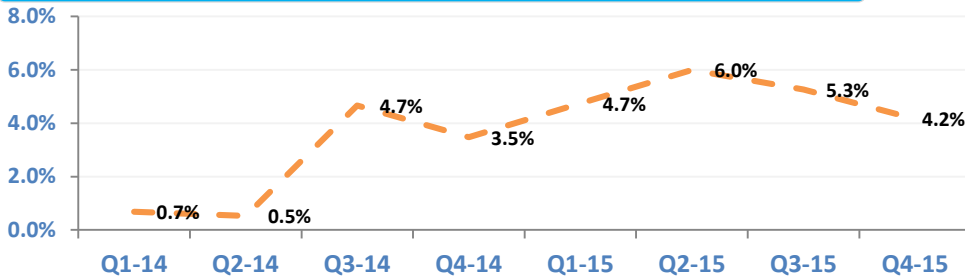


Industries in the Religious, Grant making, Civic, Professional, and Similar Organizations subsector group establishments that organize and promote religious activities; support various causes through grant making; advocate various social and political causes; and promote and defend the interests of their members.

Electronic Spending Growth

TSG's AIM database

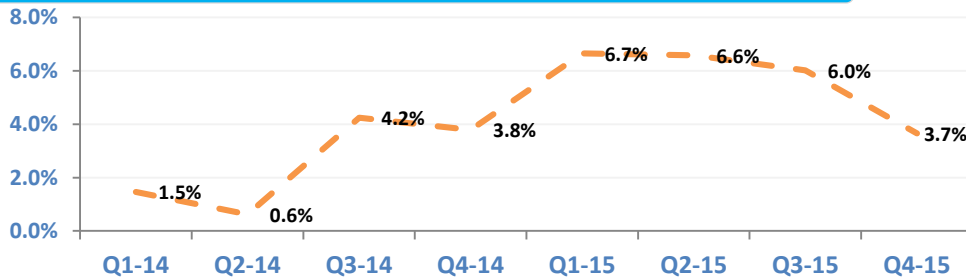
YoY (same store) dollar volume growth in Religious, etc. Orgs. (813)



Electronic Transaction Growth

TSG's AIM database

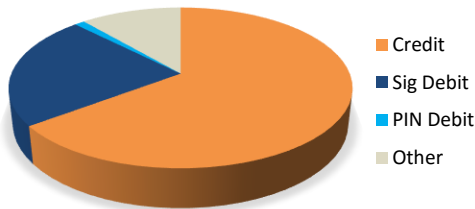
YoY (same store) transaction growth in Religious, etc. Orgs. (813)



Market Share by Payment Type (dollar volume)

TSG's AIM database

As of Q4-15



Industry Statistics

| | 2015 | 5-Year Growth |
|-------------------------------------|---------|---------------|
| # of establishments | 145,150 | 0.8% |
| - Sales per establishment (\$1,000) | | |
| = \$1,830 | | |
| - Industry Sales estimate (mn) | | |
| = \$265,624 | | |
| Producer Price Index | NA | NA |
| Employment (in thousands) | 2,952.3 | 0.2% |

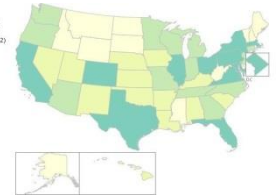
Establishment Concentration

325 - 695 (13)
695 - 1,299 (23)
1,299 - 2,417 (12)



Sales Concentration

45 - 147 (13)
147 - 301 (23)
301 - 617 (12)
617 - 1,186 (12)



Industry Payments Players

| | |
|----------------|--|
| Acquirers/ISOs | The Bancorp Bank, Priority Payment Systems, Clearent, Newtek, NXGEN |
| Gateways | Authorize.Net, Chase Commerce, Direct Connect, First Data, MasterCard, PayPal |
| APIs | FirstGiving, Giving Impact, Click&Pledge, Braintree, Authorize.Net, Chirpify, Stripe |
| POS Software | Micros, Paynata, Slingshot, POSAL |

Industry Rating

B

Acquiring Rating

C

About TSG

The Strawhecker Group (TSG) is a management consulting company focused on the electronic payments industry. TSG works with clients from all aspects of the industry, including merchant acquirers, card networks, investment firms, banks, technology companies, and major merchants. The Electronic Transactions Association named TSG as Business Partner of the Year in 2010.

Payments Strategy Consulting | Transaction Advisory | TSG Metrics

1,000+

PROJECTS COMPLETED
IN THE LAST THREE
YEARS



40

OF THE TOP 50
ACQUIRERS
SERVED



23+ Years

AVERAGE
ASSOCIATE
EXPERIENCE



3.5+ Million

U.S. MERCHANTS IN
TSG'S ANALYTICS
PLATFORM



UP TO \$2B

SIZE OF COMPANIES
VALUED AND ASSESSED
FOR BUYING/SELLING



Payments Experts. Powerful Data.

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