

Edenred bets big on digital reward systems

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Aims to target e-commerce enterprises; expects 65% digitisation of issue volume

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Two years after it started its digitisation programme, rewards and loyalty service provider Edenred India has said it is seeing significant growth and higher adoption rate of its services.

The Indian arm of the French multinational said that in line with its international strategy, it will be focusing on increasing its digital footprint to reach newer markets and introduce newer products.

‘India promising’

“The Indian market is highly promising. We started our digital journey two years ago and are seeing 65 per cent digitisation of our products and services,” Bertrand Dumazy, Chairman and CEO of Edenred Group told *BusinessLine*.

Dumazy said that it has recently shifted from a paper-based meal and gift vouching to a digital system with smartcards.

Going digital

According to the company, future growth lies in digital solutions, and the company expects over 65 per cent of its issue volume to be generated through the digital mode, with transactions occurring through cards, smartphones and over the Internet.

Edenred, which entered India in 1997, has been present in Brazil, Italy and Mexico for over three decades and in France for over 45 years.

It has operations in 42 countries worldwide and has total issue volume (total amount of funds allocated to beneficiaries for clients, companies or local authorities) to the tune of €18.3 billion.

The company has €1.1 billion in revenue. Dumazy said that digital landscape will help it generate more footfall and also target newer enterprises like e-commerce. In India, the company said it has over 1.5 million beneficiaries.

A pre-paid service provider develops and manages solutions for corporates, which use loyalty cards and vouchers as a reward, recognition, and even employee retention tool.

In the digital model, the end user will be issued smartcards that will replace vouchers and get topped up online.

Earlier practice

In the offline format, clients would purchase paper vouchers each month, which had to be distributed to the end users and then redeemed for meals or gifts at merchants.

According to various estimates, despite India still being a nascent market in the overall penetration, the pre-paid market is growing, backed by the large number of corporates adopting it.

In India, Edenred competes with players such as Sodexo, Itzcash and Payback, among others.

Business in India

For most players in the business, India contributes less than 1 per cent to their global revenue.

Asked about the company's revenue, Dumazy refused to share any revenue numbers. He said the company will be investing in creating infrastructure needed to scale up the digital platform.

He didn't give an India-specific number but said that globally the company spends close to €100 million for IT related infrastructure. "We will be developing customised solutions for the Indian market," he added.

Edenred typically earns revenue from the commission it earns from corporate and merchants. Commissions in the category stands at 5 per cent of service charge.

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