

## **‘It's Important To Create Aspirations’**

MS Ashok, COO, Accentiv, talks about his firm, the business, and what is identified as opportunities



Mileage points, discounts, rewards. Words that should be music in the consumer culture we live in. But not all loyalty programs — in essence goodies that encourage greater consumption — are the same. Many companies make a business out of designing and implementing loyalty programs for banks retailers, airlines and sundry other consumer-oriented businesses.

Accentiv is one such Chennai-based company (if its name sounds similar to ‘Incentive’, hard not to guess why) that focuses on financial services, mainly banking. Its corporate client list includes HDFC Bank, Citibank, SBI Life Insurance and Standard Chartered Bank. M.S. Ashok, chief operating officer (COO) Accentiv, says his firm is going beyond just consumers to include the business-to-business (B2B) segment too. He met with Businessworld’s Tanushree Pillai to talk about his firm, the business, and what his firm sees as opportunities. Excerpts:

### **Why was Accentiv started in the first place?**

Accentiv is part of the Edenred group (listed at the Paris Stock exchange), which is the largest company in the employee benefit space. We also have a very strong rewards and incentive package. We were earlier called Accor Services, but we re-branded ourselves as Edenred about a year ago.

The rewards and incentive business of Edenred is called Accentiv. We were already engaging with various corporates and we found out that most of them wanted to reward their employees on special occasions, for jobs well done. So the relationship which we already had with corporates, was extended to B2B incentives as well. So the channel partners came in and the program got extended to customers as well.

Today, Accentiv is into B2B2E (Business to Business to employee), B2B2B (Business to Business to channel partners) and B2B2C (Business to Business to customers).

### **When did Accentiv come to India?**

We have been In India for about 10 years now. We picked up two companies, one of them being Royal Images Direct – started in Chennai to work with Citibank credit card – about 4 years ago.

### **In which sectors is Accentiv present in India?**

Accentiv is very strong in the banking and financial sector particularly, with the pedigree being Citibank’s rewards program. Today, we handle programs for 6 credit card companies in India. We also have a presence in the IT, retail and B2B space.

## **Do you think the banking and financial sector needs a loyalty program like this?**

The credit card sector has traditionally been a good sector for the loyalty program business. What makes every customer take out one particular credit card from his wallet is the number of points she has on that particular card. Customers try to accumulate points on one particular card in order to be able to redeem those.

## **So is this loyalty program both for the credit card salesman and the end consumer?**

The credit card loyalty program is only for the end consumer. Credit card salesmen are typically employees of banks, and banks themselves have an employee rewards program. We separately have tools to support employees' rewards and recognition program with banks. These influence employees to do better in terms of cross-selling, up-sell your present credit card, say from silver to gold.

Rewards and recognition programs are gaining traction in India, as attrition is becoming a critical issue. When you talk about loyalty, you also need your employees to stay with you, for your customers to have a good experience at the touch point.

## **What sort of loyalty programs do you typically offer credit card customers?**

Traditionally, we started off with a point-based program, where for every 100 rupees that a customer spends, she gets points which can be redeemed for a wide variety of rewards.

Banks eventually realised that a percentage of points got redeemed and the rest lapsed. So the business model itself had some components built into it. The power of the loyalty program is in the customer redeeming the points that she accumulates.

For credit card customers, the catalogues they receive are customized for the kind of credit card they hold. The base level, the silver card, would mostly have Rs 2000 reward along with some aspirational rewards, for those customers who want to move up.

A gold catalogue will have some premium brands and experiential rewards, like holidays, spa treatments. Gold customers also receive airline rewards, wherein the points can be added to your existing airline loyalty membership, if you ever fall short.

For platinum and above card holders, the rewards are more like privileges, like lounge access, invitations to golf tournaments. These customers want to be pampered.

## **Is the upgrading process (from silver to gold) also part of the loyalty program?**

Loyalty data throws up a humongous amount of data – from customers' profile to his transaction data – which shows she is a heavy user and might have to be upgraded.

Loyalty programs' return on investment comes when you start leveraging this data to offer meaningful rewards to the customers. It could be up-gradation, co-branding or certain privileges.

### **Is there any data sharing with Accentiv?**

Banks typically do not share data. We typically get card numbers along with transaction history while the name and address of the customer is not shared with us. Our analytical tools help us dissect the customers and we extend the loyalty programs accordingly.

### **Which other sectors in India are in dire need of loyalty programs?**

The telecom sector stands in dire need of this program. With number portability coming in, a lot of companies which felt that had a strong value proposition are seeing a good jump of customers. The longer a customer stays with a brand, the more profitable she becomes for the brand. There is a comfort level that is achieved in transacting with the brand over a period of time.

Retail is another sector which will grow substantially in terms of loyalty programs. With the proliferation of brands coming in to the country, customers will feel fatigued in carrying too many brand membership or loyalty cards. To ensure that a customer walks into your store, you will have to differentiate your card from the others that are there in the customer's wallet.

### **Do customers actually use these loyalty cards?**

Wherever there has been good amount of communication to promote the card, the customer does end up using it. Typically, the cost of communication becomes expensive over a period of time. But if done correctly, the response from the customers can pay for the cost of communication for these loyalty cards. It is just a question of leveraging these tools and techniques.

### **How do you ensure a credit card customer uses the same card over and over again?**

The problem with credit cards is it is too difficult to break through the clutter. What one card does, the other can do with equal ease. A good percentage of customers receive their credit card statements with momentary shock. The challenge is to soften the blow. If you can front-end the points earned part, that is the power of communication. It is important to create aspirations in the customer's mind and sustain them. It is increasingly going to be difficult for banks to retain their core customers and keep adding new ones.