

BATTLE LOYAL

How a bunch of startups is helping brands look beyond deep discounts, cashbacks and points programmes to improve user engagement

:: Rajiv Singh

“Prime has become an all-you-can-eat, physical-digital hybrid that members love”

—Amazon founder Jeff Bezos in his annual letter to shareholders in April

A \$99 annual loyalty programme. That’s what the 52-year-old maverick entrepreneur was boasting about to shareholders — a scheme that allows members to enjoy a bouquet of perks such as household product subscriptions, video streaming of popular shows, same-day shipping of thousands of items and much more.

Bezos wasn’t quite overstating the achievement — Prime’s membership grew 51% last year and there are now tens of millions of members worldwide. Analysts also pointed out that Prime drove Amazon’s profit surge in the first quarter of this fiscal year as members of the loyalty programme shopped more frequently and spent more money than non-members did. True to type, however, the Amazon founder wants more. “There’s a good chance you’re already one of them (members), but if you’re not, join Prime,” Bezos urged shareholders.

Back home, Indian entrepreneurs ap-

pear to be picking a few loyalty lessons from Prime. “Amazon Prime is the prime example of how loyalty works and why loyalty still matters,” says Akhil Saraf, founder of loyalty rewards-based startup Loyalie.

Till recently loyalty was considered a function of plain vanilla discounts. Cut prices and be assured that the customer will come back. Perhaps not any longer, not when every retailer — online and offline — is offering mouth-watering deals.

Now it is about privileges, perks and making consumer feel more special, says Saraf, who started Loyalie last September to help offline businesses engage with their consumers in a more tangible manner.

In a little under a year, the Kolkata-based startup says it has got 7,000 registered users and over 110 merchant partners. Top clients include Harley-Davidson and Shilpa Shetty’s salon and spa chain Iosis. From the east, Loyalie has entered Bengaluru, says 23-year-old Saraf.

Points-based loyalty programmes too may have run its course. Saraf, who calls such programmes “pointless”, has instead devised a stamp system where users are assured of rewards at various junctures. The inherent non-standardisation of the points system and the confusing metric required

GIRISH KHARE, 59
 founder, BrainstrustDF, November 2014, Mumbai

Registered users: 2,50,000

Merchant partners: 500

Top clients: Aditya Birla, Prestige Group, GMR Hyderabad, Prestige Vineyards



AKHIL SARAF, 23
 founder, Loyalie, September 2015, Kolkata

Registered users: 7,000

Merchant partners: 110

Top clients: Harley-Davidson, Supreme Motors, Hotel Casa Fortuna, Shilpa Shetty’s Iosis

Expansion plan: Has entered Bengaluru. To expand to other cities soon

Funding: Bootstrapped

Revenue model: Charges fees of ₹12,000-50,000 per month from clients

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to calculate points resulted in loss of consumer interest, he contends.

A recent global study by the UK-headquartered Collinson Group, which focuses on influencing consumer behaviour, points to a sharp drop of 24% in membership of loyalty programmes among affluent middle-class Indians since 2014. Although discounts and cashbacks provide instant gratification, they do little to drive long-term loyalty, suggests the study released early this month.

Shaping and influencing consumer behaviour is crucial for marketers to drive revenues by increasing user engagement. That’s where startups like Loyalie come into play. It isn’t the only one focused on making traditional loyalty programmes more potent. The timing too for starting up such ventures

They identify themselves and share a relationship, CEO, loyalty at Group. “Big Bazaar programme) treats Customers are smart. They see programmes run by off he adds.



“Brands must lift their game and rethink how they recognise, engage and

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 Akanksh Indian m loyalty founder Paani re consume ing just value-a The f new ve gramme efficien sion, s