

The Financial Express	Link
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● **INTERVIEW: PARAG RAO**, country head - payment biz, merchant acquiring services & marketing, HDFC Bank 'Our marketing approach uses deep analytics to customise offers'

HDFC Bank has taken a digital approach to marketing this festive season, using deep analytics and machine learning to customise offers for its clients, said Parag Rao, the bank's country head — payment business, merchant acquiring services and marketing. The pandemic has led to more merchants asking for digital modes of payments, he told Shritama Bose. Edited excerpts:

Given the state of affairs, have you changed your approach to the festive season offers?

One is that there are a larger number of offers online. That's the first difference. The second is that the absolute number of partners we have is larger than last year and the third is that there has been an emergence of some new categories of spends which we've observed over the last six to nine months, especially because of the lockdown. We're focusing on some of these categories, which have suddenly emerged as areas of growth. The way we have executed it on the ground is also slightly different, given the fact that we are in a lock-unlock sort of space. We have many more national and global brands than we did earlier. Unlike last year, we have Amazon this year, which is likely to drive much of the



e-tailing spends. On the physical merchant offers, we have a far greater number of hyperlocal offers at over 2,000, up from 500-600 last year. The core thought was that customers would also want offers in their vicinity.

What new trends have emerged from customer behaviour in the last few months?

We are clearly seeing buying of devices for 'work from home' or 'work for home'. This could be an additional laptop, an iPad, a phone, a TV for the bedroom or a robot vacuum cleaner for the house. There is a new trend of a lot of device pur-

chases happening. We have got a lot of offers on that for both full-sweep and EMI purchases. We see growth in some online categories, with education being one of the largest. There are also courses like gymming, yoga and a couple of other services. The hyperlocal tie-ups are relevant because even though groceries, etc, may not be typical festive products, overall consumption of these does go up during the festive season.

How good or bad do you expect festive season growth to be this year?

We are looking at a far bigger impact as compared to last year's 'Festive Treats'. Even our way of communicating has changed. The footfalls in the malls and shops may be lower this year. So we have fine-tuned our marketing approach to doing a lot of digital, direct-to-customer, social media and WhatsApp-based direct marketing. We are powering this approach with our in-house capability in deep analytics and machine learning to be able to customise offers for consumers and that customisation is riding on the platform of data and also predicting through algorithms what is the next best choice for individuals, based on their transaction patterns. Therefore, we expect to be sharper and much more

focused. The media mix has also changed.

In the post-Covid scenario, have you had to change the way you manage the merchant acquiring business? Have merchant attitudes changed?

We are seeing a clear change in the merchants, who are now asking for digital means of acceptance. We have always had a three-pronged approach to this. We enter the merchant relationship through a one-box acceptance solution. We are able to give them a simple integration kit. The merchant acquiring app enables them to be on-boarded digitally, along with the opening of an account instantly.

Then after seeing their transactions for a couple of weeks or months, we are also able to offer them customised loans — working capital loans, small ticket-size loans, small-tenure loans — all of which are the need of the hour for many of these merchants, given that the festive season has come up. Once all of that is done, 'Festive Treats' steps in and asks the merchant if they would like to give a special offer to HDFC Bank customers. Then the platform will do customised marketing to the bank's customers and that helps the merchant increase footfalls. This business is of strategic importance to the bank and we will keep investing in it.