

Value That CUSTOMERS APPRECIATE



In the region from Pakistan right up to Japan and from China right down to New Zealand, Kula Kulendran, Senior Vice President and Head of Global Network Services (GNS) of American Express (Amex) leads the company's efforts to form strategic alliances with business partners and financial institutions to issue cards on American Express' global merchant network. He has been leading the Global Network Services business in this dynamic region since 2005 and has successfully made it one of the fastest growing regions for American Express. Kula Kulendran was recently in the island for the launch of SriLankan Airlines Platinum Ameri-can Express Card. In an exclusive interview with Business Today he shared his views on the business in Sri Lanka, the success of the partnership Amex has formed with Nations Trust Bank (NTB), the credit card market and where he thinks it is heading.

By Thilini Kahandawaarachchi

I believe that you've been with American Express since 1989. What are the highlights of your career?

It has been an amazing journey. If I look back, there are a number of milestones over the past twenty years that come to mind, starting with establishing the merchant business in Malaysia to heading the Global Network Services (GNS) business in the Japan, Asia Pacific and Australia (JAPA) region. There are other achievements that I am proud of, such as helping to open up the China market for American Express (Amex) from a GNS perspective, reinvigorating our GNS business in Japan, Korea and Australia, and the strategic tie up with a number of significantly large partners across the region. However, having said that, I would still rate the formation of GNS JAPA team as probably my biggest achievement.

In my opinion, GNS JAPA is a strong and a motivated team that is hungry for success, that wants to win in the market place and functions with a sense of camaraderie. It is a team that is very focused, wants to create differentiation and is eager to work with partners in developing better products. I am very lucky to have such talented individuals on the team.

In Sri Lanka, American Express has an exclusive alliance with Nations Trust Bank. How successful has your partnership with Nations Trust Bank been?

I think the partnership with Nations Trust Bank is one of the most rewarding in the region. I believe the reason for that lies in the fact that Nations Trust Bank and American Express have shared values.

Both our institutions are committed to maintaining high standards of customer service. You would have observed Zava (Zulfiqar Zavahir, Director/ Chief Executive Officer, Nations Trust Bank) passionately emphasising the value of customer service every time he speaks about NTB.

Another important element is NTB's focus and commitment towards understanding customer needs and emerging trends in the market. Combining their local strengths with our knowledge and experience, over time and from around the world, helps us deliver greater value to customers in Sri Lanka. We are continuously focused on developing products with strong value propositions that appeal to the right customer segments. The problem with a lot of marketers is that they are creating products that they think have a strong value proposition for the customer, but too often they are inwardly focused and fail to truly understand the customer needs. I

believe that the good thing about Nations Trust Bank and American Express is that we focus on customer needs and then try to come up with products that best serve those needs.
I think NTB has done a very good job, and I honestly believe that some of the products that NTB has launched are very strong. The execution of some of the American Express marketing campaigns over the years have also been ranked among the best from around the world. The launch of the SriLankan Airlines Platinum American Express Card is a prime example of what I have just said. The NTB and Amex teams have developed a best in class value proposition, which is supported by strong marketing execution. On the one hand you would expect me to say so, but I really do think that the Platinum Card that we've launched with SriLankan Airlines and NTB will set the new standard for premium cards in the Sri Lankan market.

The Partnership With Nations Trust Bank Is One Of The Most Rewarding In The Region. I Believe The Reason For That Lies In The Fact That Nations Trust Bank And American Express Have Shared Values. Both Our Institutions Are Committed To Maintaining High Standards Of Customer Service.

There are a number of established credit cards in the market. What does Amex bring with the introduction of the Platinum Card? What's special about it?
American Express has been traditionally associated with the affluent segment, whether it is Japan, Australia, Sri Lanka, India or America. We have obviously done so by paying close attention to the needs, wants and aspirations of the affluent. This has helped us create exciting products with the right value proposition and providing services that meet the expectations of this group of customers.
If you look at the Platinum Card product that we've created in Sri Lanka with SriLankan Air-lines and NTB, first of all it offers the fastest miles earn rate. You will be surprised to see how many affluent people and frequent flyers are attracted to airline miles programmes. Therefore, the opportunity to earn bonus miles on travel and everyday expenditure becomes a very attractive proposition for such customers. These miles can be redeemed for free flights or other rewards. That's number one.
Secondly, we've created a platinum service that includes concierge services. Typically a number of companies say that they can create concierge service, but we are probably the only company that can deliver consistently on this promise. What

Amex and our partners do very well is that, we make sure that our service delivery exceeds the high expectations of our customers.
In addition to Cardmembers getting up to 10,000 bonus miles when they purchase their first SriLankan airline ticket on the Card, we have also introduced platinum merchant partners including travel partners, where customers can earn up to triple miles for the same spend, thus accelerating their earn rates. Cardmembers will also earn double miles on all overseas expenditure and duty-free purchases on-board SriLankan Airlines. In addition to frequent flyers this card will appeal to anyone who likes to travel. The great thing about this product is that you have the opportunity to convert all of your spending, including grocery, fuel, dining etc. to free flights, giving you greater value and the opportunity to bring your dream destination closer. You add in these three features to the prestige, recognition, security, trust and quality that comes with American Express and you will be getting a product that is very, very strong.
I think equally important is the fact that the product is backed by three well respected brands — SriLankan Airlines, the national carrier, NTB, a very strong retail bank which is backed by the John Keells Group and American Express. All three partners value their relationship with the customer. I am also pleased to note that Nations Trust Bank will be providing priority banking services to Platinum cardholders while SriLankan Airlines will be offering FlySmiLes Silver Tier benefits to these Cardmembers. So, when you bring together credible partners, you can be assured that these brands will work harder to deliver better value to the customer.

Do you think the Platinum Card will be as popular in Sri Lanka as it is in the rest of the world?
I definitely think it is going to be popular. First, there is a large base of affluent Sri Lankans who like to travel overseas. Secondly, as mentioned above, the product proposition is very compelling and is backed by three major brands, namely, American Express, Nations Trust Bank and SriLankan Airlines. Thirdly, as Manoj (Manoj Gunawardena, Chief Executive Officer SriLankan Airlines) said in his speech at the launch of the Platinum Card, there is a strong bond between Sri Lankans and SriLankan Airlines.

When you look at the emerging markets such as India and China and compare them to the Sri Lankan market, it is not that strong or large. So, what is your rationale behind introducing the Platinum Card to Sri Lanka?
We do appreciate that although every market is different, each one offers unique value. We look at Sri Lanka as an important market for American Express. That’s

why we've put Niranjan (Niranjan Sundararaj, Vice President, American Express) who manages a cluster of markets also in charge of the Sri Lankan market, as he's got a good understanding of the Sri Lanka market dynamics.
We've been very happy with the progress we've made in Sri Lanka. We have a sizable market share and we want to continue to grow that market share in Sri Lanka. I believe Sri Lanka has the ingredients to be even more successful over time. The good thing about emerging markets like Sri Lanka is that we are entering these markets at the start of the expansion cycle.
You've got about 20 million people in Sri Lanka, and that is roughly the size of what Malaysia was a few years ago. The card business in Sri Lanka might not be as big today, but it has potential to become a sizeable market when you compare it to where Malaysia is in terms of card business and plastic penetration. We are confident that the economy will take off resulting in the expansion of the card industry. The fact that we already have a sizeable presence positions us well to ride the wave.

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How big is the credit card market in Sri Lanka?
In terms of the number of cards, the entire card market in Sri Lanka is approximately 900,000. That means there are approximately 900,000 credit cards in the market. We, however, look at the card spend figures as a more important indicator as it shows how much the customers are spending on the plastic. We measure our market share in terms of spending on the credit cards as well. Based on this metric, we have a sizeable share of the market. As I mentioned earlier, American Express operates within the affluent space, and we now hold a considerable market share in this segment.

How important is Sri Lanka in your regional business plan?
As I said before, Sri Lanka is an important market for us, both at present and in the long run. We have grown to a reasonably large size, and I think there is more potential in the long term. Sri Lanka is one of the emerging markets where we have a keen interest since it is also an attractive tourist destination. As the government seeks to build the tourism industry, we will also be able to work with SriLankan Airlines to attract affluent American Express cardmembers from other markets to visit Sri Lanka.

Amex has been in the Sri Lankan market for a while. How has Sri Lanka performed so far?
We started from a very small base and had a fairly insignificant presence in Sri Lanka until 2003. During the past five years, NTB has launched a number of very successful products and I am thrilled by the progress we've made in Sri Lanka. We have built a strong base in the last five years, and NTB, to their credit, have done an excellent job. I believe the customers appreciate American Express, and one of the things that I've noticed in Sri Lanka, in Colombo especially, is the growing number of American Express clients. Every time I attend an event around the region, it is very evident that the affluent segment has greater affinity to American Express and this is equally so in Sri Lanka. That's a good sign. As the economic cycle improves and affluence increases, Sri Lanka will become even more important.

What's on the agenda of Amex for the region and especially for Sri Lanka?
American Express Global Network Services is relatively young and one of the fastest grow-ing divisions within the company. Within a region which includes Japan, Asia Pacific and Aus-tralia, we have 38 partners in 22 countries. We've been experiencing a fairly aggressive growth over the last few years and we expect this growth trend to continue. My view is that while we've done well, we need to continue to accelerate and transform the business. That would mean getting greater traction in eight to ten key markets that we are in. We must continue our growth, innovate and create very strong value propositions. We need to make transformational changes to enhance our market position. I would like the team to deliver some groundbreaking value propositions that customers like.

We've Been Very Happy With The Progress We've Made In Sri Lanka. We Have A Sizeable Market Share And We Want To Continue To Grow That Market Share In Sri Lanka.

As a final question, where do you think the credit card market is headed in the next few years?
I think the opportunity in the credit card market is very large. The number of cards and the penetration of credit cards in Asia compared to the credit card market in the US and Europe is still very low. The number of customers who carry a card is still at a relatively low level. On top of that, people tend to use cash quite a lot. The number of cards per person is relatively small. I think from that perspective there are a lot of opportunities. I believe that card penetration can only grow in Asia and credit cards will become an integral part of people's lives. That's quite normal. People don't like to carry too much cash and want to pay conveniently by card. The

other aspect is that people want the value that credit cards give them. If you look at it, why would you pay with cash for a SriLankan Airline ticket when you can use the SriLankan Airlines Platinum American Express Card that rewards you with double miles for the same transaction. Besides this, just for your first ticket purchase you could earn upto ten thousand bonus miles which is enough to redeem for a free flight on SriLankan.

I am quite confident that this change will happen. And then you take into account the American Express brand, the leadership position that we enjoy in the credit card business and the experience from around the region that we can share with our partners. Hopefully all of those things working together can contribute to our collective success in the years ahead.

Within Global Network Services, we are also getting access to new distribution channels through which we are reaching new customer segments. We are building scale and relevance which is helping our merchants. Our team is becoming even stronger, and I think we are coming up with better products by working with extremely savvy partners. We are continuously learning through sharing of best practices from around the region, and are putting all these together to come up with winning strategies.



