

Creating disruption—How to build an innovation hub that drives results

Citi, Epsilon

Presenters:

Jennie Platt, Head of New Product Development & Innovation, Citi

Lisa Giordanella, Head of Loyalty Program Management, Citi

Don Graumann, SVP, Financial Services Vertical Lead, Epsilon

OVERVIEW

In the shifting consumer landscape, organizations must find new ways to drive change. Citi has found that innovation starts from within and is cultivated by using a centralized hub. In this session, Citi partnered with Epsilon to share insights into how the multinational financial services organization fosters innovation and developed an optimal operating model that enables employees to develop, collect, pitch and ultimately implement their ideas.

KEY FINDINGS

- **You must create sustainable loyalty for your business. Sustainable loyalty is key to success.**
 - Engendering loyalty is very different with millennials who are less brand loyal. In the financial services/credit space, there are a ton of programs creating confusion and clutter in the marketplace. The team had to find a new way to pressure-test and bring innovative ideas to market.
 - Citi’s loyalty program started as a coalition program in 2004, but it was not sustainable over time. The team needed to figure out how to survive within the Citi business.
- **When trying to engage millennials, experience wins out every time over transactional rewards.**
 - For millennials, experience wins out every time versus some sort of transactional reward. The Citi Thank You program is designed around creating great experiences for customers. For example, the Citi Mobile app helps customers spend less time doing everyday things.
 - Citi also helps customers consolidate ways to get out of debt, which seems ironic for a financial services company but they want customers to get credit cards and revolve.
 - Given the significant shift in redemption behavior by millennials, it is also important to have partners that help to create these great experiences. For example, pay with points partners are significant. For Citi, those partners include companies like Best Buy, Live Nation and Private Pass. Members can earn points across businesses and then redeem points for experiences.

KEY FINDINGS (CONT.)

- **Create a culture of transformation, leveraging innovation to develop talent and celebrating failure.**

- Citi has created an innovation operating model (D10X) to respond to the change in market. For this type of program to succeed:
- Make sure you have the right senior level engagement and advocacy. Set up a growth board with the most senior people, not just within the cards business with across the entire investment bank.
- Create a culture of transformation. There is a lot training required on what it means to think like an entrepreneur—what it takes to swim in the Shark Tank. Need senior management to take things in increments and understand the startup pitch process. Use an innovation program as a great talent development program.
- Embrace failure. In Citi’s D10X program, over 50 percent of initial ideas are killed by the first seed round and there is failure every step of the way (through Seed 2 and Seed 3). Failure is celebrated at town halls. Creating a voice around failure helps embed it in the culture and encourage people to take risks.

“Customers feel depleted after they redeem rewards. Our loyalty program was having the opposite effect in driving loyalty.”

“I am most proud that our [loyalty] platform—with the help of Epsilon—is a global platform.”

“86% of consumers need a credit card with rewards. How do we [Citi] make points differentiated in the marketplace?”

“Many years ago, people didn’t talk about the program [Citi Thank You Rewards]. It was built around breakage. But redemption is important. A redeemer drives more revenue including nearly 2x in share-of-wallet. There is no question to the value of the program and the customer experience it creates across the board.”