

A rewarding way to influence greener choices

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I don't collect Air Miles. I like my privacy so choose to stay out of the massive database that LoyaltyOne, which runs the hugely successful rewards program, fills with detailed, quite personal information about its members and their families.

I'm also a minority.

The Air Miles program reaches into more than 10 million homes, or 72 per cent of Canadian households, making it by far the largest loyalty program of its kind in North America.

That's creepy. On the other hand, what if this powerful consumer database could be used to do more than simply get consumers to buy more stuff they don't need?

What if it could be used to get millions of Canadians to use less energy, create less waste and pollution, embrace green power and choose healthier, more sustainable lifestyles?

That's what Andreas Souvaliotis had in mind when he created the loyalty program Green Rewards in 2007. After a year of operation, during which Green Rewards nipped at the heels of its giant competitor, LoyaltyOne

decided to acquire the scrappy green venture and absorb it into its own flesh.

Souvaliotis, despite branding his company at the time as the anti-Air Miles, was cool with that outcome. As long as LoyaltyOne genuinely supported the philosophy behind his company, he thought, the enormous reach the Air Miles program gave him could only help the cause.

"We both saw the vision," he told me during an interview, talking energetically like a father talks proudly about his child – its accomplishments, its aspirations. "It ended up being the world's friendliest transaction."

After the acquisition, the first order of business was, to use Souvaliotis' description, "green the guts" of the billion-dollar corporation. A fleet of eco-friendly cars were made available for employees to share. Bullfrog Power supplied them with green electricity. An enormous solar power system was installed on one of the company's buildings.

Then the company took advantage of the high traffic on the AirMiles.ca website, turning it into an educational tool for making greener choices. This included creating an area on the site where members could

redeem their Air Miles for a variety of eco-friendly products, which were certified with an Ecologo label. LoyaltyOne dubbed it the My Planet program.

The company, as part of this program, also struck partnerships so that members could earn more Air Miles than usual if, for example, they purchased organic food at the grocery store or chose to get their bills electronically instead of on paper.

But then early last year things started to get really interesting. Souvaliotis' team got a surprise call from the Ontario Power Authority. The provincial agency, which oversees energy conservation programs in the province, wanted to know if they could use Air Miles – instead of cash incentives, rebates, and discounts – as a carrot to encourage acts of conservation.

The benefits, as the agency saw it, would be twofold: first, they could tap into the massive Air Miles database to directly connect with Ontario consumers, rather than throw money at expensive advertising campaigns that cast a wide net but grab little attention.

Second, they would spend less money, as Air Miles are, dollar for dollar, worth much less than cash. At the same time, there's a "trophy value" to Air Miles that give them more meaning to people than straight-up dollars, Souvaliotis explained.

"So we told them, sure, let's try it," he said.

The power authority program was launched in April 2010 and the results blew away expectations. The agency ended up

spending dramatically less money to get a substantially larger number of consumers to commit to conservation measures.

"For basically one-third of the budget they spent the year before they got seven times the results," said Souvaliotis. "Now, the concept is really taking off across the province. Essentially the power authority project broke the dam for us."

As a result of the project, the My Planet program evolved into the business division Air Miles for Social Change, which only one year later has conducted 25 similar projects and has expanded the concept across the country.

The TTC, for example, ran a one-month program that issued Air Miles to anyone who purchased an annual Metropass. "In that one month we gave them a 57-per-cent boost," said Souvaliotis, president of the new division.

The business has since expanded its focus to five areas: clean energy, conservation, transit adoption, waste diversion and healthy lifestyles. Government agencies, utilities, transit providers and environment organizations get a special low rate for the Air Miles issued if their programs support one of these areas.

Souvaliotis said it's not meant to be a money-making venture for LoyaltyOne, but the company does like to at least break even.

"The reason we do this is that it does have a huge positive effect on the Air Miles brand. It makes people love their Air Miles that much

more," he said, adding that he couldn't be happier how events have unfolded.

"It's been dizzying, frankly. All of this has happened in just 12 months. We're seven times larger this year than we were a year ago, so we're currently on an exponential growth curve."

I still won't sign up for Air Miles. But if that growth truly moves us closer to an efficient, more sustainable, low-carbon economy, I certainly won't knock it.