The long term battle for the hearts and minds of super fund members

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INTRODUCTION

Funds have to work harder than ever just to retain members, let alone try when trying to win new ones. How do funds build their brands, listen to their members and use technology to open new ways to communicate with their stakeholders?

The past couple of years has seen a flurry of increased interest in branding in the superannuation arena as Choice of Fund has meant most fund executives, boards and employees have realised that keeping members is no longer something to be taken for granted anymore.

At evolution we have been in a unique position to watch this happen and as a marketing firm in financial services we have represented many super funds, both before and after they confronted these challenges.

YOU ARE NOT ALONE

We have noticed one thing all funds have in common: While brand is higher up the list of priorities for chief executive officers and boards, in practice, it is quite difficult to adopt change. It is a challenge to find both the time, the in-house expertise and budgets – ie, the money – to create long term brand initiatives that will not only retain members, but attract new ones.

This is because most super funds are not by nature used to being in ‘acquisition mode’. Yes, there are exceptions to this – we have all seen the industry funds campaign on TV and throughout the media – and it has indeed been effective in raising the profile and attributes of industry super funds. Many of the big funds, like for example HESTA, have their own in-house marketing and communications teams working on increasing brand relationships.

But for the rest, there has been a game of catch up to play. Some funds have found it easier than others. Depending on the level of board support and budget allowed to start to make an impact. Some funds we are talking to are also now only just starting to realise that they need to do things differently.

So where to start? There are many ways super funds start building brand. Some are changing names and logos, for others its printing collateral and doing local and community advertising. All of these are valid ways to raise profile.

However, in our experience, the best thing a super fund can do when thinking about building a brand is talk to their membership.
RESEARCH RULES
Research is one of the most important elements of understanding what to do with any brand. While many want to skim over this important step, for the sake of budget and time, this is where the brand gold is.

If you are a chief executive of a super fund, or a board member, you know a lot about the fund, its membership and investments. You may even believe you know what members think of you and your offering.

But don’t second guess the outcome. Do the research anyway. And keep testing along the way. There is a way to ask members their opinion that does not pre-suppose the answer. This is usually formulated by professional market researchers who spend their time devising the best way to glean the truth.

Once you have the truth, don’t be surprised if your brand relationships are low. It is a fact of life that superannuation is way down the list of priorities for working Australians outside of retirement age.

This is simply because super seems a long way off. From a brand perspective it becomes isolated in relevance with a low relationship to everyday life.

FIND YOUR RELEVANCE AND WORK IT
By understanding your membership base today, you can also get an understanding of the types of activities and circumstances that are important to them. This is your key to building a brand that has relevance to them today and tomorrow.

However, you need to understand your membership and what your fund really offers. For example, there is no point creating a brand based around lower fees if your membership base is made up of professionals with higher-end salaries.

And it gets more complex than that. If you understand the nuances of the way your members live their lives, how many ways can your brand become entwined with them?

With their sport, like HOST PLUS football sponsorship? Or Vision Super’s ‘Footy tipping competition’? When you start to let your brand live where your members dwell, you start to make a connection.

MAKE HASTE, TIME COUNTS
While a few funds have been quick off the mark, many funds have been slower to react to choice of fund, believing they have the next 10 years or so to start to create a brand. But I urge all funds who are public offer or in acquisition mode to make haste. Your competitors are starting to do what the banks have been doing for years. Building credibility and connection.

Super has been a greenfields space from a marketing perspective. Until the industry funds campaign, there has been no clear champion of pure superannuation. This has meant that there have been little to no relationships built in the minds of most consumers.

This means all funds are starting at ground zero – a unique position for a multi-billion dollar industry. Many funds are surprised at the kind of financial investment they need to establish a brand relationship from a low base. In fact, most funds fear the ASIC rules around spending on marketing and this makes them nervous and conservative around marketing activity.

Of course, ASIC have these rules for a good reason. And it is up to the fund to demonstrate how increasing members is for the good of the collective membership.

The scale achieved by the growth of superannuation funds is good news for members if it means additional services and features. All a fund needs to do is be able to demonstrate that their marketing investment did indeed attract new members and contribute to economies of scale.

THE SUBJECT OF COIN
We have seen a period of nervousness from funds around this initial investment. As with any investment in something from a low base, brand connection takes time. This is where clever marketing ideas can lower the lead time to brand take up. This also means daring to be different, which can often be difficult for superannuation boards to take a chance on.

Nonetheless, we already have some strong case studies on the level of investment versus the level of acquisition activity. And there is a strong correlation between creativity and new members. There is also a strong connection between marketing campaigns that have been relevant to their existing and potential members for more than one reason – financial.

Super fund chief executives need to start preparing their boards for marketing spends that are not in the thousands – but rather in the hundreds of thousands. Some are even spending in the millions (the Industry Funds and Virgin Super in 2005).

This is because your combination of direct marketing, media and public relations and advertising needs to achieve:

a) Penetration
b) Credibility
c) Relevance

To do this most funds will need a mix of in-house and external resources that are top of their field with ideas and category experience.

YOU CAN’T ALWAYS SUCK IT AND SEE
We see many super funds that are in a kind of “toe in the water” phase with their brand. They are tentatively spending some money on isolated ideas to see if they will take hold.

While as marketers we should always remain flexible to market feedback, there is a strong possibility that most of the money spent this way are wasted funds.

Why? Because funds are not investing enough to really get noticed on any meaningful level. You are asking for one of
the longest term commercial relationships you can ask of any individual in being someone’s superannuation provider. In turn this means you must continually invest long term in your brand relevance to the members and potential members. This means that for any initiative you undertake you have to be 100 per cent committed over a longer period of time. One mail-out is not going to cut it. And when you do a series of communications over a period of time, measure the response. This way you have a clear tool for the board to use as measurement of brand spend for the good of the membership base.

ONE SIZE WILL NEVER FIT ALL

One of the buzz words that have gained much popularity is marketing segmentation. This means understanding that your entire audience is not going to be motivated and connected to your brand the same way. Acknowledge this. Learn to speak several different brand languages, depending on who you are talking to. This can be subtle, and may underlie your major brand initiative that allows people to understand who you are and what you do.

This is where you find relevance on their level. Generation Y has a very different outlook on the world than Generation X, not to mention the Baby Boomers. And women view their long term savings goals differently than men. So do singles versus couples with families.

There are so many ways you can cut the segmentation pie, you just have to decide which pieces are the most important for you to invest in first. And how you are going to communicate to them.

THE WEB IS THE FUTURE

I suspect that as funds to start to measure the cost of traditional communicating to members via the post, they will see the web as the best alternative. While this may not work for all funds, there is a strong chance that web marketing is one of the biggest untapped opportunities for super funds. From your own web sites, to digital advertising and search engine optimising, the web is one of the lowest cost ways to create an ongoing dialogue with your audience.

You just have to know the best way to go about this, as there are many ‘money traps’ out there for unsuspecting funds who do not truly understand how to measure the effectiveness of the marketing campaigns online outside of new members. The great thing about the web, however, is that it’s entirely measurable on a number of levels. I expect over the next couple of years to see super funds invest heavily in online video, creating TV quality footage to engage members on a more human level. This will serve as a ‘virtual’ distribution network for those who don’t have strong distribution ties via traditional mediums such as financial planning networks.

I also expect to see a greater media spend on advertising and promotion online. As more people log on instead of switching on TV at night to relax, the challenge for super funds is to engage them in their virtual world and create relevance.

The biggest immediate challenge for most super funds that we talk to is capturing email addresses of their members – let alone for potential ones.

We would urge funds to see this is a huge priority to enable the long term minimisation of traditional costs of communicating with members and to target them with more relevant, low cost brand and product related communications.

IT IS JUST A MATTER OF TIME

Australian super account holders will make choices. It is just a matter of time. What we have seen already is the tip of the ice-berg compared to what will come. Those that are investing in brand now will be the winners over the next five years. The longer funds wait to do anything innovative with their brand the longer it will take to make that connection.

And we do believe that account holders will by nature not choose many times. So if you miss the opportunity on their first choice, they may never make another one.

The time to invest in your brand is now. Boards and chief executives alike should have brand on the top of their lists - with the dozen other priorities we understand you have in your busy days. But you will need to adjust your budgets and human resource allocations appropriately.

Before long brand will become a matter of survival. Those who are proactively addressing this are sure to be the fittest.