

InvestorDaily

Communication is key

Funds need best-practice marketing strategies

Alice Uribe

Fri 09 Oct 2009

Some recent findings from Investor Trends has revealed some alarming news for superannuation funds and the financial services industry as a whole.

As a result of the global financial crisis (GFC) more investors were considering exiting managed funds or switching their super funds, according to the 2009 Investor Sentiment and Communications Report that is based on a survey of 5600 investors.

The survey, concluded in late July 2009, revealed that 19 per cent of active super fund members said they no longer trusted their superannuation provider. However, the news was worse for fund managers with 54 per cent of respondents expressing distrust for fund managers generally.

"While it's clearly a better outcome, it still shows the industry has an enormous amount of work left to do to regain the trust of those one in five clients," Investment Trends principal Mark Johnston said.

According to Investment Trends, investors are also hungry for more information. Some of the areas fund members wanted more information on included providing direction on what to do next and more explanation of how fund managers were responding to the GFC.

"The research highlights that it is imperative for super funds and other fund managers to be proactive in sending in out additional communications over and above the regular statements and reports."

Following from this, financial services marketing specialists Endgame Communications have looked at ways that super funds and fund managers can better communicate with their members, and it goes beyond merely sending the odd email or member statement and starting to treat people more personally.

A desktop analysis of major financial services companies in Australia that included Russell, Cbus, REST and HESTA as well as US and UK institutions revealed that brand messaging had moved on from "weathering the storm" to messages about trust and a brighter future.

"It is now more about asking investors to personalise their own experience and last year's flirtation with tools has turned into a full blown love affair," Endgame Communications managing director Sally Wells said at a recent Australian Institute of Superannuation Trustees (AIST) lunch in Sydney.

Wells said that Hostplus' Kaching Kaching campaign targeting generation Y investors and Vanguard Investment's regular email newsletters were examples of communication best practice.

"Vanguard on the retail side are very simple and current, and funds are also starting to treat members more personally," Wells said.

"Regular email updates that are more frequent than monthly can have a tangible impact on switching."

Wells said segmentation of membership was another key component of a best practice marketing campaign. At the moment industry funds were leading the way over their retail counterparts, but as a whole Australian financial providers continue to lead in sophistication and quality.

Where US and UK providers focus on product solutions for the GFC and had a lack of freely available education material, Australian providers addressed market volatility directly and had a comprehensive suite of tools and information.

Johnston said if investors' trust is to be regained, there needed to be more effective communication.

"From the survey there was a clear link between effective communication and client satisfaction," he said.

This story appeared on InvestorDaily.com.au ©2006 InvestorDaily