



SPENCE  
JOHNSON



The Pension  
Communications  
Project **2010**

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# Collective communications

A solution to the enduring engagement problem  
in DC pensions

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PENSIONS – ADMINISTRATION MOVES CENTRE STAGE  
9th September 2010

## Collective communications

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**Pensions in the UK owe a great debt to 'the corporation'**

**But our DC communications problem will not be solved at the corporate level**



**We need to consider a new “collective communications” model**

**An audience of less than approximately 50,000 is sub-scale**

**By learning lessons from abroad we can reduce costs AND increase response**

How can take-up of and contribution levels to DC schemes be increased?

What will encourage employees to engage enthusiastically with their DC pension scheme?

**Does anyone, anywhere in the world, have an answer to these questions?**

**Engagement with scheme members is certainly a problem in the UK**

**Can we learn from longer established DC environments?**

Collective communications

90 campaigns from 9 countries - ex UK

14 themes which emerge

10 predictions for the future.

6 suggestions for action today.



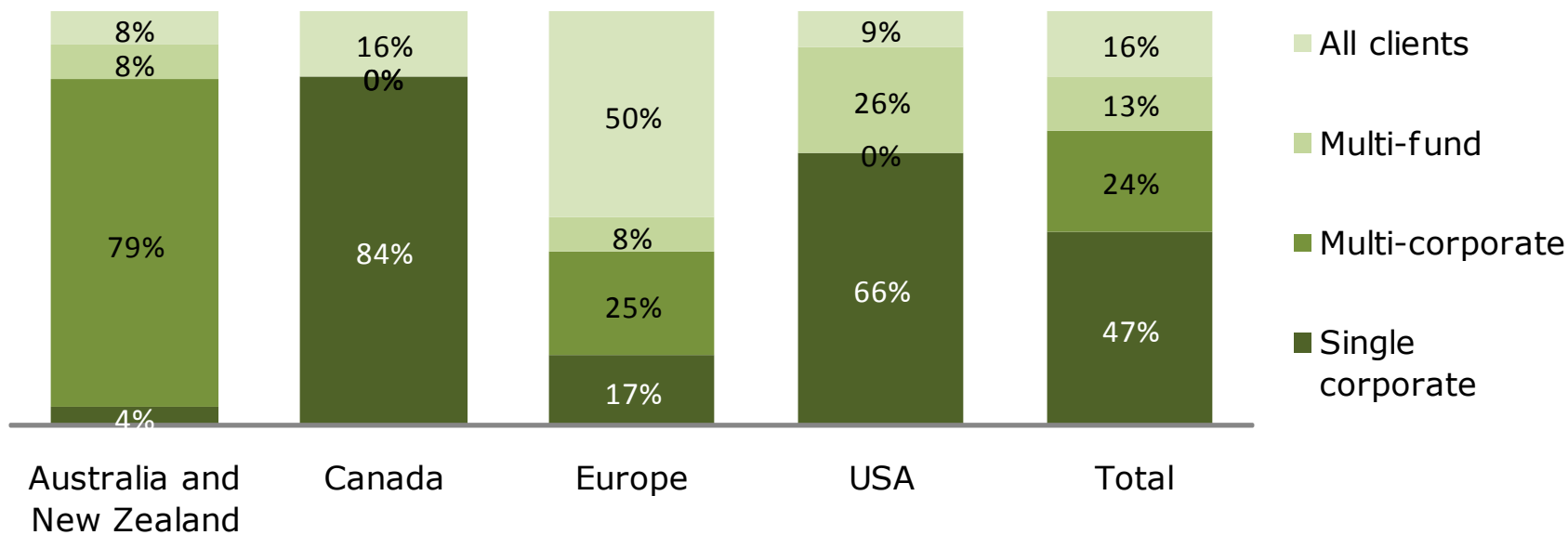
## Collective communications

**Collective communications means: everything except single corporate initiatives**

**Collective communications is already the norm in some countries**

**The important advances are coming from Collective communications**

*Pensions Communications Project 2010*  
Schemes by Type of Communication and Region



### Example



### The research develops too many themes to cover today

- 1 Simplification of complex ideas
- 2 Creative ideas/graphics
- 3 Call to action
- 4 Segmentation of audiences
- 5 Personalisation of messaging
- 6 Multi-channel approach
- 7 Latest technology
- 8 Communicating in person
- 9 Earning of Trust
- 10 Research drives the message
- 11 Low cost approaches
- 12 Adaptability and flexibility
- 13 Testing and refinement
- 14 Phasing of initiatives

## Collective communications

### Focus on just four communications activities to make the argument



Design and graphics are now key to success

Target audience	Groups	Subgroups
Active Tspis 2 members	34	10
Spouse members	2	0
Other Spave SA scheme members	1	0
Flexible follow Product members	4	0
<b>Totals</b>	<b>21</b>	<b>10</b>
Number of targeted letters		

Segmentation is moving away from age-based metrics



Personalisation is the most desired communications tool



Multi-channel is the norm

# Creative ideas/graphics

*Use of creative ideas or graphics to highlight messages*

**Now** Design and graphics are now key to success

**Future** Creative ideas and high quality design will become standard  
An increasingly important role will be given to comms professionals  
The new creativity will be particularly evident in emerging channels  
*Only larger or multi-company campaigns will afford the extra costs*

Example campaigns

**Catchy creative theme**



**Use of aspirational images**



You can also put together your own customized portfolio from the other investments your plan offers. To do that, it helps to learn...

# Segmentation of audiences

*Clustering audiences into several clear groups, each receives different message*

- Now** Segmentation is moving away from age-based metrics
- Future**
  - Complex data mining will offer new segmentations based on behaviour
  - Relying on age-based distinctions will become less common
  - More information about member activity and behaviours will be captured
  - Segmentation complexity requires new tools and skills for communicators*

## Example campaigns

### Segmenting into 40 groups

	Target audience <sup>1</sup>	Groups	Subgroups
1	Active Triple S members	14	19
2	Spouse members	2	0
3	Other Super SA scheme members	1	0
4	Flexible Rollover Product members	4	0
<b>Sub totals</b>		<b>21</b>	<b>19</b>
<b>Total number of targeted letters</b>		<b>40</b>	

### Lifestage segmentation



# Personalisation of messaging

*Making messages personal to just one respondent*

**Now**  
**Future**

Personalisation is the most desired communications tool

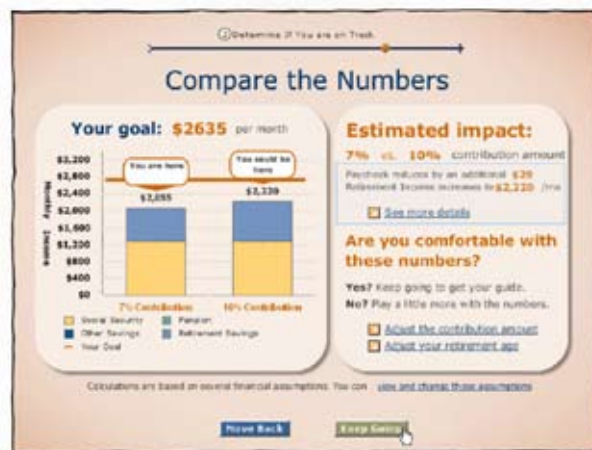
Messages will increasingly be unique to the member receiving them  
Members will respond best to messages which address their circumstances

*Much resource and skill required to provide the required engineering*

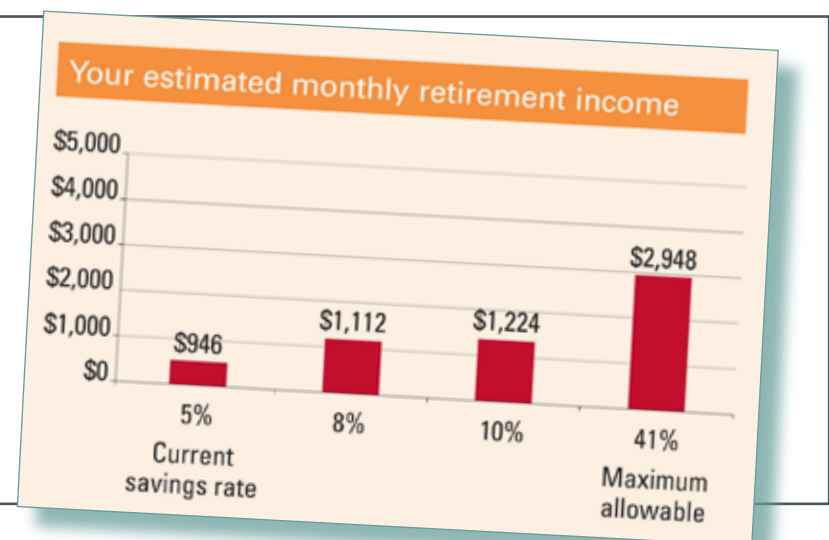
*Only scale campaigns will be able to afford to send personalised messages*

Example campaigns

**Personalised analytical tools**



**DIY retirement income planning**



# Multi-channel approach

*Communicating through many channels in one campaign*

**Now**

Multi-channel is the norm - repetition is critical to success

**Future**

A continuing need for repetition of messages via multi-channel approaches

Other channels such as social networks PR and Sponsorship will also be exploited

*New channels will drive the need for even larger scale in campaigns*

*Communicators will require specialist campaign management skills*

## Example campaigns

**Multiple  
low-tech  
channels**



**Educational videos**



### What is stopping companies from benefiting from these techniques?



It is because large Companies want everything customised

The **Brand Police** insists on customising the look and feel

**HR** wants to customise to fit corporate Comms and Firm culture

**Trustees** want to customise so that they can influence 'education'

And **Service providers** encourage customisation by fawning

Employees 'trust their employer' but this cannot be right

**But customisation brings a problem – it leads to sub-scale communications**

**And being subscale means you can't use the most effective comms tools**

Design and graphics



Segmentation



Multi-channel



Personalisation



## Collective communications

**ABC Company**  
ABC COMPANY  
123 MAIN STREET, SUITE 123  
VALLEY FORGE, PA 01234 5678



JOHN SMITH  
APT 123  
123 MAIN STREET  
VALLEY FORGE, PA 01234 5678

**Your personal information:**

Years until retirement at age 65:	25
Current balance:	\$100,000
Current 401(k) savings rate:	5%
Personalized Profile prepared as of:	1/01/2010

John, take two minutes today to review your investments

**Creating your asset mix**

Your asset mix is one of the most important investment decisions you can make in your (ABC Company Retirement Plan).

Your current asset mix is made up of 70% stocks, 20% bonds, and 10% short-term reserves.

Your future contribution mix is made up of 60% stocks, 30% bonds, and 10% short-term reserves.

Is this mix right for you?  
Is this mix tailored to meet your individual circumstances?  
To find out what type of investor you are, and what an appropriate investment mix is for you, complete the enclosed Investor Questionnaire.

**Your current asset mix**



As of 1/01/2010, here's how your balance is invested.  
Note: Totals may not equal 100% due to rounding.

**Your future contribution mix**



As of 1/01/2010, your future contributions (those your future paycheck will be invested in) are shown above.

So the answer is to get scale through collective communications

Abroad, many see beyond the problems

## Collective communications



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3. Embark on your journey to financial freedom!

**Let's go!**

**Collective Communications is not the same as Collective DC (CDC)**

**(But, as an aside, the CDC model on Australian lines has great advantages)**

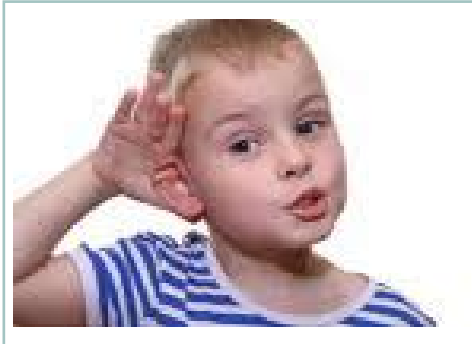
### How will the shift to Collective Communications will come about?

First there will be a change of mindset among service providers

They will start to offer schemes a devastatingly compelling choice

... High costs and poor results OR low costs and better results?

Which do you think your finance director would want you to choose?



**Our vision of the DC Communications future is not a fantasy**

**Collective communications is the route to better engagement**



The Pension  
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