WHITEPAPER

Driving member engagement and loyalty with digital communications

Key findings from the first annual SS&C Superannuation Survey

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Here's the good news: Australia's superannuation funds enjoy a fairly deep reservoir of goodwill with their members. Most participants are satisfied with the fund they have and very few are inclined to switch to a different provider. However, there is little room for complacency. Many super funds appear to be missing an opportunity to capitalize on member loyalty through the more effective use of digital communication channels, educational resources and planning tools. Funds that apply technology to optimize member engagement stand to gain a clear competitive advantage in retention. Conversely, funds that lag in these areas risk losing relevance, loyalty and members.

These are among the topline observations of the first SS&C Superannuation Stealth Survey of current fund members. The survey delved into virtually every aspect of the respondents' relationships with their funds, notably communication preferences, frequency of contact, transaction efficiency, and awareness of resources and tools available. Respondents represented a wide demographic spectrum, from age 18 to over 70.

This paper details some of the survey's key findings that we believe indicate a course of action for super funds seeking to remain relevant and competitive in member acquisition and retention. Specifically, to engage members more effectively, our analysis suggests that fund providers need to:

- Offer omnichannel communication and information access that prominently includes digital channels
- Communicate more frequently and keep members informed
- Consistently deliver meaningful messaging on relevant topics of interest to members, such as retirement planning or ESG investing, that will encourage more active engagement

Satisfaction varies with age

Overall, 75% of respondents expressed satisfaction with their current super fund, and 88% said they had no intention of moving their retirement assets. Satisfaction levels varied, however, between different age groups. Fewer than half as many respondents under 55 said they were "very satisfied" with their fund compared to those over 55, and more younger members had neutral to negative feelings about their funds than older members. This suggests that funds need to better engage their members at an earlier age when they may be more inclined to explore other options. The longer members stay with a fund, the less likely they are to consider changing.

A growing preference for digital communication

A more robust digital posture can go a long way in securing member loyalty over the whole retirement saving lifecycle. Younger Australians prefer to be contacted and conduct transactions through digital channels, with a growing preference for mobile apps. Only 8% of respondents in the SS&C survey have received communications via a mobile app, compared to 70% by email, 22% by postal mail and 14% by telephone.

Within the 18 to 30 age group, 94% of respondents interact with their funds via digital channels. That's not to say, however, that digital is solely the domain of youth. More than half (58%) of super fund members age 70 and over are using these channels, compared to 50% in that age group that expresses a preference for traditional hard copy and paper forms. Across all demographic ranges, preference for traditional paper communications is clearly in decline – 74% of respondents have conducted super fund transactions through digital means, with the fund providers' websites being the most common transaction channel. In aggregate, 90% of survey respondents said they would prefer to be contacted electronically.

Opportunities for more frequent, meaningful engagement

While the survey yields deep insights into the channels of fund-member interaction, it also underscores the importance of the content of communications and the frequency. A plurality of respondents (27%) said they have contact with their superannuation provider only once a year, while 25% have a quarterly connection. Surprisingly, 4% of respondents said they have "never" heard from their fund provider – a small number, but an alarming answer.

These findings suggest that many funds are missing opportunities for meaningful messaging and member engagement outside of the normal annual or quarterly statement cycle. This observation is further borne out by survey questions probing on communication content (or lack thereof) on relevant issues.

Robust digital service capabilities can be a strong differentiator during periods of market uncertainty, impacting most funds equally.

For example, most respondents, particularly in the younger age range, are not aware of the benefits of the retirement planning tools available on their super fund website. 80% of respondents said they have never accessed such tools. Of those, 59% said they were unaware of how these tools will assist them. Drilling deeper into these responses, this lack of awareness is particularly acute among the 18 to 30 age segment (73%) and even the 31 to 55 segment (71%). Among older members, 44% of respondents age 56 to 70 and 50% age 70 or older express a similar lack of awareness – fewer than the younger segments, but significant numbers.

Among respondents who are aware of the tools available, retirement calculators are the most commonly accessed, with 74% of that segment saying they have used them.

Funds can do a better job of encouraging members to take ownership of their retirement planning, take advantage of the tools available to help them, and ultimately take the necessary steps to optimize their retirement outcomes. This effort should include educational resources to help members better understand the value of retirement savings in the first place and why they need to save more than they may realize. These insights would logically lead them to utilize their providers' calculators and planning tools to track their progress and correct course if necessary.

Capitalizing on ESG

Studies have shown a growing interest among investors in the companies' environmental, social and governance (ESG) practices in which their funds invest. This is due in part to a desire to align their investments with their values better and because research indicates that companies that perform well on ESG factors deliver more consistent returns with lower risks over the long term. However, in the SS&C study, 40% of respondents said they had never heard anything from their super fund provider regarding its ESG policies or practices – less than a majority, to be sure, but still a sizeable number. Considering that ESG consciousness is especially prevalent among millennials, who have more years of wealth accumulation ahead of them, it is essential for super fund providers to engage members on this topic.

Enlarge the fine print

Super fund members also seem to be largely in the dark about the fees associated with their funds, as well as regulatory changes that may affect them. Some 44% of survey respondents reported receiving updates on fees just once a year, while 18% said they never heard about changes to fees from their funds. Simultaneously, 38% of respondents said they hear about regulatory changes once a year, and 17% said they have never heard from their funds on these matters. While the risk of alienating members is low, the regulatory demand for greater transparency and investor awareness is getting increasingly stringent. These survey findings suggest these "fine print" disclosures need to be more prominent and frequent. Digital channels would enable funds to communicate this information more clearly and explicitly in more easily consumable formats.

What would make them switch?

While most respondents were not considering switching providers at the time of the survey, they were quite clear about what might motivate them to move. Poor investment performance was the number-one factor, cited by 38% of respondents, while 31% cited poor customer service. The market gyrations of 2020 have put funds' investment strategies to their most rigorous test in over a decade, and performance has certainly been challenged. However, the other two factors – customer service and digital delivery – are still very much within the provider's control and, in many ways, interrelated. Robust digital service capabilities can be a strong differentiator during periods of market uncertainty, impacting most funds equally.

Keeping up with technology

Technology plays a critical role in achieving the aims of more frequent, meaningful communications via digital channels – and that in itself presents a challenge for super fund providers. Many are burdened with legacy systems that lack the flexibility to adapt easily to new technologies – for example, artificial intelligence and machine learning capabilities that make it possible to automate and personalize digital communications at scale across the membership base. Moreover, with surveys showing consumers spending upwards of three to four hours a day on their smartphones, mobile access with a clean, responsive interface has become a must-have.

Keeping up to date with technology is essential but expensive, and a platform overhaul can take years to implement. A more cost-effective alternative is to partner with a technology and services outsourcing provider that has already invested in a modern, flexible and scalable platform. In addition to reducing capital investments in technology and ongoing operational overhead, outsourcing can cut time to market dramatically – from months or years to a matter of weeks. Cloud deployment adds further advantages by conferring the agility to adopt new technologies with no business disruption quickly. However, the provider must demonstrate a track record of continual reinvestment to keep its platform innovative, all while backed by expertise in the superannuation space.

Super fund providers can take some comfort in the high satisfaction levels and low propensity to change funds, as seen in the first SS&C superannuation survey. But a deeper dive into the responses uncovers some missed opportunities and points the way to potential remedies. Just as there is little room for complacency, there is always room for improvement. Funds cannot rely on their members' inertia or take their loyalty for granted, but rather should move proactively to drive more frequent and meaningful engagement and meet members in the channels of their choosing – which increasingly means digital. A modern, flexible, cloud-based technology infrastructure can give super fund providers the agility they need to stay relevant in their members' lives.