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A different approach to member segmentation

Many funds approach member segmentation by either age group or generational groups such as Gen Y, Gen X and Baby Boomers. But both approaches to member segmentation have always been problematic.

Segmenting members by age or generational groups assumes that members in each cohort are dealing with the same super situation. For example it assumes that all 40 year olds have a reasonable base of super, are in the higher family expense phase of their lives and are starting to think more about what they can do about their super.

It's a neat box to put them in, but the reality is that the super situation of 40 year olds may differ remarkably. Some may have not yet started a family. Some may have had their super account balance reduced through super splitting on divorce. Others may look at their super very differently as they are focusing on accumulating other assets outside of super.

Generational segmentation also has the added issue of nobody being able to agree what the 'born between' dates actually are. Every study you see seems to quote different dates and because members are ageing, the goalposts are always moving.

What box you put members in has a significant impact on your communications in terms of the types of messages you craft and also how you communicate them. This is especially the case with direct marketing but is also the case for the many funds that segment member magazine content by age group or generational cohort.

"Members are looking to their super funds to tell them how they can improve their super-specific situation. Members know that super is important, but as such a low-involvement product for many, they look to their super fund to jolt them into taking some action that will improve their situation", said Bruce Stafford, Director of Longship Research & Consulting.

"A far better approach to member segmentation is by super situation", said Stafford.

The 2010 Ultimate Superannuation Marketing Metrics study showed there were four key super situational segments:

- You are just starting out – 10% of members
- You have a low account balance but feel you have enough time to build it up – 27% of members
- You have a low account balance but feel you are running out of time to build it up – 29% of members

- You have a good account balance and are comfortable with how you are going – 34% of members

“But one of the most interesting outcomes from the study was how different the percentage of members in each of the four segments was across the different funds.

“Some funds have a high proportion of members with low account balances who felt they were running out of time. Others had many members who were comfortable with how they were travelling.

“Each of these situational segments presents a very different communications challenge for funds. The messages required are different as is the product and service set required to help members.

“By communicating with members about their super situation and how to improve it, funds are sticking to their knitting, which is what members expect of their super fund. And what the fund is communicating is far more relevant to the member, which increases the likelihood that the member will take notice and act”, said Stafford.

Registrations of interest for the 2011 Ultimate Superannuation Marketing Metrics study close on 18 October, 2010 <http://www.newfocus.com.au/usmm.php>

About The Ultimate Superannuation Marketing Metrics

The Ultimate Super Marketing Metrics is one of the largest ever studies of super fund marketing that enables funds to track their position and progress on ten key marketing metrics against other funds to drive their competitive marketing strategy. It incorporates Industry Funds, Retail Funds, Government Funds and Corporate Funds, all in one.

The marketing metrics suite includes member satisfaction, commitment, advocacy, brand awareness, brand favourability, brand equity, brand utility, member purchase drivers, member engagement and situational segmentation.

Longship Research & Consulting provides strategic research and consulting services to the financial services sector. new**focus** Research has built an 18 year reputation on providing high quality pragmatic strategic research and advice with extensive experience in superannuation.

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