



Trends

TREAT THEM RIGHT

To boost engagement, CAP sponsors need to focus on their clients: plan members

BY MARTIN LECLAIR

Following a remarkable decade that saw the capital accumulation plan (CAP) industry adjusting to the new legislative reality of CAP governance, plan sponsors are now ready for innovations that will, at long last, turn their pension benefits into the powerful engagement tool they're meant to be.

Engagement is a function of plan design (your product) and delivery (how you market your product). In the DB era, plan design was the dominant element of the engagement equation. In the current DC era, which offers greater maturity in product design, there are new innovations on the horizon that will boldly address the delivery mechanism and the engagement challenge.

For any company, an engaged employee is like a happy customer buying its product: profitable, desirable and necessary. The book of tactics that online retailers use to engage current and potential customers provides a learning opportunity for plan sponsors.

Don't believe for an instant that such sales tactics do not apply to the pension industry. Plan members are customers—the *CAP Guidelines* say so in Section 1.3.3: "CAP members are responsible for making investment decisions within the plan and for using the information and decision-making tools made available to assist them in making those decisions." These 28 words summarize a fundamental five-stage model from

consumer behaviour theory about the customer's decision-making process: recognition of a need, information search, evaluation of alternatives, purchase and post-purchase feedback.

In retail, trends such as mobile commerce, peer-to-peer referrals and group buying can have a disruptive impact on the fairly rudimentary act of a customer buying a product from a seller. Likewise, in the world of pensions and benefits, we need to understand where this disruption has occurred—and, more importantly, how plan sponsors can take advantage of it.

Don't ignore the fact that your members live in an integrated online/off-line world

The main disruption that plan sponsors face is behavioural: members have become accustomed to the elegance, intuition and responsiveness of digital interaction. And they want the same experience from their pension benefits.


Don't ignore the fact that your members live in an integrated online/off-line world. Introduce online self-service, which is growing in popularity across all demographics. Complement face-to-face advice with virtual communication through social media and mobile apps.

Platforms such as Facebook, Pinterest and Instagram provide important information about plan members in real time—anything from their spending

habits to their food choices. Your employee-dedicated websites, such as intranet and benefits sites, are also a great source of data on your plan members. Through cloud-based solutions, you can gather all of this information and then give each member a unique and relevant online experience.

And plan sponsors will not have to implement these new solutions in-house. Because engagement presents a great commercial opportunity, providers of engagement solutions are expected to proliferate in the coming years. These providers will be innovative insurance

companies, tech-savvy pension consultants and independent online intermediaries that offer social apps and white-label websites (mass-produced generic sites that use a common platform but are custom-made). The content management and hosting will be outsourced, thus avoiding high fixed costs for the plan sponsor.

For the first time, sponsors can use big data and marketing to turn plan members into brand advocates and reap the rewards of their investment. Marketers, on your mark. Get set. Engage. 

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