Transforming how superannuation funds connect with their members

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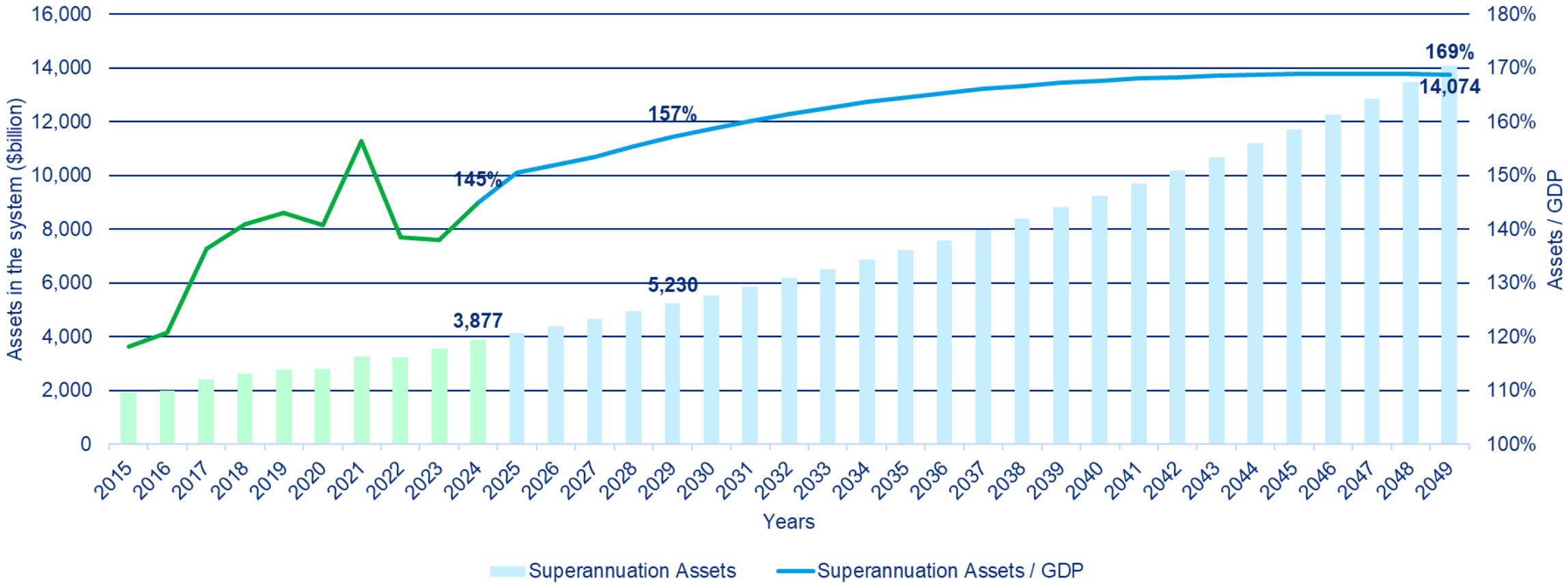
Context

Assets in the system

Assets held by Australian superannuation funds **grew from $3.5 trillion to $3.9 trillion FY 2023/24**. Absent any material legislative change, **we expect it to reach approximately $14 trillion** and **a 'mature' steady state of 169% of GDP by 2049**.

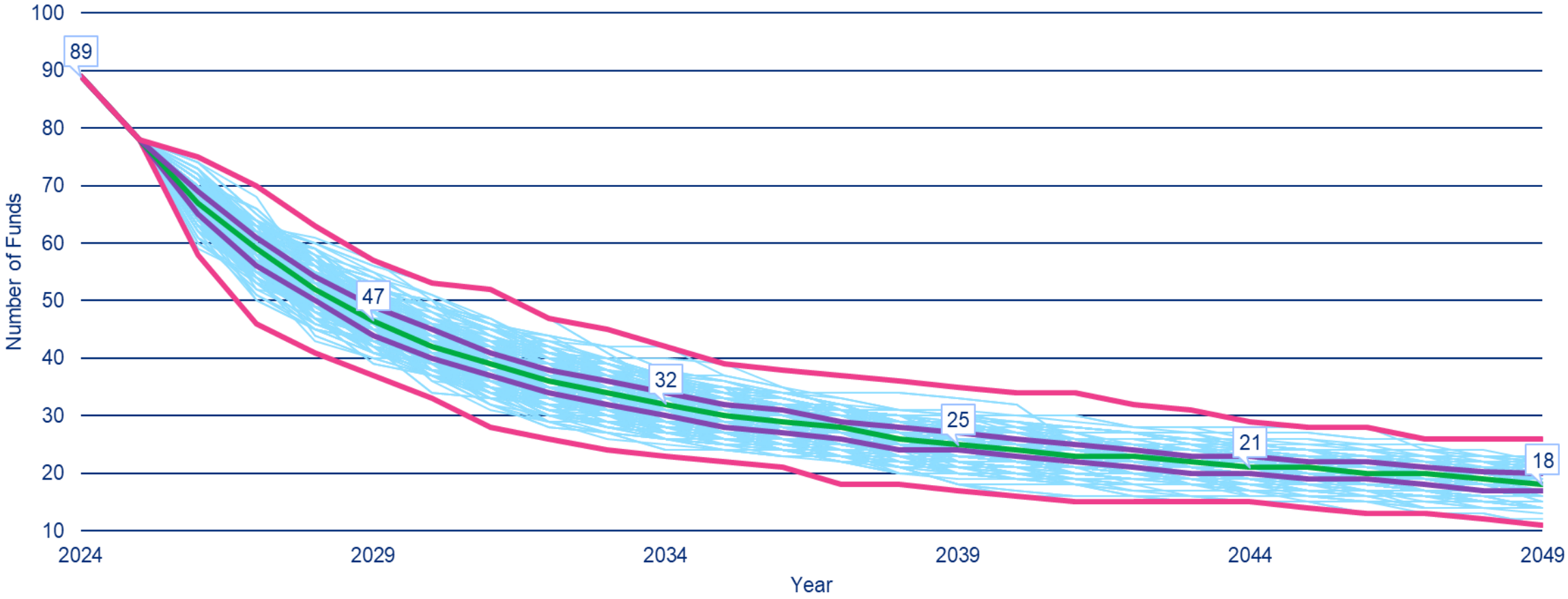


Source: Shaping Super 2025, Mercer

Context

Number of funds, now and through to 2049

We expect consolidation to continue and accelerate to the point where **there will be nearly 30 funds in 2032 and 'just under 20 funds' in 2049**. Into the future, we expect funds with clear 'value propositions' to dominate the market.



Source: Shaping Super 2025, Mercer

Context

Positioning for success: Mercer's Shaping Super heatmap of fund maturity

While there are differences between funds, themes emerge when you consider maturity at the fund level.
If funds are to survive into the future, they will need to address these gaps and position to 'thrive'.

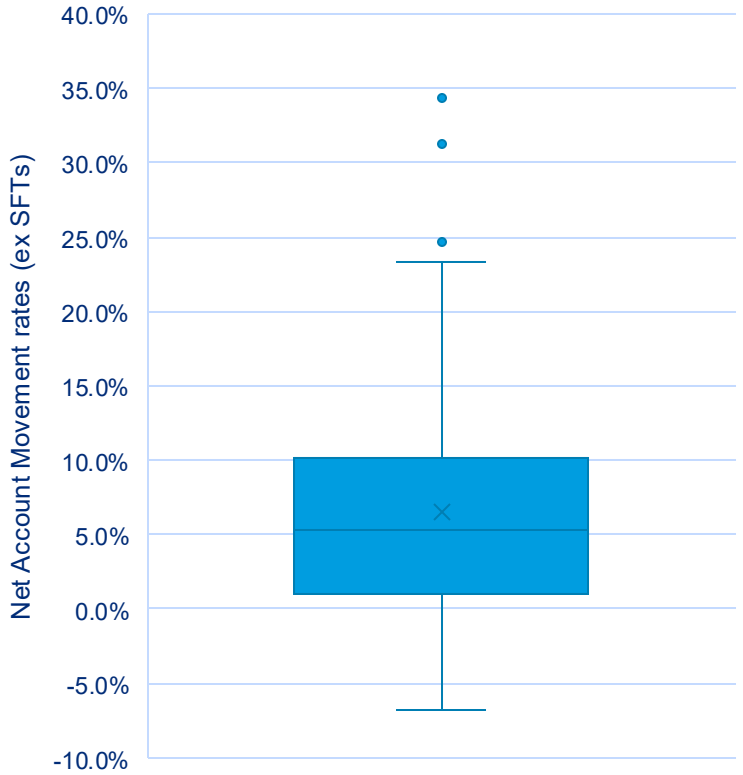
Fund strategy	Fund strategy / value propositions			Implementing strategy	
Product	MySuper	Choice (Non-Platform)	Choice (Platform)	Retirement	Insurance
Investments	Investment Strategy		Investment Implementation		Investment Governance
Sustainability	Organic Growth		Inorganic Growth		Member Retention

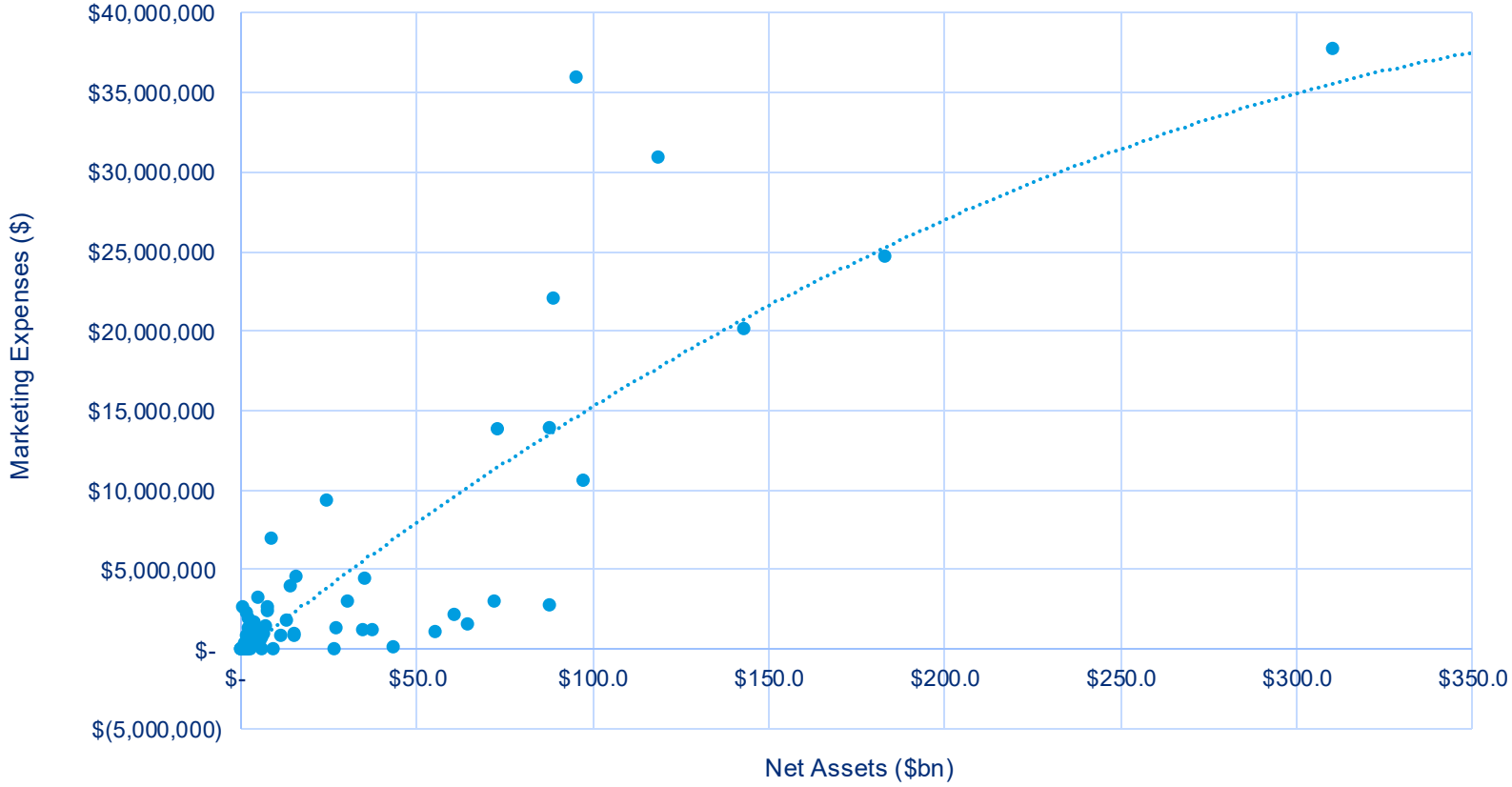
Source: Shaping Super 2025, Mercer

Context

Acquisition, retention and fund effort

In this competitive market, **sustainability and growth is king**. Many funds are now re-deploying (and increasing) fund expenditure in areas such as marketing and partnerships with the aim of growth in membership and assets.



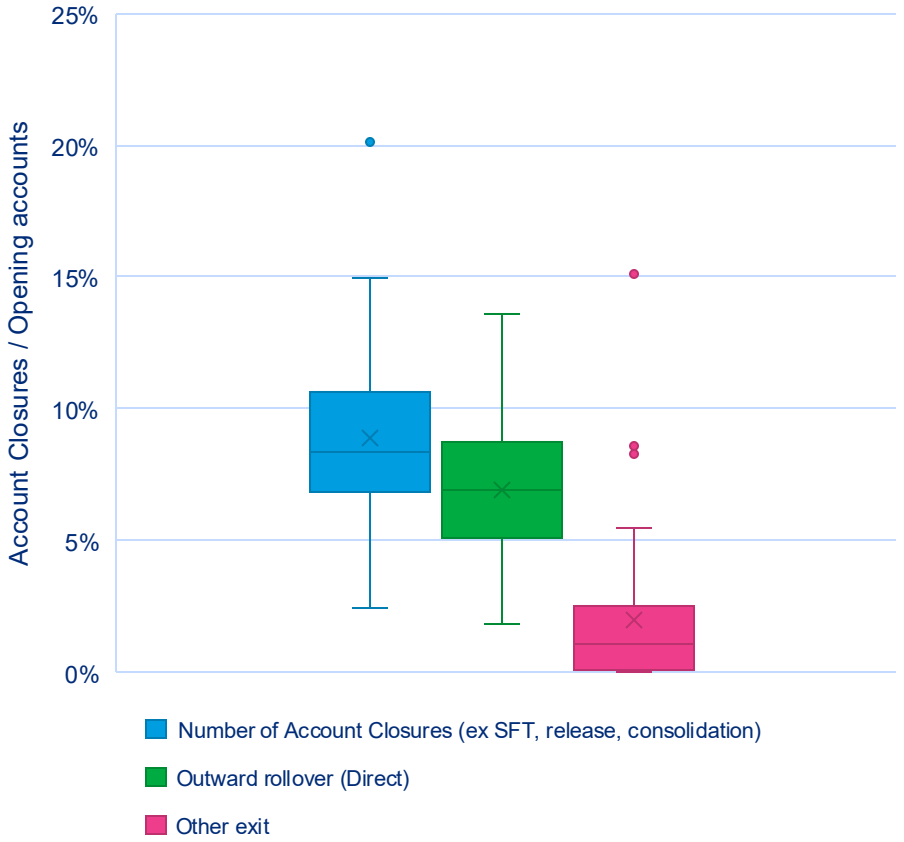


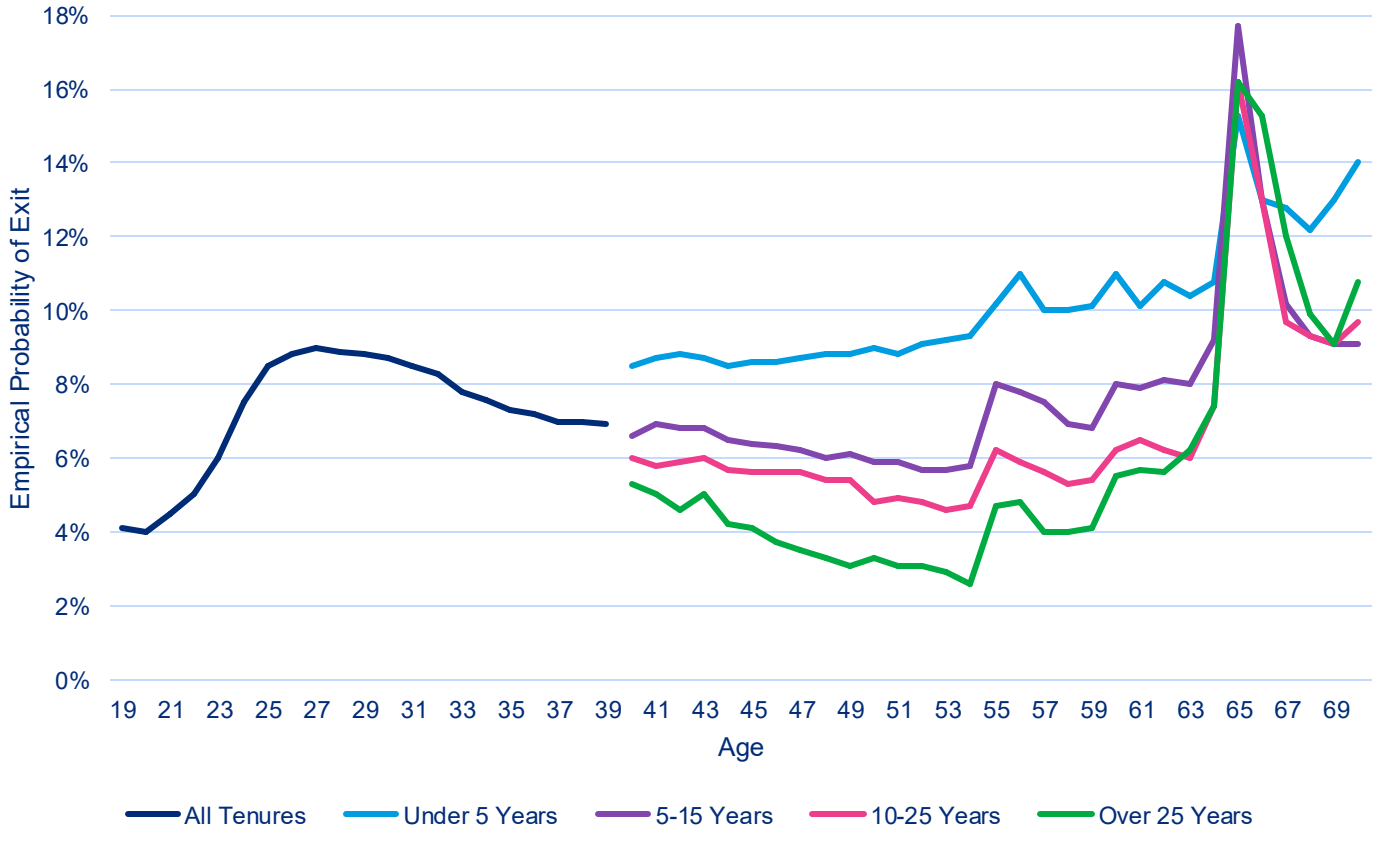
Source: Shaping Super 2025, Mercer

Context

Acquisition, retention and fund effort

However, funds have been challenged in retaining members. Empirical data suggests the risk of exit is greatest for **new joiners or those close to retirement**. This highlights the **gaps in engagement at these stages.**





Source: Shaping Super 2025, Mercer

Source: Stay or Go? The science of departures from superannuation funds, Rice Warner

Current state analysis

Classifying different levels of member engagement maturity

Most funds adopt an **'omni-channel' approach to engagement**, adjusting the channel through which members are engaged to suit the member cohort:

- Onboarding
- Early Age
- Pre-Retirement
- Transition to Retirement
- Retirement

BREADTH

DEPTH

- Proactive systematic outreach
- Proactive ad hoc outreach
- Passive engagement
- Reactive touchpoints

Current state analysis

What types of engagement are funds currently delivering

Types of Engagement	Current state
Passive Engagement	
Information	Funds offer a range of information. However, it is of varied quality / accessibility.
Seminars	Most funds run seminars, attendance is varied and can lack a clear call to action.
Proactive Systematic Outreach	
Onboarding	Most funds have an onboarding journey. However, the design is often fund, not member-centric.
Early Age (to 55)	Communications are typically ad hoc or limited to 'accept' disengagement.
55 to Retirement	Funds are working to develop pre-retirement journeys, but these are often in their early stages.
Entering Retirement	Funds have identified that the transition point has frictions (e.g. paper) and are working on this.
Retirement Years	Many funds do not actively engage their retirees and operate as a ‘set and forget’.
Proactive Ad Hoc Outreach	
Retention modelling	Funds are increasingly seeking to develop retention Though these vary in quality.
Outbound marketing	Funds operate in a wide range of spending relative to size. Effectiveness can be varied.
Member reactions	Complaints are often handled through a ‘compliance’ rather than a human lens.

Lessons from other sectors

What can we learn from elsewhere?

Lessons from other sectors

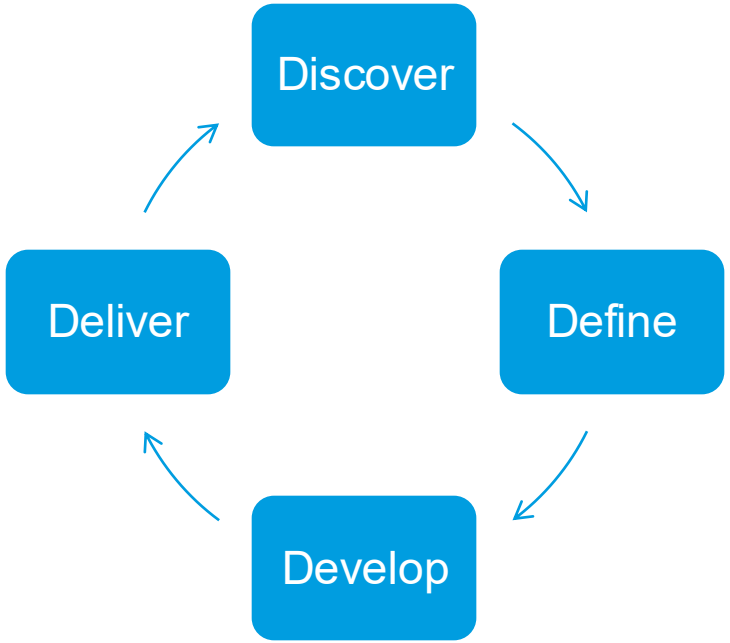
Lessons on journey theory: What does academia tell us?

Pine and Gilmore (1999)

Content that is sold by businesses span commodity to transformation.

1. Commodity
2. Goods
3. Products
4. Experiences
5. Transformation

Stickdorn and Schneider (2010-2018)



Christensen (2003)

Jobs To Be Done (JTBD) Theory

Consumers purchase feelings rather than products. To understand this, we can look to:

1. Functional tasks
2. Emotional tasks
3. Social tasks

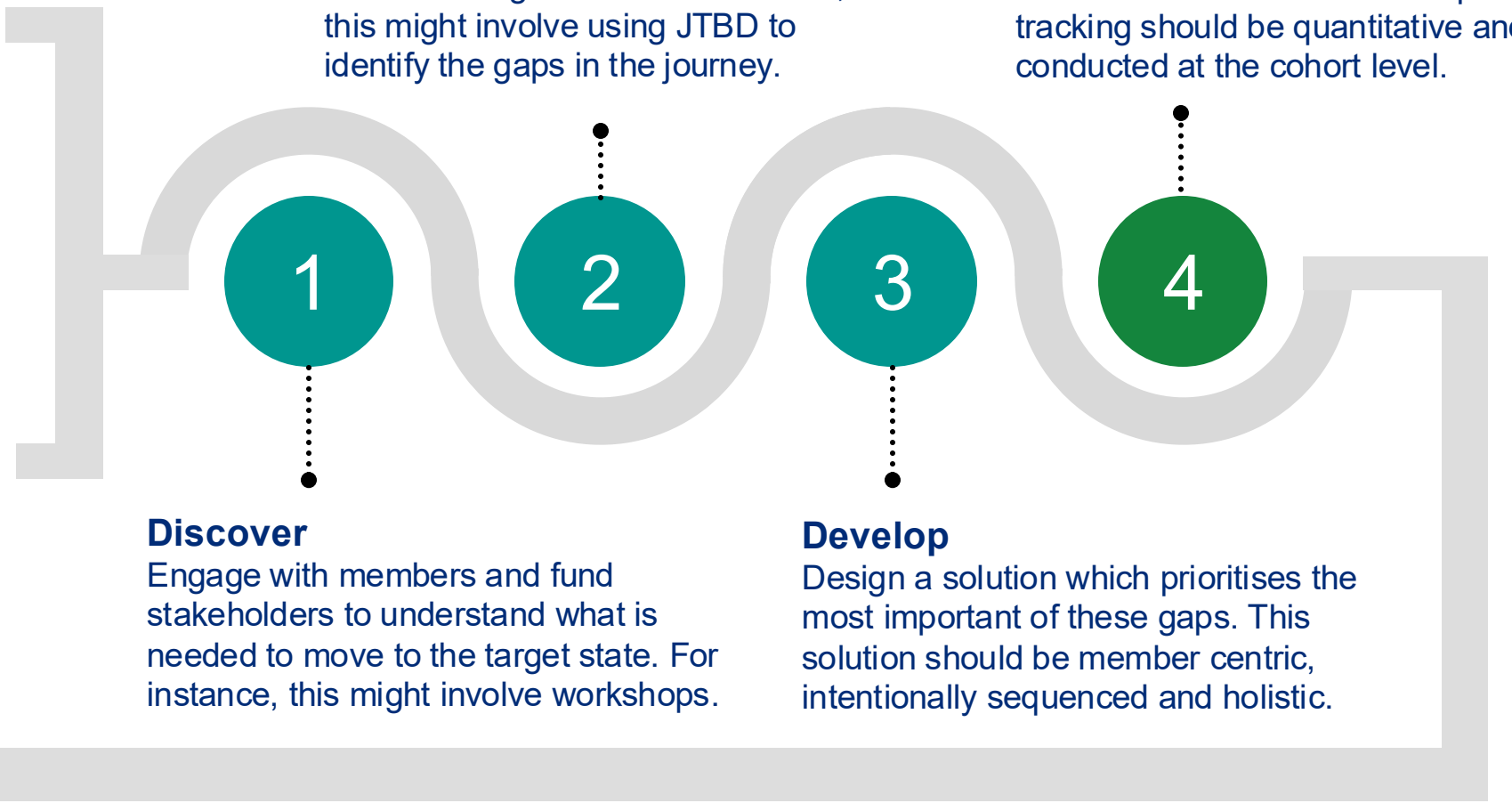
Transformative services create a lasting change for the member. For instance, giving them confidence.

Designing good practice

Applying the theory – an approach to good practice

Establish a true north

Funds should seek to provide a transformation to their members. This can be viewed as a 'target state' which, in many cases will be linked to the conditions needed for the member to remain with the fund and will vary by cohort.



Discover

Engage with members and fund stakeholders to understand what is needed to move to the target state. For instance, this might involve workshops.

Define

Identify the levers that can be used to reach the target state. For instance, this might involve using JTBD to identify the gaps in the journey.

Develop

Design a solution which prioritises the most important of these gaps. This solution should be member centric, intentionally sequenced and holistic.

Deliver

Implement the solution and track results. To the extent that it is possible, tracking should be quantitative and be conducted at the cohort level.

Iterate

Designing good practice

A hypothetical example – A member onboarding journey

Target state:

Onboarding journeys aim to transform a member from their 'default' view of the fund and provide a 'good' first impression. This aims to increase the chance the member will remain with the fund through their career.

Critical needs:

While all funds will be different, key tasks to be completed at this stage include:

- Focus on providing members with the key features and benefits of the fund, including the value proposition.
- Leveraging pre-scripted material which can be replicated (and tailored by cohorts).
- Extend the onboarding over a series of months, tailored to the members communication needs.

Sample output:

Indicatively this might include a (1) welcome email; (2) any content required to communicate the funds value proposition; (3) any extra 'admin' actions needed (e.g. consolidation); and (4) an email once onboarding is complete to confirm that that no other action is needed and to guide / pre-empt future outreach.

Iteration:

Measurement of retention of various member cohorts *within* tenure bands.

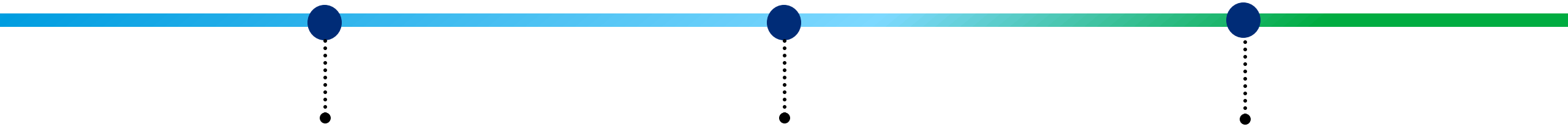
Designing good practice

Impact analysis

1. **Ensure data is of high quality;** accessible and subject to strong governance
2. **Analyse member data** and customer feedback to identify weaknesses.
3. **Develop a solution to address gaps** using sound practice principles.
4. **Iterate** and continue to close gaps, guided by data.
5. **Optimise**; first by rationalisation and then by personalisation.

What next?

Impact analysis



Short Term (1-year)

- Focus on data and cohorts
- Ad-hoc addressing pain points
- Development of key modules

Medium Term (3-years)

- Whole of life member journeys
- Shift from reactive to proactive

Longer Term (10-years)

- Communication personalisation
- Adoption of AI (e.g. chatbots)
- Journeys with ‘hand offs’

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