

Customer Acquisition and Retention Research

Background

CSR's client, a top global investment company, wanted to gain market share as a Defined Contribution plan manager. In order to achieve this goal, it needed to better understand:

- The underlying reasons that plan sponsors search for a Defined Contribution plan service provider
- How and why plan sponsors create a list of potential providers from which to solicit proposals, narrow the list, and make the final selection of a provider
- Plan sponsors' perceptions of its own and competitor offerings in terms of investment performance, sales and marketing materials, client communication, participant education, and systems capabilities

The Approach

CSR recommended, and our client agreed, that a long-term “wins and losses” research initiative would best address these needs. Our client, working closely with its sales team, identified recently-acquired plan sponsor customers, as well as prospects who participated in the sales process but decided not to hire our client as their plan provider at the time.

CSR conducted interviews among these customers and prospects by phone, using a highly structured interview guide comprising primarily open-ended questions. This enabled us to understand, in plan sponsors' own words, the key drivers of the plan provider selection process, and as well as perceptions of competitors. Interviews were conducted as soon after a decision was made as was practicable, and more than 30 interviews were conducted quarterly over the course of two years, for a total of more than 200 completes. Average interview length was 35 minutes, but interview lengths varied widely between those who had disqualified our client early in the selection process, to those who disqualified our client at the final, to those who actually selected our client.

CSR designed topic guides so that “wins” and “losses” were asked the same or similar questions, so that the responses of the two groups could be compared. Answers were content-coded, using our proprietary coding technology, which allowed us to make statistically reliable comparisons between “wins” and “losses,” and to track changes in responses among “wins” and “losses” over time.

Results

A key finding from this research was that selection criteria vary widely over the different phases of the sales process. While “table stakes” issues such as investment performance are critical when including plan providers in the initial consideration set, criteria such as customer service become much more important in the final selection of a provider. As a result of the research, our client was able to create marketing materials and train sales representatives to better emphasize the issues most important to prospects during each phase of the sales process. Throughout and subsequent to this research initiative, this investment company grew its 401(k) business significantly, and credited insight generated by the research for part of its success.