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The Value of Being Proactive

How Churn Analysis Helped a
Retirement Recordkeeper Learn The
Key to Retaining Long-Tenured Clients

Background

Anova's client was a market leader and had overall strong retention, but was noticing a shift in the demographics of its client base. The average length of tenure of the client's departed customer base, as well as the average plan size, was increasing. The client was also well aware of market forces compressing fees across the industry.

Market-leading company
Client was a top-10 defined contribution recordkeeper, based on total assets under management
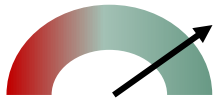
Historically high retention
Average customer retention in previous years was over 90%

Industry Dynamics
A number of factors have driven fees down in the DC space

✖ Consolidation

✖ Commoditization

✖ Open architecture

✖ Technology

✖ Influence of advisors

Why Churn Analysis?

The client partnered with Anova to establish an ongoing churn analysis program to gain valuable insights into why relationships with their own clients ended and what could have been done to preserve them.

Anova specializes in conducting in-depth, telephone-based churn analysis programs. Our positioning as an independent source allows us to obtain unfiltered VOC ("voice of the customer") feedback about our client's performance during the relationship with the respondent, as well as gather competitive intelligence and industry insights.

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The Findings

The recordkeeper learned through the churn analysis the seemingly most "sticky" plans were upset about their fees falling out of line with the market. Many provided commentary that the recordkeeper never proactively adjusted their fees as the plan grew, and they were unaware of potential significant savings until they decided to conduct a normal due diligence search.

Influence of Fees on Churn

+68%
Increase
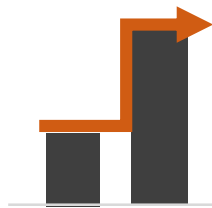
Fees as churn reason year-over-year

"They never proactively reached out to us to negotiate our fees lower."
-Client of 23 years

"I was offended by their treatment…They made me go out and get market comps before they were willing to improve their cost."
-Client of 15 years

"Stickiest" Plans Departing:

Longest Tenured:
Plans with an over 10 year-long relationship were 26% more likely to cite fees as a churn reason

Largest:
Plans in the largest asset tier were 2.5x more likely to cite fees as a churn reason

Most Satisfied:
90% of plans who rated themselves as "unlikely" to switch providers cited fees as a churn reason

The Outcome

The client's relationship management department recognized the need to proactively review the fees of their customers who had been with them for long periods of time and had grown during that period. An internal algorithm was developed to identify which clients needed a proactive fee review, and a plan was established to reach out to those clients in order to reduce fee-related churn among otherwise satisfied clients.

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Experts in Sophisticated B2B Markets

We work with market-leading companies that build and maintain their businesses through complex and multi-layered sales and servicing processes

Win / Loss Analysis

Client Satisfaction
- - - - -
Implementation Analysis

Prospects

Existing Clients

Intermediaries

Client Lifecycle

Departed Clients

Intermediary Perception Analysis

Departed Client Analysis
"Churn Analysis"

Anova Programs

- Win / Loss
- Post-Implementation
- Client Satisfaction
- Departed Client
- Intermediary Perception
- Custom Research

Market Leading Client Programs

Completed: 300+ Win / Loss Studies   100+ Client Satisfaction Studies

Clients: <u>12 Fortune 100 Companies</u>

3 of the 10 Largest Software Companies

7 of the 10 Largest Financial Services Providers

1 of the 2 Largest Healthcare Companies

Leadership Team

Richard Schroder
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Interested in Learning More?

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