



The newsletter of the European association of public sector pension institutions

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## Editorial

Marketing is playing an increasingly important role for occupational pension institutions. In this context, marketing is not regarded as a mere sales tool. It is rather a way to emphasise the importance of the occupational pension scheme as a necessary instrument to ensure a sufficient old age income. Since the level of the first pillar is being reduced in almost all countries, the key message has to be that only ensuring second or third pillar provisions early enough can avoid old age poverty. This does not only concern the public service but also the private sector.

This edition of EPB demonstrates the implementation of marketing concepts within some European supplementary pension institutions of the public sector. The spotlight will be on field reports, examples of target-group oriented addressing and the choice of the appropriate contact media. This demonstrates time and again, that each individual country is facing the same essential challenges: besides providing customers with information, it is becoming increasingly important for a pension institution to be service oriented. In this regard, marketing provides the impetus for internal optimisation. Employees, technology, workflows and the structure of the organisation itself must all be market- and customer-oriented.

Hagen Hügelschäffer  
Original language: German

## Pension Review in Ireland

Under the draft Ten-Year Framework Social Partnership Agreement 2006-2015, which is called *Towards 2016* (see link below) and is awaiting ratification, the Government has agreed to engage with employers and trade unions in the context of its formulation of a comprehensive approach to future pensions policy. This review process will be supported by appropriate expertise and take account of the reports and research of the Pensions Board and of the operation of the annuity market. Relevant Government Departments will also participate in the review.

<http://www.taoiseach.gov.ie/index.asp?locID=181&dlocID=2755>

## Green Paper on National Pensions Policy

The Government is committed to publishing a Green Paper on Pensions Policy outlining the major policy choices and challenges in this area. It will take account of the views of the social partners. The Government is committed to responding to the consultations on foot of the Paper's publication within 12 months of the date of ratification of the Social Partnership Agreement by developing a framework for comprehensively addressing the pensions agenda over the longer-term.

## Special Savings for Retirement - Report Published

The Pensions Board presented a report entitled 'Special Savings for Retirement', to the Minister for Social and Family Affairs on 5 July 2006. The report was published by the Minister on 8 August 2006.

The report was in response to a request from the Minister to the Board to explore the general principles in relation to a mandatory or quasi-mandatory pension system with a view to

recommending the most appropriate system for Ireland at a practical level and to cost this. The request was a follow-up to the National Pensions Review completed by the Board in 2005 which assessed progress of pension provision in Ireland since implementation of the National Pensions Policy Initiative changes made between 2000 and 2003.

The National Pensions Review set out that there were differing views among Board members on the merits or drawbacks of mandatory pensions. The Board has not reconsidered its views for or against the introduction of a mandatory system and this report is a technical examination of the practical issues associated with a mandatory pension system if such a system were to be introduced.

The approach adopted in the report is to identify different types of mandatory systems and, within each type, to define and specify the important parameters. The specific systems have been subjected to qualitative and quantitative analysis. The report goes on to a conclusion and proposal on the most appropriate and practical approach to improving the position of pensioners in Ireland by means of a mandatory system.

The system proposed would be known as Special Savings for Retirement and individuals would hold Special Savings for Retirement Accounts. It recommends a combination of an increase in the State pension with a “mandatory” supplementary system for those who are not already making supplementary provisions. It is based on the concept of improved adequacy in the State pension which is there as a base for all and an incentivised savings framework which would supplement the State pension.

The report is presented as a contribution to the policy debate on Irish pension provision. The Board believes that the costings and the analysis contained in the report, and in the Board’s previous National Pensions Review report, should provide a sound basis for the preparation of the Green Paper on Pensions Policy and Government decisions on pension provision which are referred to in the draft Ten-Year Framework Social Partnership Agreement 2006–2015.

### Summary of Special Savings for Retirement Proposal

The report recommends that the contributory State pension be increased to 40% of Gross Average Industrial Earnings (GAIE) over ten years until 2016, and that the real value of the pension be maintained at least at that proportion of GAIE thereafter. In

addition, it is proposed that a supplementary system called Special Savings for Retirement be set up for all employees who are not members of occupational schemes or do not have sufficient supplementary savings.

The detailed provisions of the Special Savings for Retirement Scheme are as follows:

(a)	Eligibility	All employees and self employed who are not members of an approved pension arrangement or do not have sufficient supplementary savings would be automatically included in the Special Savings for Retirement scheme.
(b)	Eligible income	All earned income between 50% and 200% of GAIE (between approximately €15,000 and €60,000).
(c)	Total contribution rate	15% of eligible income. The split among employee/employer/Exchequer to be agreed as part of the Social Partnership Agreement.
(d)	Benefit type	Defined contribution, subject to a minimum benefit.
(e)	Access to funds	There would be no pre-retirement access to funds except in specified exceptional circumstances.

The contributions would be introduced gradually over 10 years.

A summary of the proposed system and full details are available at the link below.

<http://www.pensionsboard.ie/index.asp?locID=3&amp;docID=385>

The Department of Finance and the employers body, IBEC, have indicated they are strongly opposed to a mandatory pension system.

(Sources: *The Pensions Board website www.pensionsboard.ie : Press Releases) Towards 2016, Ten-Year Framework Social Partnership Agreement 2006-2015)*

Damian Smyth  
Original language: English

### VBL enters into dialogue with customers

The VBL takes its customer orientation seriously. The VBL receives information about customer needs among other things via opinion pools. A representative survey of Pforzheim college of higher education delivers insight of the provision performance in Germany. Two thirds of public sector employees have made provision for their old age, one third has not.

Only 26 % have chosen a “Riester pension” or deferred compensation as supplementary provision. Endowment policies, sharing 58 %, and real estate inhabited by oneself, 45 %, are far more popular. Thus, many people miss the opportunity to keep their standard of living at age through occupational pensions. Therefore, it is important to the VBL to increasingly throw light on this topic. This applies to the mandatory occupational pension **VBLklassik** stipulated in a collective agreement as well as to additional, voluntary retirement provision. At present, VBL offers three products for occupational pension schemes.

### Provision products of VBL

**VBLklassik** is a compulsory insurance stipulated in collective agreement. It is obligatory, among others, for public sector employees of the federal government, of all German states (except for Hamburg and Saarland) and of some municipal and church employees. The basis of occupational pensions are collective agreements of employers and unions. With **VBLklassik**, the insured acquire provision credits year by year. The respective occupational pension evolves depending on length of employment and amount of salary. The credit system (“Punkte-modell”) of **VBLklassik** also contains elements of solidarity lacking in private old-age provisions, e.g. a life insurance: parents, for instance, keep collecting provision credits while on parental leave if the work contract is inactive in the meantime.

The accustomed standard of living cannot be kept up at age by the mandatory **VBLklassik** and the federal statutory pension insurance. Particularly, the lowering of the pension level makes supplementary coverage for the future indispensable. Therefore, the insured of **VBLklassik** may cover their standard of living at age with an additional, voluntary occupational pension in a better way.

Like **VBLklassik**, the pension insurance **VBLextra** is composed of the credit system Punktemodell. Depending on age, term and contributions, the insured increase their provision credits for retirement.

The unit-linked **VBLdynamik** pursues an intelligent portfolio strategy according to the age of the insured. Therefore, **VBLdynamik** generates return on investment as high as possible and yet high security. More than 100,000 insured persons currently make use of the supplementary, voluntary pension provision of VBL.

### Financing of products

In the old, western German states, **VBLklassik** is financed on a PAYG basis according to a principle of solidarity: similar to the German pension insurance, the money deposited by employers and employees, immediately flows into occupational pensions. With the pension reform in 2001, Social Partners and VBL have agreed to finance **VBLklassik** as a funded scheme in the long run. As opposed to PAYG-schemes, a reserve for each insured person emerges from contributions and interest covering the respective pension in the future. The supplementary, voluntary occupational pension insurances **VBLextra** and **VBLdynamik** are already fully funded. In the new, eastern German states, Social Partners and VBL have already introduced capital cover of the compulsory **VBLklassik**.

### Looking ahead easier with government aid

For their **VBLextra** and **VBLdynamik**, the insured may receive government aid: “Riester pension” as well as deferred compensation are possible at VBL – in case the requirements are given. With government subsidies, expenses of the insured for their old-age provisions are diminished.

The “Riester pension” offers, in addition to basic and children grants, a tax saving effect via additional, deductible special expenses. Thus, the “Riester pension” is not only profitable for families and single parents but also for singles.

Another government subsidy is deferred compensation: by agreement of employee, employer and VBL, part of the gross pay is converted into contributions for retirement provision. Using deferred compensation, the insured are able to save tax and, until 2008, social insurance contributions and invest this in their retirement provision. Employers have advantages due to deferred compensation, too, since lower social contributions reduce their labour costs. If deferred compensation is not admitted by collective agreement, the insured can make use of the advantages of the “Riester pension”.

### The vision of VBL and reasons for marketing

VBL wants to be the best provider of occupational pension in the public sector. That way, it wants to become an indispensable partner for its customers – with the best service and the best benefits. This means, VBL wants to offer the best, most favourable and easiest occupational pension to its clients. This is the vision.

VBL is already on the right path to its aims. It has initiated and already implemented precise measures. It is orienting completely the internal organisation, customer service, processing and the entire electronic data processing towards customer needs. VBL receives orientation from customer surveys. As from autumn 2006, VBL offers central contact points for the insured and involved employers – according to the company slogan: “VBL. The one-stop secure provision.” VBL has continuously improved its information and service performance. Part of this is also the marketing sector.

Further reasons: VBL is competing for clients – directly and indirectly. The occupational pension **VBLklassik** was stipulated by collective agreement. Thus, VBL is “only” indirectly part of the competitive market with this compulsory insurance. VBL wants to bind particularly the involved employers. The supplementary voluntary retirement provision products **VBLextra** and **VBLdynamik** are out in direct competition with others. For they can be freely chosen on the market by the insured. Also in this field, the VBL wants to be the best of all alternatives.

### Objectives and duties of marketing

Marketing and communication of VBL have external and internal objectives in equal measure. Outwards, clients are to be kept, bound and gained. VBL wants to establish itself as the best and most cost-effective partner of employers for occupational pensions on the market. VBL wants to increase its high profile and its image.

Furthermore, marketing and communication are to enhance motivation and coaction (synergies) inside the company. It wants to increase productivity, quality and performance and promote the service idea (“colleague is client”). For VBL has the principle: marketing outwards may only be successful if it is being lived inside.

The marketing/communication sector supports the VBL sales and distribution. Moreover, it bundles and cultivates the inwards and outwards communication. As “impulse transmitter” it optimises the distribution and customer orientation of all VBL employees. The objective is to improve quality of service and labour efficiency. All in all, this department designs the corporate identity and runs the trademark VBL. In this respect, for VBL marketing means operational customer care and strategic maxim of behaviour. At VBL, marketing is a staff position and directly responsible to the president. This underlines the strategic significance of marketing for VBL, promotes the acceptance and encourages the internal communication.

### Communication and information of VBL

The dialogue groups of VBL range from employees and their family members, over the insured and participating employers to the press and multipliers of the industry. VBL has extended and simplified its information. New media are essential for the dialogue with the customer. A principal item is the internet presence which VBL has modernised and wants to extend to a customer portal. Employers, for instance, are already able to register new employees online for **VBLklassik** (mandatory occupational pension scheme). The distribution list for the e-mail information service “VBLnewsletter” is growing increasingly every month. Events and discussion forums with participating employers add to the offers. In 2005, VBL has begun to keep employers informed about current issues and to get into talks over its Germany-wide VBL autumn meetings. Besides, VBL has offered intensive seminars since the beginning of the year. These specialist seminars support employers concerning their duties in the field of occupational pensions. Numerous feedback acknowledges the success of VBL. Further are planned.

### Measures and instruments of customer orientation

In addition to its enhanced information and service performance, VBL is presently aligning its internal organisation, customer service, processing and EDP entirely with customer needs. With a new structure of organisation, VBL wants to go on improving its customer service as well as making processing more efficient. What had been worked on before in two separate departments, is now to be merged organisationally. The differentiation between mandatory insurance (**VBLklassik**) and voluntary insurance (**VBLextra**, **VBLdynamik**) will no longer exist for VBL customers. As from autumn 2006, VBL will offer central service hotlines for the insured and involved employers. According to the company slogan: “VBL. The one-stop secure provision.”

“Merging mandatory and voluntary insurance in this new, tight form of organisation, is an important step to us on the way to a modern and customer oriented service provider”, explains Wolf R. Thiel, president and chairman of the board of VBL. The potential gained by cost savings are supposed to extend VBL’s leadership concerning cost – to the advantage of the insured, pensioners and participating employers.

In order to make better use of customer relations, a professional CRM system is implemented at VBL. It is also to give exact specifications to the staff position “communication/information” so that information

campaigns can be planned, managed and evaluated in a better way. Furthermore, VBL can improve the quality of customer care and make it more effective.

### VBL portrait

For more than 75 years, VBL has been ensuring public sector employees' occupational pensions. At present, about 5,400 participating employers and about 4 million employees make use of their service. About 1 million pensioners receive an additional pension from VBL besides their statutory pension. Altogether, VBL pays off 4.1 billion € of occupational pensions per year. Administering assets of more than 11 billion €, VBL is not only the biggest German retirement pension institution of the public sector. It is also one of Germany's major institutional investors.

More information on [www.vbl.de](http://www.vbl.de)

### Examples of VBL's marketing

Like any other business company VBL is being judged by its performance as well as its public image. Therefore, a new, corporate self-conception is also part of VBL's reorientation. VBL's action, its style of speech and its appearance are based on that. A corporate line determines the design of office communication as well as of print media, advertisement and VBL's web presence.

The line of design must meet high demands since VBL does not achieve a "hands-on" product. All visual elements are crucial: from corporate logo and corporate colours to corporate fonts and the imagery of products. For the line of design translates VBL's key messages into images. In the process, the principles of the media and of the psychology of perception play a major role. The line of design is obliging for all optical appearance – whether for business cards, sheet of writing or email.

Thomas Jahn, Christian Blomberg  
Original language: German

**Examples of VBL's marketing**

**VBL umbrella brand name**



**Company slogan:**

- VBL. The one-stop secure provision.

**Pictures:**

- reposeful, settled landscape with perspective
- duality of blu and yellow (mandatory and voluntary insurance)

**VBLklassik**



**Product slogan:**

- VBLklassik. More Security.

**Pictures:**

- horizon, wideness, serenity, security and satisfaction
- reposeful, settled landscape with perspective
- couples/groups enjoy their view

**VBLextra**



**Product slogan:**

- **VBLextra. More Future.**

**Pictures:**

- cordiality, affection and naturalness
- likeable and bright couples/families
- sound quality of life

**VBLdynamik**



**Product slogan:**

- **VBLdynamik. More Chances.**

**Pictures:**

- lively, sportive situations
- likeable people full of vitality
- increased quality of life (no luxury)

**Example Internet presence**

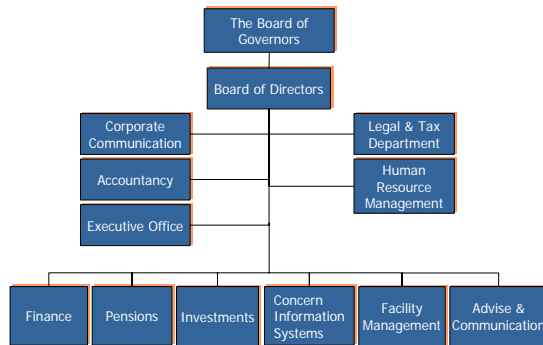


- product-oriented
- customer portal
- service-related
- reading expressway

## Marketing inhouse ABP

ABP is the pension fund for civil servants and the educational sector. All of the 2,4 million customers have the assurance of income security against the following events: disability, death and pension. All of it based on solidarity and non-profit.

### Organisation of ABP



### ABP at a glance (numbers 2004)

4,317 affiliated (sub)employers	1,113,000 in active service
761,000 former participants	697,000 pensioners
168 billion euros pension capital of which 55% equities and alternative investments	
43% fixed income investments	2% other investments

and also annually:

5.2 billion euros pensions payments	595,000 telephone calls with employees
52,000 telephone calls with employers	950,000 hits on abp.nl
1,250,000 pension statements	1,170,000 pension specifications
6,800 visits to employers	

ABP is world's second largest pension fund.

### Importance of marketing for ABP

The role of marketing is to communicate, inform and advise, and it's role is not only to inform but also to sell products. Marketing is of great importance to ABP as to inform our clients about a certain variety of subjects but also to clarify our added value. Next to these reasons, providing communication is also becoming an obligation by law. A concept government act prescribes in detail what information about pensions should be communicated and how it is to be done.

Active members receive a pension statement once a year, which sets out their pension rights. By testing a number of alternative versions on a sample of members, ABP ensures that the statements it distributes to members provides sufficient clarity in the current complex situation.

The internet is also becoming an increasingly important channel of communication with individual participants. 'My ABP' is a secure individual environ-

ment where they can view their personal data and it enables them to see the effects on their personal situation of decisions they might make in such areas as additional savings and earlier or later retirement. Compared with the paper pension statement, which can do no more than present a number of basic scenarios, the internet means ABP can deliver a tailor-made service: policyholders simply download their personal parameters and instantly see the consequences of their choices on screen.

Pension schemes will have to accommodate more individual preferences in the future. Phenomena such as part-time pensions and extended early-retirement pension rights are appropriate to a world of greater individual responsibility. By using complementary channels - the paper pension statement, 'My ABP' on the internet and the call centre for answers to questions by telephone and e-mail - ABP is well placed to respond to this trend and offer made-to-measure service at low cost.

Employers have their own protected area on the internet. They are not only being informed through this medium but are also able to fill out forms etc. The employers can contact a specialized department to answer their questions (employers helpdesk, a call centre for employers). Next to this, the employer has its own account manager for the face-to-face contacts (except for the small(er) employers).

Marketing covers operational customer care but is also part of the desired behaviour of the employees.

### Organisational Framework

The marketing department is part of the unit 'Advise and Communication' (see the Organisation Chart). Next to this unit, marketing (communication) is carried out by the department Corporate Communication. Investments has it's own marketing department as this is considered to be a different kind of business.

The department 'Advise and Communications' is responsible for the market research. The data from the research is being used for improving the customer relations. Yearly several research projects are undertaken which means that thousands of our clients are asked for their opinion on several pension related subjects.

### New products

The social contract concluded at the end of 2004 between the government, employers and trade unions has also created new prospects for ABP, because it gives employees more individual responsibility for their career choices. More tax facilities will be available for extended leave of absence through

the 'life-course scheme'. Loyalis, a subsidiary of ABP, provides products which facilitate saving for extended leave or early retirement.

ABP has also developed an individual defined-contribution product, "ABP Extra Pensioen" for adding individual contributions to the pension savings. ABP offers as well the opportunity to its clients to increase their dependents pension by making additional voluntary contributions.

### Marketing concept

ABP seeks to provide a high level of service while keeping its cost of operations low. Its success in achieving these targets is demonstrated by its scores in this area which, in the interests of objectivity, are compared with those of a peer group of 63 leading pension funds from around the world (forming the CEM, Cost Effectiveness Measurement Inc., benchmark).

	2004	2003	2002	2001	2000
service score (max = 100)					
ABP	82	83	79	78	na
CEM average	tba	74	72	70	na
cost per participant	€62	€66	€71	€70	€72
CEM average	tba	€93	€78	€69	€67

Table 1: ABP's service score and cost per participant compared with peer group average.

The service score was slightly lower in 2004, reflecting the call centre problems to customer services due to the high influx of calls in connection with changes in the pension scheme (including the transition to a career average-pay scheme and the halving of partner pensions) and the new tax regimes for pensions, pre-pensions and early retirement schemes.

The pressures exerted by current developments on ABP's service score had no or little effect for its customer satisfaction ratings in 2004. The front-office services scored higher for customer satisfaction across the board compared with 2003, as the following table shows:

	2004	2003	2002	2001	2000
Call centre	7.4	7.0	7.3	6.8	6.7
Workshops and presentations	8.3	8.2	8.2	8.0	7.3
Employer advice	7.9	7.6	7.7	7.7	-

Table 2: Customer satisfaction - front-office services

The position regarding back-office services is more mixed (see table 3). As in 2003, ABP again achieved a high score for customer satisfaction with services for pensioners in 2004.

	2004	2003	2002	2001	2000
Early retirement	7.8	7.8	7.5	7.5	7.5
Pensioners	8.1	8.1	7.8	7.7	7.8
Active members	7.0	7.0	7.0	7.0	6.9
Special Defence Ministry schemes	7.6	7.7	7.7	na	na

Table 3: Customer satisfaction - back-office services

### Major campaigns in 2005

Every year, ABP organizes a 'Rendez-Vous' where the top 200 stakeholders are being informed about developments in the world of pensions. Also the P&O (personal and organisation) officers (4000 participants) are informed on relevant developments by means of regional meetings in football stadiums.

In 2006 a new Pension Deal was concluded between the organisations of employers and employees. The negotiations were instigated by the recent developments in the Dutch tax regime with respect to early retirement. Early retirement is no longer part of the fiscally subsidized pension savings. This means that the early retirement scheme was the object of negotiation. The outcome of the negotiations have been communicated by internet, letters, magazines and the pension statement.

Wim Moes

Original language: English

### KPA Pension – marketing in a competitive market

KPA Pension has its main activities within the municipal sector (municipalities, county councils, regions, municipal associations, municipal companies, associations of municipal corporations and companies associated with them). Activities are subject to competition, and the choice of the supplier of pension solutions is decided both by employers and by employees. Because the conditions of the two markets, the so-called employer market and the so-called individual market, are so different from one another, it is necessary to have differentiated, but nevertheless coordinated, sales and marketing strategies.

### KPA Pension's position in the employer market

KPA Pension is the market leader within the municipal sector as regards pension-administrative solutions. About 80% of municipalities and 100% of county councils are still customers of KPA Pension after about 10 years of competition. As regards insurance solutions, the market share is, however, less.

The last customer satisfaction survey of county councils and municipalities (October 2005) gave KPA Pension the highest marks. Greatest satisfaction was shown with KPA Pension's treatment of customers and competence. Awareness of KPA Pension with the employer customers within county councils and municipalities, who number about 1 000, is 100 percent.

With municipal and county council owned companies, the competitors have a somewhat stronger position, but KPA Pension is market leader there as well. Customer surveys show that the municipal companies are also aware of KPA Pension to a great extent (74 percent).

### KPA Pension's position in the individual market

KPA Pension has a strong position in part of the individual market - in the area of the collective agreement for the municipal sector - primarily on account of its position as the so-called "non-selector" company. This means that the employees, who do not make an active choice of company that is to administer their individually decided occupational pension, have it allocated to KPA Pension in accordance with the collective agreement. Few individuals make an active choice and the competition for these customers is considerable.

The main competitors on the individual market are the banks. The strength of the banks lies in them having many branches in which the bank's advisors work customers via personal meetings, and induce them to change their choice. During the past year, the low interest rate level and the housing market have helped the banks along. When the customer goes to the bank to get advice or borrow money or reschedule loans, or for other matters, the banks have taken the opportunity to raise the issue of the occupational pension as a natural part of the customer's finances. They have also utilised the Internet as a marketing channel, as many customers pay their bills this way every month. There are, however, also pension companies without offices, who work customers in a massive way through their financial strength, with direct mail advertising, advertising, telemarketing and TV advertising.

In a customer survey of February 2005, it became apparent that awareness of KPA Pension in the target group of those employed by municipalities and county councils was quite low (only 16 percent). The survey also showed that the almost 1.000.000 customers knew far too little about KPA Pension's organisation, approach and product offering. An exit survey also showed that those customers who left KPA Pension said they did so not on account of dissatisfaction, but quite simply because they had been cultivated by a competitor.

### KPA Pension's brand

We see KPA Pension's brand as the sum of all the relationships that KPA Pension has created with the world around it, i.e. "everything we say and everything we do – and how it is perceived by the customers". Through a strong, positive brand, we want to be a visible, comprehensible difference compared with the competitors.

As mentioned above, knowledge of KPA Pension, and its image, is very high in the employer target group. On the other hand, knowledge about, and preference for KPA Pension among individuals is low. Against the background of this, to increase awareness of KPA Pension is one of our paramount goals. The objective is to build a strong brand, which will pave the way for selling, loyalty-strengthening activities in order to firmly retain the existing customers and improve relations with them.

As a first stage in strengthening the KPA Pension brand, the brand platform was updated (business concept, vision, core values and positioning) and a new long-term communicative concept was produced; "What is your pension money doing right now?" The new brand platform and the communicative concept were implemented internally in May 2005, and since then have been the basis of brand-building marketing.

The communicative concept is based on a single sentence, which, together with a striking picture, shall present a feeling of what KPA Pension is, and stands for. The task of the concept is to create confidence and sympathy for KPA Pension by it addressing both the minds and the hearts of the target group. Our advertising shall communicate our secure pensions and also our ethical investment criteria, and our active social responsibility (which differentiates us from the competitors).

As a further stage in work with strengthening the brand, it was important to clarify what sort of company we are. Therefore, the logotype was updated by adding the word *Pension* to the former name KPA. And the group now operates under the designation KPA Pension instead of, as earlier, only KPA. A so-called pay-off has also been added to the logotype.



### National campaigns

During the second half of 2005, a number of national outdoor campaigns were carried out, with good results. At the beginning of 2006, we changed the main media to TV advertising in order to reach new sections of the target group, and to obtain greater penetration. The first advertising campaigns in TV gave good results and influenced awareness and image.

As a supplement to the TV advertising, other brand-building and deepening communication activities are also implemented, such as advertising on the homepage and on selected pages on the Internet, mailing a customer newspaper regularly, advertising messages in Customer Service telephone message loop, welcoming mailings to new customers and advertising in the trade press.

The campaigns have also increased awareness of KPA Pension among individual customers by several percentages (22 percent in June 2006) and also increased the preference of choosing KPA Pension in any pension investment.

### Internal brand orientation

Building the brand is not only about marketing. It is just as important to build the brand internally among all KPA Pension employees. In order for the brand orientation to work internally, all parts of the organisation must feel involved and informed about what is expected from them.

### KPA Pension's marketing strategy

There is considerable evidence for "what you do not know about, you don't want to buy" and "if you are not seen, you are not there". Therefore, the marketing strategy for the individual market is based on building a strong brand through increasing the awareness of KPA Pension and strengthening the image. This shall form the basis of being able to increase sales and loyalty, i.e., to get more customers actively to choose KPA Pension and to get more of them to want to stay with us.

### Coordinated communication in all channels

The KPA Pension marketing strategy says that we shall behave in a unitary, coordinated, cost-effective way in two markets, the employer market and the individual market. The strategy, together with the brand platform, sets the framework for communication with each respective target group.

In order to be able to reach our prioritised target groups in an efficient way, they must be segmented. This requires knowledge about the customer and the customer's behaviour, together with awareness

about his or her involvement. This makes demands for even more well-developed system support, and a structured asset for the information that KPA Pension has regarding each respective customer, of utmost importance in the future.

### Mass communication – to create awareness and build image

Awareness and image in the individual market are primarily built through regional and national advertising campaigns, events, sponsoring activities and PR activities. In order to increase power of penetration in those activities that build our brand, they are coordinated time-wise and with messages with other marketing activities, such as direct mailings and information meetings. The decision regarding choice of media for advertising activities is always based on a learning process, in which the cost of contact and effect with the target group in question is continually evaluated. Non-segmented mass mailings are only used for distributing communication which is of general character, i.e., is used only for sales in which the accuracy of aim is low (and with it also cost effectiveness).

The need for mass communication in the employer market is low, as KPA Pension already has personal relationships with most of those in the target group. Some mass communication in the form of advertising in the trade press can, however, be used to emphasise special announcements and to strengthen KPA Pension's image.

### In-depth communication – to explain and create buying interest

For the individual market, in-depth communication is a necessary supplement to the personal meeting, because the target group is large. Communication is often made through "deepening" channels such as segmented direct marketing mailings, trade fairs, customer newspapers and our web sites. In these channels, there is the opportunity to explain and clarify the message. Which channel is chosen depends on the target group; this is in order to achieve maximum cost efficiency in deepening communication.

KPA Pension also works with proactive PR work to create credible, positive publicity, both nationally and locally.

The web sites and the opportunity for interactive involvement in these, both for the individual and the employer, is an important continued area of development.

### **The personal meeting – to build confidence and to sell**

Meeting individual customers on a personal basis is invaluable but expensive. But to be able to win the battle for the individual customers in competition with the banks (which have an extensive network of branches), the personal meeting is required in which we can create a trusting dialogue. Primarily, the meeting is by telephone in our Customer Service Function, in information meetings and trade fairs, and in individual advice for certain selected groups of customers. Here, KPA Pension utilises its clearest competitive advantage, the good relationship with the employers.

On the employer market, it is the personal meeting that is the most important messenger. The strategy is to meet the customer on a broad front, i.e., several different employers of KPA Pension have a personal relationship with holders of different positions with the customer. Meetings are through customer visits, telephone, network meetings and trade fairs.

In summary, the paramount marketing strategy is focused on having clear, consistent messages which are differentiated from the competitors, and which are communicated in a cost-efficient way, and coordinated through all channels in which the method of communication and channel fulfil their special functions.

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