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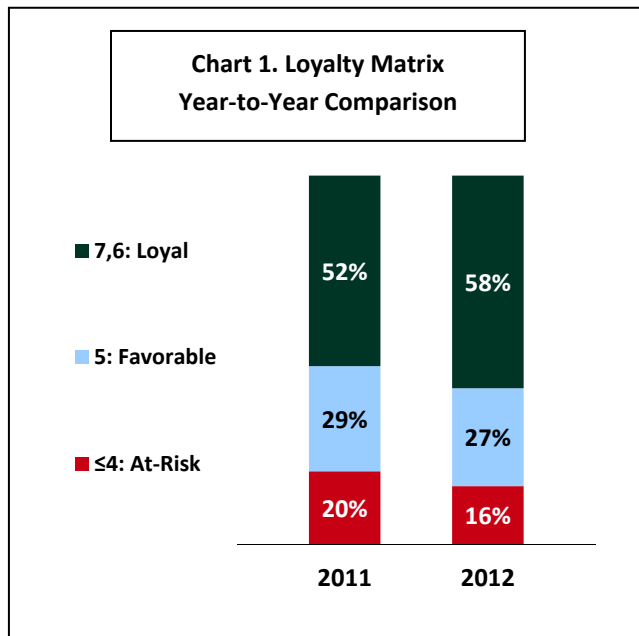
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**OVERALL CLIENT LOYALTY SHOWS IMPRESSIVE GAINS BUT KEY AREAS LAG  
ACCORDING TO CHATHAM PARTNERS 2012 PROVIDER LOYALTY INDEX**

**Waltham, MA – July 31, 2012** – Plan sponsors’ loyalty to their retirement service providers has shown a marked increase from last year, according to Chatham Partners’ annual Provider Loyalty Index scores released today. The Provider Loyalty Index measures loyalty among plan sponsors with decision-making authority for their organizations’ retirement plans and is calculated based on insights from over 7,000 plan sponsors. Additionally, the data covers clients from 16 of the top 20 retirement plan providers.

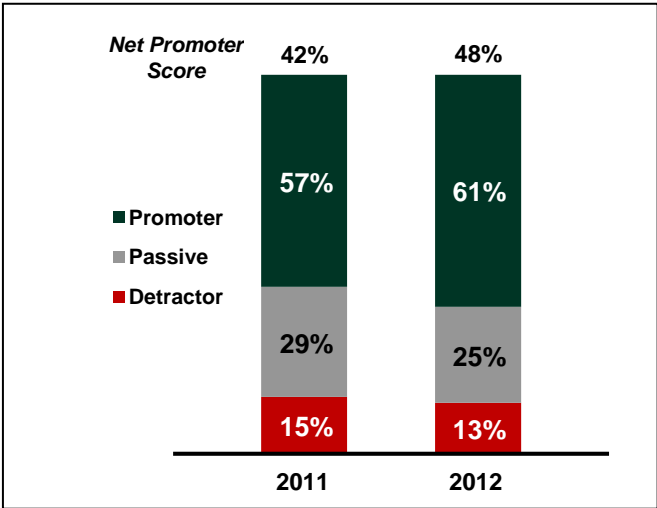
In 2012, the percentage of clients who were classified as “loyal” using Chatham’s proprietary loyalty algorithm increased 6 percentage points from 52% in 2011 to 58% in 2012, while the proportion of clients classified as “at-risk” declined from 20% to 16% (Chart 1).



Note: Loyalty is measured according to a proprietary algorithm developed by Chatham Partners.

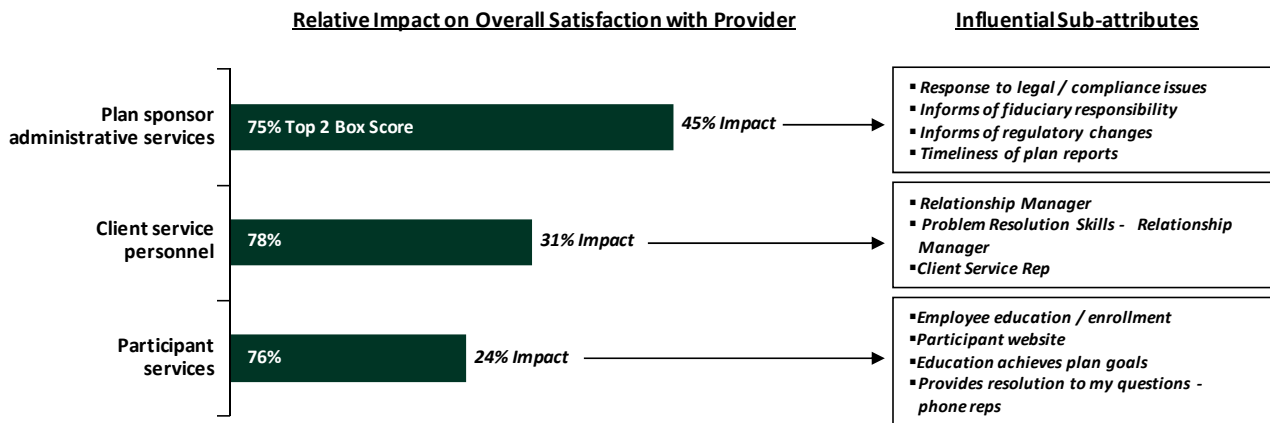
Gains in plan sponsor loyalty have also driven increases in client’s willingness to actively endorse their provider. When loyalty is assessed using *Net Promoter* methodology, which measures sponsors’ willingness to recommend their retirement service provider, the results are similar. The industry-level *Net Promoter Score* (NPS) improved 6 percentage points from 42% to 48%, with slightly more plan sponsors classified as “promoters” of their retirement plan providers in 2012 (Chart 2).

**Chart 2. NPS  
Year-to-Year Comparison**



A more detailed analysis of attributes that are highly correlated to satisfaction and loyalty suggests that plan sponsor loyalty and NPS scores improved because retirement plan providers are excelling at key aspects of relationship management. Specifically, regression analysis indicates that satisfaction with plan sponsor administrative services and client service personnel have the largest impact on plan sponsors’ overall satisfaction with their retirement plan provider, and scores for attributes associated with these areas improved considerably relative to 2011 (Charts 3 and 4).

**Chart 3. Key Drivers of Satisfaction**



Note: Leverage analysis examines the correlation between the overall satisfaction ratings for the provider and the satisfaction scores for product and service components. It indicates which variables might be leveraged to increase client satisfaction and their relative impact on overall provider satisfaction.

The top 2 box score for satisfaction with plan sponsor administrative services (the percentage of respondents providing a rating of '7' or '6' on a 7-point scale) increased 7 percentage points relative to 2011 (68% vs. 75% in 2012), and significantly more sponsors agreed that their retirement plan provider helps them fulfill their fiduciary responsibilities (79% top 2 box score in 2012 vs. 66% in 2011). In addition, plan sponsors were much more satisfied with client service delivery in 2012, rating their providers' client service personnel 11 percentage points higher (78% vs. 67%). Sponsors were also more likely to agree that their provider reduces their administrative burden (74% vs. 65%) and that they are treated as an important client (77% vs. 70%). These results may suggest that during a period of increased regulatory activity, those providers who pay attention to helping their clients understand and comply with the changing rules will reap the benefit of increased client satisfaction and increased loyalty.

**Chart 4. Ratings for Key Attributes  
Year-to-Year Improvements**

Ratings for Key Attributes	2012	2011
<b>Overall satisfaction with Company</b>	<b>77%</b>	<b>67%</b>
Helps plan sponsors fulfill fiduciary responsibilities	79%	66%
Client service personnel	78%	67%
Participant services	76%	66%
Providers good value for the money	74%	65%
Reduces plan sponsors' administrative burden	74%	65%
Plan sponsor administrative services	75%	68%
Treats clients as important	77%	70%
Employee education services	67%	61%
Easy to do business with	76%	70%
Fees	58%	53%

According to Chatham CEO Peter Starr, “These scores are an important bellwether for retirement service providers. Engendering a superior client experience and creating a more loyal client is a strategic imperative that is crucial to long term success in the retirement industry.”

While providers should be pleased with their overall ability to provide service to their clients, Chatham Partners is somewhat concerned with their ability to achieve success in other areas that are emerging as important factors in gauging provider success. In particular, only 59% of plan sponsors surveyed agreed that their retirement plan provider offers creative and innovative solutions (Chart 5), a decrease of 22 percentage points relative to 2011. In addition, although satisfaction with participant services increased by 10 percentage points (from 66% to 76%), only 62% of plan sponsors agreed that their provider helps participants reach their retirement goals. This score decreased slightly relative to 2011, while scores for the majority of key attributes increased by 5 percentage points or more. As providing exceptional client service is becoming the norm rather than a point of differentiation, it is important that retirement plan providers also succeed in providing value added services. Plan sponsors are increasingly measuring provider success through the provider’s ability to offer solutions that assist in achieving the outcomes they desire.

Starr contends, “While the improved satisfaction scores are something about which providers should be pleased, these sub-optimal scores should serve as a strong reminder that there is still work to be done. Providers must remain vigilant in creating differentiation in the crucial areas of efficient partnerships, investment services, and helping participants achieve better outcomes if they are to reap the strategic benefits of a more satisfied and loyal client base”.

**Chart 5. Ratings for Key Attributes  
Year-to-Year Declines**

<b>Ratings for Key Attributes</b>	<b>2012</b>	<b>2011</b>
Is flexible in meeting clients unique needs	67%	68%
Helps participants reach goals	62%	65%
Investment performance	60%	62%
Investment services	72%	80%
Provides creative and innovative solutions	59%	81%

**About Chatham Partners**

Chatham Partners provides customized market research, including win/loss sales analysis and client satisfaction studies, multi-client research studies, and strategy consulting services that help businesses understand the explicit, implicit, and latent needs of clients and prospects. Our fact-based analysis and recommendations enable organizations to improve sales processes, client service/retention, product/service offerings, and market perceptions. ([www.chathampartners.com](http://www.chathampartners.com)).