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## **"Neuromarketing" research can improve participant communications**

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By Editorial Staff    Sun, Nov 2, 2014

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Participant communications is becoming a bigger focus for retirement plans, not just in the U.S. but worldwide. To make its communications to plan participants more effective, the Dutch national pension fund ABP has carried out specially commissioned "neuromarketing" research, *IPE.com* reported.

Neuromarketing involves the study of subconscious and emotional reactions to external stimuli, such as written information or pictures, by monitoring brain activity. It can therefore be used to give advertising or marketing messages more impact.

"Around 95% of decisions people make are made subconsciously," said Joyce Vonken, marketing intelligence specialist at ABP's administration agency, APG. "We wanted to know how pension fund communication influences people's subconscious emotions and associations, how effective the communication is and how we can improve it. Everything is changing in pensions, so we want members to be aware about it, recognize whether they need to take action, and what to do."

Besides changes in pension rules made by regulators, members need to remember a number of legal practicalities in order to avoid unwanted outcomes, said Vonken.

For example, in the Netherlands, non-married couples need to nominate their partners as their pension beneficiaries by agreeing to a living-together contract and registering the partner in the pension plan. Otherwise, one partner can't claim the other's death benefits.

Similarly, when people change jobs and, consequently, their pension fund, they can choose to transfer the accrued value of their previous pension fund to their new fund.

In the ABP neuromarketing research, 40 volunteers were placed in a brain scanner and briefly shown 118 separate statements, each with an accompanying picture. The scan showed which parts of the brain showed activity in response to each piece of information. Emotional reactions ranged from the positive (desire, expectation and trust) to negative (fear, anger and disgust).

The research found that people will take action (read information, nominate someone or subscribe to a newsletter) when the balance of emotions is positive and when the stimuli are appealing.

"In general," Vonken said, "the results showed that, "In their communications with members, pension funds have to focus on positive associations with pensions, " Vonken said. "Rather than warn how important saving for a pension is, we should emphasize how people who save can enjoy their pension later on."

Research subjects tended to perceive pensions as a whole negatively. But they perceived favorably the fact that all Dutch pension funds send members an annual uniform pension overview (UPO)—a standardized statement of expected retirement income and death benefits. ABP says this may be because it is personally applicable, uniform and regular.

People find information about their own pension relevant, said Vonken, but sometimes they need extra motivation to take action. The extra motivation can be based on positive associations with pensions and retirement and the right wording and imaging.

The research also highlighted the effects on people's subconscious of intrinsic and extrinsic motivation. Intrinsic motivation, for instance, would come from feeling good about being well prepared for the future right now by subscribing to their fund's newsletter. Extrinsic motivation could come from inducements such as receiving the chance to win an iPad in return for subscribing to a newsletter.

The results showed that the right intrinsic motivation was as effective as extrinsic motivation because it gave people a sense of wellbeing. Extrinsic motivations are also likely to wear off over time. And, according to Vonken, a lot of small changes can make a big difference.

For instance, the subject line in an email newsletter can increase the number of people who read it and go to the pension fund's website, thus getting informed.

ABP's marketing and communications teams are now being trained to convert the research results into practical improvements to the content, presentation and layout of their campaign documents.