

MFS Retail Segmentation: Assessment & Where to Go from Here



Why We're Here Today

Purpose

- Review BEAM's assessment of MFS segmentation
- Identify gaps and implications
- Present assumptions, opportunities, and potential applications to better serve FAs

Desired Outcome

- R. Gross and J. Potts input/agreement on BEAM assessment and current situation
- Support to present to U.S. Retail Marketing rep(s)
- Recommend next steps for developing a new segmentation

Today's Advisor World

Situation

- Advisor business hurt by index-style investing now strategy of choice for investors satisfied by duplicating market returns instead of trying to beat them
- Advisors must overcome myriad of investor self-service tools and consistently demonstrate value to clients

Key Issue

What steps can MFS take to align their approach to servicing Advisors with the challenges these individuals face in building wealth for their clients?

Opportunity

Develop a more comprehensive, flexible advisor segmentation approach that allows MFS to more effectively assess, compare, and contrast advisor 'buckets', their needs, and target high potential prospects

Why Segmentation?

Better Understand the World from Advisor's Perspective

- A coordinated segmentation strategy among sales and marketing (and all key stakeholders) will deliver a unified approach to analyze, segment, and service advisors
- A strong segmentation aligns internal sales and marketing goals to audiences and associated content needs (marketing, editorial, etc.) to maximize MFS's added value
- An optimal segmentation scheme should incorporate not only MFS advisor and transactional data, but 3rd-party registered advisor data for additional perspective on advisor prospects
- Formally gathering and incorporating qualitative input from advisors can enhance a solely quantitative perspective and further clarify segments and how to service them
- A segmentation integrated with a CRM platform can deliver more precise, actionable insights that drive business strategies and tactics

CRM Approach



Findings

Core Observations

Current View — *MFS Stakeholders* — *Optimal Shift*

Sales and trans. oriented	➔	Advisor-centric; robust data
Too complex, so not used	➔	Simplify/utilitarian
Initiative-based updates	➔	Routinely update
'Known' advisor focus	➔	Add prospects for fuller view
Individual investor 'lite'	➔	Aid FAs via investor insights

Segmentation is MFS Sales focused and transactional-dominant

MFS Goals (2016 extensions)

- Drive home strong performance of fundamental equities in Value and Growth
- Increase emphasis on Target Date Funds (TDF) across multiple mediums and identify key advisor opportunities in TDF
- Win with Edward Jones via specialized marketing support and territory optimization

Issues

- Data is oriented toward Sales goals, AUM by firm, frequency, and MFS products' performance
- Data is heavily skewed by Edward Jones (30% of reps, 88% of sales), and tells a different story than that of other top firms (warrants specific approach)

Opportunities

- Capture more comprehensive, relevant data to better understand the advisor journey, preferences, and needs
- Develop specific Edward Jones segments to engage with, grow, and retain them via targeted marketing support
- Address non-Edward Jones clients separately and uniquely

The current segmentation is underutilized

MFS Goals (2016 extensions)

- Provide a more complete and detailed view of MFS clients and prospects
 - Drive insights and knowledge management; inform strategy development; differentiate the customer experience
- Demonstrate the value MFS provides to FAs and the solutions the company offers

Issues

- Difficult to execute on as a result of data whose value is questioned, as well as FA needs not adequately represented in database
- Lack of alignment and a common segmentation strategy and process for Sales and Marketing (and Product, Call Center – all key stakeholders) hinders perceived value
- No connectivity between touchpoints – not results-driven, no continuous learning

Opportunities

- Simplify and focus key data fields -- how organized, presented, and accessed. Always come back to *'How does the data convey FA behavior and clarify their needs and expectations?'*
- Develop a unified segmentation strategy that aligns sales and marketing goals with audiences and associated content needs to deliver more effective FA interactions
- Position CRM Team to serve as unifying SME that drive insights and knowledge management to provide more complete view of MFS clients, reinforcing the value of segmentation

Value is limited as sales and transactional focus results in initiative-based data updates → do more regular refreshes

MFS Goals
(2016 extensions)

- Establish higher standards for client touchpoints to enhance relationships and drive retention
- Deliver more effective tactics to differentiate the customer experience

Issues

- Focus is on executing email campaigns and capturing content, sent, opened, clicks,...
- Lack of alignment and coordination results in limited input from wholesalers/field on broader engagement issues, perceptions of MFS, FA needs, wants, and preferences

Opportunities

- To have a more worldly view from the FA perspective, implement processes to capture, organize, and distribute wholesaler and FA-direct input on advisor journey/decision-making issues, preferences, product feedback
- Agree on a routine update protocol for all data and knowledge-sharing process to drive insights and more pro-active initiatives that enhance MFS relevance and value

Sales and performance data skews segmentation to focus on advisors that MFS wholesalers cover – a ‘known’ advisor focus

MFS Goals (2016 extensions)

- Grow and deepen relationships with investment professionals and financial intermediaries across firms and channels

Issues

- This constraint puts MFS at risk of making business decisions extrapolated from biased, limited information and missing opportunities associated with a broader advisor pool
- Minimizes ability to uncover prospective advisors -- look-alikes, high potential – and relevant outliers from ‘typical buyers’

Opportunities

- Include ‘Unknowns’ (prospects) in segmentation scheme to capitalize on the fuller 300,000+ advisor universe enabling greater opportunities to uncover products customers want that align with MFS offerings

There appears to be minimal individual investor information and insights to contribute to better serving FA needs

MFS Goals (2016 extensions)

- Enhance MFS Brand awareness and relevance – maintain top-of-mind status
- Make it easy for the advisor to tell the story about MFS funds to their clients

Issues

- Individual investor is posing a variety of questions and challenges to the FA. MFS insight regarding these would enable greater ability to deliver targeted needs-based services to the FA
- Insights into the investor – for example, how much education they need from the FA to explain how he/she intends to reach the client's goals – will dictate the level and focus of engaging, investor-friendly content in a variety of formats to suit the advisor's preferences

Opportunities

- Investigate industry resources to gain greater insight on investor relationship dynamics – Forrester, DSTkasina, FUSE
- Develop quarterly wholesaler questionnaire to review with FAs to understand key investment challenges clients are facing and to craft the appropriate 'story' about MFS

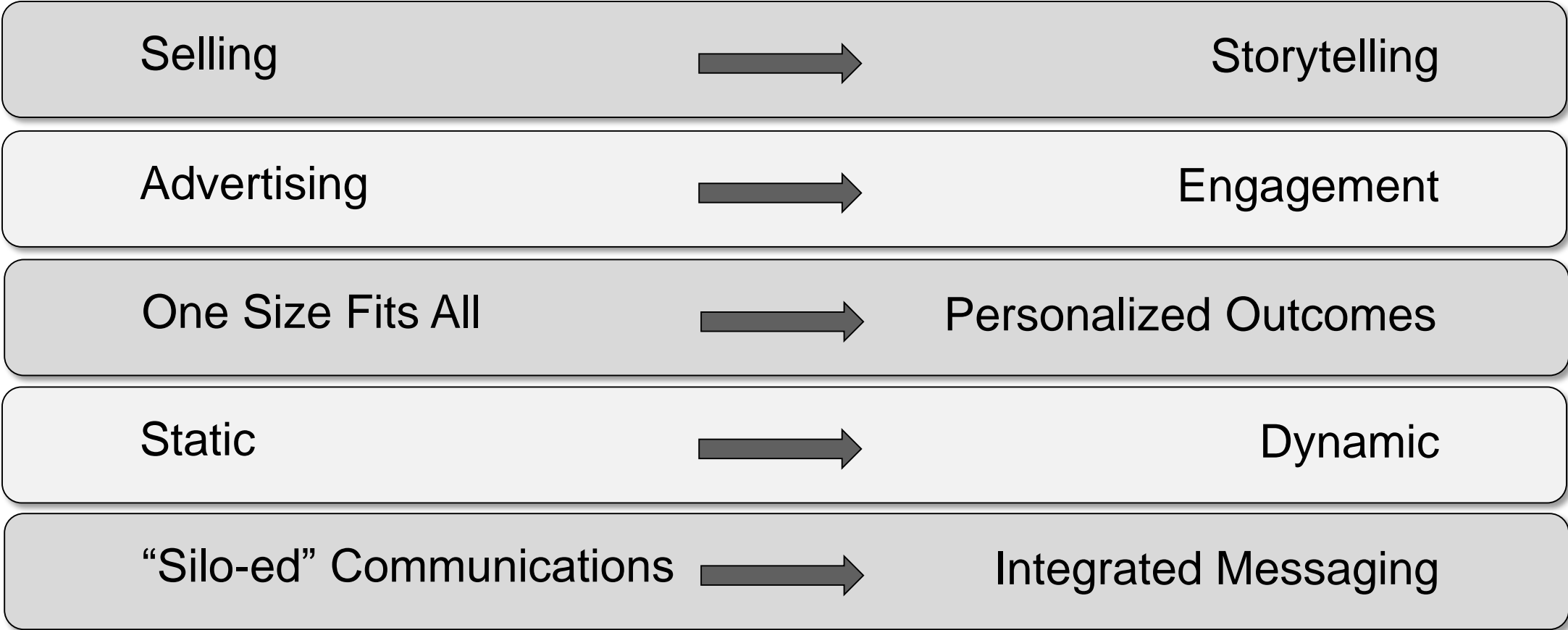
Beyond Segmentation

Ways to impact the business by changing the way you work with advisors

Improving the Financial Advisor Experience

From

To



#1: Advisor Tenure

- Advisor tenure correlates with very different needs and expectations, however, each advisor has a continuum of types of clients (asset accumulation, specific life-stage, retirement/distribution phase)

Assumption: Younger FAs with smaller books-of-business receive less attention from wholesalers while having greater learning and informational needs

Opportunity: Develop pilot program to build FAs book-of-business via content marketing, social media, SEO and SEM featuring fresh practice development and practice management approaches and commentary

Assumption: Recognizing more established advisors who have MFS fund investments may be prime targets to pitch benefits of an additional fund or an increase in current fund

Opportunity: Social media listening, advanced website and predictive analytics can help identify advisors who are at the threshold of the search for an investment option

#2: Advisor Engagement

- Advisors monitor the investments and periodically evaluate how well it's achieving their client's goals. Besides providing clear answers via website commentary, webcasts, and calls, it is critical to be aware of changes in engagement (such as drop-off or surge in advisor site visits)

Assumption: Make it easy for FAs to monitor and communicate fund performance including being transparent about the 'why' of fund performance – good and bad – and offer helpful explanations

Opportunity:

- Offer subscription options and website customization features such as watch lists and favorites folders that make it easy to monitor and communicate fund changes
- Pre-empt 'flight' advisors by triggering communications when an existing holding has a significant performance decline

#3: Advisor Support

- MFS (and most asset managers) is still largely trying to serve FAs with unaligned and unintegrated sales and marketing processes

Assumption: Advisors can experience frustrating disconnects and inconsistencies that hurt MFS's credibility – and it's potential to win business

Opportunity: Leverage social media, content marketing, and public relations to disseminate thought leadership about investment strategies, commentary from the MFS's experts and other content that underscores the brand's value proposition to FAs who research via third-party sites

#4: Advisor Experiences

- Every interaction an advisor has with MFS can influence their perception of the firm. Therefore, MFS must optimize the FAs experiences

Assumption: FAs are almost always in ‘buying mode’ -- in the decision-making process – and acknowledging variations in how they buy can lead to more relevant and timely contact strategies and CTAs

Opportunity:

- ‘Wholesaler involved’ advisors warrant scheduled calls and contacts with appropriate solutions to known concerns and issues
- Appeal to advisors with content that addresses popular investment challenges they face, educates them on key considerations for choosing certain types of products and ends with a tangible solution – an MFS investment product or service

#5: Advisor Resources

- Advisors will not always reach out to MFS when they have a question. Therefore, MFS must turn its website into a personal, 24-7 resource that provides information they need when they need it.

Assumption: Advisors frequently share certain types of educational content and commentary with their clients and social networks

Opportunity: Foster loyalty and engagement via personalized digital support, as well as timely, shareable commentary and educational information that help FAs demonstrate their value to clients

Next Steps

- Meet with the Retail Marketing team to discuss:
 - 2017 Goals
 - Key Initiatives
 - CRM and the role to be played in 2017
- Determine the information MFS has on end-investors and how to best use it to further CRM
 - If valuable, meet with stakeholder(s) doing current research
- Develop and finalize revised segmentation scheme

Thank You

Appendix

Data + Information: What we currently know about FAs

- Profile
 - Retail universe is 160k-180k
 - Intermediary relationship – all advisors must be associate w/ a broker dealer – runs breadth from Edward Jones small office scenario to Merrill/Morgan/UBS/Wells
 - Geographically diverse, though w/ Edward Jones accounting for 30% advisors may be a slight skew to smaller communities/towns
 - Years registered
- Engagement
 - Specific email campaign info – content, sent, opened, clicks, etc.
 - There is cross-channel recency & frequency contact information, but no connectivity between touch points – activities and actions do not influence subsequent efforts
 - Emails are most common communications, with Insights and events the focus
 - While meaningful digital engagements (to deepen relationships w/ advisors) are a stated initiative, mobile efforts seem to be lagging

Data + Information: What we currently know about FAs (cont.)

- Sales/Financials
 - Sales and AUM by firm
 - MFS products sold – asset classes and specific funds, year-over-year changes
 - Sales range by Years Registered
- Performance
 - Trends in MFS volume
 - Sales per Rep, Avg. Sales per Producer
 - Reps – Funds Over \$10k: No/One/Two...Fund Producers
 - Reps by Sales Range

Issue: What are the gaps in terms of desirable data?

MFS Internal User Needs: U.S. Retail

- 2017 Sales Themes and Marketing Initiatives likely to be extensions of 2016 efforts
 - Drive home strong performance of fundamental equities in Value and Growth
 - Leverage Marketing's thought leadership content to demonstrate to intermediaries the firm's commitment to client-centric partnership
 - Win with Edward Jones via specialized marketing support and territory optimization
 - Increase emphasis on Target Date Funds (TDF) across multiple marketing mediums and identify key advisor opportunities in TDF
 - Grow and deepen relationships with investment professionals and financial intermediaries across firms and channels

Issue: Status and opportunities of becoming an active partner with CRM + BEAM

MFS Internal User Needs: U.S. Institutional

- Likely not a primary business end-user as Sales team prefers to handle 1:1 and/or partner with global client service team
- Similar carryover of 2016 target markets and Marketing goals into 2017
 - Help diversify the business across key priorities in blended research and fixed income capabilities through content creation, merchandising, and distribution
 - Position MFS as a Global DC investment manager as well as an expert and thought leader on global retirement issues
 - Establish higher standards for client touchpoints to enhance relationships and drive retention

Issue: Continue to strengthen Thought Leadership & Content Marketing – process to assess, create, distribute – to establish MFS as intellectual leader who understands issues and needs of asset owners within U.S. institutional market

MFS Internal User Needs: U.S. CRM

- Position team as SME within MFS to provide a more complete and detailed view of MFS clients and prospects:
 - Driving insights and knowledge management
 - Informing strategy development
 - Contributing to more effective tactics to differentiate the customer experience
 - Demonstrate the value MFS provides to FAs and solutions it offers
 - Enhancing MFS Brand awareness and relevance – maintain top-of-mind status

Issue: How to best deliver value and promote CRM across the organization, while improving business processes, tools, breaking down silos, and driving adoption