

Predictive Customer Analytics

Precisely simulate, predict and optimise the choices
your customers make for greater ROI



Case Study

Financial Services: Finding the best response to new competition

Client: Challenger Limited

Challenger Limited is a listed investment management firm managing more than \$54.2 billion in assets. Under the Challenger umbrella are a range of brands and products targeted at customers from individual Australians through to our largest institutions.

In 2014, Challenger acquired the market-leading supplier of SMSF Actuarial Certificates, Bendzulla – which was rebranded Accurium.

Accurium enjoys well over 50% market share, and the market is growing strongly with the increasing adoption of Self-Managed Super by Australians.

However, this lucrative market has recently attracted new competitors, offering a lower cost than the market has previously seen – for a less sophisticated product.

In constructing a strategy to address this changing competitive landscape, Challenger needed to know which levers to pull in order to defend and maximise Accurium's market Share. Should they drop price? Should they develop new and better features? Should they offer different packages to different segments?

Accurium wanted to assess several product strategies, and achieve precise validation, without expending the time, cost and risk of testing live in market – so they chose Managility PCA.

PCA - the best approach

The underlying questions all revolve around which of the features currently offered in the market, and which new features, represent the most value. Questions such as:

- What existing and proposed features do customers value?
- How much are customers really willing to pay for different sets of features?
- What trade-offs are customers willing to make between quality, service and price?

The answers to all these questions are inside the heads of Accurium's customers' and prospective customers.

Historically, Challenger would have used a mixture of traditional research methods like qualitative surveys. They would have talked to customers, and listened to the input of their sales force. They would have developed one or more strategic options and tested them live in the market – at some expense and risk.

In the end, Challenger selected PCA because:

- No alternative approach can match the precision and unambiguity of the answers it provides
- It is very cost-effective
- It takes a matter of weeks to complete
- It allows testing of multiple concepts without the cost and risk of taking them to market and “seeing what happens.”

Importantly, PCA doesn't replace human wisdom or feedback. It validates/invalidates customer feedback and complements the instincts of executives. **PCA provides evidence-based decision support.**

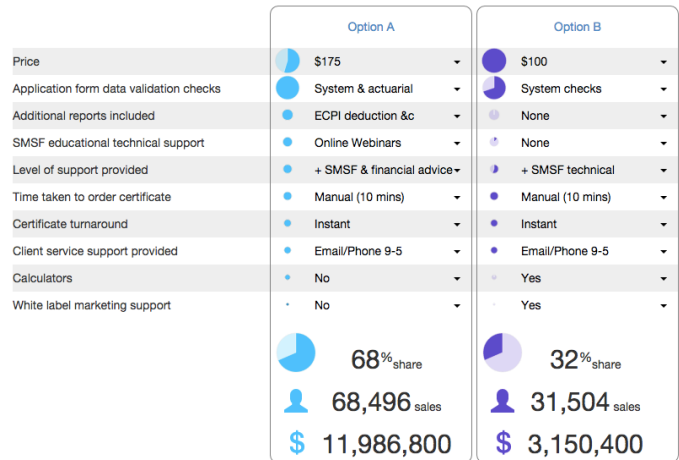
Execution

The entire project, from specification to the presentation of models and interactive simulators, took 5 weeks.

PCA uses survey data, but a PCA study is not your typical survey. Respondents are presented with a number of realistic economic choice scenarios, and their responses to these allow us to derive their preferences and the way they make choices.

Results

Managility produced choice models for a number of segments. We also created interactive simulators to allow stakeholders to easily and quickly interrogate the models for a range of scenarios, such as the predicted market share of any given configuration and price, against one or more of competing options.



Actionable Insights

We identified exactly which existing and proposed features are really valued by Accurium customers

We identified precisely how to configure and price a premium product which will out-perform lower-cost competition

We identified a number of features which are expensive to deliver but make very little difference to market share – because customers don't value them

We identified important differences between segments, which will inform the way Accurium packages different products and delivers different marketing messages for each segment.

Managility PCA has delivered Challenger evidence-based decision support, to a level of precision that no alternative approach could hope to match.

The Accurium project has been a success, and Challenger now looks to utilise PCA across their brands and business units.