

THE ROLE OF MUTUALS AND FRIENDLIES IN THE 'NEW REALITY'

Jane Silk July 2020



- We've worked in financial services organisations on marketing, branding and customer communications for over 20 years
- And have worked with mutual and friendly societies on research, marketing campaigns, customer engagement and training since 2012

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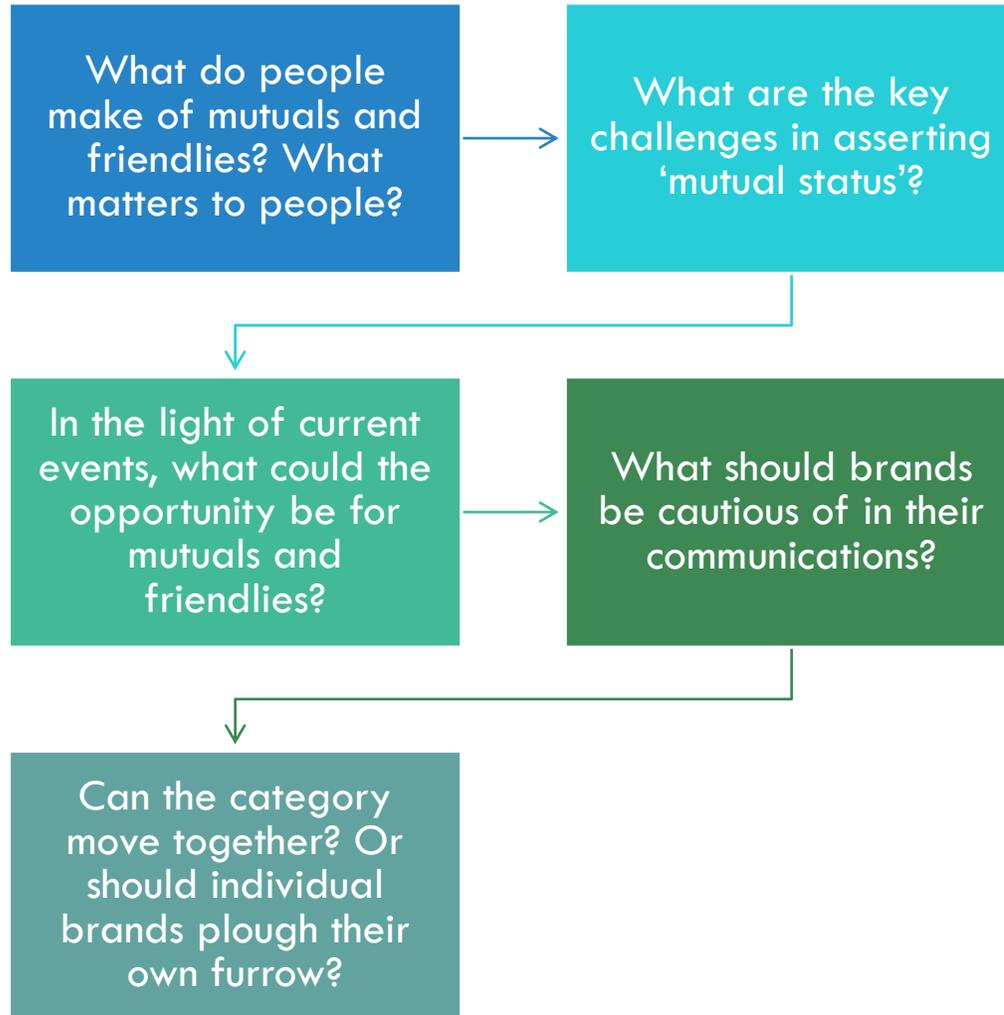


Jane Silk



Jenny Robertson

A LITTLE BIT ABOUT US



TODAY'S WEBINAR

THE CURRENT MOOD OF THE NATION

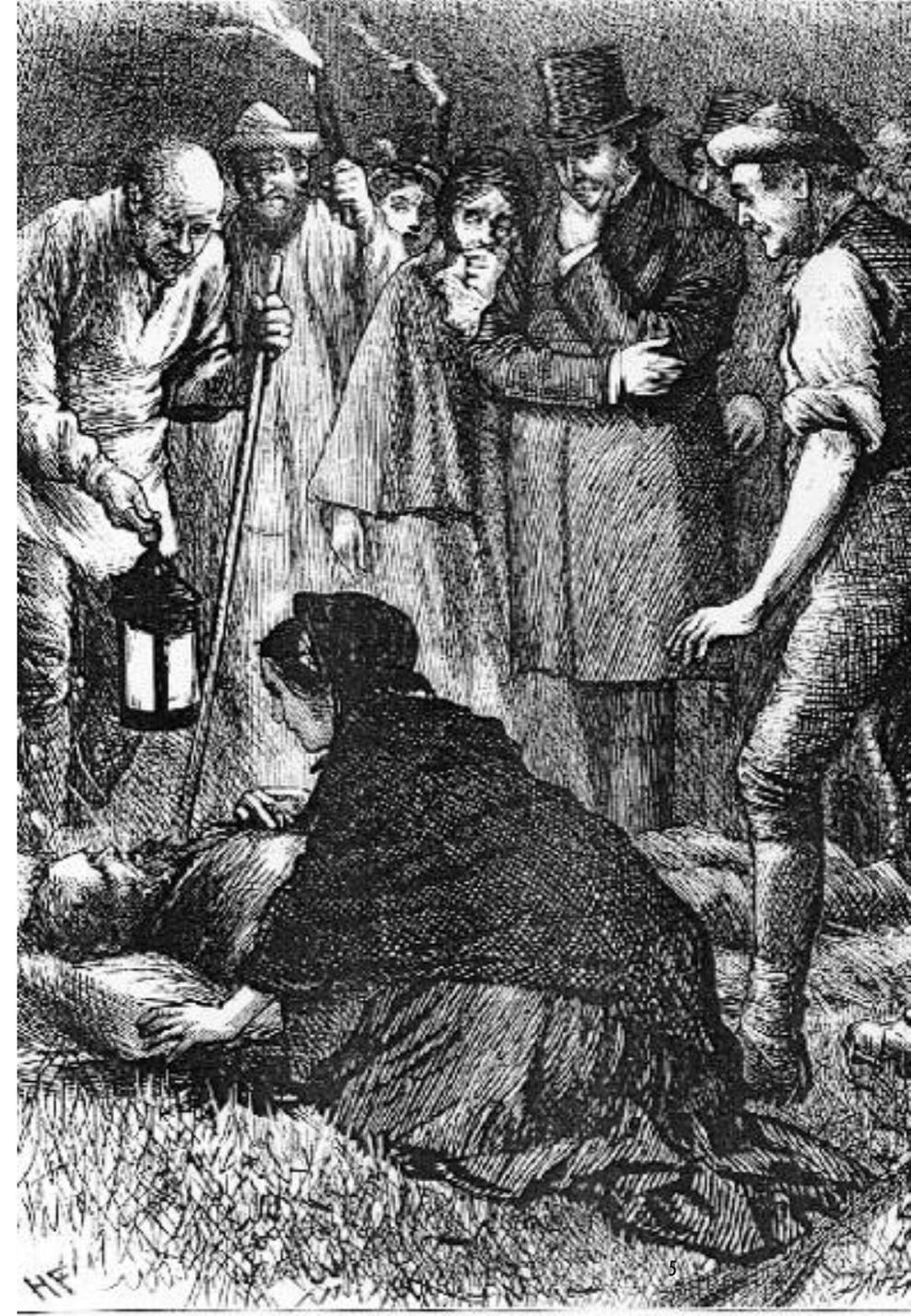
- ABC1s are more likely to agree that the pandemic has increased the gap between rich and poor
- Overall, people are more concerned and thinking about the collective rather than the individual
- A surge in community spirit and social togetherness (particularly amongst older age groups) including a dramatic increase in ‘better relations with neighbours’
- Great level of worry for the state of the British economy (over 80% for some) and this is more of a worry than own health and their personal economic situation

SOURCE: <https://institute.global/policy/covid-19-and-changing-attitudes-concerns-future-and-trust> 2 July 2020

POSITIONING

What relevance do *Mutuals* have today?

- Safety net for working people in times of ill-health and hardship
- Networks of mutuality where, people collectively looked after one another, financially, socially and emotionally
People were “members” not customers
- A backdrop of increasing financial insecurity and inequality
- Concerns over healthcare provision



POSITIONING: MUTUAL VALUES

No shareholders
Surplus reinvested for the benefit of members
Serving members
Socially responsible
Membership, fellowship
Community (& community of interest)
Small, individual, independent
Gentle, caring, practical, approachable
Service-driven, service excellence
Trusted, people-led
Personal
Family

Is there a resurgence of interest in these values and qualities?

RECENT RESEARCH

Research focus groups to understand better peoples' perspective of mutual and friendly societies

- Sample
 - 5 focus groups in total
 - Ages 50-65
 - Mixed gender
 - Mix of mutual members and non-members
- Detailed topic guides
- Mix of facilitated discussion and structured activities
- Carried out in 2019



WHAT DO PEOPLE THINK?

- Limited or no understanding of what a mutual is
- Audiences are warm to the altruistic nature of mutual societies
- The underlying or core values of mutual still resonate and are surprising
- The idea of mutuality doesn't currently carry a "halo" or benefits strong enough to win over today's consumer
- It is not clear who benefits from any "surplus accrued"
 - Confusion over how these organisations work
 - Would support more if they knew where and how the surplus was dispersed
- Mutuals need to adapt rapidly to be more relevant, especially if they want to attract younger people

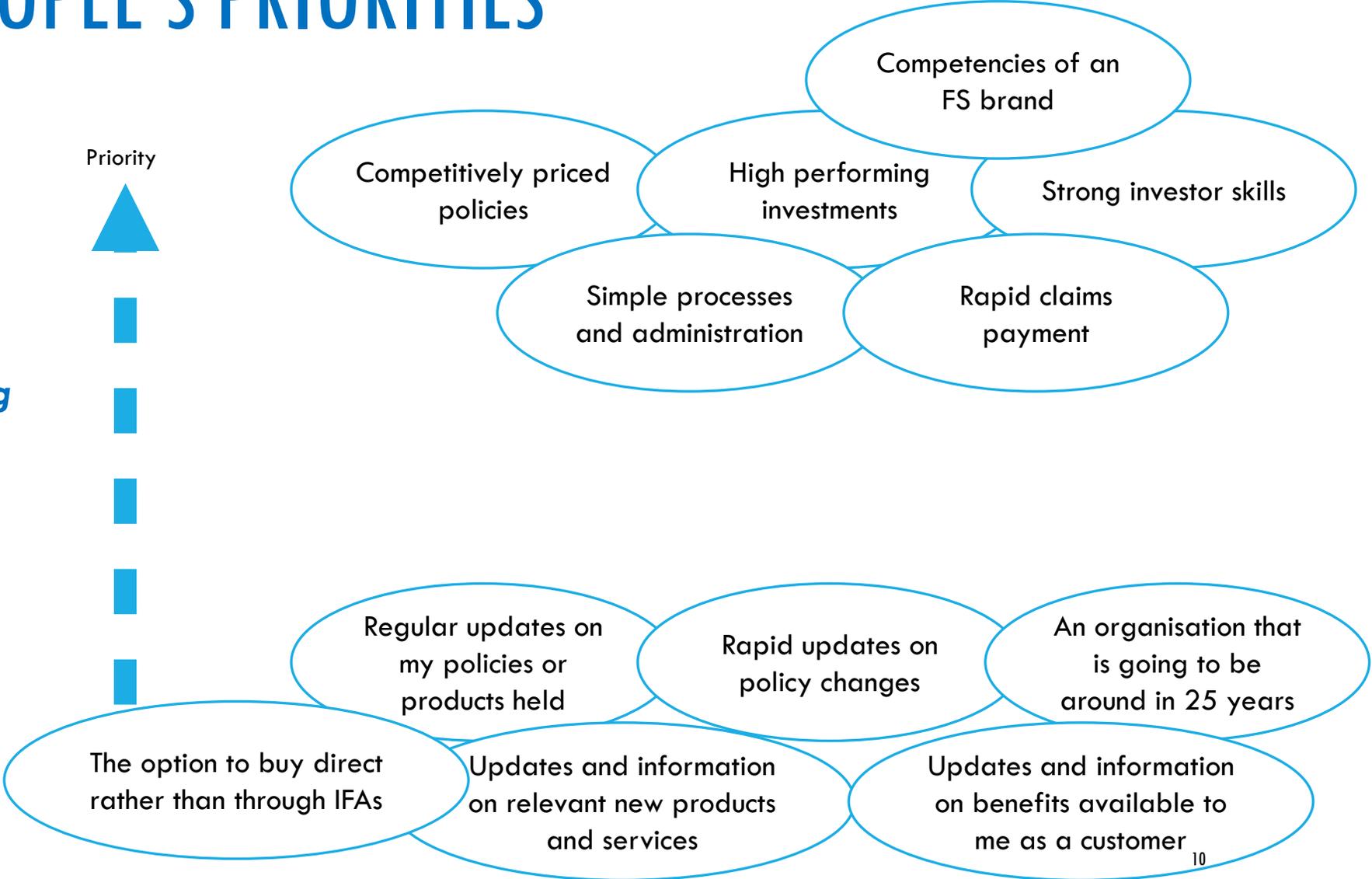




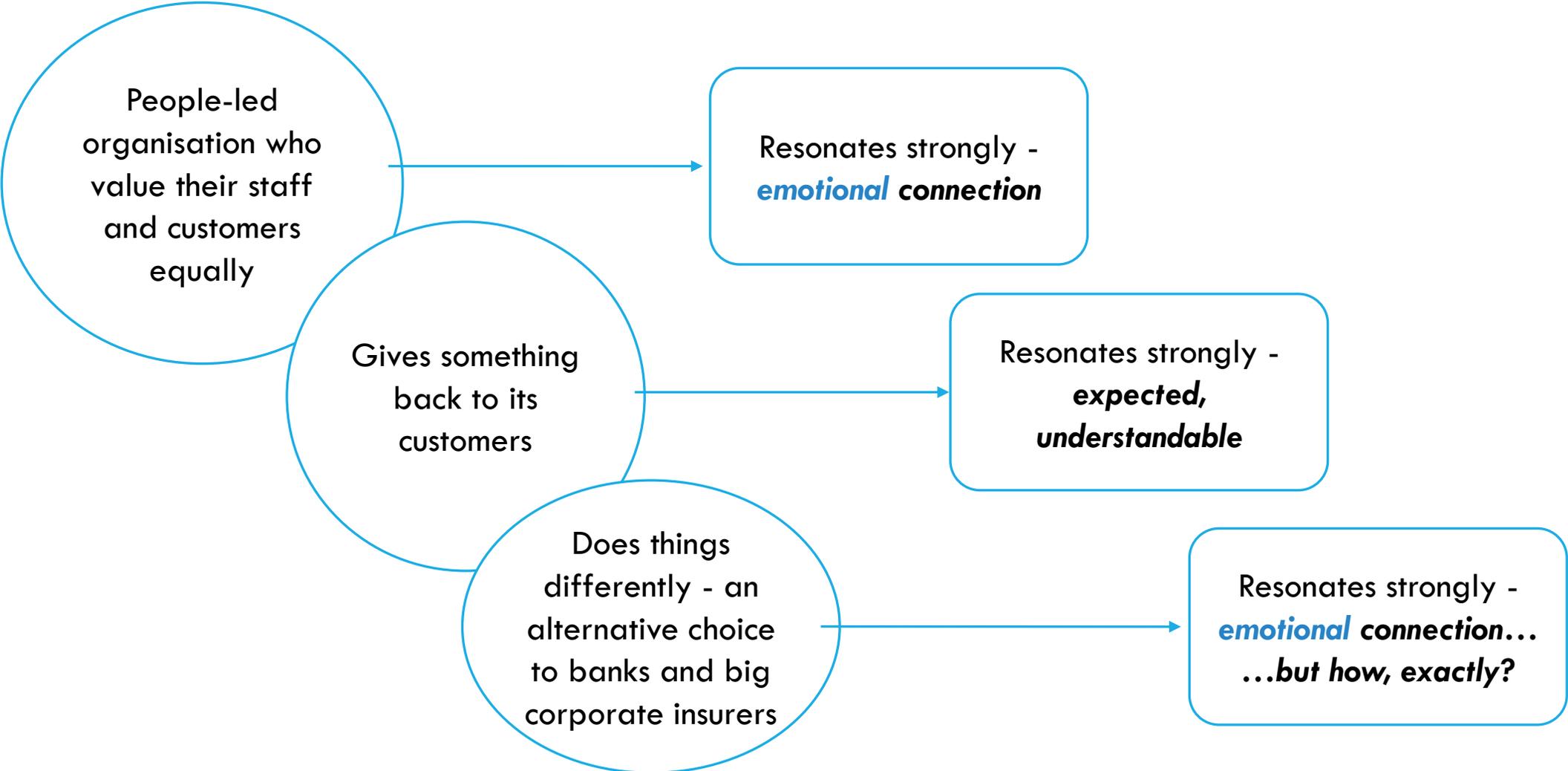
WHAT MATTERS TO PEOPLE? |

WHAT ARE PEOPLE'S PRIORITIES

You are not competing against other mutuals, you are competing against the whole marketplace



IT'S NOT ALL ABOUT PRICE!



HOW COULD MUTUALS STAND OUT?

A defining feature of
mutuals and friendly
societies

Membership &
Membership
benefits



Potential to:

- Do something innovative
- Drive new sales through all channels

Important to deliver
'best practice'

Service
Excellence



Potential to:

- Build customer relationships
- Drive new sales

Difficult to be
innovative with FS
products

Signature
Products



Potential to:

- Drive new sales through indirect channels

ETHOS OF MUTUALITY
IS COMPELLING AND
INTERESTING
... BUT IT'S NOT
CLEARLY UNDERSTOOD



Paying Claims

“Being a mutual means we don’t have shareholders like a PLC, instead we are owned by our members. This shared ownership has a positive impact on our ethos and what we are trying to achieve. Whilst PLCs are judged ultimately on the financial returns they deliver to shareholders, success for us is paying claims.”

Being different

“We’re different to most insurers in a number of ways – maybe the most important difference being our mutual status.”

Community focused

“We’re very proud to be a non-profit mutual that believes in a community bonded by friendship, care and charitable support. We know that by bringing people together, we can achieve so much more than we could alone.”

HOW YOU EXPLAIN MUTUALITY

| | |
|-------------------|--|
| Ownership | <p>“A mutual society, owned and run by you. A mutual is a company that is owned by those who have the biggest interest in the company, in our case our members who have invested their own money with us.”</p> |
| No shareholders | <p>“In being mutual we don’t have external shareholders to pay dividends to or to make key decisions, meaning that more of the profit that we make goes straight back to our members as bonuses on their investments. This means that, unlike a bank, not only do you have a say in how the society is run, but you also get potentially greater returns on your investments.”</p> <p>“As a business owned by our customers, we can focus on reinvesting our profits to the benefit of our customers, not shareholders.”</p> |
| For members | <p>“The mutual philosophy is built on a sense of ownership, ‘belonging to an organisation’ and trust. As mutuals are owned by you, their customers (members) and have no obligation to shareholders they are free to focus entirely upon their customers’ needs. Mutuals exist for their members who benefit from the services they provide. Profits are usually re-invested for the benefits of members, although some may be used for internal finance to ensure the mutual is sustainable, safe and secure.”</p> |
| Product providers | <p>“We are a mutual society and our aim is to help our members meet their health, welfare and protection needs.”</p> |

HOW YOU EXPLAIN MUTUALITY

HOW CAN MUTUALS AND FRIENDLIES STAND OUT?

Membership &
Membership
benefits

Service
Excellence

Signature
Products

Is there an overall category 'halo effect' or
an overall brand difference?

OPPORTUNITIES FOR MUTUALS AND FRIENDLIES

“What we have seen in lockdown is many plcs responding more responsibly and in a customer-centric way. There is a need for a step change in behaviour of the mutual sector and there will be opportunities through the recovery period.”

“Mutuals should be thinking now about how they position themselves; we need to demonstrate mutuality as a real force for good and make sure they are run in the best interests of members. It’s big picture thinking.”

Martin Shaw, Chief Executive, AFM



TODAY'S OPPORTUNITIES PLAY INTO MUTUAL TERRITORY



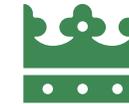
Audiences have a greater appetite to shop small and shop local



An increased importance on society, community and looking out for each other



Social and hardship funds are increasingly being established to support schools, local communities and charities



Big banks may be about to lose their golden crowns as the reality of debt payment holidays starts to hit



Environmental, Social and Governance (ESG) credentials are becoming important factors in purchasing and investment decisions



Diversity and vulnerability are becoming extremely important issues



British people have an enduring generosity to support good causes even during or after times of crisis



A positive and supportive history – you are in it for the long haul

ACTIONS SPEAK LOUDER THAN WORDS

- Many brands are missing the mark in their communications
 - 51% think brands are over-communicating with them
 - 43% think brands are not authentic with their messaging
- Message fatigue is creeping in as audiences are growing tired of hearing the same thing and people have become increasingly intolerant of facile content.
- Virulent spreading of tittle-tattle has led many to distrust brands that exploited events like social distancing and lockdown to sell things to people stuck at home bored and frustrated
- Good old-fashioned attributes like value for money, customer service, quality, and reliability still matter most
- Communications has always needed to be authentic and useful
- Bravery and empathy were now much higher on the agenda as people seek out brands that communicate in a way that addresses consumers own thoughts and feelings.

POSITIVE ACTION + GOOD COMMUNICATION = COMMERCIAL RESULTS



Winners



Losers



COMMUNICATION POTHOLES FOR MUTUALS

- Inconsistent and at times overly detailed explanations of what a mutual actually is and what mutual status means for members
- Vague promises and raised expectations of better or more benefits needs to be backed-up
- Lack of clarity and evidence of how surpluses are used for the greater good
- Insubstantial or unappealing member benefits
- Assumptions about the attitudes and mindset of your audience
- Setting yourself against PLCs/shareholder-owned companies may be naive. Many of your clients may be shareholders and beneficiaries of private shareholdings.

OPPORTUNITIES FOR MUTUALS AND FRIENDLIES

Despite the insights shared so far, we believe there are great opportunities for mutuals and friendlies to assert themselves and regain stronger position.

- The Covid-19 pandemic has re-adjusted the national psyche
- The culture and values ('ethos') of organisations in this category naturally resonates with this
- It may be the case of building-on and building-up core strengths

THE WAY FORWARD

Based on the insights from this research and further research of your own, reassess which aspects of your service offering should be prioritised. Getting the basics right and building on your established strengths may be a better and more authentic way to re-establish brand strength.

Be sure that you do understand your customers' priorities. There may be aspects of your product and service offerings that are particularly resonant. Similarly, there may be aspects that are having a disproportionately negative impact on brand perception. *Make sure you know!*

WHAT NEXT?

- Reflect on the webinar findings
- Consider your experiences in your organisations
- Return to this afternoon's session ready to share your thinking on the following:

Questions for consideration

- What actions can your organisation take to make sure it appeals to individuals in the Post-Covid world?
- How can the AFM support you in defining and raising awareness of the benefits of belonging to a mutual?
- Should the sector move together or should individual brands plough their own furrow?