

**401kWire.com**

The insiders' edge for defined contribution executives!
an InvestmentWires' Publication

Thursday, June 10, 2010

Is 401k a Brand Wasteland?

The 401(k) industry is full of "brand overspray" from other financial services and industry businesses, and those 401(k) providers definitely have room for improvement. That's one of the conclusions presented in **Cogent Research's** inaugural *Retirement Planscape* study of 401(k) plan sponsors. The only brands that stand out above the rest by Cogent's measure, defined contribution industry insiders may not be surprised to hear, are two retail mutual fund titans, **Fidelity** and **Vanguard**.

"There's a lack of clear differentiation among retirement plan providers," said **John Meunier**, principal at the Cambridge, Massachusetts-based consulting firm. "There's even a couple of areas where there is no brand differentiation at all."

The Cogent team, led by Meunier and fellow principal **Christy White**, surveyed 2,193 401(k) sponsors in February and March, asking questions about their providers, advisors, asset managers and preferences. From that, the Cogent found some interesting trends related to brands.

Meunier noted that, according to Cogent's "brand map" of the 401(k) landscape, no providers truly stand out from the pack brand-wise for either their research or for being "easy to do business with." On the flip side, **Hancock** and **Schwab** were seen as standout leaders, **ING** as an innovator, Fidelity as having the best selection, Vanguard as being a good value, **American Funds** as offering superior performance, and the **Hartford** and **MetLife** as being financially stable. (Note that none of those brands is solely or even primarily a retirement plan brand.)

The Cogent team pulled together unaided consideration (when plan sponsors mentioned a brand without prompting), aided awareness (mentioning a brand when given a list of brands), familiarity and impressions of brands to come up with a brand

equity score for each provider, in each market segment. The consultants found that, in all five market segments, Fidelity and Vanguard, particularly Fidelity, scored far above the rest of the market. For example Fidelity's lowest brand equity score was 217 for the mega market; meanwhile, no provider other than Vanguard scored above 171 in any market segment.

Meunier sees the numbers as indicating a real opportunity for providers to stand out from the pack.

"There's a real need to focus on brand in this space," Meunier told *The 401kWire*, noting that the average plan in each market segment mentioned two or fewer providers unaided when asked which providers they would consider for an RFP (and 50 percent or less mentioned their own provider!). "They are only familiar with a few brands."

Looking forward, Meunier plans to include data on how brand equity and other measures are changing over time, giving providers an opportunity to see how effective their efforts are.

Printed from: <http://www.I-Wires.com/story.aspx?s=32471>

**Copyright 2010, InvestmentWires, Inc.
All Rights Reserved**

[Back to Top](#)