



WHO CAN AFFORD NOT TO OFFER SUPERIOR CLIENT SERVICE?

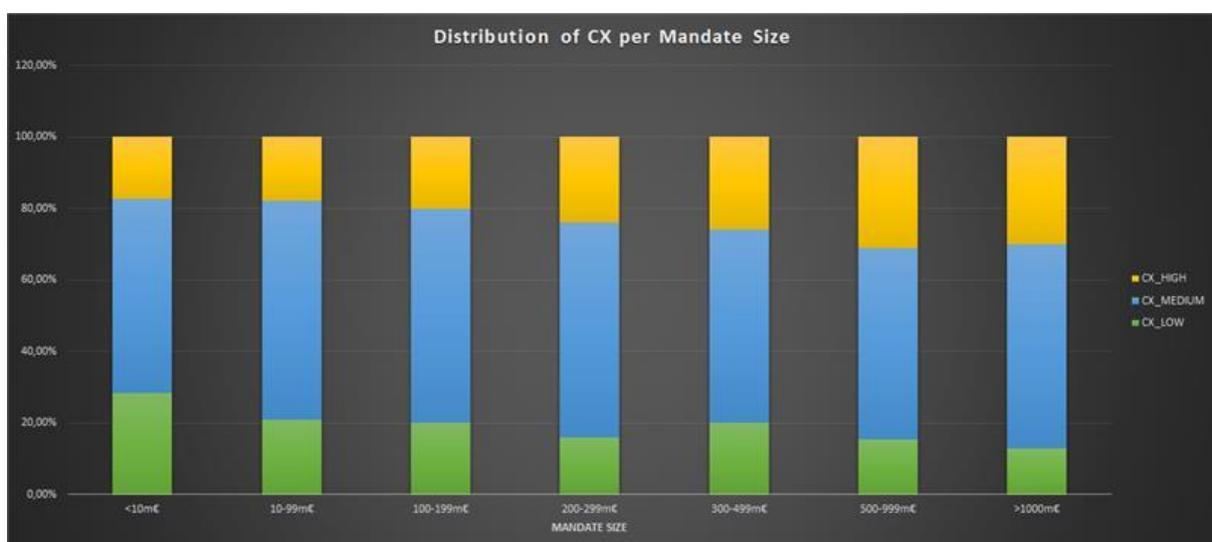
Compelling statistics highlight the differences in the “economic value” of service quality in institutional markets

Following on from earlier posts where INSTICUBE highlighted the significance of Relationship Management and superior Client Experience (CX) as key drivers of satisfaction for Institutional Investors, let’s now examine the relationship between CX levels and average mandate size.

In the latest study, we observed a live sample of 3,000+ mandates within a 2-year rolling timeframe, which were distributed in three different groups of CX (low, medium, and high).

We started by looking at the mandate size differentiation of those service providers categorised in the inferior (low) and superior (high) CX categories, in direct comparison with those categorised as median (medium) CX players. We found that, across all asset classes, the average median mandate size was €64m for low CX levels, €82m for median CX levels, whilst high (or superior CX) mandates had an average size of €113m. Therefore, for high CX, the median average mandate size is c. €50m (78%) higher when compared to low CX and €31m (38%) higher when compared to median CX.

The following chart highlights Distribution of Client Experience (CX) per mandate size:



Now let's take this a step further and consider the bottom-line implications...

Let's assume an average profit contribution across all asset classes of 10 bps. Given the observed client behaviour, the superior providers in CX are realising 38% more revenue than the medium CX providers. Even more significant, the low, or inferior CX service provider would earn almost 28% less when compared to the medium provider. In absolute terms the increased profit contribution per mandate is a significant €31,000!

INSTICUBE is a highly educative research platform offering Asset Management firms the tools to better understand their unrealised potentials are. This would enable them to address and manage issues, which results in better outcomes for clients. To learn more about the client satisfaction research conducted by INSTICUBE, contact: Carsten G. Eckert, Managing Director of INSTICUBE GmbH at Info@INSTICUBE.com