Opportunities for Action

What Women Want (in Financial Services)

Financial services providers are always looking for ways to sharpen their segmentation—to provide the right offer to the right customer at the right time. Institutions that manage to do this successfully and consistently are usually the leading players in their markets.

Yet one of the bases on which successful segmentation has often been judged—the level of fineness or *granularity* achieved—needs updating. The reason is that a growing number of leading-edge financial institutions are taking steps to develop products and services aimed at roughly half of the world's adult population: women.

Why is this happening now, after so many generations of non-gender-specific product development and marketing? Because banks, credit card companies, asset managers, and insurers are feeling compelled to listen as more and more women decry the lack of offerings tailored to their lifestyles and financial circumstances. These women come from virtually every age bracket and family structure, and they possess financial means ranging from relatively modest incomes to large fortunes.

Although some financial institutions remain skeptical that targeting women can bring value, there is no denying that this type of segmentation is in the air. And like the scent of fine perfume, it is becoming difficult to ignore given some clear successes and the increasing number of players that are getting into the game.

The first step in exploring the opportunity involves looking closely at how women's financial power is on the rise.

Vive la Différence?

What's so different about women's financial-services needs anyway? Don't women require the same basic products as men? The answer, of course, is yes. What's changing is that more women are becoming financial decision makers and gaining financial clout owing to a variety of factors, including the following:

- There are more women in the global work force than ever before, at all ages and income levels
- More married women are joining single-parent women in becoming the financial heads of their households
- The percentage of female senior executives, business owners, and entrepreneurs who are accumulating substantial wealth is rising steadily
- More women are coming into inheritances because of longevity and demographic patterns

Indeed, an estimated half of all U.S. wealth will be in the hands of women by 2010 and two-thirds by 2030. In parts of Europe and the Asia-Pacific region, the trends are similar. Most important, women are making it clear that they want to be treated differently than they once were in the traditionally male-dominated worlds of business, finance, and investment. They want a higher degree of personalized service, illuminating (not condescending) answers to financial questions, and product features that resonate with them emotionally. To be sure, recent research indicates that women's tendency to place a high priority on things that have a "taking care of oneself" element—such as fashion, spas, getaways, culture-related experiences, and relationships with friends—also affects how they develop loyalty toward financial institutions.

Taking all of these factors into consideration, what should financial services providers be doing now to provide products, services, and tailored financial solutions that are, in the words of many women, "right for me"?

Using Your Intuition

The key to targeting women successfully in financial services is as much about the packaging and delivery as it is about the actual product. Take the South Korean credit-card company LG (which was recently acquired by Shinhan Financial Group). LG launched its Lady Card in 1999 to a target audience of young working women, offering several months of interest-free installment payments at major retailers, discounts at restaurants and entertainment venues, and special benefits related to beauty treatments. LG developed the card because it perceived that although the purchasing power of young Korean women was increasing rapidly, there was no bank card that catered to their lifestyles. The Lady Card rapidly became popular and is now carried by nearly 25 percent of Korean women.

Middle-income and mass-affluent women are being targeted by numerous players, one of which is Citigroup, whose Women & Co. division was created with a mission "to motivate and educate women to take control of their financial future." For an annual membership fee, Women & Co. provides access to financial education, including classes and seminars that focus on financial issues that women typically face, and savings on selected products and services. Citigroup has effectively used creative marketing campaigns, with slogans such as "You really can prevent worry lines—get a better retirement plan," to spread the word.

Prudential Financial is also getting into the game. In a recent study of women's financial experiences and behaviors, Prudential reports that although more than one-third of surveyed married women say they are the financial heads of their households, many remain unsure about—and not necessarily on the right track for—achieving their financial goals. Prudential has a Women & Finance section on its Web site that segments women into six potential life stages: single professional, single parent, growing family, on your own after divorce or loss, approaching retirement, and living in retirement. The company exhorts women to take action to ensure that they can maintain their desired lifestyles through old age and offers guidance to help them achieve financial security.

Other institutions have focused their efforts on a specific niche in the women's market. Wells Fargo, for example, has publicly stated its commitment to helping women launch their own businesses. Through its Women's Business Services program, the bank has loaned more than $26 billion to women-owned small businesses since 1995, and it continues to raise its lending goals. Applications for loans under $100,000 have been streamlined to a one-page form, with a decision often reachable within a few days. Meanwhile, in the United Kingdom, the grocery chain Tesco has benefited handsomely by offering loans and other financial services in a venue where most women spend at least a few hours a week: the supermarket.

Another huge opportunity for financial institutions lies in wealth management services for high-net-worth women—and some surprising players are leading the charge. The venerable London-based private bank Coutts & Co., reputed to serve a breadth of clients ranging from Queen Elizabeth II to Victoria Beckham, recently began holding fashion-based soirées and other networking events in the hope of getting to know successful businesswomen and female entrepreneurs. Coutts has launched an online magazine called *Coutts Woman* that features profiles of high-achieving women, advice on matters such as whether to invest in an MBA and how to reenter the work force after an extended career break, and offers for exclusive spa and getaway opportunities.

Another well-known U.K. financial institution, Bramdean Asset Management, offers its Bramdiva service, whose stated mission is to "protect and maximize women's wealth." Bramdean notes that in Britain more than 50 percent of wealthy individuals are women; female millionaires between the ages of 18 and 44 outnumber their male counterparts; and a variety of factors (such as business success, inheritances, and divorces) have put close to £300 billion in assets in the hands of British women—assets that need professional managing. Similarly, in the United States, PNC Bank has created a Women's Financial Services division dedicated to helping "high-net-worth women become even more successful" by investing for wealth preservation and growth. The bank supports networking events that bring wealthy women together.

Financial institutions should be aware of research showing that women are more likely to seek and rely on professional financial and investment advice than are men, and are more likely to stay with the same adviser if a good rapport and comfort level is developed—even when financial performance is uneven. Women also tend to be more risk averse, to ask more questions, and to admit more readily to having a lack of knowledge about this or that topic. Clearly, those institutions that pay closest attention to the details of how women tend to think about personal finances and investments will find themselves best positioned to benefit.

Start Listening

Many financial-services providers are asking themselves, amid the whirlwind of product-development and marketing decisions they face every day, whether they can afford to invest in new programs that target women. A better question might be whether they can afford *not* to explore initiatives that target roughly half the world's population. Women in many markets are being increasingly vocal about wanting financial services tailored to their needs, and relatively few players are listening. Yet many of those that have paid attention and responded appropriately are profiting—as well as laying the groundwork for long-term relationships.

Banks, asset managers, insurers, and other financial-services providers should start by asking themselves a few basic questions:

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- Do we understand the appeal to women of our products and services, and what drives that appeal (or lack thereof)?

- What efforts are our direct competitors making to attract female clients, and are we keeping up with them?

- How well do we market our product range to women?

- Do we closely track the demographics of our female client base and try to determine the next needed product?

- How many women have we lost as clients in the past year, and do we know why?

Of course, posing these questions is just a start in terms of exploring the opportunity. But answering them candidly, and planning ways to respond meaningfully, could be the start of something else as well: the building of a new lever that can contribute to achieving competitive advantage in your market.

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