



## How to Market to Wealthy Women

Women are the sole or primary decision makers for as many as 80% of all purchasing decisions. Women make the choice on new bank accounts 89% of the time, in DIY 80%, in cars 60% and in choice of holiday, 92% of the decisions are made by women. Women's wealth is growing – between 1970 and 1998 men's median income rose by 0.6 percent while women's median income rose by 63%.

The importance of developing products and services that meet women's needs cannot be overstated. When purchasing financial products, wealthy women have particular needs and concerns which are quite different to those of men. Understanding why and how women create wealth, where they invest and why is critical to those who wish to sell financial service products to this potentially huge and poorly catered for group.

In 1998 the average male millionaire in the UK was worth £2.7 m (US\$5.42m), while the average female millionaire owned just £1.28 m (US\$2.56m). By 2006, women had caught up considerably, with the average female millionaire worth £1.97 (US\$3.94m) compared with £2.96m (US\$5.92m) for men.

The increase in female wealth has not been limited to developed countries. In 2006, the female paper tycoon Zhang Yin was listed by the Hunan Report as the wealthiest person in China with an estimated US\$3.4 bn.

So how are women creating this wealth? The traditional sources of wealth for women have been inheritance from their parents or their deceased husbands or financial gain from the divorce of a wealthy husband. Whilst these methods for achieving wealth are still evident, an increasing number of women have created their wealth through their job or through the ownership of a business.

Whilst men's major motivation for starting a business is financial gain, women tend to cite flexibility, freedom (from corporate structures and politics) and financial gain as the main reasons for setting up on their own. Holly Sargent, Senior Associate Dean for Advancement and Senior Director for University Women's Studies at Harvard University points out that when women start a business it often does not have the sole purpose of generating wealth. "The businesses are more likely to be family orientated, less commercial and more socially or more 'gap in the market based'....A lot of innovative products are created around female-oriented gaps in the market."



Income from investments has become an important source of wealth for wealthy women. Up to 38% high net worth women in Asia cited income from investments as one of their three most important sources of wealth. In Europe, this was lower at 24% with 64.6% stating income from their job as one of the three most important sources of income. Whether income comes from investments, ownership of a business or through a salary, women are creating their own wealth, independent of their husband or family.

Motivations for amassing and protecting wealth are almost identical for men and women. Financial security in retirement is seen as the main priority followed by a better personal lifestyle and enjoyment of the finer things in life. In other words the goals appear to be neatly divided between spending on the present and saving for the future. More intangible factors such as status and the sheer enjoyment of making money, come much further down the list.

Women create wealth in order to enjoy a better lifestyle. They spend their leisure time and disposable income on holidays and home improvements, just like men. The only significant difference in spending is that men are likely to spend a greater proportion of their disposable income on cars and gadgets whilst women focus on clothes, jewellery and watches – so far the cliché holds true.

However, women do invest quite differently to men. Women are far less likely to take risks with their money, whether in their personal finance or business affairs. Research suggests that more men than women invest in financial products that are considered to be at the riskier end of the financial spectrum such as hedge funds, private equity, structured products and derivatives.

Women take longer to come to a decision about what to invest in and are less likely to go to a third party for advice than men. Men are more likely to consult tax specialists, accountants, private banks, brokers and the media. The only source of advice that is more widely used by women than men is the high street bank.

This does not mean they are less successful or able investors than men. In Tom Peters book ReImagine! he quotes the National Association of Investors on the returns of investment clubs. Whilst men only clubs delivered 15.6 percent returns, women only clubs delivered 17.9 percent.

Wealthy men are more likely to use personal trainers, chauffeurs, chefs, alternative health practitioners, property search agencies, lawyers and private banks than women. However, wealthy women are more likely to use what may be considered 'lifestyle' services such as personal concierge and shopping services, life coaches, personal stylists, bodyguards and private doctors.

Women tend to invest to reach a particular goal, for instance, a college fund, retirement, a major holiday. Once the investment goal has been reached, women are more likely to 'protect' the fund rather than put it at risk through further investment.



So what are the conclusions that can be drawn about marketing financial products and services to high net worth women:

1. Whilst products do not have to be marketed as a 'women only' product, they do need to provide clear, comprehensive information from which the individual can make an informed choice. As many of the women will be making investment choices without the benefit of advice from independent advisors or tax specialists, everything produced must be jargon free and in plain English. To support research, information gathering and decision making processes, provide an on line help desk or information line.
2. Build a relationship through education. Educate women about financial matters that may concern them depending on their age or lifestyle.
3. Develop products 'themed' around issues such as 'wedding', 'college fund', 'retirement' Encourage continuing investment in multiple closed end funds
4. Women do hire personal trainers and are prepared to pay for the personal touch. A 'financial coach' may be the incentive a woman needs to invest in a particular product or organisation.

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