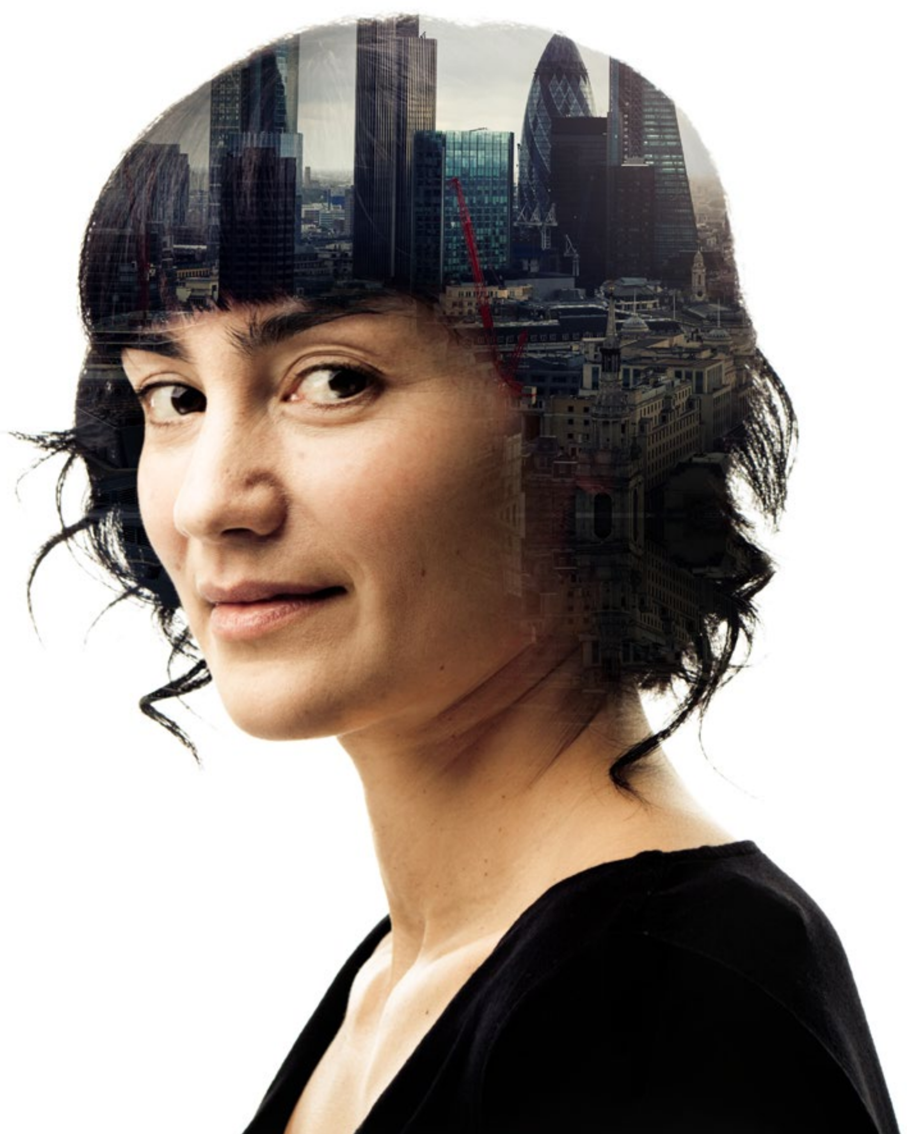
KANTAR

WINNING OVER WOMEN

A commercial imperative for financial services



Introduction

In 2020 just over half of investable assets will be held by women. At the same time, numerous studies show that women are put off by much of their experience with the financial services sector. This is something the industry certainly recognises and is trying hard to address as more providers begin to appreciate that understanding what makes female customers tick is becoming a commercial imperative.

The current landscape

There has been a significant change in women's lives over the last few decades. Women are far more prominent in what were once seen as male preserves, from politics and the law to commercial organisations and sports. The first generation of affluent women who have worked full time are reaching retirement age. There has also been a dramatic rise in single, independent women.

It would be reasonable to assume that the financial services sector is developing strategies and communications to take this into account. While many are indeed actively promoting more gender equality and boosting the number of women in the higher echelons of their institutions, that has yet to translate into effective engagement with women as customers.

There are certainly more campaigns aimed at women. But acknowledging women as customers isn't the same as getting into women's heads. When it comes to money, the weight of legacy means it's still pretty much a man's world.

The answer isn't as straightforward as simply looking through a male/female lens at customer segmentation, however. It calls for a more nuanced approach that resonates with all customers. After all, when customers do well, companies do well.

The tools and techniques are certainly there: in this age of big data, organisations can get far more effective answers to increasingly sophisticated questions about all their customers. This is thus a timely opportunity to overturn traditional and outdated business assumptions by injecting some fresh thinking into both the design and the delivery of financial products and services.

"Much of our industry still talks in riddles and jargon so we are working hard to ensure that people really know what they are (and aren't) buying so they can make the right decision with confidence."

Anne Kirk, Marketing Director, Swinton

The starting point: understanding the financial services hierarchy

Kantar has conducted extensive and multi-layered research over the last six months to delve much more deeply into attitudes to financial services among women and men. What has emerged is a fascinating story of striking differences in the approach men and women take to managing their money. More significantly, it shows how financial service providers are meeting – or failing to meet – the needs of their female customers.

The research has found that there are three main steps when it comes to financial services provision.

Step one: everyday banking and insurance

This stage of financial engagement shows little variation in the behaviour of men and women. For example, the actual level of current account switching is the same at 3%. However, reasons for switching are a little different. Men concentrate more on interest rates and women on rewards. Overall it's recognised that women are comfortable running the everyday household budget and feel confident and competent in doing so.

The difference reflects the wider context.

- Women tend to have a sharper focus on relationships and family life when it comes to dealing with the finances, whereas men pay more attention to products and price.
- The research showed that substantially more women mention family when talking about finance, including children, parents and spouses/partners, and it is top of mind for them.
- They have less time and money for themselves: almost a quarter agree that they don't have time to plan for their future, compared to double the number of men.

"The humanization of FS has started in branches with environments now being more comfortable and less intimidating – we are literally bringing the barriers down between customers and our staff..."

Tim Hulbert, Managing Director, Group Head of Brand & Insight, Barclays

Establishing a more inclusive internal culture

The UK's largest insurer Aviva has been actively undertaking a comprehensive, long-term culture change programme, alongside an ongoing initiative to embed a more collaborative and inclusive culture throughout the organisation. Part of this culture change has included extensive training to alert staff to any unconscious biases they might have. The training has included the PLC board and Group Executive and is embedded in the senior leadership training programme in the context of leadership, the Customer and team building. Women's networks have also been established in every major Aviva location – evolving to get men and women round the same table. According to Henrietta Flynn, Head of Brand, Content, CR and Sponsorship, ensuring this belief in inclusion is reflected in the visual assets is a core focus for the brand, and this wide-scale attention on inclusion is all designed to turn up real benefits for customers.

Step two: longer-term borrowing
The playing field is still fairly level when it comes to longer-term borrowing such as mortgages. The difference here is about attitudes to risk and women's desire to stay in control. Women worry more about the financial challenges of home ownership but also tend to be better prepared in terms of planning the budgets for such a move.

Significantly, in spite of long-term borrowing such as mortgages usually being a joint decision for couples, there was evidence in the TNS customer experience survey of banks still tending to ignore the woman and pay attention to the man. This is something that banks are aware of and are trying to change.

Step three: investments/pensions
This is the stage where the gap between men and women is most pronounced. For women, this is still very much a man's world.

Delving more deeply into the research reveals that confidence is often the determining factor in how women approach financial services at this highest level. It's estimated that about a quarter of women feel secure about investing and do sufficient homework before they take decisions. However, even they can still feel uncomfortable with financial advisors, viewing them as 'male, distant and lacking in empathy'.

So it's hardly surprising that the majority of women who think of themselves as less confident and competent when it comes to investing are put off by an aggressively masculine approach to what can be complex and daunting transactions. They see these advisors as 'living in a different world', arrogant and untrustworthy.

They can feel as diminished when meeting an investment expert as they do when dealing with builders, plumbers or car salesmen. They lack faith in their ability to understand and benefit from the sheer amount of information available and can be tentative and cautious with money. They are usually most comfortable dealing with their bank – if the bank has earned their trust – despite realising the returns could be less than optimal.

This has huge repercussions for the investment business as a whole. The Investor Pulse study conducted for BlackRock shows that a striking two-thirds of women would not consider moving their money out of cash and less than one in ten are actively thinking of doing so. This helps neither the customer, faced with eroding value of assets kept in cash, nor the industry, missing out on billions of pounds of potential business.

Demystifying the world of investments

Interactive Investor is an online investment service which was launched in 1995 with a mission to give everyone tools to help them towards a better financial future. Although current customers are 3:1 in favour of men, among those new to the site, the ratio is 2:1 in favour of women.

Head of Investment Rebecca O'Keeffe believes there are a number of forces encouraging women to become more active in long-term investing with sites like these. These include the shake-up in pension provision, increased longevity, the reduction in health and social care funding and the need to take financial responsibility for their own lives and their families.

Rather than a male/female divide, she finds that the biggest discriminator is experience. Inexperienced newcomers to the site have access to significant education, tools and filters to help demystify investing and enable those starting out to make confident trading decisions. Once customers become more knowledgeable their trades show little difference in terms of gender.

"For decades, women have assumed responsibility for everyday financial decisions, but have been less pro-active with managing big investment decisions. However, we are seeing a rapid change now, as women increasingly take control of their financial futures."

Rebecca O'Keefe, Head of Investment, Interactive Investor

The problem of pensions

The pensions industry has grown up around the idea of men as family providers and women as carers. Even when they work, women have been the ones who take career breaks to look after family. This has led to some dangerous gaps in pension provision for women on the cusp of retirement.

A report by consultancy Mercer estimates that women in the UK can receive almost 40% less than men, said to be one of the worst ratios in Europe. Kantar's own research shows that a significant 40% of women are worried about running out of money in retirement, while on average the retirement savings for men is three times greater than that of women.

As a 2016 report by Scottish Widows, Women and Retirement, acknowledges, much of the pensions landscape remains firmly founded on the male work/life model, leaving women and their evolving financial, working and family roles struggling to fit a space that wasn't originally designed for them.

The trouble is that the way the pensions industry communicates is often overly complicated, inflexible and opaque. So it is inevitable that too many women, often caring for either the older and younger members of their families or both, fail to make adequate provision. This hurts all parties: women themselves, the industry and society as a whole, since the problem gets passed on to the next generation. It's where financial services organisations can make the biggest difference and create the most value.

"The market often favours men who do not get pregnant. This is unfair and needs to be addressed."

Maciej Partyka, Head of Global Customer Insights, Barclaycard

An expert view

Marina Bacchiani is Vice President, Issuing, at Mastercard as well as chairing an internal women's leadership network to to support female and male staff in the workplace. She has formed some definite views on how financial services companies can improve their engagement with female customers:

- The financial services sector has been historically centred around men, so it needs to make extra effort to overcome a lack of confidence and competence among women.
- Women are more demanding customers. They want to understand more and are typically better prepared but as multi-taskers need to prioritise their time
- They are more likely to have a rounded view and see overall as well as financial benefits from products.
- Women are more security conscious and tend to be more risk averse.
- Women are more likely to consider reputation and they care if the service is good.

Current views of advertising

Women's ingrained reluctance to believe that financial services companies can relate to them is illustrated by findings from a sophisticated advertising evaluation technique, Intuitive Associations, which measures what people think and feel instinctively. The non-conscious reactions to advertising from eight banks were recorded to gauge the extent of emotional engagement. It showed that women had a less positive instinctive response than men to most of the ads tested, particularly with regard to characteristics such as 'trustworthy' and 'understanding'.

"Gender bias can be so ingrained we don't even know it is there."

Lindsey Clay, CEO Thinkbox

Further qualitative research focusing on investment communications underlined the difference between women who felt confident and those that don't.

- Women who professed themselves to be confident investors viewed communications such as those from Scottish Widows more favourably because they feature a powerful, strong woman taking control. They liked executions that spoke to the values they were looking for such as expertise, formality, independence and smart choices.
- The lack of engagement among less confident investors, on the other hand, was evident in that the choices they made of images were simply because they liked them.

One particularly significant finding was that communications from the online investment management company Nutmeg, scored highly with both groups. Nutmeg, a relative newcomer, prides itself on having eliminated all the off-putting aspects of the traditional investment industry by empowering, not diminishing its prospective customers.

- The confident segment found the ads an 'aspirational and powerful demonstration of how the rules have changed, countering perceptions that investment is only about middle-class professionals in suits.
- The less confident felt the communications allowed them to consider thinking about investments by talking to them as individuals.

Driving change: This Girl Can campaign

Sport England wanted to encourage more women to take part in sports whatever their age. Former Director of Business Partnerships Tanya Joseph decided to take a deep trawl through the existing data to try to gain some fresh insight into what was stopping women..

The conclusion was that all the different reasons women cited boiled down to one overriding factor: a fear of judgement. This universal insight eventually led to what is now considered an iconic campaign: This Girl Can. The non-judgemental approach to inspiring women to be more active had a huge impact and quickly went viral globally.

She believes there are lessons here for all sectors: "Too many brands follow a 'paint it pink' strategy rather than use insights to create behavioural change. They also are too often impatient. Change like this takes time."

The marketing challenge: winning over women

Other sectors such as pubs and gyms have made the difficult transition from being seen as male preserves to a more female-friendly environment and profited from having done so. And it's true that financial services companies are already making great strides in promoting diversity and ensuring that women are now represented at all levels of the industry. Many have also incorporated an active 'change' agenda into their corporate strategy.

We are working really hard to ensure gender balance on all management teams because we understand that if we reflect our customer base more, we are much more likely to get our communication right with customers.

Tim Hulbert, Managing Director, Group Head of Brand & Insight, Barclays

But that isn't going far enough or fast enough. Marketers should emulate their counterparts in other sectors who have learned how to employ communications which not only empower women but actually influence behaviour. The need is particularly urgent in the weightier areas of investment and pension planning where female customers currently feel so far out of their comfort zone.

Creating gender-based communications is not sufficient. Central to this is seeing the financial world through a woman's eyes as well as making the effort to step credibly into their world. Women should be targeted based on what they say is important, drawing where appropriate on the strength of their relationships and their lifestyles.

Time for new thinking
Convincing a sceptical target audience that a financial services organisation, previously viewed as somewhat tone-deaf, can identify with women's concerns calls for some new thinking.

Get inside her head. Companies need to dig deeper and do more fundamental research. What can financial services brands do to help women at different moments of their financial lives? Engage with them as they take their first steps into the financial world. Making better emotional connections from the start will help create long-term, trusted relationships. Building relevant brand partnerships can also help demonstrate empathy.

Step into her world. Women are not a homogenous group. Companies should appreciate the differences and changing nature of women's lives and work at finding actionable insights about how to connect with female customers, including context and levels of confidence. A first step is to cut the data differently. A lot of the information is already there. It's more a case of understanding how to crunch it to create better insights and more useful and relevant products.

Above all, take her seriously. Condescending to any customer is not helpful. With women in particular it's important to inform without patronising or communicating a sense of fear or obligation. Study brands which truly relate to women and influence behaviour. The key message is to empower, don't diminish.

"In five to ten years all financial services brands will have to take women more seriously as they will be competing with non-financial services brands which often don't have 'male' legacies and leanings. Lip service will no longer be enough because these new brands will have the capability and desire to 'win with women".

Maciej Partyka, Head of Global Customer Insights, Barclaycard

If you have any questions
or need more information please contact:

Amy Cashman
amy.cashman@kantartns.com
+44 207 6565125

Valeria Balaro
Valeria.Balaro@kantar.com
+44 7818 526536

Kantar
6 More London Place
Tooley Street
London
SE1 2QY

020 7656 5700
www.kantar.com