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Seeing opportunity in a woman's world

By Simon Houpt
Globe and Mail Update

Many female clients feel financial service providers are not respecting their needs - and that can provide an 'in' for savvy firms

Here's how costly sexism can be for a business: About 20 years ago, when Gail, a Toronto professional then in her late 20s, went to buy her first house, the bank's mortgage specialist tried to convince her she was in over her head. "He persisted in the attitude that, as a single woman, I shouldn't attempt it," she recalled yesterday, standing in the grim shadow of the city's bank towers on Bay Street. "He said I needed someone to guarantee my loan, or get a second income. But I didn't owe a cent to anybody, I paid all of my credit cards every month, and I'd done my homework. I knew what I could afford."

So, even though she had been a customer of the bank since she was 12 years old, she pulled all of her business and moved to a more welcoming institution, where a female mortgage specialist was happy to help her borrow the funds. "I withdrew all of my RRSPs, everything [from her long-time bank]," she said, as her mouth puckered in deep satisfaction. Since that first purchase, she says, she's sold and bought three houses, each time with financing from the new bank. "And if I won the lottery tomorrow, I'd be happy to still never go back to that other bank."

Gail is not alone. According to a new study by Boston Consulting Group (BCG), women around the world feel sharp dissatisfaction with many financial services providers, in categories ranging from banking and investing to car and life insurance.

"The vast majority of financial service offerings have been tailored and honed and refined over the years to serve the needs of men," says Nan DasGupta, a managing director in the Toronto office of BCG and a specialist in financial services. "Men have traditionally been the decision makers," she notes, "so everything has been designed around what a man wants and needs."

Since the time Gail bought that first house, women have become much more important players. Yet according to the survey, their needs are not fully recognized. "Increasingly, women are making most of the financial decisions, but the industry has not actually changed the way they approach either the offer or the delivery of the offer," Ms. DasGupta says.

The results of the wide-ranging study hit stores this week as the business book *Women Want More: How to Capture Your Share of the World's Largest, Fastest-Growing Market*, co-authored by Michael J. Silverstein, a senior partner in the Chicago BCG office, and Kate Sayre, who leads BCG's consumer goods and retail practice in the firm's New York office.

If the book's title echoes the lighthearted 2000 film *What Women Want*, starring Mel Gibson as a chauvinistic ad executive, its subject is far more serious. In a survey of 12,000 women from 21 countries, including Canada, BCG determined that whole industries fail to recognize women have needs that differ from men. In particular - and this is not news to anyone with a family - 45 per cent of women feel as if they have too many demands on their time, and would be receptive to products or services that help them juggle all of their responsibilities.

"A woman has even less patience to have to sift through a bunch of detail on the fine print" of an investment vehicle, Ms. DasGupta says. "They actually just want the straight goods, they want to feel their adviser understands who they are, and appreciates their set of circumstances on a personal level."

The study found that 75 per cent of women feel they don't consistently save, and 82 per cent didn't believe they could save enough for retirement. So banks and other institutions that offer innovative ways to sock away cash may help, like Bank of America's current Keep the Change program, which rounds up every credit card purchase to the next dollar amount and then deposits the difference into a savings account.

Companies that ignore the distaff half are turning away an enormous opportunity. True, women have long been the primary decision makers on about 65 per cent of a household's total expenditures. But female income is growing because of a pair of interlocked trends: According to BCG, 58 per cent of students currently in a Canadian university or institution of higher education are women; and their work force participation rate in this country has increased 14 per cent over the past 20 years. The percentage of women employed in management or professional positions is increasing, while their ranks in sales and service or clerical roles is dropping.

Furthermore, as women continue to live longer than men, they will come into inheritances from both their husbands and their parents. When money is suddenly in motion, women may be more open to moving their business to institutions that demonstrate an understanding of their unique needs. Certainly, in a divorce, it's not uncommon for a woman to split from her husband's financial adviser at the same time she splits from her husband.

When that happens, firms have to be ready to capitalize, with both their products and the marketing of those products. "Those that are awakened to this will see the opportunity," Ms. DasGupta says. "We'll see them doing a deeper dive on their customer base, and they'll think, 'What are the women segments we're doing well with? What are the women segments we're underpenetrated?'" Those companies will need to think not just about offering different products, but possibly upending their selling channels to hire more women.

"It's tough to change the way you approach clients if the dominant sort of headspace is a very male-dominated headspace," Ms. DasGupta notes. "Companies who are really thinking about this are thinking, 'Can we actually go out and recruit more female advisers so that we can understand better what our clients are looking for and serve them better?' Some have made good strides on that. Many are still struggling with retention, I would say. Even if they go out and do some targeted recruiting campaigns, they still struggle with creating an environment where female advisers actually want to go out and build careers."

They're already too late to get Gail's business. But if they act now, they'll be well-positioned to get the next generation.

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