Women investors
A critical and growing factor for success in the wealth management industry

Deloitte.
The shifting landscape of the wealth management sector has moved industry participants to refocus business strategies. Simultaneously, women have emerged as interested, committed, and knowledgeable investors. The spending power of women and the amount of wealth they control has grown significantly. Today, women represent a meaningful investor segment and capturing this segment is a massive opportunity for wealth management firms. However, to capture the segment, firms not only need to develop specific capabilities, but also the focus to meet the needs of the female investor.

Seizing the opportunity to engage with this valuable and underserved investor segment requires implementation of a holistic approach to address the investment needs and interests of women. It is no longer enough to just tailor services to women investors. Wealth management firms should learn to successfully attract, engage, and retain this critical segment. While this may require firms to reorient their strategies, women investors and the wealth they control are too great an opportunity to pass up. Women have become an influential and critical force in the wealth management industry and their impact is not likely to go away.
The implications for the wealth management industry

The recent economic downturn severely impacted wealth management firms. Although household incomes have increased since the recession, margins within the wealth management sector have continued to decrease since 2006. Declines in the wealth management revenue pool are also a result of poor wealth manager utilization by the marketplace. A third of mass affluent investors do not currently work with a financial advisor; yet 42% of this population had a financial advisor in the past. To counteract decreasing profitability, wealth managers should rethink business models.

As firms reconceptualize business models, they should seize the opportunity to also capture women investors. Capturing this critical segment is a significant opportunity for wealth management firms to increase revenues. The statistics are staggering:

- Women control over $20 trillion (27%) of the world’s wealth and $11.2 trillion (39%) of the United States’ wealth.
- Women unmistakably influence how wealth is managed: two-thirds of women in the United States, United Kingdom, China, Hong Kong, and Singapore identified as primary decision makers over household assets.
- In the United States, it is estimated that $5 trillion of wealth held by women is not managed by a financial advisor.
- 53% of women surveyed by the Center of Talent Innovation did not have financial advisors.
- 75% of women under 40 in the United States reported not having an advisor.

As this younger population matures, presumably, wealth will accumulate—and with that lies a great opportunity for wealth managers. If wealth management firms recognize the power of women investors—namely, that they are an untapped market managing an increasing amount of wealth—they may significantly improve revenue.

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1 Deloitte: "Improving product, client, and advisor profitability in wealth management."
2 Deloitte: "The Out-of-Sync Advisor."
3 "Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth," Center for Talent Innovation, May 1, 2014.
4 Ibid.
5 Ibid.
6 Ibid.
What women want

A 2011 Sullivan Trust study revealed women rated financial advisors lower on every aspect of satisfaction, compared to how men rated advisors. The study results suggest wealth management firms could improve how they manage relationships with female investors. A more strategic focus on capturing women investors in the market will allow firms to increase yields and revive profitability; however, refocusing will require firms to learn what women want.

As many advisors acknowledge, investors cannot be treated the same way; heterogeneity requires attentiveness to investor comprehension, sophistication, goals, and inclinations, among other traits that influence investing. Currently, only one-third (33%) of women surveyed feel understood by their financial advisor, a clear indication wealth management firms have an opportunity to better engage with this important clientele.

To successfully capture this market segment, wealth management firms should strive to serve the nuanced needs of the woman investor. While marketing campaigns tailored toward women are useful, firms should develop more comprehensive services for women. Education is a critical service offering, as women are quite interested in knowing what investments are being made and why. Women want to learn from their advisor; firms should recognize this and work to provide this offering.

Firms should also aim to provide the desired investor experience. Women want to feel valued by wealth management firms. Value-add face time from advisors can increase a woman’s confidence in and comfort with an advisor. Investing time to develop relationships with investors can help wealth management firms demonstrate the value they attribute to this market segment, while also improving revenues.

Additionally, firms should cater to investment preferences of women. Research indicates women, unlike men, tend to be more interested in investing and/or motivated to invest in companies to which they assign meaning and purpose. They typically view investments more personally and have a greater attachment to where they choose to direct their money. Women are also more inclined to invest in companies with diversity in leadership. They may gravitate and prioritize, to a greater degree than men, to using their investments/investment opportunities to make a positive impact on society. Financial advisors should recognize and respect these preferences as they try to serve female investors.

8 “Harnessing the Power of the Purse: Female Investors and Global Opportunities for Growth,” Center for Talent Innovation, May 1, 2014.
9 Ibid.
A gap in the market

Although traditional wealth management firms have shown some evidence of focus on women investors, there is a significant spectrum of where firms are with regard to concentrating on this segment. Charles Schwab launched Financial Life Planning for Women month; Citibank launched Women & Co. to provide women access to financial information; UBS highlighted women in UBS Investor Watch. These efforts to focus on women investors are steps in the right direction, but there are still opportunities to expand upon these to further address the needs of female investors. Women can bring compelling opportunities to traditional wealth management firms if firms embrace them as valuable investors.

Despite meaningful efforts to manage the distinct needs and expectations of women as clients, many firms have yet to fully seize the opportunity presented by this segment. To close the service gap that exists in the market, firms should tailor the advisory process to women. Firms should research women’s preferences and develop strategies that address their needs. This can involve adapting communication styles, rolling out targeted marketing campaigns, establishing relationships grounded in empathy and customized advice, and providing learning and educational opportunities. Perhaps most critical to closing the service gap, wealth managers must acknowledge women as an important segment that warrants a distinct approach.

LearnVest: Successfully capturing female investors

When LearnVest launched in 2009, it focused solely on full-serve online financial advice targeted toward women. One aim of the firm was to educate women investors regarding financial matters. It did so through its online portal offering a variety of courses on assorted and diversified financial topics. Rather than using feminine color-schemes and gimmicks, the firm’s online portal was designed to be functional, educational, and instructional. Additionally, the company recognized the need for financial advisors to communicate clearly and to demonstrate empathy with clients. Consequently, LearnVest created a rigorous hiring process aimed at selecting candidates with the capacity to understand and cater to the needs of women—and all—investors.

While LearnVest has evolved its focus, its commitment to serving its clients, including many women, has yielded meaningful results. Since its inception in 2009, over $72 million in funding has been raised. This funding is, in part, a result of the firm’s ability to meet the needs of an underserved investor segment.
To ignore women investors is to miss a viable and valuable potential market segment. As wealth management firms recognize this, they will need to assess their own abilities to serve women. Wealth management firms should understand women’s investment needs and preferences and actively choose to develop and deploy specific tactics, services, and products to attract, engage, and retain them. To do so, firms should utilize a structured and tailored approach. Wealth management firms should...

Modify current brand, marketing, and services to align with the needs of women investors
By refining the client experience, wealth management firms can better meet the specific needs of women investors. When firms align their client experience with client needs, they establish themselves as investment destinations for investors. To become these destinations, wealth management firms can:

• Establish and communicate a mission driven brand aligned with opportunity creation for women
• Market tailored initiatives aligned with the mission, demonstrating a commitment to serve the needs and interests of their investors
• Refine their services to meet the needs of women and build meaningful relationships and align investment options with female preferences. If women tend to be drawn to socially responsible corporations with diverse leadership, wealth management firms offering investment options aligned with this preference reveal a keen understanding of the female investor
• Create investment tools to better serve women. Learning programs that educate and inform women about wealth management topics and investment options are one option for firms looking to give women what they want

Create a culture that enables all financial advisors to better understand the needs of women investors
Establishing and integrating a culture of inclusion into talent strategies drives the identification, development, and promotion of innovative ideas and products. Underserved markets can be better served. To develop an inclusive culture, wealth management firms should:

• Strive to acquire and retain a diverse staff
• Target diverse candidate pools and provide internships, fellowships, and opportunities for leadership development. This can increase employee diversity, which may introduce diversity of thought, perspectives, and experiences
• Focus on promoting leaders who value and champion inclusion
• Measure their advisors on the diversity of their book of business and their efforts to learn about different customer segments; this can encourage employees to seek out and understand diverse investors

Build a cohort of financial advisors attuned to the needs of women investors
Adjustment throughout the talent lifecycle can help create a cohort of advisors attuned to the needs and preferences of women. A diverse cohort allows firms to acquire and to develop the talent and expertise required to engage, serve, and retain female clients. To build a cohort attuned to the needs of women, wealth management firms should:

• Understand their current capabilities and talent gaps in meeting the needs of female investors
• Conduct targeted recruiting for advisors that would fill gaps. As they hire advisors with an affinity toward women investors, they ought to look for candidates with emotional intelligence and diversity and inclusion competencies
• Invest in learning and development programs that will allow employees to build the key competencies and knowledge base needed to serve women investors.

• Recognize and reward advisors that excel in building a portfolio of women investors and are innovative in attracting and retaining them as clients.

By providing a client experience, manifesting an inclusive culture, and offering a cohort of advisors who can meet the needs of women investors, wealth management firms can capture this market segment. Facing declining profits, expanding into this market is all the more critical. Although tapping into the segment of women investors may require strategic changes, firms should recognize women are an influential force in wealth management who are here to stay.

Key thoughts to consider

• What does the investor portfolio look like at your firm?

• Do you have strategy and internal and external programs to engage women investors?

• Are your current talent strategies effective in attracting and developing the desired talent to bring in women investors?

• Do you have the right talent in the right places with the right skills to meet the needs of women investors?

• Do your leaders and financial advisors have the necessary capabilities and do they exhibit the behavior required to successfully attract and retain women investors?

• Does your firm possess and reflect a culture of inclusion that attracts the desired talent who, in turn, can provide innovative products and solutions to women investors?

• Is your firm’s compensation and reward structure aligned with performance metrics based on meeting the needs of women investors?

• Does your firm possess the data and analytical capabilities and capacity to understand the needs of its current women clients?

• Does your firm earmark funds and invest in developing and growing women focused programs?
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