Toning Down the Gender Noise

CANADIAN WOMEN'S PERCEPTIONS OF SERVICE IN THE SELLING OF FINANCIAL PRODUCTS

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For some time now, I've been compiling the experiences of female consumers regarding purchasing products from sales professionals in the financial services industry. Specifically, I've been looking for stories where women encountered either really bad or really good service, based on what they perceived to be gender preference. The purpose of this exercise is to provide material for a book I'm writing on selling and marketing to women.

In short order, the response has been overwhelming. Everyone from pop singer Sarah McLachlan to Canada's most widely quoted economist, Dr. Sherry Cooper, had a story to tell.

What is very disturbing is that I have yet to hear a very good service story. It is clear that I've unknowingly struck something — a kind of collective, unspoken, seriously ticked-off, feminine consumer psyche. But here's the kicker: Though only into the very early stages of the book, I had to drop the boom on financial services stories, as I was inundated with service-horror exposés by a ratio of 25 to 1.

If you are surprised by this, chances are good you kept Tom Hanks company on that deserted island for the past 30 years. Too many television exposés, newspaper headlines, and independent research projects conducted on women and the financial services industry sing the same tune: Women have had, and continue to have, bad experiences dealing with this industry.

While it's true that banks, insurance companies, and brokerage firms spend considerable financial resources on training to improve levels of professionalism, women's perception that financial services companies just don't get it is still incredibly pervasive. In an effort to address this, there are actually smatterings of companies — mostly banks — that have jumped on the women's market bandwagon. Witness a proliferation of women-recruitment programs, Web sites for women entrepreneurs and investors, seminar education campaigns for women, and huge advertising and marketing campaigns that specifically target and include women.

Even brokerages and insurance companies, not exactly the archetypes of the traditional players we've come to expect to be in the women's market, are beginning to show interest in understanding what makes this market segment tick. To those of us in the marketing-to-women business, this is a thrilling mark of a decidedly important trend within the industry.

These remarkable and very welcome initiatives clearly illustrate that the financial services industry is finally recognizing women's considerable economic and influential power. But is it enough?

THE SALES BREAKDOWN

Based on the flurry of activity, one could understandably argue that women should hail the dawn of a new consumer era. Alas, to do so would ignore a cogent point continually raised by research and women consumers alike. In spite of all of these welcome and legitimate efforts, why do women continue to feel that banks discriminate against them or that the insurance industry is primarily interested in selling policies to male breadwinners? And why is it that a mere 52 percent of the female population believes that women are taken nearly as seriously as men are in the sales process? Something in the chain is clearly breaking down.

It all comes down to this: No amount of women-friendly anything — including women's conferences, Web sites, women agents or advisors, women-centered advertising and marketing (regardless of the zeros in the budget) — is going to change the irrefutable fact that the whole thing can fall apart when women enter the face-to-face sales process. In spite of very credible and needed initiatives, the industry continues to be pummeled by word-of-mouth communication regarding women's customer experiences. At best, it is extremely inconsistent.

This is not about *designing* financial products for women. It's about the *process* of selling financial products to women. The industry must clean up the inside to match the experience of what its advertising is selling. Women's customer experiences need to radically change in order to stem what seems to be a never-ending public relations nightmare.

Those few companies that spend huge sums on advertising and marketing material to reach women need to expand the net and include in their reach their most important advertising — their front-line sales and service people. This is where the real marketing takes place.

Industry research from the likes of Royal Trust and others is very specific that women do not care about the gender of their advisors. The same holds true in the automotive industry. According to a 2000 Canadian Automotive Retailing Industry report, “Men believe that they can sell well to women and the comments we have received from consumers suggest that women have no gender preference from their salesperson.

Perhaps this supports the contention that men can sell to women, but few have the necessary gender sensitivity.” It wouldn’t be a reach to assume the same holds true in financial services.

So, where does the breakdown occur?

Widely-publicized research out of Sweden and Canada finds that advisors often make gender-based assumptions that women are conservative and low-risk investors. Consequently, women are sold investments too conservative for their needs. This, in spite of clear evidence that, once educated, women are just as likely to invest in the market as men are. It’s a woman’s interaction with the advisor who renders her invisible and talks only to her partner, even though there’s a good chance she is at least half or possibly the principal decision-maker. That’s the stuff that drives women wild.

And if that alone doesn’t motivate financial institutions to do something about how they sell to women, almost every woman I’ve encountered exclaims with disbelief, “My husband/ boyfriend/son/brother was just as furious as I was!” For all those who still think this “gender noise” is just feminist jabberwocky, think again. Not only are women getting riled, the men in their lives are as well — men who also buy insurance and investment products. Consequently, sales opportunities with *both* women and men evaporate without companies even knowing it.

MASS VERSUS SEGMENT MARKETING? In the 1970s and 1980s, the buzz in the financial services business was all about equality — treating everyone the same, whether that be employees or customers. From a purely marketing point of view, this had considerable inherent

problems. Equality or mass marketing had everyone having the same socialization about money. It had women and men thinking, acting, and feeling the same about money. It had everyone always having the same power around money. It had both women and men encountering the same historical experience with their financial institutions.

It assumed women's and men's worldview and life reality were the same. Nothing could be further from the truth. Women account for 70 percent of child, elder, and home care — so it shouldn't surprise anyone that in a Deloitte & Touche study women were much more likely than men to put time-savings at the top of their list when making purchasing decisions.

Mass marketing assumed everyone made consumer decisions the same way, in spite of overwhelming evidence to the contrary. Studies point to women's decision-making being relationship-based, while men's is transaction-based. Women are avid consumers of financial advice and information and use financial advisors more than men do. Many books have been published on how women and men have different communication styles and rituals.

Mass marketing also failed to recognize the financial implications of women living longer, often on less money and paying up to 30 percent to 50 percent more than men for a variety of goods and services such as haircuts, cars, dry cleaning, and clothes. Equality or mass marketing didn't recognize the financial price women pay for being society's child bearers. And it wasn't only the career cost of jumping in and out of the labor force, but the impact on retirement savings vehicles. In Canada, women's ability to contribute to tax-sheltered savings plans is determined as a percentage of their income. In the years women are off having and raising children, their income drops and naturally so does the ability to contribute to these plans. Canadian maternity benefits come from the federal government's Employment Insurance Program. But women entrepreneurs who own more than 40 percent of the shares of their companies cannot qualify. The result? Women entrepreneurs have no access to government-sponsored maternity benefits.

In short, women's consumer, investing, and entrepreneurial realities and behavior can be different from men's. It wouldn't be prudent to assume that what pushes a man's buttons during the sales process or in a marketing or ad campaign would be the same as what pushes a woman's. Until the financial services industry integrates these realities into how it approaches the market, it will continue to be viewed in a poor light. Now, just how bad is bad?

According to the previously mentioned Deloitte & Touche study, women are a powerful economic force in North America and yet despite the female population's potential, "it continues to be underestimated and underserved." Very little has been done by financial services companies to reach and create services for this market or to segment this market around purchasing decisions and attitudes about money.

Another landmark study, done by demographic gurus Yankelovich Partners, awarded financial services the dubious distinction of being one of the industries that "understood women the least." One could, I suppose, take heart in the fact that women felt the purveyors of beer were viewed as slightly worse.

THE BUSINESS CASE The bottom line for marketing financial services to women in a meaningful way is in establishing a solid business case. The minute it smacks of altruism, or if it even slightly hints at "We must market to women because it is the right thing to do," it will be over before it even gets started. Even today, we hear company execs say that targeting the women's market will be perceived as discriminatory and anti-male. Yet these same companies drop a fortune going after the retirement market. I have yet to hear cries of "anti-young."

So what about the business case? Look at some statistics of women's enormous economic and financial clout. According to a variety of sources, including trend expert Tom Peters and Industry Canada and Statistics Canada, women consumers buy

• 50 percent of all sports equipment

• 51 percent of all personal computers

• 70 percent of home improvements

• 50 percent of the automobiles

And women make or influence

• 85 percent of automobile purchasing decisions

• 92 percent of travel decisions

• 89 percent of decisions regarding new bank accounts

Statistics Canada also reported that home ownership is increasing among single people and that women make up the majority of that group. The number of women who own their own homes has more than doubled between 1981 and 1999. Research from Bank of Montreal and Industry Canada shows that Canada has the largest percentage per capita of women entrepreneurs in the industrialized world. Four out of five businesses opening are started by young women.

Women-owned businesses in Canada employ 1.7 million people versus the 1.5 million people employed by the biggest 100 corporations. Women make up the fastest-growing group of contributors to retirement savings programs. Another study showed 67 percent have plans for financing children’s education.

Yet in spite of this compelling business case, the Deloitte & Touche study found that half of the women investors surveyed believed they weren’t taken as seriously as men were. This was mirrored in a study by the National Foundation of Women Business Owners that reported women business 2002 owners’ greatest challenge was not access to capital, as most would think. In fact, it was being taken seriously.

Slowly but surely, financial services marketers are waking up to a new marketing worldview — that of equity marketing. This type of marketing takes into consideration that their customer base isn’t all middle-aged white guys (or what we in the business affectionately call MAWGs). While equality marketing or mass marketing is about treating everyone the same, equity marketing on the other hand is effectively reaching out to our diverse population. And by far one of the best ways to create an equitable (read: effective) marketing strategy is to segment your market. This is the only way to really understand the different needs of different consumer groups.

In fact, market segmentation has proven to be far more effective in financial services marketing than mass marketing. Noted demographer David Foot of *Boom Bust & Echo* fame believes there are only three things you need to understand about people in order to determine their decision-making process: gender, age, and income.

Equity marketing means that your sales force should also reflect the market you are attempting to serve. The industry gender ratio of men to women advisors is about 80 to 20. To have real, sustainable impact on market share and customer satisfaction, the internal corporate and sales (read: advisor) culture needs to change. Women still perceive the finance business to be a testosterone-filled zone.

This has major implications on two levels: the woman consumer and the potential woman recruit. Many believe having more women in the business will create a more women-friendly environment. It generally comes as a big surprise to those who adopt the “recruitment strategy” to reach women consumers that this often doesn’t work. Most women don’t care about the gender of their salesperson. And, in almost all cases, little has been done to effect change within the work environment that these women are being recruited into.

RECRUITMENT EASY, RETAINING HARD If the culture remains unchanged when women are recruited, two things typically happen. The first is that the women may not stay. The widely perceived maleness of the financial services industry is an environment that may be counterintuitive to women. The actual recruiting may be easy, but the retaining part of the equation is an entirely different matter.

The second observation is one that we’ve many times seen firsthand. Our 15-year experience from training corporate Canada has proved conclusively that the women who do stay often need the training as much as the men do. Most corporations are built on a male, hierarchical paradigm. Male behavior is the norm and unconsciously rewarded in the workplace. In order to succeed, women need to assimilate into that environment. Said another way, they need to become more like men. It’s a common complaint. I often hear women in the business say, “I get so tired of having to be a man all day.” Consequently, having more women staff in the business doesn’t automatically correct the systemic gender bias within the industry; it is far more complex than that. Everyone, women and men, need to learn to handle women customers better.

Step one, then, is to create an environment where women will actually want not only to come and work, but also to stay. Once this atmosphere has been created, almost by default it becomes a place where women want to do business. (It is also a well-known phenomenon in marketing-to-women circles that if you make it women-friendly, you make it everybodyfriendly.) So, though recruitment is essential and absolutely critical to the equation, it must be step two.

ENVIRONMENT AND PROCESSES So, how does one go about creating a gender-inclusive or women-friendly environment? Begin by asking whether your sales force or advisors labor under any gender-based stereotypes and biases around women investors, entrepreneurs, and consumers. Chances are excellent that you won't be able to answer that question. Why? Because in 99.9 percent of the cases where gender bias occurs, it is completely unconscious, which is why it is such an insidious problem.

To give some perspective on the size of this problem, *Money* magazine went undercover and put market testers into a wide variety of financial institutions. This is what they uncovered:

• Women received advice either too risky or too conservative for their needs.

• On average, advisors spent 50 minutes with men, while only 38 minutes with women.

• Advisors not only explained investments more often to men, they also told men about a wider range of investments.

• There was a belief that women with less investing experience would be confused by the explanations.

It is common knowledge that most women make joint financial decisions with their partners. Yet the study discovered that *none* of the men were asked to go home and discuss their investment decisions with their partners, yet *all* of the women had the request made of them.

When establishing an environment that women consumers will want to visit, remember that in no way are pink (which is a color, not a marketing strategy), roses, women-only mutual funds, or expensive ads involved. What counts is the implicit understanding that it's not about making women feel different, but rather about taking them seriously as consumers. It means understanding that what appeals to men doesn't necessarily appeal to women. But be very clear that this doesn't mean a lengthy discourse about babies instead of market volatility. It means understanding that women want information and options based on their life realities. Don't automatically assume that a woman is a conservative investor because of her chromosomal makeup or that she will need her partner to help her make her decision.

Marketing successfully to women also means understanding that women and men have different communication styles, which have a huge effect on the negotiation process. There is an abundance of research that shows men negotiate to establish a winner and a loser. It's all part of the game. Women, on the other hand, love to negotiate but want all parties involved to be winners. Women tend to be uncomfortable with an unlevel playing field where they perceive one to come out with less than the other.

CLASSIC MALE COMMUNICATION MISCUE When it comes to illustrating how different communication styles affect the sales process, this next example wins hands-down. We have worked with countless numbers of male advisors who say they find it hard to sell to women.

Many say they don't have as much success closing women as they do men. It generally goes something like this: "I do everything right. I give her tons of good information, I answer questions and I listen. She gives me all the right buying cues, and I go in for the close. She walks out of my office and I never see her again." It's a surprisingly common refrain. So, we ask how he knew the woman prospect was so in sync with his sales presentation. The number one answer is "She clearly agreed with everything I was saying. She nodded in agreement throughout the whole pitch. That's when I decided to close." Ah. And there it is. This is a classic example of communication style misfire.

Most of these men are excellent salespeople. But they were way off in terms of understanding women's readiness to close. They have misunderstood a classic feminine communication ritual. For all you men reading this, heads up. This will be the most important piece of information about women that you will ever hear. When a woman nods her head up and down, *it does not mean she is agreeing with you*. This is merely a listening cue. In fact, it is entirely possible that a woman can be nodding her head and thinking at the same time, "You just might be the biggest goof I have ever met!"

For valid reasons, many men can interpret affirmative headnodding as a sign of prospect readiness to close. That may be what is happening when selling to men, but research proves this isn't necessarily the case with women. If you attempt to close before a proper sales or business relationship has been formed, especially with women, you've blown it. This also might be a contributing factor to why women constantly complain that financial services salespeople are too aggressive and "hard sell." Without understanding the different styles and rituals women and men have in communicating, this kind of sales miscue will continue unabated.

Some companies need to recognize they are in a time warp and really need to catch up to where women live today. To believe that "treating everyone the same" and that the know-your-client rule will take care of all of the complex sociological, biological, psychological, and communication gender differences is foolhardy, and it sure puts a lot of pressure on your sales force.

WOMEN-ONLY INSURANCE POLICIES? Frankly, we all know a stock or a bond doesn't care about the chromosomes of its owner. Can this possibly be about creating and positioning a product or service just for women? The answer is no, if there is systemic recognition that treating everyone equitably doesn't mean treating everyone the same. No, if your industry hasn't had a challenged "history" with women consumers in the past. No, if you aren't dealing with a perception by women that your industry doesn't take them seriously. No, if your can categorically say that your sales force doesn't labor under any gender-based stereotypes and biases around women investors, entrepreneurs, and consumers. No, if the company's sales force is representative of the market it is attempting to serve.

Yes, if your industry has ever dealt with even one of these issues. But it's not about products. It's about process, how your products and services are delivered. Gender-based sales and communications training should be made mandatory at every office that has had a woman come through its doors within the past 20 years. Canada's largest financial institution, the Royal Bank Financial Group, hired us to create and implement a national training program. They then put every one of their 1,400 business account managers through it. After one year, Royal Bank executive vice president Charlie Coffey credited the program with revolutionizing the way the bank did business with women. In one year, the bank witnessed a 10 percent increase in women's market share and enjoyed an unprecedented 29 percent increase in women entrepreneurs' satisfaction levels with their account managers.

WHAT DO YOU NEED TO KNOW? If financial institutions want to tap into one of North America's most powerful economic groups, If they want women to hear — and more important *know* — that they are actually trying to be different as Royal Bank did, companies need to reach women in a way they will hear. If companies remember these main principles, the chances of success of reaching women will increase dramatically.

• Watch for biased behavior in the sales process and in marketing and advertising.

• Be careful not to inadvertently patronize women with inappropriate gender-specific marketing.

• Provide relevant information in an understandable language and within the context of women's lives.

• Women suffer severe time poverty, so do *anything* that eases time pressures.

• Women aren't about transaction — they are about relationship. Find ways to connect with them before and after the sale.

• Demonstrate "corporate soul." Women want to deal with companies that give back to their employees and the community at large. The insurance industry's overwhelmingly supportive and quick response in the wake of the September 11 attacks is a powerful example of this.

It’s safe to say that the financial services industry is in the communication or information business. These two words — information and communication — are often used interchangeably, but they actually signify very different things. Information is giving out. Communication is getting through. Being aware of women’s and men’s unique realities can go a long way to ensuring that you do exactly that — get through.