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The source for retail investor data & insights

The Male Investor Becoming More Self-directed

The Confidence Factor: More Anxious, MacGyver Males Becoming More Self-Directed, Driven by Fee Aversion

(RYE, NY, April 1) – The male investor, a neglected research segment of late, gets his due in the interest of gender equity, in the study, *The Male Investor*, which reports over two-thirds of men now prefer self-directed investing, according to Hearts & Wallets, the source for retail investor data and insights.

Drawn from the Hearts & Wallets Investor Quantitative™ (IQ) Database sample of 15,976 male respondents, the study finds increasing male preference for "managing money and making decisions on [his] own," now at 69%, up 7 percentage points from 2010.

Does the above seem like a platitude? April Fools'! Hearts & Wallets didn't really release a report called The Male Investor *with gross generalizations about men. We did write a white paper on the subject with case study on a specific sub-set of male investors. Read on for insights on distinct male investor segments and effective application of design personas (consumer user-centered design) for product development and marketing strategy.*

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"The point isn't political correctness but rather knowing your customer," Laura Varas, CEO and founder of Hearts & Wallets, said. "Faced with intensifying competition and more demanding customers, financial services firms must go beyond vague generalizations for actionable insights to compete more effectively in a more fragmented market. There is no one type of male investor any more than there is one type of female investor or any other loosely defined group of investors."

Segmentation by assets or other groupings such as lifestage works best when combined with other variables like goals, engagement or interest levels, attitudes to pricing, service desires or family structure. "Consider wealthy individuals in their 60s. Hillary Clinton, Donald Trump and Oprah Winfrey would all fall into this group. Would they respond to the same marketing messages or product solutions?" Varas added.

Anxious Men Go MacGyver

Take segmentation of men by confidence. A look at anxious males reveals they are increasingly more self-directed, going from 62% in 2010 to 78% in 2015. In contrast, three quarters (75%) of men who are highly confident in their finances have remained steady at about the same level of preferred self-directed since 2010. In stressful times, MacGyver-esque self-reliance has become more appealing. Digging deeper into drivers, Hearts & Wallets qualitative research reveals anxious consumers to be more likely to have a higher number and more sporadic relationships with financial advisors and online tools and resources than more confident investors.

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“Anxious investors are slightly promiscuous, searching for an elusive fit meaning lack of resources is both a cause and an effect of their anxiety,” Varas said. “This indicates a marketing opportunity to help break the cycle for this segment of male investors.”

Creating a “design persona” of male investors who are anxious, self-directed and have $250,000 or more in investable assets reveals this investor segment self-identifies because of fee-aversion. Only 30% of this segment “enjoys thinking about money.”

The anxious male investor wants control but worries about his investing abilities. Only 67% agree “I am on track to accumulating the savings I’ll need to retire” in contrast to nearly 9 out of 10 confident self-directed men. Most anxious self-directed men (77%) wish they were “doing a better job saving.” The anxious male is not risk averse. He is more concerned about “missing out on investment growth” than “losing money in the short term.” In fact, 60% agree “missing out” is a bigger worry, of whom half (30% overall) strongly agree. In contrast, 1 in 4 confident self-directed males strongly agree that “losing money in the short term” is a bigger worry.

Anxious Males Value Employer-Sponsored Retirement Plans

Over half (58%) of the anxious male segment sees value in professional advice. A stunningly high portion (61%) compared to other design personas developed by Hearts & Wallets is “comfortable leaving money in a retirement plan sponsored by a company where I no longer work” (non-rollover), and 64% “use retirement planning resources provided through my employer, or would if they were offered.” Packaged products can help the anxious male overcome his fear of getting ripped off by financial professionals, which is his biggest fear (77%), as long as he continues to have some control over the process.

“The retail financial industry must develop well-defined segments and design personas to meet the needs of its customers – anxious males and others - to stay competitive,” Varas said. “Robo-advisors and other barbarian disrupters have broken down the gate and are already in the arena carrying away customers. On top of that, defined contribution (DC) net inflows to mutual funds may not recover to pre-recession levels, given the expanding Gig Economy with its large number of contract and part-time workers. Without exposure to auto-enrollment DC plans, such workers lack the auto-awareness that has been the mainstay of mutual fund managers. Product managers will also need to evolve consumer engagement and product development strategies to remain relevant.”

About Hearts & Wallets

Hearts & Wallets is the consumer and competitive data platform for the investment industry that combines consumer marketing frameworks with a practical understanding of how the investment, retirement and banking industries function. Leading financial institutions use Hearts & Wallets data and research insights to make decisions, stay informed about trends, and inspire innovations that will ultimately improve customer outcomes. For more information, visit www.heartsandwallets.com.

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