

Newsweek



The Richer Sex

Companies had better cater to women.

BY RANA FOROZHAR



ANYONE WHO'S SEEN the new *Sex and the City* movie (not something I necessarily encourage) may have noticed a subtle shift in the girls' accessories. No,

not the evolution from Manolos to Louboutin stilettos. Carrie & Co. have also traded their Mac computers for sleek, Vivienne Tam-designed "digital clutch" laptops made by Hewlett-Packard. The machines are gorgeously styled: they look like beautiful makeup cases, with elegant, piano-like keyboards.

More important from HP's point of view: as with any sought-after fashion item, they command a premium. The laptops start at \$599, about double the price of comparable products, meaning higher profit margins. And HP isn't the only company that's noticed there's money to be made catering to women in this rough economic climate.

Even before the financial crisis, the spending power of women was increasing in both rich and poor countries. The downturn has accelerated the trend, particularly in the United States. American men lost more jobs (they worked in the hardest-hit areas like financial services and manufacturing), whereas women started more companies. The pay gap has also continued to decrease. In 35 percent of double-income households in the United States, wives now make more than their husbands, up from 28 percent five years ago. Assuming the trend continues, the average woman will make more than the average man by 2024.

What's amazing is that more companies haven't cottoned on to this. The most obviously female-oriented sectors,

like food, packaged goods, and apparel, do a decent job of appealing to their core customers. (Remember the Dove ads from a couple of years ago that celebrated all sizes of female bodies? They drove up soap sales 600 percent.) But there are still many industries—cars, travel, health care, and consumer electronics—where women are neglected in product development and marketing, even though they make the majority of purchasing decisions. "A lot of the people making these decisions at

top firms are still older men," says demographer Maddy Dychtwald, the author of *Influence*, a book on female economic power.

In technology, Apple's success may force some changes. "It's no accident that Apple is the only company in the technology arena making any money," says Michael J. Silverstein, a partner at Boston Consulting Group. "They make things that are beautiful, and you can charge a lot more for them." According to BCG, Apple is the most favored brand across all product categories for women. Before its foray with the digital clutch, HP employed few female product designers. Now the ratio of female to male industrial designers is 50-50, and the company is applying the key features of its female-oriented products—better finishes, more sensually appealing components, better lighting—to all its lines. Nintendo is doing a brisk business selling fitness-oriented Wii games to women. Best Buy has added a concierge service (à la Apple) to appeal to female shoppers.

The financial-services industry should take note. According to Silverstein, this is the No. 1 area where women say business isn't meeting their needs. More than 70 percent of women have retirement savings, and they

make up the second-biggest group of home buyers, right after married couples. Yet almost no major retail banks market specifically to them, despite the fact that they think in dramatically different ways about money and investing. (Women

tend to be much more risk-averse than men, and want to make financial decisions like buying a house, planning for retirement, and stock picking all at once rather than separately.)

In Britain, one of the top players in financial services is also a grocery store—Tesco—which women trust with their food shopping, then later their savings accounts and car insurance. In the U.S., Citibank started a division called Women & Co. after finding that across the industry 70 percent of female clients switched to another bank after their husbands died, since they'd never felt included in decisions. The division crafts strategies geared toward the life cycle of women (taking time off for kids; living longer than men). Its Web site has a more accessible look and feel than that of the average brokerage. It's a smart move: women are going to control the majority of the world's new earned income over the next decade—and they'll be buying a lot more than \$800 gold heels.

If current trends continue, the average American woman will make more than the average man by 2024.