

# WEALTH OF OPPORTUNITY

How to engage the next generation  
of High Net Worths before it's too late

Part 2: Diversity and Entrepreneurship

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# The transforming demographics of global wealth provide an exciting opportunity for financial services marketers ready to fully embrace change and capture a new wealth audience.

In [Part 1 of Wealth of Opportunity](#) we looked at how the ongoing generational transfer of wealth is set to impact businesses operating in this space. But age isn't the only thing firms need to be thinking about when considering the needs of their future client base. In Part 2 we're going to explore the impact of other factors, from the concentration of wealth in the hands of women to the impact of an increasingly entrepreneurial culture and the shift towards greater diversity, both within societies and in terms of global wealth distribution.

## A female focus

Despite some significant regional variations, Credit Suisse research found women's share of global wealth now stands at 40% and is rising in most countries<sup>1</sup>.

In fact, in the US women already control the majority (51%) of personal wealth<sup>2</sup>. Meanwhile, of the \$41trn in global intergenerational wealth set to be transferred

over the next four decades, 70% is set to be inherited by women<sup>3</sup>.

Some new businesses are already emerging to cater specifically for this huge potential client base, which is poorly served by traditional wealth firms. As female-focused investment firm Ellevest points out on its website, in the US “86% of investment advisors are men, with an average age of 50+”, so a proposition “tailored specifically to women's incomes and life cycles” faces an open goal<sup>4</sup>.

(For a more in-depth look at marketing to a female audience, check out our [Gender Lens report](#).)

<sup>1</sup> Global Wealth Report 2018, Credit Suisse research Institute, <https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/global-wealth-report-2018-women-hold-40-percent-of-global-wealth-201810.html>

<sup>2</sup> Women and wealth: The case for a customized approach, EY, April 2017

<sup>3</sup> Wealth Management Trends 2017, Cap Gemini, <https://www.capgemini.com/wp-content/uploads/2017/12/wealth-management-trends-2018.pdf>

<sup>4</sup> <https://www.ellevest.com>

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## Ethnographic and regional change

Within Western economies, a continuing disparity is evident between the wealth held by white and non-white ethnic groups. For example, the most recent Federal Reserve figures available for the US showed that in 2016 one in seven white families were millionaires, whereas for black and Hispanic families the figure was closer to one in 50, this having barely changed in more than 25 years<sup>5</sup>. However, from a global standpoint, the ethnographic make-up of wealth is definitely on the move.

Research carried out for Schroders, SEI and State Street by Roubini ThoughtLab suggests that the largest proportional increases in household wealth between now and 2021 are likely to be in emerging markets. These include Poland (106%), China (106%) and Mexico (84%), with the rise in household assets in these markets alone worth over \$50trn to the wealth industry<sup>6</sup>. Perhaps more surprising is that total wealth of high net worth (HNW) individuals in the Asia-Pacific region already surpasses that of North America or Europe<sup>7</sup>. It's therefore no surprise that Deloitte, among others, has identified a focus on new growth opportunities including expanding into other markets as a key strategic choice for wealth management businesses<sup>8</sup>.

## Entrepreneurship

The Organisation for Economic Co-operation and Development (OECD) reported record highs achieved for new enterprise creations in around half of all OECD countries in 2017, with new businesses in the United Kingdom, France and Australia appearing at twice the levels of 20 years earlier.

The ubiquity of start-up culture means that many of these businesses will aim for swift, scalable growth, with a proportion of entrepreneurs quickly accumulating wealth. As well as being younger on average than the traditional client base for wealth businesses, this new generation of entrepreneurs is likely to be far more representative of overall social demographics in terms of gender and race.

What's more, the 2018-19 Global Entrepreneurship Monitor report showed that the highest rates of entrepreneurship tend to be in non-Western and low-income economies, where barriers to entry (competition, regulation) tend to be lower – countries with the highest level of early-stage entrepreneurial activity included Angola (40%), Chile (25%) and Thailand (19%). By comparison the UK rate was around 8%. And while the so-called 'gig economy' is having an impact on entrepreneurship, a full 47% of early-stage entrepreneurs surveyed were motivated by increased income and independence (compared with 23% who were entrepreneurs by necessity)<sup>9</sup>.



<sup>5</sup> 1 in 7 white families are now millionaires. For black families, it's 1 in 50., The Washington Post, October 3rd 2017

<sup>6</sup> Wealth and Asset Management 2021: Preparing for Transformative Change, Roubini ThoughtLab, [https://www.econsultsolutions.com/wp-content/uploads/Research-Briefing\\_final.pdf](https://www.econsultsolutions.com/wp-content/uploads/Research-Briefing_final.pdf)

<sup>7</sup> Visualizing The Global Millionaire Population, <http://www.visualcapitalist.com/global-millionaire-population/>

<sup>8</sup> Capturing Value in a Shifting Environment – Path to Value For Wealth Management Centers, Deloitte, <https://www2.deloitte.com/content/dam/Deloitte/lu/Documents/financial-services/lu-capturing-value-shifting-environment-wealth-management-01062015.pdf>

<sup>9</sup> Global Entrepreneurship Monitor 2018-2019 Report, <https://www.gemconsortium.org/report>

## So, what do these audiences need?

As with generational segmentation, the needs and preferences of these audiences will vary, as will those of particular groups and individuals within them. However, there are some identifiable trends that offer a good starting point around which to build a marketing strategy focused on attracting these growing demographics.

## Gender-focused services

According to Ellevest, the supposedly ‘gender neutral’ investment industry is inherently biased towards men’s salaries, career paths, preferences and lifespans<sup>10</sup>. The fact that women tend to earn less, live longer and are more likely to take a career break than men are all important elements in planning for their financial future. While an informed financial adviser can take these factors into account, packaged investment products that don’t may not serve women well.

<sup>10</sup><https://www.ellevest.com/personalized-portfolios>

<sup>11</sup> Wealth and Asset Management 2021: Preparing for Transformative Change, Roubini ThoughtLab, <http://www.statestreet.com/ideas/articles/wealth-asset-management-roubini.html>

<sup>12</sup> The New Face of Wealth and Legacy, The Economist Intelligence Unit, <https://www.credit-suisse.com/corporate/en/articles/news-and-expertise/global-wealth-report-2018-women-hold-40-percent-of-global-wealth-201810.html>

<sup>13</sup> BNP Paribas Wealth Management Global Entrepreneur Report, 4th Edition, November 2017, <https://wealthmanagement.bnpparibas/asia/en/expert-voices/entrepreneur-report-2018.html>

<sup>14</sup> Impact Investing: At a Tipping Point? Fidelity, 2018, <https://www.fidelitycharitable.org/docs/impact-investing-survey.pdf>

## Social integrity

Socially responsible investing (SRI) has become a huge trend in recent years and is particularly important to women – 52% of female respondents to the Roubini ThoughtLab Wealth and Asset Management 2021 survey expected to use socially responsible investments in the next five years, compared with 41% of men<sup>11</sup>. Other research found that Millennial women are more likely than their Baby Boomer counterparts to feel a personal responsibility to use their wealth to benefit wider society (65% vs. 52%)<sup>12</sup>.

Among wealthy entrepreneurs, interest in SRI is even higher – a BNP Paribas Wealth Management report found that 67% of ‘Ultrapreneurs’ – those with a net investible wealth in excess of \$25m – were Social Investors, defined as those with environmental and social business investments as their most frequently used vehicles<sup>13</sup>.

Given that an active interest in social impact is generally more prevalent among younger generations<sup>14</sup>, this trend is only likely to grow in the future, making it of key relevance to capturing the emerging wealth audience.



## A different approach to legacy

You might think it a given that children come first for HNWs with a family. However, societal attitudes are changing and an increasingly held view is that inheriting wealth rather than earning it can be damaging to the next generation. An Economist Intelligence Unit survey carried out for RBC found that only 15% of Millennial women expected to give their wealth to their children (compared with 41% of Baby Boomers<sup>15</sup>) – a fact that has clear implications from a financial planning perspective.

## Global relationships

Governments are increasingly targeting globally mobile wealth – either trying to attract the affluent with favourable tax regimes or discourage them with property taxes and other measures. At the top end of the wealth spectrum this is fuelling the rise of a cohort of truly global citizens – research by property consultancy Knight Frank found that 36% of global HNW individuals hold a second passport, while a record 26% will begin to plan for emigration



in 2019. Another study found that more than 33% of rich Chinese were currently considering emigrating to another country<sup>16</sup>.

This ongoing globalisation of wealth will increasingly drive a demand for more complex services and expertise, including global asset allocation, multiple-jurisdiction tax planning and the purchase of overseas property.

**...36% of global HNW individuals hold a second passport, while a record 26% will begin to plan for emigration in 2019.**

<sup>15</sup>The new face of wealth and legacy: How women are redefining wealth, giving and legacy planning, The Economist Intelligence Unit for RBC Wealth Management, 2018, <https://www.rbcwealthmanagement.com/gb/en/research-insights/the-new-face-of-wealth-and-legacy-how-women-are-redefining-wealth-giving-and-legacy-planning/detail/>

<sup>16</sup>Immigration and the Chinese HNWIs 2018, Hurun Research Institute, <http://www.hurun.net/EN/Article/Details?num=670D27DA6723>

## What can you do as a marketer?

Encouragingly, 50% of firms surveyed for the Wealth and Asset Management 2021 report confirmed their intention to segment clients by demographic and psychographic characteristics<sup>17</sup> – those who aren't already planning such an approach would do well to take note.

While no single approach will deliver every underserved audience to your business, there are a number of principles that will help to ensure your marketing initiatives have the best chance of successfully reaching and converting prospects across the HNW spectrum.

### 01. Be inclusive

Design your proposition (or propositions) to appeal beyond the traditional wealth audience. Feature a range of ethnicity, gender and ages in content to help the wider audience identify with your brand.

### 02. Segment and personalise

Create a segmented content strategy that enables you to target audiences more effectively based on their needs and preferences.

### 03. Educate

Provide tailored educational content to empower newer and less confident investors while positioning yourself as a trustworthy and credible source of valuable information and advice.

### 04. Be transparent

Provide clear evidence of performance, explanation of processes and social proof, such as case studies and testimonials, to build trust. Demonstrating your environmental, social and governance (ESG) credentials is also fast becoming essential to a strong proposition.

### 05. Go mobile first (But not mobile only)

Mobile is rapidly gaining dominance for non-work tasks, particularly among the under-50s, so ensure your content is created from a mobile-first perspective – this isn't just about formatting, it's about understanding how users interact with mobile and ensuring accessibility and ease of use.

### 06. Experiment with formats and channels

Test different formats to present aspects of your proposition to different audience segments – written reports and long-form articles are valuable, but videos, infographics and podcasts also have a place. Be prepared to distribute your content via multiple channels to reach these segments effectively.

### 07. Be human

Demonstrate authenticity and build trust by taking your audience 'under the hood' of your business. Foreground the human – from publishing client case studies to promoting internal thought leaders as influencers.

### 08. Focus on goals and aspirations

(But don't ignore performance)  
Evidencing performance is important, particularly for more sophisticated or cynical audiences, but building content around your audience's aspirations and goals is a far more powerful way to build a lasting relationship.

### 09. Test, measure, iterate

Establish key performance indicators and use analytics to find out how well they've been met. Employ A/B testing to finesse your approach and optimise based on your results.

### 10. Leverage audience insight and analytics

By leveraging advanced analytics, it will be increasingly possible to identify the key characteristics of those from upcoming generations likely to become wealthy and to target, track and engage them effectively.

<sup>17</sup>Wealth and Asset Management 2021: Preparing for Transformative Change, Roubini ThoughtLab, <http://www.statestreet.com/ideas/articles/wealth-asset-management-roubini.html>

# Ready to talk?

## Who we are

Editions Financial is a global content marketing agency dedicated to financial services. For 20 years, we've created content for the world's leading financial services organisations, helping marketers send the right messages to the right audiences at the right time. In the past four years alone, we've successfully delivered more than 3,000 content projects for leading global financial brands.

## We can help you

Brands that pay the closest attention to how varied audience segments think and feel about their finances and use content to address their needs effectively are in the best position to benefit from their value. If you're looking for insight-rich, purpose-led, high-impact content that gets results, please get in touch.

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