"When she got there, the cupboard was bare!"

Why do Old Mother Hubbard, and many other women, fail to plan adequately for their retirement - and how can workplace marketing help them?

Introduction
In the UK there has been considerable focus in recent years in media, policy and academic forums on an impending pensions crisis, as ageing population trends mean that ever smaller numbers of people of working age have to fund the pensions of an expanding older population. This is illustrated by the shift in balance between active or contributing members of occupational schemes against those receiving or entitled to preserved benefits. In 1983, fifty nine percent of total members of occupational schemes were contributing members. In 2012 the proportion of contributing members had fallen to only twenty eight percent, against seventy two percent of members either receiving or entitled to preserved benefits (ONS, 2013). The introduction of auto-enrolment is intended to address this imbalance, with more employees being enrolled into workplace pension schemes. However, the Department for Work and Pensions has admitted that auto-enrolment will only help around one million workers to enjoy a good standard of living, with a further twelve million facing a real drop in living standards on retirement (DWP, 2013).

Women are a source of particular concern, as a number of quantitative studies have shown that women are less likely than men to have taken any real interest in their own retirement provision or have any awareness of what if any pension they may be entitled to (Clery et al, 2009; Blayney, 2010). A recent Scottish Widows survey (2013) found that thirty seven percent of women had no pension provision at all, compared with twenty seven percent of men. The gender gaps is also significant among those who are actually saving with only forty percent of women saving adequately compared to forty nine percent of men.

According to the Pensions Policy Institute, workplace pension schemes are responsible for the majority of private pension saving in the UK, accounting for two thirds of all active private pension schemes in 2011(Carrera et al, 2012). Under auto-enrolment, numbers covered by workplace pensions are expected to increase. Hence, there is an opportunity to use workplace communications to better educate women and engage them with retirement planning.

This paper presents an initial review of literature on pensions, retirement planning and workplace marketing, building on this to outline the case for a proposed qualitative research study to more fully understand the barriers and enablers to women’s retirement planning at different life-stages and within the context of the workplace. The study will also look at the role of workplace marketing and how communications in the workplace could be applied to overcome some of the barriers to women’s more active engagement with retirement planning.

Initial Review of Literature

Method
An initial review of literature followed the established practice of searching on-line databases using key search terms including pensions, retirement planning, women & pensions and workplace marketing. An early observation is that the frequency of relevant papers has been steadily increasing in recent years, as has the breadth of fields in which it is covered, ranging from economics, sociology, financial management and regulation to human resources management and business sector specific publications from nursing and other professions.
This reflects the extent to which the pensions crisis has been to the fore of industry and policy makers’ concerns.

**Key emerging themes**
The following paragraphs discuss the key themes identified in the literature consulted so far. These are: consumer decision-making in a complex environment; segmentation and the role of information; the influence of gender; and the role of workplace marketing.

**Consumer Decision making in a complex environment**
Many articles discuss the complex nature of the financial services market and the need to understand consumer behaviour and decision making processes, which do not fit regular models of consumer behaviour/decision-making because of the complex, intangible and long-term nature of the products. There is a general consensus that consumer decision-making and behaviours are different in financial services (Harrison et al, 2006; Gough and Sozou, 2005).

One of the key differences found in consumer behaviour in financial services markets, compared to other consumer purchases, is that in a financial services context, problem or need recognition is often missing as the first step in the process. This is particularly the case with regard to pensions products (Gough & Nurallah, 2009). Foster (2012) explores young women's attitudes to pensions and savings and finds a disturbing tendency to believe that they did not need to worry about pensions until they were older, but this is also a theme with other consumer segments. Harrison et al (2006) found that those in occupational pension schemes felt that pensions were something that was ‘done to them’, rather than something they had an active part in.

In a similar vein, studies based in Australia suggest that there is a tendency towards complacency in a compulsory savings context. Grace et al (2008 and 2010) found that men more than women, were inclined to be complacent about retirement provision because of their compulsory Superannuation, with no recognition that their superannuation fund, based on contributions of nine percent would not be sufficient to generate a reasonable retirement income without additional contributions.

Another major difference identified regarding consumer behaviour in financial services, is that the decision or purchase of something like a pension or long term investment may take place over an extended period of time, with the consumer revisiting the issue a number of times without making a decision or taking any action (Harrison et al, 2006). Milner & Rosenstreich, (2013) have attempted to address this by developing their own model of consumer behaviour for financial services. This model brings the advantages of taking a less linear approach than other models, acknowledging that the process is rarely linear in practice. It also seeks to take account of the extended and often iterative process for consumers as well as the huge range of external factors that may influence or interrupt their decision-making and the variety of individual circumstances of consumers.

A limitation of this model however is that it is generic to financial services and there is arguably still a need to develop a model specifically for pensions. Pensions have the additional complexities of fiduciary responsibilities and an extensive time lapse between purchase and any benefits being realised, which would enable any post-purchase evaluation to take place.
Segmentation and the role of information

A number of authors have attempted to understand the market better by segmenting consumers. The earliest attempt at segmentation found in this search is Harrison (1994), though this article does also refer to previous attempts, starting as early as Matthews and Slocum’s (1969) study of social class as an indicator of credit card usage. While delivering interesting findings around demographics, Harrison argues that these models fail to deliver actionable marketing insights.

Harrison seeks to address the limitations of earlier studies by taking a more holistic approach to consumer behaviour and identifying variables linked to behaviours, in order to help to identify the most profitable segments. Harrison establishes ‘financial maturity’ and ‘perceived knowledge’ as key factors and identifies four distinct segments based on these axes. These are Cautious Investors, Capital Accumulators, Financially Confused and Apathetic Minimalists. The significance of ‘perceived knowledge’ highlights the role of information and education. According to Harrison’s model, consumers are more likely to invest where they believe they understand what is involved, with Capital Accumulators and Cautious Investors having the highest levels of ‘perceived knowledge’.

In 2000, Beckett et al developed a similar 2x2 matrix on the axes of consumer confidence and involvement, identifying four behavioural segments as; Repeat-Passive, Rational-Active, No Purchase and Relational-Dependent. The role of confidence in this model, defined as including ‘perception of risk’ and ‘complexity of the product’ can also be linked to knowledge.

This thread is developed further by Funfgeld & Wang (2009), who, looking at Swiss consumers in a quantitative study, identified five sub-groups by ascending order of financial competence. These are: Rational Consumers, Myopic Consumers, Anxious Savers, Gut-feeling followers and Anxious Spenders. Financial Competence, according to Funfgeld and Wang is comprised of five factors: Anxiety, Interest in financial services, Intuitive decisions, Need for precautionary savings and Free-spending. Funfgeld and Wang contest that Anxiety in their study is linked to issues around procrastination and unstable preferences, rather than availability of information. Exposure to information is mentioned as part of their definition of interest in financial issues, but the relative insignificance of it seems to be a weakness in this model and at odds with other models in this review.

Huhman & McQuitty (2009) address the role of information/education in financial behaviour specifically in developing an explanation for consumer proficiency with financial services. They found that financial literacy comprises two constructs: financial capacity, defined as the ability to process financial information; and financial literacy, defined as the prior knowledge of financial concepts and services. This is in line with more recent thinking such as that produced by the Faculty of Actuaries (2011).

The Faculty of Actuaries report takes as its starting point the Association of British Insurers (ABI) report, “Making Communications work for Customers”. A key finding in the ABI study is that “providing consumers with engaging information, which works with their known behavioural traits, will increase their propensity to save”. The actuarial report, developing this further, concludes that there is a “need for a segmented and tiered approach to consumer information” as “a one size fits all method does not work with known behavioural traits”. This report develops a framework for consumer information, a key principle of which is that individual consumer’s information requirements depend upon: the consumer segment,
information channel and level of engagement; savings or investments goals, which are linked to lifestage; channel; and personal preference, influenced by level of engagement.

There does therefore seem to be a common theme in terms of the role of information/education as a key enabler for consumers in financial services. Linked to this, the need to identify and target key segments, and to move away from one size fits all, both in product design and with regard to the provision of information, is a second area on which there appears to be general consensus.

The Influence of Gender
A number of articles focus on gender in financial services, looking at differences in behaviour (Morrin et al, 2011; Grace et al, 2011), or specifically at women (Blayney, 2010). Articles looking at gender differences tend to focus on different ways in which information is processed and how that impacts decision-making and attitudes to risk (Graham et al, 2002).

Articles on women in financial services discuss differences in women’s attitudes to risk (Barber & Odean, 2001); and to savings and retirement (Grace, et al 2010); their learning and communication styles; and their behaviours as consumers (Blayney, 2010). A number of issues are highlighted that should be considered in developing communications which seek to engage with women. Other themes from the literature are specific needs related to women’s diverse life courses and the gendering of financial services (Burton, 1995; Foster & Smetherham, 2013).

Further work is required to more fully review the literature on women and financial services, nonetheless, it is clear that the role of information and how it is communicated and interpreted is a key theme and could play a critical role in engaging women more with retirement planning.

The Role of Workplace Marketing
Workplace marketing of financial services has been used in the USA as a distribution channel since the 1940s, giving providers access to collective markets and employees the benefit of discounted rates (Jenkins, 2004). Typically providers will offer information seminars and more recently, significant on-line information and interactive resources. Writing in 2004, Jenkins predicted that the growth of workplace marketing of financial services seen in the US, would be equaled if not surpassed in the UK, as government “acted on their recognition of the worksite as a means to closing the savings gap”. The arrival of auto-enrolment, with its incumbent emphasis on communications for employees, will help to realise this prediction.

Krajnc et al (2008) pull together findings from a number of studies and find evidence that financial education provided by employers is often the only exposure employees have to this type of information. They also point to studies showing evidence of positive links between financial education in the workplace and both savings behaviours and decision-making competencies (Hershey & Mowen 2000). Nonetheless, Jenkins cautions that the workplace is a very complex channel and its use needs to be guided by robust segmentation. This is echoed by Harrison (2005) in a study of the use of online platforms for occupational schemes, which concluded that member needs differ depending upon the type of scheme and their own circumstances and levels of interest or engagement.
From an initial review of literature there seems to be support for the role of workplace marketing in improving engagement with retirement planning. Workplace marketing could therefore play a key role in helping women to engage with retirement.

**Conclusion and Proposed Research**

The following conclusions can be drawn from the literature consulted so far: there is a need to help women to overcome barriers to retirement planning; information/education are key to improving financial capability and engagement; more needs to be done to understand and target the needs of individual segments and women in particular; and workplace marketing could have a key role in providing information/education to improve levels of engagement with retirement planning.

The proposed study will address gaps in our understanding of workplace marketing practice and financial services decision-making by women in the context of the workplace. Studies to date have not taken sufficient account of the workplace itself as an influence, though it is seen as an important channel. The objectives of this research are to capture responses to the workplace marketing of pensions amongst women at different stages of their life course to gain a deeper understanding of the issues affecting women’s retirement planning or lack thereof in a workplace setting.

This research is intended to contribute to workplace marketing theory. The analysis will seek to explain patterns in response to workplace marketing activity using intersectionality theory, to explore the impacts of different social identity structures on behaviours. The research will also capture data on the current approaches to pension marketing by employers using practice theory. Specifically the research will address the following questions:

1. What are the facilitators and inhibitors of female engagement with pension planning across the life-course in a workplace setting?
2. Are there any moderating effects from workplace marketing activity?

The academic contribution from this research will be to increase insight into how multiple social identity structures within the workplace operate to constrain or promote engagement with pensions for women. This extends intersectionality theory which previously has focused on other aspects of workplace behaviors i.e. promotion or career progression. Using practice theory, it is hoped the research will increase understanding of workplace marketing theory, which is currently under-developed and tends to focus on corporate communications.

This research should also have a practical application by providing a richer holistic understanding of financial services consumer segmentation to inform the workplace marketing practices of employers. The introduction in the UK of auto-enrollment increases the need for deeper understanding in this area to ensure that employees are engaged with retirement planning and so do not opt-out. This research will focus on women, as they have been identified as particularly lacking in pension provision in later life and in engagement with the need to plan for their own retirement.

It is intended that a qualitative approach will be used for data collection in order to gain a deeper understanding of the barriers and enablers affecting women’s decision making.
References


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