

# The Rise of the Sheconomy

How women are using their rapidly increasing spending power to impel changes in the way companies operate

BY BELINDA LUSCOMBE

**I**N THE HIERARCHY OF ACTIVITIES that people despise, getting a car repaired is in pole position, sort of the auto equivalent of having a tooth pulled, except you bleed money and don't get a smiley sticker as you leave. Garry Rosenfeldt, marketing-research director for Midas International, knew this. After their cars were fixed, only 1 in 4 Midas customers returned to buy other services. Even dentists see their customers more often than that.

To ascertain what might make it more pleasant—or at least less odious—for customers, Rosenfeldt set up an experiment in late 2008 in which customers were recorded before and after they brought their cars in for repairs. He found that while auto shops inspired fear and loathing in men and women alike, the two sexes had different ideas about how to improve the experience.

Since Midas is in the testosterone-y world of engine blocks and overhead camshafts, it needed to aim for what the men wanted, right? Nuh-uh. “From a financial point of view, I’d rather have a woman in the shop than a man,” says Rosenfeldt. They’re better customers, he believes, more loyal and evangelistic. “They talk about looking for ‘their guy,’” he says. And once they find him and trust him, he adds, “they spend more.”

Over at Best Buy, Julie Gilbert, a senior vice president whose job it was to figure out high-end male consumers, had already come to the same conclusion. She liked to do her research in living rooms, so she got

herself invited to a couple of rich guys’ homes to figure out why they’d buy widgets and peripherals at Best Buy but not pricey home theaters. Almost from the first home she visited, she realized she was talking to the wrong person. “The women took over the conversation,” Gilbert says. “They had incredible passion and intensity about the store experience, and for every issue they also had a solution.”

What these two and many other businesses discovered is the Sheconomy.

Everyone knows, or has long suspected, that the purse strings are held by women. It’s oft repeated that they make 85% of the buying decisions or are the chief purchasing officers of their households. The difference today—one that has enormous consequences across global economies—is that women are also the earners. In October 2009, the U.S. workforce became nearly half female: women held 49.9% of all nonfarm labor jobs and 51.5% of high-paying management and professional positions, according to the Bureau of Labor Statistics. This is not likely to be a blip. For every two guys who graduate from college or get a higher degree, three women do. This is almost the exact opposite of the graduation ratio that existed when the baby boomers entered college.

And as the U.S. continues its migration from a manufacturing economy to a knowledge-based one, women are poised to snag more jobs. They make up the majority of the workforce in 9 of the 10 occupations the BLS predicts will add the most jobs in the next eight years.

While it’s true that most women still earn less than men, are far less likely to be in the highest-salaried executive positions and suffer a prohibitive motherhood penalty, about a third of women outearn their husbands. And according to James Chung of research firm Reach Advisors, who spent more than a year analyzing data from the Census Bureau’s 2008 American Community Survey, among one specific segment—childless city-dwelling single people in their 20s—the average pay gap favors females: in metropolitan areas, their median full-time income is 108% that of their male counterparts. In some places, says Chung, “they’ve not just caught up—they’re clocking the guys.” In Atlanta, women are at 121% of men’s pay; in New York City, 117%.

These gains, mostly the product of education, may dissipate as these women have kids. Nevertheless, better pay for more women changes many things—including, most fundamentally, how much money they have. Evidence of this shift is visible all around the world. A recent Booz & Co. report called women “the Third Billion,” meaning that, globally, they are the next emerging economy. Much of this is a result of women’s growing economic power in developing countries, but even in the U.S., women hold sway over 51.3% of the nation’s private wealth, as Maddy Dychtald observes in *Influence*, one of many books on the subject of female economic empowerment to come out in the past 12 months. “We’re on the brink of a massive power



**108%**

Median income of single, childless women in their 20s, as a percentage of their male counterparts', in U.S. metropolitan areas

**\$13 trillion**

Estimated amount women earned globally in 2009. By 2014, that number could reach \$18 trillion

**9 out of 10**

Occupations predicted to add the most jobs in the next eight years that are dominated by women

**51.3%**

Percentage of private wealth women control in the U.S.

PROP STYLIST: RAE SCARTON; PROP FABRICATION: PROP ART

Photo-Illustration by Hugh Kretschmer for TIME

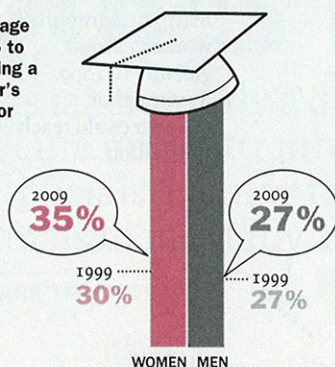


## The Growing Buying Power of Women

### EDUCATION

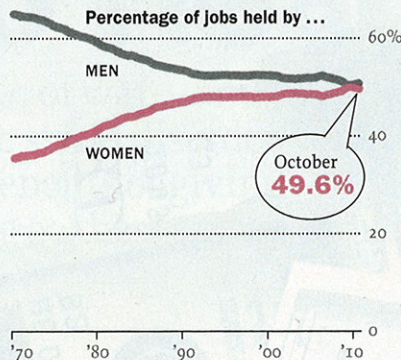
Young women have pulled ahead of their male counterparts in higher education

Percentage ages 25 to 29 holding a bachelor's degree or higher



### WORKING

Women now hold about half of nonfarm jobs in the U.S. and own nearly a third of companies



U.S. companies owned by ...

29%  
WOMEN

71%  
MEN

Mothers of children under age 6 who work outside the home



shift, a grinding of the gears of history into a new human condition," she writes. "It's a world where women can, if they choose, seize the reins of economic control."

As these things often do, the changes start at home. A recent Pew study of 30-to-44-year-olds showed that when a husband is the primary or sole breadwinner, household spending decisions are divided roughly equally. He makes about a third of them, she makes a third, and they make a third jointly. But in the 22% of households studied in which the wife earned more, she made more than twice as many decisions as her husband about where the money would go. The more money women earn, the exponentially more money they manage.

And women are increasingly making the calls where men have traditionally held sway. In 2007, women were \$90 billion worth of the \$200 billion consumer-electronics business. They're \$105 billion of the \$256 billion home-improvement market. They're 44% of NFL fans.

Given this power shift, few indeed are the industries that aren't trying to lure the female dollar, even formerly deeply stubbled fields like computers, cars and financial services. Harley-Davidson has a Women Riders section on its website. This year, Cuban cigar manufacturer Habanos launched the Julieta, a smaller, milder cigar aimed specifically at women. Kodak, in a stroke of nomenclature genius, has a chief listening officer on staff.

### How Not to Woo Women

BUT FOR AN AUTO SHOP, SEDUCING WOMEN is not a trivial matter. What is Midas supposed to do, grow geraniums in the discarded rims? In fact, according to Rosenfeldt's research, women didn't mind if the

shop was grimy or the mechanic grease-covered. They didn't even necessarily need women behind the counter. They just wanted to get to know the guy fixing their car. And it turned out the guys quite liked doing that too. So the head office came up with a reasonably straightforward plan, a getting-it-right program: G.E.T. Greet. Explain. Thank. Nothing too fancy. "We sent our franchisees these books," says Rosenfeldt. "It seemed so obvious to us. The data is plentiful: Do it and get more business."

The idea went over like a tofu bar at a truck stop. Rosenfeldt estimates that about a third of the franchisees read it, a third filed it and a third "just thought it was stupid." The head office tried persuading, arm-twisting and rewarding. No dice. The women-friendly commercials the company tested didn't fare much better.

Midas isn't the only company to have stumbled as it attempted to lure women. Dell took a similarly girly approach in May 2009 with its Della website, which in dreamy, soft-focus scenes hawked "cute" netbooks and laptops and offered tech tips on how to find recipes online and track calories. You know how computers get fried if you spill liquid on them? So many

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—GARRY ROSENFELDT, MARKETING-RESEARCH DIRECTOR, MIDAS INTL.

gallons of Internet Hatorade were poured on that site that within 10 days, Dell had to shut Della down entirely.

"One of the big mistakes companies make is assuming women are all about the warm and fuzzy, and they're not," says Marti Barletta, author of three books about marketing to women and the widely acknowledged chief rabbi of the Sheconomy. "They want all the same things men do and then some."

To appeal to women, the changes in a product or service or even the way a company is run have to be more profound. "Women have a more comprehensive decision process," says Barletta. A guy, she suggests, is a targeted shopper. He will book the first hotel room he finds at his price point. For a woman, the secondary characteristics are key: the gym, the spa, the sustainability, the thread count. Get the guy right and you've made a sale; get the woman right and you have a customer.

And as customers, women have a weapon they haven't had before: online social networks. A cross between a girls' night out and the mother of all organizing tools, these networks have given women the kind of muscle that can be a blessing or a bloodbath for those it's flexed upon. Of the more than 500 million people on Facebook, women do 62% of the sharing. It makes sense that, given their disposition to tend and befriend, women would take to online social networks, but until it happened, nobody was quite aware of the implications.

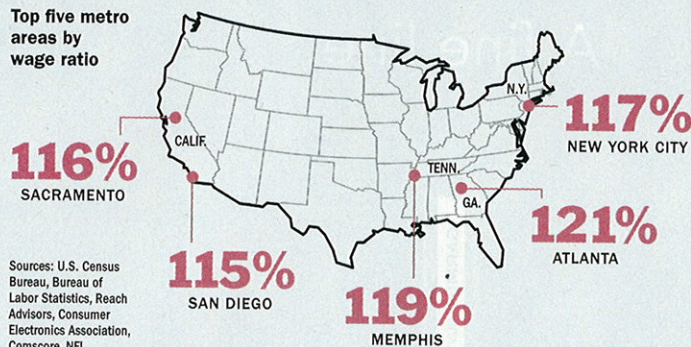
Johnson & Johnson found out the painful way, with a 2008 Motrin campaign that followed the inner monologue of a mom toting her infant around in a baby carrier. It "totally makes me look like an official



## EARNING

In 47 of the 50 largest U.S. metro areas, single, childless women in their 20s make more money than their male peers

Top five metro areas by wage ratio



Sources: U.S. Census Bureau, Bureau of Labor Statistics, Reach Advisors, Consumer Electronics Association, Comscore, NFL

Percentage of wives earning more than their husbands



## SPENDING

Marketers in many sectors are increasingly targeting the female market

Women's share of ...

U.S. ONLINE RETAIL DOLLARS SPENT



U.S. HEALTH CARE DECISIONS MADE



CONSUMER ELECTRONICS PURCHASED IN 2007



NFL FANS



mom," she notes in a Web video before agonizing over the backache it gives her. Some mothers felt belittled. Overnight they formed a group, and @motrinmoms gave J&J a Twitter headache as emotions escalated. The company apologized and canceled the ad.

### Bring On the Horse

THEN THERE'S ISAIAH MUSTAFA, THE hunky Old Spice guy. Rarely has a campaign for a men's product been more gynocentric, from its parodying of the sexist way women are often portrayed in such commercials to its mockery of the idealized modern male partner, a hot man who can bake cakes and build a kitchen and get two tickets to anything—while on a horse! After a couple of commercials, Mustafa took to YouTube to give customized video responses to tweeters' requests, including a wedding proposal. You could talk to Mustafa, and he would talk back. He wasn't a celebrity endorsing a product; he was your friend. It's relationship marketing with an actual relationship, even if it's a put-on one. The result: in the past six months, sales of Old Spice body-wash products have risen 27%.

Midas' retooled approach was oddly similar: change the balance of power in the relationship in favor of customers. Let them in on the process. The company instituted a program called the Midas Way. Using Philadelphia as its pilot city, it personalized the business, making Midas stores, ironically, more like dentists' offices, with appointments and checkups and lots of explaining. Employees of Midas stores, including mechanics, were offered training. Smile, they were told, even when talking on the phone.

Most of all, make sure every customer who comes in, even just for the \$21.99 oil-change-and-tire-rotation special, is shown exactly what will be done on a checklist. "The benchmark for success is, we ask the customer: Would you be able to explain what happened at Midas to your mother?" says Rosenfeldt.

While it's still early, and the auto business is still tough, the results are marked. In Philadelphia, Midas' retail sales are up an average 13% since December, when the program was instituted. "Some stores completely did a 180, literally, to the month that we started this program," says Rosenfeldt. Cautious that it might be a fluke, Midas tried the program in St. Louis and got similarly encouraging results. The Midas Way is now being rolled out to the rest of the U.S. The women's input "spawned a whole different way we execute our retail model," says Rosenfeldt.

Over at Best Buy, Gilbert threw it to the WOLFs. She organized women from the stores, the head office and among the customers into Women's Leadership Forum groups. Each WOLF pack (employees from one area) or WOLF den (employees and sometimes customers from one store) or group of omega WOLFs (customers) was given a specific problem to solve. They discussed how new stores should look (more like living rooms), how to monetize teen shoppers in the mobile-phone stores (offer cute accessories to customize a phone's look) and what to print on washing-machine swing tags (less about cubic feet and more about how many sheets it can handle). They got to present their solutions to company executives, and they didn't hold back. Gilbert has since left the com-

pany to market the WOLF concept to other industries, but Best Buy has kept the program going. "The demand we have for packs and dens and omegas is almost more than we can handle right now," says Liz Haesler, vice president of home life and trend at Best Buy. "It's translating to significant financial results."

All this in a business environment in which just 3% of FORTUNE 500 companies are headed up by women and 15.2% of their corporate directors are female. It has proved a stubborn ceiling to crack, even with hard data from Pepperdine University, Catalyst and McKinsey overwhelmingly suggesting that businesses with more women at the top are better off.

As Meg Whitman recently proved, dollars can't always buy power. But they can often buy change. Wives' education and earning power have changed the relationship they have with their family finances as well as their families. It's not his money she's spending; it's their money—or hers. Similarly, the one-way relationship between consumers and the mainstream media has been overturned by social networking. Women—and men too—don't have to wait for Big Media's attention; they're taking their stories straight to the public, and the media are following them. Midas and Best Buy, after discovering that steering their business toward women is less like changing the oil and more like reinventing the lightbulb, transformed their relationships with their customers, letting them see more of the guts of the operation and weigh in on changes. If women can't get a place in the corporate inner sanctum, then they're just going to start running companies from the outside—where the money is.