



**2021 Future Forward Winning Nomination  
For their outstanding research efforts conducted on behalf of Merrill.**

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Mainstream thinking is that investment advice is inaccessible and unwelcoming for women. Merrill set out to understand: Is this true today? Is it universal for women to experience negative stereotypes in wealth management? Demonstrating their commitment to women investors, Merrill commissioned Escalent to execute groundbreaking research to understand gender bias in investing relationships.

**BUSINESS IMPACT:** The resulting whitepaper "Seeing the Unseen: The role gender plays in wealth management" updated the prevailing narrative and positioned Merrill to meet expectations of current and future women investors. Merrill dedicated a website to the meaningful insights, which have been featured in many of the world's top business publications. Merrill is also taking action by better representing women in their advisor training program, cultivating a corporate culture of inclusivity with better awareness of unconscious bias, and recognizing the equally important roles both spouses play in a financial relationship by removing the "Primary" designation for accounts roles. This research gives a credible and comprehensive baseline for change to occur, and the team sees it as one step towards making the industry even more inclusive and welcoming for everyone.

As biases are unconscious and can't be measured directly with traditional market research techniques, Escalent designed an innovative multi-method research study—pushing the boundaries of many research techniques—to systematically uncover and measure gender bias from multiple angles. This research study was comprised of four independent studies, each designed to work holistically.

**STUDY 1:** To uncover unconscious biases in the minds of advisors, a System 1 research experiment was executed with webcam-enabled advisor interviews. Advisors reacted to 40 curated images of investors—representing combinations of age, gender, race and sexual orientation—and hypothesized the pictured investors' financial situations. Eye-tracking via their webcams measured where they focused when making financial judgements, making reactions to images of heterosexual couples particularly noticeable. Lexical Analysis was adapted and applied to the



interview transcripts to identify subtle gender-driven differences in word choice when talking about investors in the images.

**KEY INSIGHTS:** Gender stereotypes are prevalent among men and women advisors alike, with both advisor genders dedicating more focal time to the man in couple images when trying to make financial judgements.

**STUDY 2:** In-person focus groups and individual interviews were conducted with women investors to hear them articulate their experiences with gender stereotyping in financial services. They also took part in an image-based implicit association test designed to reveal their own unconscious gender-related biases about advisors.

**KEY INSIGHTS:** Most women indicate they go into financial meetings expecting to experience gender stereotyping, even if they have never experienced it directly, and alter behavior to counter it. Older investors are more accepting of it while younger cohorts express zero tolerance. The implicit association test revealed unconscious stereotypes among women investors also play a role in which advisor they pick to work with.

**STUDY 3:** Escalent facilitated Ethnographic Observation of 72 in-person simulated investor-advisor meetings. Trained Escalent researchers, plus a gender studies and body-language professor from Yale University, were on-site to observe and log stereotyping miscues (mostly unconscious behaviors that signal a person is not accurately interpreting information from another person due to the presence of a stereotype). Advisors wore special glasses to catalog their visual focus, expanding eye-tracking capabilities to uncover unconscious bias during the interactions. Researchers then watched recordings captured by multiple cameras in the room and performed Behavior Coding to generate a database of observed miscues. Lexical analysis was applied to the transcripts to investigate differences in speech patterns and word choice when speaking to each gender.

**KEY INSIGHTS:** When meeting with heterosexual couples, advisors—regardless of gender—visually focus most of their time (~60%) on the male. Behavior Coding revealed a stunning observation of an average of 10 miscues per 30-minute meeting! Lexical Analysis found male advisors are much more likely to use risk-oriented language and talk about the downsides of investment decisions while female advisors are significantly more likely to use positive and communal language.

**STUDY 4:** An online survey among 4,000+ investors established incidence figures of stereotyping experiences, expectations and attitudes, while also lending quantitative validation. A unique System 1 adaption of MaxDiff, using cohort images instead of text, measured unconscious biases among investors when choosing advisors.

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KEY INSIGHTS: While it exists, the incidence of experienced gender stereotyping among women investors (9%) is lower than what the national narrative suggests. Women, regardless of advisor gender, actually report higher advisor satisfaction levels than their male counterparts. From the insights of Study 2, we believe this is due to lower expectations and there is still work to be done. Notably, women are generally very satisfied with male advisors, but when their advisor is a woman there are significant increases in investing confidence, self-stated knowledge, and risk tolerance.

<https://www.ml.com/women-research.html>