



# Parents with Young Children Create Opportunities for Financial Institutions.

A MADISON INSIGHT REPORT  
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### **Executive Summary**

A majority of new parents express a need and a desire for more knowledge of family-related financial planning.

To maximize this market opportunity, financial institutions need to focus on relationship-centered marketing strategies.

The arrival of a new child is often the cause for new financial decisions. On average new parents plan to make 1 to 2 significant financial decisions in any six month period, not including the purchase of life insurance. Decisions range from opening a college savings plan to applying for a new credit card to purchasing a new home.

Most parents with young children report struggling with their financial plans. The majority of new parents find themselves spending more and saving less despite a desire and intentions to build their savings.

The need for more information and their plans for financial decisions make new parents an important market for financial service companies. Key influencers over their finance decisions are referrals from friends and family, past experience with a financial institution, and special discounts or offers.

**Implications:** Financial institutions can best reach new parents by providing information that is targeted to their specific needs, by cultivating referral programs, giving appropriate attention to customer service, and creating special offers.

## Key Findings

Parents report on spending and saving.

**71%** report spending more or significantly more since the birth of their children.

**86%** report efforts to save more and spend less.

Parents are uncomfortable with their level of family-related financial planning knowledge.

**23%** believe they need to know a lot more.

**42%** believe they need to know more.

Parents would like easy-to-read information written specifically for their situation (multiple selections allowed).

**50%** would like an easy-to-read how-to book written for families with young children.

**41%** would like a how-to website created specifically for families with young children.

**36%** would like an easy-to-read email newsletter geared to families with young children.

Referrals and relationships are most influential when parents choose a financial services company (multiple selections allowed).

Referrals from friends and family members (**60%**), a prior relationship with a financial institution (**31%**), online research (**29%**), and special offers or discounts (**27%**) were leading factors.

Information from magazine articles (**11%**), TV and print advertisements (**6%**), and advice from stock brokers (**6%**) had the least influence.

Parents report on upcoming important finance decisions (multiple selections allowed).

**49%** plan to open a savings account or checking account.

**26%** plan to open a new credit card or procure a new debit card.

**25%** plan to open a money market fund, mutual fund, 401K plan, stock brokerage account, or a traditional, Roth, or education IRA.

**22%** plan to either secure a mortgage for a new home or to refinance their mortgage.

## Indicated Marketing Implications

1

**Financial services marketers should approach new parents about overcoming obstacles to saving and financial planning.**

Parents are concerned about saving more and spending less, but struggle with implementing a savings plan. They will be open to companies that offer practical planning advice for families.

2

**Marketers should provide parents with easy-to-read information that focuses specifically on the financial planning needs of young families.**

Parents are uncomfortable with their level of financial planning knowledge and will show a preference for companies that provide simple tools that will help them to educate themselves.

3

**Marketers should implement referral programs and emphasize the importance of excellent customer service within their company.**

Parents look for referrals from their friends and family when making important financial decisions. They also value the expertise and service of companies that cater to their specific needs as parents. Market strategies should focus on cultivating relationships with both clients and prospects.

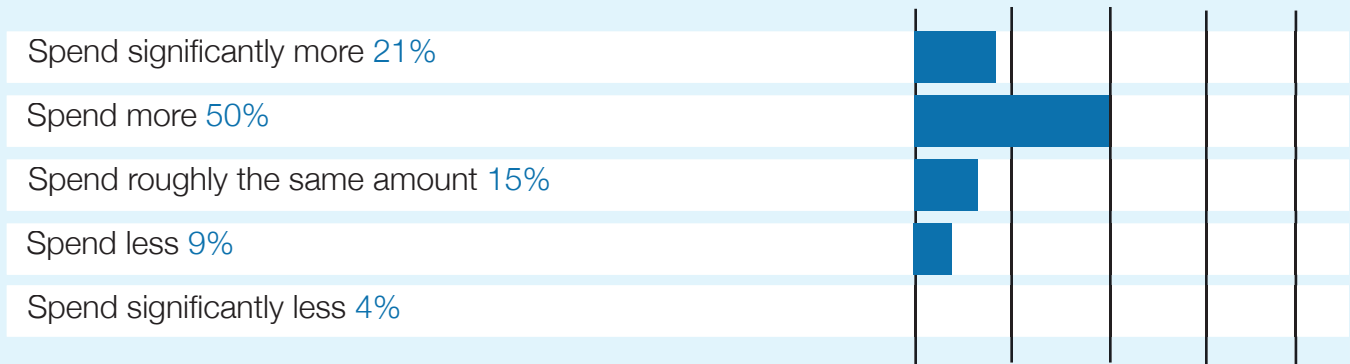
4

**Marketers should strive for consistent points of contact with new parents.**

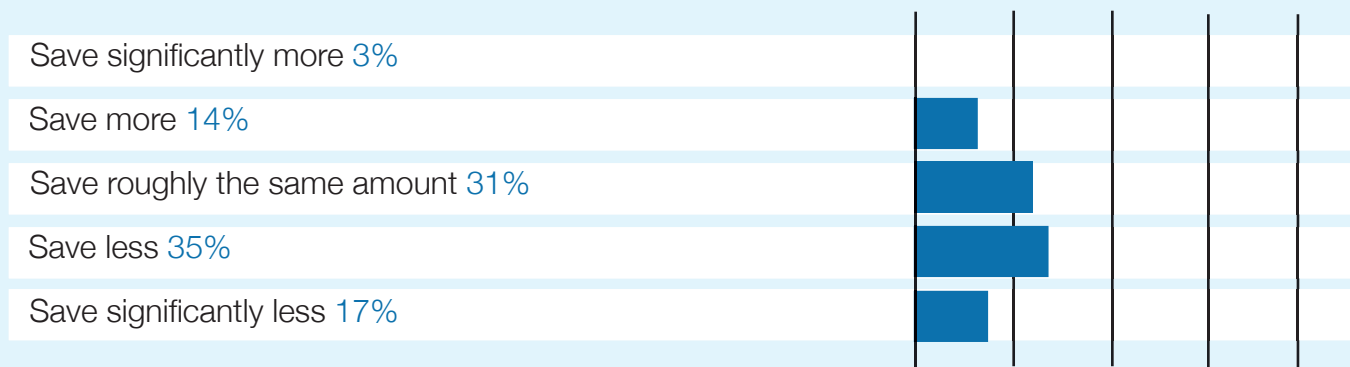
New parents plan to make 1 to 2 important financial decisions in any given sixth month period. It is important to be in consistent contact with this market so that your company is at the forefront when they are reaching a buying decision.

## Survey Results

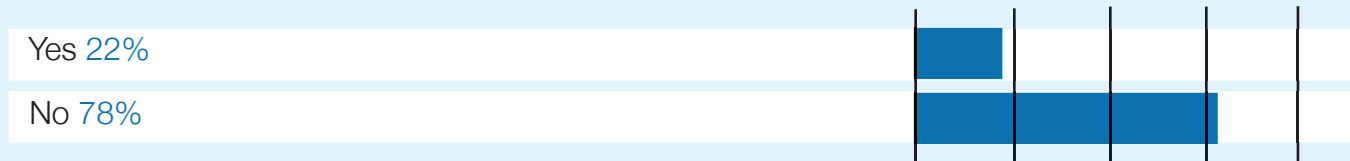
### Changes in spending since birth of children



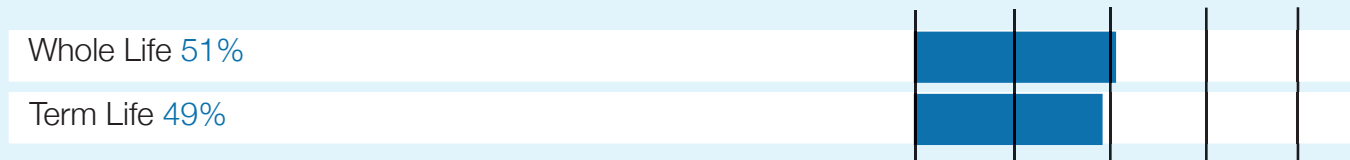
### Changes in saving with the birth of a child



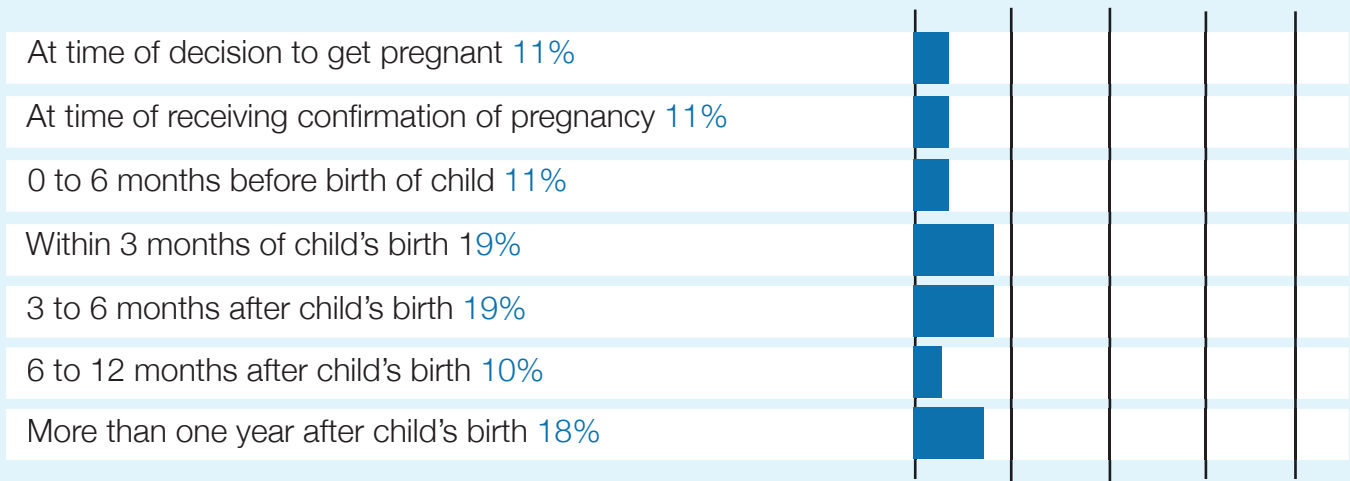
### Purchase of life insurance due to the birth of a child



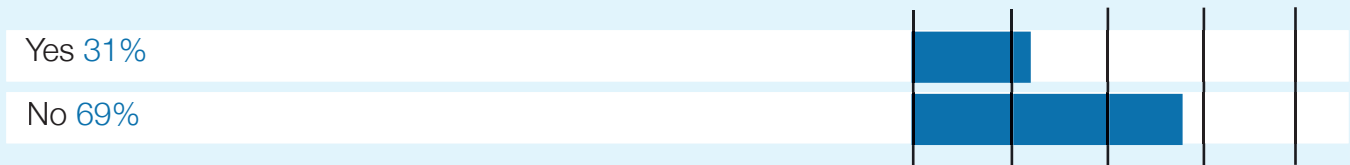
### Type of life insurance purchased by those who purchased life insurance



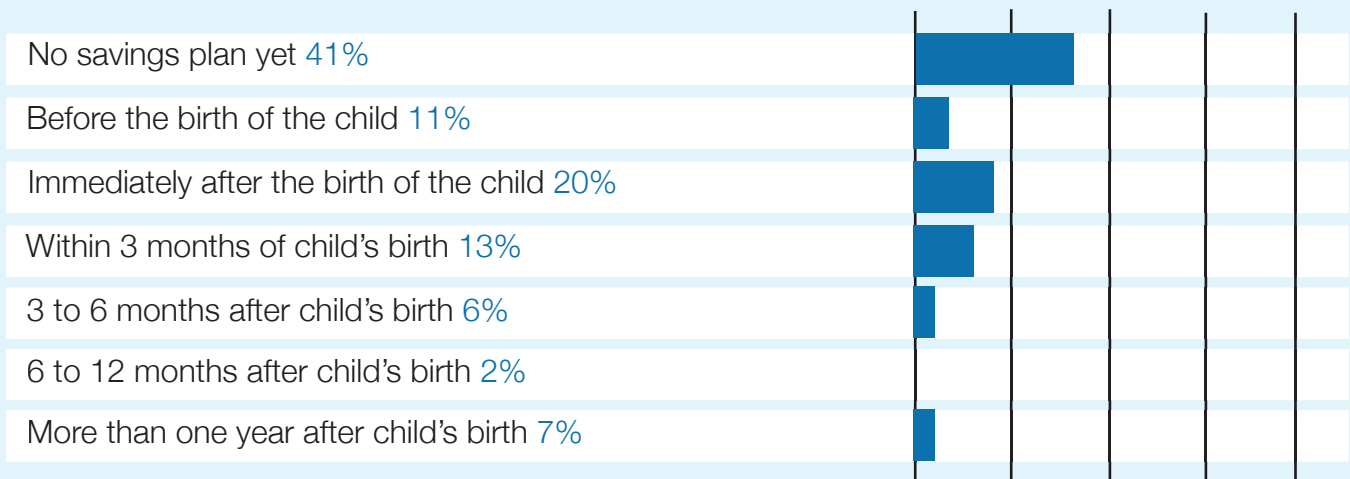
### Relationship between life insurance purchase and time of child's birth



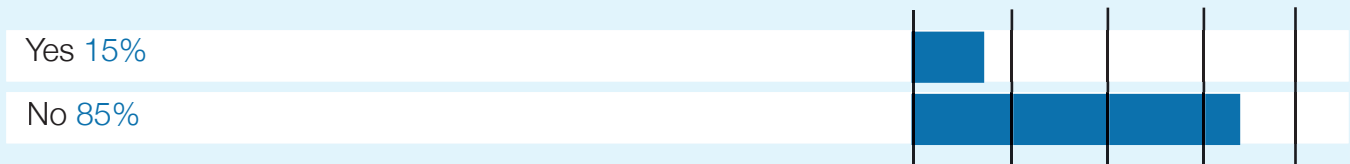
### Purchase of life insurance for child(ren)



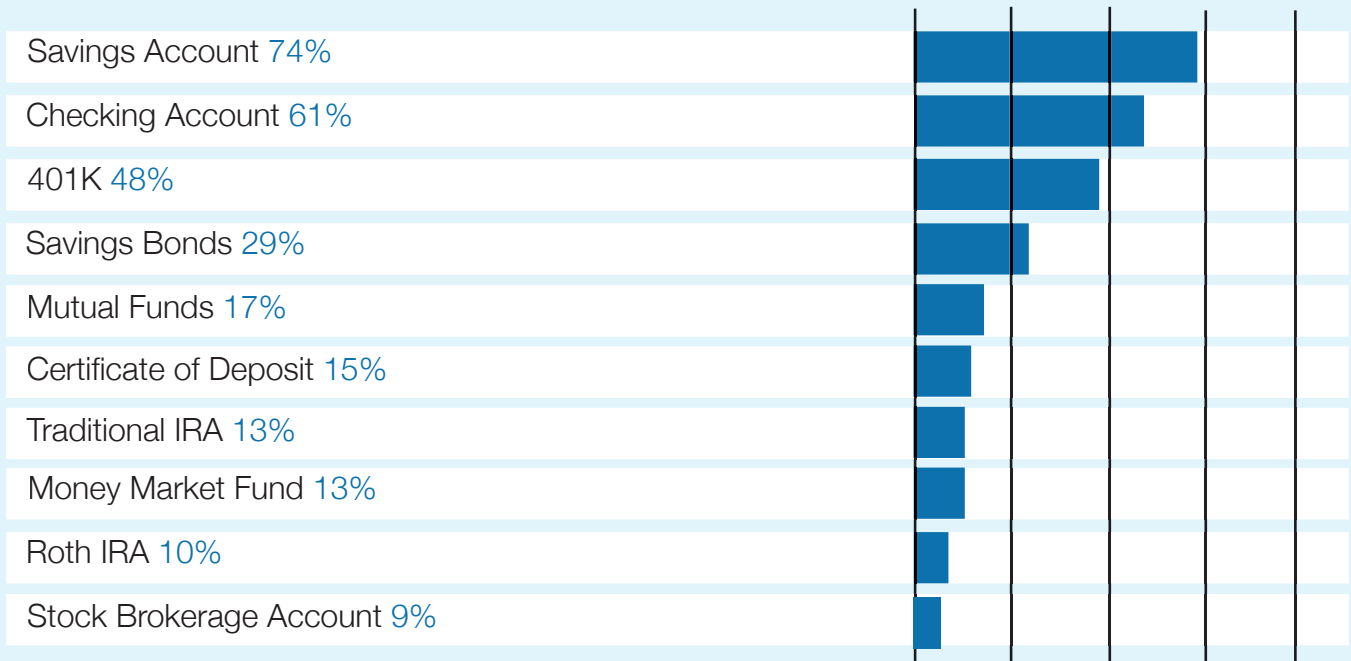
### When a child's savings plan was started in relation to the birth of the child



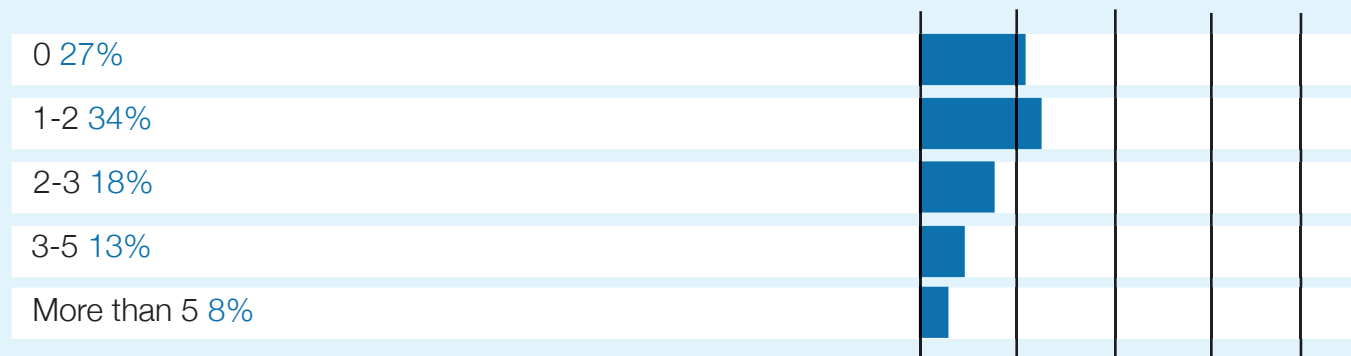
### Investment in a 529, Coverdell plan, or other college savings plan



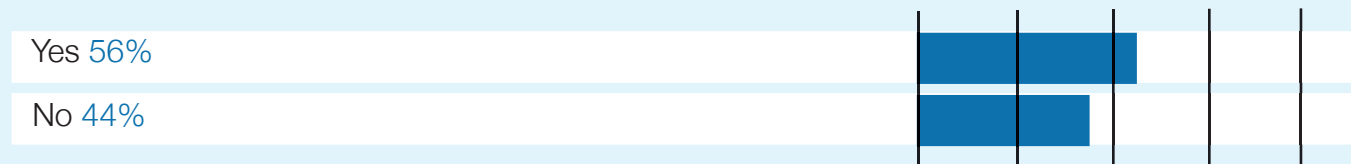
### Current Investments



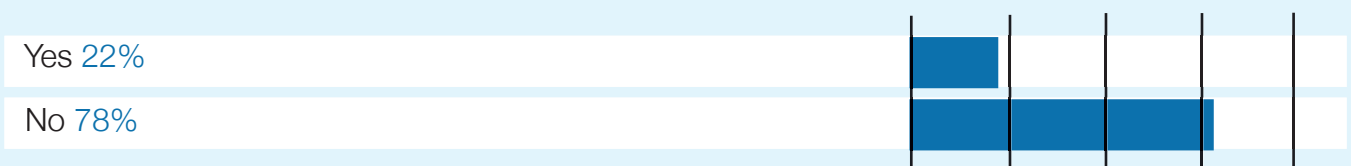
### Number of credit cards currently owned



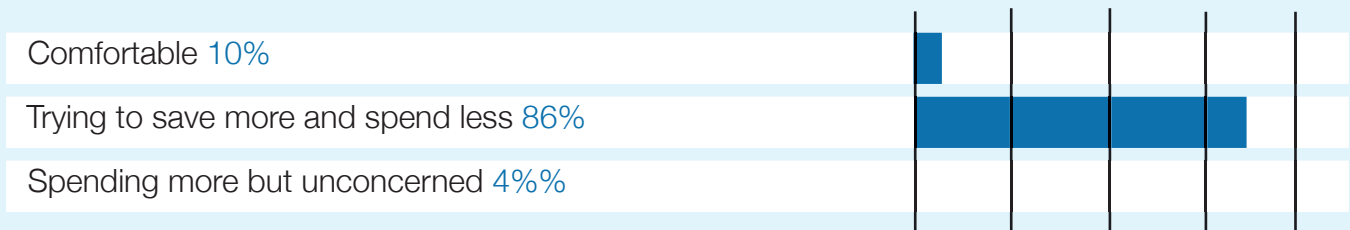
### Homeownership



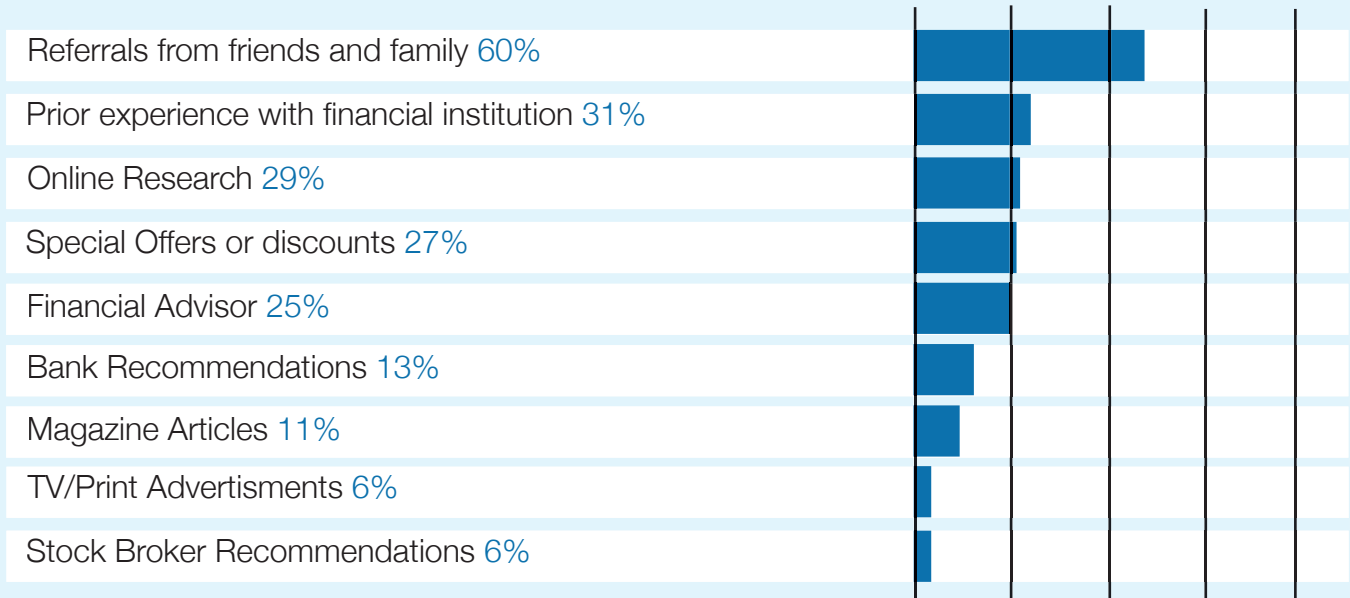
### Home Equity Loan or Line of Credit



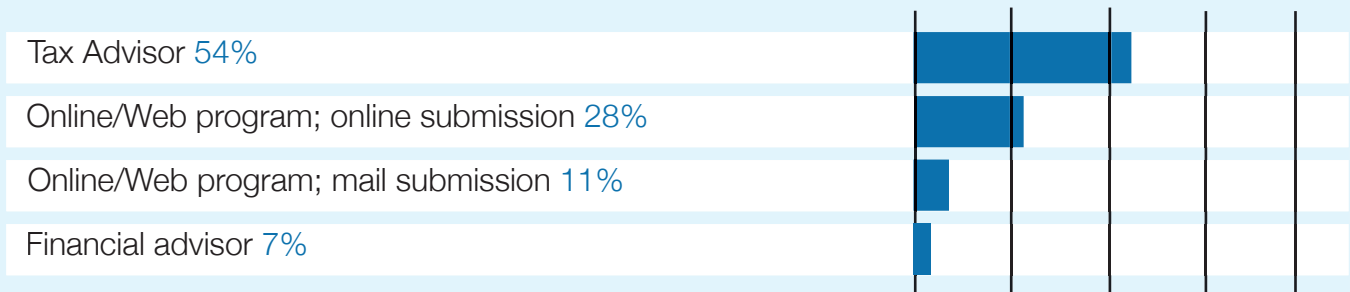
### Feelings about savings since having children and given the state of the economy



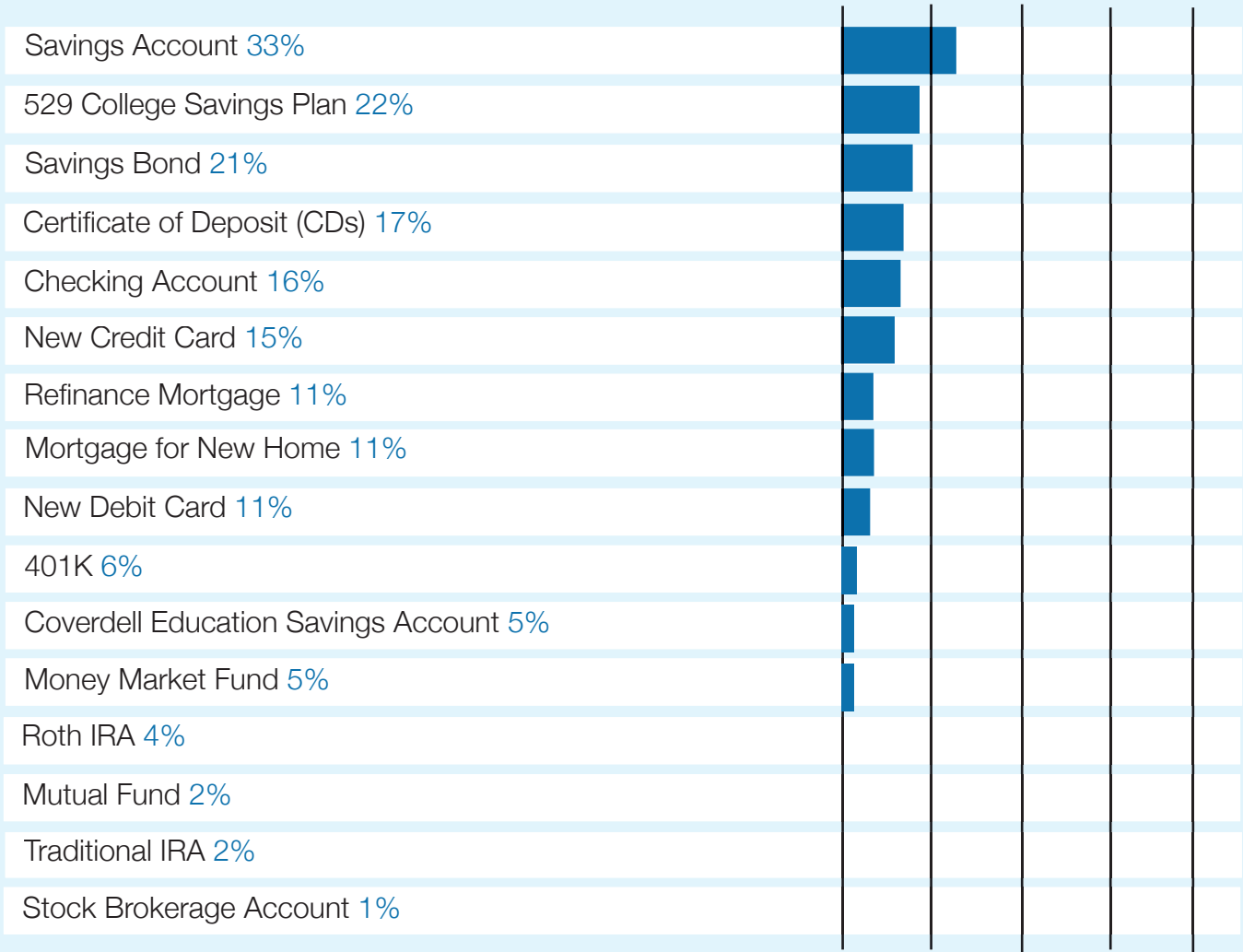
### Factors of influence over investment decisions



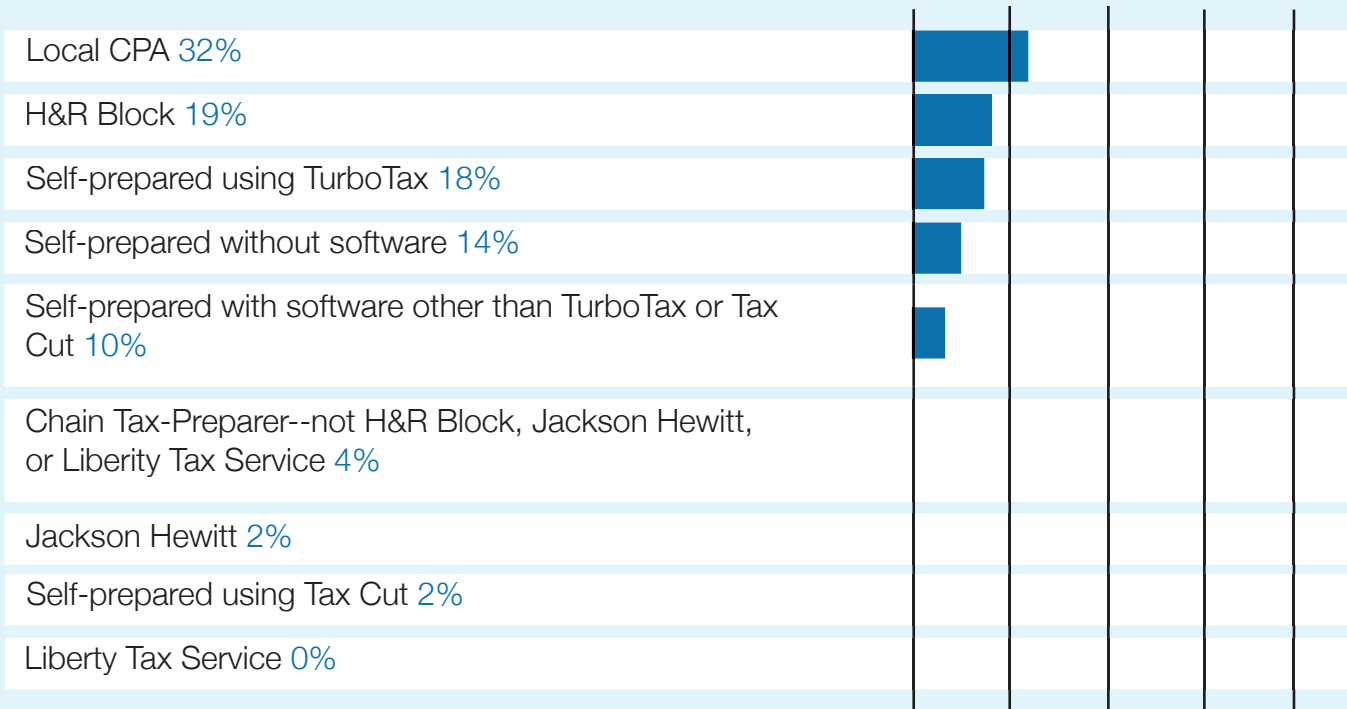
### Method of processing tax information



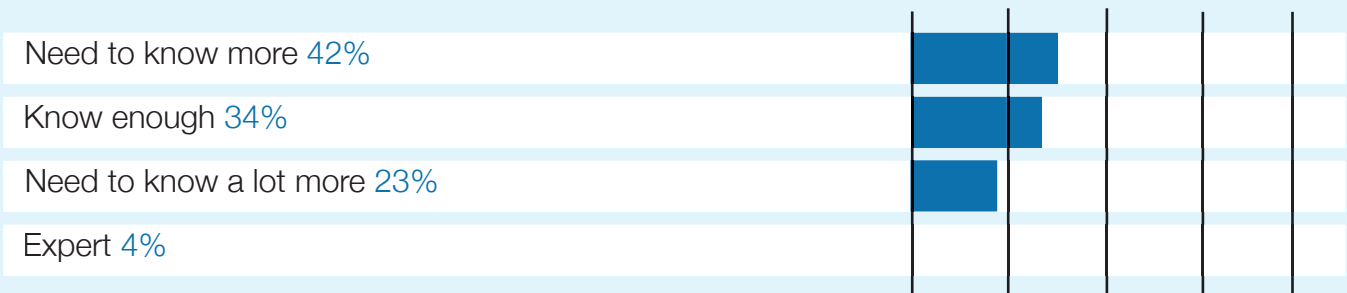
## Financial decisions planned for within the next 6 months



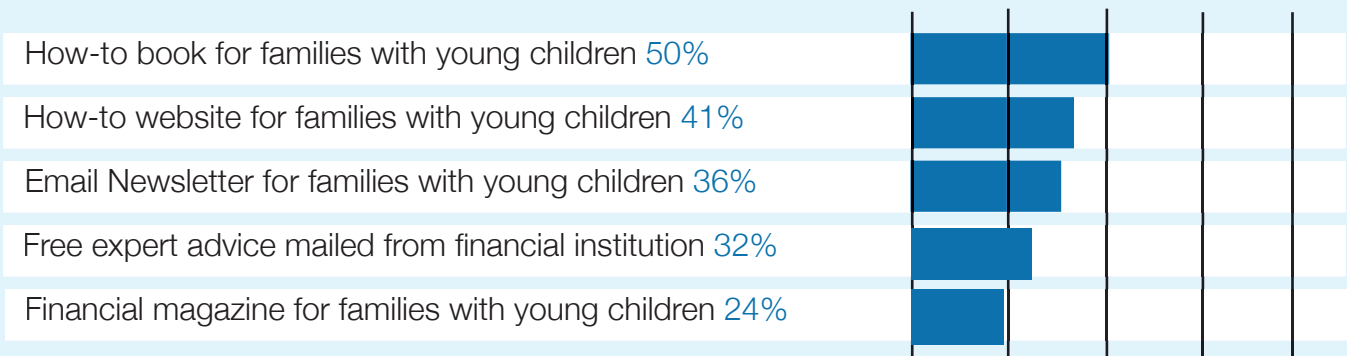
### Method of preparing taxes



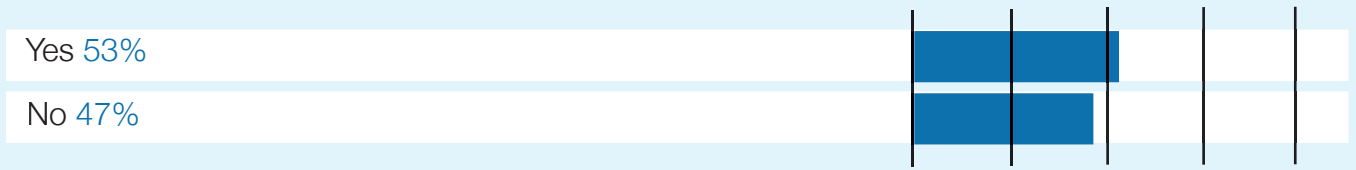
### Self-Assessment of Family-Related Financial Planning Knowledge



### Preferred method to learn more about family-related financial planning



Desire for financial planning information during pregnancy



## Survey Details

This survey is based on responses from 299 recipients of Madison Direct Marketing's FamilyAdvantage branded mailers who are actively registered at familyadvantage.com

### Age of Respondent

25-29	32%
30-34	27%
18-24	17%
35-39	12%
40-44	6%
Over 44	5%

### Gender of Respondent

Female	96%
Male	4%

### Number of Children in Household

Zero	3%
One	52%
Two	24%
Three or more	21%

### Children Under 5 in household

Zero	12%
One	62%
Two	24%
Three or more	2%

### Children over 5 in household

Zero	66%
One	17%
Two	11%
Three or more	6%

### Age of Youngest Child

Under 6 months	26%
6-12 months	25%
1-2 years	24%
Over 2 years	25%

### Total Household Income

Less than \$10,000	4%
\$10,000-\$25,000	16%
\$25,000-\$50,000	46%
\$50,000-\$100,000	28%
More than \$100,000	7%

## About Madison Direct Marketing

Madison Direct Marketing, Ltd., a leader in life-stage marketing strategy and execution for nearly 20 years, helps America's top marketers understand and reach consumers at key life stage moments when most brand, product, and category decisions are made.

Using proprietary databases and methods, Madison's unique direct mail, tele-marketing and online solutions enable marketers to reach and maintain targeted relationships with expectant parents, new parents, young families, Hispanic families, teens, and new homeowners. Madison also offers outsourced databases and lettershop services, as well as stand-alone lists for clients' own targeted marketing efforts.

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