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In response to the challenges Power BA is facing in the post-pandemic investment environment, I recommend implementing a **needs-based segmentation scheme**. This approach is more appropriate than a choice-based one because it allows us to group clients based on their underlying motivations, investment goals, and service expectations rather than just their past behaviors or product usage. In an industry like financial consulting, where building long-term relationships and understanding each client's unique goals is key, knowing what each client needs is more valuable than just knowing what they've done.

Using a needs-based approach, I would segment Power BA's clients into intuitive, practical groups. For example:

1. **Safe Planners** – usually older or risk-averse individuals who prioritize security and capital preservation.
2. **Growth Seekers** – typically mid-career individuals or professionals aiming to grow wealth through higher-risk, higher-return strategies.
3. **Big Investors** – institutions or corporate clients who seek portfolio diversification, regulatory compliance, and risk management.
4. **Comeback Clients** – previously active clients (individual or institutional) who became inactive during or after COVID-19 but could be re-engaged.

These segments are based on what clients value most—safety, growth, scale, or re-engagement. Creating segments this way ensures our offerings stay aligned with what our clients actually want, not just what they've purchased in the past.

To build these segments, we'll need to gather and analyze a mix of **demographic**, **behavioral**, and **psychographic** data.
From the demographic side, I'd look at basic information like age, income, profession, location, and whether the client is an individual or an institution. This will help us get a baseline view of who they are.
On the behavioral side, I'd examine data such as how much they've invested with us (assets under management), how often they engage (investment frequency or contact frequency), what types of products they've used (mutual funds, ETFs, bonds), and how they interact with us (digital or in-person). This helps us understand how engaged or dormant they are and how they prefer to interact.
Finally, psychographic data is the most important in a needs-based model. This includes their risk tolerance (e.g., cautious or aggressive), long-term goals (e.g., retirement income

or capital growth), time horizon, and preferred level of advisor involvement. This information can be gathered through client intake forms, surveys, or advisor conversations.

Once we have this data, we can apply simple profiling or clustering methods to build distinct customer groups. These segments will guide our acquisition, retention, and reactivation strategies—allowing us to personalize services, re-engage dormant clients with relevant offers, and focus retention efforts on the clients who matter most.

Since a needs-based segmentation approach has been selected for Power BA, it is essential to distinguish between the variables used to form the segments (base variables) and those used to describe or profile them (descriptor variables). **Base variables** reflect the fundamental investment needs and preferences of clients and are the core of the segmentation scheme. These include **risk tolerance** (e.g., conservative, balanced, aggressive), **investment goals** (such as capital growth, income generation, or retirement planning), **time** (short- vs. long-term goals). These are best gathered through onboarding questionnaires or advisor consultations. These include **demographic details** such as age, income, investor type (individual or institutional), and **engagement patterns** like digital platform usage or frequency of interaction. Using both types of variables ensures precise, actionable segmentation.

To target Power BA's most valuable customer segments, I recommend using a **long-term customer value approach** that focuses not just on current spending but also on future potential. I would look at factors like **how often a client invests (frequency)**, **how recently they engaged with us (recency)**, and **how much they've invested overall (monetary value). This is** similar to an RFM-style model. Clients who invest regularly, hold large portfolios, and continue engaging with the firm should be prioritized. I'd also consider how much support they need, like clients wassistance even more valuable. Segments like **Growth Seekers** and **Big Investors** would be top priority, while **Comeback Clients** could be targeted with personalized win-back offers. I believe this type of value-based targeting helps us focus our efforts and resources on clients who will contribute the most over time, rather than just those making short-term transactions.