POST-COVID SEGMENTATION AND TARGETING STRATEGY FOR POWER BA

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ANS 1) Needs-Based Segmentation Strategy for Power BA

Considering Power BA is at a strategic inflection point vis–à–vis managing current customers, re-igniting dormant clients, and attracting new customers; while considering an institutional vs. individual approach, and considering possible international expansion, a more straightforward hybrid segmentation strategy predicated on needs-based principles represents the most forward-looking 'solution'.

Needs-based segmentation remains foundational because it can identify latent preferences, emotional triggers, and decision styles. Needs-based segmentation relies not only on previous behaviour history but uncovers critical insights into why clients invest, what outcomes clients target (e.g., wealth preservation vs. capital appreciation), and what advisory formats they want to take (digital, human, or hybrid). This becomes even more critical in a post-COVID world, as economic shocks and shifting investor psychology cause dramatic changes in investment behaviours.

Power BA should first gather primary data via new client surveys and advisory interviews to put this into practice. These primary data collection methods should define current client priorities, risk appetites, digital engagement levels, and interest in and willingness to pursue international diversifications. Each of the dimensions can help identify needs-based segments such as "Tech-Savvy Accumulators", "Retirement-Focused Preservers", or "Institutional Risk Diversification".

The next step in implementing the hybrid strategy should involve applying predictive analytics and clustering algorithms (i.e., K-means clustering, hierarchical clustering, and latent class analysis) on internal databases and archives from the firm. In this case, the data inputs include demographic characteristics, portfolio contents, transaction history and other measures of service-customer engagement. These data inputs may serve as discriminant variables to profile each segment with observable behaviours for a 360-degree view of the client. Power BA must also deploy dynamic segmentation tools that evolve continuously, as they feed on real-time data updates through machine learning models, and as more internal and external data is deployed. For example, churn models will provide the firm with indicators of clients, within each cluster segment, who are at risk of leaving the firm, and lifetime value models, which will help the firm demonstrate which clusters should be afforded the most resources. Suppose Power BA can engage in this dynamic modelling. In that case, they will evolve from static and annual segmentation of customers to data-driven marketing that provides timely information during a volatile market.

Most importantly, this segmentation system allows individual and institutional clients. Institutional clients may have additional layers of segmentation based on the sophistication of their portfolio, ESG considerations, and reporting. In contrast, individual clients may be summarized by financial literacy, emotional triggers for investing, and channel type (e.g., mobile first and in-person). In this way, Power BA can develop segment-focused services that are empathetic and data-driven. In contrast, purely choice-based methods such as RFM (recency-frequency-monetary) analysis or CART would restrict Power BA's flexibility as a strategy while failing to capture the intent shift. This would further risk segmenting based on antiquated behaviour, without understanding why dormant clients may exhibit non-action due to changes in the external environment, rather than not wanting their account.

In conclusion, a needs-based hybrid segmentation approach, infused with predictive analytics and real-time data segmentation, will allow Power BA to offer personalized services, protect its retention, and even provide pathways to market share growth prospects. This will ensure that Power BA is competitive, customer-focused, and responsive within an increasingly fast-paced investment practice.

ANS 2)Key Variables for Needs-Based Segmentation

In order to implement a needs-based segmentation approach for Power BA, there needs to be a distinction between basis variables (which are the motivations of the client) and descriptor variables (which are profiles and behaviours to target the segments). Basis variables will consist of to what extent do they have an investment goal (e.g., income generation, legacy), their risk tolerance, how they want their advisory services solving (self-directed vs. advised), how to trust financial institutions coming out of COVID, whether they were interested in ESG investments, and how they preferred to engage (digital vs. personal). This information can be gathered from updated surveys, onboarding tools, or digital engagement forms.

Descriptor variables will come from Power BA's internal data warehouse, including individual vs. institutional client, age bands, investable asset values, historical behaviours (transaction frequency and transaction size), digital engagement score (e.g., logins and feature usage), and dormancy status. This two-stage model will allow Power BA to connect clients' changing needs with appropriate solutions. It can also support reactivation campaigns, personalized communication efforts, and identifying, rewarding, and focusing on high-value segments in local and global markets.

ANS 3) CLV-Driven Targeting Strategy

Power BA should consider transitioning to a Customer Lifetime Value (CLV)-led targeting strategy to prioritize clients that will deliver the maximum overall profit for the business. Also, post-COVID, the trend must shift from transactional to relationship-based interactions, which must be allowed and nurtured! Clients can be scored through a multi-dimensional valuation model by investable assets, digital engagement, advisory engagement, likelihood to retain, and strategic alignment with the organization's client growth objectives.

Specific to high-valued individuals, offering high-value advice focused only on financial planning, proactively reaching out to clients explicitly about advisory engagement, connecting clients to digital-first tools that encourage ongoing planning and progressive action/reaction toward future life goals. On the lower end of the offering, focusing resources on younger clients who are value-focused rather than price-focused could include gamification on investment education coupled with the use of nudges and personal insights through mobile app offerings. For clients whose accounts are dormant, inexpensive content or client interactions instigated by a 'behavioural trigger' may be one way to re-engage them.

In the institutional space, priority should focus on organizations working in multi-asset diversification and strategic consulting. Individually, Power BA can have deeper engagement through custom reporting / strategic consulting, and collectively have a global poverty affiliation that supports any investing or solutions undertaken in poorer economies.

Overall, this two-pronged strategy led by CLV helps ensure that resource spending is allocated to clients or organizations that help maximize loyalty and referrals while continuing to focus sustainably on delivering profitable growth into the future.

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