

## BAI Retail Delivery Highlights: Segment Strategies That Differentiate & Deliver

---

Banks can no longer be all things to all people. Financial services institutions must begin to focus on targeting those segments of the retail and/or commercial customer base that they serve best. Changes to the needs, preferences, and risk tolerances of existing customer segments due to recent macroeconomic events have made the task of segmentation even more challenging. How can banks successfully transition to a segment-based strategy?

Our panel discussion at *BAI Retail Delivery 2010* sought to provide guidance on this issue by focusing on three key questions:

- 1. Are banks better at segment-based strategies today than before the crisis?**  
Financial services institutions have been talking about segmentation for 20 years. Although banks have created more sophisticated means of segmentation by incorporating attitudes and behaviors into common geographic/demographic segmentation schemes, many banks still struggle to execute segment-based strategies successfully.
- 2. What are common challenges to delivering a tailored segment strategy?** The biggest challenge is determining ownership of a particular segment within the organization. Who is in charge – marketing, product development, or another group entirely? Successful institutions will coordinate across groups to ensure that all of a particular segment's needs are met. Banks must also work to better operationalize segment strategies – for example, tying frontline sales goals and incentives to the strategy and providing frontline staff with a clear view of the ideal target customer.
- 3. How can banks redesign products & services to meet key segment needs?** Banks must identify the key concerns and/or sources of anxiety for their chosen target segment and work to provide solutions to address these concerns.

### *BAI Retail Delivery 2010*

#### Presented by:

Mary Beth Sullivan  
Managing Partner  
Capital Performance Group

Mark Erhardt  
SVP, Customer  
Segmentation Director  
Fifth Third Bank

Paul Kadin  
EVP, North American  
Consumer Banking  
Citibank

Joseph Petitti  
EVP, Deposit Sales, Product,  
& Strategy  
First Republic Bank

“Segment Strategies That Differentiate & Deliver” was presented on October 20, 2010. Key takeaways of the speech are presented at left. For more information on the strategies discussed at BAI Retail Delivery, please contact Mary Beth Sullivan at (202) 337-7872 or [msullivan@capitalperform.com](mailto:msullivan@capitalperform.com).

