# Client Segmentation in Asset Management

Cracking the Implementation Conundrum

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Executive Summary:


Client segmentation is a fundamental tool to improve profitability in most industries, yet it remains woefully underutilized by asset managers. Why is this the case, and what can managers do to address it?

Asset managers have traditionally employed very basic methodologies to segment their institutional client base, relying on channel, size or geography. This has begun to change in recent years with the emergence of persona segmentation, a more sophisticated segmentation approach based on institutional investors' needs and behaviors. In theory, this new segmentation approach enables managers to hone prospecting and sales efforts, improve client satisfaction and retention rates, and ultimately, increase profitability.

Yet even with this more sophisticated segmentation technique, asset managers, in most cases, have not meaningfully implemented client segmentation. While segmentation makes sense intuitively, implementation can appear daunting and raise a number of questions. Where does an asset manager begin and what is the optimal approach?

Our view is that client segmentation is a tool that has the potential to separate best-in-class managers from the pack. Managers who are able to unlock the segmentation implementation conundrum have an opportunity to gain competitive advantage. This paper revisits the fundamentals of persona segmentation and then outlines an effective step-by-step implementation approach.

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