

Faidon Theofanides (Greece), Christos Livas (Greece)

## The battle of marathon: strategic STP in Ancient and modern Greece – a case study

### Abstract

The overall objective of this study is to identify and analyze the nature of market segmentation, targeting and positioning in banking sector. For this cause, it is interesting to observe the example of Greece within the emerging European framework, and more specifically the case studies of two of the country's top banks. EFG Eurobank Ergasias reveals the segmentation, targeting and positioning strategies of a national bank, whereas Citibank represents the example of a foreign-based international bank.

In order to successfully engage with the topic of segmentation within the banking domain, this study was conducted using *an exploratory qualitative approach*. Primary data received through in depth interviews and secondary data collected using appropriate bank files provided the research with the necessary information for the assessment of the theme.

The results suggest that Eurobank's market orientated approach and use of profitability segmentation have led to an increasing focus on the affluent segment with suitable positioning strategies. Citibank, on the other hand, despite its capabilities is shown to have failed to clearly position itself in the Greek banking sector. In order to present a vivid, illustrative and innovative analysis, a reference is being made to the famous Battle of Marathon (490 B.C.) between the Persian Empire and the united Greek city-states. It is interesting to observe that many lessons can still be learned from ancient wisdom, thus history repeats itself under different circumstances, alternative "battle scenes", and different protagonists.

**Keywords:** segmentation, targeting, positioning, banks' marketing, Ancient Greece.

### Introducing a framework

Segmentation is the organizational answer to the increasing complexity of markets. Additionally, the "mass market" concept has been proved to be inadequate and companies have moved towards product diversity since technological constraints have been surpassed (Frank et al., 1972). The fragmentation of mass markets into numerous micro markets is transforming target marketing to a form of micro marketing and will eventually result in customized marketing (Kotler et al., 1996).

Everything indicates that in order for marketing to be successful in modern societies, it has to be built on a "one to one" basis for the future. Market segmentation is the only way to reach customers directly and move towards this new reality. Only then a targeting strategy can be directed effectively for precise positioning to follow. The rationale of this study is to reveal the importance of market segmentation, targeting and positioning in the banking sector, and consequently prove that it is an essential marketing process forced by the evolution of the marketplace.

In order for this research to succeed in reaching its overall objective, the following questions are considered critical:

1. What process, criteria and methods of market segmentation and targeting are used by the two banks? Have they got any future considerations?

2. Which is the banks' differential advantage, and how are the banks positioned? (Is there a strong relationship between the banks' strategic and operational positioning?)
3. Is there actually a link between successful segmentation and organizational performance (market share, profitability and growth)?
4. Are there any similarities and/or differences between the two banks in terms of their segmentation, targeting and positioning approaches?
5. Can ancient wisdom help modern enterprises when they take STP decisions?

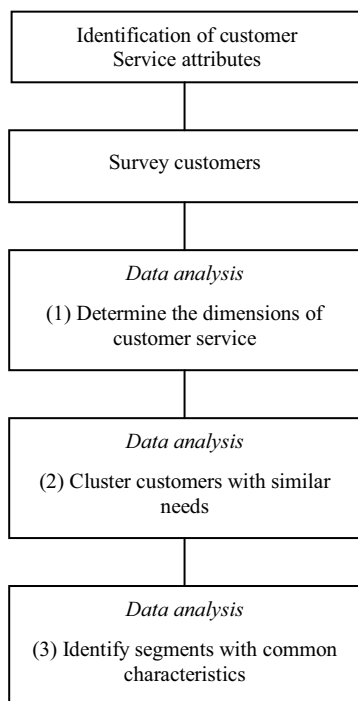
### 1. Segmenting the market

Traditional approaches in segmentation, as expressed by numerous scholars, indicate that market segmentation is a prerequisite for differentiation. Jobber (2004) provides a very characteristic example of this notion; he argues that by breaking a market into sub-segments the organization can then differentiate its offerings between segments and eventually achieve differential advantage. It is interesting to note how such theories confront Smith's (1956) argument of segmentation and differentiation, being alternative marketing strategies. He suggests that while differentiation is the bending of demand to the will of supply, segmentation is demand focused and "*represents a rational and more precise adjustment of marketing effort towards consumer or user requirements*" (Smith, 1956).

Leverin and Liljander (2006) suggest that a customer oriented strategy is certainly desirable within

banks, since the resulting loyalty is likely to have a positive relationship with profitability. At this point, it is interesting to note the emerging concept of “profitability segmentation”. Storbacka (1997) argues that in order to increase the level of profitability from any existing customer relationship, three new segmentation criteria have to be taken into consideration: relationship revenue and relationship cost, relationship volume, and relationship profitability. It is therefore in the nature of the banking business to pursue a close and frequent interaction with “wealthy” customers, which will consequently lead to relationship marketing and increased profitability and growth.

Sharma and Lambert (1994) channelled the increasing emphasis on customer service into a model for segmentation. They argued that since there seem to be difficulties of meaningful implementation with traditional segmentation bases, market segmentation could be based on customer service. Moreover, they conceptualized a methodology which combined past and recent models and constituted of five steps as shown in Figure 1.



Source: Sharma and Lambert, 1994, p. 21.

**Fig. 1. Segmentation of markets based on customer service**

Hammond et al. (1996) believe that segmentation for competitive brands is usually problematic. Indeed, the make up of a bank’s customers is occasionally very similar to those of other banks concerning similar offerings, and therefore segmentation can not easily identify the existence of market subgroups. However, the fact that markets for closely competitive brands are not segmented provides an

opportunity for marketing action (Hammond et al., 1996).

If a bank wants to implement a direct marketing approach it will have to overcome the general difficulties faced by all, along with the bank customers’ special need for close interaction. Moreover, Kaynak and Harcar (2005) argue that although national banks are perceived as more attractive in terms of lower service charges and better service delivery, local banks perform better when it comes to convenience and image, thus they should focus on these attributes in order to attract and retain customers.

Eriksson and Mattsson (1996) suggest that bank marketing managers should organize their banks’ services with equal consideration to market conditions, banking culture, information systems and strategy implementation. Nonetheless, strong bank traditions frequently enhance the long lasting customer relationships, thus sophisticated information systems and strategy have the ability to reflect the complexity of market structures. Eriksson and Mattsson (1996) argue that a clear definition and understanding of the market segments will put the bank in a position of strength and result in improved customer services. However, Nelson (1999) notes that several banks lack alignment and cooperation between their information and marketing services. He argues that cultural and structural issues must be assessed, because the future successful financial institutions will be different from nowadays. Banks need to develop and use appropriate marketing information systems in order to improve their ability of analysing, attracting and retaining customers.

In Table 1 we present a review of the most important segmentation research in the banking sector.

**Table 1. Synopsis of segmentation research in the banking sector**

Research	Findings
Anderson, Cox and Fulcher (1976)	Argued that banks are perceived as convenience goods and the focus is on customer satisfaction.
Mitchell and Sparks (1988)	Suggested that banks do not seem to have strongly embraced marketing information systems, thus it is crucial for them to develop a comprehensive marketing information system.
Harrison (1994)	Found that cognitive segmentation variables such as the customers’ level of interest in financial services, perceived knowledge of banking issues, and confidence in solving financial matters are considered to be of great importance.
Sharma and Lambert (1994)	Proposed a new segmentation model based on customer service in order to overcome the difficulties of meaningful implementation.

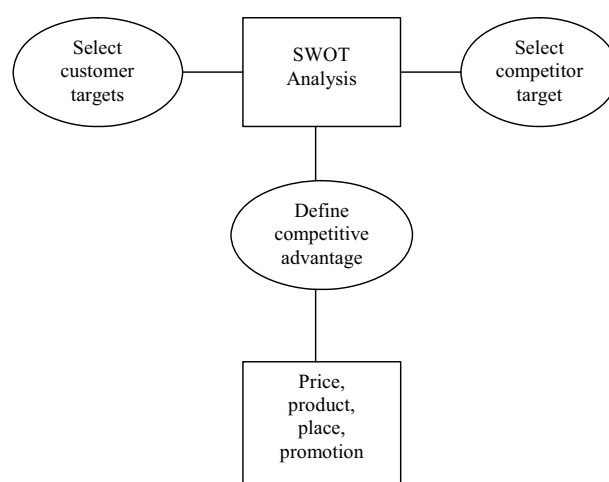
Table 1 (continued). Synopsis of segmentation research in the banking sector

Eriksson and Mattsson (1996)	Indicated that marketing managers should organize their banks' services with equal consideration to market conditions, banking culture, information systems and strategy implementation.
Hammond, Ehrenberg and Goodhardt (1996)	Suggested that markets for closely competitive brands are not segmented, and therefore opportunities for marketing action are provided.
Minhas and Jacobs (1996)	Proposed an improved method of targeting customers for financial services, with the use of benefit segmentation by factor analysis.
Jenkins and McDonald (1997)	Introduced the term "organizational archetypes" according to which banks enjoyed a high level of customer loyalty and retention. Banks are naturally customer focused and segmentation is driven by the information held on the customer.
Storbacka (1997)	Introduced relationship revenue and relationship cost, relationship volume, and relationship profitability as new segmentation criteria in order to increase profitability.
Meadows and Dibb (1998)	Argued that segmentation success in the financial environment may be undermined by gaps in the organisation's database, lack of marketing orientation, poor fit between segmentation scheme and strategy, and other environmental issues.
Botschen, Thelen and Pieters (1999)	Suggested that although benefit segmentation is more appropriate for service industries, respondents tend to rate all identified attributes even if they are not important to them.
Nelson (1999)	Argued that banks lack alignment and cooperation between their information and marketing services.
Machauer and Morgner (2001)	Indicated that a "one to one" tailored service is unrealistic because of cost and time issues. Proposed that segmenting customers based on expected benefits and attitudes leads to a clearer definition of customer groups.
Henson and Wilson (2002)	Found that nowadays it is more difficult for banks to rely on community ties and local knowledge due to the customers' increasing lifestyle mobility and broad range of financial services; thus banks should increase their efforts to assure their bonds with the market.
Page and Luding (2003)	Proposed that since demographic factors are an unreliable predictor of customer attitudes, the bank has to focus on face to face contact which will in turn have a positive effect on customers' intentions to interact with the bank.
Durkin (2004)	Argued that self service technologies (SSTs), of which e-banking is one example, can provide banks with alternative methods of effective interaction with their customer base.

Kaynak and Harcar (2005)	Compared to national banks, local banks are evaluated more positively by consumers when it comes to image and convenience perceptions.
Leverin and Liljander (2006)	Suggested that customer oriented strategies are desirable within banks, thus the resulting loyalty is likely to have a positive relationship with profitability.

## 2. Strategic and operational aspects of positioning

Mintzberg et al. (2003) suggest that through the segmentation strategy, the organization targets a segmented market with a range of offerings tailored to each of the different segments. Therefore, the business positions itself according to the various customers needs. Brooksbank (1994) identified the key components of the marketing positioning strategy formulation which are shown in Figure 2.



Source: Brooksbank, 1994, p. 11.

Fig. 2. The key components of marketing positioning strategy formulation

He suggests that the process of the positioning strategy formulation demands the ability to create a picture of the marketplace and plot the interrelationships between competitors, target segments and competitive advantage, through an analysis of the organizations SWOT (strengths, weaknesses, opportunities and threats). This will consequently lead to the creation and launch of the appropriate marketing mix.

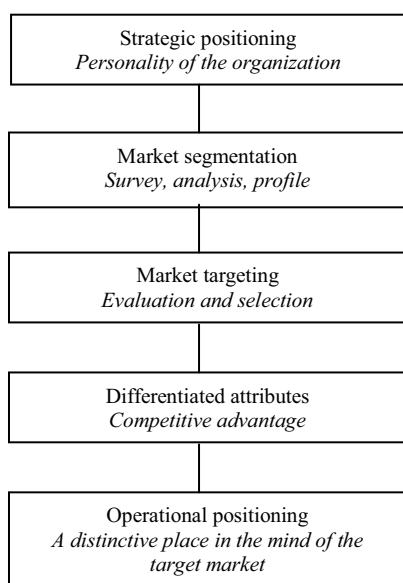
Porter (1980) identified three broad "generic strategies" which can be used in order to achieve competitive advantage: The cost leadership strategy indicates that the organization produces at lower costs than the competition in standard quality; the differentiation strategy calls for the unique features of offerings that will allow the business to be perceived as superior; lastly, the focus strategy allows the company to concentrate on narrow parts of the markets (niches) and attempt to provide them with offerings tailored precisely to their unique needs. However, it is important to note that these broad strategies can be combined and

organizations have the possibility to apply “hybrid” or innovative strategies according to their requirements, resources and objectives.

Vardis and Vasa-Sideris (2000) suggest that creativity is an essential part of the positioning strategies development. They argue that the PISCES (see below for explanation) process can facilitate the creation of new positioning approaches and reinforce their establishment. This process involves the six steps of planning, imagining (generating ideas), selecting ideas, creating strategic concepts, evaluating target groups, and starting the required action plan. Vardis and Vasa-Sideris (2000) conclude that this creative approach is equally effective for developing positioning strategies for external customers as well as in increasing commitment within the organization through the creation of common objectives, mission, vision, and strategy.

Day (1990) identifies positioning at a strategic, tactical and operational level. He argues that positioning at the highest level is vision linking with competitive advantage, whereas positioning at the lowest level is about connecting the brand to the customer with the use of marketing communication techniques. Ellson (2004) proposes a strategic alternative to the process of segmentation, targeting and positioning, with an emphasis on the importance of strategic positioning as shown in the following figure.

Failure to identify the differences between the operational nature of positioning and its strategic aspects is most likely to cause confusion in the minds of the selected customers. Organizational positioning is more likely to be solid and representative if it is constructed in relation to the company’s competencies and capabilities, and such strategic approaches ensure that a business and its offerings are more likely to overcome competition (Kardon, 1992).



Source: Ellson, 2004, p. 235.

**Fig. 3. The stages of value of strategic positioning**

Young (1999) believes that sufficient knowledge of the existing market structures through perceptual mapping is likely to have a positive effect on the bank managers’ selection of the appropriate marketing strategies based on differentiation or cost leadership. Moreover, he says, perceptual mapping is a tool for identifying market opportunities to differentiate, and assessing the viability of the selected strategies over time. As Fisher (1991) notes, “...*Service marketers must have a good understanding of their special competitive situation in order to achieve long-term competitive advantage...*”

Boot (2003) argues that the increasing competition has emphasized the value of relationship banking, thus this could result in scale and scope economies. On the other hand, he believes that if an organization diversifies the range of its services, the effects of demand substitution will be reduced and this will consequently result in cross-selling benefits.

From a different perspective, the three basic different differentiation strategies are based on operational excellence, customer intimacy, and product leadership (Treacy and Wiersema, 1993). Moreover, Zineldin and Brendenl ow (2001) indicate that it is the differentiation strategy which allows banks to achieve a distinctive position in the market in terms of quality, price, and perceptions. They suggest that image-making banks do not enjoy the full benefits of successful and competitive positioning, thus they fail to understand the triangular relationship between productivity and efficiency, quality, and positioning.

A brief overview of some important propositions concerning positioning is found in Table 2.

**Table 2. Review of key positioning findings in services and banking**

Research	Findings
Dibb and Simkin (1993)	Argued that the service industry constitutes a unique case, and successful positioning does not only rely on marketing communications, but rather on the whole process of the service provided.
Davies (1996)	Believes that banks have to initially decide on what to position, and consequently how to position by emphasizing particular aspects of their offerings.
Zineldin (1996)	Suggests that banks can not be everything to everyone in the market, and therefore they should operate according to their strengths and opportunities in order to become the most preferred bank for a specific segment.
Young (1999)	Claims that knowledge of the existing market structures through perceptual mapping is likely to have a positive effect on the bank managers’ selection of the appropriate marketing strategies.

Table 2 (continued). Review of key positioning findings in services and banking

Zineldin and Brendenl�w (2001)	Indicate that the differentiation strategy allows banks to achieve a distinctive position in the market in terms of quality, price, and perceptions.
Boot (2003)	Believes that through diversification, the effects of demand substitution will be reduced and this will consequently result in cross-selling benefits.
Zineldin (2005)	Argues that quality measurement and customer relationship management (CRM) can stabilize the strategic position of the organisation, and facilitate the process of differentiation and service quality creation.

### 3. Methodology and data

Cassell et al. (2006) indicate that qualitative methods in management research are difficult to be defined because occasionally they have very different meanings to different people. Carson and Coviello (1996) suggest that research in marketing is characterized by high levels of interaction, thus the use of qualitative techniques and integrated research has the ability to provide more insights on this field. On the other hand, Hussey and Hooley (1995) argue that quantitative approaches continue to offer solid ways of engaging with marketing phenomena.

Although all of these approaches are partially correct, it is certain that qualitative research within marketing involves intensive research and smaller samples, thus statistical techniques concerning sample sizes are usually not significantly important (Christy and Wood, 1999). As Milliken (2001) claims, neglecting qualitative research in the marketing discipline undermines innovation and creativity which are found in the core of the subject. Hannabuss (1996) suggests that qualitative techniques, and mostly interviews, have been criticized in terms of subjectivity and control, but at the same time they illuminate secret aspects of human and organizational characteristics that would otherwise remain hidden.

Greece (and Southeast Europe in general) has been neglected for long until recently; thus any research concerning market segmentation, targeting and positioning in the Greek banking sector is extremely scarce. As a result, this research has an *inductive* character and initially attempts to answer the research questions before proposing any theoretical implications. However, some important elements of the existing literature will be used in order to ease the transition towards the construction of a new conceptual framework such as the application of the *semi-grounded* theory.

In total, in the present research, six interviews were conducted, two from each bank and two from scholars relevant to the subject. In that way, practitioners from both banks and academics were represented equally in the research in order to facilitate the exploration of the similarities and differences among them. Moreover, it was considered conducive to obtain the views of university teachers relevant to marketing and the financial sector, so that the “notorious” gap between “theory” and “practice” would be assessed. This research plan secures an objectivity thesis in the present study.

The research aims to engage with market segmentation strategies and the resulting positioning of the banks and therefore top managers in the marketing departments were the only ones possessing relevant knowledge. Managers and academics were chosen to be of Greek ethnicity since the case studies are operating within Greece. In that way, realignment with the “Greek perceptions” and particularities concerning marketing principles was ensured.

However, in order to complement the collection of primary information through interviews, the use of bank files as secondary sources of data was necessary. Market segmentation techniques and schemes are sometimes very detailed and it is almost impossible for the interviewee to remember every single detail. As Kervin (1999) suggests, data can be *raw* or *compiled* according to the processing they have undergone. The secondary data used in this study were compiled, and therefore had received some type of selection and processing before they were actually processed. In particular, government financial surveys and publications were used, as well as documentary written data which are considered appropriate to combine with primary techniques (Saunders et al., 2003).

The case studies used in this research are thought to be illustrative of the real-life application of market segmentation, targeting and positioning. Through these examples, the concepts are seen in the actual business environment and therefore any attempt for critical analysis is facilitated. Moreover, case studies reinforce the project’s mission in exploring marketing phenomena occurring within the banking sector. As Kitay and Callus (1998) argue, case studies should be used when attempting to have a holistic view of the concepts involved, and explore complicated social processes such as organizational culture.

The essence of the research design is also comparative, providing two banks operating in the same environment (Greece) but originating from different backgrounds (national and international). It is what Bryman and Bell (2003) define as *intercultural research*, although national characteristics of the peo-

ple will not be assessed. Additionally, the importance and robustness of the Greek banking sector (Alogoskoufis, 2005; Honohan, 1999) should provide fertile grounds to explore the application of critical marketing concepts.

#### 4. Segmentation, targeting and positioning in Ancient Greece<sup>1</sup>

The vast Persian Empire during the 5<sup>th</sup> and 4<sup>th</sup> centuries B.C. extended from Asia Minor and the Aegean Sea to Pakistan and the Indian borders, being the largest and mightiest the world had yet seen (Figure 4). Greek cities of Asia Minor (particularly Ionia, the cradle of Western Civilization) were subject to the Persians, thus Athens which was located in the Greek mainland sent military aid to help them revolt against their invading rulers. This action provoked the wrath of King Darius the 1<sup>st</sup> and it was very soon until he dispatched a powerful force to punish Athens and expand his Empire to the west.

Datis and Artaphernes led a land and naval expedition for the Persians across the Aegean Sea, and after burning the island of Euboea they landed on the bay of Marathon, some 40 kilometres from the city of Athens. On the other hand, the Athenians asked for help from the rest of the city-states but only the city of Plataea responded to their calls. On September 12<sup>th</sup> 490 BC, approximately 10,000 Athenians and 1,000 Plataeans marched to Marathon to face the massive Persian army which numbered around 60,000 infantry and 3,000 cavalry<sup>2</sup>.



Source: [http://edsitement.neh.gov/lesson\\_images/EvalGraphics/Persian Empire03.jpg](http://edsitement.neh.gov/lesson_images/EvalGraphics/Persian_Empire03.jpg) [Accessed 05/09/2006]

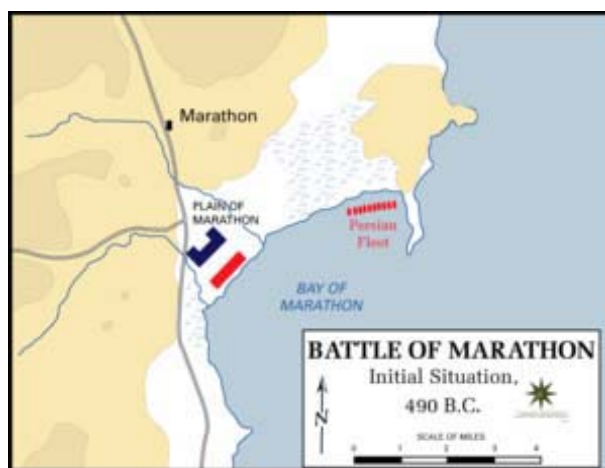
**Fig. 4. The Persian Empire**

The two armies faced each other peacefully for around ten days until, for some unforeseen reason, the Persians withdrew their horsemen from the battlefield.

The small Greek army, led by General Miltiades, charged the Persians covering a distance of around 1,500 metres in their heavy armours. The Persians believed the Greeks had lost their senses, as they were so few and without horsemen or archers, thus they thought they were running towards their destruction. However, Miltiades thought otherwise, and he positioned his smaller army in a straight line in order to be of same length to the Persian while reinforcing the left and right wings. The weakened centre would retreat in order, and the two Athenian flanks would attempt to circle the invading army. Indeed, the Greek hoplites charged fast and avoided the deadly arrows of the Persian archers, and engaged in hand to hand combat. It was very soon until the Greek heavy infantry, superior in ground fighting, circled the Persian “Immortals” and claimed victory. As Herodotus reports, the casualties were 192 for the Athenians, 11 for the Plataeans, and 6,400 for the Persians.

Miltiades with this clever strategy and tactics based on reliable information, segmentation, targeting and positioning won the battle! The Marathon runner after running 42,195 meters announced to the Athenians: “Victory!”; thus establishing the famous Olympic Marathon running event.

The remaining Persian army fled and after a series of battles in the following years the Greeks secured their freedom. Not long after, Alexander the Great united the Greek city-states creating the Macedonian Empire, and launched a campaign against the Persians initiating what was later called the *Hellenistic* period and with his strategic battles against Persians with the support of military and logistics experts he saved Greece.



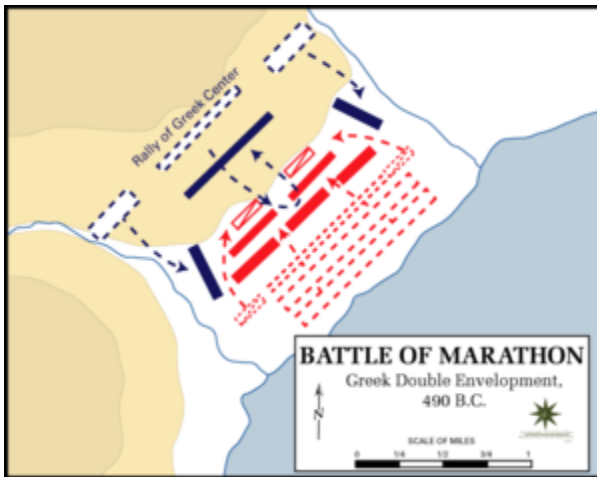
Source: [http://en.wikipedia.org/wiki/Battle\\_of\\_Marathon](http://en.wikipedia.org/wiki/Battle_of_Marathon) [Accessed 05/09/2006]

**Fig. 5. Initial situation**

<sup>1</sup> The historic data of this section were taken from: Herodotus, *History*, Book VI, pp. 94-120. Herodotus is considered “the father of history”.

<sup>2</sup> Other ancient sources argue that the number of the Persians ranged from 200,000 to 600,000 men, but it is considered to be an exaggeration, thus modern writers believe the Persian army ranged from 30,000 to 60,000 men. Herodotus never mentioned any precise number.

<sup>3</sup> Persian elite imperial guard.



Source: [http://en.wikipedia.org/wiki/Battle\\_of\\_Marathon](http://en.wikipedia.org/wiki/Battle_of_Marathon)  
[Accessed 05/09/2006]

Fig. 6. Development of the battle

### 5. A contemporary “battle scene”

Strategy has been a term used for military battle plans over a long period of time. Organisations nowadays can be seen as armies fighting for prosperity in the market, and therefore composing the contemporary “battle scene”. In this research, the battlefield has been the financial sector, and the two opposing armies have been Eurobank and Citibank. Nonetheless, the use of segmentation, targeting and positioning represents the strategy banks follow to obtain market knowledge, achieve their objectives and improve organizational performance.

Eurobank seems to have a specific plan and organizational effort is being directed towards their particular goals. Just like the Greeks knew their strength in hand to hand combat, Eurobank first “attacked” segments coherent to their “lending culture” in order to establish a competitive position in the market. Eurobank’s battle plan is to acquire large market shares in the “affluent” and “emerging affluent” segments by building strong relationships and improving their customer services. With the use of simple and focused segmentation schemes it divides the market into three broad segments and run detailed segmentation exercises for their desirable targets. Similarly, the Greek battle plan was simple and precise intending to circle their opponents and overcome any difficulty caused by their fewer numbers. Indeed, by operating in that way Eurobank avoids competing in fields that would reveal possible weaknesses. Although it started operating later than Citibank, it seems to know the market better and utilize its own strong points to dominate the banking domain.

On the other hand, although Citibank operates in Greece since 1964 and enjoys the support of one of the largest financial institutions in the world, its

performance is not reflecting these facts. Its lack of focus, use of traditional segmentation techniques, and the resulting cultural confusion, could be compared to the Persian attitude in the Battle of Marathon. Just as the Persians withdrew their cavalry from the battlefield and did not use their archers effectively, Citibank does not seem to apply its financial power, innovation ability and marketing sophistication appropriately in the Greek banking sector. Nonetheless, similar to the Persians who were fighting on foreign grounds and should be extremely cautious in selecting the battlefield, Citibank should first “map” the Greek banking customers carefully and obtain precise knowledge on how to serve this market. The Persian unexplained delay for almost ten days gave the Greeks the chance to make the first move and surprise their enemy! Likewise, Citibank fails to lead the market and obtain the “first mover’s advantage”, showing a lack of clear strategic orientations. It seems like Citibank has the resources, competencies and capabilities to compete, but its traditional and successful “remedy” is not enough to transform it into a dominant player. Unfortunately, there is no such thing as a marketing panacea, and different situations might present unique difficulties and require to be dealt separately.

### 6. Comparing the two strategic approaches

Eurobank is an integral part of Geneva-based EFG banking group, and therefore enjoys financial support from a robust mother institution. Moreover, by acquiring Ergasias bank, it could be argued that it initiated its operations in 1990s having a strong base in the Greek market. Citibank also enjoys the benefits of being an important part of a “colossal” organization such as Citigroup, the largest financial institution in the world. Nonetheless, it is now the largest foreign bank in the European Union and is present in Greece since 1964, long before Eurobank. These facts, however, do not seem sufficient to allow it to lead the Greek market (the predominant bank in Greece is the National Bank of Greece).

Both banks seem to be market orientated, up to a certain point, but Eurobank shows more willingness to increase its customer focus. The two banks are currently trying to evolve from a product-centric to a customer-centric approach. Citibank has introduced innovative services over the years but this does not show it has actually become more market orientated. This type of “innovation orientation” does not seem to have significant positive effects for Citibank, thus they might be missing interesting opportunities within the heterogeneity of the market (Frank et al., 1972). Additionally, one must take into consideration the fact that bank customers have been more interested in aspects like convenience (Page

and Luding, 2003), quality of customer services (Sharma and Lambert, 1994), practicality (Meidan and Davos, 1994) and relationship ties (Henson and Wilson, 2002; Jenkins and McDonald, 1997; Lev-erin and Liljander, 2006), rather than innovation.

Eurobank managers argue for the simplicity of their segmentation schemes which entail a “smart” focus on potential profitability (Storbacka, 1997). Thus, they first defined three broad categories of segments (affluent, emerging affluent and mass customers) and consequently undertook segmentation exercises within the segment they are primarily interested in (affluent). On the other hand, Citibank’s segmentation schemes are not clear, thus they mostly rely on profile and geo-demographic data. Although this approach is easier to implement, it would be more effective if these data were enriched with psychographic and behavioral reasoning (Orth et al., 2004; Chisnall, 1995; McDougal and Levesque, 1994; Sampson, 1992; Kotler, 1997; Lin, 2002).

The two banks differ in their targeting approaches as well. Although Eurobank wishes to target the whole market, in reality it is heavily targeting the affluent segment, while at the same time it is closely observing developments in the emerging affluent segment. This facilitates organizational effort to be aimed at particular segments with greater force, and ensures better efficiency in the use of the bank’s resources. To the contrary, Citibank seems to lack a strong target focus, resulting in a wider spread of organizational effort.

As far as positioning is concerned, Eurobank has clearly mastered its competitive position. Strategic aspects and marketing communications are coherent and to a great extent aligned (Ellson, 2004). By initially penetrating segments positive to their “lending culture” (e.g. Mortgages, Consumer Loans and Credit Cards), Eurobank achieved to establish a solid competitive position in the Greek banking sector (Kardon, 1992). Consequently, after gaining a considerable market share in those segments, it steadily diversified its offerings in order to increase its customer base and dominate the wider financial

sector. Citibank’s lack of particular focus has created problems in its efforts to communicate the “purpose of the bank’s existence”, thus Greek customers seem to treat them as “outsiders”. Although Avlonitis and Papastathopoulou (2000) argued that banks need to introduce improved services in order to survive in Greece, they also have to increase their efforts in differentiating themselves from competition due to the “blurring” of the market (Kangis and Voukelatos, 1997; Meidan and Davos, 1994).

Resulting from the above discussion, Eurobank seems to be performing better in a wide range of services, whereas Citibank is not leading market developments although it claims to provide innovative offerings. As it was shown earlier, Eurobank managers link their solid performance and high growth rates to their simple and “smart” use of segmentation techniques. Citibank is also showing positive growth rates on several segments but it still seems to hold a limited market share. Although Citibank managers claim to understand the importance of segmentation and targeting, the lack of psychographic-based segmentation, target segment concentration and cultural “cohesion” are probably the reasons behind their mediocre performance compared to Eurobank.

Lastly, the banks’ future considerations show differences in the ways they perceive evolution in the Greek banking market. While Eurobank believes that the market is becoming increasingly fragmented and “one to one” marketing may represent future developments (Dibb, 2001), Citibank argues for the increasing homogeneity of the market in terms of organizational offerings. Although both provide “private” banking services, Eurobank plans to emphasize even more in the relationship and loyalty element. In other words, Eurobank believes that after segmentation has mapped the existing market structure and segment characteristics, it will be easier for the bank to develop relationship strategies that will in turn enhance customer retention and loyalty.

Table 3. Comparing the approaches of Eurobank and Citibank

	EFG Eurobank Ergasias	Citibank
Background	<ul style="list-style-type: none"> <li>Part of the Geneva-based EFG banking group</li> <li>Acquired its present form in 1990</li> </ul>	<ul style="list-style-type: none"> <li>Part of Citigroup</li> <li>Operating in Greece since 1964</li> </ul>
Market orientation	<ul style="list-style-type: none"> <li>Desires to increase its market focus</li> <li>In the process of moving from a product-centric to a customer-centric scheme</li> <li>Plans to gradually adapt its branch network to a more “relational” structure</li> </ul>	<ul style="list-style-type: none"> <li>Fails to totally encompass the nature of the Greek customers</li> <li>“Innovation Orientation”</li> </ul>

Table 3 (continued). Comparing the approaches of Eurobank and Citibank

Segmentation approach	<ul style="list-style-type: none"> <li>• Simple, mainly based on profitability segmentation</li> <li>• Divides the market into "affluent", "emerging affluent" and "mass market" segments</li> </ul>	<ul style="list-style-type: none"> <li>• Traditional, mainly based on profile/socio-demographic and geographic data</li> <li>• No broad categorizations of segments</li> </ul>
Target marketing	<ul style="list-style-type: none"> <li>• Focusing on the affluent segment</li> <li>• Monitoring the "emerging affluent" segment</li> <li>• Initially targeted segments relevant to their culture (loans) in order to establish strong market presence</li> </ul>	<ul style="list-style-type: none"> <li>• Not clear and therefore wider spread of organizational effort</li> <li>• No intense targeting focus on specific segments</li> </ul>
Positioning	<ul style="list-style-type: none"> <li>• Aligned strategic and communicational aspects</li> <li>• Relies on CRM and aspires to expand it even more</li> <li>• Sufficient knowledge of the target markets helps them differentiate successfully</li> </ul>	<ul style="list-style-type: none"> <li>• Finds difficulties in communicating its foreign personality</li> <li>• Has problems in communicating its "purpose of existence" and therefore to differentiate easier</li> </ul>
Market response	<ul style="list-style-type: none"> <li>• Satisfactory</li> <li>• Shows strong evidence it has "won" their trust</li> </ul>	<ul style="list-style-type: none"> <li>• Sporadically positive</li> <li>• It seems that it has not "won" the people's "hearts"</li> </ul>
Performance	<ul style="list-style-type: none"> <li>• Performing very well in key financial segments</li> <li>• Holds large parts of the market and shows high growth rates</li> </ul>	<ul style="list-style-type: none"> <li>• Holds a rather small share in some key financial segments and seems to follow market developments although it provides innovative services</li> <li>• Stable and sometimes positive growth rates but mediocre overall performance compared to major competitors</li> </ul>
Future orientations	<ul style="list-style-type: none"> <li>• Aspires to become a "global" bank and believes "one to one" marketing is the next step due to the increasing heterogeneity of the market and the emergence of new technologies</li> </ul>	<ul style="list-style-type: none"> <li>• Vague, believes the market is becoming more homogeneous and therefore organizations offerings are increasingly similar (No room for "meaningful differentiation")</li> </ul>

**Conclusions and implications for bank marketing**

The first research question concerning the segmentation approaches of the two banks was assessed at a satisfactory level and revealed their future views and thoughts. It was identified that Eurobank follows a simpler approach with an increased focus on profitability segmentation, whereas Citibank relies on the use of traditional profile geo-demographic data. Their targeting is therefore influenced by these approaches, with Eurobank aiming to acquire the "affluent" and "emerging affluent" segments.

The second research question was also answered successfully by the research, thus Eurobank seems to have positioned itself into the "loan" segments and wishes to gradually expand its dominance. To the contrary, Citibank seems to lack such clarity in its positioning, but both banks recognize the need for strategic and operational alignment.

The third question was effectively assessed although direct quantifiable evidence of the relationship between segmentation and organizational performance are difficult to be identified. However, bank managers and Greek academics agreed that segmentation has significant indirect impacts on financial results.

The fourth research question was answered in depth and the differences between Eurobank and Citibank in terms of their segmentation, targeting and positioning approaches were understood (see Table 3).

Lastly, the fifth research question was answered with the illustration of historical (Battle of Marathon) and contemporary (Eurobank against Citibank) data, which showed that the successful performance of the Athenian General Miltiades against the Persians offers a paradigmatic case study for marketers and managers when attempting to "conquer the market".

There are several barriers preventing the successful implementation and understanding of segmentation. Among other, such problems have been identified to be cultural (Dibb, 2005), technical (Hoek et al., 1996), purposive (Dibb, 1998), strategic (Sausen et al., 2005) and ideological (Brownlie and Saren, 1992). The Greek academics identify the importance of segmentation within the influential effects it has on the steps of targeting and positioning. Indeed, Citibank has been found to experience mainly purposive and cultural difficulties concerning market segmentation and the Greek custom-

ers. Nonetheless, modern technological developments are bound to influence market segmentation as a concept, and perhaps Citibank should focus on the enrichment of its databases with psychographic and behavioral information. In that way, technical difficulties could be surpassed and the bank would be able to carve out “meaningful” segments and obtain a particular target focus. Greek scholars suggest that segmentation schemes have to be modified whenever marketing strategies are changing or the market is not responding to the current approaches, but bank managers find it difficult to be done.

Indeed, technology provides opportunities for marketers to implement personalized services and improve organizational relationships with the market (Dibb, 2001). As Mitchell and Sparks (1988) argued, technology can facilitate the banks’ original antipathy towards the marketing concept. This research indicated that Eurobank believes in these principles and is in the process of moving from a product-centric to a customer-centric scheme. Eurobank managers suggest that “one to one” marketing is the next step, thus it is already implemented for some valuable customers. Their strong belief in the importance of relationship marketing can be seen from their desire to fully implement customer relationship management (CRM) by modifying their organizational structure initially for the “affluent” segment, and gradually for the rest of their customers. Segmenting on the basis of potential profitability (Storbacka, 1997) has enabled Eurobank to achieve growth and solid financial performance, thus with the use of technological developments and “one to one” services its future can only be prosperous.

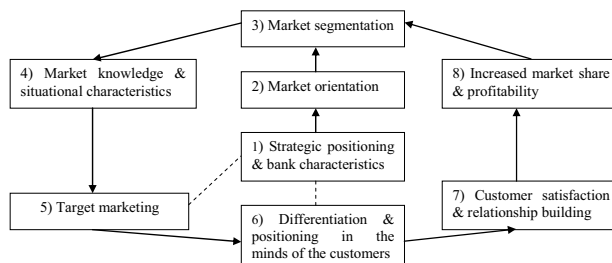
Nonetheless, Eurobank had been initially targeting segments relevant to their culture and therefore achieved to position themselves successfully in the market, while Citibank’s positioning intentions are not clear. As Ellson (2004) and Kardon (1992) argue, this might lead to the confusion of the customers. Indeed, Citibank encounters difficulties in communicating its image, indicating the existence of intangible cultural problems. Although both banks identify the need for alignment between their strategic intentions and operational positioning, Citibank needs to emphasize more on this. Taking into consideration situational factors, it would be useful to understand what the Greek customers want and what the bank can offer best

**References**

1. Bryman, A. and Bell, E. (2003) *Business Research Methods*, Oxford: Oxford University Press.
2. Chisnal, P.M. (1995) *Consumer Behaviour* 3<sup>rd</sup> edn, London: McGraw Hill.
3. Day, G.S. (1990) *Market Driven Strategy*, New York: Free Press.

in order to differentiate its competitive position from the competitors. Moreover, Citibank managers have to understand that although effective differentiation is becoming more difficult due to the blurring of the Greek financial market (Kangis and Voukelatos, 1997), banks need to put more effort to achieve it. Educating and training their service personnel can be a critical and influential factor (Athanasopoulos, 1997).

This research also tried to illuminate the links between segmentation and organizational performance. It was shown that bank managers and academics agree that market segmentation can be critical for the prosperity and financial results of the organization. Although no direct relationships are yet identified, this study argued for the indirect impacts segmentation has on organizational performance, agreeing that segmentation should be perceived as a moderator variable (Dibb et al., 2002). It is important to note that *one of the most important outcomes of this research was the identification of a “cyclical” relationship between segmentation and organizational performance.* Banks have to utilize the sequence of segmentation, targeting and positioning carefully; thus they must be selective in what they decide to implement since different phenomena and different people are involved in alternative settings and produce different outcomes. This cyclical relationship is presented in Figure 7.



**Fig. 7. The cyclical relationship between segmentation & performance**

The whole study’s conceptualization shows a possible alternative in the process of segmentation, targeting and positioning for service companies and banks in particular. Nonetheless, if organizations capitalize on the rapid technological developments they will eventually be able to implement “one to one” services in the near future, and therefore achieve the ultimate personalized approach, which offers better results.

4. Ellson, T. (2004) *Culture and Positioning as Determinants of Strategy*, Basingstoke and New York: Palgrave Macmillan.
5. Frank, R.E, Massy, W.F. and Wind, Y. (1972) *Market Segmentation*, Englewood Cliffs New Jersey: Prentice Hall.
6. Jobber, D. (2004) *Principles and Practice of Marketing* 4<sup>th</sup> edn, Berkshire: McGraw-Hill International (UK) Ltd.
7. Kervin, J.B. (1999) *Methods for Business Research* 2<sup>nd</sup> edn, New York: HarperCollins.
8. Kitay, J. and Callus, R. (1998) "The Role and Challenge of Case Study Design in Industrial Relations Research", in Whitfield, K. and Strauss, G. (eds) *Researching the World of Work*, Cornell: Cornell University Press.
9. Kotler, P., Armstrong, G., Saunders, J. and Wong, V. (1996) *Principles of Marketing*, Hertfordshire: Prentice Hall Europe.
10. Kotler, P. (1997) *Marketing Management Analysis, Planning, Implementation and Control* 9<sup>th</sup> edn, Englewood Cliffs New Jersey: Prentice Hall International.
11. Mintzberg, H., Lamplé, J., Quinn, J.B. and Ghoshal, S. (2003) *The Strategy Process: Concepts, Contexts, Cases* 4<sup>th</sup> edn, New Jersey: Pearson Education Inc.
12. Porter, M.E. (1980) *Competitive Strategy: Techniques for Analyzing Industries and Competitors*, New York: Free Press.
13. Saunders, M., Lewis, P. and Thornhill, A. (2003) *Research Methods for Business Students* 3<sup>rd</sup> edn, England: Pearson Education Limited.
14. Alogoskoufis, G. (Greek minister of Economy and Finance) "Greece in a New Era: Business and Investment Opportunities and the Development of Southeast Europe", *Speech at the "Invest in Greece" Forum*, New York, November 11, 2005.
15. Anderson, W.T., Cox III, E.P. and Fulcher, D.G. (January 1976), "Bank Selection Decisions and Market Segmentation", *Journal of Marketing*, Vol. 40, pp. 40-45.
16. Athanassopoulos, A.D. (1997) "Another Look into the Agenda of Customer Satisfaction: Focusing on Service Providers Own and Perceived Viewpoints", *International Journal of Bank Marketing*, Vol. 15, No. 7, pp. 264-278.
17. Avlonitis, G.J. and Papastathopoulou, P. (2000) "Marketing Communications and Product Performance: Innovative versus Non-Innovative New Retail Financial Products", *International Journal of Bank Marketing*, Vol. 18, No. 1, pp. 27-41.
18. Boot, A.W.A. (2003) "Consolidation and Strategic Positioning in Banking with Implications for Europe", *Brookings-Wharton Papers on Financial Services*, pp. 37-83.
19. Botschen, G., Thelen, E.M. and Pieters, R. (1999) "Using Means-End Structures for Benefit Segmentation – An Application to Services", *European Journal of Marketing*, Vol. 33, No. 1/2, pp. 38-58.
20. Brooksbank, R.W. (1994) "The Anatomy of Marketing Positioning Strategy", *Marketing Intelligence & Planning*, Vol. 12, No. 4, pp. 10-14.
21. Brownlie, D. and Saren, M. (1992) "The Four Ps of the Marketing Concept: Prescriptive, Polemical, Permanent and Problematical", *European Journal of Marketing*, Vol. 26, No. 4, pp. 34-47.
22. Carson, D. and Coviello, N. (1996) "Qualitative Research Issues at the Marketing/Entrepreneurship Interface", *Marketing Intelligence & Planning*, Vol. 14, No. 6, pp. 51-58.
23. Cassell, C., Buehring, A., Symon, G. and Johnson, P. (2006) "Qualitative Methods in Management Research: An Introduction to the Themed Issue", *Management Decision*, Vol. 44, No. 2, pp. 161-166.
24. Christy, R. and Wood, M. (1999) "Researching Possibilities in Marketing", *Qualitative Market Research: An International Journal*, Vol. 2, No. 3, pp. 189-196.
25. Davies, M. (1996) "Image Problems with Financial Services: Some Considerations for Improvement", *Management Decision*, Vol. 34, No. 2, pp. 64-71.
26. Dibb, S. and Simkin, L. (1993) "The Strength of Branding and Positioning in Services", *International Journal of Service Industry Management*, Vol. 4, No. 1, pp. 25-35.
27. Dibb, S. (1998) "Market Segmentation: Strategies for Success", *Journal of Marketing Intelligence & Planning*, Vol. 16, No. 7, pp. 394-406.
28. Dibb, S. (2001) "New Millennium, New Segments: Moving towards the Segment of One?", *Journal of Strategic Marketing*, 9, pp. 193-213.
29. Dibb, S., Stern, P. and Wensley, R. (2002) "Marketing Knowledge and the Value of Segmentation", *Marketing Intelligence & Planning*, Vol. 20, No. 2, pp. 113-119.
30. Dibb, S. (2005) "Market Segmentation Implementation Barriers and How to Overcome them", *The Marketing Review*, 15, pp. 13-30.
31. Durkin, M. (2004) "In Search of the Internet-Banking Customer: Exploring the Use of Decision Styles", *International Journal of Bank Marketing*, Vol. 22, No. 7, pp. 484-503.
32. Eriksson, K. and Mattsson, J. (January 1996) "Organising for Market Segmentation in Banking: The Impact from Production Technology and Coherent Bank Norms", *The Service Industry Journal*, Vol. 16, No. 1, pp. 35-46.
33. Fisher, R.J. (1991) "Durable differentiation Strategies for Services", *Journal of Services Marketing*, Vol. 5, No. 1, pp. 19-28.
34. Hammond, K., Ehrenberg, A.S.C. and Goodhardt, G.J. (1996) "Market Segmentation for Competitive Brands", *European Journal of Marketing*, Vol. 30, No. 12, pp. 39-49.
35. Hannabuss, S. (1996) "Research Interviews" *New Library World*, Vol. 97, No. 1129, pp. 22-30.
36. Harrison, T.S (1994) "Mapping Customer Segments for Personal Financial Services", *International Journal of Bank Marketing*, Vol. 12, No. 8, pp. 17-25.

37. Henson, S. W. and Wilson, J.C. (2002) "Case Study Strategic Alliances in the Financial Services Industry", *Journal of Business and Industrial Marketing*, Vol. 17, No. 5, pp. 407-418.
38. Hoek, J., Gendall, P. and Esslemont, D. (1996) "Market Segmentation – A Search for the Holy Grail?", *Journal of Marketing Practice: Applied Marketing Science*, Vol. 2, No. 1, pp. 25-34.
39. Honohan, P. (April 1999) "Consequences for Greece and Portugal of the opening-up of the European Banking Market", *The World Bank*, Development Economics Group.
40. Hussey, M. and Hooley, G. (1995) "The Diffusion of Quantitative Methods into Marketing Management", *Journal of Marketing Practice*, Vol. 1, No. 4, pp. 13-31.
41. Jenkins, M. and McDonald, M. (1997) "Market Segmentation: Organisational Archetypes and Research Agendas", *European Journal of Marketing*, Vol. 31, No. 1, pp. 13-32.
42. Kardon, B.E. (1992) "Consumer Schizophrenia: Extremism in the Marketplace", *Planning Review*, Vol. 29, No. 4, pp. 18-22.
43. Kangis, P. and Voukelatos, V. (1997) "Private and Public Banks: A Comparison of Customers Expectations and Perceptions", *International Journal of Bank Marketing*, Vol. 15, No. 7, pp. 279-287.
44. Kaynak, E. and Harcar, T.D. (2005) "American Consumers' Attitudes Towards Commercial Banks: A comparison of Local and National Bank Customers by Use of Geodemographic Segmentation", *International Journal of Bank Marketing*, Vol. 23, No. 1, pp. 73-89.
45. Leverin, A. and Liljander, V. (2006) "Does Relationship Marketing Improve Customer Relationship Satisfaction and Loyalty?", *International Journal of Bank Marketing*, Vol. 24, No. 4, pp. 232-251.
46. Lin, C. (2002) "Segmenting Consumer Brand Preference: Demographic or Psychographic", *Journal of Product and Brand Management*, Vol. 11, No. 4, pp. 249-268.
47. Machauer, A. and Morgner, S. (2001) "Segmentation of Bank Customers by Expected Benefits and Attitudes", *International Journal of Bank Marketing*, Vol. 17, No. 1, pp. 6-17.
48. McDougall, D.H.G. and Levesque, T.J. (1994) "Benefit Segmentation Using Service Quality Dimensions: An Investigation in Retail Banking", *International Journal of Bank Marketing*, Vol. 12, No. 2, pp. 15-23.
49. Meadows, M. and Dibb, S. (1998) "Assessing the Implementation of Market Segmentation in Retail Financial Services", *International Journal of Service Industry Management*, Vol. 9, No. 3, pp. 266-285.
50. Meidan, A. and Davos, D. (1994) "Credit and Charge Cards Selection Criteria in Greece", *International Journal of Bank Marketing*, Vol. 12, No. 2, pp. 36-44.
51. Milliken, J. (2001) "Qualitative Research and Marketing Management", *Management Decision*, Vol. 39, No. 1, pp. 71-77.
52. Minhas, R.J. and Jacobs, E.M. (1996) "Benefit Segmentation by Factor Analysis: An Improved Method of Targeting Customers for Financial Services", *International Journal of Bank Marketing*, Vol. 14, No. 3, pp. 3-13.
53. Mitchell, J.W. and Sparks, L. (1988) "Technology and Bank Marketing Information Systems", *Journal of Marketing Management*, Vol. 4, No. 1, pp. 50-51.
54. Nelson, M.R. (1999) "Bank Marketing and Information Technology: A Historical Analysis of the Post-1970 Period", *International Journal of Bank Marketing*, Vol. 17, No. 6, pp. 265-273.
55. Orth, U.R., McDaniel, M., Shellhammer, T. and Lopetcharat, K. (2004) "Promoting Brand Benefits: The role of consumer psychographics and Lifestyle", *Journal of Consumer Marketing*, Vol. 21, No. 2, pp. 97-108.
56. Page, C. and Luding, Y. (2003) "Bank Managers' Direct Marketing Dilemmas – Customers' Attitudes and Purchase Intention", *International Journal of Bank Marketing*, Vol. 21, No. 3, pp. 147-163.
57. Sampson, P. (1992) "People are People the World Over: The Case for Psychological Market Segmentation", *Marketing and Research Today*, Vol. 20, No. 4, pp. 236-244.
58. Sharma, A. and Lambert, D.M. (1994) "Segmentation of Markets Based on Customer Service", *International Journal of Physical Distribution & Logistics Management*, Vol. 24, No. 4, pp. 50-58.
59. Smith, W. (July 1956) "Product Differentiation and Market Segmentation as Alternative Marketing Strategies", *Journal of Marketing*, 21, pp. 3-8.
60. Storbacka, K. (1997) "Segmentation Based on Customer Profitability-Retrospective Analysis of Retail Bank Customer Bases", *Journal of Marketing Management*, Vol. 13, No. 5, pp. 479-492.
61. Treacy, M. and Wiersema, F. (1993) "Customer Intimacy and Other Value Disciplines", *Harvard Business Review*, January-February, pp. 84-93.
62. Vardis, H. and Vasa Sideris, S. (2000) "The PISCESSM Process: Guiding Clients to Creative Positioning Strategies", *Journal of Business & Industrial Marketing*, Vol. 15, No. 2/3, pp. 163-169.
63. Young, M.R. (1999) "Market Structure Analysis: A Foundation for Developing and Assessing Bank Strategy", *International Journal of Bank Marketing*, Vol. 17, No. 1, pp. 20-25.
64. Zineldin, M. (1996) "Bank Strategic Positioning and Some Determinants of Bank Selection", *International Journal of Bank Marketing*, Vol. 14, No. 6, pp. 12-22.
65. Zineldin, M. and Bredenlöw T. (2001) "Performance Measurement and Management Control Positioning Strategies, Quality and Productivity: A Case Study of a Swedish Bank", *Managerial Auditing Journal*, Vol. 16, No. 9, pp. 484-499.
66. Zineldin, M. (2005) "Quality and Customer Relationship Management (CRM) as Competitive Strategy in the Swedish Banking Industry", *the TQM Magazine*, Vol. 17, No. 4, pp. 329-344.