

## marketing disussion

**Descriptive versus Behavioral Market Segmentation Schemes**  
Think of various product categories. How would you classify yourself in terms of the various segmentation schemes? How would marketing be more or less effective for you depending

on the segment involved? How would you contrast demographic versus behavioral segment schemes? Which ones do you think would be most effective for marketers trying to sell to you?

### MARKETING SPOTLIGHT |

### HSBC

HSBC is known as the "world's local bank." Originally called the Hong Kong and Shanghai Banking Corporation Limited, HSBC was established in 1865 to finance the growing trade between China and the United Kingdom. HSBC is now the second-largest bank in the world, serving 100 million customers through 9,500 branches in 79 countries. The company is organized by business line (personal financial services; consumer finance; commercial banking; corporate investment banking and markets; private banking), as well as by geographic segment (Asia-Pacific, U.K./Eurozone, North America/NAFTA, South America, Middle East).

Despite operating in 79 different countries, the bank works hard to maintain a local feel and local knowledge in each area. HSBC's fundamental operating strategy is to remain close to its customers. As HSBC chairman Sir John Bond said in November 2003, "Our position as the world's local bank enables us to approach each country uniquely, blending local knowledge with a world-wide operating platform."

For example, consider HSBC's local marketing efforts in New York City. To prove to jaded New Yorkers that the London-based financial behemoth was "the world's local bank," HSBC held a "New York City's Most Knowledgeable Cabbie" contest. The winning cabbie gets paid to drive full-time for HSBC for the year, and HSBC customers win, too. Any customer showing an HSBC bankcard, checkbook, or bank statement can get a free ride in the HSBC-branded Bankcab. The campaign demonstrates HSBC's local knowledge. "In order to make New Yorkers believe you're local, you have to act local," said Renegade Marketing Group's CEO Drew Neisser.

Across the world in Hong Kong, HSBC undertook a different campaign. In the region hit hard by the Severe Acute Respiratory Syndrome (SARS) outbreak, HSBC launched a program to revitalize the local economy. HSBC "plowed back interest payments" to customers who worked in industries most affected by SARS (cinemas, hotels, restaurants, and travel agencies). The program eased its customers' financial burden. The bank also promoted Hong Kong's commercial sector by offering discounts and rebates for customers who use an HSBC credit card when shopping and dining out, to help businesses affected by the downturn. More than 1,500 local merchants participated in the promotion.

In addition to local marketing, HSBC does niche marketing. For example, it found a little-known product area that was growing at 125 percent a year: pet insurance. In December 2003 it announced that it will distribute nationwide pet insurance through its HSBC Insurance agency, making the insurance available to its depositors.

HSBC also segments demographically. In the United States, the bank will target the immigrant population, particularly Hispanics, now that it has acquired Bital in Mexico, where many migrants to the United States deposit money.

Overall, the bank has been consciously pulling together its worldwide businesses under a single global brand with the "world's local bank" slogan. The aim is to link its international size with close relationships in each of the countries in which it operates. The company spends \$600 million annually on global marketing and will likely consolidate and use fewer ad agencies. HSBC will decide who gets the account by giving each agency a "brand-strategy exercise." Agencies will be vying for the account by improving on HSBC's number 37 global brand ranking.

#### Discussion Questions

1. What have been the key success factors for HSBC?
2. Where is HSBC vulnerable? What should it watch out for?
3. What recommendations would you make to senior marketing executives going forward? What should they be sure to do with its marketing?

Sources: Deborah Orr, "New Ledger," *Forbes*, March 1, 2004, pp. 72–73; "HSBC's Global Marketing Head Explains Review Decision," *Adweek*, January 19, 2004; "Now Your Customers Can Afford to Take Fido to the Vet," *Bank Marketing* (December 2003): 47; Kenneth Hein, "HSBC Bank Rides the Coattails of Chatty Cabbies," *Brandweek*, December 1, 2003, p. 30; Sir John Bond and Stephen Green, "HSBC Strategic Overview," presentation to investors, November 27, 2003; "Lafferty Retail Banking Awards 2003," *Retail Banker International*, November 27, 2003 pp. 4–5; "Ideas that Work," *Bank Marketing* (November 2003): p. 10; "HSBC Enters the Global Branding Big League," *Bank Marketing International* (August 2003): pp. 1–2; Normandy Madden, "HSBC Rolls out Post-SARS Effort," *Advertising Age*, June 16, 2003, p. 12; [www.hsbc.com](http://www.hsbc.com).

## NOTES :::

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