

# Applications

## Marketing Debate

### Is Mass Marketing Dead?

With marketers increasingly adopting more and more refined market segmentation schemes—fueled by the Internet and other customization efforts—some claim mass marketing is dead. Others counter there will always be room for large brands employing marketing programs to target the mass market.

**Take a position:** Mass marketing is dead *versus* Mass marketing is still a viable way to build a profitable brand.

## Marketing Discussion

### Marketing Segmentation Schemes

Think of various product categories. In each segmentation scheme, to which segment do you feel you belong? How would marketing be more or less effective for you depending on the segment? How would you contrast demographic and behavioral segment schemes? Which one(s) do you think would be most effective for marketers trying to sell to you?

## Marketing Excellence

>>HSBC



HSBC

wants to be known as the “world’s local bank.” This tagline reflects HSBC’s positioning as a globe-spanning financial institution with a unique focus on serving local markets. Originally the Hong Kong and Shanghai Banking Corporation Limited, HSBC was established in 1865 to finance the growing trade between China and the United Kingdom. It’s now the second-largest bank in the world.

Despite serving over 100 million customers through 9,500 branches in 85 countries, the bank works hard to maintain a local presence and local knowledge in each area. Its fundamental operating strategy is to remain close to its customers. As HSBC’s former chairman, Sir John Bond, stated, “Our position as the world’s local bank enables us to approach each country uniquely, blending local knowledge with a worldwide operating platform.”

Ads for the “World’s Local Bank” campaign have depicted the way different cultures or people interpret the same objects or events. One TV spot showed a U.S. businessman hitting a hole-in-one during a round in

Japan with his Japanese counterparts. He is surprised to find that rather than paying for a round of drinks in the clubhouse, as in the United States, by Japanese custom he must buy expensive gifts for his playing partners. In another international TV spot, a group of Chinese businessmen take a British businessman out to an elaborate dinner where live eels are presented to the diners and then served sliced and cooked. Clearly disgusted by the meal, the British businessman finishes the dish as the voice-over explains, “The English believe it’s a slur on your hosts’ food if you don’t clear your plate.” His Chinese host then orders another live eel for him as the voice-over explained, “Whereas the Chinese feel that it’s questioning their generosity if you do.”

HSBC demonstrated its local knowledge with marketing efforts dedicated to specific locations. In 2005 it set out to prove to jaded New Yorkers that the London-based financial behemoth was a bank with local knowledge. The company held a “New York City’s Most Knowledgeable Cabbie” contest, in which the winning cabbie got paid to drive an HSBC-branded BankCab full-time for a year. HSBC customers could win, too. Any customer showing an HSBC bank card, checkbook, or bank statement was able to get a free ride in the BankCab. HSBC also ran an integrated campaign highlighting the diversity of New Yorkers, which appeared throughout the city.

More than 8,000 miles away, HSBC undertook a two-part “Support Hong Kong” campaign to revitalize a local economy hit hard by the 2003 SARS outbreak. First, HSBC delayed interest payments for personal-loan customers who worked in industries most affected by SARS (cinemas, hotels, restaurants, and travel agencies). Second, the bank offered discounts and rebates for HSBC credit card users when they shopped and dined out. More than 1,500 local merchants participated in the promotion.

HSBC also targets consumer niches with unique products and services. It found a little-known product area growing at 125 percent a year: pet insurance. The bank now distributes nationwide pet insurance to its depositors through its HSBC Insurance agency. In Malaysia, HSBC offered a “smart card” and no-frills credit cards to the underserved student segment and targeted high-value customers with special “Premium Centers” bank branches.

In order to connect with different people and communities, HSBC sponsors more than 250 cultural and sporting events with a special focus on helping the youth, growing education, and embracing communities. These sponsorships also allow the company to learn from different people and cultures around the world.

The bank pulls its worldwide businesses together 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. HSBC spends \$600 million annually on global marketing, consolidated under the WPP group of agencies.

In 2006, HSBC launched a global campaign entitled “Different Values,” which embraced this exact notion of multiple viewpoints and different interpretations. Print ads showed the same picture three times with a different interpretation in each. For example, an old classic car appeared three times with the words, *freedom*, *status symbol*, and *polluter*. Next to the picture reads, “The more you look at the world, the more you realize that what one person values may be different from the next.” In another set of print ads, HSBC used three different pictures side by side but with the same word. For example, the word *accomplishment* is first shown on a picture of a woman winning a beauty pageant, then an astronaut walking on the moon, and finally a young child tying his sneaker. The

copy reads, “The more you look at the world, the more you realize what really matters to people.” Tracy Britton, head of marketing for HSBC Bank, USA, explained the strategy behind the campaign, “It encapsulates our global outlook that acknowledges and respects that people value things in very different ways. HSBC’s global footprint gives us the insight and the opportunity not only to be comfortable, but confident in helping people with different values achieve what’s really important to them.”

HSBC earned \$142 billion in sales in 2009, making it the 21st largest company in the world. It hopes its latest campaign and continued position as the “World’s Local Bank” will improve its \$10.5 billion brand value, which placed it 32nd on the 2009 Interbrand/*BusinessWeek* global brand rankings.

### Questions

1. What are the risks and benefits of HSBC’s positioning itself as the “World’s Local Bank”?
2. Does HSBC’s most recent campaign resonate with its target audience? Why or why not?

**Sources:** Carrick Mollenkamp, “HSBC Stumbles in Bid to Become Global Deal Maker,” *Wall Street Journal*, October 5, 2006; Kate Nicholson, “HSBC Aims to Appear Global Yet Approachable,” *Campaign*, December 2, 2005, p. 15; 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): 10; “HSBC Enters the Global Branding Big League,” *Bank Marketing International* (August 2003): 1–2; Normandy Madden, “HSBC Rolls out Post-SARS Effort,” *Advertising Age*, June 16, 2003, p. 12; “www.hsbc.com” Douglas Quenqua, “HSBC Dominates Ad Pages in New York Magazine Issue,” *New York Times*, October 20, 2008, pg. B.6; Kimia M. Ansari, “A Different Point of View: HSBC,” *Unbound Edition*, July 10, 2009; Press release, “The Evolution of ‘Your Point of View.’” October 20, 2008; *Fortune*, Global 500; HSBC.com.

## Marketing Excellence

>>BMW



BMW is the ultimate driving machine. Manufactured by the German company, Bayerische Motoren Werke AG, BMW stands for both performance and luxury. The company was founded in 1916 as an aircraft-engine manufacturer and produced engines during World War I and World War II. It evolved into a motorcycle and automobile maker by the mid-20th century, and today it is an internationally respected company and brand with €53 billion (about \$76 billion) in revenues in 2008.

BMW’s logo is one of the most distinct and globally recognized ever created. The signature BMW roundel looks like a spinning propeller blade set against a blue sky background—originally thought to be a tribute to the company’s founding days as an aircraft engine manufacturer. Recently, however, a *New York Times* reporter revealed that the logo, which features the letters BMW at the top of the outer ring and a blue-and-white checkered