

**SCORPIO**  
**BY PAUL FIFIELD**

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# The **SCORPIO** model

by

**Paul Fifield**

# Introduction



# Marketing defined

“Marketing is the management process responsible for identifying, anticipating and satisfying customer requirements profitably.”

*The Chartered Institute of Marketing*

# Marketing = Customers

“The purpose of a business is to  
**create and keep** a customer”

*Levitt*

# Creating & keeping customers

Constantly add customer value

1. Find out what they want
2. Satisfy their needs and wants
3. Make sure that they can get more of what they want with you than anywhere else
4. Make sure that they know it

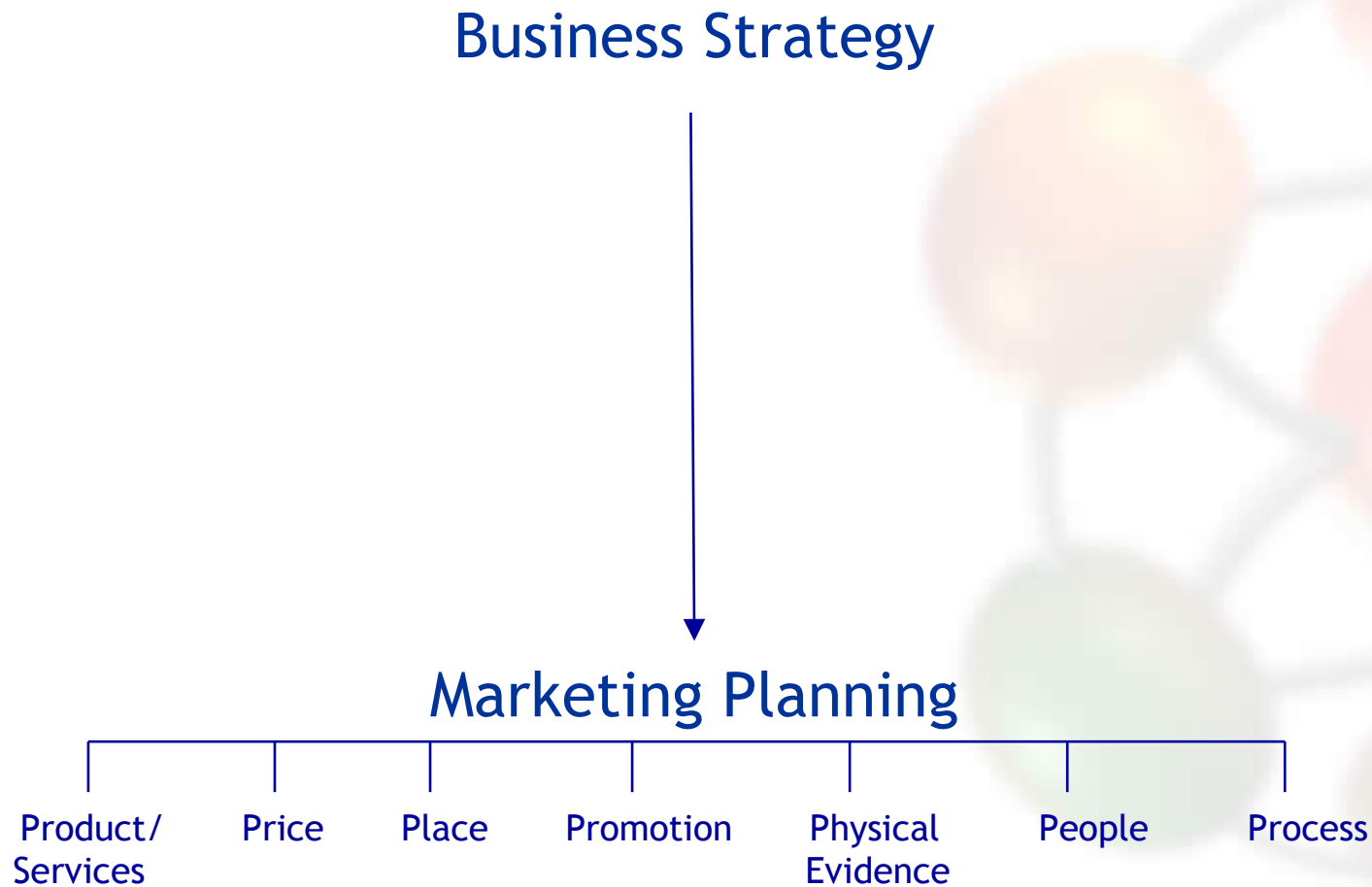
**And doing it more than once = Strategy!**

# What is Marketing Strategy?

Marketing Strategy is the process by which the organisation **aligns** itself with the market it wishes to serve

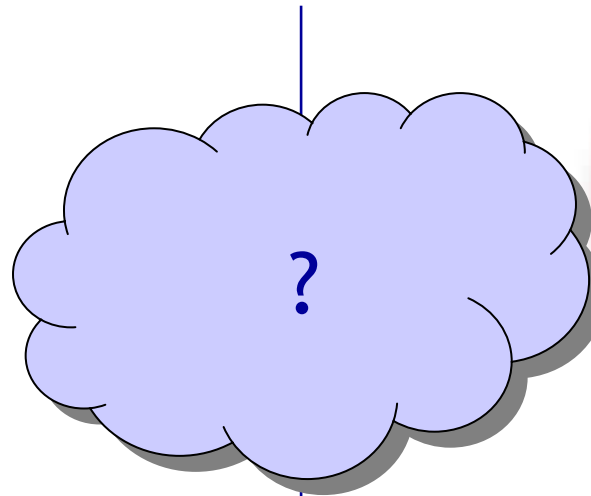
Paul Fifield

# Strategy and Marketing



# Strategy and Marketing

Business Strategy



Marketing Planning



# Strategy and Marketing

Business Strategy

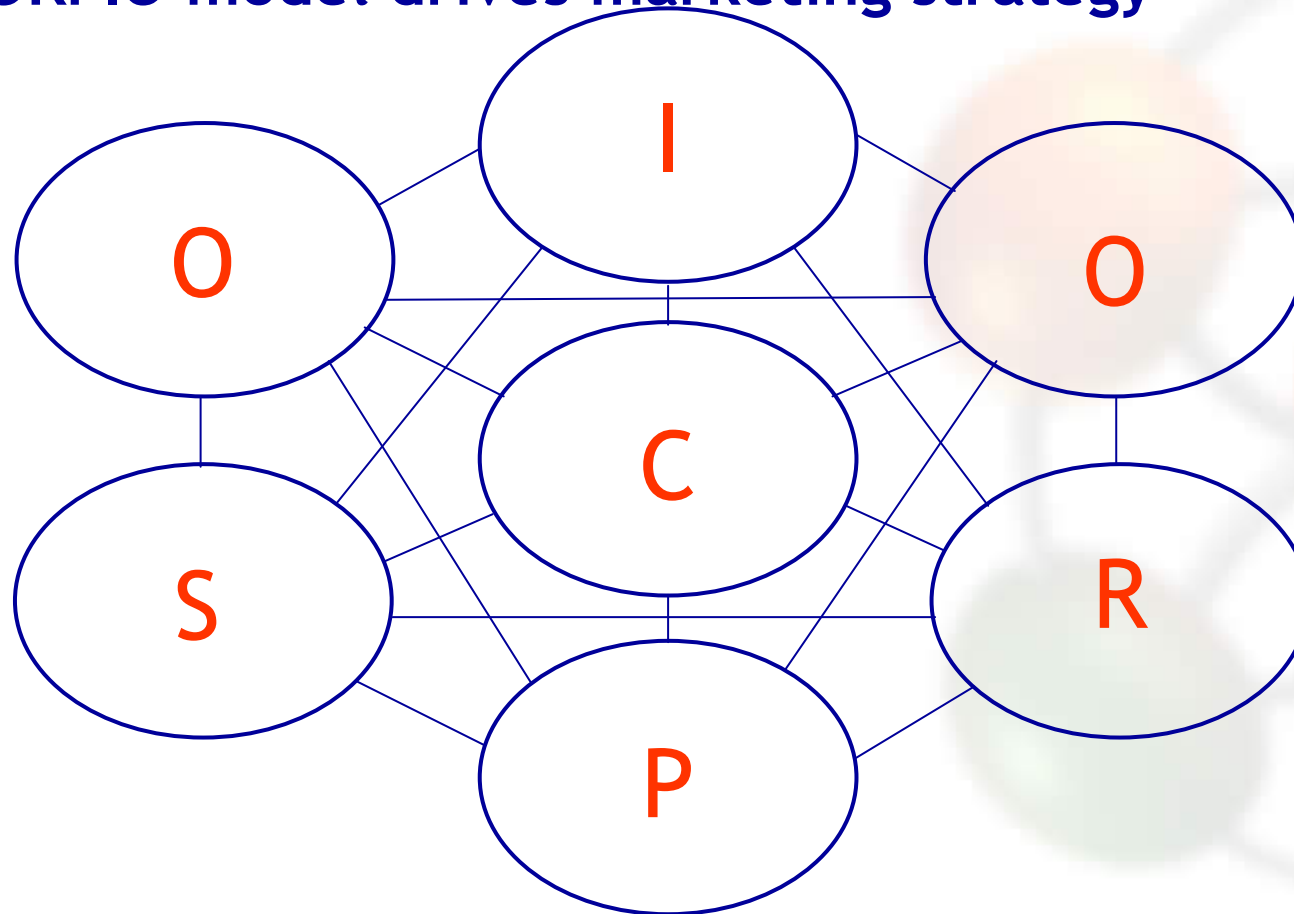


Marketing Planning

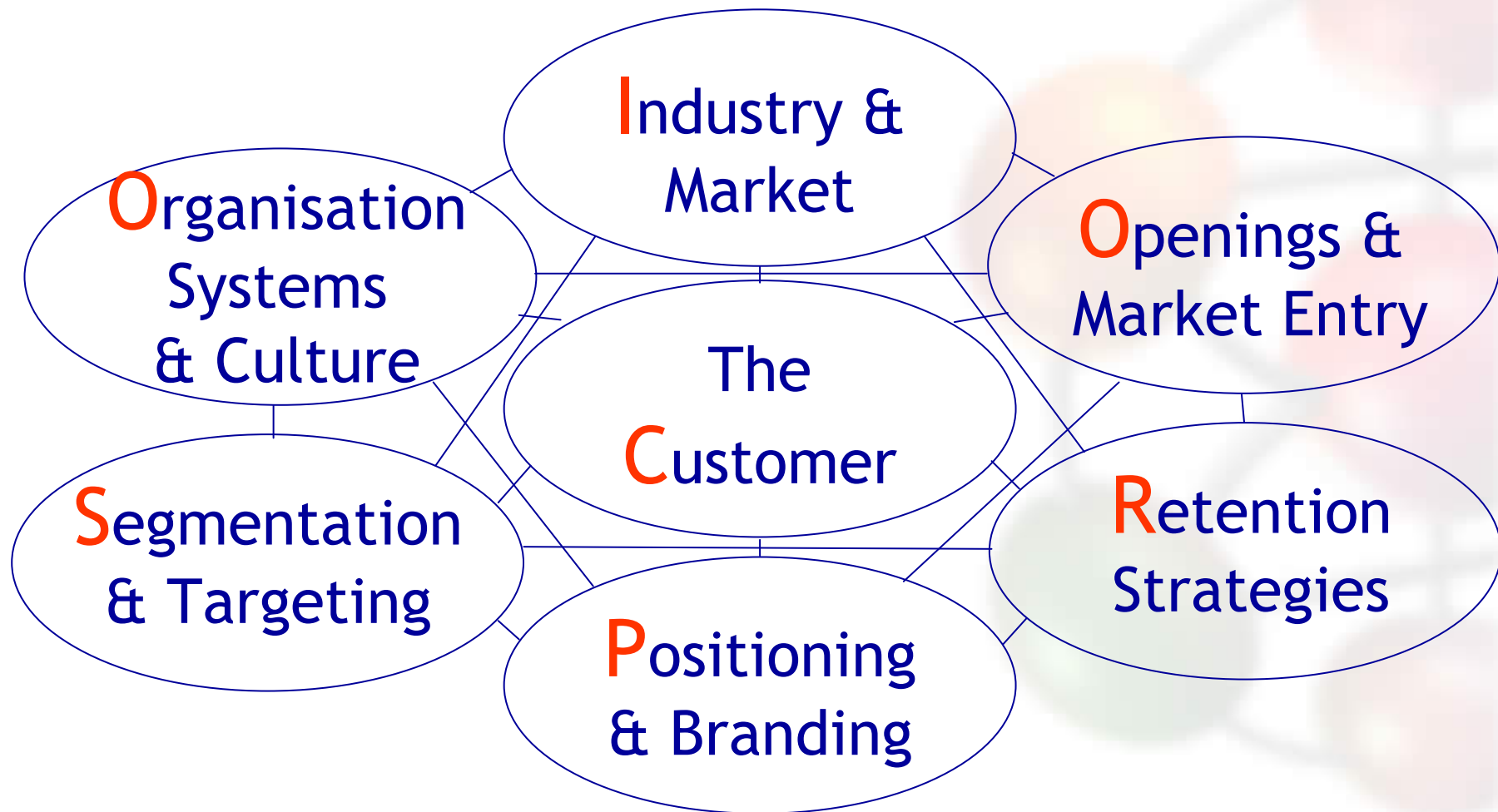


# SCORPIO

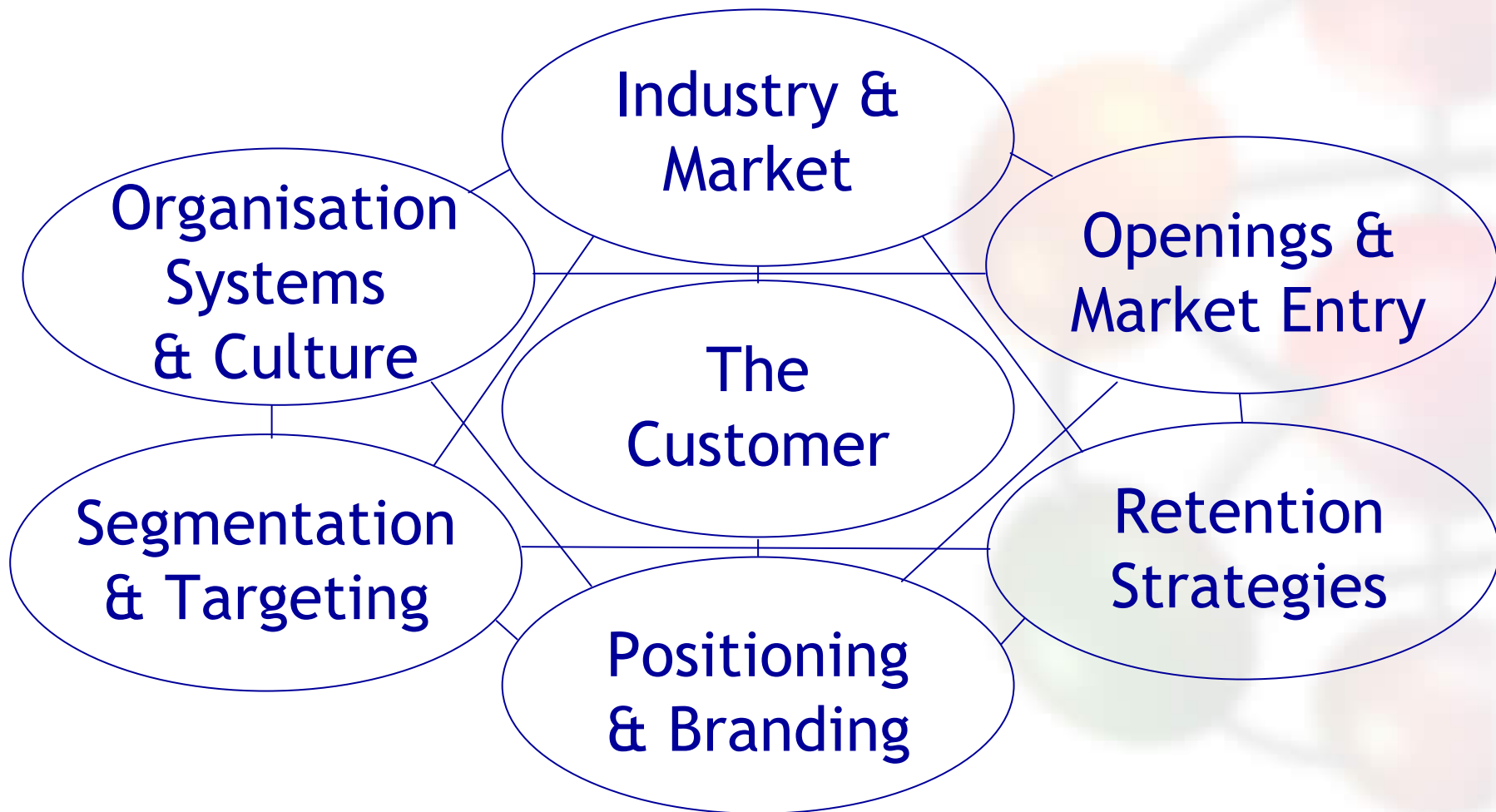
The SCORPIO model drives marketing strategy



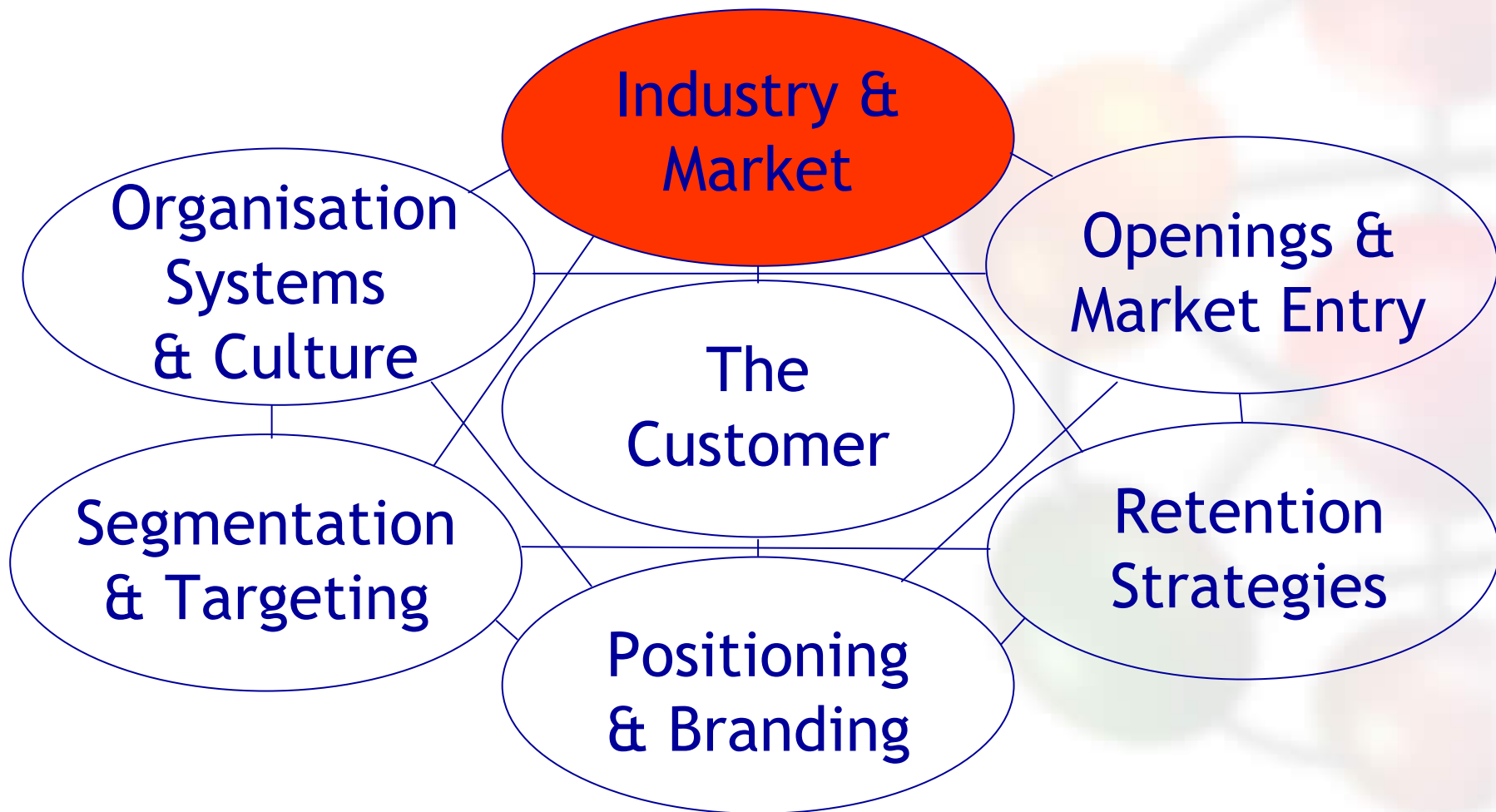
# Scorpio marketing strategy



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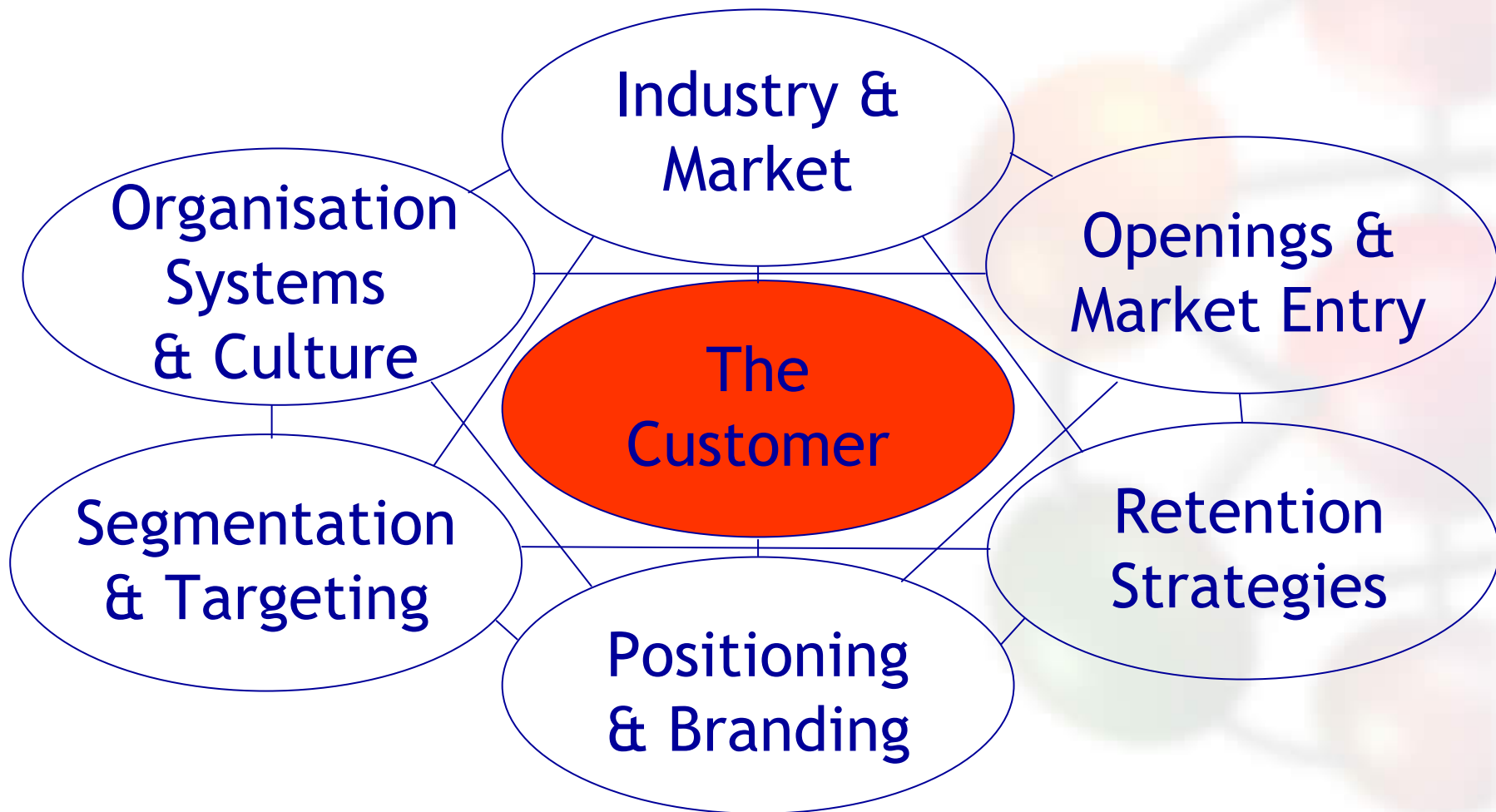
# Scorpio - 1. Industry & Market



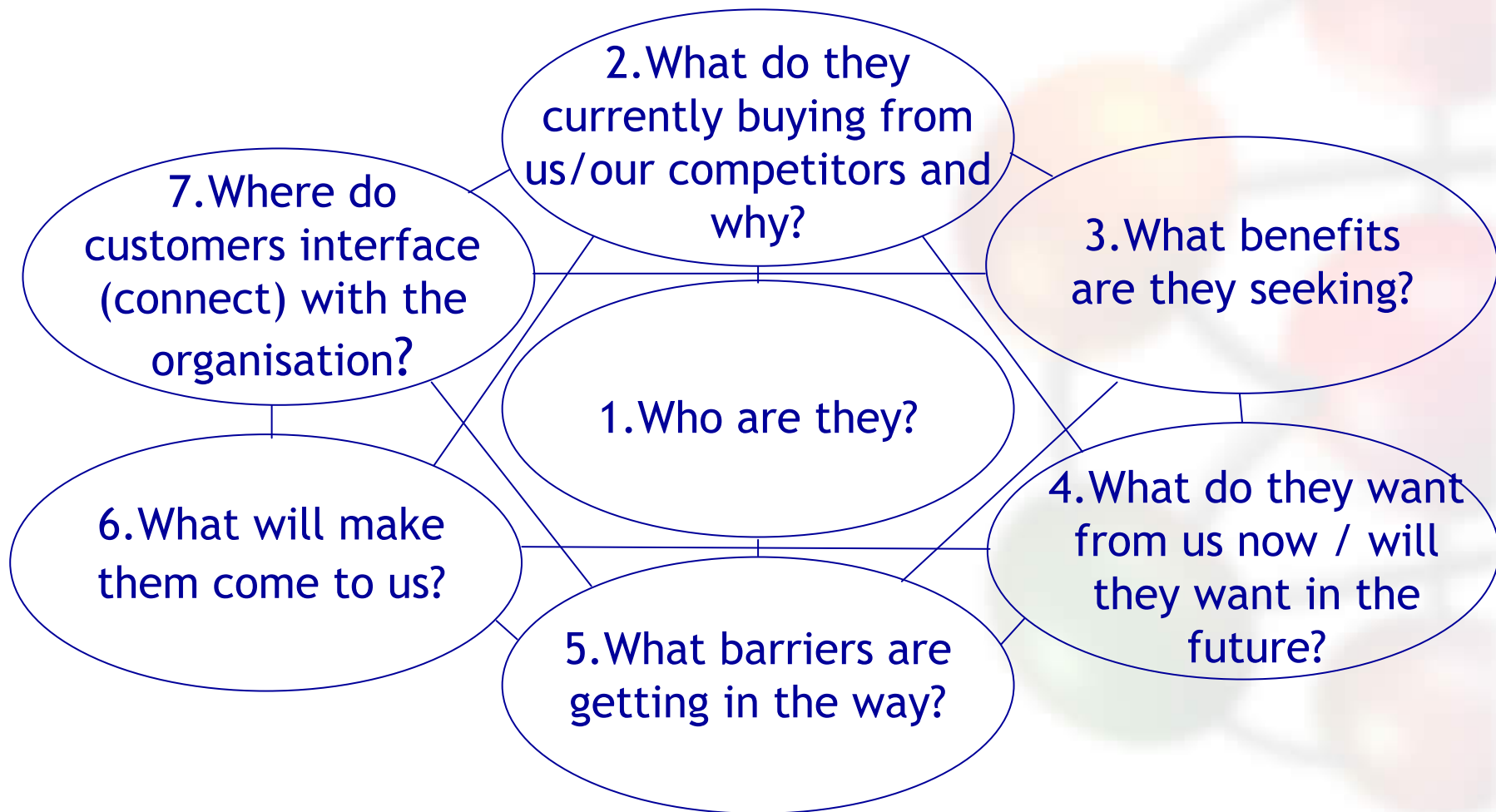
# What business do we want to/should we be in?

“Product led”	Company	“Market led”
Motor Cycles Watches Electric Motors Railroads Electronics Cars Watches Beer Cosmetics Pubs Coffee Shops Encyclopedias	Harley Davidson Swatch B&D Amtrak Sony Jaguar Rolex A Busch Revlon Bass Taverns Starbucks Britannica	Big Boys’ Toys Fashion Accessories DIY Transport Entertainment Status Jewelry Friendship “Hope” Entertainment The Third Place Parental guilt
<b>Our Product</b>	<b>Our Company</b>	<b>Our Business</b>

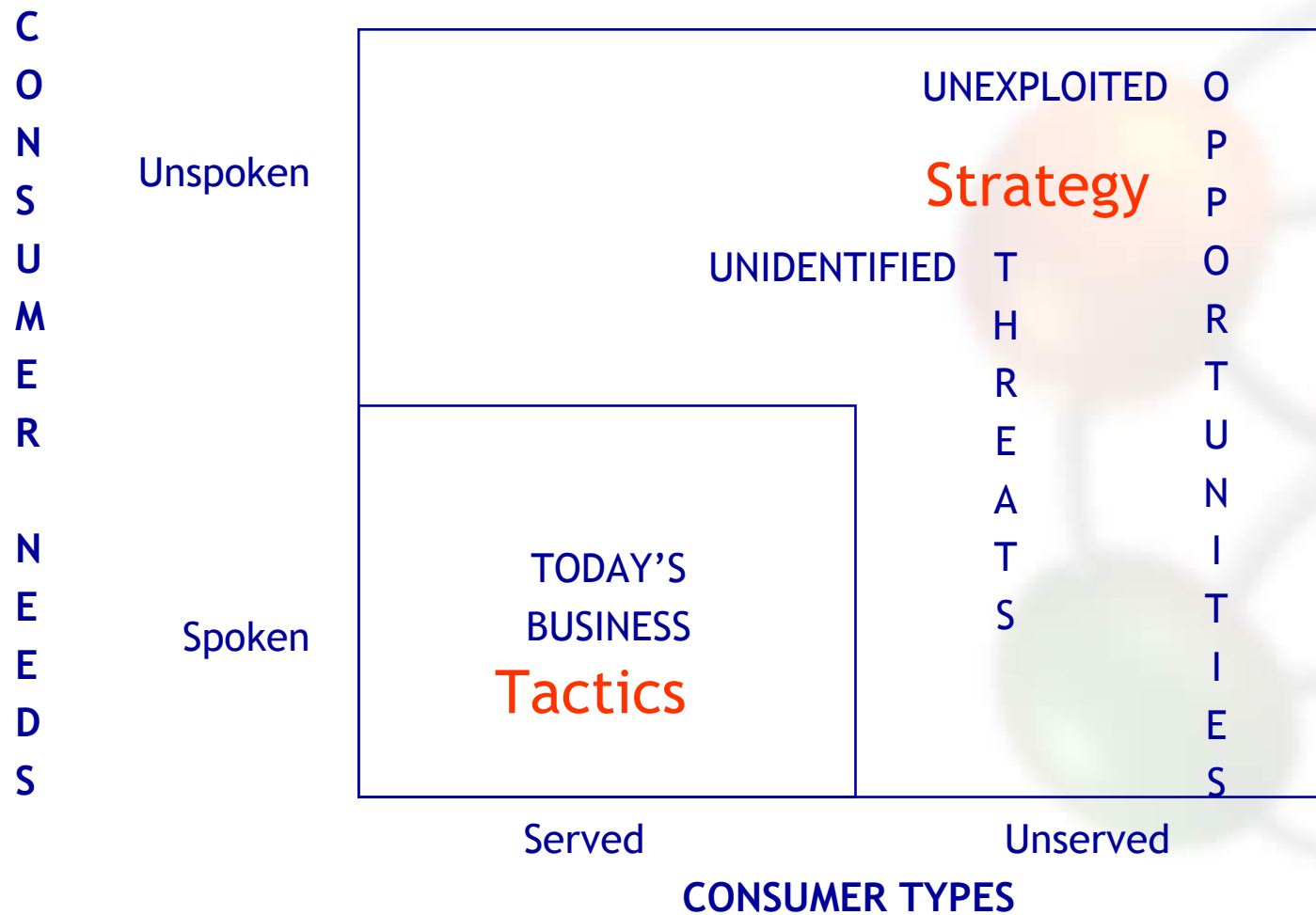
# Scorpio marketing strategy



# Scorpio - 2. The Customer



# Latent needs & wants - Hamel



# The Customer Value Equation

What is 'Customer Value'?

**Value = Benefits - Costs - Risk**

# The Customer Trade-Off

Highest  
Perceived  
Value

- What is customer value?
  - Value = benefit - cost - risk
- What is customer benefit?
  - Benefit =the perfect solution to a problem
- What is customer cost?
  - Cost =  $f$  (financial outlay, time, risk)
- What is customer risk?
  - Risk = the perceived downside in purchase

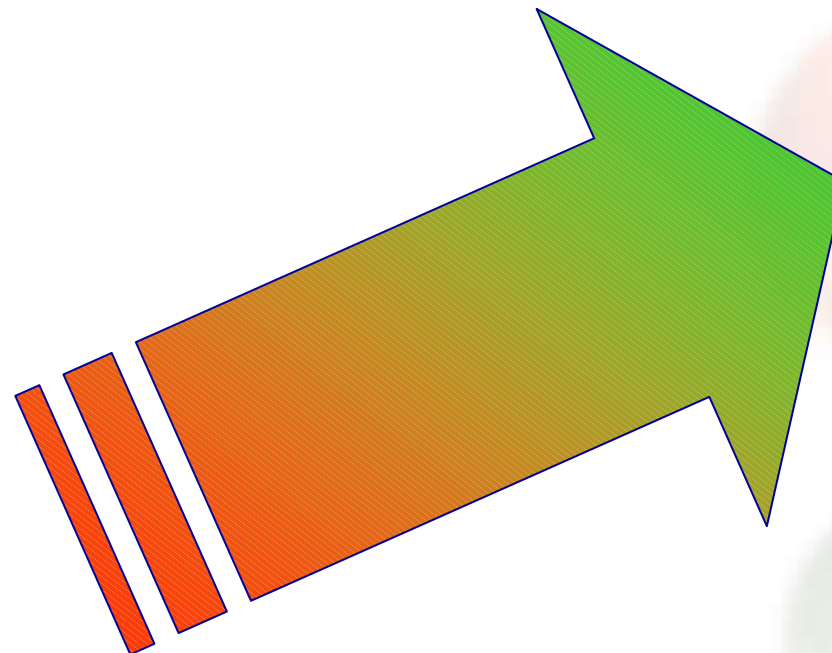
Lowest Delivered Costs

# Tune into W11fm

**YES!**

Will pay a premium for:

- Healthier food
- Quality food

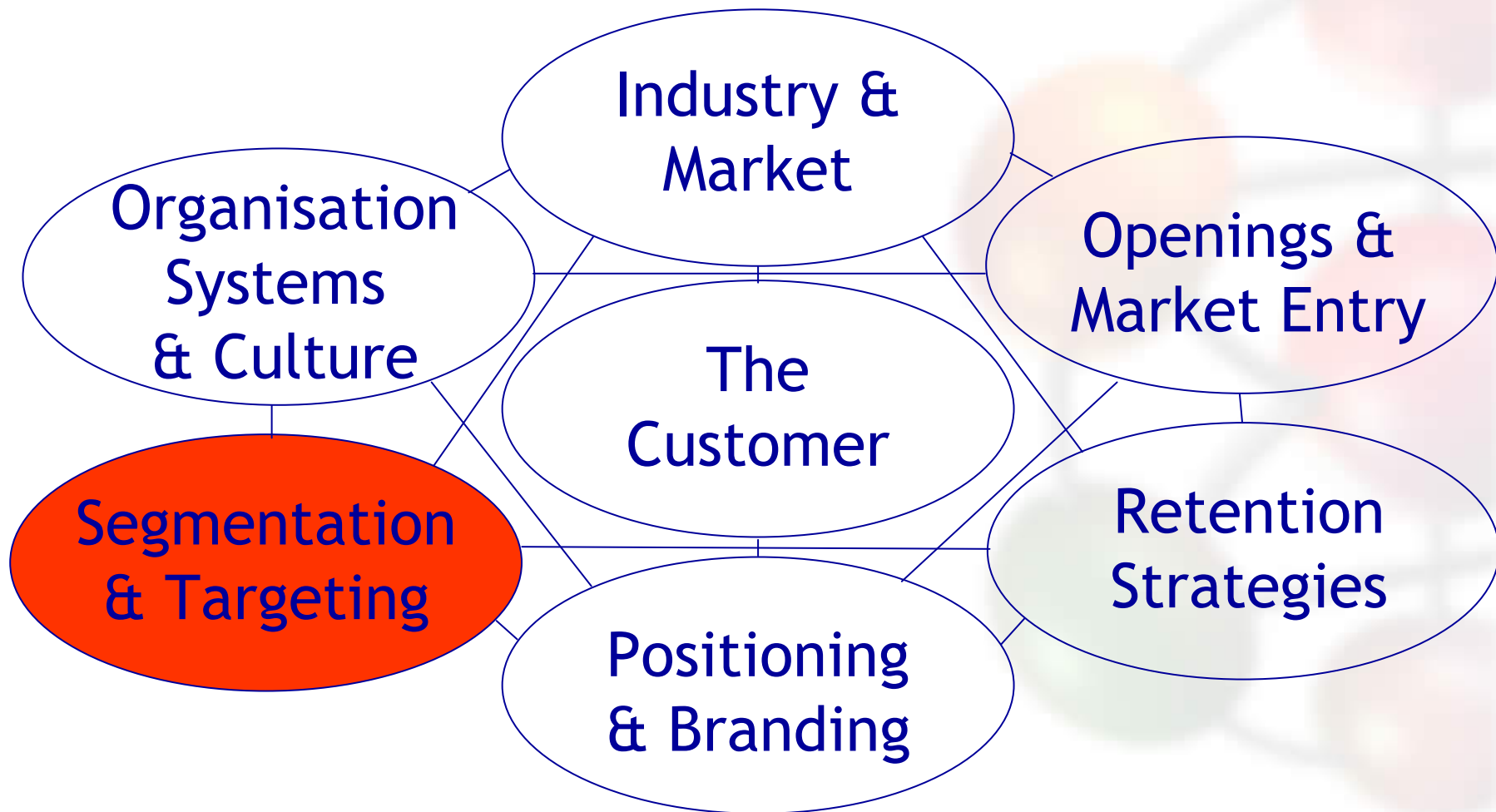


**NO!**

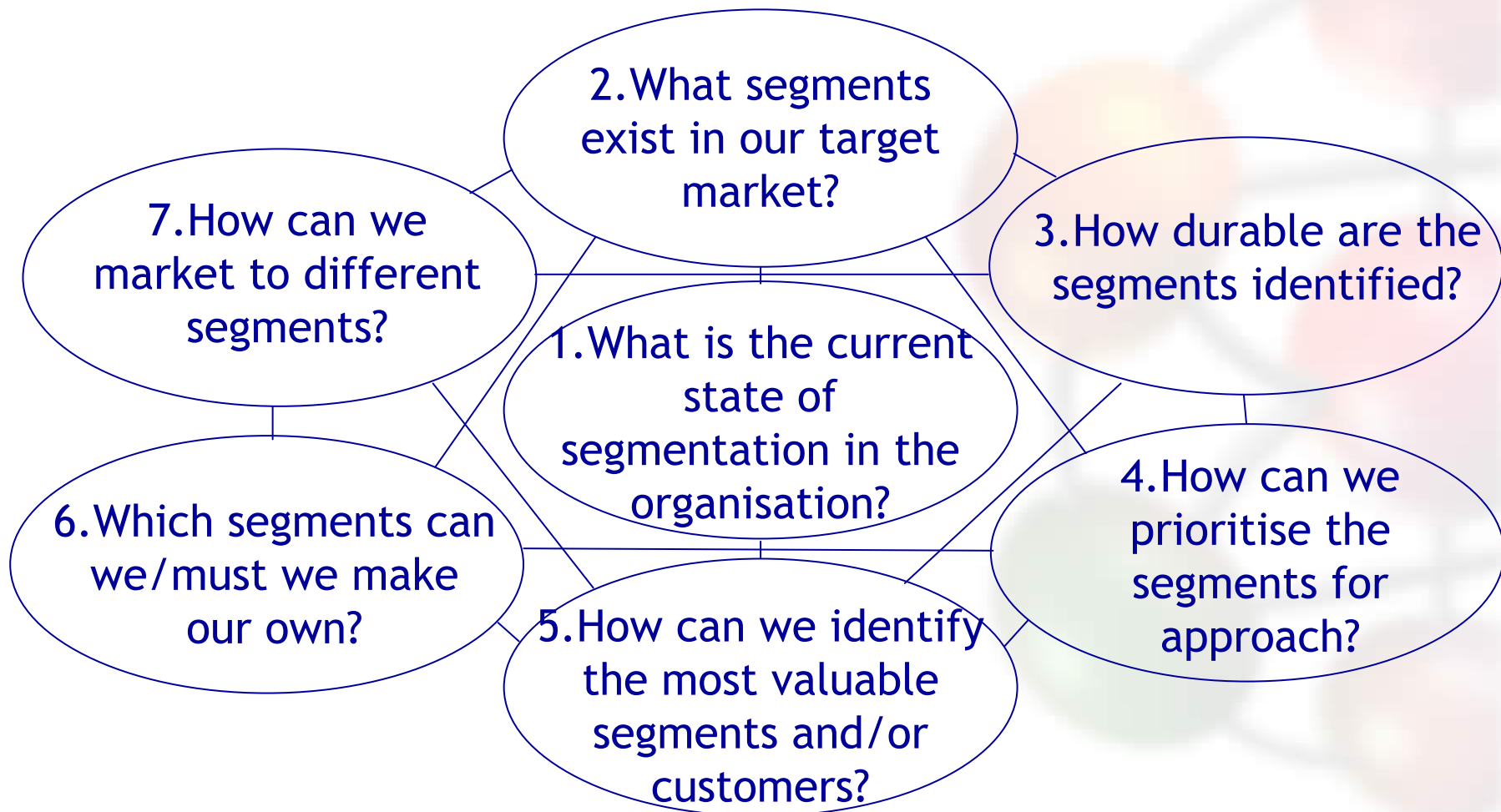
- Protecting the environment
- Impecunious growers
- Being kind to animals

Source: Institute of Grocery Distribution, 2002  
: Cooperative Bank 2002

# Scorpio marketing strategy



# Scorpio - 3. Segmentation & Targeting



# The Choice is Yours ...

<b>C O N T E X T</b>	Motivations	Purchase situation	Family roles	SEG	Geography	<b>C O M M O D I T Y</b>
	Personality	Store usage	Psychographics	Class	Race/Ethnicity	
	Emotions	Behavioural	Reference groups	Neighbourhood	Regions	
	Motivation	Benefits	Sagacity	Cultural	Urban/Rural	
	Buyer-seller relationship	Urgency	Organisation DMU	Technology	Industry	
	Risk perception	Application	Purchase policies	User status	Company size	
		Order size	Purchase criteria	Customer capabilities (financial)	Location	
					SIC	

**MOTIVATIONS**

Difficult  
Effective  
Segmentation  
Longer Term  
Strategic  
Wider Change



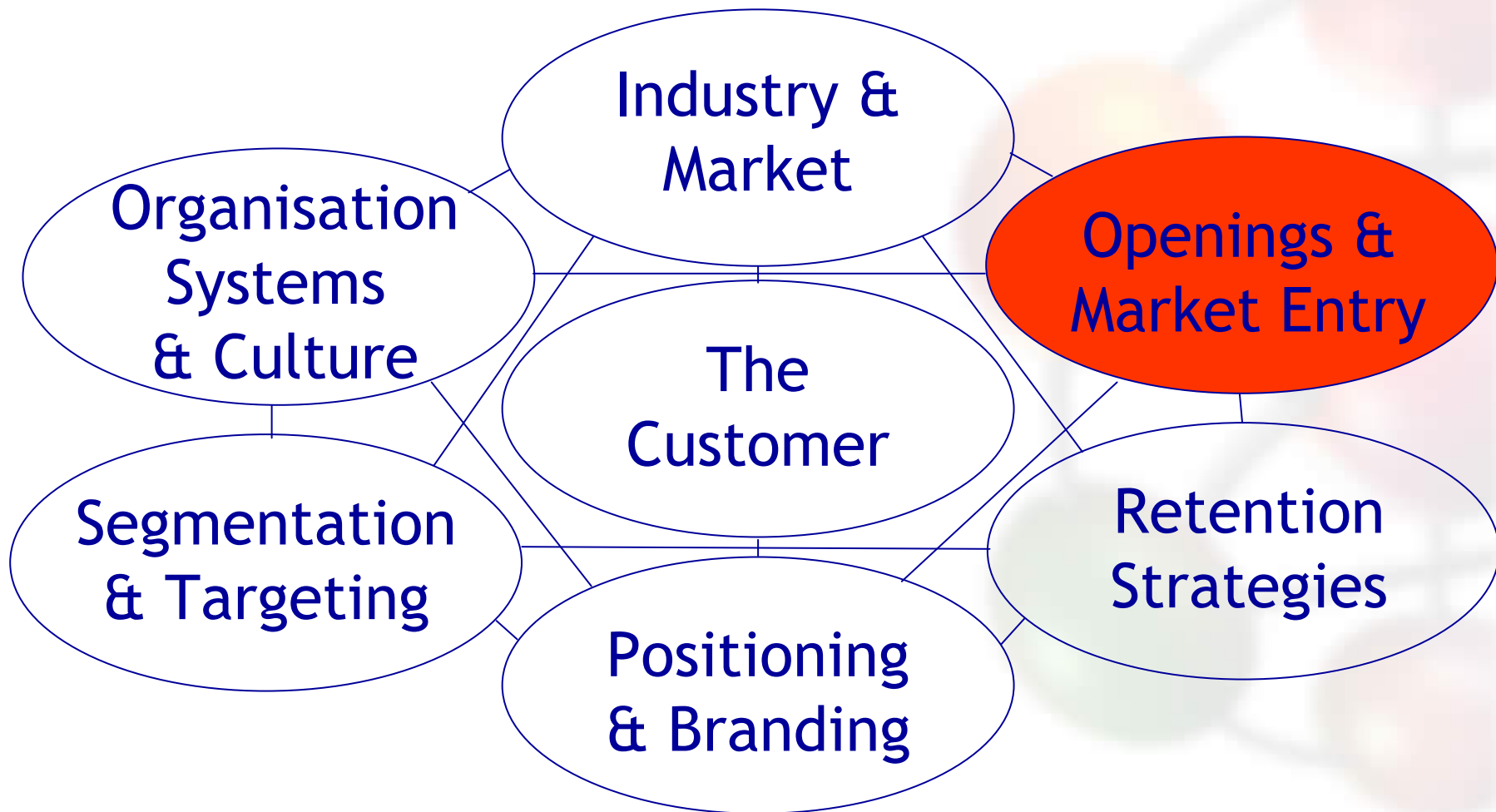
**DESCRIPTORS**

Easy  
Efficient  
Classification  
Quick Wins  
Tactical  
Little Change

# What can segmentation do for you?

THE PAIN	THE GAIN	
Investment	Tactics	Strategy
<ul style="list-style-type: none"> <li>• More Research</li> <li>• Higher Costs of multiple markets</li> <li>• Complicated administration</li> <li>• Possible re-organisation costs</li> <li>• ‘Inefficient’ production system</li> <li>• Lower economies of scale</li> <li>• Changing ‘habits’ of the organisation</li> </ul>	<ul style="list-style-type: none"> <li>• Better targeting</li> <li>• More efficient promotion</li> <li>• Less marketing ‘wastage’</li> <li>• Improved retention</li> <li>• Improved ‘service’ levels</li> <li>• More effective production</li> <li>• Higher prices</li> <li>• Focused NPD</li> </ul>	<ul style="list-style-type: none"> <li>• Unique customer propositions</li> <li>• Clear market positioning</li> <li>• Differentiation</li> <li>• Brand values</li> <li>• Retention, ‘Loyalty’ &amp; Relationships’</li> <li>• Sustainable competitive advantage</li> <li>• Market influence</li> <li>• Market leadership</li> <li>• Premium prices</li> <li>• Profitability</li> </ul>

# Scorpio marketing strategy

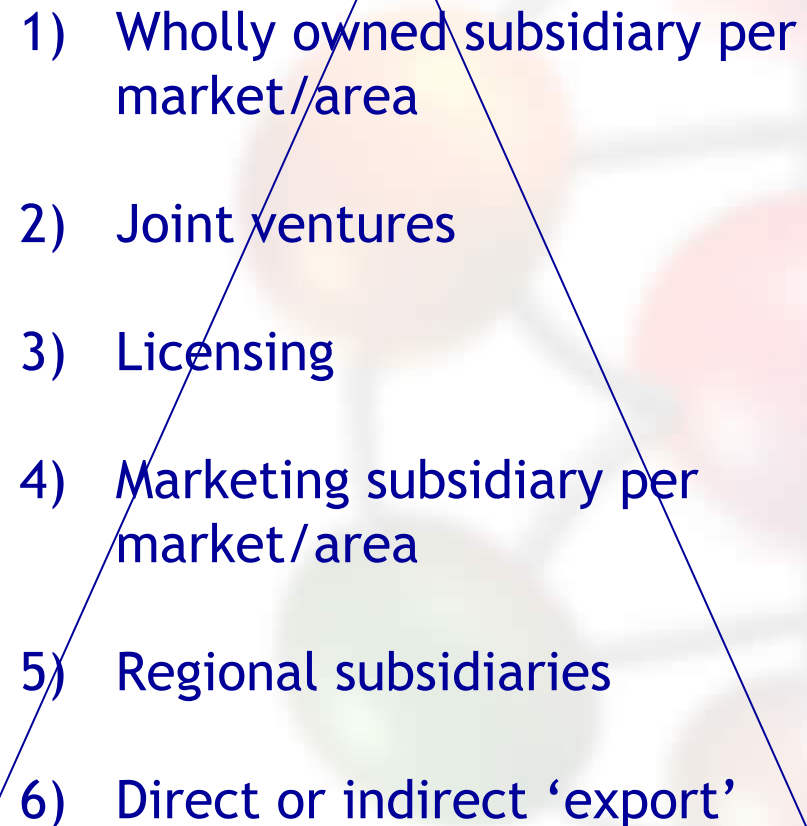


# Scorpio - 4. Openings & Market Entry

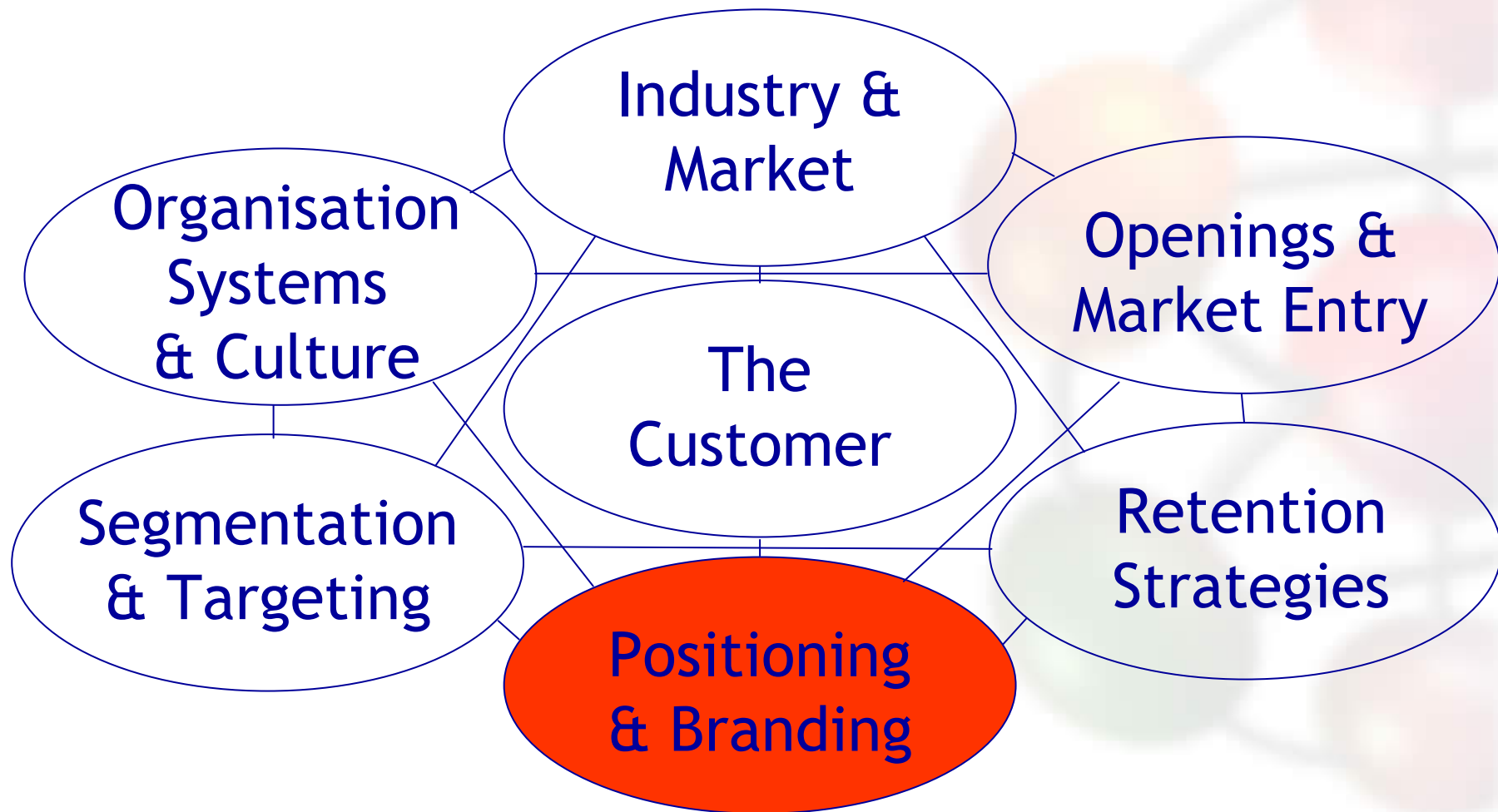


# Entry Method - Choice Criteria

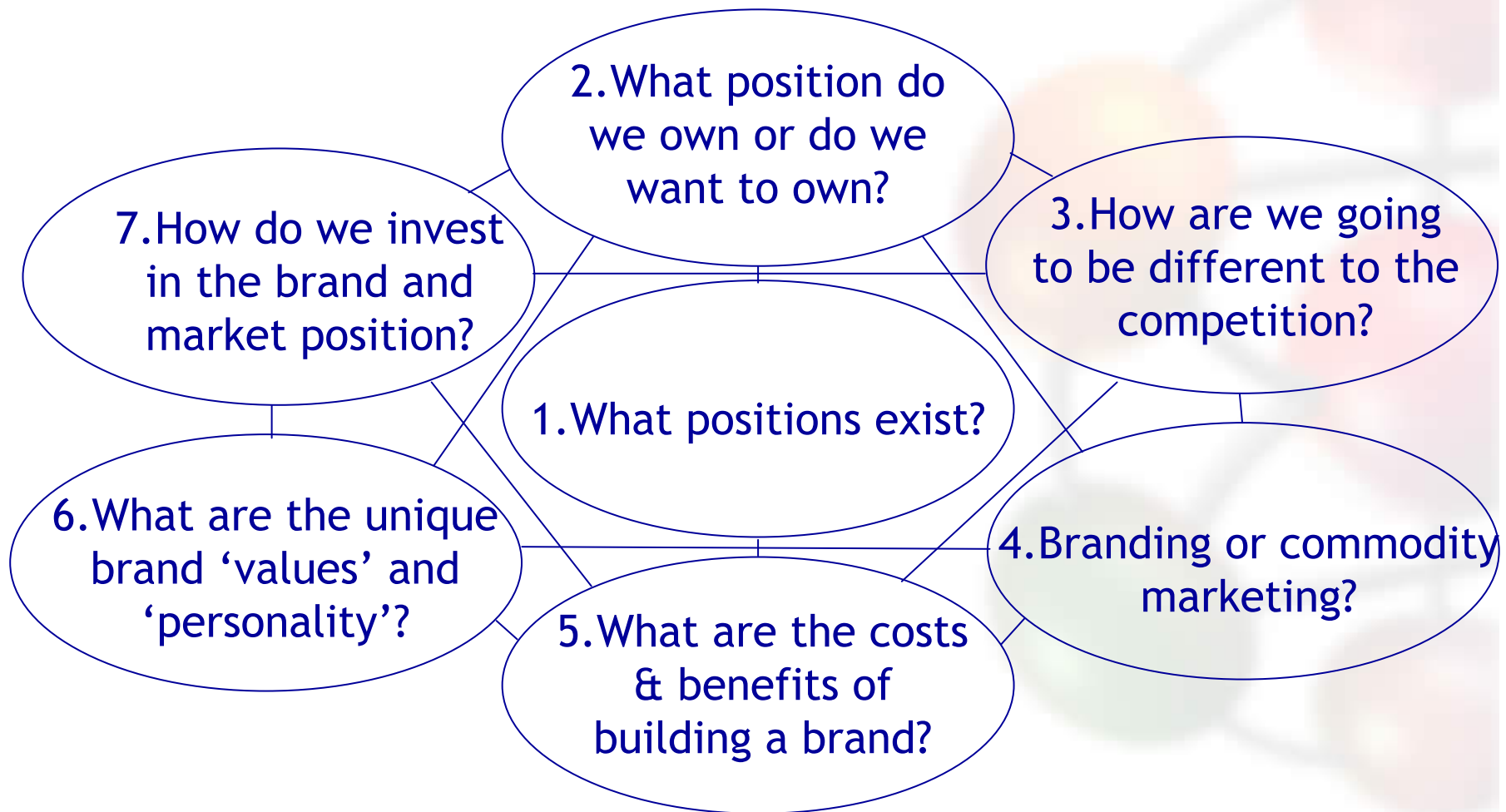
- Number of markets/segments
- Market penetration
- Market feedback
- Customer support required
- Marketing learning
- Control
- Marketing costs & resources required
- Profits
- Administration
- Market problems
- Flexibility
- Risk
- Time

- 
- 1) Wholly owned subsidiary per market/area
  - 2) Joint ventures
  - 3) Licensing
  - 4) Marketing subsidiary per market/area
  - 5) Regional subsidiaries
  - 6) Direct or indirect 'export'

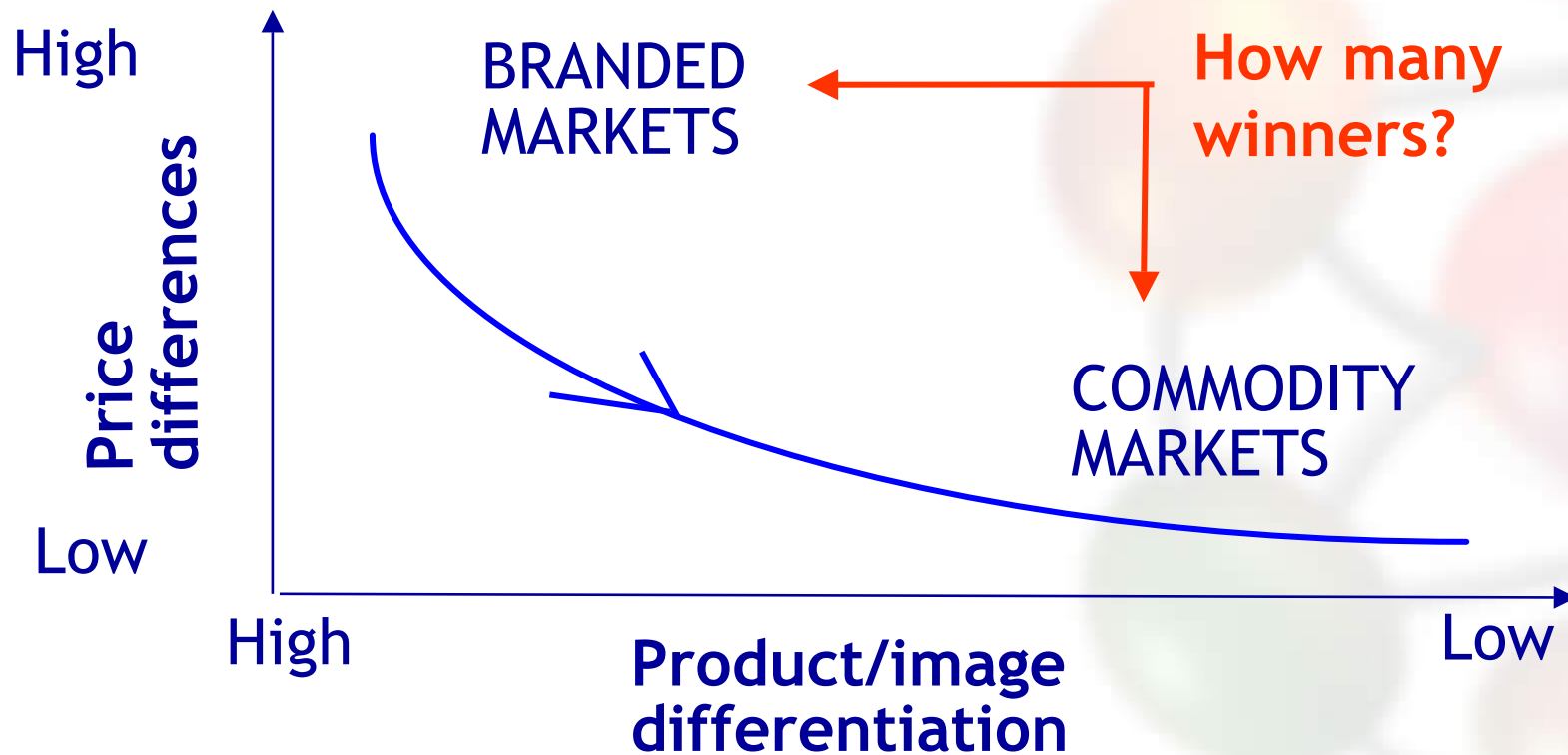
# Scorpio marketing strategy



# Scorpio - 5. Positioning & Branding



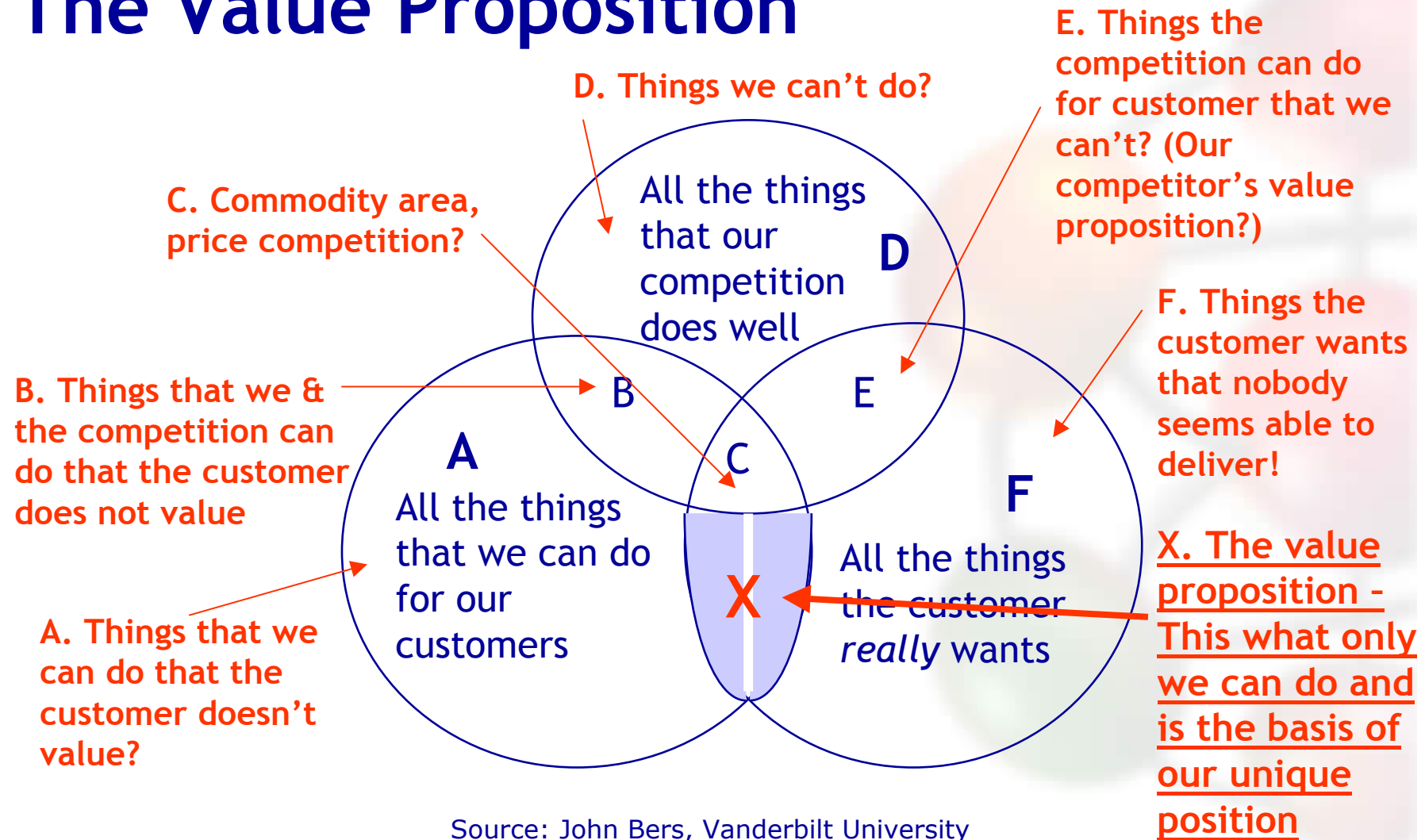
# The commodity slide



# What is a Value Proposition?

A statement that focuses business/marketing activities onto key elements that provide a significant differential within the customer's decision process to favour/purchase the company's offering over a competitor's.

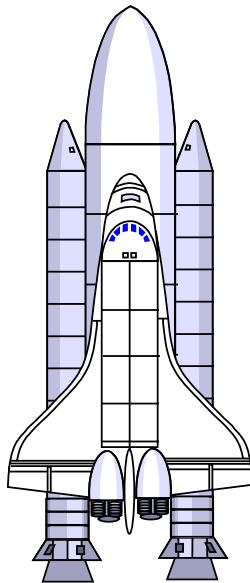
# The Value Proposition



Source: John Bers, Vanderbilt University

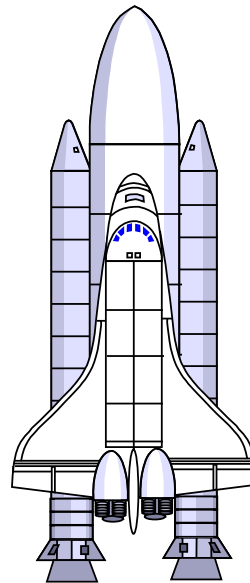
# Positioning means being first

If you can't be first in a category set up a new category to be first in



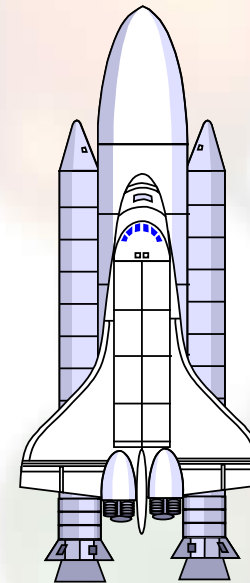
1st

**Gagarin**



10th

**Teraskova**



47th

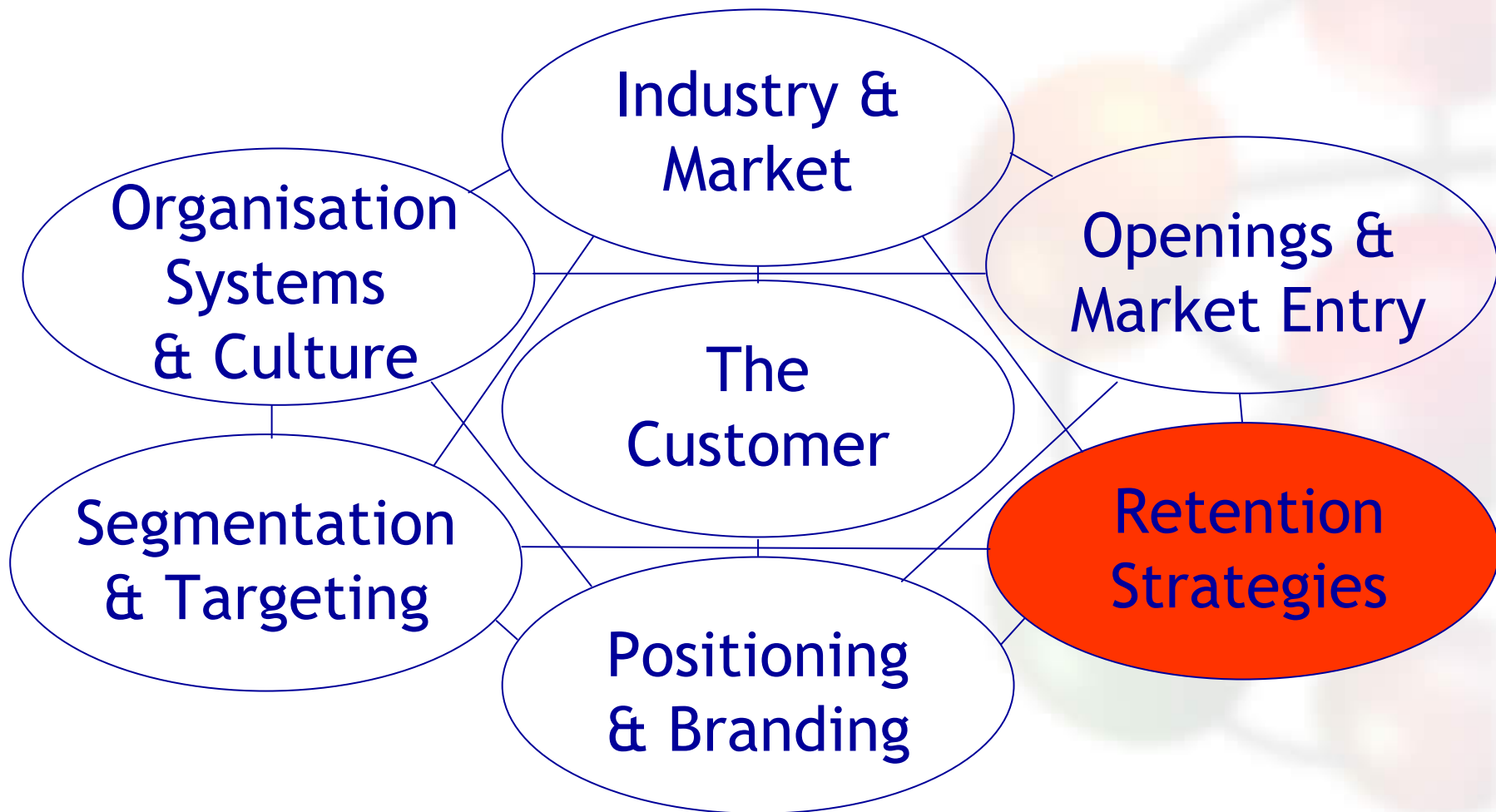
**Armstrong**

**SCORPIO** marketing strategy

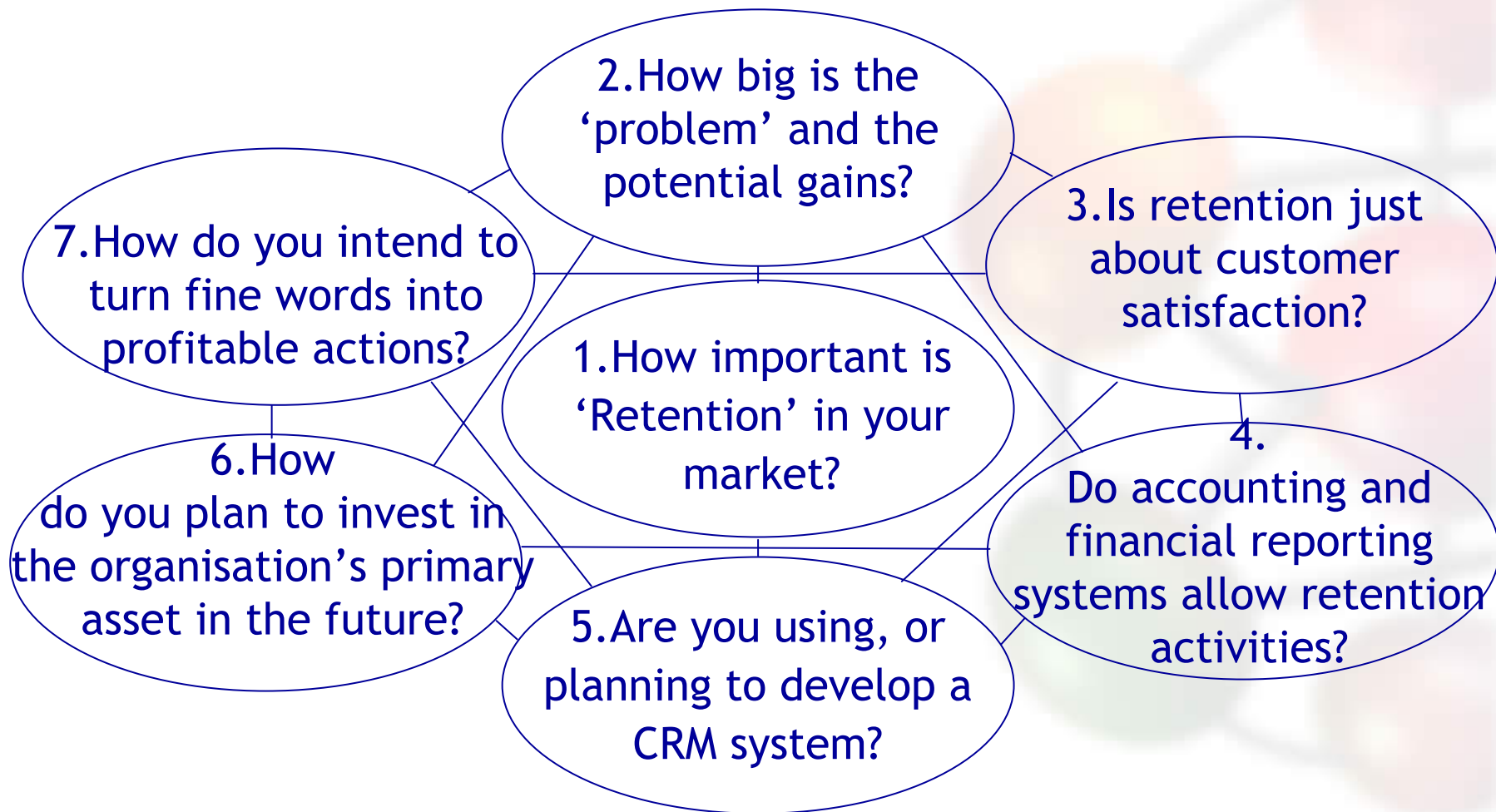
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# Scorpio marketing strategy

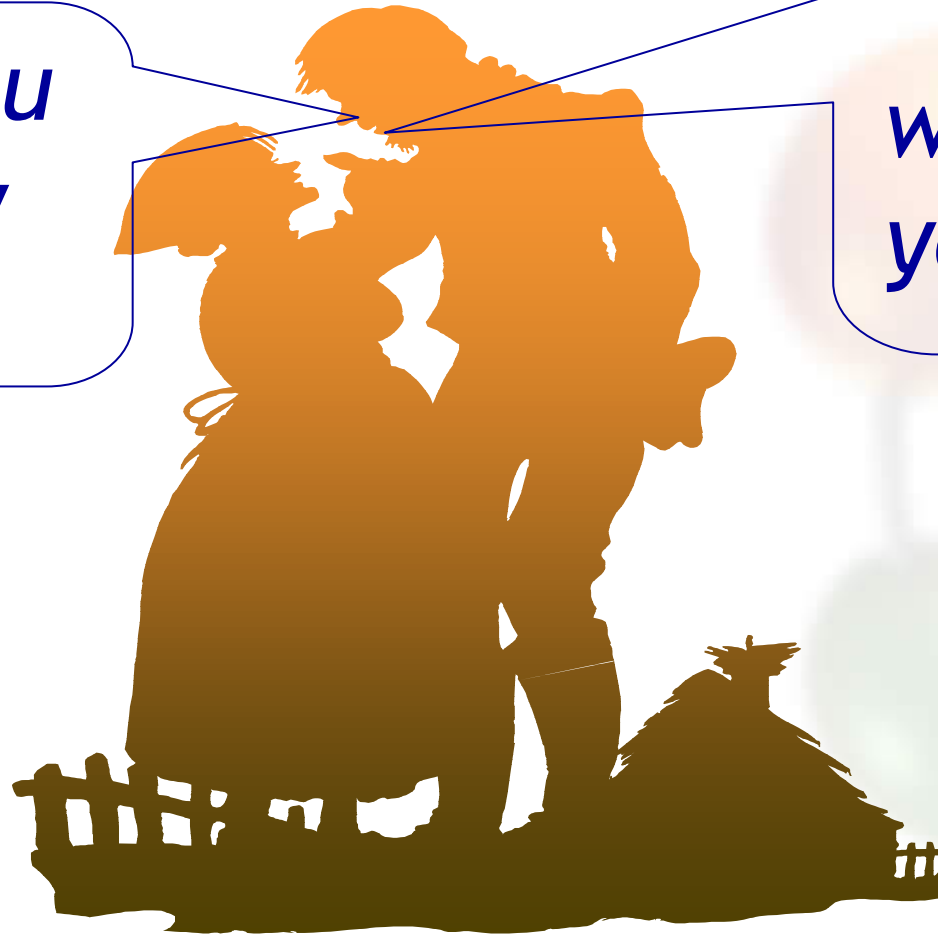


# Scorpio - 6 Retention Strategies



# Relationship Marketing?

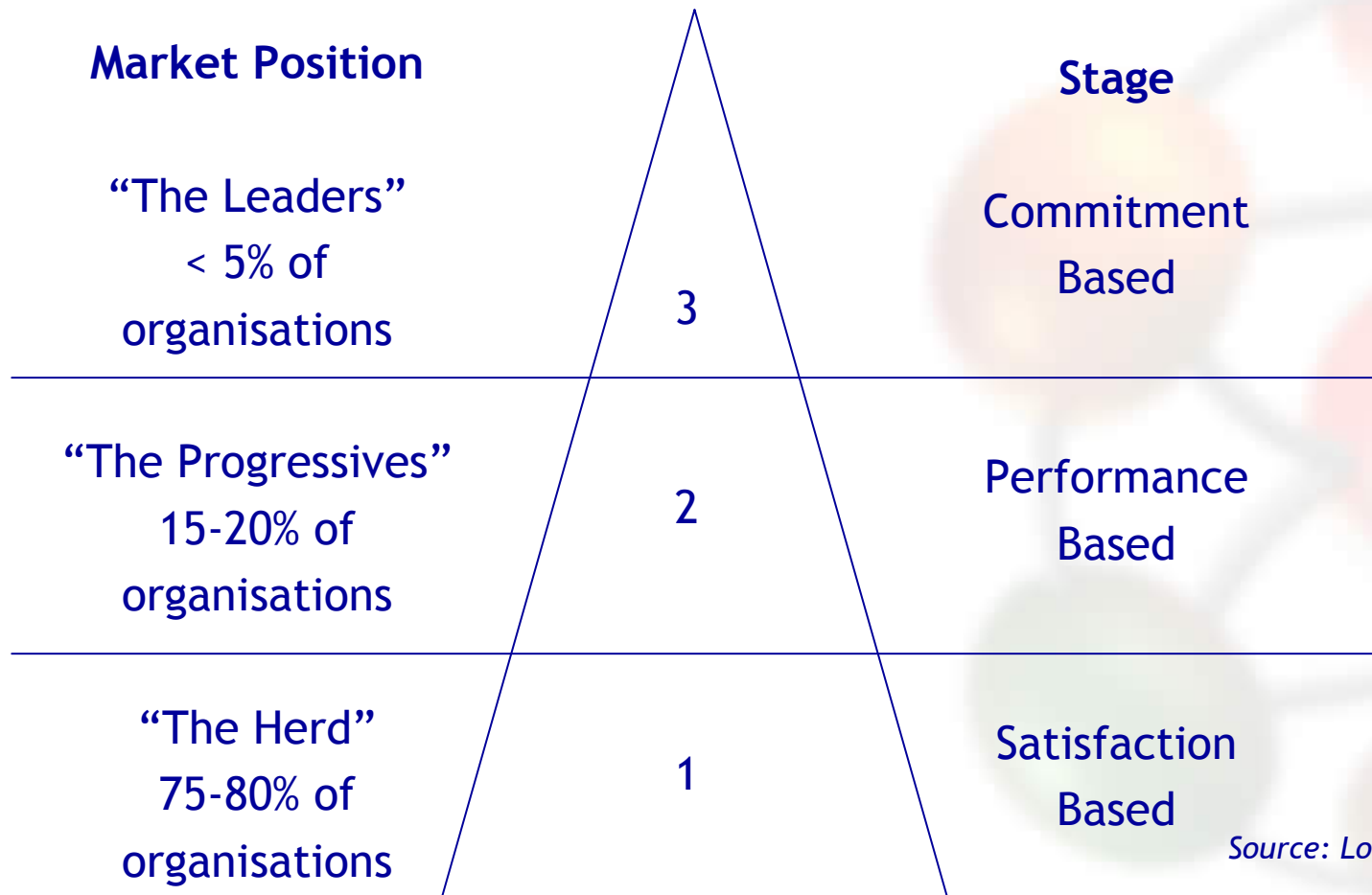
*Will you  
marry  
me?*



*...by the  
way, what's  
your name ?*

Source: Carlson

# The customer loyalty pyramid



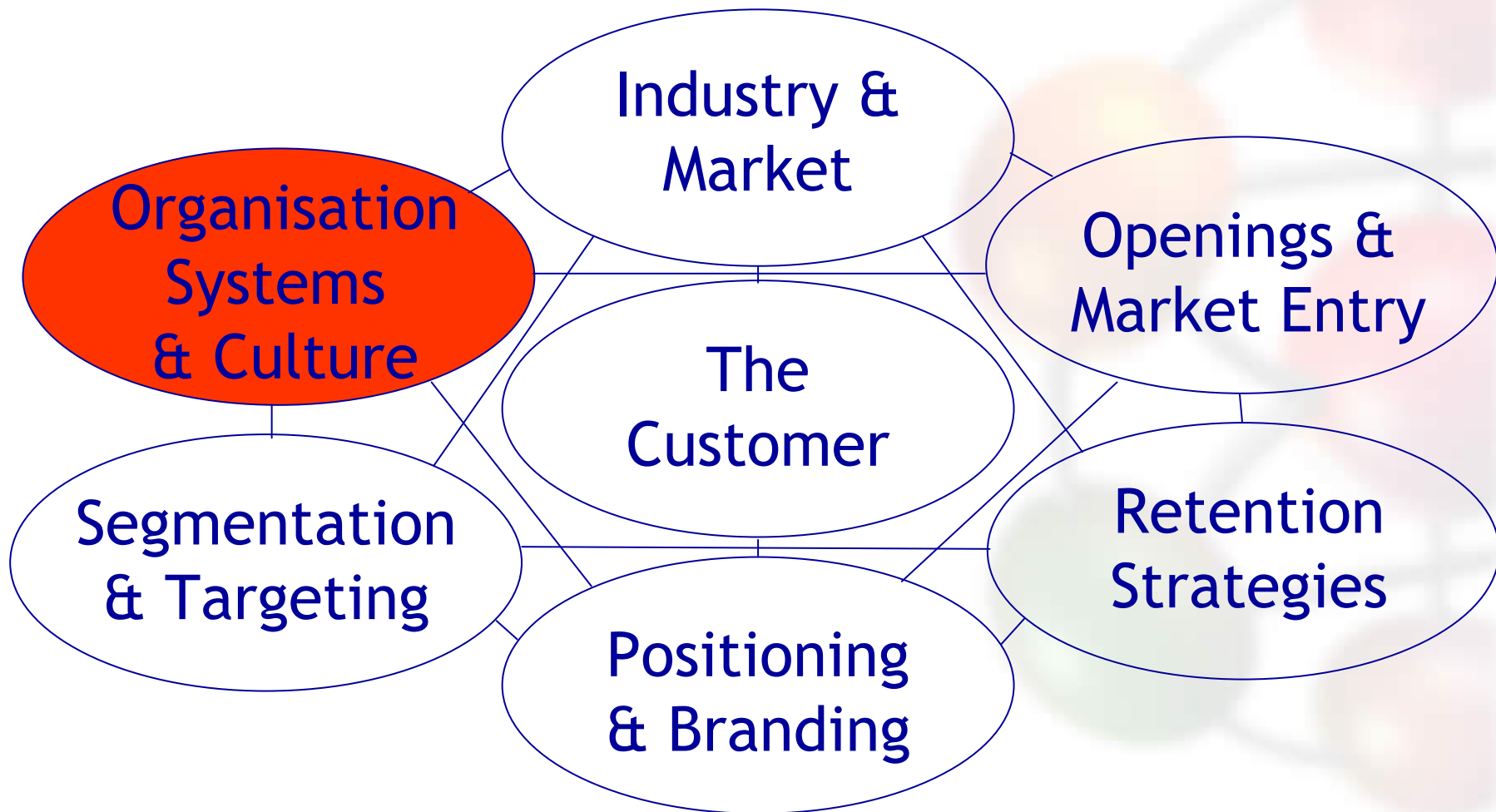
Source: Lowenstein 1997

# CRM?

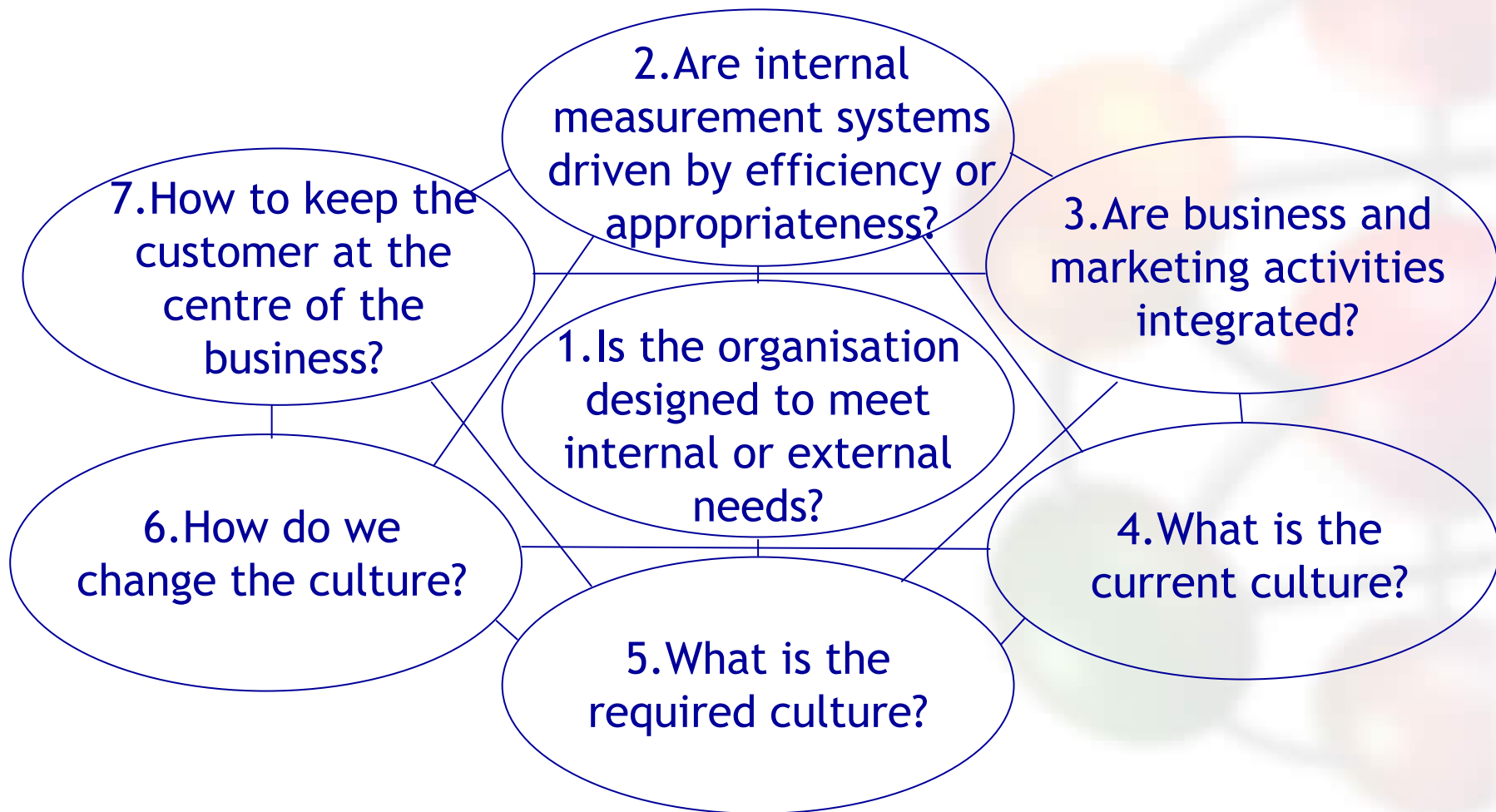
- Customer Relationship Management
- Total commitment to the customer
- Complete re-engineering of all processes to provide a customised service for those customers who qualify through current or future value
- A regime of total knowledge; acquiring, verifying and updating data to ensure your communications and service remain on target
- Investment in database, contact and web based technology to enable the new paradigm
- **LIKELY?**

Source: Carlson

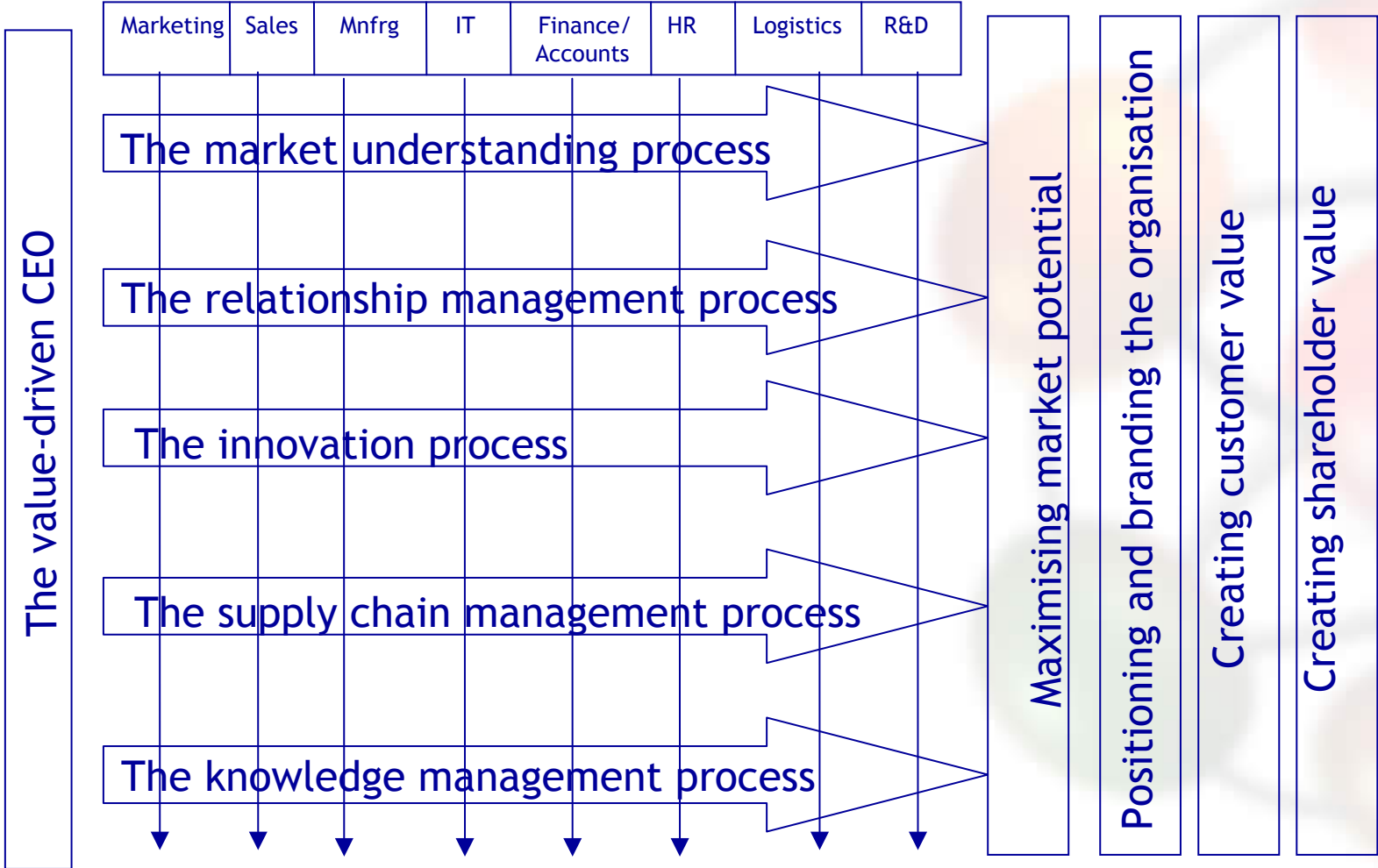
# Scorpio marketing strategy



# Scorpio-7 Organisation Culture/Systems

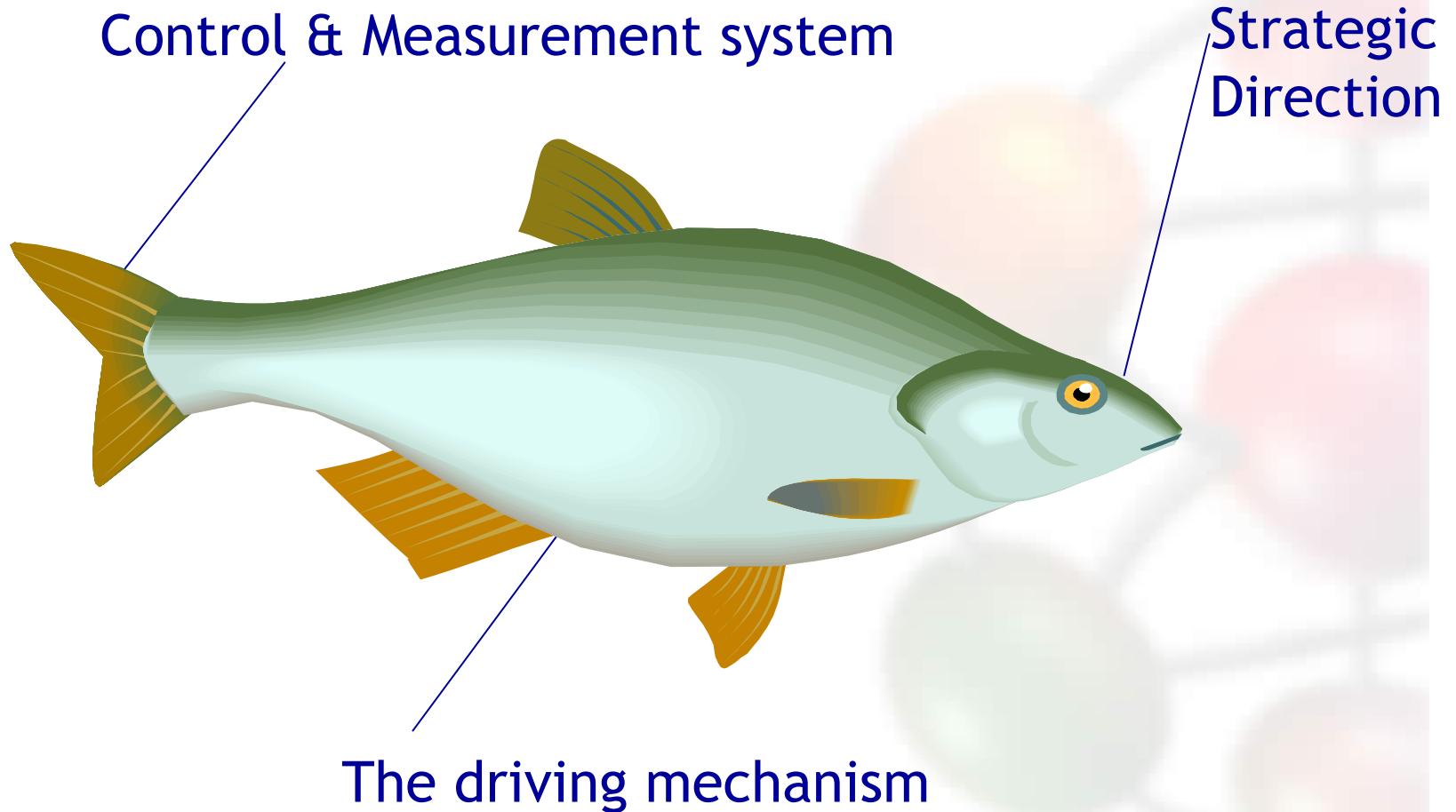


# Model of the value-creating Company



McDonald, Christopher, Knox & Payne

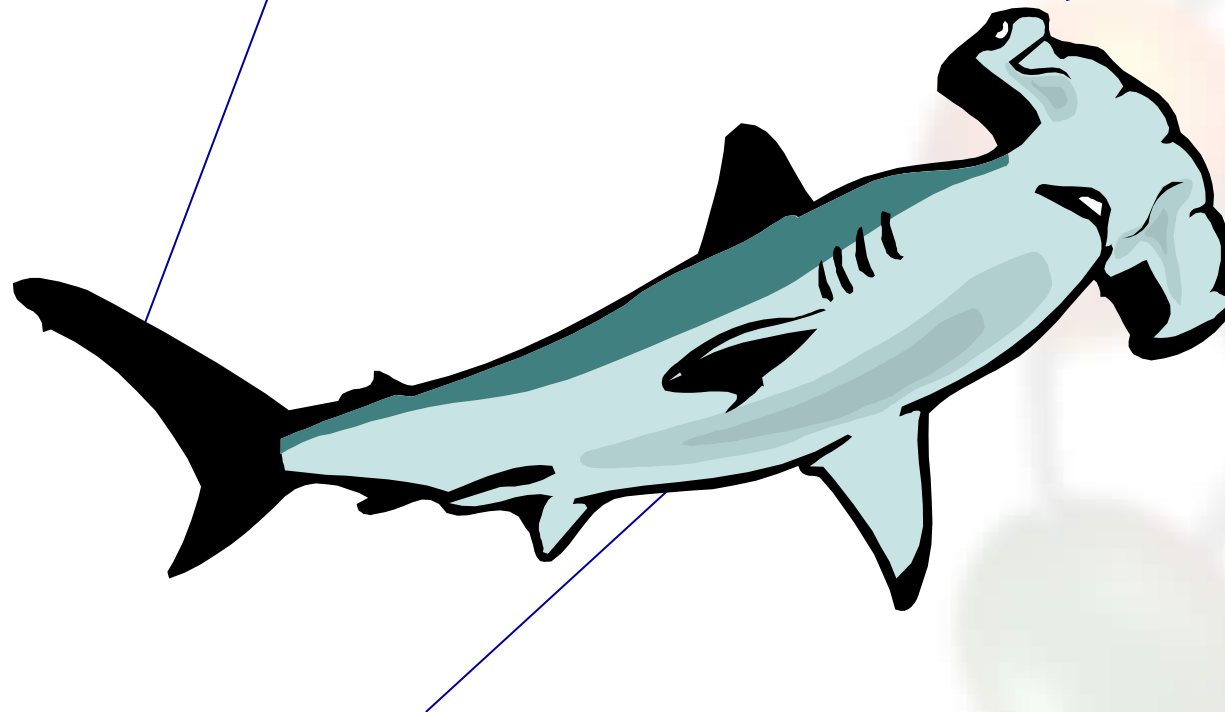
# Measurement & Control Systems



# Measurement & Control Systems

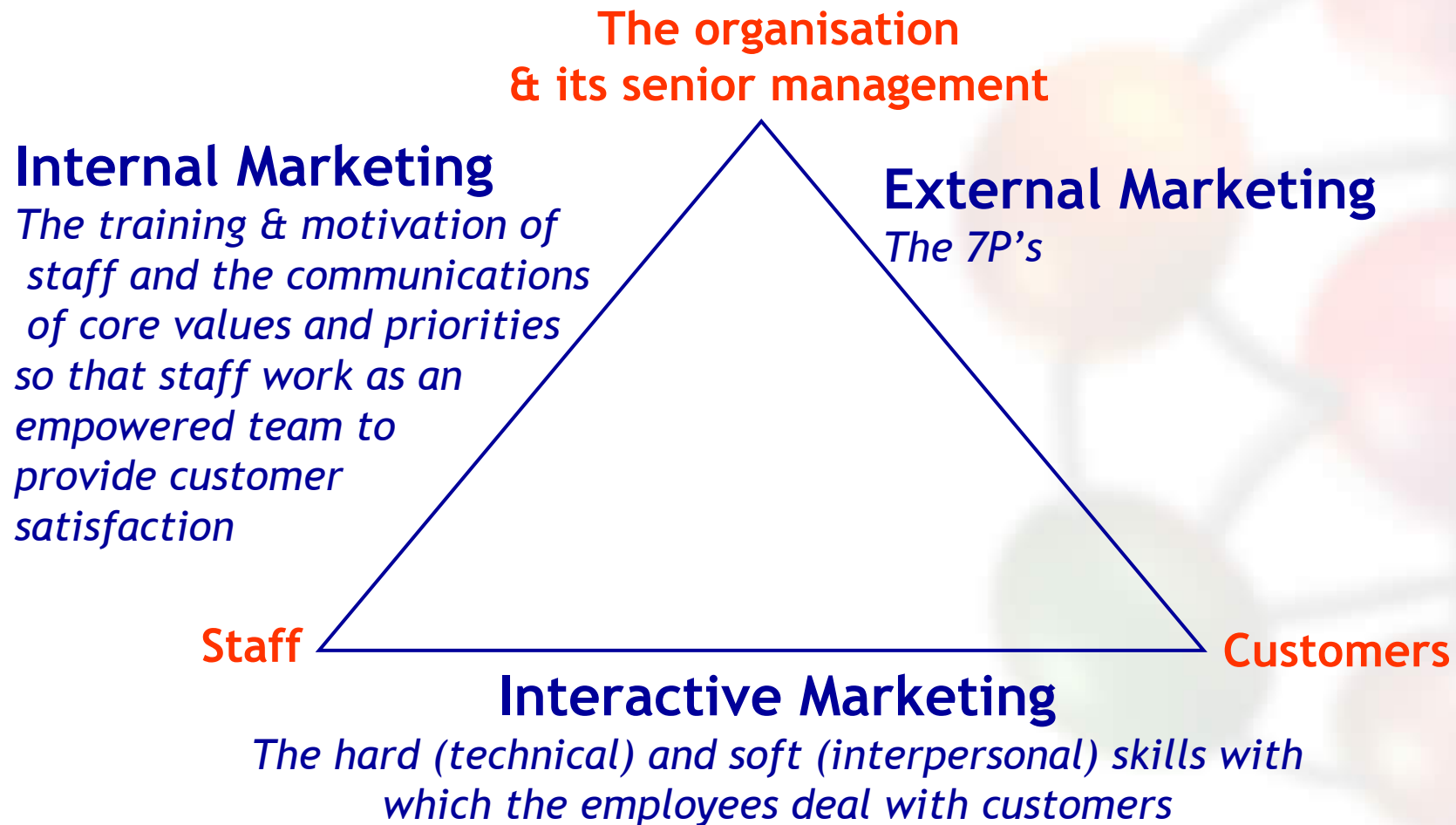
Control & Measurement system

Strategic Directions

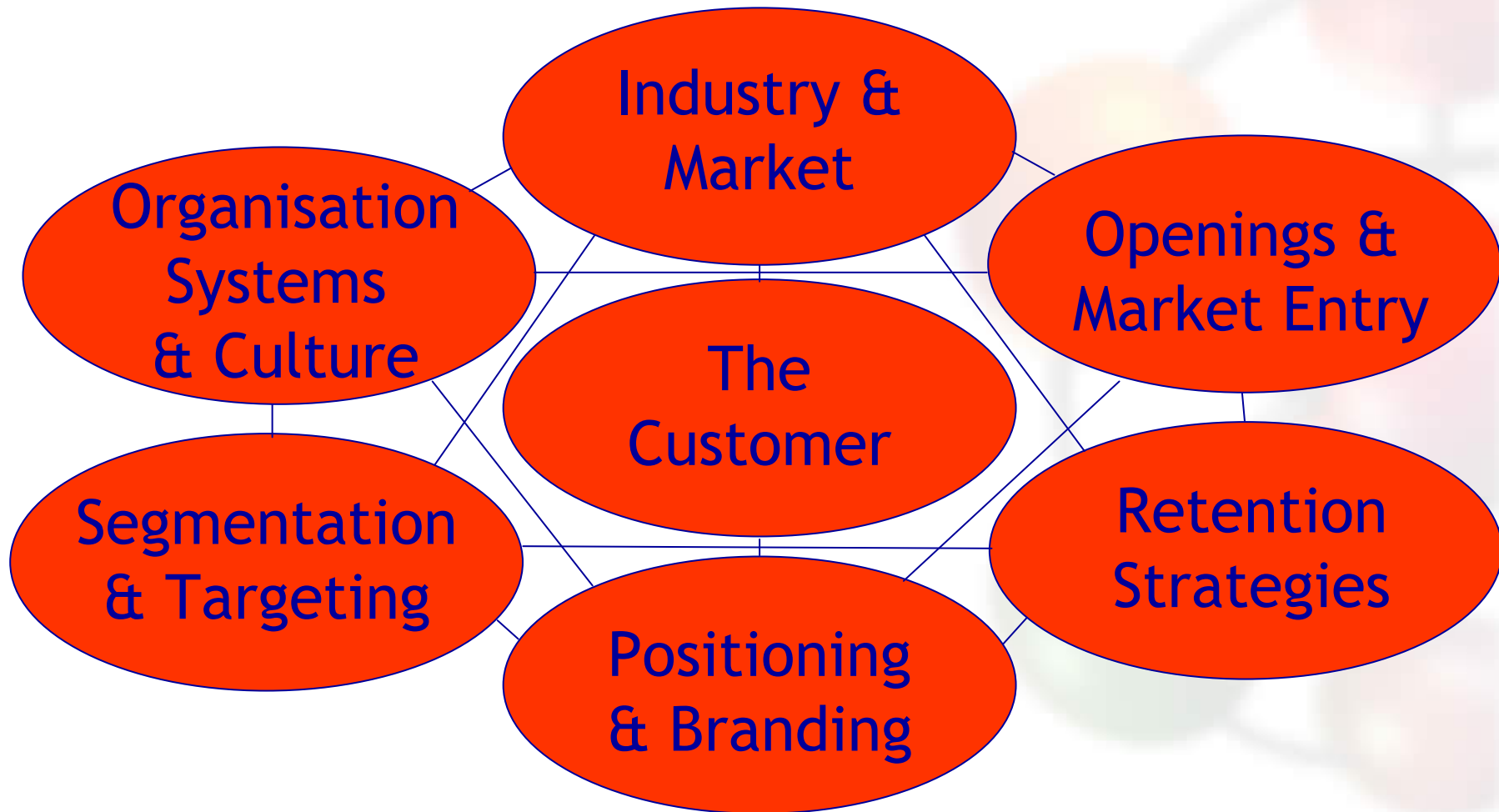


The driving mechanism

# The three dimensions of marketing



# Scorpio marketing strategy



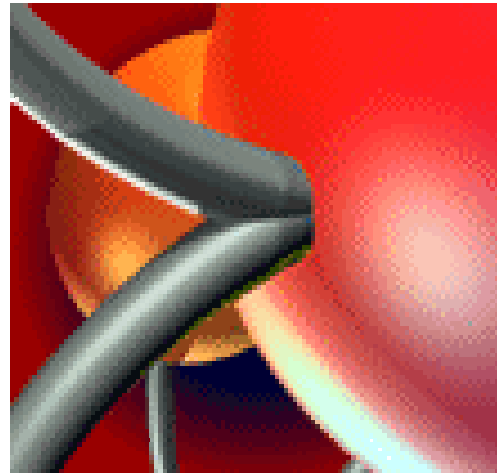
## But we've always done it that way

- Specified width of the NASA space shuttle
- Rail tunnel required for access to pads
- US Railway line gauge = 4'8½"
- English Railway engineers made tramways
- English wagon makers
- Ruts in the English roads
- Romans built the roads & Roman war chariots formed the initial ruts
- Romans built the chariots to accommodate two war horses

## And Finally.....

**“There are very few people who don’t become more interesting when they stop talking”**

- Mary Lowry



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