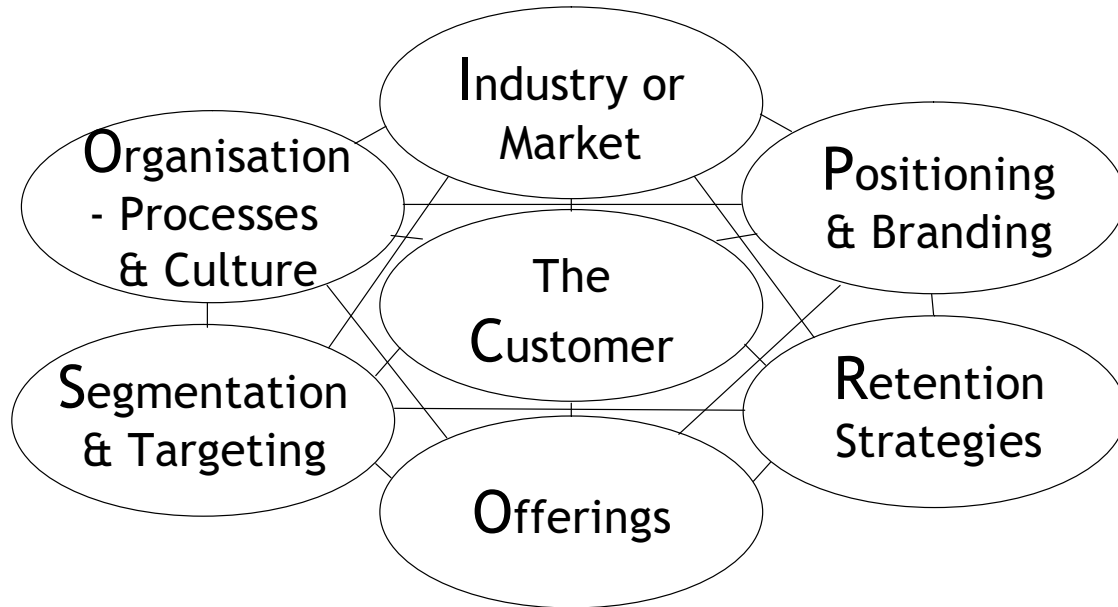


# Scorpio market strategy

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## SCORPIO© APPROACH TO MARKET STRATEGY

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This model and its explanation form the basis of Paul Fifield's new book "Market Strategy" (3<sup>rd</sup> Edition), available from Butterworth Heinemann [[hyperlink](#)]

This brief resume is offered on the website as a guide to the contents of the book

Also, given that the SCORPIO© model is a practical approach to developing real market strategies; it is still in use by the author and his clients. Every time we use the model we learn more about the approach and its constituent parts. Sometimes, our learning means that we have to adapt the model to build in the latest insights.

Publishing cycles do not allow us to update our books as often as we would like so any important changes to the model will be listed here -

**This will always be the most up-to-date version of the SCORPIO© model available.**

**Industry or Market?**

*One of the oldest, and most vexing questions facing business managers - 'what business are we in?' and, 'what business should we be in?'*

*First raised in Levitt's article "Marketing Myopia" in 1960, and rarely answered since then, this is the central question behind any practical marketing strategy. If you don't know what business you are in, you cannot know what customers you are trying to serve and what competition you are facing.*

*However, underlying this question is the fundamental problem that still faces most organisations, how to compete in today's markets with the handicap of a product or technology focus. The literature and the business press is full of examples of organisations that have failed to reach their full potential simply because they were unable to place their customers' needs and wants before internal product/technology imperatives.*

*The strategic checklist for your organisation is:*

1	What business are we in?	<i>What are we currently selling? How do we define what we are &amp; what we do?</i>
2	What business do we want to be in or should we be in?	<i>How might this be expressed in market terms?</i>
3	How does this define the market/customer needs we should be satisfying?	<i>What solutions are the target customers seeking?</i>
4	Where/how should we be growing the business?	<i>What solutions should we be addressing next?</i>
5	What are the strategic opportunities & threats?	<i>What are the market and environmental factors?</i>
6	What competition are we facing?	<i>Who is offering alternative solutions?</i>
7	What are the boundaries for effort?	<i>What should we be doing more of/less of?</i>

**The Customer**

*Lest we forget, the customer is the name of the game.*

*Customers produce all the organisation's revenues and profits and are the only reason for an organisation's continued existence. At the very least the organisation intent on survival will need to know who its customers are and what they want.*

*The organisation intent on achieving success rather than simple survival will need to much more if it is to compete successfully in rapidly internationalising markets. Although 'knowing' may itself be a tall order - often customers don't really 'know' what they want, they just want - and need.*

*What is the current analysis of the customer base?*

*Do we know where the target customers are?*

*What are their most important (driving) needs & wants?*

*The strategic checklist for your organisation is:*

1	Who are they?	<i>What do we really know about our customers?</i>
2	What do they currently buying from us/our competitors and why?	<i>Remember that customers buy benefits, not 'features!'</i>
3	What are their problems/ needs/ wants?	<i>Customers will normally pay for solutions to existing problems - they don't need additional problems.</i>
4	What do they want from us now/ will they want in the future?	<i>Anticipation of future needs and wants is the key to revenue and profit growth.</i>
5	What barriers are getting in the way?	<i>Are the barriers external or are there internal barriers that we create?</i>
6	What will make them come to us?	<i>And the answer is unlikely to be 'price'</i>
7	Where do customers interface (connect) with our organisation?	<i>Check all the points of contact - and make sure they are joined up</i>

## Segmentation and Targeting

*Market Segmentation or customer profiling is one of the basics of good marketing strategy. The 'mass market' is long dead and today one size no longer fits all! To compete effectively, segmentation is not a 'like-to-have' for marketers it is a 'must-have' tool.*

*It has been said that if the organisation isn't talking segments, it isn't talking markets (Levitt). Without an understanding of the different groupings of needs and wants in the marketplace no organisation can hope to have the clarity and depth of customer focus required to stay relevant.*

*There is no 'one way' of segmenting markets, it always depends on the sophistication of the market, the degree of competition and the ability of the organisation to market to more than one segment.*

*The strategic checklist for your organisation is:*

1	What is the current state of segmentation in the organisation?	<i>No matter what it is called, how is the market 'broken up' currently?</i>
2	What do we want segmentation to do for our organisation?	<i>Don't get involved until you know what you want from the investment</i>
3	What segments exist in our target market?	<i>How are they different? Can you explain it simply?</i>
4	How durable are the segments identified?	<i>Why invest in them unless you know they will repay on the investment?</i>
5	How can we prioritise the segments for approach?	<i>Which order should we approach the segments? Everything at the same time is unlikely to succeed.</i>
6	Which segments should we target?	<i>Which segments should we ignore/avoid? There are always some customers that we will never make a profit from.</i>
7	How can we market to different segments?	<i>Without confusing the whole market with offers that just don't make sense to them (in that segment)</i>

## Positioning and Branding

*Whether you believe in market positions or brands rather depends on whether you and your organisation believe in differentiation or 'slugging it out' in commodity markets of your own creation.*

*Customers don't want the cheapest nor do they want the same offer from all suppliers - research shows this in every market. In this scenario, the brand really is the ultimate vehicle for wealth creation.*

*Commodity markets really don't exist unless commodity marketers are intent on creating them. Being the cheapest and benchmarking the closest competitor to create the ultimate 'standard' offer is not strategy. Marketing strategy is about being different, not about being the same.*

*The strategic checklist for your organisation is:*

1	Differentiation or 'Commodity' marketing?	<i>Positioning is about uniqueness, which is about VALUE in your customers' eyes - it is not about being the same as all the others.</i>
2	Which market positions exist?	<i>What positions do the competition hold? What positions are 'credible' from the customers' perspective?</i>
3	What market position do we own, or do we want to own?	<i>How can we be first?</i>
4	How are we going to be different from the competition?	<i>Does your organisation believe in Brands or Commodities? If the former, are you clear what you are creating?</i>
5	What is a brand? What are its unique 'values' and 'personality'?	<i>The brand is the ultimate vehicle for wealth creation but it cannot be done without the support of the whole marketing mix</i>
6	What are the costs and benefits of building a brand?	<i>A brand is more than just a name, it makes unique promises, and is trusted to keep them, that takes time and money</i>
7	How do we invest in the brand and a differentiated market position?	<i>Brands are about strategy, not just tactics!</i>

**Retention**

*The value of customer retention has been researched, written about, conferenced and discussed - but rarely applied. The systems and structures of most organisations make it difficult to do much more than talk about 'lifetime value' or 'relationships' although, over time and with increased competition, this will change.*

*Also changing are accepted ideas about strategy. Generally, the older (1980s) ideas are being replaced by new thinking. Today's markets are too fast moving to allow any of us to stand back from the competitive battle long enough to draw elaborate plans and 'emergent strategy' is starting to make an impact.*

*However, speed of response should not be confused with customer focus, nor should the search for increased value imply that the mantra 'Cheaper-Faster-Smaller' is all there is to retention. Recent adoptees of some of the CRM systems currently being sold will soon appreciate that there is more to creating and maintaining relationships than cutting costs among front-line staff!*

*The strategic checklist for your organisation is:*

1	How important is 'Retention' in our market?	<i>Do the numbers, you will convince nobody otherwise</i>
2	How big is the 'problem' and the potential gains?	<i>Exactly how much money will you get back from improved retention?</i>
3	Is retention just about customer satisfaction?	<i>No. Its about commitment.</i>
4	Do accounting and reporting systems impede retention activities?	<i>Yes. How can you get round them?</i>
5	How good is our Marketing Information Systems (MkIS)?	<i>How do you hope to get more customers to stay longer without understanding what they want more of?</i>
6	What is the strategic role of Customer Relationships?	<i>If it doesn't fit into strategy it won't be done</i>
7	How are we planning to invest in our primary asset?	<i>Your customers are your primary asset and under threat from competition every day.</i>

**Organisation - Processes and Culture**

*Although not traditionally a part of marketing, no amount of careful planning or accurate research will pay off unless the organisation is able to deliver on its customers' needs. The systems, structures and culture of any organisation tend to be created for the benefit of the people working in the organisation rather than for the customers of the organisation. This is not mischievous - it just is.*

*Nevertheless, organisation systems need to be in line with customer needs and expectations if the business is to survive - they will need to be actively supportive of customer needs if the organisation is to grow.*

*Culture is most often defined as 'the way we do things round here'. The hidden element that can create (and destroy) customer relationships can be changed but the task should not be underestimated.*

*The strategic checklist for your organisation is:*

1	Is the organisation focused on internal or external issues?	<i>We know the answer - how can you make the organisation customer friendly?</i>
2	What is the organisation really good at - and does it matter?	<i>You will need core competences to be different</i>
3	What is going on with Culture?	<i>Culture can kill - if it's not the right one</i>
4	Is the organisation joined up?	<i>Does anyone manage the organisation and line it up to face the customer?</i>
5	Is the organisation driven by the right information?	<i>Customer, not product/service information is required</i>
6	Which metrics are used to manage and drive the organisation?	<i>What get measured gets done - measure the bright things</i>
7	Change management - what is that?	<i>The organisation <u>must</u> change - to keep up with its customers</i>

## Offerings

*Offerings are about much more than just the products or services that the organisation presents to the market and managing the offerings is a strategic task. We need to really understand our target customers' needs and wants and how these are likely to change and modify in the future.*

*Nothing is static and value in the marketplace will migrate over time - if we do not follow (or better, anticipate) such migration we will lose sales and eventually be overtaken by competition.*

*The Value Proposition is a difficult task but essential if marketing is to create consistent offers and messaging to meet market needs. The Value Proposition also crystallises the unique properties of the offer and so safeguards or profits over the longer term.*

*The strategic checklist for your organisation is:*

1	Do we (really) understand the target market?	<i>The customer must drive all that we do- is this knowledge USED in what we offer</i>
2	What is the Value Proposition?	<i>The CVP should drive ALL activities - spend time on it - get it right</i>
3	What is the most appropriate business design?	<i>So that it can deliver maximum customer value and extract maximum financial value from the market</i>
4	Where are the new offerings?	<i>Value migrates - how are we managing the flow of new ideas to offerings?</i>
5	How do we assess the Risk?	<i>Business is about risk - but risk should be identified and managed</i>
6	Are we managing the life cycle?	<i>The life cycle is not written in stone, do we manage it or are we driven by it?</i>
7	How do we take the Offerings to market?	<i>Routes to market and the use of partners/intermediaries/co-opertition is crucial and strategic</i>