

5.16: Choosing a Value Discipline or Selecting a Target Market?

Choosing a value discipline and selecting a particular set of customers to serve are two sides of the same coin. Customers seeking operational excellence define value on the basis of price, convenience, and quality, with price the dominant factor. They are less particular about what they buy than they are about getting it at the lowest possible price and with the least possible hassle. They are unwilling to sacrifice low price or high convenience to acquire a product with a particular label or to obtain a premium service. Whether they are consumers or industrial buyers, they want high quality goods and services, but, even more, they want to get them cheaply or easily or both. These customers like to shop for retail goods at discount and membership warehouse stores, and they are comfortable buying directly from manufacturers. When they buy a car, they seek basic transportation, and when they buy or sell stocks, they use discount brokers.

Consumers seeking customer intimacy are far more concerned with obtaining precisely what they want or need. The specific features and benefits of the product or the way the service is delivered are far more important to them than any reasonable price premium or purchase inconvenience they might incur. Chain stores—whether in the food, book, or music business—that customize their inventories to match regional or even neighborhood tastes serve this category of customer. Other retailers and catalogers attract this customer type by offering the largest imaginable range of products. They typically do not carry just one version of a product or a single brand but many versions or multiple brands.

Finally, customers attuned to product leadership crave new, different, and unusual products. As clothing buyers, they are primarily interested in fashion and trends. In an industrial context, they are buyers who value state-of-the-art products or components because their own customers demand the latest technology from them. If they are service companies, they want suppliers that help them seize breakthrough opportunities in their own markets. They also like to be the first to adopt new technologies, whether BlackBerrys, new cell phones, or large flat-screen TVs.

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