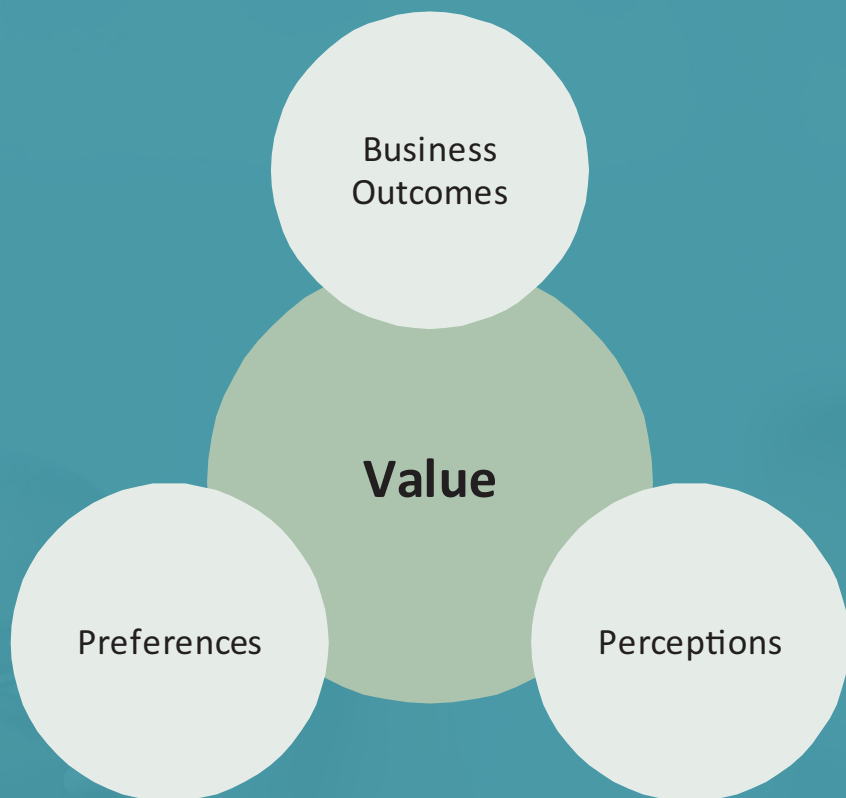


ITIL® Poster Series #18

Perception of Value



We understand that the customer is key in deciding the value of a service. But what other things influence the customers' understanding of value?

ITIL identifies three areas that will be used by customers in their understanding of value. These are:

- the **Business Outcomes** achieved,
- the **Customer's Preferences** and
- the **Customer's Perception** of what was delivered

The combination of these three elements will support the value statement.

Perceptions are influenced by many different factors, the attributes of a service or the experience of the customer with other similar services or competitor's experiences. It may also be affected by the organization's culture or image; perhaps they are seen as a risk taking market leader, or a solid and mature reliable company. These perceptions will affect the customer preferences.

Service providers need to understand these factors and provide customers with information that helps to influence perceptions and respond to preferences.

The more intangible the value, the more important the definitions and differentiation of value becomes.

The customer's perception of value, as we have discussed, is not a straightforward monetary calculation. It is affected by their perception of what they gain or lose by using the service.

The diagram shows that the starting point for customer perception is called the "reference value". This could be based on a number of factors, for example, what the customer has heard about the service, or previous experience of the service or similar. It may be vaguely defined or based on hard facts. An example of reference value is the value that customers perceive they get from the current service – it may not do all that they want, but may be very cheap, for example. It is important for the service provider to understand this reference point. They need to understand what they need to offer that will significantly improve upon this reference value.

The positive difference shown in the diagram is based on the customer's perception of the additional benefits or gains delivered by the service provider.

The negative difference is the customer's perception of what they would lose if they invested in the service, this could be quality issues or unexpected costs. Understanding the potential negatives, and then matching the features of the service to these is a way of influencing the customer's perceptions.

The net difference in the diagram is the perception of the customer of the actual value of the service, once the negatives have been discounted. This could be better or worse than the reference we began with, and it will be this final perception that will support the decision the customer makes about the service.

The economic value represents the overall value of the service, according to the customer's perception. It is measured by the customer in terms of the ability of the service to meet the required outcomes.

It is important to recognize this strategic approach, that we fulfill required outcomes for the business, not just deliver a set of services that we, as service providers, believe the customer needs. This shift in strategic focus is one of the many cultural changes that ITIL promotes, to address the common lack of connection between businesses and their IT departments.

