THE CONCEPT OF VALUE:

Perceived Value Vs. Real Value

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The notion of value in management sciences is defined from the point of view of the patient/customer. It is the differential perceived by the customer between the generic version of a service/product and what he values as being important to him in the enhanced offer of this service/product. In their eyes, this 'enhanced' part justifies paying a premium vs. the 'generic' price of the product. This is what we call perceived value.

This value is highly personal and therefore varies from one individual to another. Academic research has identified variables that determine perceived value, such as :

- The addition of a service that is relevant to the consumer
- A symbolic aspect associated with the product, such as the presence of a distinctive brand sign (logo) or label (fair trade, for example)
- Identification with the brand's mission, values and philosophy (the 'purpose')
- A product experience, a brand experience or a purchasing experience (of the 4 types of experience, escape is the one that creates the most value vs. education/aesthetics/entertainment).
- Joining a specific community of consumers (e.g. Nespresso)
- The ability to give the consumer a certain amount of power (e.g. as an expert...)
- Etc.

The impact of these on the 'perceived value' construct is moderated by various variables such as the customer's degree of expertise, the purchasing situation (e.g. time available) or brand attachment. No study has been able to demonstrate a generational or gender difference.

Finally, there is a variable that mediates this relationship between the variables and the construct: perceived relevance (fit).

For the company, capturing this value is important and a decisive strategic growth lever. Customers are prepared to pay more for this value, and in the vast majority of cases this premium is uncorrelated with the cost to the company of implementing it. Capturing value therefore implies very high margins, and the pricing strategy will therefore be based on the notion of value and not cost (in concrete terms, "what the target is prepared to pay", so we are not thinking in terms of margins but in terms of the maximum possible pricing).

There is also a cognitive bias: customers generally perceive the value of a product they own or a service they use to be greater than the price they pay. So if you ask them how much it cost, they will answer in good faith that it was more than they actually paid...

To capture value, you need to :

- Know your target market and understand what it could value, to guarantee the famous 'fit'.
- Don't hesitate to build value incrementally through options that seem ever more personalised and tailor-made.
- Don't forget that perceived value is very often based on intangible aspects, which also prevents customers from making comparisons elsewhere.

A high added-value offer is not comparable with other offers in the same business sector, it is simply different...