



## TenStep Supplemental Paper

---

1 August 2003

### **Manufacturer and Views on Quality**

When making purchases, customers do not just choose products. They look for value that comes from a combination of products and services provided by a manufacturer. This is a 'whole-product' experience.

There can be a big difference between the manufacturer's view of quality and the customer's. The manufacturer's world tends to be more objective and rational, while customers' views are often based more on subjective impressions and emotions. These emotions vary from customer to customer and strongly influence purchase decisions.

#### **The Manufacturer's View**

In recent years, quality has been associated with meeting customer expectations and providing superior value. Companies try to identify a set of customers with common needs and to meet those needs with an appropriate and profitable product. For example, wine manufacturers classify consumer segments as gulpers, label conscious drinkers, those who appreciate simple red and white wines, and strong enthusiasts who consider wine a work of art. Each of these customer segments looks for a distinct value proposition in the same product. This is the case with most products

Manufacturers have progressively improved quality strategies over the years and Total Quality Management (TQM) has evolved as a key quality strategy in many leading companies. TQM is meant to integrate leadership, planning and empowerment with process thinking and customer focus. However, business managers are not always convinced about the benefits of TQM because they are not as immediately evident as results from other improvement initiatives, such as supply chain management and re-engineering.

#### **The Customer's View**

Customers have varied impressions of quality and these influence their choices. When a customer buys a product, a series of experiences, including satisfaction, delight, anger and dismay, begins. These strongly influence future decisions. Measuring customer satisfaction only captures the surface of the customer experience. In both growing and mature markets, customers look for value that comes from a combination of the products and services provided by the manufacturer.

Customers look for maximum value in any transaction. Often, lack of information about the benefits from various product alternatives complicates their decision-making. The uncertainty that a customer faces regarding the quality of a particular product or service offering is known as quality ambiguity. Customers cannot always evaluate a product, especially if they have no experience with similar products and their applications.

#### **Quality Ambiguity**

Consider the following analogy. You are at a supermarket to buy ready-to-serve soup for your guests at dinner. On the shelves, you find an array of soup cans from various



## TenStep Supplemental Paper

---

companies that you do not recognize. Quality ambiguity is the highest at this point, as you haven't tested any of these brands before. Due to a lack of time, you attempt to use substitute signs of quality. You might judge by the approximate number of cans in each brand and assume that the popular ones are fewer in number on the shelves. You may even seek hints in the label of the can. Eventually, you may check the price tags, assuming that a higher-priced brand is likely to taste better. Upon reaching home and testing the first sip of the soup, you know instantly whether you bought the right product. First impressions count!

However, it has also been observed that when quality ambiguity is high, the manufacturer is at an advantage. This is because customers have little confidence in their decisions, and not knowing what to expect makes them more tolerant when problems arise. It also creates higher brand loyalty, as customers tend to make decisions based on others' recommendations or brand image.