



TenStep Supplemental Paper

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Re-Inventing Quality

When making purchases, customers do not just choose products. They look for values that come from a combination of products and services provided by a manufacturer. This is a whole-product experience, and quality, from the customers' perspective, is an impression of the whole-product experience.

There are many contrasts when the manufacturer's view of quality is compared with the customer's. The manufacturer's world was more objective and rational. On the other hand, customers' views were based more on subjective impressions and emotions that strongly influenced purchase decisions. These emotions varied from customer to customer.

The manufacturer's view

The earliest goal for quality was 'conformance to requirements,' which eventually became considered incomplete. It gradually evolved into 'fitness for use,' which still did not complete the picture. In recent years, quality has been associated with meeting customer expectations and providing them with superior value. This is a step closer to the psychological territory of the customer preferences, perceptions and emotions that powerfully influence purchase decisions. The purpose of providing superior value is to identify a set of customers with common needs and develop an appropriate and profitable value proposition that meets those needs. 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 wines to be works of art. Each of these customer segments looks for a distinct value proposition in the same product. This is the case with most products.

Conflicts in thinking!

Manufacturers have progressively improved quality strategies over the years. Process improvement is a popular and powerful quality strategy used by many leading companies. Likewise, Total Quality Management (TQM) evolved as a key quality strategy in many leading companies because of its approach that integrated leadership, planning and empowerment with process thinking and customer focus. However, some business managers may not be easily convinced of the benefits of TQM because the results are not immediate. These managers may prefer other improvement initiatives like supply chain management and re-engineering, but even these are incomplete when implemented individually.

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 or dismay begin. These feelings strongly influence future decisions. Measuring customer satisfaction only captures the surface of the customer experience. Customers do not



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choose products alone. In both growing and mature markets, customers look for value that comes from a combination of the products and services provided by the manufacturer.

What is quality ambiguity?

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

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 companies that you do not recognize. Quality ambiguity is the highest at this point because you haven't tested any of those brands previously. Due to your limited time, you attempt to use substitute signs for 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 seen 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 the recommendations of others or brand image.