

Products are Better, Service Isn't

Published in Quality Digest – News Digest Section

A recent study by the American Society for Quality provides a comprehensive look at how consumers view quality, but the view isn't necessarily good.

On the whole, consumers have favorable opinion of product quality, but their collective opinion on service quality has taken a nose dive over the past decade.

The findings were part of ASQ's debut of its Quarterly Quality Index, which includes a 10-year analysis of the effects of quality assurance programs on a variety of industries. The comprehensive study found that in most industries, quality improvement has failed to keep pace with customer expectations, indicating that there is a significant opportunity to improve business results through better quality systems and processes.

The Quality Index, which is derived from the American Customer Satisfaction Index, indicates that customers' perceptions of quality have declined 0.8 percent over the past decade; anything over a 0.3 percent drop is considered a statistically significant decline. The study indicates a notable discrepancy between product quality and service quality. Product quality has been relatively stable over the past decade (86.9 in 1994 vs. 86.3 in 2004), as manufacturers have long had quality systems in place, ensuring uniform production of tangible goods.

Less-standardized service quality hasn't fared as well. In 1994, customers rated service quality at 80.3; in 2004, it was rated 78.3.

"There is no anchor to customer expectations," says Jack West, former ASQ president. "What customers expect today is not what they expected 10 years ago. Successful companies must continually ramp up their quality practices to keep pace with ever-increasing consumer demands."

Hotels demonstrated one of the highest quality scores in the service industry, showing gains in both perceived quality and value. During that time, several major chains instituted quality improvement efforts. For example, Starwood Hotels and Resorts, which registered a 7.1 percent gain (the largest gain in the hotels industry), implemented Six Sigma companywide and installed Heavenly Beds and Sweet Sleepers in two of its major brands – Westin Resorts and Sheraton Hotels.

In the fast food industry, the product quality of pizza chains such as Papa John's, Dominos and Little Caesar's fared well with consumers, but their traditional counterparts, didn't. Burger King and McDonald's fell 2.1 percent and 5.7 percent respectively.

Notable declines were to phone companies (which dropped 9%), airlines (5.8%), personal computers (5.5%) and the automotive industry (2.1%).

"We are seeing super-quality, premium brands such as BMW doing extremely well, demonstrating that consumers are willing to pay for high quality," West says. "At the opposite end of the spectrum certain categories such as traditional fast food and big-box retailers, whose focus is primarily on price, are not meeting expectations. I believe that the evidence is mounting that price alone is not a viable long-term business strategy. Successful brands must focus on quality as well as cost to provide superior value to their customers."

For more information, visit <http://www.asq.org>.

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Originally appeared in Quality Digest, April 2005