



June 2010 | By Nick Diullo

## Quality Control

To stand out in a crowded industry, brands should focus not just on food quality, but on creating a whole quality experience. Brands should focus on the entire experience of the restaurant, rather than on food quality alone.

Timothy Howes is tired of hearing about product quality—at least the way most owners and operators frame the topic.

“If I hear one more restaurant owner say, ‘We serve quality food,’ I think I’m going to scream,” says Howes, a principal consultant and management expert for performance consultant Spyglass Strategies. “Quality food is not a differentiator. It has to be more than that. What restaurant would ever tell their customers that they serve mediocre food?”

Howes says that as owners and operators look to improve their bottom lines during the recession, the issue of product quality is crucial to maximizing profits but ambiguous to quantify. Yes, serving quality food is important—but that should be a given. The difference during this rough economic climate, he says, is going to come from other factors.

“In many ways, service quality trumps product quality,” Howes says. “You can have the best food in the world, but if you have poor service, you’re doomed.”

Howes’ assessment illustrates a valuable point when it comes to the elusive matter of product quality: Everyone has his own definition of what it means. Is it in the service? The taste? The price? For most experts, the answer is a resounding yes—all of the above.

Restaurant consultant David Scott Peters likes to reference a study conducted by the National Institute for the Food Service Industry called *The Spirit of Service*. The study details the six main reasons why customers don’t come back.

“Fourteen percent didn’t come back because they were dissatisfied with the service, and 68 percent didn’t come back because they encountered ‘an attitude of indifference,’” Peters says. “That’s 82 percent of your customers not coming back because of you and your people. Your product isn’t just your food. It’s your people.”



Tom Feltenstein is an industry consultant and former senior-level executive at McDonald's and Burger King. He says product quality requires a "vertical integration" of operational factors, including the way the building looks, employee uniform cleanliness, and the courtesy of the service. "And then lastly," he says, "it's about how the food tastes."

Because it is multifaceted, the product-quality equation should not be reduced during the recession, Feltenstein says.

"You cannot operate yourself into a profit for more than one year, maybe two," he says. "Owners have already condensed their bottom lines as far as they can go. Their focus has to be on building top-line sales. Really, how much can someone cut?"

Juelene Beck is an industry analyst and executive with experience in chains that include Subway, Dunkin' Donuts, and Sara Lee. She says many quick-service chains—both large and small—too often underestimate the importance of the product-quality equation in consumers' minds.

"Quality is much more important to consumers than many chains really think about," Beck says. "It's just a little more difficult for chains to get their arms around it, and therefore they don't give it the effort or the prominence they should."

But, lest owners and operators think the issue of product quality is merely an abstraction, experts say there are a few key, concrete considerations to address.

Ken Kimmel, the former vice president and CMO of Dunkin' Brands, recently developed a mobile application called Survey On The Spot, which allows real-time customer feedback of a quick-service experience. On the service side of things, he says the most frequent complaint deals with order accuracy.

"There's nothing more infuriating than taking a sip of coffee that doesn't have the sugar you wanted, or opening a hamburger and it's not what you expected," Kimmel says. "That's where you see that inextricable link between product quality and service. And the fuse is becoming shorter and shorter in terms of what consumers expect."

Howes is quick to add that the negative effects of such basic operational mistakes have changed in the last five years. With Web-based tools like Yelp, Facebook, and Twitter, consumers can immediately communicate their displeasure with thousands of people—which is just one more reason it's so critical for owners and operators to tightly monitor the product-quality equation.

"In the old days, dissatisfied customers would tell 10 of their friends that they had an issue with a restaurant. Now, they can tell thousands of people in a matter of minutes,"

Howes says. “And people will be brutally honest. If you deliver on the brand promise, you’ll gain sales. If you stink, everyone will know.”

Lori Walderich, CEO of IdeaStudio, a national restaurant marketing consultant, echoes this sentiment, adding that food-quality expectations are also on the rise.

“The demand for quality in quick-service menus will continue, given the up-and-coming generation of millennials,” Walderich says. “These consumers were raised on quick-service foods and show no sign of trending out of that market.”

But this new breed of consumer is also very conscious of health and environmental issues, which means the perception of a product’s overall value reigns supreme.

“Millennials are not willing to compromise their standards for their environment or their personal well-being. More often than not, they will choose quality over other factors such as value pricing,” she says. “And people assume that quality ingredients are more costly. Thus, consumers will accept a slightly higher price point for products such as Angus beef, fresh-roast coffee, fresh-baked bread, and hand-cut fries.”

Beck says owners and operators cannot look at the issue of product quality as a quick-fix solution to their bottom lines.

“It’s not quantitative. It’s much more qualitative,” Walderich says. “It requires really digging deeper into the business, and it requires good market research. It’s not the easy way out, and it takes commitment and a long-term view of your brand. It’s not just about getting through the next quarter.”

