CLARKSTON CONSULTING

2021
CONSUMER PRODUCTS
QUALITY TRENDS

Within the consumer products industry, trends toward consumer centricity such as increasing personalization, emphasis on direct-to-consumer channels, and heightened product transparency are driving action in quality management. In 2021, the role of retailers, distributors, and other organizations outside of the manufacturer are increasingly important to ensure a high level of product quality and customer satisfaction. Additionally, building a culture of quality is more important than ever as a way for organizations to reduce avoidable costs and improve success across quality management initiatives.

86% of consumers would pay more for a good customer experience, so brands' quality strategies should incorporate customer service elements.

SOURCE

TREND #1:
Shifting Consumer Preferences are Redefining the Role of Quality Management

As COVID-19 stay-at-home orders drove increased consumer use of online channels, it is more important than ever to ensure quality management is adequately integrated into the organization's direct-to-consumer approach. For digitally native brands, consumers have come to expect a seamless experience, often accompanied by some level of personalization. They want high-touch service and convenience along with transparency about the products they purchase. One element brought forward by a rise in customer interest in direct-to-consumer brands is how brand loyalty can be strengthened through a quality experience, which many consumers actually value over product quality. While DTC brands such as **Glossier, The Honest Company, Dollar Shave Club,** and **Casper** may receive some criticism about their products, they are able to retain customers and achieve overall satisfaction by providing a clean and simplified quality shopping experience.

The consumer healthcare industry is a notable example of how quality is impacting DTC. With DTC consumer healthcare products, brands should explicitly explain the product's benefits and key differentiators to create a streamlined experience that keeps consumers informed. Options can also be provided to personalize products based on a consumer's own health data, with quality compliance efforts transparent. However, consumer healthcare DTC product claims management has become more complex with the rise of social media brand interactions with customers, especially when considering negative reviews that could be identified as reportable adverse events in the eyes of regulators. To truly ensure quality, DTC companies operating in consumer healthcare and other similar product categories should consider balancing compliance efforts and a quality consumer experience to develop an effective overarching quality strategy.

47% of internet users stopped using products or services from brands that do not align with the consumer's personal values.

57% of consumers would be willing to pay extra for sustainability.

SOURCE

TREND #2:
Retailers' Role in Regulatory Transparency is Expanding

Transparency has become a top priority for many consumer products brands in the last few years, with a particular focus on identifying sourcing information to enhance transparency within the supply chain. As more supply chain partners outside of a manufacturer's four walls create transparency into quality, CP organizations have a unique opportunity to leverage these "regulatory proxies" to benefit their brands.

Social selling is a relatively new channel supporting transparency, especially in health and beauty, where influencers serve as ambassadors to brand quality and often emphasize brands' commitment to sustainability and clean ingredients. Health and beauty manufacturers can ensure established operating procedures and validation processes for data integrity to support consistency in product quality, sustainability and transparency initiatives, and the overall brand quality to be communicated by brand ambassadors, which is especially important as health and beauty is an increasingly regulated industry.

With heightened focus on transparency and product sourcing based on evolving consumer demands, retailers are another example of a regulatory proxy. **Target Clean** uses special labeling for products that meet Target's "standard of clean" that are made without certain ingredients that would be considered less preferable to clean-conscious consumers. Amazon has also **developed a "Climate Pledge Friendly"** label to help consumers more easily understand which products are sustainable without the heavy lift of research and product comparisons. This means that consumer products manufacturers should take extra care to ensure that their brand equity is protected and respected as a producer of high-quality products. Clear labeling that is easy for consumers to understand is one action that manufacturers can take to capitalize on this trend, and brands should consider quality standards as a competitive advantage as they provide transparency on quality assurance practices and sustainability.

TREND #3:
Ensuring Quality in the "Last Mile" of Product Personalization

Regulatory agencies are looking more closely at quality processes throughout manufacturing and distribution processes. As product personalization options become more common in the industry, certain manufacturers may need to rely more on retailers to protect product quality in the last mile of distribution. Consumers are now more frequently able to **make adjustments** at point of purchase, such as customizing the **pigment of a beauty product**, or finalizing product configurations with a 3D printer within a retail store. While personalization can often lead to **increased consumer satisfaction**, it is imperative that personalized products meet quality regulations.

To account for an expansion of product personalization, segmenting your quality strategy can be a successful tactic to manage the product portfolio with a risk-based approach. Additionally, utilizing technology and real-time data can reduce defects as well as monitor consumer feedback to enable communications about issues with retailers, which could help reduce the chance of wide-scale product recalls.

46% of consumers are satisfied with longer delivery times for customized products

SOURCE

Overall, manufacturers should closely collaborate with distributors and retailers to ensure a customer-centric approach that prioritizes quality in personalized products. As personalization options enable companies to command higher prices for custom products, investment in effective quality management for these products is highly worthwhile to elevate customer satisfaction and ensure compliance with regulations.

Having a well-developed culture of quality allows companies to save approximately $350M per year by reducing costs on mistake corrections.

SOURCE

TREND #4:
Developing a Culture of Quality

Quality functions should not be viewed just as a task executed to meet regulations and ensure compliant operations, but rather as an opportunity to differentiate an organization from its competitors. Across an organization, all employees should understand the importance of quality and feel empowered to take action to protect and improve quality.

In order to build a culture of quality, employees should be consistently involved in quality management efforts. Progress in developing a culture of quality can be benchmarked to set a baseline of the current state of employees' understanding of quality initiatives, and further improved through training and employee feedback. This creates direct involvement in the quality improvement process. **Employee ownership** can help improve a culture of quality by encouraging employees to address any concerns with quality processes with the understanding that their concerns will be properly investigated. And, to build credibility for a culture of quality, managers and executive leadership should explicitly display commitment to quality to set an example for the organization. A strengthened culture of quality through a **peer-driven approach** will yield higher quality products, improvements to employee satisfaction, repeatable audit success, and a reduction in time and money spent on remediating mistakes.

Going Forward

As products become more personalized and consumer expectations for sustainability and transparency become more standard, it is important that quality management strategies accommodate these trends while maintaining a high level of regulatory compliance. Using direct-to-consumer best practices and developing a culture of quality can be helpful for organizations to increase flexibility but still maintain brand equity, regulatory compliance, product quality, and consumer satisfaction.

ABOUT CLARKSTON CONSULTING

Leading consumer products businesses partner with Clarkston Consulting to address and adapt to the most critical industry challenges stemming from evolving consumer expectations, a highly competitive landscape, and an unrelenting pace of change. Our people combine industry and functional expertise to deliver solutions that fit your business, your goals, and your future. At Clarkston, your purpose is our purpose.

For more information about how we can help your company, please contact us.

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