Agency theorist Michael Jensen has a very clever view about qualitative performance assessment. He notes that subordinates generally object to receiving qualitative performance feedback from their superior, especially if it is at all negative. They typically are dismissive of the qualitative feedback and ask for the feedback to be on a quantitative basis only.

Jensen's counter-intuitive advice to the superior is not to apologize for the qualitative nature of the feedback but rather to **tell the subordinate that if he could actually be evaluated using purely quantitative measures, his job should be outsourced**. That is because if everything important about his work could be defined quantitatively, it would be easy and more efficient to design a contract with clearly defined service level agreements with an outsourced provider.

What this means is that a smart subordinate should actually want the relationship with the firm to be based at least in some part on things that are qualitative — that require judgment and interpretation because these are what makes it necessary and optimal for him to be an actual part of the firm. A quantitatively based relationship is a shallow one while one that has an important qualitative dimension is a deeper one.

The same logic applies to a firm's relationships with customers. **If our understanding of customers is based entirely on quantitative analysis, we will have a shallow rather than deep relationship with them.**
This runs against the prevailing view of customer understanding. Quantitative customer analysis with a large statistically significant sample and multiple choice questions that enable quantitative analysis of the answers is deemed 'rigorous'. Qualitative customer research that uses small samples and conversational and/or observational approaches is considered by many to be lax and/or shoddy — and certainly unscientific.

The former represents an interesting definition of rigor. It is rigorous from a numerical statistical perspective. But note what we have to give up in order to acquire this 'rigor'. It means that our words have to be used, not the respondents' words.

For example: "How important on a scale from 1 to 5 is reputation for thorough after-sale service to your purchase decision?" As research tool designers, we know what we mean by 'reputation', 'thorough', 'service' and 'purchase decision'. And we know what we mean by 1 through 5. And we will have an idea of what the model respondent means by these terms if we did rigorous pre-testing of the instrument with a customer sample.

But we won't know the definitions of the respondent who is answering this particular question. And we won't know whether the respondent thinks about the decision in entirely different ways. And even if she does, we will take her answers and add them to the rest of the answers to do rigorous quantitative analysis of what they mean as if every respondent meant the same thing. We have to accept a really shallow relationship with the customer to get a 'rigorous understanding' of them. In other words, we have to give up a whole lot to be 'rigorous'.

Qualitative, and especially observational or ethnographic, research enables us to delve much more deeply into the relationship between our firm and its product/service and the customer. Because we aren't obsessed about adding all the responses together for 'rigorous quantitative analysis', we can let the customer use his own voice/words/vocabulary. Because customers often struggle to put into words their feelings about products, services or providers, we can watch them do what they really do, rather than what they say they do — and may not actually do. This all enables a much more nuanced view of our customer.

But all of that is subject to qualitative judgments on our part. The quality and depth of our relationship with the customer will be a function of the quality of our interpretative eyes and ears. However, unlike with quantitative research where we really have no chance, with qualitative research we have a fighting chance of attaining a deep understanding of our customers. Unlike with quantitative research where we in essence ask them to tell us what they think, need and want, with qualitative techniques, we take on very directly as our job to form a thoughtful interpretation.

Of course, qualitative customer research doesn't trump quantitative research across all dimensions. The ever-present danger with qualitative research is that the subjects are not representative of the entire customer base in substantial part because the sample sizes are almost certain to be considerably smaller due to the greater amount of time
involved. And qualitative research is more likely to tie up the time of important managers than quantitative research which is often outsourced to experienced providers.

That having been said, if you want a deep relationship with your customers don't spend your time talking to them through the vehicle of quantitative research tools.

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