Quality, space and regional competition: Conceptualizing a ‘quality model’

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Abstract

In the wake of globalization a new economic and competitive landscape has developed and, from both a research and policy perspective, increased efforts are being put into understanding and stimulating innovativeness. However, in this paper it is argued that innovation, or innovativeness, is perhaps insufficient when competing on global markets, at least in certain types of industries where performance, standards, and perceptions of the product are at the forefront. In addition to existing theory we focus on the role of ‘quality’ in creating and sustaining regional competitive advantage. A quality model is introduced as a tool for understanding and analyzing the role of quality in relation to spatial embeddedness and geographical scales. Quality is here identified as a promise or a set of promises, experienced, constructed, mediated and negotiated by a variety of actors: producers, customers/consumers, and intermediaries. These promises are divided into three quality indicators and mechanisms identifying different states and processes stimulating quality creation, labelled performance, projection, and protection. The paper argues that a focus on quality processes and the relation to space contributes to the understanding of regional competitiveness. Regional competitiveness is arguably achieved when: a) quality perception and knowledge permeate all actors and their activities and are inherent throughout the value chain; b) a good or a service is well represented in one or more of the quality indicators of the model; and c) space is an integral part of these processes in that it facilitates i) localized learning/localization economies and ii) place-based branding.
1 Introduction

With the expansion of the global economy and the shift from a manufacturing-based economy towards a post-industrial or service-based economy, it has become ever more important for nations, regions and firms to compete in new ways. Changing spatial prerequisites have ensued, causing labour-intensive operations to become increasingly outsourced or operated by firms in low-cost countries. To meet this new competitive landscape governments in the EU and OECD have in recent years intensified their efforts to stimulate innovation and innovativeness (OECD 1999, CEC 2004). In research on competitiveness, scholars have tried to introduce a new way of thinking about innovation and learning involving an increased belief in immaterial values (e.g. knowledge, know-how) and, to a lesser degree, confidence in material values (e.g. raw material, costs). Firms and other actors have to be able to continuously adopt strategies in which products, processes or organizational structures are altered or fine-tuned. This may, in turn, create a competitive edge ensuring survival on the market (see Porter 1990, Lundvall 1992, Edquist 1997). Also, innovativeness is seen to be more efficient in systems of localized firms, in specialized (Porter 1990, Maskell and Malmberg 1999) or diversified milieus (Jacobs 1969, Florida 2002). This, in turn, has led to the idea that the competitiveness of a nation or a region is less a set of inherited resources than a result of more or less intentional strategies (Porter 2000) and constructed advantages (Cooke and Leydesdorff 2006).

However, in recent years, the innovative capacity of many low-cost countries has increased, and thus the ability to attract foreign investments, as well as foster native, R&D-intensive firms and activities (Dicken 2007). For many advanced economies, such as the OECD countries, this has led to fierce competition in sectors or industries previously rivalled only by other, similar, economies. The question then is how to meet these challenges, and whether contemporary innovation theories and policies are sufficient?

This paper argues that innovation or innovativeness is (perhaps) not enough when competing on global markets, at least in certain types of industries where performance, standards, and perceptions of a product are a primary concern. In addition to mainstream literature on innovation and competitiveness, it is crucial to understand other elements and aspects of creating and sustaining regional advantages and competitiveness. In doing this, we focus on the role of 'quality', understood as a promise experienced, constructed, mediated, and negotiated by various actors in a time and space context. The suggestion is that by making and providing quality goods and services – that may be based on the latest technologies or, equally, on age-old craft traditions – some industries in high-cost countries may have found a way to compete on global markets. Economic research has long been aware of quality as an important aspect of industrial competitiveness. However, only a few studies have seriously recognized the relation between space and quality in
explaining global and regional competitiveness, and in linking homogeneous and heterogeneous aspects of quality to spatial embeddedness and geographical scales.

The overall aim of this paper is to investigate and conceptualize ‘quality’ and, more specifically, to introduce a theoretical model presenting a framework for identifying and analyzing processes creating and re-recreating understandings, perceptions and experiences of quality. An additional aim is to discuss the link between space and quality, and to understand the quality process as an aspect of regional competitiveness. It is argued that quality should be viewed as deeply rooted in, although not predestined by, space and that different spatial scales and place-specific assets have the potential to affect and utilize the quality process differently, thus creating various geographies of quality.

2 Theoretical points of departure: innovation processes and the quality concept

In the following, the mainstream literature on innovation and regional competitiveness will be outlined and discussed. This discussion will be developed by adding the notion of quality and a quality-related theoretical framework.

2.1 Innovation and regional competitiveness

The point of departure in the literature on competitiveness in OECD economies is that knowledge creation and the ability to innovate is a more important factor than the cost of production when determining the long-term ability of firms and regions to prosper (Maskell and Malmberg 1999). It is thus important for firms to be innovative in terms of how they manage their daily activities, such as the organization of production, logistics, marketing, sales, distribution, and labour market relations. However, innovation is a complex concept and there is a vast range of literature dedicated to pinning down the characteristics of an innovation. In general, innovations are often defined as the production of new knowledge or the combination of already existing knowledge, leading to economically viable products or processes (Porter 1990, Lundvall 1992, Nelson 1993, Nonaka 1994, Grant 1996). According to Lundvall (1992), innovations include (technological) process and product innovation, but also organizational and institutional innovations. A common way of understanding innovation is by differentiating between the more traditional view of producer-driven innovation and the more recent research on consumers and user-driven innovation (Gereffi 1999, Malmberg and Power 2005) and, more specifically, on lead-users (von Hippel 1988).
Research on competition and innovation has shown that innovation processes are more likely to occur within systems of actors, i.e. a firm's (or organization's) ability to learn and innovate develops in interaction with other actors. In this process, the firm's contacts, networks and knowledge transfer are seen as more important than the flow of goods and monetary resources. Hence, the individual firm should be viewed as a part of a system (including all the firms, organizations and other actors interacting with the firm), and innovation should be seen a result of interaction rather than being the work of isolated agents (Håkansson 1987, von Hippel 1988).

Economic geographers have shown that these processes are not space-less, nor are they ubiquitous global phenomena. Instead, these processes are situated in space and are socially and culturally embedded: they do not happen anywhere and to anyone. The mainstream literature on innovation has focused on the nation state (Lundvall 1992), while recent theoretical developments emphasize the local and regional situatedness and embeddedness of these systems, e.g. clusters, localized agglomerations, and regional innovation systems (Porter 1990, Camagni 1991, Maillat 1995, Cooke et al. 1997, Morgan 1997, Porter 2000, Malmberg and Maskell 2002, Cooke 2005).

In an industrial system it is argued that spatial proximity and specialized local capacities encourage particular types of knowledge, innovation processes and localized learning (Maskell and Malmberg 1999, Malmberg and Power 2005). Also, these systems create scale economies for sharing infrastructure, lowering transport and transaction costs, creating (local and specialized) labour markets (Marshall 1920/1960), and facilitating traded and untraded interdependencies (Storper 1995). Furthermore, they promote face-to-face interaction and buzz which, in turn, stimulate trust, cognitive proximity, knowledge-sharing, tacit knowledge, cross-fertilization of ideas, easy observation and immediate comparison (Gertler 2003, Storper and Venables 2004) in locally embedded or informal social structures (Granovetter 1985, Storper 1995). It should be noted, however, that clusters and industrial systems of various kinds are viewed as somewhat ‘fuzzy’ or ‘elusive’ (Markusen 1999, Malmberg and Maskell 2002) and that the positive connotations of localized activities seem to be hard to empirically verify. Another debate has questioned the limited focus on local processes in local milieus, while recent research has shown that local or regional milieus should be understood not only as arenas providing access to local networks and knowledge, but also as facilitators of crucial external (global) linkages (Bathelt et al. 2004).

The idea of local and global relations has been debated by a number of scholars. For example, Castells (2000) argues that contemporary network society is a space of flows: an intertwined network of dense linkages and relations stretched out across space and time. In addition, economic geographers have emphasized the need to systematically link explanations of localized systems with understandings of the connections between local and global processes (Bathelt et al. 2004, Malmberg and Power 2005). In a relational approach to space (Dicken et al. 2001, Dicken and
Malmberg 2001, Bathelt and Boggs 2003, Yeung 2005), the understanding of space is revised and avoids dichotomies such as ‘local – global’, ‘concrete – abstract’, ‘fixed – mobile’, to explore space (Doel and Hubbard 2002). It then “becomes meaningless to talk of local versus global processes […] instead we should think in terms of networks of agents (such as individuals, institutions or objects) acting across various distances and through diverse intermediaries” (Dicken et al. 2001: 95).

In summary, the literature on industrial transformation and growth has been focusing on innovation and knowledge transfer, and on industrial dynamics situated and contextualized in space, for example in regional innovation systems and clusters. In addition, and following the argument of the paper, the notion of quality will be explored by trying to understand how high-cost economies and regions may compete on global markets.

2.2 Unfolding the concept of quality

Quality has been discussed in a wide range of disciplines and is an important topic for firms, consultants, governments, industry organizations and professional journals. Nevertheless, the meaning of quality often varies between products, producers, consumers and according to geographical settings and socio-cultural contexts. For example, in business studies and economics attention is directed toward organizational management, quality planning, and trade of quality goods (see Akerlof 1970, Garvin 1988, Imbriani et al. 2009). Moreover, quality management in manufacturing processes is a well-studied research area in both engineering and business studies (Evans and Lindsay 2001), while quality management and assurance has long been a topic of concern in research on the finance industry (Parasuraman et al. 1985). Imbriani et al. (2009) notes that a traditional and common way to view quality and the differentiation of products in the empirical literature is to use a trade index of traded goods as a proxy for product quality: i.e. the ratio between the export value and the export volume. Other areas where quality is frequently discussed, measured and assessed are in education and research policy studies and in life science and healthcare studies, where quality assurance of pharmaceutical production, treatment standards, and so on, is of academic, business, and policy-related importance. In recent decades a vast amount of research on agricultural and food production has come to focus on quality and geographical patterns of production and consumption (Ilbery and Kneafsey 1998, 2000, Ilbery et al. 2000, Murdoch et al. 2000, Mansfield 2003).

Although most of us have a clear idea of what we perceive to be a quality good or service, quality is a complex concept. Some of these perceptions are easier to explain or evaluate, while others are more diffuse and personal. Fundamentally, the concept of quality has positive connotations and is generally related to characteristics such as capacity, property, type of material, durability, functionality, and craftsmanship.
Historically, a distinction between measurable and non-measurable quality has been made (see Strannegård 2007). Regardless of notions of objectivity and subjectivity, there is an idea that it is possible to adequately measure certain aspects of quality using existing quantitative equipment and measurements (e.g. standards, certificates, rankings, laboratory tests) while other aspects are harder (or impossible) to measure, although perceptible to the human senses. For example, it is easy to understand that a pair of shoes that lasts a 1,000 kilometres is of higher quality than a pair that only lasts a few hundred. On the other hand, the choice between a hand-made or bespoke pair of leather shoes from England or Italy is perhaps not as obvious; it is affected by preference, perception, prejudice, etc. The discussion above leads us to the simple but intricate question: What is quality and how do we identify good quality?

In recent literature the subject of quality has accordingly been contextualized as a process, whereby quality is socially constructed – foremost at the user level (Ilbery and Kneafsey 2000, Mansfield 2003). Quality here is about altering perceptions, and showing how changing demand affects the production. A socially constructed interplay between users, suppliers and producers is reflected throughout the entire value chain. According to Ilbery and Kneafsey (2000), quality is in this sense positional: it is above minimal standard and gives a good, service, process, firm or region a competitive edge. In organizational theory the consumer’s perception of the characteristics or the quality of a product is affected by the information available (or lack thereof). This is manifested in three dimensions or ‘qualities of a good’: search, experience and credence. According to Nelson (1970), the search qualities of a good are those that the consumer has the possibility to gather and obtain information about before it is purchased, while experience qualities are those related to characteristics learned about or perceived after the product is used. Darby and Karni (1973) add a third dimension, credence, which states that the quality of the product cannot be evaluated prior to or after purchase by search or experience. The quality of a good or service is in this case too costly or too complex to evaluate and the consumer is forced to trust the salesperson and the product and is therefore exposed to the risk of fraud. From a users’ point of view, quality is contextualised as a link between the producer and user made in order to reduce uncertainty. Accordingly, quality is interlinked and dependent on trust. This issue is also raised by Akerlof (1970), who states that informal and unwritten guarantees are preconditions for trade and production, specifically in situations where consumers have difficulty evaluating the quality of a product prior to purchase.

Quality is not only constructed by users or consumers. It is also manifested by standards, certificates, and expectations inherited and expressed by the producers and other institutional actors, e.g. governmental organizations and standard setting agencies. Quality is in this sense not merely an end-state, but a process. This qualification of products is, according to Callon et al. (2002: 194), a means by which economic agents position the products they design, produce, distribute or consume, in relation to others. Economic agents, or firms, have both an active and reflective role in
this qualification. The good is in itself a constellation of characteristics that are constantly being redefined; a process of qualification-requalification. These processes aim to “[...] establish a constellation of characteristics, stabilized at least for a while, which are attached to the product and transform it temporarily into a tradable good in the market.” (Callon et al. 2002: 199). This is also noted by Chamberlin (1933), stressing that quality is a strategic resource by which a good is positioned in a space of other goods (see Callon et al. 2002). Quality is thus an assemblage of political, cultural, and natural relations that have emerged from a complex set of socio-material relations of production, trade, and consumption (Mansfield 2003). In relation to the positional characteristics of both products and consumer preferences, Lancaster (1966: 154) argues that: “[...] goods possess, or give rise to, multiple characteristics in fixed proportions and that it is these characteristics, not goods themselves, on which the consumer’s preferences are exercised.”

Related to the discussion of socially constructed quality is the idea that quality, both measured and non-measured, varies over time and space. For example, it may vary in different historical settings, locations and between different industries and individuals. On the one hand, goods and services once associated with quality may change their position when new laws, standards, and norms are introduced on the market. On the other hand, time may in itself become a quality trademark if a good or a service stands the test of time, since craftsmanship and traditional methods are often associated with quality. Although the positioning of a product involves making it visible on the market, it is also a process strongly embedded in geographical space. Quality products are often linked to a certain place, region or country, e.g. Parma ham, Swiss watches, German cars, sparkling wine from Champagne, financial services in the city of London, Parisian fashion.

In summary, quality has been and should be understood as a complex concept: a continuous and socially constructed process dependent on and contextualized in time and space. Following this, we find that quality is both homogeneous and heterogeneous in that it may be understood as a dynamic process with the potential to streamline perceptions and definitions of quality, while it may also work as a process of differentiating products, regions, and people. However, previous literature has not fully recognized the potential of quality as a means of understanding industrial and regional competitiveness. Below, a quality model is presented followed by in-depth discussion of the spatiality of quality in relation to regional competitiveness.
3 The quality model: promising quality

A common understanding of processes creating quality is that they lead to a certain kind of quality attachment. In the literature reviewed in this paper, this attachment is explained as the ability to create or mediate a perception of, for example, authenticity, safety, and trust (Akerlof 1970, Ilbery and Kneafsey 2000, Callon et al. 2002, Strannegård 2007). In this paper we propose that this perception is best described as a promise. Quality is thus about a promise or a set of promises constructed and experienced by a varied set of actors, here identified as producers, customers/consumers, and intermediaries.

In short, the producer is an economic agent, most often a firm, providing the market with a good or a service. Producers add to the quality process by using certain kinds of inputs (knowledge, material, etc.), management, manufacturing methods, and so on. In their role as producers, they also experience quality during different stages of production as they deal with or, even more importantly, interpret feedback from both users (customers/consumers) and various intermediaries. The customer/consumer takes part in the quality process by interpreting and experiencing quality in a good or a service. Although an integral part of these processes, some customers or consumers contribute more than others. Sophisticated customers, and especially lead users, are often characterized by a specialized knowledge set and the interpretive skills needed to differentiate between quality products. In this sense, they contribute to the quality process by raising the level of demand and providing critical and substantial feedback.
into the system. Primarily, intermediary actors have two roles, on the one hand they establish the framework in which quality goods and services are produced and consumed by making laws, setting standards, and issuing certificates. On the other hand, they function as mediators and trendsetters by reviewing, testing, and evaluating products. Hence, there are a variety of intermediary actors performing these roles: the state (governmental bodies, agencies, and institutions); interest organizations (dependent and independent industry, trade and consumer organizations); and media (all kinds of media, from daily news to specialized media channels). Consequently, producers, intermediaries, and customers/consumers are all gatekeepers and a part of a system governing the quality process.

As already noted, quality is about a promise mediated by the above mentioned actors. In the quality model we have divided these promises into three quality indicators and mechanisms identifying different states and processes stimulating quality creation, labelled performance, projection, and protection. Following the notion of quality as a complex and constructed process, the quality model should not be viewed as a linear model, but rather as a model of dynamic processes in which actors may both produce and experience quality.

3.1 Quality and performance

Quality and performance are tightly knit together, and offer perhaps the most common understanding of how quality is perceived. The performance of a good or service is often possible to test and evaluate, since it is easy to pose and answer questions such as: "How long?", "How often?", "How much?", "How many times?", etc. Performance also relates to concepts such as durability, quality materials, quality inputs, wearability, functionality, and so on.

Performance is in this sense closely connected to certain types of standards and measurements (also found in the category of quality indicators labelled protection described later). However, expressions such as 'passing the test', 'being better than' and the more subjective understanding of 'value for money' are often used, rather than conforming to specific standards and following strict safety regulations. Here, intermediaries such as testing labs, magazines, and specialist and trade organizations are integral, and important, parts of the evaluation process. Ultimately, the final verdict and judgement is always made by the consumer or user. In other words, it is about putting the product to use.

With a quality promise comes a great deal of uncertainty that is primarily apparent on the buyer or consumer side of the value chain. By attaching a performance statement and/or measure to the product, the producers commit themselves to a promise related to the use and utility of the product. In this respect, Akerlof (1970) pointed out that several types of institutions have been established to deal with and counteract
the effects of quality uncertainty. Approval by one of these institutions is the guarantee that many producers attach to their products. The guarantee is introduced to ensure the buyer that the product meets some type of expected quality, provided that the product is used under normal conditions (for the specific type of product). The previous social contract connecting the two parties is here turned into a formal contract, whereby the risk associated with the purchase is shifted from the buyer to the seller. This is also reflected in the auto manufacturing industry, where a quality expectation is often attached to certain quality branded cars. In order to meet this expectation, many manufacturers offer, for example, extended new car warranties, which guarantee that the car lives up to certain quality standards. However, building reputation is a time-consuming and expensive process (advertising, PR etc.), e.g. Toyota and Mazda were long questioned as quality cars on western markets, although their cars ran smoothly for years and years, and continued to excel in tests, rankings and competitions (Strannegård 2007). Today these cars are associated to a great extent with high quality standards, which is also reflected in high prices on the used cars market.

The outdoor industry serves as a good example of quality and performance where products are constantly being tested for use and wear in hard weather and working conditions. The demand for these products, both professionally and in general, has risen from the 1960s and onwards, with media covering high-profile expeditions to Annapurna in the Himalayas in the 1970s and several Mount Everest expeditions in subsequent decades. This development made it possible for the previously downward-spiralling textile industry in Lancashire, UK, to evolve into a specialized and competitive region serving the outdoor and sportswear industry with innovative and high quality rainwear and windproof fabrics for high performance clothing and equipment. A crucial factor in the development from traditional textile manufacturing to high tech fabrics was the existence of deeply rooted supply chain relationships and networks of textile-related specialists and customers with high demands stimulating product innovation and specialization in the outdoor industry (Parsons and Rose 2005).

In other words, performance is an innate characteristic of quality and is closely linked to the promise of quality. If a product does not meet pre-perceived and preferred performance standards, the user judgement is often harsh and the product may consequently be regarded as a product of lesser quality. This is also in line with a perception where quality can be divided into scales ranging from good to bad, and high to low. This grading of products is a way of rating the performance of products that occurs both before and after point of sale.
3.2 Quality and projection

Projecting quality is about positioning a product in relation to other products. This is closely related to branding, marketing, and promoting a product as different, or better than, other similar products – a process that may result in different types of products, processing methods, production strategies, etc. According to Callon et al. (2002), this process also involves strategic management in activities stretching from research and design, production, purchasing, marketing, and distribution, to consumption. This process takes place within the firm, but is also constructed at the intermediary and consumer levels. The intermediary actor has a primary function of consuming and evaluating a product, and mediating perceptions of the product both up- and downstream in the value chain. On the other hand, the consumer also transmits a view on the product through public conventions, not least in terms of recognition and appreciation of brands, trademarks, support, service, and packaging (see Murdoch et al. 2000).

By positioning a product in relation to other products, quality becomes a strategic resource by which one product is compared to another. The product is positioned by a constellation of characteristics that are constantly being redefined by the producer and the consumer. For the consumer, the product awakens associations based on attachment and detachment to the product (Callon et al. 2002). This process is stimulated by two mechanisms. The first is explained as a socio-cognitive arrangement situating products in relation to one another, involving product placement, packaging, distributor references, and advertising, which in turn will simplify differentiation and comparison of similar products. The second involves associations that consumers form with a product in real life. The products are tested at home, evaluated, discussed with peers and friends, and opinions are formed, shared, and imitated. Here intermediaries, such as magazines, testing platforms, and specialist and consumer organizations, also play important roles, contributing to the attachment and detachment of products. For the individual consumer, this is primarily evident in situations when products are difficult to evaluate and test, such as high-tech goods.

In other words, the projection of quality is an interrelated process that is constantly being produced and reproduced by producers and consumers. Ilbery and Kneafsey (2000) label this as attraction, where the consumer’s wants (conscious and subliminal) are appealed to by, for example, design, texture, appearance, flavour, taste, and price. An effective method of attaching a sense of quality to a product is through the fabrication of brand names or trademarks. This kind of projection of quality is a notable and important feature in the clothing and fashion industry. As noted by Power and Hauge (2008), branding in the fashion industry involves an attempt to differentiate and personify products by balancing aspects of quality, utility, symbolic and cultural value. The branding process is best understood as reflexive, governed and mediated both by the producer and consumer. Brand building and consumer loyalty to the brand are central to these kinds of industries. This process is
also applicable to consumers as they position and identify themselves with certain brands and products, creating (to some extent) differentiated lifestyles.

In line with the above, the argument is that the branding and positioning of a product is paralleled by the notion of a promise: a promise of quality. By purchasing a product, a well-known brand of which a consumer has a prior conception and knowledge, the consumer is buying into the idea that he/she knows what he/she is getting. For the producer selling their product based on the notion of quality, this kind of social contract is of utmost importance, as the reputation and honour of the producer is at stake.

3.3 Quality and protection

With increasing globalization comes a growing need for standardizations covering different parts of the value chain. This may include various aspects of design, production, transportation, distribution, and consumption. A vast number of standards have been developed not only to streamline production and standardize products, but also to ensure that safety, health and environmental regulations for workers and consumers are adhered to and regularly updated. Overall, this entails a set of regulations by which producers are bound to conform to current laws, standards, certificates, and specific measurements and methods. Although controlled by governments, or professional or consumer organisations, these standards and regulations may also be paralleled by socially or culturally constructed norms of a more informal character. Ilbery and Kneafsey (2000) point out that standards are in themselves socially constructed and, as such, subject to political and economic pressure, scientific understanding, and cultural contexts.

Certain standards have developed into signifiers of quality. The well-known ISO 9000 standard (today, version ISO 9001:2008) serves as a good example of how quality is managed and assured in a variety of industries, such as the pharmaceuticals industry. The ISO 9000 standard is a set of written rules outlining quality-management practices. This entails how to report, monitor and evaluate activities such as quality planning, product design, customer focus, incoming orders, and customer perceptions of the quality of goods and services provided. The standard is managed by the International Organization for Standardization (ISO), and currently harmonizes national standards from 161 member states and manages over 18,000 international standards (see www.iso.org, Coe et al. 2007). In terms of safety, the EU countries adopted the CE marking (Conformité Européenne), which ensures that products sold meet safety, health and environmental standards. Regarding quality as a measurement, the term carat is an example of how quality is measured. The term is used (albeit not interchangeably) both as a unit of mass for measuring gemstones and pearls, and as a purity measure for gold. The measure is used as a means of comparing
and differentiating between similar products to assure the buyer that the products meet a specific standard of quality.

3.4 The quality promise and pricing the promise

The quality promise arises when a product or a service meets its expectations, be it a drug, a car, a hi-fi product, a restaurant visit or an artwork. Each of these products is in one way or another attached to a promise that may be of, for example, functional, practical, or aesthetic character. In this sense, a drug with negative side effects, a car with broken brakes, a bad sounding hi-fi component, a poorly tended restaurant table or a counterfeit painting are all examples of promises not living up to their expectations. The promise of quality is closely linked to notions of credibility and trust, and for a product to be associated with high quality, reliability is extremely important. Examples of institutions used to build trust and reduce uncertainty are, according to Akerlof (1970), guarantees (cf. performance), brand names (cf. projection), e.g. products selling by reputation and promising a certain quality standard, and licensing practices (cf. protection), e.g. economic agents working as doctors, accountants, auditors, and lawyers, and where a certificate is provided promising that a certain level of proficiency has been approved.

In other words, the quality promise is built into the quality process, and promising performance, projection, and protection are intrinsic parts of this process. On the one hand, the indicators reflect different aspects of perceiving or experiencing quality. On the other hand, they function as mechanisms creating quality, or a sense of quality. However, this does not mean that all three of these mechanisms have to coincide or be equally important in the quality process. Different products and industrial sectors may respond differently to each of the aspects mentioned. Nevertheless, when these three aspects are recognized as part of the process, it becomes easier to evaluate and assess quality as an important mechanism stimulating competitive advantage. For example, if a product is extremely well represented in all three identified indicators in the model it would acquire a more or less impregnable market position; i.e. if it is associated with superior high quality performance, is identified and projected by a strong quality-related brand name, and protected and regulated according to high quality standards and certificates. In reality, few products, if any, have the ability to excel in all of the three indicators. Accordingly, it is more important for a product, firm or region to identify its strengths and advantages in at least one of the quality aspects.

The quality model describes a dynamic process in which actors may affect the performance, projection, and protection, and thus the outcome of the quality promise. This process also reflects a mutual and interdependent process in which the quality promise may affect the actors and the quality indicators involved. Throughout the different stages of the model, the quality promise is constantly being negotiated and
renegotiated (e.g. standards, trends and functionality) over time, as well as being dependent on different spatial scales and contexts (further explored below).

Also, time and history are central aspects of quality. Perceptions of quality and the norms and values behind standard-setting processes fluctuate over time. For example, a piece of art or an artistic genre may be highly appreciated and regarded as high quality during a certain period of time, while the same artwork might render less appreciation or economic value during other times. This process is perhaps even more evident in the fashion industry where different trends, styles, colours, and fabrics go in and out of style with seasonal variation.

Whether or not something is considered a quality good or service is dependent on how the quality promise is priced, i.e. when the price level and quality expectations intersect. Different price levels imply a certain set of expectations to which the good or service is attached. For example, budget, midrange and luxury accommodations certainly give the consumer an idea of what to expect from each category. In general, a higher price indicates a higher level of quality. However, a good or a service may be 'best buy' within its price range (good quality for less money), e.g. be it a budget, midrange or luxury accommodation. Thus, it is not just a question of something being better or superior to something else, e.g. a Rolex watch is often considered superior to a Swatch. The notion of quality is here clearly associated with price. In this case, the Rolex is more expensive and might be more accurate, indicating the correct time in the long run, although the less expensive Swatch will probably be accurate enough in order to get you to work in time. However, the reverse logic is also applicable in terms of insurance policies, where a product of better quality will be less costly to insure than a product of lesser quality. This is also evident in terms of health and medical insurance, as costs are likely to increase with age and deteriorating health. Furthermore, a product or service does not necessarily have to be considered “best of the best” to qualify as a quality product: it might also be valued as a quality product within its specific price range. For a producer or a supplier, the challenge is to find the right balance between price and quality.

4 Geographies of quality

As shown above, there is a vast literature on the subject of quality, although only a few works focus on the geographical and spatial aspects of quality. In mainstream economic geography the way innovation and learning require the assemblage of certain qualities by economic actors and institutions (e.g. in economic networks, regional agglomerations/clusters, and urban milieus) has been studied. Still, there has been little in-depth analysis of ‘quality’ itself (Parrott et al. 2002), especially in how this notion is linked with the spatial distribution of quality-creating processes. Perhaps the only notable exception to this theoretical and empirical lacuna is the

The relation between space and quality could be discussed from two distinctive, although interrelated, viewpoints. The first deals with the globalization of goods and services and the expansion of a global marketplace leading to an increased need for and use of standards, compatibleness, and integration in value and production chains/circuits. The second is focusing on the spatial embeddedness of production and consumption spurring regional specialization, in which differentiation, branding, environmental and ecological issues are at the centre of attention. Although not explicitly described in the quality model these spatial aspects affect all actors and processes involved in the model. The quality process is in this sense both homogeneous and heterogeneous and distinctly linked to spatial conditions and phenomena. On the one hand, quality is homogeneous in that, for example, standards and regulations are set in order to control and manage quality and quality perceptions. These standards originate in various communities crossing global, national, regional and even local borders. On the other hand, the quality process is heterogeneous in that the perception and construction of quality is spatially and institutionally embedded and may vary between countries and regions. Consequently, the quality process is interrelated to the different geographies shaping the definition, perceptions, and utilization of quality.

Integrating global production networks, consisting for example, of the automobile, computer or telecom manufacturing industries, demands highly standardized quality certifications. Without such standardization it is impossible to ensure globally dispersed facilities to coordinate their operations. In other words, even if manufacturing *per se* takes place in regionally situated production sites, it is dependent on, and has to be connected to, globalized production systems reflecting the standardized nature of industrial production. From a producer’s perspective, in order to access foreign and global markets, goods and services need to conform to the standards and regulations of the market for which the product is intended (e.g. Chinese manufactured toys for the EU market). Also, increasing awareness of environmental and ecological issues, not least by intermediary actors, has led not only to a number of national and international regulations, but also to an increased use of certifications such as ISO 14000. In relation to space, the concept of quality is highly connected to traceability, i.e. consumer awareness of the origin of the product. Thus, from a consumer/customer perspective there is a tendency to place greater value on products which can be associated with a country, region, or method of production.

As already noted, certain goods and services are spatially embedded and specific regions are associated with specific products and production methods. There is reason to believe that regional competitiveness is due to more than just innovation processes, but also regional association in the quality process. Molotch (2002) uses the concept of ‘place in product’ which relates to the place of origin (where it is produced, created or designed) functioning as a brand in itself. This is not least
evident when speaking of phenomena such as Parma ham, Swiss watches, German cars, Champagne, and Parisian fashion. The process of attaching place to a product may be both an informal and organic development or more formally branded and institutionalized. In France, for example, place of local origin and quality of agricultural products, such as wine, cheese, olive oil, butter etc., is marked and classified according to the certification *Appellation d’origine contrôlée* (AOC), which is governed by its own state agency, *Institut National des Appellations d’Origine* (see Murdoch et al. 2000). The concept of place and the ability to trace products throughout the commodity chain is thus incorporated into the construction of quality.

Although the two form distinctive aspects of quality and space, the global and regional levels of the quality process are both interdependent and interrelated. An interesting example of this interrelatedness is the food industry, which has become more globalized and standardized, both in production and consumption (not least evident in the world-wide distribution of international food chains), while trends pointing to a growing demand for natural and locally produced food are also evident (Murdoch et al. 2000). In food production, quality is a flexible concept entailing a wide variety of factors, including food safety, hygiene, health, experiences, tastes and characteristics, raw materials, and place of origin. This development might seem paradoxical, but it follows a general trend of specialization and clustering of knowledge-intensive industries in local or regional milieus being channelled into global markets and information circuits (Bathelt et al. 2004).

### 5 Quality, space and competition

Little is known about the spatialization of quality and its underlying determinants, and questions concerning the relation between quality and regional competitiveness remain more or less unanswered. For example: How do we explain the continued success of European audio and hi-fi manufacturers such as Bang & Olufsen, Linn and NAD, despite increased global competition from low-cost countries? Why are almost all leading U.K. manufacturers of high quality shoes located in Northampton? What signifies the process of a locally produced spirit, like the Swedish Absolut Vodka, becoming a quality brand and a niche leader on a global market?

The focus on quality processes and the relation to space contributes to regional competitiveness in various ways. For example, an increased interest in and identification of traditions, skills, competences, and knowledge associated with quality in specific places may add to and stimulate a competitive edge in a region. Also, increased quality awareness, both among producers, intermediaries and sophisticated customers/consumers, leads to better and more quality-based products and more sustainable (economically, ecologically and environmentally) goods and services. This may in turn stimulate innovativeness, by improving and upgrading
products and processes in the value chain. Furthermore, regional competitiveness is spurred by a place-based quality association, primarily by quality related brands and trademarks. This also facilitates the creation of niche markets, characterized by specialization and differentiation.

Related to the idea of 'place in product' is the notion of 'Chamberlainian monopolistic competition', which makes quality products "imperfect substitutes for one another and hence susceptible to niche marketing strategies" (Scott 2007: 1467). The connection between place and product creates a kind of 'monopoly rent' (Molotch 1996) or what Scott (2000) refers to as 'the monopoly powers of place', e.g. Scotch whisky distilled using specific production methods and raw materials from a particular geographical area. The result of monopoly rent is that spatially associated products may be imitated (or even counterfeited) in other locations, but could never reach the same status e.g. sparkling wine produced outside La région Champagne.

Consequently, the qualitative differentiation of the goods and services traded in international markets has led to a production polarisation and differentiation; some countries are associated with or characterised by high quality production whereas other countries are specialised in, or at least associated with, the production of lower quality and cheaper goods (Imbriani et al. 2009). Some actors succeed in attaching strong combinations of regional association, commercial worth and public recognition to products, hence allowing them to circumvent the pressure on prices that is evident in markets dominated by product similarity. For example, economic values may be asserted by harnessing regional ecological features using the above mentioned AOCs (Murdoch et al. 2000).

Thus, the spatial aspect is an important and intrinsic part of the quality model in which different spatially embedded actors affect the outcome of the quality promise. Firstly, and related to the discussion on place in product, place or spatial attributes are often attached to a product or set of products. Spatial assets (physical resources, symbolic characteristics, traditions, skills, knowledge and competences, etc.) are utilized in the production of quality goods and services, in marketing strategies, in the perception and understanding of quality, and locally and regionally embedded processes of negotiation of standards, certificates, and trends. Secondly, proximity facilitates the efficiency and depth of all stages of the quality process, incorporating both physical and social proximity, formal and informal relations, traded and untraded interdependencies. Thirdly, while local and regional processes are crucial inputs in the quality process, they are not bound to, or restricted to, the local or regional system. The mutual and interdependent nature of the quality model is in this sense related to the discussion on global pipelines and local buzz. Although locally or regionally situated, actors (producers, intermediaries, and customers/consumers) need to link into global markets, information channels, knowledge flows, and conform to international standards and regulations in order to, for example, identify globally dispersed consumer groups, stay informed about changing technologies and regulations, or be able to compare products and check the latest trends. Hence, there
are a variety of processes interacting between global and regional scales, which work in different ways in particular situations, and which in turn will stimulate both a homogenous and heterogeneous quality landscape.

In the quality model, competitiveness is arguably achieved: a) when quality perception and knowledge permeate all actors and their activities in a given place, in a region, or in an industrial system, and when quality is inherent throughout the value chain; b) when a good or a service is well represented in one or more of the quality indicators of the model; and c) when space is an integral part of these processes in that it facilitates i) localized learning/localization economies and ii) place-based branding.

6 Conclusion

In this paper an attempt is made to add to the understanding of both quality and the relation between quality and space. More specifically, quality is highlighted as an important input to the discussion on regional competitiveness. Unfolding the notion of quality has resulted in a quality model, in which quality is identified as \textit{a promise or a set of promises}, experienced, constructed and mediated by a variety of actors: \textit{producers, customers/consumers, and intermediaries.} These promises are divided into three quality indicators and mechanisms identifying different states and processes stimulating quality creation, labelled \textit{performance, projection, and protection}. The model describes a dynamic process reflecting mutual and interdependent processes in which the quality promise affects the actors and the quality indicators involved. What is important to note is that the quality process is dependent on how the quality promise is priced, i.e. when price levels and quality expectations intersect.

The spatial aspect is an intrinsic part of the model, which affects the quality promise. Although actors may be locally or regionally situated, they need to link into global markets and knowledge flows. There are a variety of processes interacting between global and regional scales and these work in different ways in particular situations. In linking quality to spatial aspects, it is suggested that we are talking about different geographies of quality, in which quality is understood as both homogeneous and heterogeneous: i.e. as a dynamic process with the potential of streamlining perceptions and definitions of quality, while it may also work as a process of differentiating products, regions, and people.

It is argued that a focus on quality processes and the relation to space contributes to regional competitiveness, and increased quality awareness among the actors leads to quality-based products and hence more economically, ecologically and environmentally sustainable goods and services. Thus, interest in and identification of traditions and knowledge associated with quality in specific places may stimulate a
regional competitive edge. Regional competitiveness is then achieved when quality perception and knowledge permeate all actors and their activities throughout the value chain, when a good or a service is well represented in one or more of the quality dimensions indicated in the quality model, and when space is an integral part of these processes.

Although quality could be viewed as a vital input to the discussion on competitiveness, a downside in the wake of globalization is that the quality process can lead to the demise of local distinctiveness and variation, as there is a risk that regional actors may need to conform to tightly regulated and standardized systems of quality control. For example, requirements to abide by guidelines may force producers to replace traditional production practices with those prescribed by international standards and market regulations. Moreover, upholding and administering standards and regulations does entail a certain cost that in many cases is added to the price of the product. Also, the quality process may have negative effects on, for example, newly developed economies dealing with a so called ‘liability of origin’ problem, whereby industrial climates in countries or regions suffer due to a bad reputation or political instability. In addition, a focus on quality aspects, especially in the form of standards and regulations, may function as a barrier by making it harder and more costly for developing countries to link in to global markets.

Finally, the creation of this conceptual framework has been guided by an intention to move towards a quality-based regional competitiveness analysis where, for example, the quality model could be used as a tool for analyzing industrial dynamics in different industries. Accordingly, further research is needed in order to operationalise the quality model and perform more in-depth analyses of the quality concept and the role of quality processes for regional competitiveness. Additionally, more studies are also required in order to assess the potential of policy implementation and possible policy implications for innovation, entrepreneurship, and regional development.
Literature


