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Special Research Report #708: Public Benefits Longevity Guarantees: Consumer preferences for redeeming guarantees

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BACKGROUND

Developing a guarantee program includes establishing and communicating guidelines for when the guarantee is redeemable, what is given in exchange for the product, and a procedure for customers to redeem that guarantee if their expectations are not met. The following study investigated these different facets of cut flower guarantees. By knowing consumer preferences for fulfilling cut flower guarantees, the floral industry can determine the best guarantee redeeming system to improve customer satisfaction and purchase confidence.

METHODOLOGY

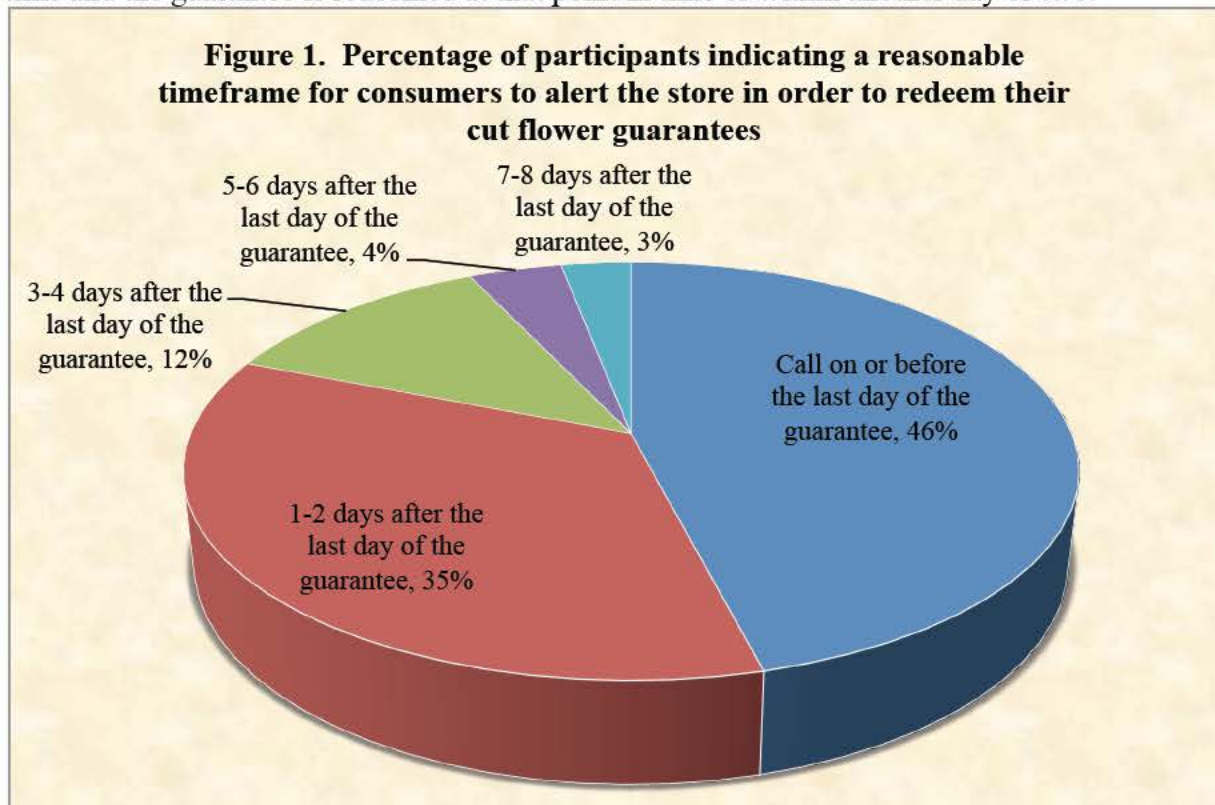
To determine consumer preferences for cut flower guarantee redemption processes, participants were asked to indicate a reasonable timeframe to inform the place of purchase of their dissatisfaction and redeem the guarantee. Acceptable exchanges for unsatisfactory floral products purchased for oneself versus as a gift were explored. Finally, participants were asked what actions they would be willing to take to redeem their guarantee if they purchased flowers for themselves or if they received the flowers as a gift. The questionnaire was administered during May 2011 in Minnesota, June 2011 in Texas, and July 2011 online in the United States. To ensure participants' representativeness of cut flower buyers, in the recruitment advertisement we specified that "you must be at least 18 years old and have purchased or received cut flowers in the past year." There were 130 participants from Minnesota, 84 from Texas, and 525 from the online questionnaire for a total of 739 participants. The average age of participants was 45 years old, the majority of participants were female (61%), had a college diploma, were in a relationship or married, had 2 to 3 people within their households, and had an average 2010 household income between \$50,001 – 65,000.

After they finished the questionnaire, approximately 120 of the Minnesota and Texas participants participated in focus group discussions in order to gain a deeper understanding of their thoughts and attitudes toward cut flower guarantee redemption.

RESULTS AND CONCLUSIONS

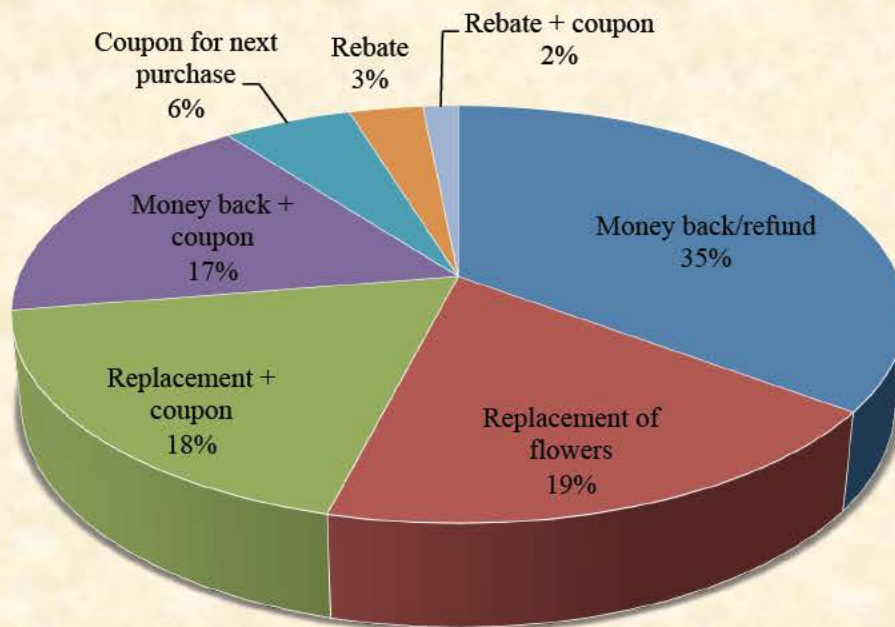
Focus group participants were the most skeptical about the return process. In general, they do not like return processes that are complicated, a hassle, or time consuming. Furthermore, they felt in many industries there is a lack of clarity in the process, a lack of consistency throughout the industry, and a lack of friendliness at the stores when returning to claim their guarantee. To reduce consumer frustration and skepticism, having an established timeframe for return/exchange, known acceptable replacements for exchange, and an established return/exchange process can improve guarantee redemption efficiency and communicate clearly to consumers what to expect and the steps they need to take to redeem the guarantee.

Timeframe: When asked what they considered to be a reasonable timeframe for customers to alert the store in order to redeem the guarantee, 46% of participants felt they should contact the store before the last day of the guarantee (Figure 1). An additional 35% of participants felt that 1 to 2 days after the last day of the guarantee would be acceptable. Many focus group participants felt that alerting the store prior to the last day of the guarantee was reasonable but having a 1-2 day leniency period to redeem the guarantee should be acceptable because the consumer or recipient may be unable to visit the shop that day. With this system, the store is alerted within a reasonable amount of time and the guarantee is redeemed at that point in time or within another day or two.



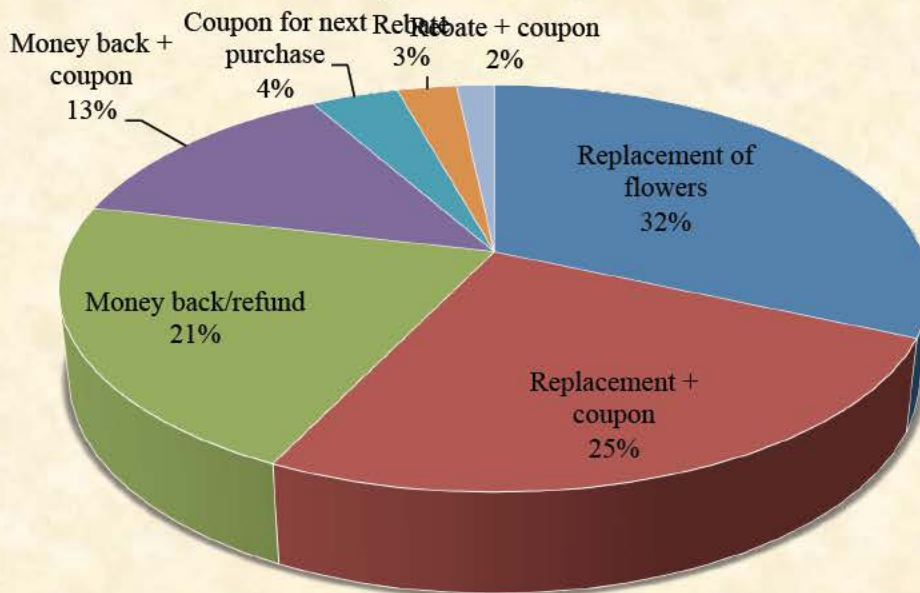
Acceptable Replacements: If participants purchased flowers for themselves that had a guarantee and the flowers did not live as long as the guarantee stated, 35% of participants would be satisfied with a refund, 19% would be satisfied with replacement flowers, 18% of participants would be satisfied with replacement flowers and a coupon for future use, and 17% would be satisfied with a refund and coupon (Figure 2).

Figure 2. Percentage of participants preferring for the following types of cut flower guarantees when purchasing flowers for themselves



When considering an acceptable exchange for guaranteed flowers used as gifts, 32% of participants (as gift recipients) felt they would be satisfied with replacement flowers, 25% felt satisfied with both replacement flowers and a coupon (Figure 3).

Figure 3. Percentage of participants preferring the following types of cut flower guarantees as gift receivers



Focus group participants felt there was a distinct difference between flowers for themselves versus those given as gifts. For gift flowers, a refund is less likely to be an option because it was a gift and giving the recipient money back would be perceived as tacky and thoughtless, and (worse) show the recipient exactly how much the giver spent (potentially leading to embarrassment).

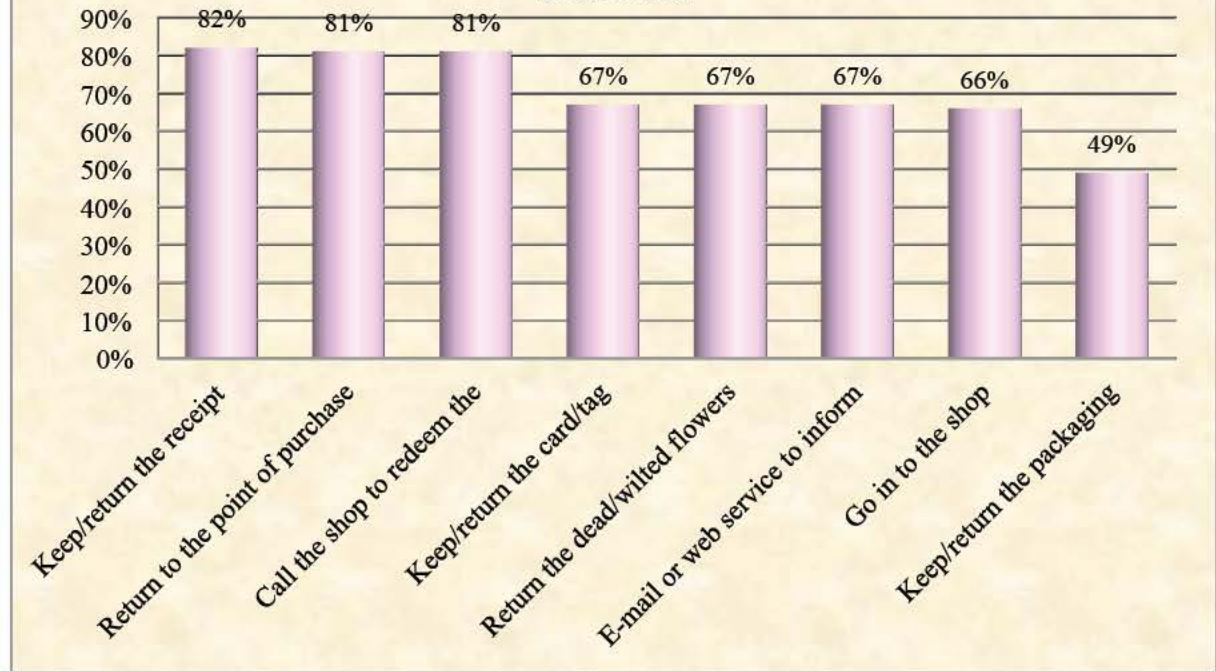
For themselves, participants needed a reason to go back to the store such as a replacement or refund and a coupon/gift certificate. Many participants felt they deserved something such as a coupon or free stem for the hassle and time commitment it took to pursue redeeming the guarantee. Participants were receptive of substitutes; for example, if they had purchased a big, expensive bouquet the store could substitute a smaller bouquet and a partial refund, coupon or gift certificate.

Whereas for gifts, focus group participants felt the process needed to be easy, clear, friendly, consistent and hassle free for their floral gift recipients. Additionally, if the flowers were delivered (and extra money was paid for delivery) than the replacement flowers should be delivered for free. Overall, participants felt a replacement bouquet or replacement plus incentive was the best option for poor performing floral gifts.

Guarantee Redeeming Process: When purchasing for themselves, 82% of participants were willing to keep and return the receipt to redeem their guarantee (Figure 4). While 81% were willing to return to the store or point of purchase, 81% were also willing to call the shop, 67% were willing to keep and return the card or tag, 67% were willing to return the dead/wilted flowers, and 67% were willing to use an e-mail or web service to inform the store. Participants were less willing to keep or return the packaging or wrapping that came with the flowers (49%).

Focus group participants expressed that stores need to clearly communicate the actions customers need to take once they leave the store since the customer will be in control, including care requirements, the return process, and so on. Additionally, some participants would return the flowers (if needed) especially if they did pay more for the guarantee or purchased an expensive bouquet. Some people would not return the flowers because they felt it was embarrassing and they suggested having dated receipts as proof of purchase.

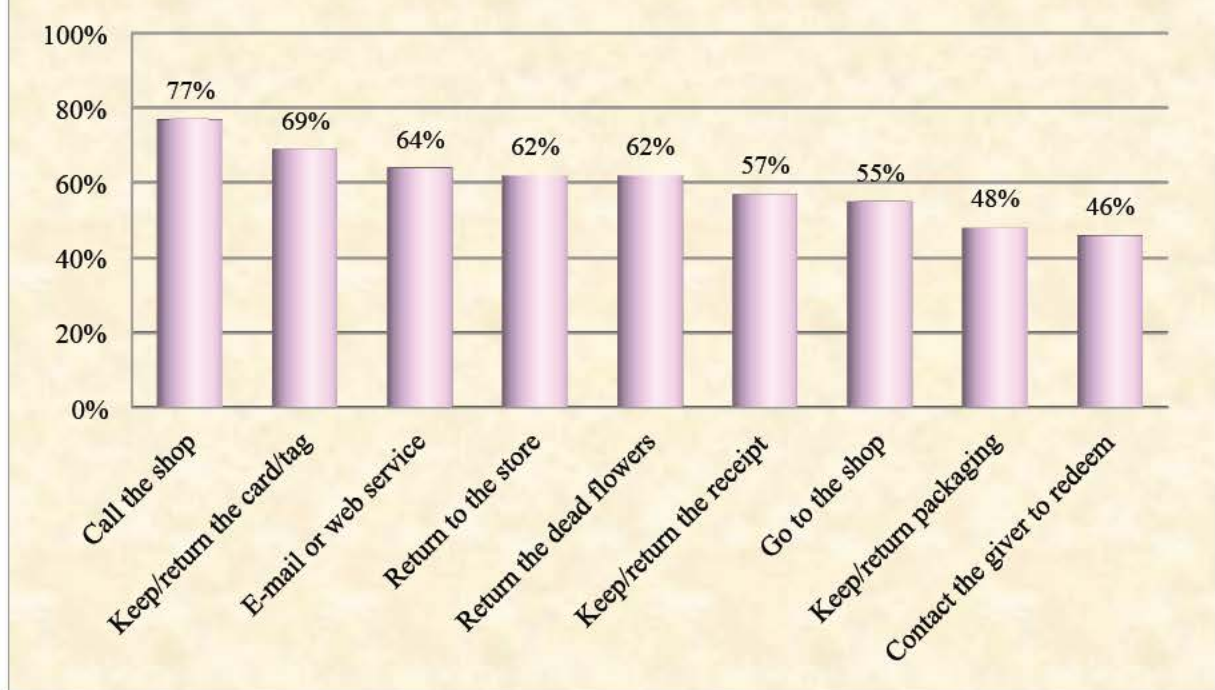
Figure 4. Percentage of participants willing to take different actions to redeem cut flower longevity guarantees on flowers purchased for themselves



As the gift *receivers*, participants were the most willing (77%) to call the shop to redeem the guarantee (Figure 5.) They were also willing to keep and return the card/tag (69%), use an e-mail or web service (64%), return to the store or point of purchase (62%), return the dead/wilted flowers (62%), keep and return the gift or delivery receipt (57%), or go to the shop (57%). They were less willing to keep and return the packaging (48%) or contact the giver to have him/her redeem the guarantee (46%). Focus group participants felt givers did not want the recipient to be inconvenienced by the process. As a result, many focus group participants felt a phone call or e-mail with the order code/number or a photo should be sufficient. Furthermore, participants felt the guarantee needs to be tactfully communicated within the packaging of the gift but not require the recipient to keep the packaging or contact the gift giver.

Overall, the majority of consumers are willing to return the wilted flowers (67% for oneself and 62% for gift receivers) with receipts/card or tag (82% for oneself and 69% for gift receivers) as proof that the flowers did not meet the guaranteed longevity. But they are less willing to return the packaging since floral packaging is typically thrown away. A smaller group of consumers are not willing to return the wilted flowers. If stores want to keep these customers, redeeming the guarantee would mainly be based on trust.

Figure 5. Percentage of gift RECEIVERS willing to take different actions to redeem cut flower longevity guarantees



RECOMMENDATIONS TO THE INDUSTRY

Establishing and clearly communicating the existence of guarantees, expectations, and how to redeem those guarantees is important to establish consumer satisfaction and loyalty. Overall, stores need to establish hassle free, simple, quick (<5 minutes), and friendly processes to redeem guarantees. Additionally, participants felt it was reasonable for stores to require consumers to call and inform the stores of their intentions to redeem their guarantee before the guarantee expires and redeem it before the guarantee expires or within two days after the guarantee expired.

When redeeming a guarantee, stores can offer consumers who purchase flowers for themselves a refund or a replacement as well as a coupon or gift certificate for their next purchase. By adding a coupon or gift certificate, the consumer will have an added incentive to return. Additionally, stores can offer substitutes of similar value, such as smaller arrangements with a coupon or gift card. For consumers purchasing flowers as gifts, stores can offer a replacement or replacement and coupon but NOT A REFUND. For these purchases, the guarantee process needs to be easy, clear, friendly, consistent, and hassle free. Additionally, if the gift was delivered, the replacement should be deliverable as well. Furthermore, florists need to establish guidelines on what consumers need to do to redeem the guarantee. We found the majority of consumers are willing to bring in the receipt/card or tag and more than 60% consumers are willing to bring in wilted flowers to redeem the guarantee. Florists can require consumers to bring the receipt/card or tag and/or the wilted flowers as proof to redeem the guarantee.

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