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Special Research Report #705: Public Benefits Longevity Guarantees: Consumer preferences for guarantees

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BACKGROUND

Guarantees have been used in multiple industries to entice consumers to purchase various products, but they have been used sparingly in the floriculture industry. Longevity guarantees are potentially one way to reassure customers who are unfamiliar with cut flowers and entice people to try new types of floral products. In this study longevity was defined as “how long the cut flowers will last.” The study focused on determining consumer attitudes and receptiveness towards cut flower longevity guarantees. By knowing consumer receptiveness to cut flower longevity guarantees, the floral industry can determine if guarantees fit into their business models and, if so, the best ways to implement guarantees within their businesses.

METHODOLOGY

To determine consumer reactions to cut flower longevity guarantees, participants were asked to fill out a questionnaire and participate in focus group discussions. To ensure participants’ representativeness of cut flower buyers, in the recruitment advertisement we specified “you must be at least 18 years old and have purchased or received cut flowers in the past year.” Participants were asked if cut flower guarantees would influence their purchasing decisions. Then to reveal participants’ attitudes and opinions about longevity guarantees, participants were asked their level of agreement with various statements about cut flower longevity guarantees. Additionally, methods of communicating guarantees (of a single type of cut flowers and of arrangements with mixed flowers) to consumers were explored.

The questionnaire was administered during May 2011 in Minnesota, June 2011 in Texas, and July 2011 online in the United States. 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 guarantees.

RESULTS AND CONCLUSIONS

Impact of Guarantees: When asked if longevity guarantees would impact their purchasing decisions (meaning would the participant choose a store with guarantees over one without guarantees), 76% of participants indicated “yes” a guarantee would influence their choice. Focus group participants felt that guarantees symbolize a company’s willingness to serve their customers and stand behind their products. They felt guarantees were a good way for shops to build a positive reputation. Additionally, participants felt a guarantee would influence where they purchase flowers from and what flower brand they purchase.

However, there were several focus group participants who felt guarantees would not influence their purchasing decisions. Frequent floral purchasers felt they would not be influenced by longevity guarantees because they are comfortable with their knowledge about cut flower longevity and care requirements. Furthermore, they tend to purchase at every opportunity resulting in the guarantee having less of an impact on their behavior than with less frequent purchasers. Some participants felt guarantees would not be important for flowers they purchase for themselves because they personally inspect and select the best flowers available. Additionally, guarantees had less impact for consumers who purchase flowers for the initial reaction from the recipient or for one-day events. After giving the flowers, the gift has served its purpose and how long it lasts thereafter is not important for these reaction-seeking consumers.

Attitudes towards Longevity Guarantees: Participants were asked to indicate their level of agreement with various statements regarding cut flower longevity guarantees. When participants selected a higher number it indicated a higher level of agreement (1=strongly disagree, and 7=strongly agree). Participants were overwhelmingly positive about longevity guarantees agreeing strongly with statements such as “if offered a guarantee I would choose the guaranteed cut flowers over non-guaranteed flowers of equal price” (mean=5.72), “when considering the same type of flower I would choose the guaranteed ones” (mean=5.50), “a guarantee would improve my confidence in the flowers lasting longer” (mean=5.35), “I would be more comfortable spending more money on an expensive floral product with a guarantee” (mean=5.29), “a guarantee would give me more confidence to try an unfamiliar flower type” (mean=5.25), and “I would be excited about a cut flower longevity guarantee” (mean=5.09) (Figure 1). Furthermore, participants agreed that “cut flower guarantees indicate higher quality products” (mean=4.93), “the more expensive the bouquet is the more willing I am to pay for a guarantee” (mean=4.92), “if I saw cut flower guarantees often in promotions I would purchase more flowers” (mean=4.43), “I would want to buy flowers more often because of guarantees” (mean=4.34), and “when considering different types of flowers I would purchase guaranteed ones, regardless of flower type” (mean=4.34). All of these results indicate that guarantees invoke perceived quality and build consumer confidence towards businesses and the products carried at that shop. Furthermore, as risk and value increase (such as spending more money on the arrangement) the more valuable a guarantee becomes.

Focus group participants felt guarantees are very psychologically reassuring, speak well of the provider, and indicate quality and longevity. As such, participants felt a guarantee

would influence where they purchase, what they purchase, and the frequency of purchases. Furthermore, participants felt guarantees reduce risk when purchasing an expensive bouquet. Additionally, when considering an unfamiliar type of flower, focus group participants currently rely on past knowledge, freshness, visual cues, bloom stage, price, and asking the retailer to obtain approximate longevity estimates. Having a longevity label and a guarantee would reduce the uncertainty when deciding between unknown types of flowers. Overall, focus group participants were enthusiastic and positive about cut flower longevity guarantees but skeptical about providers' abilities to make and uphold those guarantees.

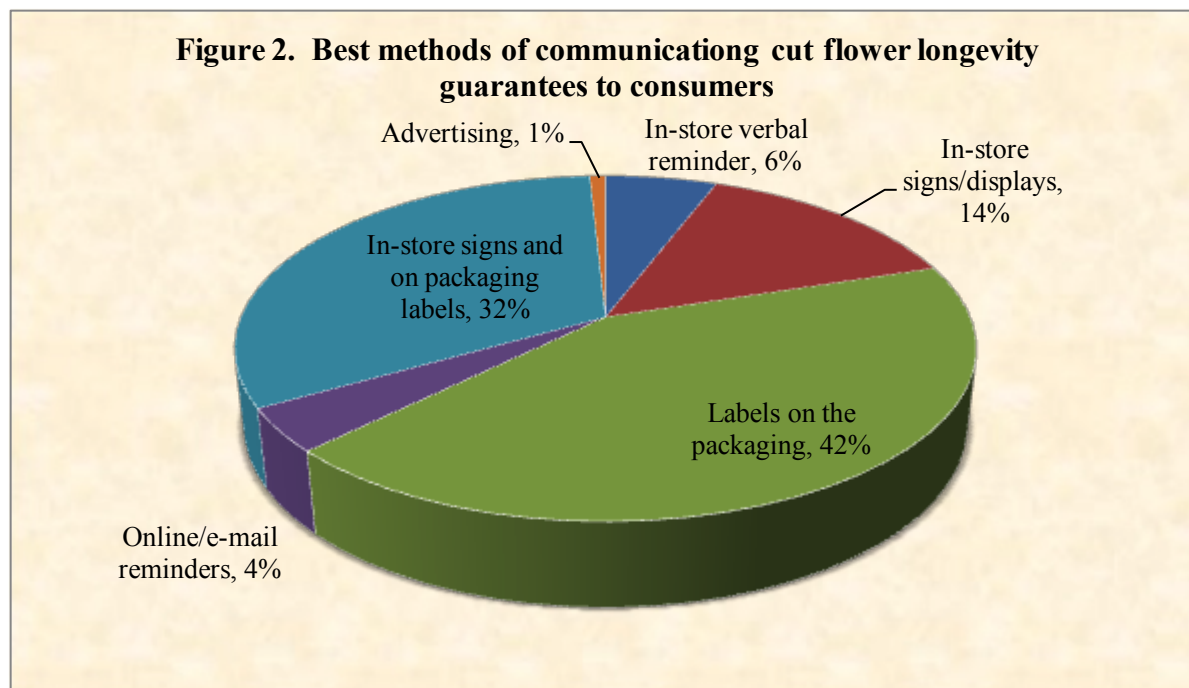
Participants also agreed that they “would bring back flowers for a full refund if the flowers didn't last as long as the minimum number of days the label said” (mean=5.31) (Figure 1). Compared to longevity labels (where range labels were preferred), guarantee labels with the minimum number of days are more understandable when they consist of a specific, set number of days because this reduces confusion about how long the arrangement should last. For instance, if a minimum number of days is guaranteed the consumer knows s/he can return the flowers if they do not last that long. However, if a range of days (5-7 days) is guaranteed, there may be some confusion about the guarantee length whether it is for the minimum day, the maximum day, or somewhere in between the two days. As a result, consumers prefer a range label for longevity but a minimum number of days label for a guarantee (for instance, the arrangement will last for 5-7 days with the 5 days guaranteed). Many focus group participants felt that the *minimum* number of days was the most important attribute of guarantees and if the flowers lasted through that day, they would be satisfied. To reduce the likelihood of these issues, florists need to determine the best label for their type of business and be consistent throughout the store and clearly communicate shelf life or longevity expectations to consumers. For bouquets of a single type of flower and loose stems, florists can guarantee that the flowers will last the minimum days that those flowers typically last.

Figure 1. Participants' opinions about cut flower longevity guarantees
(1=strongly disagree, 7=strongly agree)



Communication Methods: Even though participants liked the idea of cut flower guarantees, businesses need to find ways to clearly communicate the guarantees. Participants felt the best way of communicating a guarantee to consumers is with labels on the package of flowers (42%), followed by in-store signs/displays AND package labels (32%), and in-store signs/displays (14%) (Figure 2). Less desirable options included verbal reminders (6%), e-mails/online reminders (4%), and advertising (1%). Similar to longevity labels, in-store reminders were the most popular options for communicating cut flower guarantees whereas verbal reminders, e-mails/online reminders and advertising are easier to forget. Focus group participants supported these findings and they felt that being informed at the point of purchase was the best method. Additionally, individual labels on flower packages would clearly communicate differences between flowers and assist customers in making the best and most informed

decisions for their situations. Overall, focus group members felt guarantee promotions need to be tastefully and cautiously made because a forceful campaign may create consumer skepticism of why the company was offering guarantees. For instance, it may give the impression that the company was not satisfying customers before and needed to reposition itself through a new campaign. Therefore, most participants felt in-store promotions on signs, cards, labels and receipts would be sufficient.



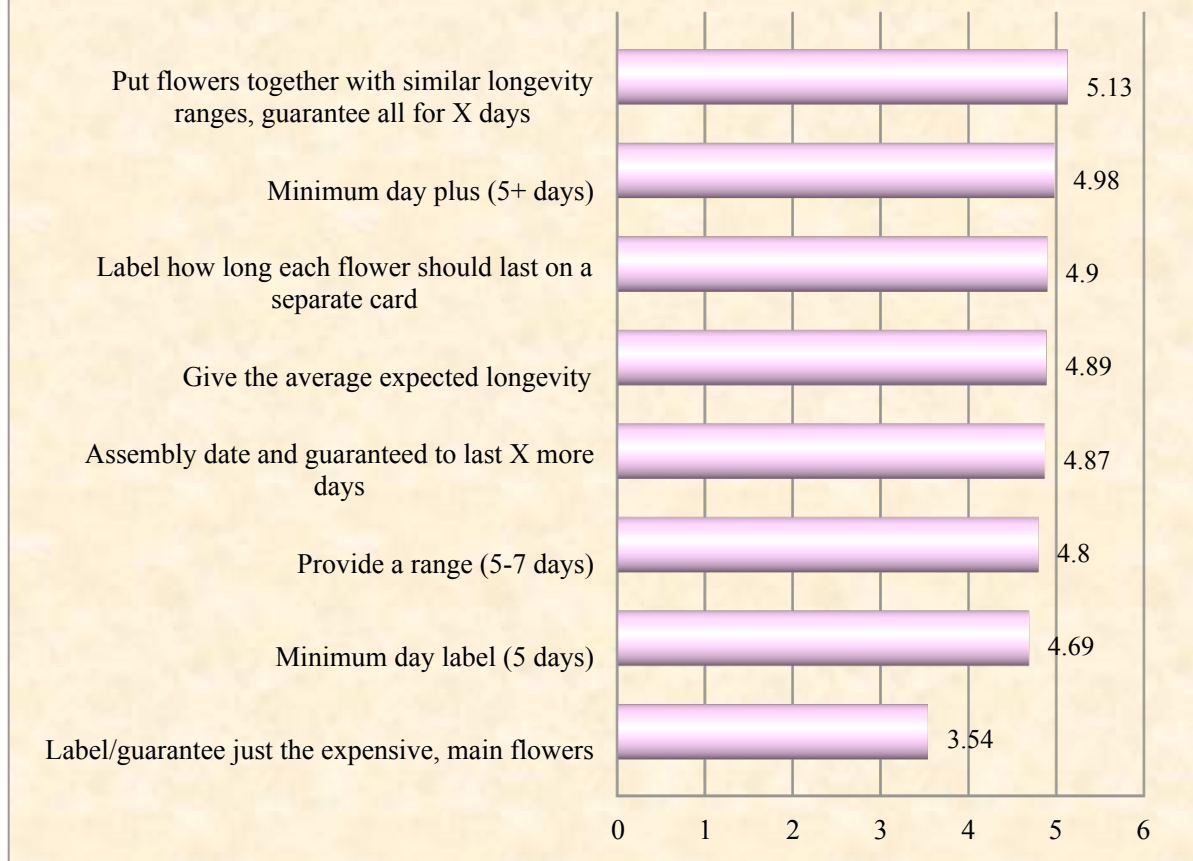
Arrangement Guarantee Labels: Floral arrangements consist of many different types of flowers potentially making guaranteeing them difficult. To address this concern, participants were asked their preferences for arrangement guarantee labeling. Participants felt that “putting flowers together with similar longevity ranges and guaranteeing the entire arrangement for X days” was the best option for arrangements with a mean of 5.13 (Figure 3). They also felt using a label with the minimum number of days plus (5+ days) would be acceptable (mean=4.98), followed by “labeling how long each flower should last on a separate card” (mean=4.90), “give the average expected longevity” (mean=4.89), “give the assembly date and guarantee the arrangement to last x more days” (mean=4.87), “provide a range (5 to 7 days)” (mean=4.8), and “minimum day label (5 days)” (mean=4.69). Participants were less enthusiastic about “labeling/guaranteeing just the main, expensive flowers” in the arrangement (mean=3.54).

Focus group participants were skeptical about the ability of the floral industry being able to guarantee arrangements. Their skepticism was based on different flowers having different longevities and care requirements. Some participants were unsure how to take care of arrangements in foam – if they need to cut the ends, how to get at the ends without destroying the arrangement, light requirements, temperature requirements, and so on. Due to this uncertainty, some participants felt that if the arrangement did not make it to the guaranteed date, they would feel it was their fault due to improper care. Due to

these reasons, many of the participants felt that the flowers in the arrangement should have similar care requirements and longevities, resulting in consumers getting a minimum number of days label. Focus group participants felt that having an expected minimum days label increases believability and reduces consumer dissatisfaction. Most participants felt that labeling how long each type of flower would last would result in too much information to interpret and decrease the likelihood of them purchasing that arrangement. When asked how they would evaluate a guarantee for a mixed arrangement, focus group participants responded that they often purchase arrangements as a whole package (color scheme, textures, visual appeal, fragrance, and so on). As a result, each type of flower is important because each type brings different elements to the arrangement. To guarantee an arrangement, florists can use the flower with the shortest longevity as a reference point for the minimum number of days. That is, the minimum number of days the reference flower is expected to last should be used as the minimum number of days guaranteed for the arrangement. As a result, the entire arrangement is guaranteed since the overall product will change as consumers remove wilted flowers (as seen in the In-Home Arrangement Action section of the Longevity Labeling Report). Overall, participants liked the idea of longevity guarantee labels on arrangements but felt they needed to be simple and easy to understand.

Figure 3. Participant preferences for guarantee labels on cut flower arrangements

(1=strongly dislike, 7=strongly like)



RECOMMENDATIONS TO THE INDUSTRY

Many people are enthusiastic about longevity guarantees on cut flowers and feel their purchasing decisions would be affected by such guarantees being offered. Floral industry stakeholders can use guarantees to reassure consumers, improve consumer confidence, build their reputation, and reduce consumer uncertainty. By providing guarantees, floral businesses can attract more consumers and differentiate themselves from their competition.

Longevity guarantee labels need to state information clearly. For bouquets of a single type of flower and loose stems, florists can guarantee that the flowers will last the minimum number of days that those flowers typically last. In addition, the labeled number of days needs to be reasonable to reassure consumers. To communicate these guarantees, florists can put guarantee label on the package of flowers and use in-store signs/displays. Signs, cards, labels and receipt messages can be used to tastefully promote the guarantees in-store.

To improve consumer satisfaction with arrangements, florists can develop arrangements with flowers with similar care requirements and longevities. To guarantee an arrangement, florists can provide a range label and use the flower with the shortest longevity within the arrangement as a reference point for the minimum number of days guaranteed. For example, the arrangement will last for 5-8 days with 5 days guaranteed. The florists need to clearly provide care instructions about what consumers should do to obtain greater longevity. The care requirements should stress the differences between loose bunches of flowers versus those in foam to reduce consumer confusion. Additionally, the guarantee needs to be clearly communicated (what it is, how long it lasts, when it expires, and the requirements that need to be met in order for it to be fulfilled.) However, all of this information needs to be kept simple and easy to understand so consumers do not feel it is a burden, complicated or not worth the effort.

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