



BETTERBEDDINGSALES

THE PROBLEM WITH WARRANTIES

By Gerry Morris

With more than twenty years of first hand experience, I have seen the incrementally increasing problem that the current warranty “system” has created. Unfortunately it seems that there has been a tolerance or acceptance of the problem, written off as the “cost of doing business.” But, consider the analogy of boiling a frog alive by gradually heating up the water. Well, the water is starting to boil and we are being cooked.

Warranties have not always been such a problem, so what happened? I believe these are some of the significant contributing factors.

CAUSE:

Consumer perspective.

It’s the consumers’ fault. We are all consumers; therefore we are all guilty. Let me explain: It’s just human nature that we prefer to buy and do things we want as opposed to the things we need. When we do shop for a “need” product our attitude is: “As long as we have to buy _____, let’s make sure we get our money’s worth and get some reassurance that we don’t have to go through this process again anytime soon.”

We use our intellect, logic and reason to discern value. Sales training for many years was reactive response to that attitude. “Since the consumer is seeking value, let’s teach sales associates how to demonstrate it.” Cost justification if you will. Warranties have been used as one of the primary

tools to establish value even if by implication. Five years: good, ten years: better, Infinity: “I’ll take it!”

(I’ve learned it is easier to help change the consumers’ perspective than to demonstrate value.)

Consumerism.

We do not live in a vacuum and one cannot effectively evaluate the problem of warranties without considering the larger context: the world of the consumer. Life today can be described as affluent meaning most peoples’ basic needs are met. Consumers have the disposable income to buy and do the things they want. This environment has spawned an explosion of products and services and a proliferation of choice. Just consider the high tech industry as an example.

Consumers’ thoughts dwell in the realm of dreams and desires for the things they want to have or do. We as an industry have to understand that this mindset has a negative impact on us. Many consumers are disappointed that dollars earmarked for dreams have to go to something as mundane and utilitarian as a mattress. Hence my theory: *The Needs versus Wants Paradox*: In an affluent society, there is a diminished sense of value for the things we need and depend upon most. This is why selling mattresses can be so challenging.

What does this have to do with warranties? Simple: customers don’t like buying mattresses in the first place and they really don’t want to have to

think about doing it again anytime soon. Long warranties seem to give that assurance.

Mattresses (Yes, the product itself is partly to blame)

Neither manufacturer nor retailer will ever get a “leg up” on their competitor with the product itself. We operate with such limited parameters (mattress, foundation, wood, steel, foam, fibers, fabrics, and oh yeah air and I guess water) that there is nowhere to go but up. We can’t make them wider and longer. New sizes are not in demand, i.e. Olympic Queen. What are we to do?

Don’t get me wrong, I think today’s products are terrific, but again, from the eyes of the consumer, a bed is a bed is a bed. Few are impressed with the latest fiber technology. Cars come equipped with talking GPS systems.

When you factor in that all covers are white or off white, there is no good way for traditional manufacturers to effectively differentiate their products. Any new innovation that has staying power is quickly duplicated. (Side bar: The dramatic growth of “specialty” bedding is the result of product differentiation in the mind of the consumer leading to curiosity; one of the most compelling forces of human nature).

Waterbeds (Yes, waterbeds)

In the mid 80’s Somma, a now defunct company popularized the hybrid or soft-sided waterbed and sent the dominant innerspring companies back to the drawing board. Prior to then, the prevailing attitude toward mattresses was “the firmer the better”. Warranties were not as big an issue because there were fewer comfort choices and body impressions.

Consumers gravitated toward the comfort of waterbeds and the innerspring companies responded. How do you make an innerspring mattress more comfortable? Use more comfort layers and softer

more pliable materials, a double-edged sword. Consumers loved the comfort but hated the resulting body impressions. While there have been tremendous advances in the quality of materials, body impressions continue to be a source of discontent with many consumers.

Competition

A share of \$10 billion is worth competing for and there is no shortage of willing participants. The most aggressive of all competitors has been the specialty sleep shops. They have garnered a significant slice of the market causing the home furnishings and department stores to ratchet up efforts to get their share.

This increase in promotion and advertising has sparked the awareness of consumers. It’s a buyers market and empowered consumers go on a mission to seek out that elusive best value causing many sales associates to start out the selling process on their heels.

Increased competition has also lead to longer retail hours. Most mattresses are sold when the majority of people are off work: evenings, weekends and holidays. It is not surprising that there is a significant turnover rate of retail sales associates.

Inexperienced sales associates lacking selling skills tend to take the course of least resistance by using warranties and comfort guarantees to make sales, cutting short the selling process. Consumers have an “out” increasing the likelihood that they may select a bed that they may be dissatisfied with. I’ve often thought it would save time to go ahead and fill out the paper work and make the arrangements for the exchange at the time of purchase.

Marketing

As stated above, unfortunately there is such little differentiation between products that retailers’ have ironically been forced to compete with things other than the product itself.

- Price: Mattresses better be on sale when the consumer is ready to buy. (Every day)
- Promotions: (Holidays, All size, Mismatch, Special purchase, Close out, New Models, etc)
- Giveaways:
 - Tangible & traditional: frames, pillows, linen packs, protectors, etc.
 - Tangible & creative: unrelated items: electronics, gift certificates, etc.
 - Services: Free pick up, delivery, set up, disposal. (Maybe we should wash the sheets and make up the bed with turn down service)
 - Comfort guarantees: A well-intentioned disaster.
- WARRANTIES: All products have warranties, but ours are out of the ballpark compared to other big-ticket items.

Why do manufactures give such long warranties? Because they can. Mattresses are very well made products and are unlikely to have a true defect. In addition, most true defects appear in the first year or two. We really do use them as a tool to imply credibility and reflect quality. Some less well know brands give even longer warranties for that reason.

In my opinion these are some of the most significant causes for the warranty problem. Let's now consider the negative impact on the various aspects of the industry and the parties that are involved.

EFFECT:

Consumers:

Consumers are not happy with our warranties. They equate warranty life with comfort life causing them to keep mattresses too long. Expectations are not based on reality. Not understanding what warranties really cover, many if not most complaints are not for true defects. Some legiti-

mate complaints are voided because of stains, inadequate frames or abuse. In any case, if the complaint is denied, consumers think we are not living up to our commitment and they are not willing to take no for an answer. Feeling the pressure, retailers are taking them back at an alarming rate. Can you name another industry that so willing takes their products back? What is especially troubling is that even with this "open door policy" consumer's object to having to pay transportation costs in spite of the fact that they are getting a brand new product, in some cases several years after having purchased the first set. Some customers get multiple sets. We are sleeping in the bed we have made (sorry).

Partnerships?

This has set up an adversarial relationship between manufacturers and retailers. Who is responsible for these products that don't have legitimate defects? (Just a note: As a manufacturers rep I once took a stand with my largest customer and denied over 100 pieces of bedding that I had inspected and found no legitimate defect. I was told that they would be put in the parking lot and our account would be debited.) I know that this is an extreme and rare example, but it illustrates the magnitude of the problem, as it exists today.

A New Industry

The enormous numbers of mattresses that get returned have spawned a growing industry. Companies are springing up everywhere selling used, sanitized bedding. Does anyone think this is good for the industry?

Sale associates and customer service representatives.

In addition to the number of hours sales associates work, they are the ones that often have to face unhappy customers that may have had a bad experience, another factor in the high turnover rate.

I've heard that you shouldn't get to know customer service reps by their first name. On the offense, dissatisfied customers come at them with barrels blazing. These poor reps bear the brunt of the problem and I'm sure everyday they have the feeling, "It's time to put on my armor and get ready for battle."

Manufacturers

They want to sell beds, not take them back. In spite of the great advances in the product, the warranty system is antiquated. It is a shame to consider all that is involved in bringing a finished product to the point of sale only to have it returned for disposal.

Cost

It is probably impossible to calculate what the current warranty system is costing the industry. But there is no doubt that much of it has been passed along to the consumer and the rest has resulted in lower profits.

Damage to the Industry.

It is my opinion that the most damaging effect of the current system is that it has tarnished the industry in the eyes of the consumer. All one has to do is look up "mattress complaints" on the Internet to see what I mean. It is an "us versus them" mentality. Consumers think we are conspiratorial and that we don't live up to our commitments.

SOLUTION? Let's hope so.

I am in total agreement with all those that are advocating reducing the length of our warranties to no longer than 3 years at the most. But let's not stop there; I propose that we take a comprehensive approach to address the other issues related to warranties, namely body impressions, comfort guarantees, and stains. I believe these are the key issues that cause the most angst to our customers

and consequently to ourselves. Here are a few suggestions:

- *Shorter manufacturer warranties* would open the opportunity for retailers to offer an "extended or enhanced warranty" (at an additional price) – providing the financial resources needed for retailers to accommodate the return of mattresses under appropriate terms. (I willingly paid \$750 to get an extended warranty on my car). People don't mind paying for extra services when they buy tires and many other products. In fact many consider it an investment that has real value because it gives them added protection and peace of mind.
- *Comfort Exchanges:* This may be a worse problem than warranties in that manufacturers have no policy to take them back, nor should they without some compensation. There needs to be an agreed upon policy between manufacturers and retailers on what to do with the products that get returned. Comfort exchanges could be a part of the "enhanced" warranty mentioned above. It is not unfair to expect consumers to bear some of the burden if they are returning a product without any real defect.
- *Body Impressions:* Solicit the help of the Better Sleep Council to educate the consumer about body impressions and warranties before they shop. Better training for sales associates to more effectively address body impressions and warranty issues in a preventative manner with consumers.
- *Stains:* The worst phone calls I ever had to make were to customers that have a legitimate warranty problem but have a stain on their bed. Very few customers are either aware of or understand the policy.

Some threaten to call their attorney, all swear neither they nor any one they know will ever buy the brand again. We need to more effectively educate sales associates and consumers that stains void warranties but that there are products available to prevent them.

I think now is the time to “right our ship” and fix these problems that burden our industry and alienate our customers. It would be a good first step in rehabilitating our image to where it should be in the mind of the consumer: as an honorable, respected and trusted supplier of products that enhance the quality of life... our true identity.

Gerry Morris is Director of Training and Development for SleepTrust Guarantee, the first comprehensive Customer Care program for the mattress industry. With more than 20 years of in-field experience, Gerry has shared his insight, wit and wisdom with thousands of bedding sales professionals throughout North America. Author of the popular sales guides; "Spring Training" and "Sell More Beds - Guaranteed!", Gerry is widely recognized as the bedding industry's foremost trainer and sales coach.