

## **Consumer Preferences for Flowers as Gifts: Age Segments, Substitutes and Perceived Risk – Perception of Price and Ease of Use**

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### **BACKGROUND**

Economics play an important role in gift giving. Gift givers often consider the economics of gift giving. Often givers associate higher price with stronger meanings and recipient satisfaction, but they also want a good deal and will sacrifice time to get the best buy. As a result, givers consider and balance cost with recipient enjoyment when making a purchasing decision. If they perceive a gift to cost more than it is worth they may not purchase it. To gain a deeper understanding of giver spending habits, we asked givers about spending limits, their perceptions of market price, and ease of purchase for different gift items.

### **METHODOLOGY**

To determine givers' reactions to spending, they were asked to complete a questionnaire and participate in a focus group discussion. The questionnaire solicited their perceptions of different gift items (cut flowers, wine, gift cards, multimedia gifts such as a CD, DVD, or book, or potted plants) to determine where floral gifts ranked among these options.

### **RESULTS AND CONCLUSIONS**

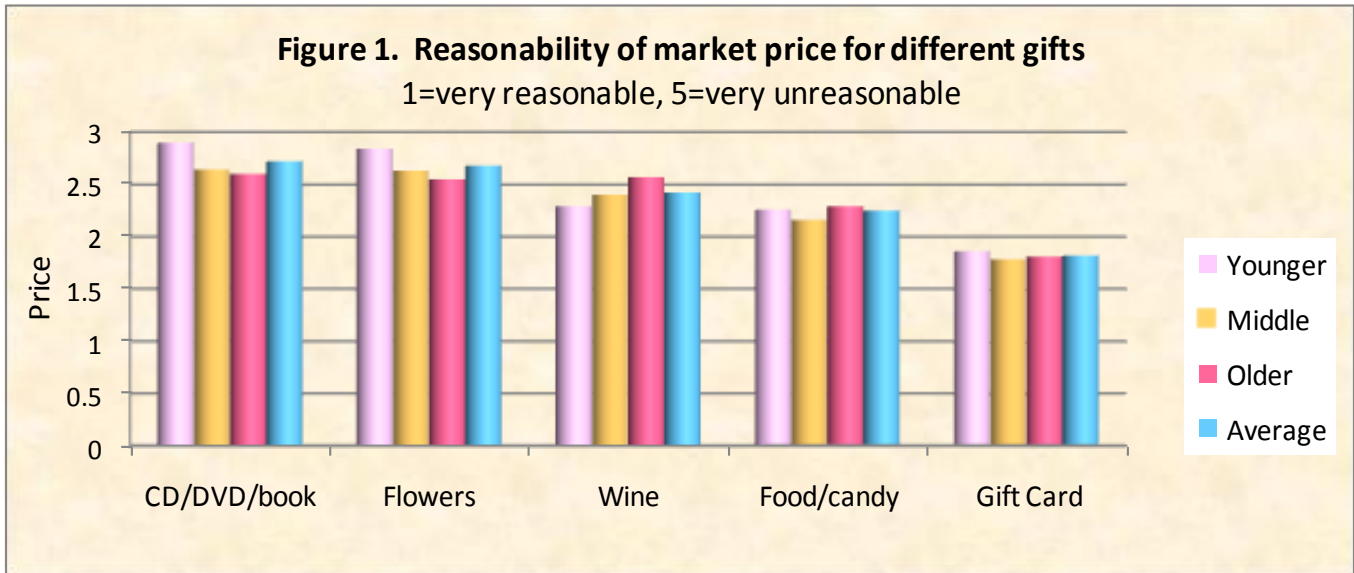
The questionnaire was administered during April 2009 in Minnesota and June 2009 in Michigan. There were 109 respondents in Minnesota and 117 in Michigan for a total of 226 participants.

To gain deeper insight into different age segments, participants were divided into three groups. The "younger group" consisted of 18-30 year olds, the "middle group" 31-40 year olds, and the "older group" 41-50 year olds. By creating concise age groups, more detailed differences were discovered among the groups.

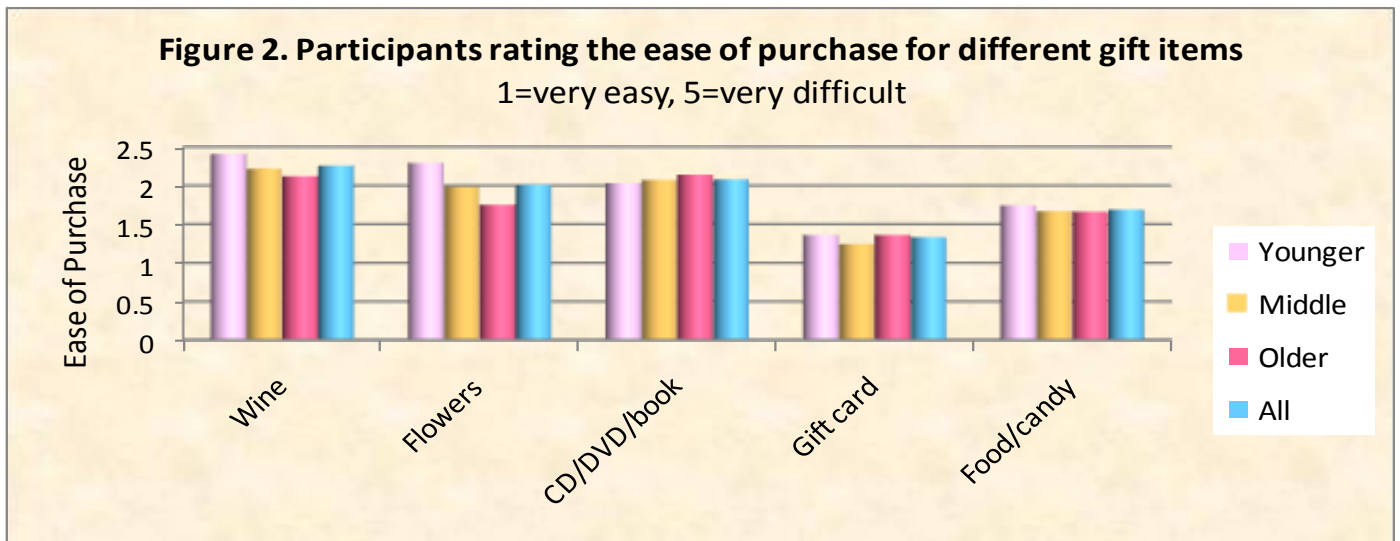
When asked about upper spending limits, participants spent the most on birthday gifts (\$51.30) followed by congratulations gifts (\$29.30), thank you gifts (\$21.81), host/hostess gifts (\$21.18) and get well gifts (\$20.31). Spending limits on floral gifts were lower than on gifts in general; however, the occasions were ranked in similar order – birthdays (\$32.89), congratulations (\$24.91), get well (\$24.53), host/hostess (\$19.82) and thank you (\$19.80). In general, people preferred practical, long lasting gifts and did not like spending money on perishable, luxury items such as flowers. However, participants were willing to spend more on flowers than other gifts for get well situations because flowers were considered more suitable due to bringing color and cheer into sick rooms. By knowing consumers' willingness to pay, florists can provide more options within consumers spending limits.

Generally speaking, the market prices of gifts were considered reasonable by givers. However, compared with other gifts, flowers were considered the second most unreasonable market priced gift topped only by multimedia gifts (Figure 1). The most reasonable items were gift cards. However, as people aged, they thought the price of flowers to be more reasonable. Focus group participants mentioned having preconceived notions that florists are more expensive than other floral sources;

however, they also feel that florists provide a higher quality product than other venues. This means that if florists could overcome the expensive notion, more people would purchase from them.



As for the ease of purchase perceptions for gifts, all were considered easy with none of their ratings going above 2.5 (Figure 2). All participants felt that gift cards were the easiest gift to purchase followed by food/candy. This is due to many businesses offering gift cards making them an easy, accessible gift. Floral gifts were third easiest due to being available at many locations – grocery stores, online, florists and so on.



By knowing more about consumers spending habits and perceptions on spending, florists can alter their marketing mix to better attract more customers.

## RECOMMENDATIONS TO THE INDUSTRY

From the information learned about givers perceptions of spending limits, market price and ease of purchase, several recommendations were developed.

From the upper spending limits results it becomes apparent that consumers are willing to spend the most on birthday gifts. The floral industry can utilize this information by developing and positioning special birthday themed arrangements and pairings.

Additionally, florists can develop a variety of different sized bouquets allowing for different price points. By having more arrangements available within their spending limits, consumers can still find the cool designs they like but at affordable prices.

The market price results indicate people view florists as more expensive but higher quality. To counter the “more expensive” image, florists can adopt value added options. Focus group participants had several value added ideas to improve the perception of flowers’ market price. Participants felt that if florists provided free filler, greens or vases that they would feel like they got a better deal. Similarly, participants liked the idea of getting a discount for floral gifts, such as student discounts, first time buyer discounts, and frequent buyers clubs. Many participants mentioned that they have accumulated many clear vases over time and they are collecting dust and they do not know how to deal with them. Therefore, they prefer to have a “bring your own vase” option or have recyclable, biodegradable vases available.

Most participants viewed floral gifts as easy to purchase, but not as easy as gift cards and food/candy. To improve floral gift ease of purchase, florists can partner with frequently visited stores or be located next to the partner stores. By being in or near a frequently visited location, more people will be aware of floral gift options and impulse purchasing behaviors will be encouraged.

Overall, this research will significantly assist the floral consumer by improving benefit awareness and floral gift practicality in the future.

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