



The Problem With Warranties **by Gerry Morris**

I believe long mattress warranties are a problem. This article will examine the causes and the impact they have on the mattress industry in my estimation.

It is important to take a step back and consider and understand what caused the problem and then to fully comprehend the far reaching negative impact it has had on all parties concerned.

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 it has become a built-in tolerance, 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 a problem, so what happened? I believe these are some of the significant contributing factors.

CAUSES

Consumer perspective

It's the consumers' fault. We are all consumers therefore we are all guilty. It's just human nature that we prefer to buy and do things we want as opposed the things we need.

”As long as we have to buy a mattress, 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.”

When we shop for things we need, we use intellect logic and reason to discern value. The problem with our industry is that to its core, it has always taken a reactive response by trying to demonstrate value. (As I've learned it is easier to help change the consumers' perspective than to demonstrate value.)

Warranties give consumers a false indicator of value.

Societal Influences

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 the proliferation of choice. Just consider the high tech industry.

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 mindset has a negative impact on us. This is why

selling mattresses can be so challenging. 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.

What does this have to do with warranties? 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.

Mattress (yes the product itself is partly to blame)

Neither manufacturer nor retailer will ever get a competitive leg up on their competitor with the product itself. We are limited by such limited parameters (mattress, foundation, wood, steel, foam, upholstery, oh yeah "air" and I guess "water.") that there is nowhere to go. We can't make them wider and longer. New sizes are not in demand, i.e. Olympic Queen.

I think today's products are terrific, but again, from the eyes of the consumer, a bed is a bed is a bed.

Especially now with all covers being white or off white, there is no good way for any manufacturer to effectively differentiate their products. Any new innovation that has staying power is quickly duplicated. (Side bar: the growth of "alternative 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." Consumers gravitated toward comfort and the innerspring companies responded.

Well 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 hate 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 market share causing the home furnishings and department stores to ratchet up efforts to get their share. \

The increase in promotion and advertising has sparked awareness of the consumer. It's a buyers market and empowered consumers go on a mission to seek out that elusive best value.

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 tremendous turnover rate of retail sales associates.

Inexperienced sales associates lacking good 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" and may likely select a bed that is not the best choice for them. A vicious cycle.

Back to the product.

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, etc, 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 and delivery.
 - Comfort guarantees: The biggest can of worms and subject of my next letter)
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- WARRANTIES: all products have warranties, but few are more important to a customer than mattress warranties.

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.

NEGATIVE IMPACT

Consumers:

Consumers are not happy with our warranties. They equate warranty life with comfort life. Expectations are not based on reality. Many complaints are not true defects and yet some legitimate 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.

Partnerships?

This has set up an adversarial relationship between manufacturer 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 saying that we would not take them back I was told that we would find them in the parking lot and our account would be debited.) I know that this is an extreme and rare example but it is emblematic of the problem that 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?

Sales 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. They bear the brunt of the complaints 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 products, 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 and to have it returned to be disposed.

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 been lost to 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 "us versus them." Consumers think we are conspiratorial and that we make commitments with our warranties that we don't live up to

Call to Action

I call on the industry leaders to consider the greater good and collectively agree to revamp the current warranty system to make it realistic and fair. One company alone would be committing financial suicide unless the rest follow suit. The time is right and it is a worthy goal that will benefit all parties involved.

Finally and most importantly, I believe this would be a good first step to elevate the bedding industry to where it should be in the mind of the consumer: as an honorable and trusted supplier of products that enhance the quality of life.