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MEMORANDUM  
May 15, 2013

To: Kathy Chiarello  
Rachel Liebov

From: Adine Frank

**Subject: United States Mint Spend Trajectory Research:  
Qualitative Research Summary**

Qualitative research was commissioned to understand the reasons driving changes in the amount of money that U.S. Mint customers are spending with the U.S. Mint. The primary purpose of this research was to help ensure that questionnaire items used in the forthcoming quantitative Spend Trajectory study reflect the full breadth of reasons that have driven these changes in spending patterns.

## **I. Research Methodology**

A total of 17 telephone interviews (approximately 30 minutes in length) were conducted with past and present U.S. Mint customers. Interviews explored the underlying reasons for spend pattern shifts that these customers exhibited, and the suitability of the batteries of reasons that had been developed for the upcoming quantitative "Spend Trajectory" research.

To enable us to explore the dynamics surrounding spend changes across a wide breadth of customer situations, interviews were conducted with customers in fifteen distinct segments, classified by the following criteria:

- Product Type: which products customers purchased in the past 5-10 years (*annual sets, precious metals, miscellany*)
- Spend Level: average annual amount spent by customers in the past 5-10 years ("*high*" indicates average annual spend of less than \$500 5-10 years ago; "*low*" indicates average annual spend of at least \$500 5-10 years ago)
- Spend Trajectory: how the customers' average annual spend since 2011 compares to average annual spend 5-10 years ago (*increasing/same, decreasing, stopped [i.e., Lapsed Customer]*)

The distribution of interviews is shown in Table 1.

**Table 1**

Product Type	Past Spend Level	Spend Trajectory	# Interviews
Annual Sets	High Spend	Increasing/Same	1
		Decreasing	1
		Stopped	1
	Low Spend	Increasing/Same	2
		Decreasing	1
		Stopped	1
Precious Metals	Any Spend	Increasing/Same	1
		Decreasing	1
		Stopped	1
Miscellany	High Spend	Increasing/Same	2
		Decreasing	1
		Stopped	1
	Low Spend	Increasing/Same	1
		Decreasing	1
		Stopped	1
<b>TOTAL</b>			<b>17</b>

**II. Caveat**

Given the limited sample size in this study, it should be emphasized that quantitative projections of the prevalence of the sentiments and issues identified is not possible.

**III. Findings**

A. Factors that Have Contributed to Increased Spending

1) Overview

There are a variety of reasons that have driven increased spending among some U.S Mint customers. Reasons identified often included “more appealing/ interesting products (e.g., Commemoratives) that have been recently produced.” Additionally, other factors such as perceived investment potential, increased gift giving, better communications, etc., were also identified. An enumeration of key factors identified among customers who increased spending is provided below:

*Customer 1*

- *More disposable income*
- *Views coins as a good/safe investment*
- *Began giving coins as gifts*

*Customer 2*

- *Easy ordering process*

- Offers better sets that she is drawn to

Customer 3

- Enjoys designs/themes of commemorative coins
- As number of commemoratives/sets released has increased, so has spending

Customer 4

- Attributes increased spending to improved packaging (especially for annual sets) and better commemoratives (more and better)
- Commemoratives: quality themes / creative designs
- Drawn to unique themes (e.g., Girl Scouts)

Customer 5

- U.S Mint has been offering “more attractive” products
  - Also finds strong communication from U.S. Mint to be very helpful

2) Quantitative Survey Implications

Based on the interview finding, we recommend the following:

- i) Modifications to list of reasons why purchasing has increased (Q-3a)

Existing List (From 4/25/13 Questionnaire)	Proposed Changes
<b>Increased Interest</b>	<b>Increased Interest</b>
a. I am more interested in buying the types of products the United States Mint sells	<ul style="list-style-type: none"> <li>• Change to “I am becoming / have become more interested in buying certain types of products the United States Mint sells”</li> </ul>
b. I am becoming/have become a more serious collector	<ul style="list-style-type: none"> <li>• No change</li> </ul>
c. The United States Mint has been offering coins featuring more interesting subject matter (e.g., political, historical, or national themes)	<ul style="list-style-type: none"> <li>• Change to “...coins/products”</li> <li>• Move to a new “Products” section of the table.</li> </ul>
d. The coin designs have become more interesting/appealing	<ul style="list-style-type: none"> <li>• Move to a new “Products” section of the table.</li> </ul>
<b>Better Communications</b>	<b>Better Communications</b>
e. I have a better understanding of the different products offered by the United States Mint and which ones would be best to purchase	<ul style="list-style-type: none"> <li>• No change</li> </ul>
f. I was made aware of new products that were introduced (that is, sent catalogs, product announcements)	<ul style="list-style-type: none"> <li>• No change</li> </ul>
g. There has been better communication from the United States Mint regarding product release dates	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<b>Good Product Availability/Access</b>	<b>Good Product Availability/Access</b>
h. The United States Mint brought back discontinued products I wanted to buy	<ul style="list-style-type: none"> <li>• Move to a new “Products” section of the table.</li> </ul>

i. I had an easier time getting access to products I wanted to buy	<ul style="list-style-type: none"> <li>No change</li> </ul>
j. The United States Mint started offering new products	<ul style="list-style-type: none"> <li>Change to “The United States Mint started offering new products that I was interested in.”</li> <li>Move to a new “Products” section of the table.</li> </ul>
<b>Better Product Quality</b>	<b>Better Product Quality</b>
k. Product packaging has improved	<ul style="list-style-type: none"> <li>No change</li> </ul>
l. Delivery options have improved	<ul style="list-style-type: none"> <li>Move to “Good Service” section of table</li> </ul>
<b>Gift-giving</b>	<b>Gift-giving</b>
m. I started buying coins/sets as gifts	<ul style="list-style-type: none"> <li>No change</li> </ul>
n. I started collecting for others and will give as a gift at a later time	<ul style="list-style-type: none"> <li>No change</li> </ul>
<b>Resources/Spending</b>	<b>Resources/Spending</b>
o. The amount of money I am able to devote to coin collecting has increased	<ul style="list-style-type: none"> <li>No change</li> </ul>
<b>Pricing</b>	<b>Pricing</b>
p. Prices for United States Mint products are reasonable	<ul style="list-style-type: none"> <li>Prices for United States Mint products are reasonable (or have become more reasonable)</li> </ul>
q. Prices for the United State Mint products increased (so I have to spend more to buy the same items)	<ul style="list-style-type: none"> <li>No change</li> </ul>
<b>Good Service</b>	<b>Good Service</b>
r. The ordering process is easier	<ul style="list-style-type: none"> <li>No change</li> </ul>
s. The United States Mint’s customer service has improved	<ul style="list-style-type: none"> <li>No change</li> </ul>
<b>Other</b>	<b>Other</b>
t. Many of the products offered by the United States Mint offer good investment potential	<ul style="list-style-type: none"> <li>Change to “I feel that many of the products offered by the United State Mint offer a good investment potential”</li> </ul>

- ii) Add follow-up question Q-3a1 if row “a” is chosen above: “You indicated that you have become more interested in buying the types of products the United States Mint sells. Which types of products have you become more interested in? (check all that apply)
- Annual sets
  - Commemorative coins
  - Medals
  - Silver coins
  - Gold coins
  - Other (specify\_\_\_\_\_)

B. Factors that Have Contributed to Decreased/Discontinued Spending

1) Overview

Customers have decreased and/or stopped spending for varied reasons. A number of respondents indicated issues related to “pricing,” “reduction in discretionary funds to spend,” “diminished interest in recently-issued products,” and general “shifting in priorities/interests.” In general, respondents did not point to any specific issues related to something the U.S. Mint had done. However, it was suggested that the U.S. Mint could have done more to “keep them interested” by better informing them of new products and/or engaging them by offering them specials/sales.

An enumeration of key factors identified among customers who decreased/ stopped spending is provided below:

*Customer 1*

- *First purchased at coworker’s suggestion, but never became very interested herself*
- *Didn’t really have a good understanding of the different products offered by the United States Mint and which ones would be best to purchase*

*Customer 2*

- *Stopped buying silver proof sets; now buys clad only*
- *Prices for silver too expensive*

*Customer 3*

- *Stopped purchasing because less discretionary income*
- *Unhappy with markup on coins (i.e., pay more than \$1 for a dollar coin)*
- *Likes to find coins; prefers to create own sets through bulk sets, rather than paying premium for pre-made annual sets*

*Customer 4*

- *Less interested over past few years*
- *Feels that coins are too expensive- suggests prices should be tied to market (e.g., spot price for silver)*

*Customer 5*

- *Too much time/money tied up in collecting*
- *Change in priorities*

*Customer 6*

- *Began purchasing mainly as gifts for grandchildren*
- *Changes due to lack of interest by (and increasing number of) grandchildren; nothing that U.S. Mint has been doing differently*

*Customer 7*

- *Stopped spending because of financial difficulties*

*Customer 8*

- *Coins have become too expensive*
- *Less disposable income, priorities have changed*
- *Still buys same annual sets: previously purchased ~15 sets each year, now 5-6*

*Customer 9*

- *Was only interested in one specific product: quarters*
- *Stopped purchasing once he collected all states, hasn’t found an “interesting” replacement- but still looks at catalogs*

- *Stopped purchasing because he lost interest. Respondent suggested U.S. Mint should help him to stay interested in their products (e.g., provide more information, offer specials/sales)*
- Customer 10*
- *Has been consistently buying annual sets as gifts, used to spend more buying gold coins for himself*
  - *Has not been interested in gold coins recently offered by U.S. Mint*

## 2) Quantitative Survey Implications

Based on the interview findings, we recommend the following:

- i) Modifications to list of reasons why purchasing has decreased/stopped (Q-3b)

Existing List (From 4/25/13 Questionnaire)	Proposed Changes
<b>Lack of Interest</b>	<b>Lack of Interest</b>
a. I was just not interested in buying the types of products the United States Mint sells	• Change to “I became less interested (or became uninterested) in buying the types of products the United States Mint sells”
b. I was only interested in one specific product (and not interested in any others that the United States Mint sells)	• Move to new “Products” section of this table
c. I am not as interested in the subject matter (e.g., political, historical, or national themes) that has been featured on the coins offered by The United States Mint	• Move to new “Products” section of this table
<b>Poor Communications</b>	<b>Poor Communications</b>
d. I didn’t really have a good understanding of the different products offered by the United States Mint and which ones would be best to purchase	• No change
e. I was not made aware of new products that were introduced	• No change
f. There has been poor communication from the United States Mint regarding product release dates	• No change
<b>Poor Product Availability/Access</b>	<b>Poor Product Availability/Access</b>
g. The United States Mint discontinued products (and/or a series) I wanted to buy	• No change
h. I had difficulty getting access to products I wanted to buy (e.g., products were sold out too quickly, etc.)	• No change
i. The United States Mint started offering	• No change

too few products	
j. The United States Mint started offering too many different products	• No change
k. I want to be able to see the products before I order them	• No change
Poor Product Quality	Poor Product Quality
l. My products arrived damaged	• No change
m. Product packaging has had poor quality	• No change
n. External (shipping) packages have had poor quality	• No change
No Longer Give as Gifts	No Longer Give as Gifts
o. My purchases were for gifts (and I no longer wish to give these items as gifts)	• Change to “Some of my purchases were for gifts (and I no longer give these items as gifts (or I give them less often)”
p. My purchases were for gifts (and the U.S. Mint discontinued the items I gave)	• No change
Resources/Spending	Resources/Spending
q. I felt I was spending too much on coins	• No change
r. The amount of money I am able to devote to coin collecting decreased	• No change
Pricing	Pricing
s. Prices for United States Mint products increased / were too high	• No change
Poor Service or Problems	Poor Service or Problems
t. The United States Mint’s ordering process was too difficult	• No change
u. The United States Mint’s customer service is poor	• No change
v. I had problems with shipping	• No change
w. There were problems with my order(s)	• No change
Other	Other
x. I prefer to buy United States Mint products from other sources (coin shops, etc.)	• No change
y. The products offered by the United States Mint are no longer as good of an investment	• No change
z. The space I have to store coins is limited	• No change
Possible Additions	Possible Additions
aa. (not included in 4/25/13 draft)	• I decided to buy fewer (or stop buying) certain types of U.S. Mint products

- ii) Add follow-up question Q-3b1 if row “aa” is chosen above: “You indicated that you decided to buy fewer (or stop buying) certain types of U.S. Mint products. Which types of products did you buy fewer of (or stop buying)? (check all that apply)
- State Quarters products
  - Silver proof sets
  - Platinum coins

- Gold coins
- Commemorative coins
- Medals
- Other (specify\_\_\_\_\_)

C. Ways U.S. Mint Might Encourage Increased Purchasing

Some participants suggested that more interesting designs and themes might boost their interest in purchasing. Others suggested that more coins with interesting designs/ finishes and/or use of special production techniques might boost their interest. Still others suggested that understanding more about possible coin appreciation would help to engage them. Accordingly, we recommend that we modify the list of items that could encourage customers to purchase more (Q-10) as follows:

Existing List (From 4/25/13 Questionnaire)	Proposed Changes
a. Sent you a catalog	• No change
b. Sent you information to help you better understand the different types of products they offer	• No change
c. Offered free shipping	• No change
d. Offered products at the same time each year (e.g., certain coins in January, other coins in February, etc.)	• No change
e. Sold their products at a nationally well-known retailer	• No change
f. Offered a subscription program to automatically order the next in the series of a previously purchased product	• No change
g. Provided discounts on volume purchases (e.g., \$10 off purchase of \$100)	• No change
h. Brought back old products (such as the Premier set)	• No change
i. Offered more commemoratives on various topics (e.g., the military)	Change to 4 new items... <ul style="list-style-type: none"> <li>• Offered more products with military themes</li> <li>• Offered more products with popular cultural themes</li> <li>• Offered more products with U.S. geography themes</li> <li>• Offered more products with U.S. historical themes</li> </ul>
j. Opened sell windows so that anyone wanting a product could purchase it	• No change



during the month-long sell window	
k. Made coins with interesting mint marks	<ul style="list-style-type: none"> <li>• Change to: “Made more coins with different/special mint marks”</li> </ul>
l. Made coins with interesting finishes	<ul style="list-style-type: none"> <li>• Change to: “Made more coins with special/ interesting finishes”</li> </ul>
m. Improved the ordering process or their website	<ul style="list-style-type: none"> <li>• No change</li> </ul>
n. Offered sets for kids	<ul style="list-style-type: none"> <li>• No change</li> </ul>
<b>Possible Additions</b>	<b>Possible Additions</b>
o. (not included in 4/25/13 draft)	<ul style="list-style-type: none"> <li>• Provide information on the degree to which coins can increase in value</li> </ul>
p. (not included in 4/25/13 draft)	<ul style="list-style-type: none"> <li>• Made more coins with unique characteristics (e.g., high relief design, special production techniques, etc.)</li> </ul>

A.N.F.