

CONSUMER PRODUCT WARRANTIES: STUDENT LEARNING ACTIVITIES

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A consumer product warranty is an assurance made to the buyer at the time of sale about the quality of goods sold. It may also state what the warrantor will do if the product is defective. Consumers tend to accept warranties without question, assuming the mere existence of a written warranty indicates quality. Sellers use warranties as promotional tools and as legal devices to limit their obligations to consumers. Student learning activities can develop a better understanding of warranty laws and create skills for more effective comparison shopping. Suggested activities and supporting references are:

1. *Critique a warranty from the recent purchase of a consumer product selling for more than \$15. (The Magnuson-Moss Warranty Act (MMWA) regulations apply only to warranties on consumer products costing \$15 or more.)*
2. *Compare two or more warranties for different brands of a consumer product selling for more than \$15.*
3. *Measure the readability of one or more warranties, using the Fog or Flesch Index. (Write to the JCE editor to request a copy of "Computing Readability Indexes" and see [4] for results of previous research.)*
4. *Check the prepurchase availability of warranties for one product or from one type of seller. (The MMWA requires retailers to make warranties available upon request prior to purchase.)*
5. *Prepare a notebook or file of warranties on products owned. Identify the most and least readable, number of full and limited warranties, etc. (The MMWA requires easy-to-read language and states requirements for "full" and "limited" warranties.)*
6. *Write a full warranty for a consumer product which complies with the Magnuson-Moss Warranty Act but takes all legally allowed disclaimers. See [2] for guidelines.*

7. *Warranty competitions for students:*

- a. *The most valuable and most worthless warranty:* Among products priced at less than \$10 (not regulated by the MMWA), which consumer product and brand offers the best and the worst deal if you mail the product in for repair or replacement? See [3] for examples of worthless warranties.
- b. *How limited can a limited warranty get?* Count the number of exclusions and disclaimers in a limited warranty. See "anti-warranties" in [4] for ideas.
- c. *The highest priced product purchased with a written "as is" disclaimer.* The likely winner is a used car. See [1] for definition and limits on use of "as is" disclaimers.

References

1. *A Businessperson's Guide to Federal Warranty Law*, Washington, D.C.: Federal Trade Commission, (May) 1987. Order #018-000-00324-4, \$1.50.
2. Hile, A., and Sachs, N., *Writing Readable Warranties*, Washington, D.C.: Federal Trade Commission, (July) 1983. Order #018-000-00303-1, \$2.00.
3. "If It Breaks -- Tough," *Consumer Reports*, (May) 1986, p. 347.
4. "Is That Warranty Any Good?" *Consumer Reports*, (July) 1984, pp. 408-410.

NOTE: Purchase [1] and [2] from Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402.