**Marketing 2.06: Warranties & Guarantees**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Factors that Affect Business**

* Factors a company can control, Sales Quotas, Research Efforts, Selling Policies, Financial Resources, Inventory Reports, Income Statement

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Factors that Affect Business**

* Competition, Government regulation, Economic Conditions, Social Issues, Customer preferences, Materials shortage

**Robinson-Patnam Act:** Antitrust regulatory act that prevents a business from randomly offering \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to whomever it chooses.

**Magnuson-Moss Warranty Act of 1975**: Provides guidelines for businesses offering \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_and \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_with their product. Designed to protect the consumer so that warranties are easy to understand and more effective. Warranty information must be accessible prior to purchase.

A **Warranty** is a defined promise made by the seller to the consumer that the seller will repair or replace a product that does not perform as expected. It is designed to used to protect consumers from buying a defective product or producer from being sued.

* **Express Warranty:** Promises expressed in a specific statement concerning the quality of the product. These warranties are either \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ expressed to the consumer.
* **Implied Warranty:** An \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, unstated warranty understood by the consumer and the seller that a product will perform as expected
* **Full Warranty:** Warranties that cover the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ product. If the product doesn’t work it must be made good in a reasonable time if not the customer can choose a replacement or refund
* **Limited Warranty**: Warranties that do not contain the provisions of full warranties, may cover only \_\_\_\_\_\_\_\_\_\_\_\_ repairs or \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ parts

**Guarantee(s)**: a promise made by the seller to the consumer that the seller will \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_the consumer’s purchase price if the product doesn’t perform as expected. Guarantees should be easy to understand, unconditional, & easy for the customer to collect.

* + **Example**: Money back guarantee

**Product liability** is the area of law in which manufacturers, distributors, suppliers, retailers, and others who make products available to the public are held responsible for the \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.

* Three types of claims: Manufacturer defect, design defect, & a marketing defect.

A **product recall** is a request to return to the maker a batch or an entire production run of a product, usually due to the discovery of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ issues. These are done to limit liability.