

# SYSTEMS PERSPECTIVE ON AUTOMOBILE AND APPLIANCE WARRANTY PROBLEMS

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## An Abstract of a Paper

Courts have ruled in favor of consumers even when manufacturers expressly disclaim warranty responsibility for losses. Advertising and sales claims are taken by courts as evidence of merchantability or freedom from defects in normal use. However, consumers share with manufacturers and dealers: 1. responsibility to be informed about use, warnings and the prevention of damage; 2. responsibility for sensible choice in buying goods appropriate to their intended use; 3. responsibility for using goods to minimize the ecological impact of consumption.

Responsibilities of consumers, dealers, manufacturers and government bodies to each other can be traced by means of systems analysis. Relating the warranty behavior of each actor to that of every other actor by a matrix of stimuli inputs and response outputs illustrates the ability of manufacturers to influence (stimulate) the largest number of behaviors in others. Surprisingly, the matrix analysis shows that government can be influenced in more different ways by other actors than common sense would at first suggest. Competition, long assigned a central role in consumer protection, may actually be impaired by consumer preoccupation with low price rather than suitability to use, thus driving producers to market products with inherently serious warranty problems.

To cope with the deficiencies of competition, a Product Warranties and Federal Trade Commission Improvement Act Proposal offers state and local government guides to improved consumer service, and coordination of voluntary programs initiated by manufacturers and dealers.