

Report on the consumer survey about extended warranties

July 2002

Report prepared for the Office of Fair Trading
by FDS International Ltd

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MANAGEMENT SUMMARY

The Office of Fair Trading has been monitoring the market for extended warranties on electrical appliances following concerns that the consumer was not always given sufficient information to make an informed decision. As a result a voluntary code of practice was drawn up and has been in operation for almost seven years.

FDS International was commissioned to look into this market once again to assess how well it is operating in the interests of the consumer.

There are two important strands to the study:

- how are extended warranties being sold
- how easy is it for consumers to have appliances repaired and replaced under extended warranties.

FDS conducted 2,000 interviews with household decision-makers in line with the UK demographic profile. A boosted sample of 100 individuals were interviewed who have already had a repair or replacement under extended warranty in order to give a robust sample base for this key group.

Awareness of extended warranties is almost universal and most have a good understanding of what they are.

One in five electrical appliances are now bought with an extended warranty. White goods and more expensive items are most likely to be bought with one. Young adults do not believe appliances will last as long as older adults believe they will and are therefore more inclined to buy extended warranties.

There is an upward trend in the incidence of taking out extended warranties on dishwashers, tumble dryers, colour TVs and PCs. And a downward trend for washing machines.

Half of those buying extended warranties planned to do so before entering the store. Store staff do mention extended warranties to customers and in many cases encourage them to take them out. However, in one in ten cases customers felt that staff used pressure tactics. A small proportion claimed they were offered special deals on condition they took one out.

Consumers have a mind of their own when it comes to extended warranties. Those who felt that staff put them under pressure are in fact less likely to take one out. On

rare occasions when special offers were made on condition that an extended warranty was taken out, half accepted.

Information offered by staff was found on the whole to be helpful. Those finding it unhelpful were not interested in extended warranties anyway.

Leaflets about extended warranties are only reaching one in four buyers but are found to be clear.

A good proportion are satisfied with repair carried out under extended warranty. Fewer are satisfied with replacements. Main problems with replacements under extended warranty are:

- lack of information on progress
- delays
- being passed around.

Six in ten of all extended warranty buyers would buy one again.

A quarter would not mainly because of:

- the expense
- a belief that appliances are more reliable
- a preference for buying cheaper and just replacing
- having a cheap repairer available.

One in ten said that they had not needed to use an extended warranty in the past and therefore saw no need for them in the future.

All of this points to a consumer who is in control, can weigh up the pros and cons and knows when to say 'no'. However, the research highlights the need for more prominent display of leaflets in retail outlets.

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1 BACKGROUND AND OBJECTIVES

The Director General of Fair Trading has a general duty under Section 2 of the Fair Trading Act to keep under review activities that may be detrimental to the economic interests of consumers. One such area under current investigation is the sale of extended warranties on electrical appliances.

The Office of Fair Trading produced reports on extended warranties for electrical goods in 1994 and 1996. They concluded that there was insufficient information available to the consumer as point of sale. In particular price information was often poorly displayed. As a result of the first report, a voluntary code of practice was drawn up and has been in operation since May 1995.

The OFT is now keen to re-examine the market to establish how well the code of practice is operating and to obtain related information. A mystery shopping study was recently carried out as part of this exercise, and the results indicated that there still is a fair degree of inconsistency in the voluntary code of conduct.

The OFT commissioned FDS International to conduct a survey among consumers about their understanding and experience of purchasing extended warranties on electrical goods and any experience of having items repaired under the terms of such warranties.

Specifically the areas under investigation are as follows:

Awareness and attitudes:

- consumer awareness of and attitudes towards extended warranties
- expectations of appliance reliability
- expectations of repair costs v extended warranty costs.

Purchase history:

- major appliances owned, when and where bought, how much cost
- were they purchased with extended warranty
- reasons for purchasing/not purchasing extended warranty
- how staff sold extended warranty.

Experience of breakdown and repair/replacement:

- was repair/replacement under warranty or carried out oneself
- satisfaction with speed of repair/replacement
- overall satisfaction with repair/replacement
- whether would purchase an extended warranty again, reasons why/why not.

2 METHOD

Some 2,000 computer assisted telephone interviews were conducted with household decision makers between 16 November 2001 and 8 January 2002. An additional 100 interviews were conducted with a booster sample of 100 consumers who had an appliance repaired or replaced during 2001 under an extended warranty.

The detailed tabular results have been issued in a separate volume.

A copy of the questionnaire can be found in Annexe A.

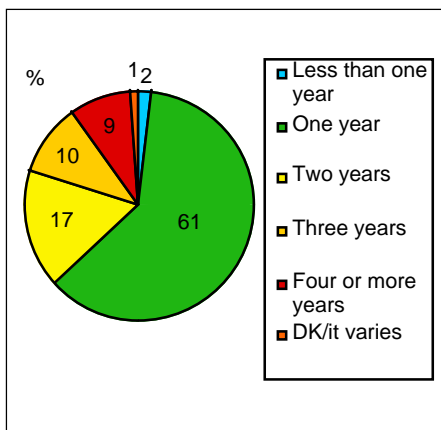
3 MAIN FINDINGS

3.1 Awareness of extended warranties

In section 3.1 we examine household decision makers' awareness and understanding of extended warranties before looking in more detail at their general attitudes towards extended warranties in section 3.2. Section 3.3 deals with consumers' experiences in store – how are extended warranties sold to them. Finally section 3.4 explores experiences with having appliances repaired or replaced under an extended warranty compared with having them dealt with under a manufacturer's warranty or independently.

All consumers expect manufacturers of large electrical appliances such as colour TVs and dishwashers to provide a guarantee on their appliances. Six in ten expect the manufacturer's guarantee to last for one year only. In contrast almost one in ten expect it to last for four or five years.

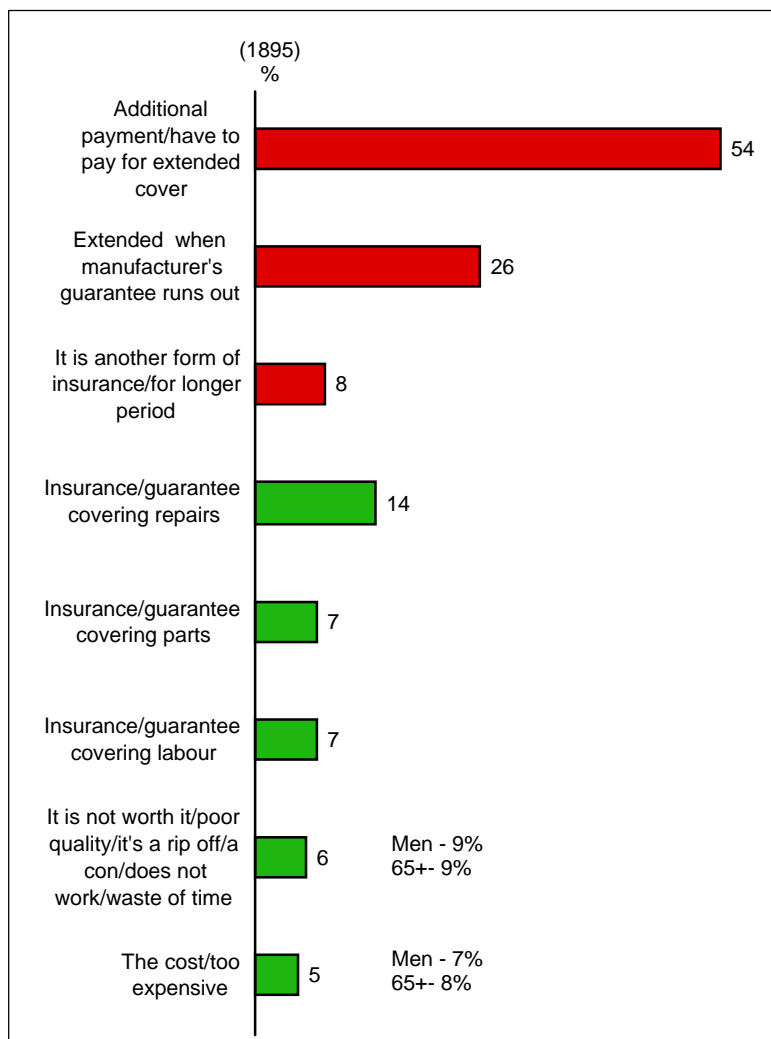
CHART 3.1/1 – EXPECTED LIFETIME OF MANUFACTURER'S WARRANTY
(Base: All expecting manufacturer to provide guarantees)



The vast majority of consumers have heard of extended warranties (95 per cent). The only group with any sizeable proportion unaware of the term is the 65+ age group with 13 per cent unaware.

Those aware were asked to convey their understanding of extended warranties. Over half (54 per cent) correctly explained that it involves an additional payment for extended cover on an appliance. A quarter (26 per cent) mentioned that it extends the cover beyond the period guaranteed by the manufacturer; 14 per cent made a general comment about it being insurance, a guarantee covering repairs; 8 per cent said that it is another form of insurance for a longer period; 7 per cent that it covers parts and another 7 per cent that it covers labour.

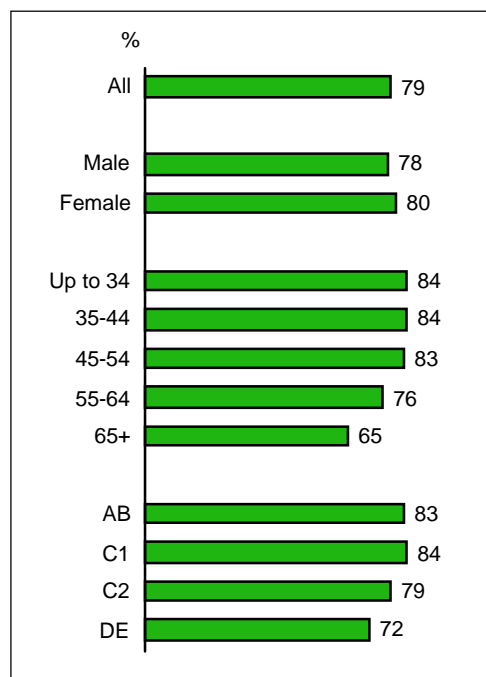
CHART 3.1/2 – UNDERSTANDING OF EXTENDED WARRANTIES
(Base: All aware of extended warranties)



Some 6 per cent spontaneously ventured that extended warranties are not worth the money, that they are poor quality and a rip off. Another 5 per cent suggested they are too expensive. Men and the 65+ age group are more likely to say these negative things about extended warranties than other groups.

CHART 3.1/3 – TRULY AWARE OF EXTENDED WARRANTIES

(Base: All)

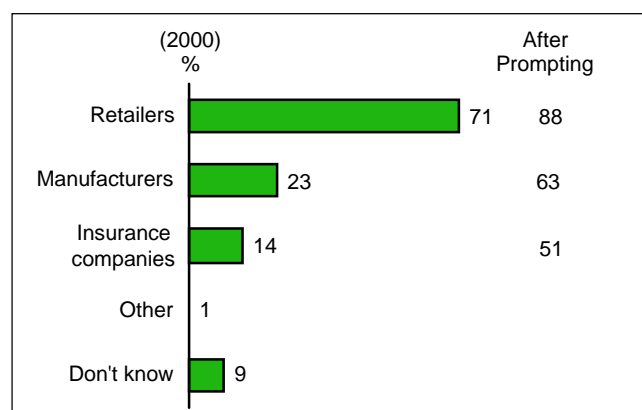


Eight in ten respondents showed a true understanding of what extended warranties are, ie they volunteered one of the three answers shown in red on the previous chart. True awareness is equally high among men and women but tails off with age (only 65 per cent of the 65+ are truly aware). True awareness is lower among the DE social class groups (72 per cent).

At this stage in the interview all respondents were told that extended warranties may be offered to people who buy electrical goods so they may be repaired free of charge beyond the period of the manufacturer's basic guarantee.

CHART 3.1/4 – WHO MIGHT OFFER EXTENDED WARRANTIES

(Base: All)



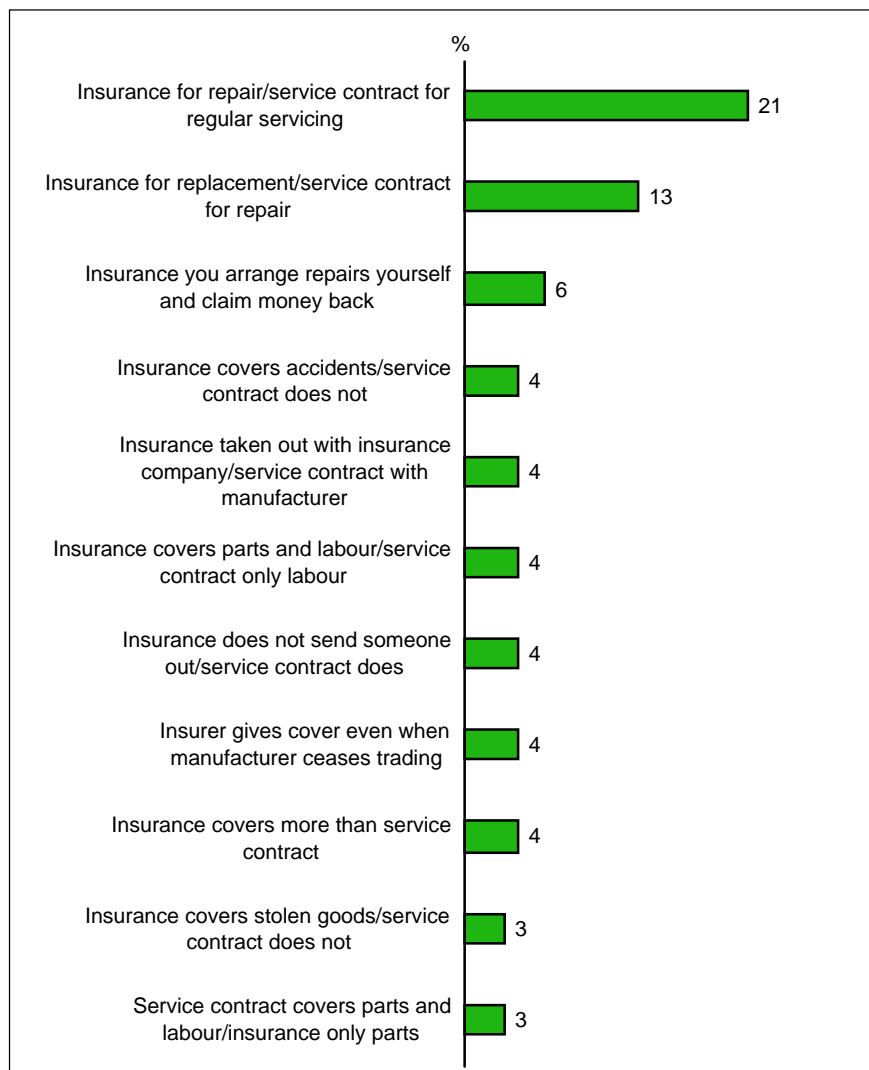
When asked who might offer extended warranties, just over seven in ten mentioned retailers; approaching a quarter, manufacturers and one in seven, insurance companies. After prompting, nine in ten say that retailers offer them, almost two thirds that manufacturers offer them and half say that they are available from insurance companies.

Respondents were told that extended warranties may include warranties backed by insurance and warranties that are service contracts. Only 14 per cent believed there were any differences between these two types of extended warranty, 59 per cent felt there were no differences while 27 per cent were unsure.

Those saying there is a difference were asked how a warranty backed by insurance is different from one that is a service contract. A fifth believe that insurance covers repair while a service contract involves regular inspections and servicing of the appliance. One in eight think that insurance involves the replacement of a faulty item while a service contract will normally repair. Beyond the first two answers, no other response was given by more than 6 per cent. A mix of correct and contradictory answers were volunteered.

CHART 3.1/5 – DIFFERENCES BETWEEN WARRANTIES BACKED BY INSURANCE AND WARRANTIES THAT ARE SERVICE CONTRACTS

(Base: All aware of differences)



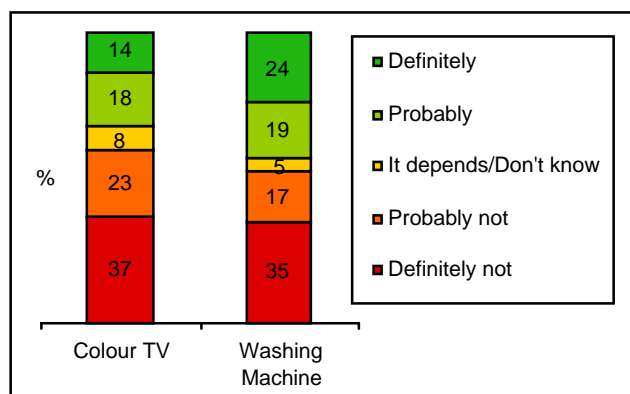
Some 84 per cent expect the extended warranty period to commence as soon as the manufacturer's warranty period expires.

It is very important, therefore, that those offering extended warranties make it absolutely clear when the warranty period commences.

3.2 Attitudes towards extended warranties

Asked how likely they would be to take out an extended warranty if they were to buy a major electrical appliance such as a TV, 14 per cent said they would definitely take one out and 18 per cent that they would probably take one out; 60 per cent would definitely or probably not.

CHART 3.2/1 – LIKELIHOOD OF TAKING OUT EXTENDED WARRANTY IF BOUGHT NEW
(Base: All)



In the case of washing machines, higher proportions would definitely or probably take out an extended warranty, 24 per cent and 19 per cent respectively.

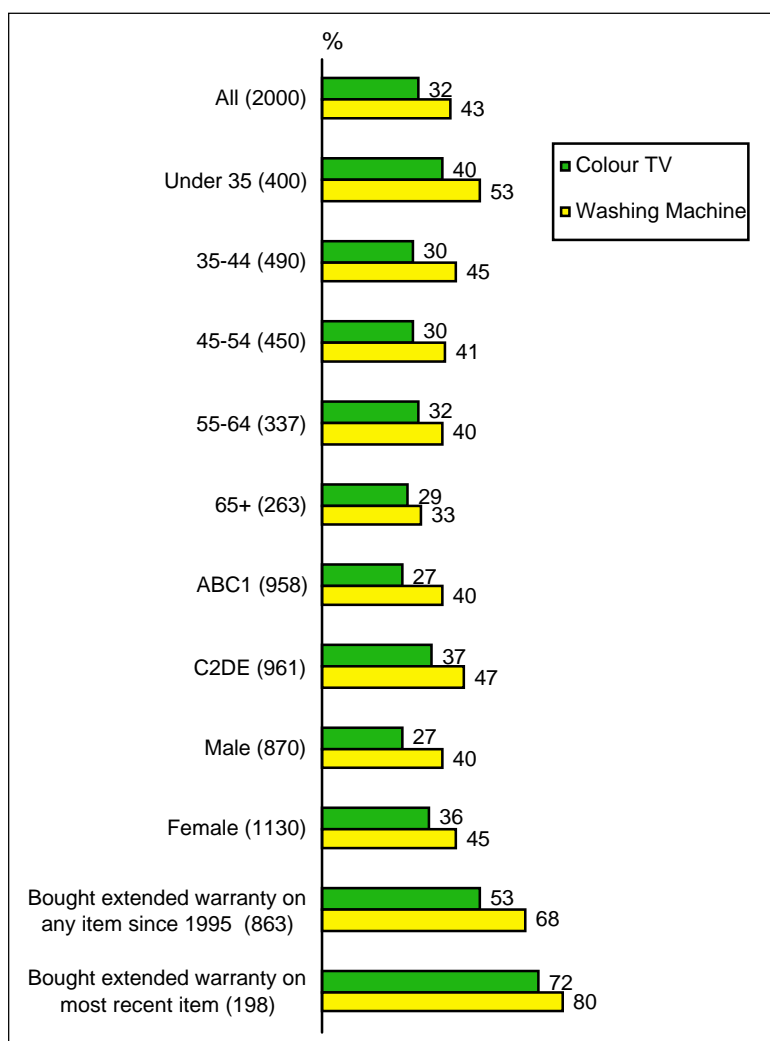
Just over half would not take out an extended warranty on a washing machine.

Those more likely to take out extended warranties included:

- those under 35
- C2DEs/lower income households
- women
- people who had previously bought extended warranties, especially if this was recent.

CHART 3.2/2 – LIKELY TO TAKE OUT EXTENDED WARRANTY IF BUYING MAJOR ELECTRICAL APPLIANCE

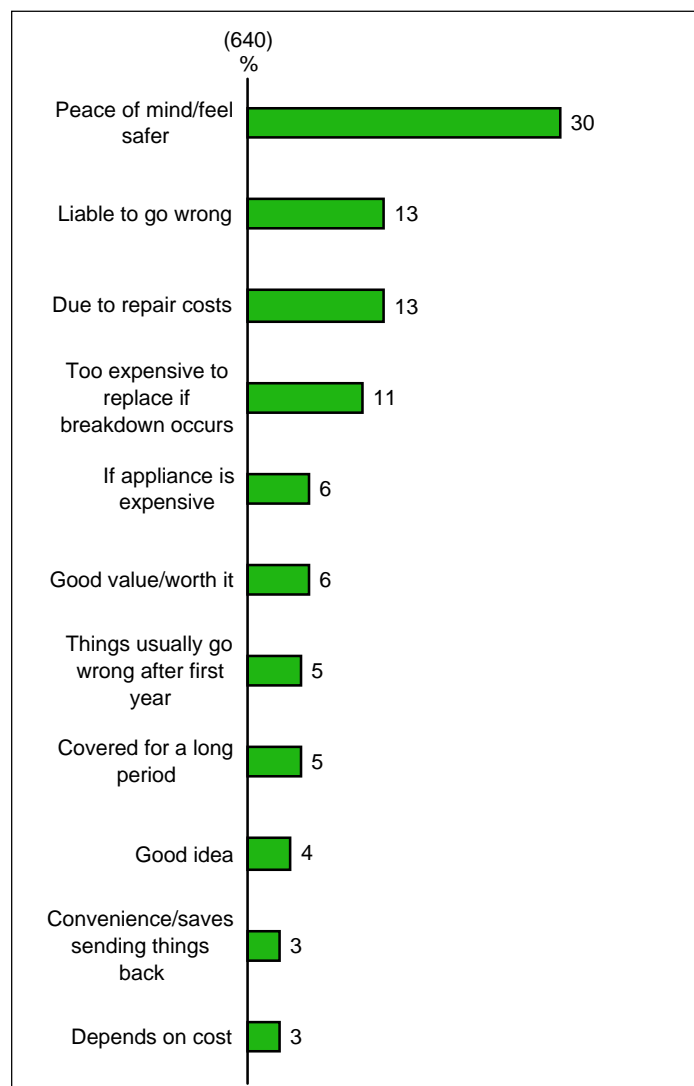
(Base: All)



Asked why they would take out an extended warranty on a colour television, three in ten would do so for the peace of mind and one in eight feel that a colour television is liable to go wrong (especially with children in the household). The next three most important answers are all related to the cost of repair. Extended warranties are seen as necessary in order to avoid expensive replacement/repair costs. Other reasons given are that extended warranties are good value, that things usually go wrong with a new TV after the first year, that you are covered for a long period and that extended warranties are a good idea generally.

CHART 3.2/3 – WHY WOULD TAKE OUT AN EXTENDED WARRANTY ON A COLOUR TELEVISION

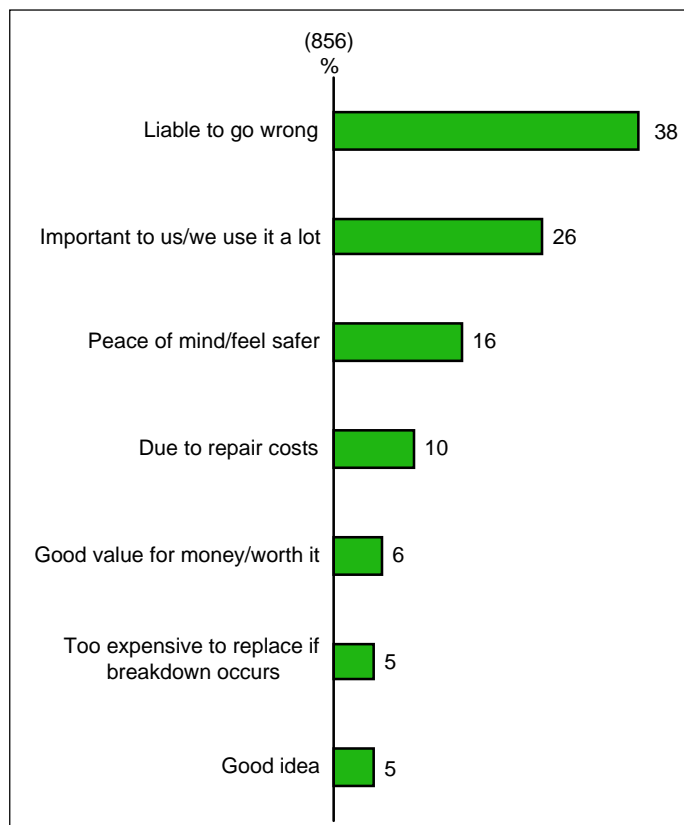
(Base: All who would definitely/probably take out extended warranty on a colour television)



The main motivation for buying an extended warranty on a washing machine is a fear that it will go wrong (38 per cent). Just over a quarter rely on the washing machine a lot. It is important to them and should be covered. Other motivations for obtaining an extended warranty on a washing machine include peace of mind, high repair costs, good value and good idea generally.

CHART 3.2/4 – WHY WOULD TAKE OUT AN EXTENDED WARRANTY ON A WASHING MACHINE

(Base: All who would definitely/probably take out extended warranty on a washing machine)

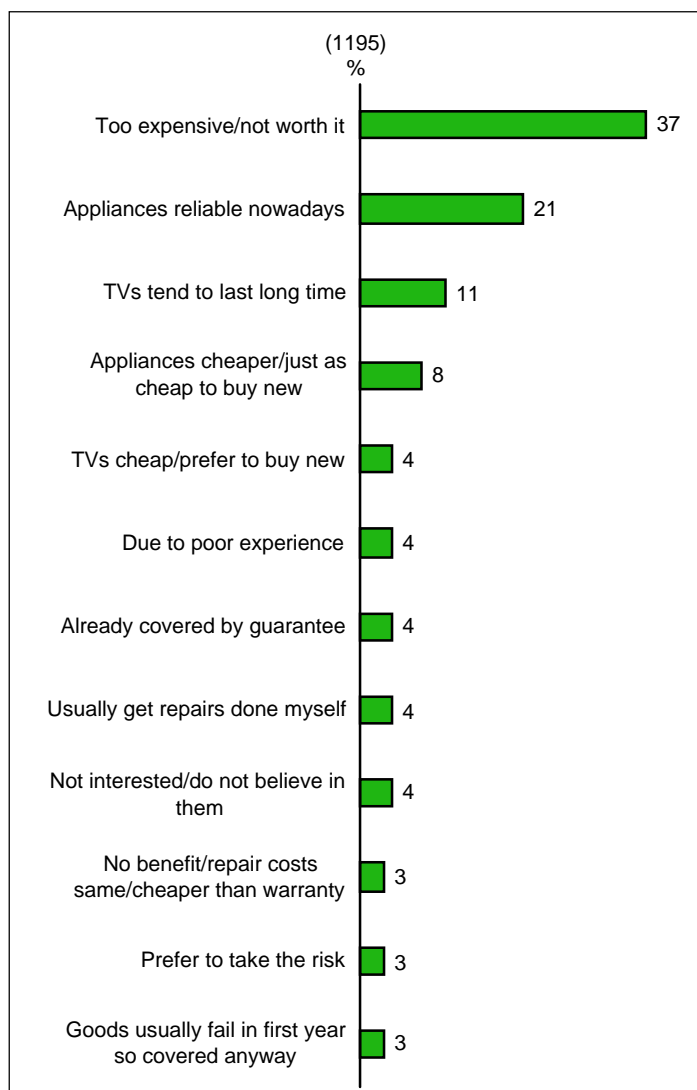


Those not likely to take out an extended warranty on a colour television were asked for their reasons for being reluctant to take one out.

The main reasons relate to expense, a perception that it is not worth it mentioned by 37 per cent followed by a feeling that appliances in general are more reliable nowadays (21 per cent) and that TVs specifically tend to last a long time (11 per cent). 8 per cent say that appliances are cheaper and that it is just as cheap to buy a new one. Other reasons mentioned by 3 per cent or 4 per cent include poor experience with extended warranties, usually arrange to have repairs carried out themselves, just don't believe in them and lack of perceived benefits.

CHART 3.2/5 – WHY WOULD NOT TAKE OUT AN EXTENDED WARRANTY ON A COLOUR TELEVISION

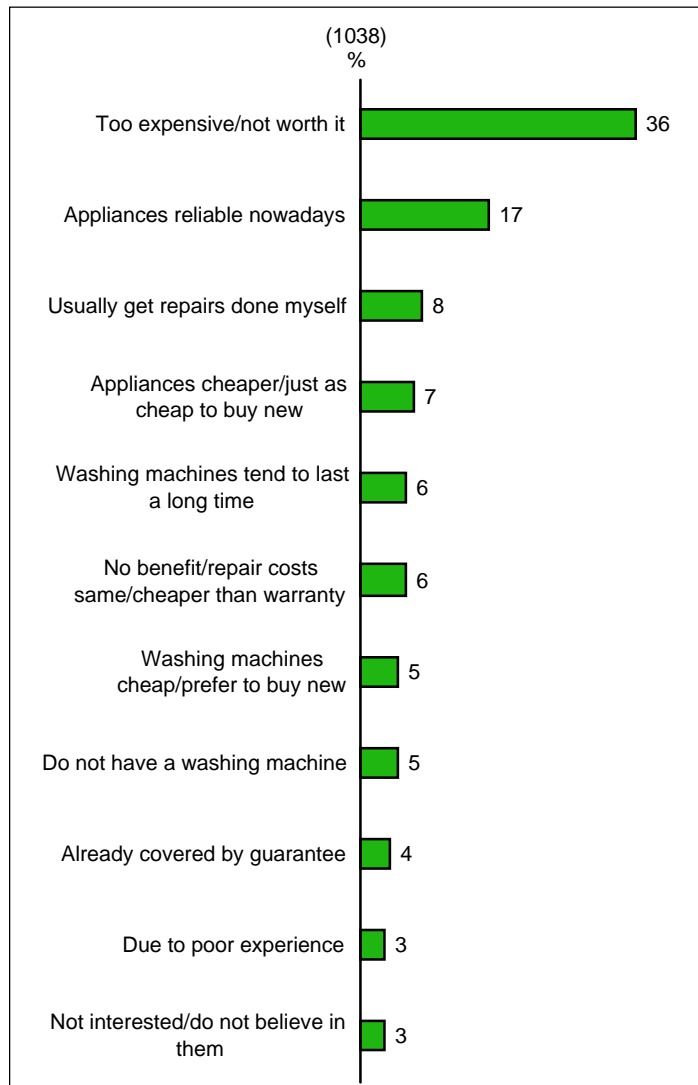
(Base: All who would not take out extended warranty on a colour television)



Resistances to taking out an extended warranty on a washing machine are similar to those expressed in connection with a colour television, namely expense, appliances being more reliable nowadays, usually have repairs carried out themselves, appliances are cheaper these days and washing machines specifically tend to last longer.

CHART 3.2/6 – WHY WOULD NOT TAKE OUT AN EXTENDED WARRANTY ON A WASHING MACHINE

(Base: All who would not take out extended warranty on a washing machine)

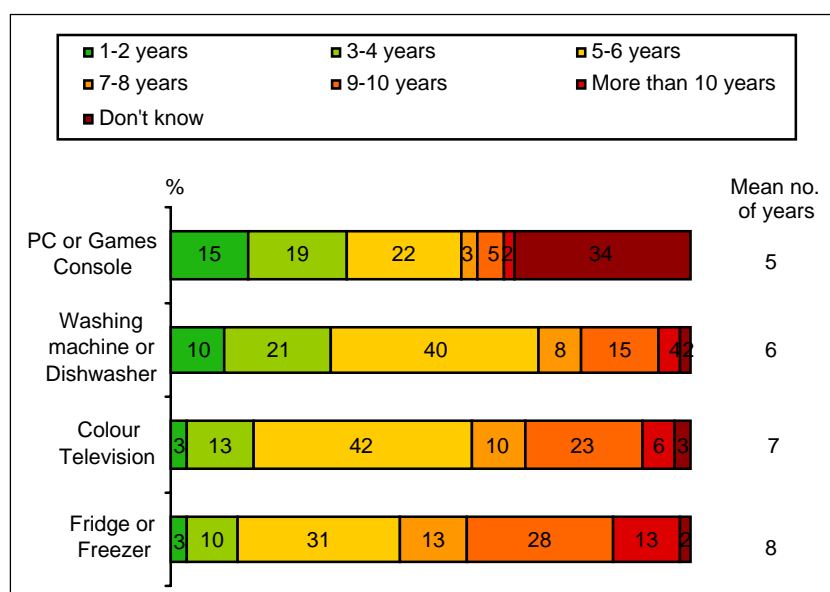


Household decision makers were asked how long they would expect certain household electrical appliances to last, on average, before needing repairs or replacement.

A fridge or freezer is expected to last the longest, eight years on average, before needing a repair or replacement. Colour televisions have an expected trouble-free life span of seven years, washing machines and dishwashers six years and PCs and games consoles, five years. A large proportion could not estimate how long a PC or games console would last before needing a repair or replacement (34 per cent). These are relative newcomers to the consumer market place with lower household penetration than the other appliances

CHART 3.2/7 – HOW LONG WOULD EXPECT NEW APPLIANCES TO LAST BEFORE NEEDING REPAIRS OR REPLACEMENT

(Base: All)

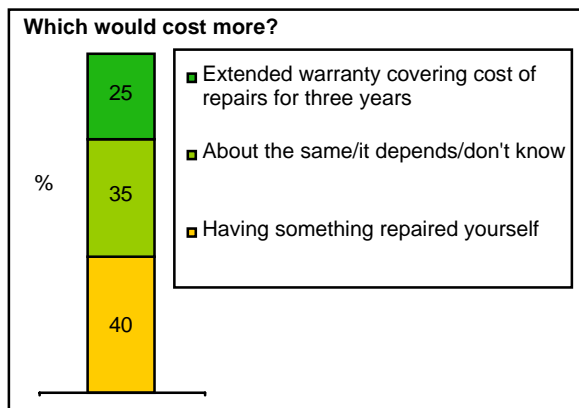


There was a correlation, although not a particularly strong one, between likelihood of taking out an extended warranty and expected lifespan of appliances. Those who thought a colour television would last for three years or less generally expected to take out an extended warranty. However, among those who thought a colour television would last for more than eight years, only one in four were likely to favour extended warranties. A similar pattern was observable for washing machines.

This helps to explain why older adults are less likely than the under 35s to want extended warranties, as older people were more optimistic that appliances would last a long time.

While four in ten would expect having something repaired themselves to cost more than paying for an extended warranty over a three year period, a quarter believe the extended warranty would cost more than having repairs done independently.

CHART 3.2/8 – RELATIVE COST OF THREE YEAR EXTENDED WARRANTY AND HAVING SOMETHING REPAIRED YOURSELF
(Base: All)

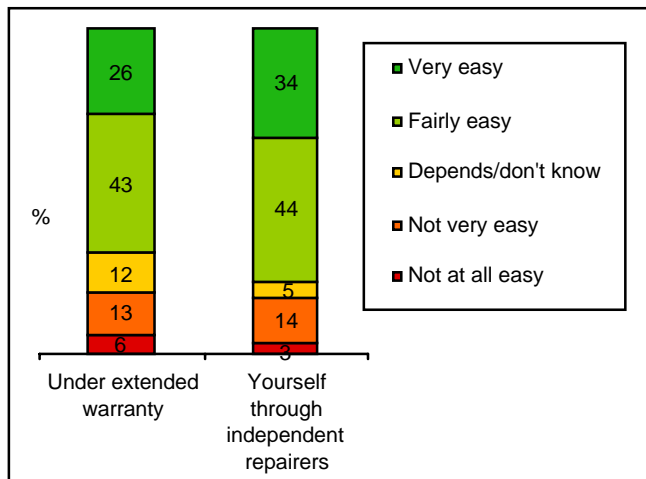


Responses to this question correlated strongly with likelihood of taking out an extended warranty. Those who favoured extended warranties generally believed it would cost more to have something repaired themselves.

Some 42 per cent of those expecting it to cost more to have something repaired themselves, thought that the costs would be some 50 per cent more than the extended warranty premium over three years. Three in ten thought the independent repair costs would be twice as much as the warranty premiums. Similar patterns of response were obtained from those saying the extended warranty would be more expensive, namely four in ten, 50 per cent more; three in ten, twice as much.

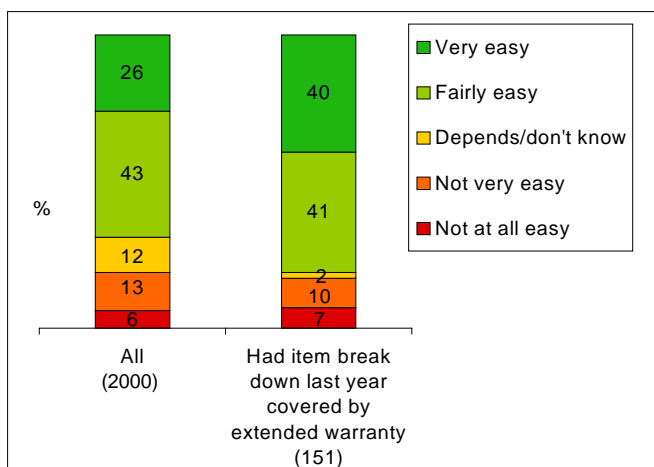
The majority of consumers would say it was easy to have repairs carried out on electrical appliances whether it be through an extended warranty or independently with a repair shop. More feel it would be easy to have repairs carried out themselves (78 per cent) than under an extended warranty (69 per cent). Some 19 per cent do not think it would be easy under an extended warranty, while 17 per cent do not think it would be easy doing it themselves.

CHART 3.2/9 – EXPECTED EASE OF HAVING REPAIRS CARRIED OUT
(Base: All)



If they have already had an item break down and repaired or replaced under an extended warranty, they are more likely to say it would be easy to have a repair carried out under extended warranty in the future (81 per cent compared with 69 per cent overall). This is a positive result for organisations offering extended warranties.

CHART 3.2/10 – EXPECTED EASE OF HAVING REPAIRS CARRIED OUT UNDER AN EXTENDED WARRANTY
(Base: All)



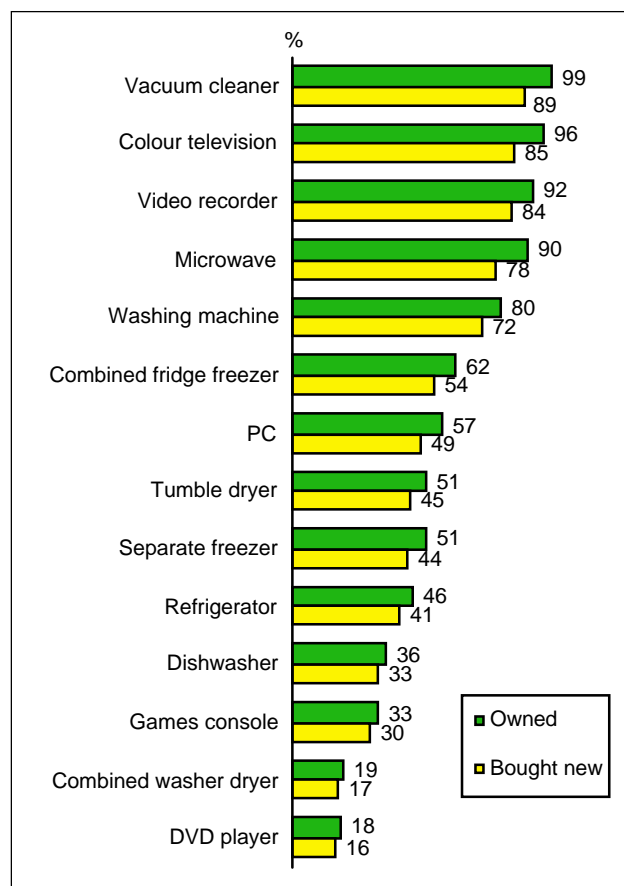
3.3 The purchase experience

Household decision makers were asked which electrical appliances they own and which they bought new. In nine out of 10 cases the appliances they own were bought new by them. Electrical appliances with the highest household penetration include vacuum cleaners, colour televisions, video recorders, microwaves and washing machines, all of which were newly bought by over seven in 10.

Just over half have bought a new fridge freezer and half have a new PC. Between a third and half have bought a new tumble dryer, freezer, fridge or dishwasher.

Appliances with the lowest household penetration are games consoles, combined washer-dryers and DVD players.

CHART 3.3/1 – APPLIANCES OWNED/BOUGHT NEW
(Base: All)

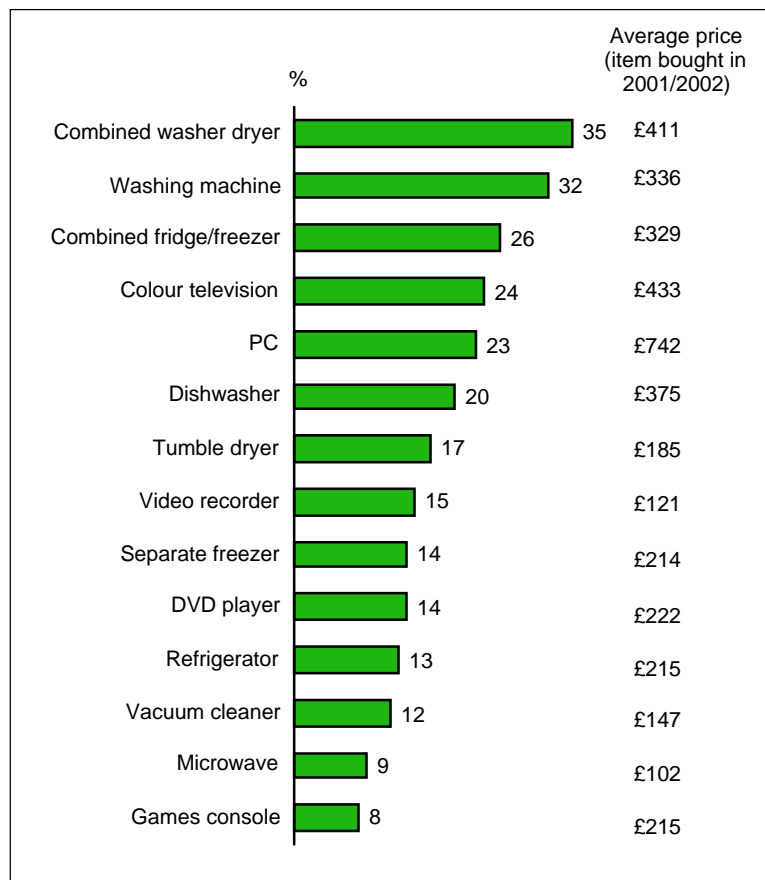


Overall, 18 per cent of all electrical appliances bought since 1995 and 19 per cent of all appliances bought in 2001/2002 were purchased with an extended warranty.

Those items most likely to be bought with an extended warranty are washer-dryers, washing machines and fridge freezers. These are important kitchen appliances of high value. Approaching one in four bought an extended warranty with their colour television or PC, also high value appliances.

CHART 3.3/2 – BOUGHT EXTENDED WARRANTY AT THE SAME TIME BOUGHT APPLIANCE

(Base: All items bought new in 1995 or later)

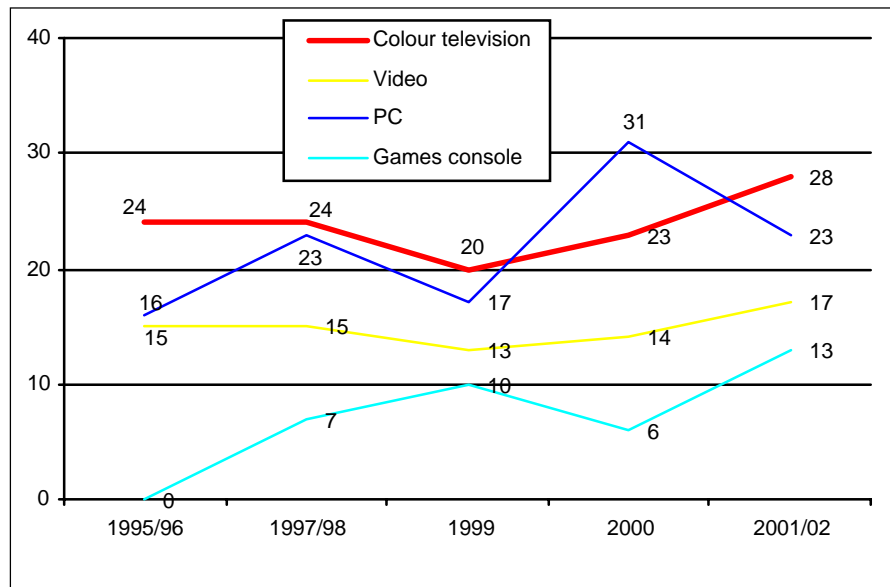


Appliances least likely to be bought with an extended warranty are games consoles, microwaves and vacuum cleaners or low value, perhaps less essential items.

There has been an upward trend in the proportions of consumers buying extended warranties at the same time as their purchase of brown goods such as colour televisions and PCs. The proportion buying an extended warranty on a colour television has risen from 24 per cent in 1995/1996 to 28 per cent in 2001/2002 while the proportion buying an extended warranty on a PC is up from 16 per cent to 23 per cent.

CHART 3.3/3 – INCIDENCE OF PURCHASING EXTENDED WARRANTIES – BROWN GOODS

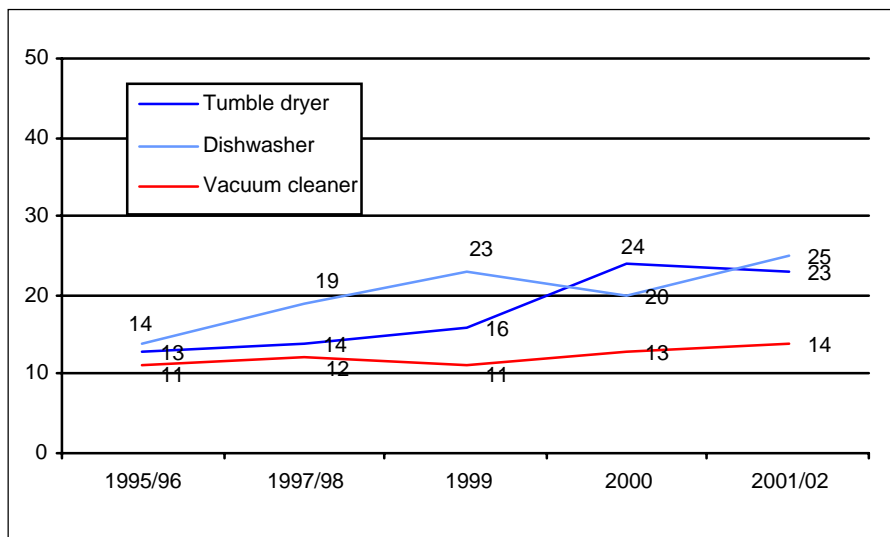
(Base: All buying each item)



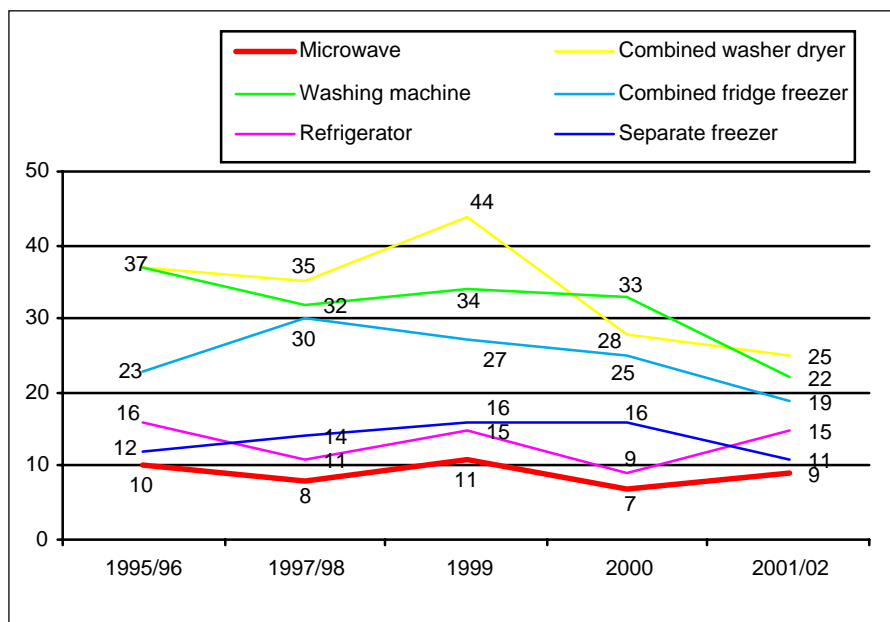
With white goods, the incidence of purchasing extended warranties has risen with appliances such as dishwashers and tumble dryers.

CHART 3.3/4 – INCIDENCE OF PURCHASING EXTENDED WARRANTIES – WHITE GOODS

(Base: All buying each item)



Lower proportions are buying extended warranties on washing machines and combined washer-dryers now than they were six years ago.

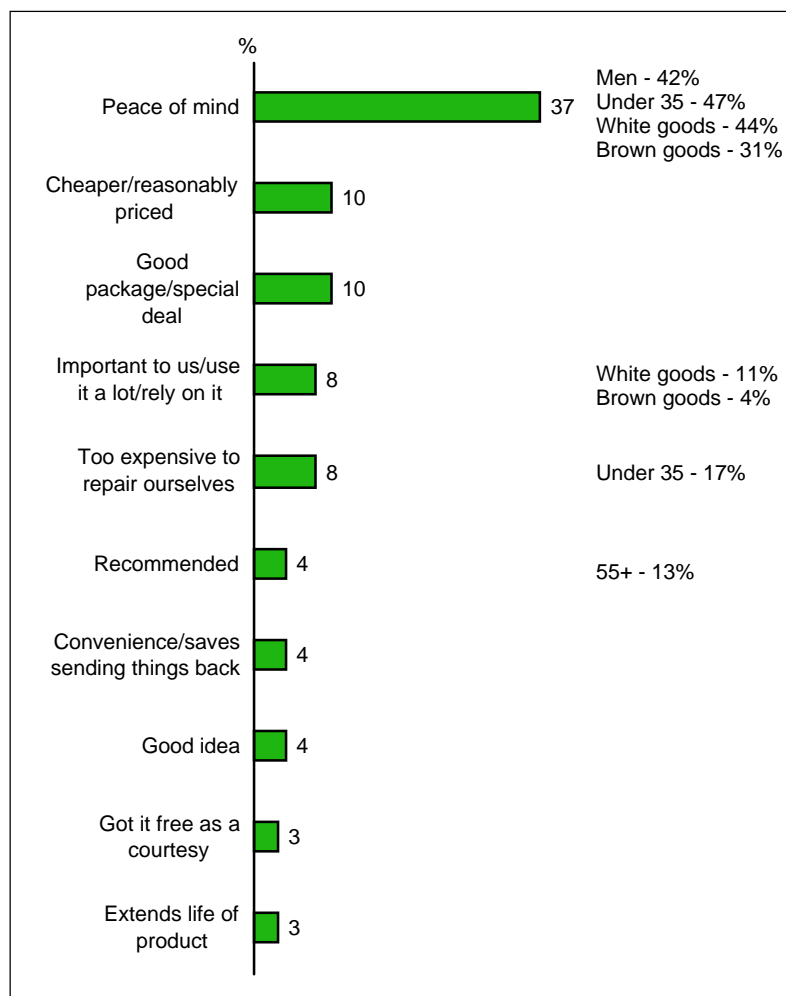


Those who took out an extended warranty on an item purchased in 2001/2002 were asked why they did so.

The most important reason for taking out an extended warranty is for peace of mind. Other reasons include reasonable price, part of a package/special deal, that the appliance is important to them/they rely on it a lot and that it would be too expensive to repair themselves.

Men and the under 35s are more likely to give peace of mind as a reason for taking out an extended warranty. Peace of mind and reliance on product feature more strongly as reasons for taking out an extended warranty on white goods than they do for taking one out on brown goods. The under 35s are particularly worried about the expense of having the appliance repaired themselves. The over 54s are more likely to say they acted on recommendation.

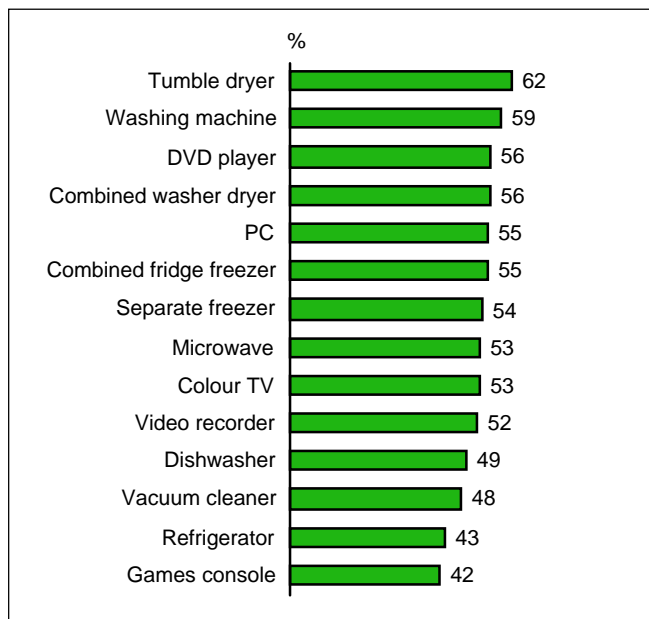
CHART 3.3/5: REASONS FOR TAKING OUT AN EXTENDED WARRANTY
(Base: All buying extended warranty)



Consumers anticipate buying an extended warranty on a new electrical appliance to a greater or lesser extent depending on the appliance. Of those who bought an extended warranty on a tumble dryer, just over six in ten had anticipated doing so before they arrived in the store. At the other end of the spectrum, just over four in ten of those purchasing an extended warranty on a games console, had a mind to do so beforehand.

CHART 3.3/6: ANTICIPATED BUYING EXTENDED WARRANTY BEFORE ARRIVING IN STORE

(Base: All buying each item in 1995 or later with extended warranty)



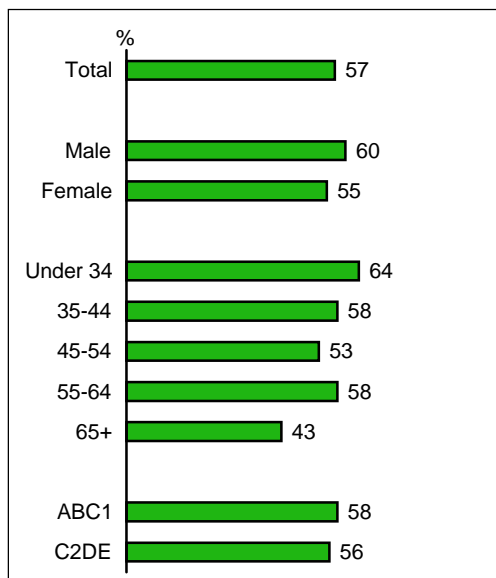
Of all those buying items in 2001, 58 per cent remembered the store staff mentioning extended warranties. Of the 810 who bought items without getting an extended warranty, half remembered the store staff mentioning them.

Store staff do encourage their customers to take out extended warranties. 57 per cent of those who discussed extended warranties with staff said that the salesperson advised and encouraged them to take out an extended warranty.

While 64 per cent of younger customers (under 35) were actively encouraged by the sales staff to take out an extended warranty only 43 per cent of the over 65s were encouraged.

CHART 3.3/7 – DID STORE STAFF ADVISE YOU/ENCOURAGE YOU TO TAKE OUT AN EXTENDED WARRANTY

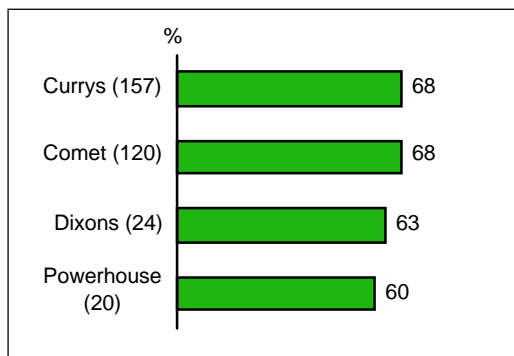
(Base: All buying items in 2001/2002 with extended warranty or had extended warranty mentioned to them)



There is not much difference in the degree to which staff advise/encourage customers to take out extended warranties at the big electrical appliance retailers.

CHART 3.3/8 – DID STORE STAFF ADVISE/ENCOURAGE YOU TO TAKE OUT EXTENDED WARRANTY

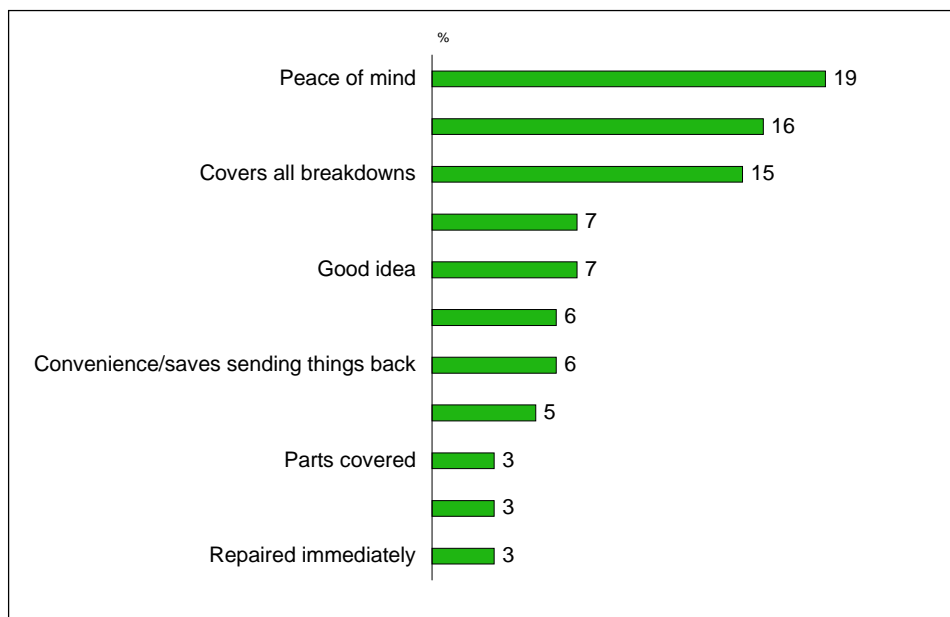
(Base: All buying items in 2001/2002 with extended warranty or had extended warranty mentioned to them)



Staff tend to give reasons such as it gives peace of mind, the expense of having things repaired oneself and cover for all eventualities when persuading consumers to take out extended warranties. Other selling points are that it covers the product for longer, it is cheap/reasonable, it saves having to send things back and that replacements are given.

CHART 3.3/9 – REASONS GIVEN BY STAFF FOR TAKING OUT EXTENDED WARRANTY

(Base: All advised/encouraged by staff to take out extended warranty)



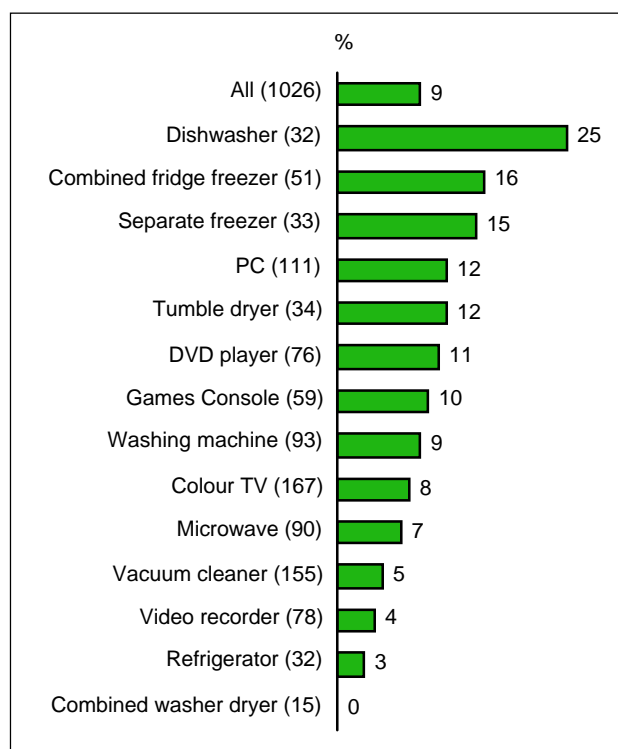
Across all those who had made purchases in the last year, 9 per cent complained that staff put them under pressure to buy an extended warranty. Those most likely to feel pressurised were young ABC1 males. 12 per cent of under 35s but only 3 per cent of those over 65 said they felt the store staff put them under pressure.

Although base sizes are low, a greater proportion of those buying high value items such as dishwashers, fridge freezers and freezers came under pressure to buy an extended warranty.

Again, while base sizes are low, customers at Dixons (24 per cent) and Comet (21 per cent) are more likely to complain that store staff put them under pressure to buy an extended warranty.

CHART 3.3/10 – STAFF PUT CUSTOMER UNDER PRESSURE TO BUY AN EXTENDED WARRANTY

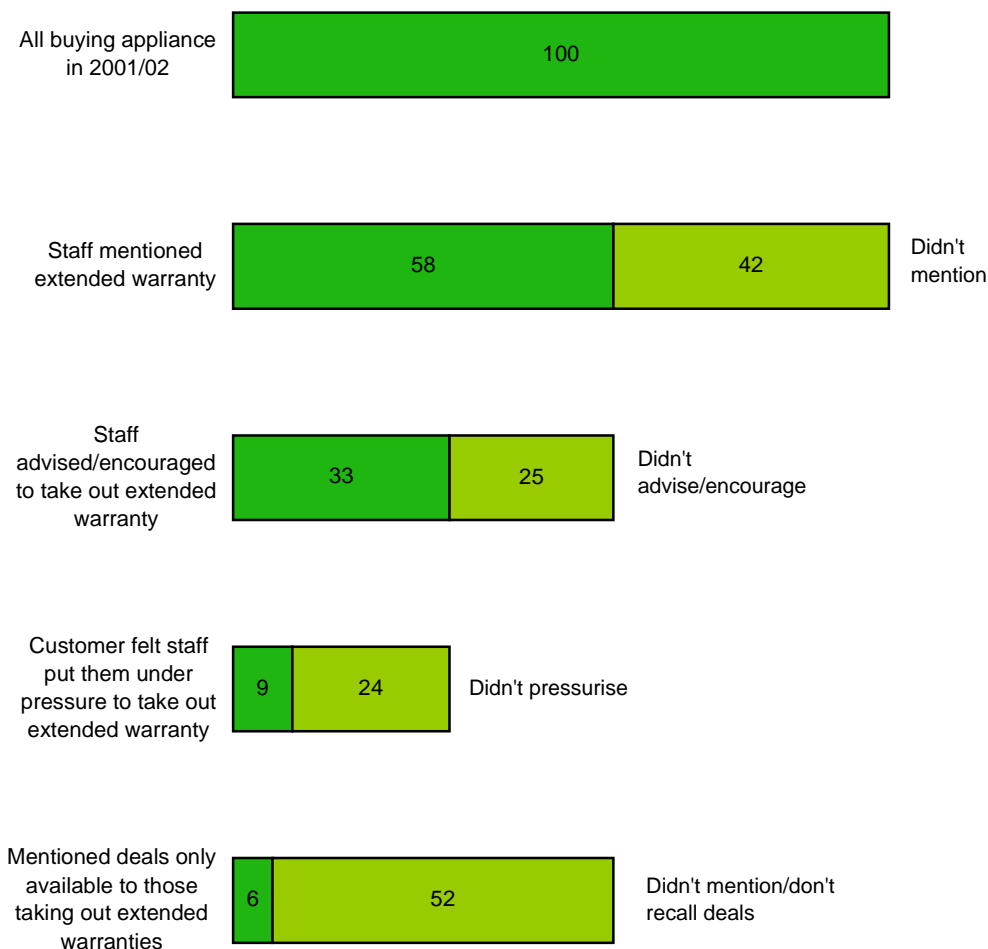
(Base: All buying each item in 2001/2002)



The chart below summarises the extent to which customers are encouraged or cajoled into taking out an extended warranty. Of all those buying an appliance in 2001/2002, almost six in 10 had extended warranties mentioned to them, a third were actually advised or encouraged by sales staff to take one out and one in ten claimed they were pressurised by staff.

Some 6 per cent claimed that staff mentioned special deals such as discounts or interest free credit which were only available to those who took out an extended warranty.

CHART 3.3/11 – ENCOURAGEMENT TO BUY EXTENDED WARRANTY
(Base: All buying new appliance in 2001/2002)

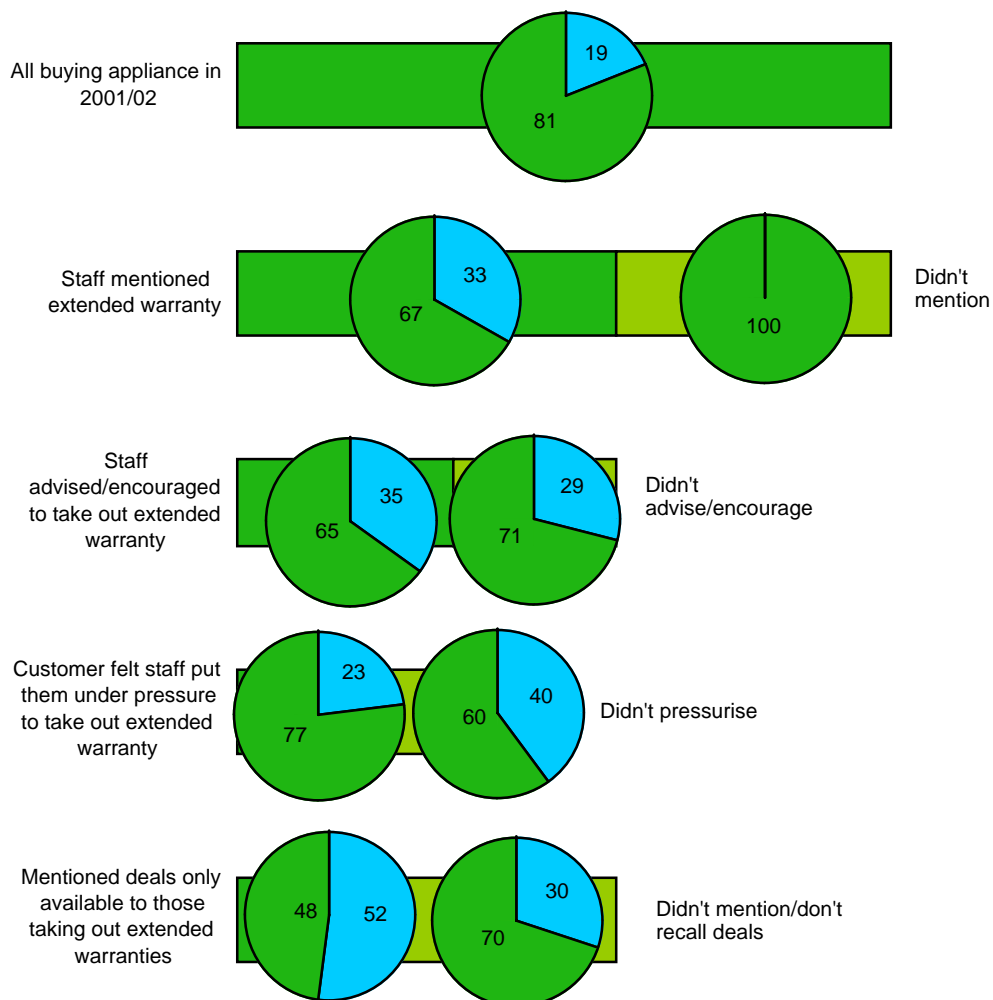


Staff naturally influence take up of extended warranties. The chart below replicates the previous chart showing the various proportions of customers encouraged and pressurised into taking out an extended warranty. This time, the actual take up rates for extended warranty are superimposed to show how each group is influenced.

Interestingly, those claiming they were pressurised by staff are less likely to take out an extended warranty than those saying they were not pressurised.

Special deals linked to extended warranties such as discounts and interest free credit have a much greater impact, with over half of those offered deals taking out an extended warranty.

CHART 3.3/12 – BOUGHT EXTENDED WARRANTY
(Base: All buying new appliance in 2001/02)



This suggests subtle pressure works very well; but customers can dig their heels in if they feel they are being encouraged to take up something they do not want.

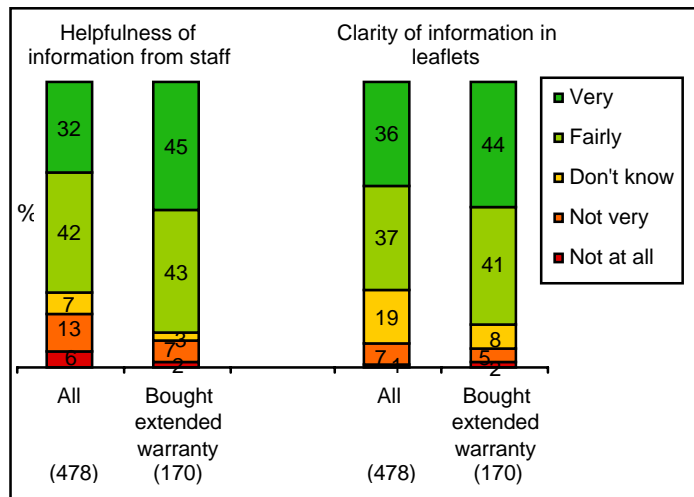
Four out of five customers who said store staff mentioned extended warranties remember being given information.

Consumers give staff good ratings for the helpfulness of information about extended warranties. Three quarters found the information helpful (nine in ten of those ending up buying an extended warranty).

Only 41 per cent of those having extended warranties mentioned to them saw a leaflet about them. Of all those seeing in-store leaflets about extended warranties, 73 per cent found them clear and easy to understand. This rises to 85 per cent among those taking out extended warranties.

CHART 3.3/13 – HELPFULNESS/CLARITY OF INFORMATION ABOUT EXTENDED WARRANTIES

(Base: All having extended warranties mentioned to them and receiving information)

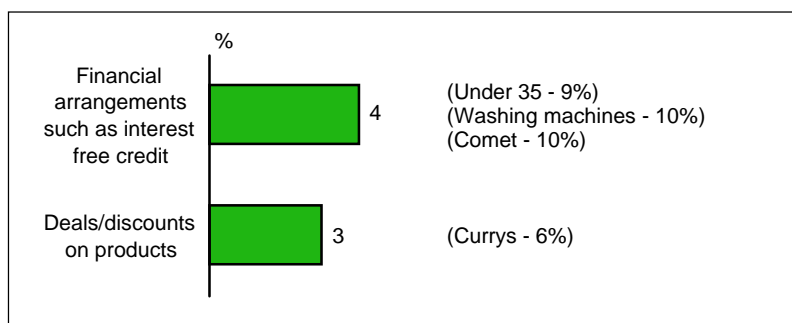


Seven per cent of those having extended warranties mentioned to them (4 per cent overall) had staff offer them a special financial deal such as interest free credit on the condition they took out an extended warranty. This was even higher among under 35s, those buying washing machines and in Comet stores.

Five per cent of those having extended warranties mentioned to them (3 per cent overall) were offered special deals or discounts on the appliance as long as they took out an extended warranty. This practice was more pronounced in Currys.

CHART 3.3/14 – STORE OFFERED INCENTIVES ONLY AVAILABLE TO PEOPLE WHO TOOK OUT EXTENDED WARRANTIES

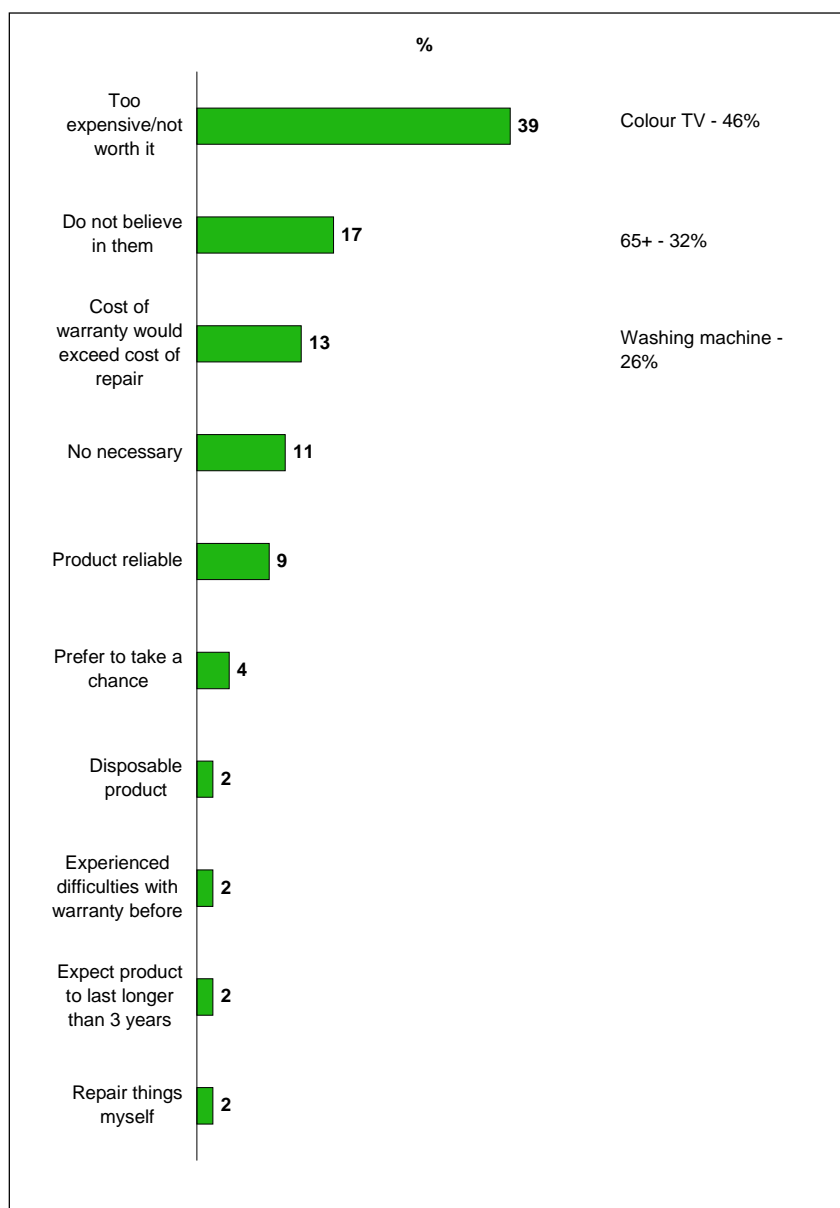
(Base: All)



Those who did not take out an extended warranty on the electrical appliance they bought most recently were asked why they did not take one out. Expense is the main deterrent to taking out an extended warranty mentioned by four in ten. 17 per cent just don't believe in extended warranties. Related to expense, 13 per cent felt that the cost of the warranty would exceed the cost of any repairs. 11 per cent thought that it would not be necessary and 9 per cent believed the product was reliable enough.

Expense is even more of a barrier to taking up extended warranties on colour televisions (46 per cent). The 65+ age group are more likely to say they simply don't believe in extended warranties.

CHART 3.3/15 – WHY DIDN'T TAKE OUT AN EXTENDED WARRANTY
(Base: All not buying extended warranty on recently bought item)



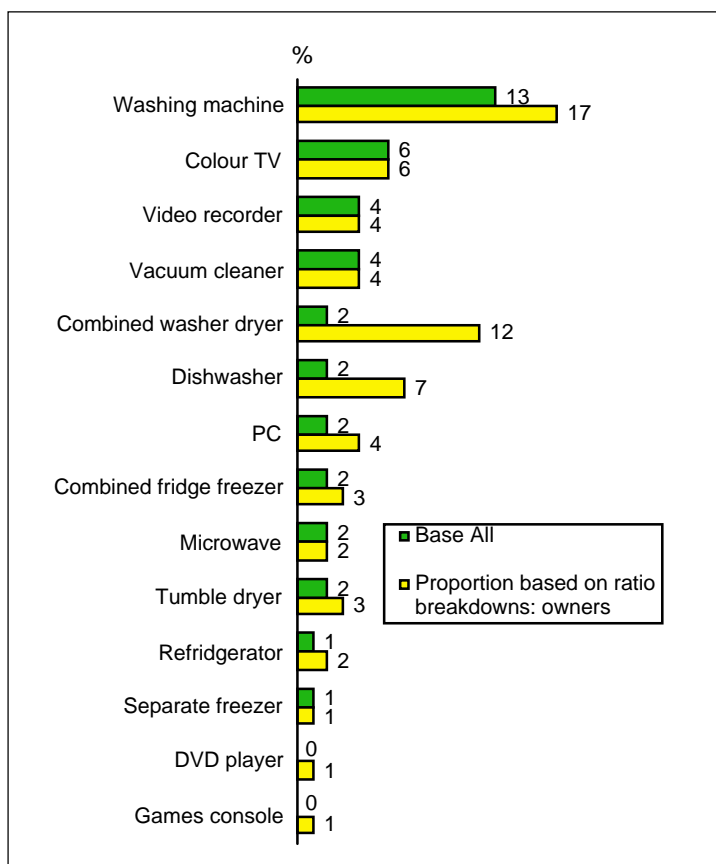
3.4 Experience of appliance breakdown

39 per cent have had electrical appliances break down in the last year so they needed to be repaired or replaced.

Among the list of fourteen electrical appliances covered in the survey, the largest proportions of householders in the sample had a washing machine (13 per cent), colour television (6 per cent), video recorder (4 per cent) or vacuum cleaner (4 per cent) break down in the last year, 2001.

CHART 3.4/1: APPLIANCES BROKEN DOWN IN THE LAST YEAR, NEEDING REPAIR OR REPLACEMENT

(Base: All)

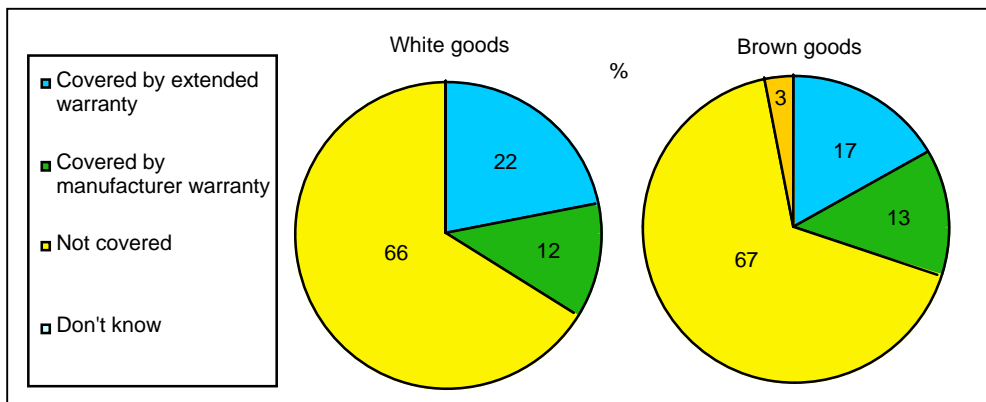


Looking at the proportions of breakdowns based on the ratio of breakdowns to owners, washing machines still appear at the top of the list with a ratio of 17:100, followed now by combined washer dryers (12:100), dishwashers (7:100) and colour televisions (6:100). The ratio of breakdowns in the last year : owners may be an understatement in the case of appliances which have only recently entered the consumer market en masse, namely PCs, DVD players and games consoles. These appliances have not been in homes long enough yet to start breaking down.

Two thirds (66 per cent) of those having an electrical appliance break down in 2001 which needed repairing or replacing, were not covered by a guarantee.

20 per cent were covered by an extended warranty. A higher proportion of those having white goods repaired or replaced had an extended warranty (22 per cent) than those having brown goods repaired or replaced (17 per cent). 13 per cent had the appliance repaired or replaced under the manufacturer's warranty. This proportion was similar between white (12 per cent) and brown (13 per cent) goods.

CHART 3.4/2: COVER ON ITEM BROKEN DOWN
(Base: All with appliances breaking down in the last year)

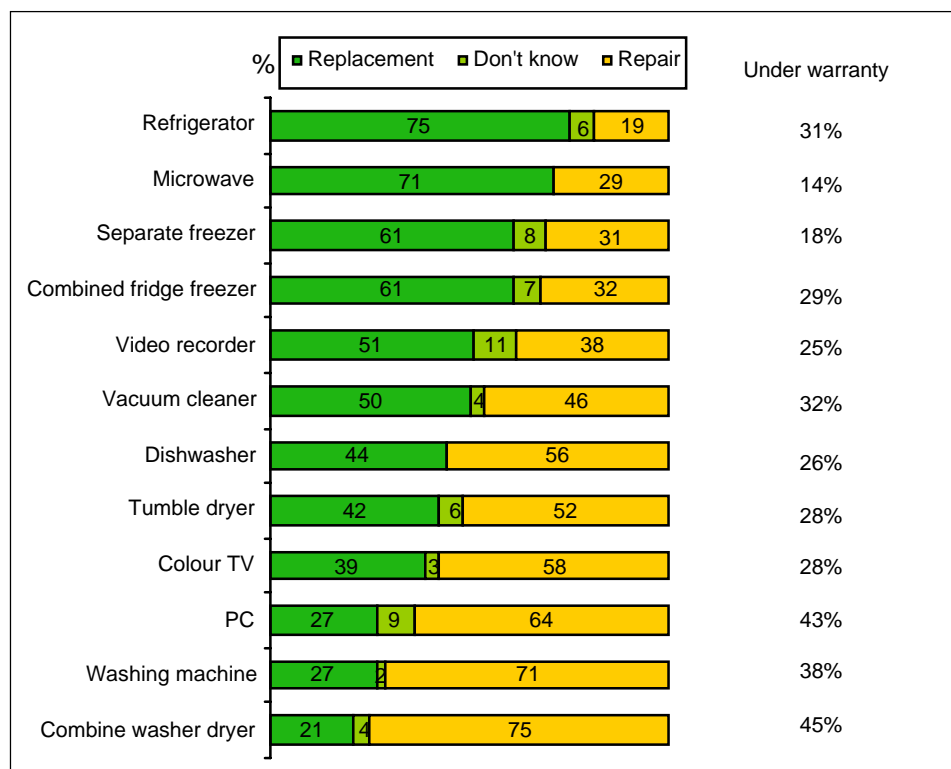


Refrigerators, microwaves, separate freezers and combined fridge freezers were more likely to be replaced than repaired while combined washer dryers, washing machines, PCs and colour televisions were more likely to be repaired than replaced.

Over eight in ten microwaves and separate freezers and roughly seven in ten refrigerators and combined fridge freezers were not covered by any warranty. This might explain to some extent, the relative high incidence of having these items replaced. On the other hand items most likely to have been under some form of warranty be it manufacturer's or extended were those most likely to be repaired rather than replaced, namely combined washer dryers, washing machines and PCs.

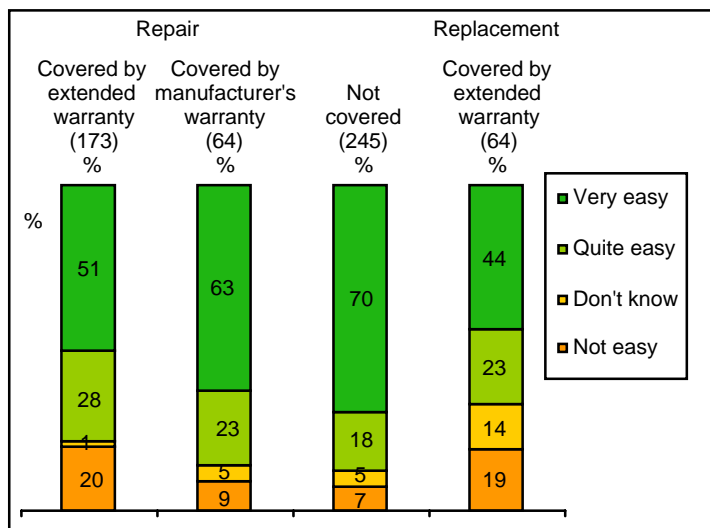
CHART 3.4/3: REPAIR OR REPLACEMENT

(Base: All with appliances breaking down in the last year)



Generally, having an item repaired under the terms of an extended warranty is easy. Half say that it is very easy with a further three in ten saying that it is fairly easy. However one in five claimed it was not easy.

CHART 3.4/4: EASE OF ARRANGING REPAIR/REPLACEMENT
(Base: All with item breaking down in the last year)



Reasons given for saying that it was not easy included slow response, difficulty in making contact and inconvenient appointment times.

Greater proportions found it easy to repair their broken appliance under the manufacturer's warranty (86 per cent) and independently (88 per cent) than under an extended warranty (79 per cent).

As with repairs, one in five of those having an appliance replaced under an extended warranty found it difficult, again, mainly because of a slow response.

We did not ask those having appliances replaced under a manufacturer's warranty or independently, how easy they found the replacement.

A large proportion (28 per cent) of those having repairs under the terms of an extended warranty were dissatisfied with the speed with which repairs were carried out. More are satisfied with the speed of repairs under a manufacturer's warranty or carried out independently.

Lower proportions are satisfied and dissatisfied and a larger proportion could not give a rating for speed of replacement under the terms of an extended warranty. Care should be taken with the results among those having replacements under the manufacturer's guarantee as the base size is low.

CHART 3.4/5: SATISFACTION WITH SPEED OF REPAIR/REPLACEMENT
(Base: All with item breaking down in the last year)

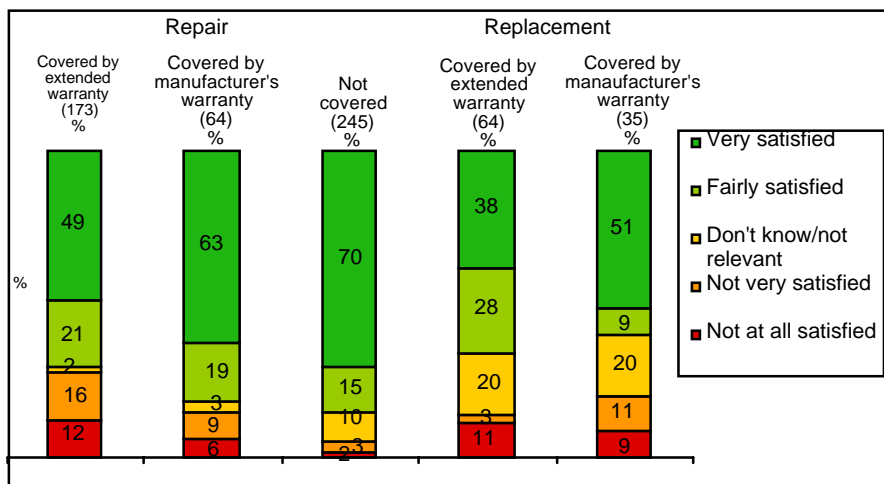
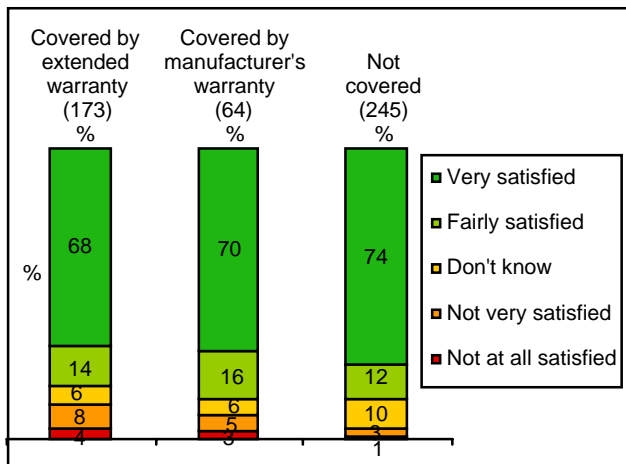


CHART 3.4/6: SATISFACTION WITH ACTUAL REPAIR
 (Base: All with items breaking down in the last year)



High proportions are satisfied with repairs carried out both under warranty and independently. 82 per cent of those having their appliance repaired under extended warranty and 86 per cent of those having it repaired under manufacturer's warranty or independently were satisfied with the actual repair.

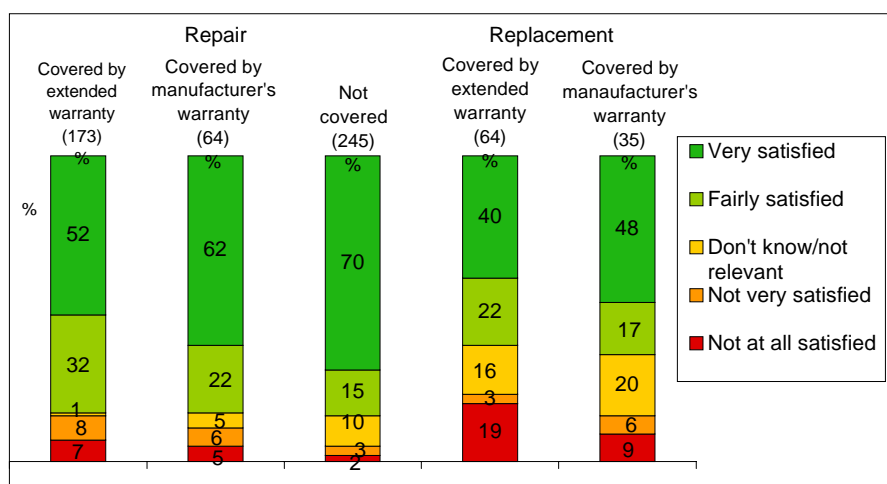
Overall, 84 per cent of those having an item repaired under an extended warranty are satisfied and 15 per cent dissatisfied with the service they received. With replacements under extended warranty, 62 per cent are satisfied and 22 per cent are dissatisfied. Reasons given for dissatisfaction with replacement under an extended warranty were:–

- needed more/better information/to be kept better informed of progress
- did not get what I wanted/work was not completed successfully/there were mistakes
- took appliance away before part was in stock
- they should have replaced it there and then
- they passed me from department to department
- late/deadlines not met
- should have offered a refund.

While general levels of satisfaction are similar for repairs under both types of warranty and those carried out independently, a higher proportion of consumers with the manufacturer's warranty are very satisfied (62 per cent) compared with those having repairs carried out under an extended warranty (52 per cent). An even higher proportion are very satisfied (70 per cent) if they had the repairs carried out themselves.

Similarly, a greater proportion are very satisfied with replacements under the manufacturer's warranty (48 per cent) than replacements under an extended warranty (40 per cent).

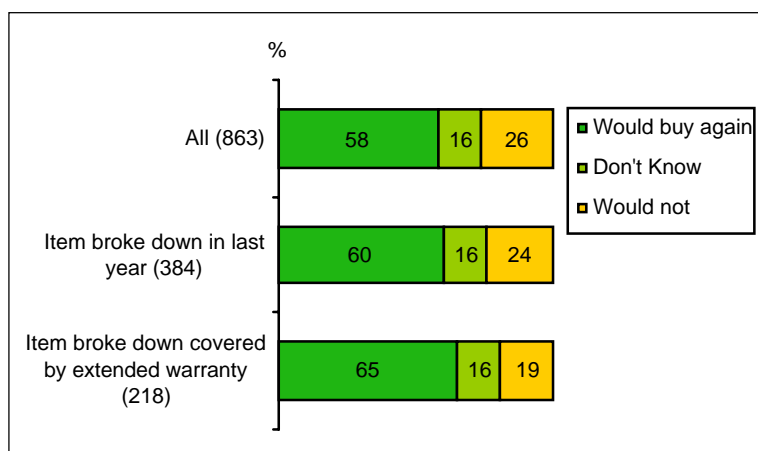
CHART 3.4/7: OVERALL SATISFACTION WITH REPAIR/REPLACEMENT
(Base: All with items breaking down in the last year)



All those buying an extended warranty on any item purchased since 1995 were asked whether they would buy one again in the future. The majority would buy one again (58 per cent) but a large minority (26 per cent) would not.

They are marginally more likely to buy one again if they had an appliance break down in the last year (60 per cent). If that appliance itself was covered by an extended warranty, then their likelihood of going for an extended warranty in the future rises to 65 per cent. However, 19 per cent of this group would not go for one again.

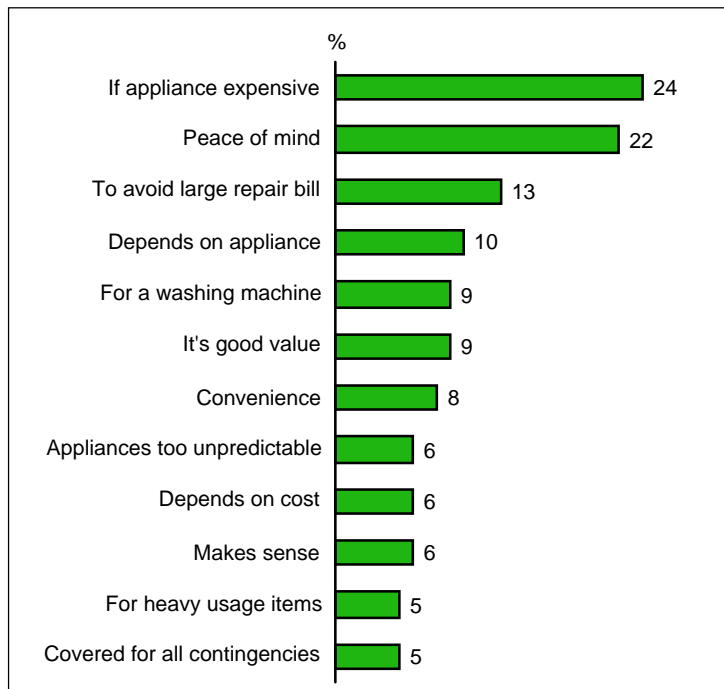
CHART 3.4/8: WOULD BUY AN EXTENDED WARRANTY AGAIN
 (Base: All buying extended warranty on any item bought since 1995)



Those willing to take out extended warranties again, reiterate the advantages, namely, they give peace of mind, they avoid large repair bills, are good for essential items, are good value, are convenient and they make sense.

CHART 3.4/9: REASONS FOR GOING FOR AN EXTENDED WARRANTY IN THE FUTURE

(Base: All buying extended warranty on any item bought since 1995 and would buy one in the future)



Almost half of those not willing to take out another extended warranty in the future were mainly deterred by the cost. Other reasons for not taking out an extended warranty are a feeling that appliances are more reliable nowadays, a preference for buying cheaper and replacing, and having someone who can do repairs cheaply or for free. 9 per cent felt that since they had never had cause to use one, then they could presumably do without. 7 per cent had been let down by an extended warranty. 7 per cent had been let down by an extended warranty.

CHART 3.4/10: REASONS FOR NOT GOING FOR AN EXTENDED WARRANTY IN THE FUTURE

(Base: All buying extended warranty on any item bought since 1995 and would not buy one in the future)

