The Impact of Three Warranty Policies FRW, LSW and FRW/LSW on Profitability of Pre-owned Laboratory Devices

Mahsa Soltani Neshan*; Ezzatollah Asgharizadeh**

*Industrial Management Department,
Tehran University,
Tehran, Iran.

**Associate Professor,
Industrial Management Department,
Tehran University,
Tehran, Iran.

Abstract

In these decades, the business of pre-owned products has increased recently. In today’s competitive market, the price and appropriate warranty policy could attract customers. The seller needs to provide more than one option to customers for having effective relationship with them. This paper aims to study the effects of three different policies such as FRW, LSW, and combination of policy FRW/LSW on profitability of pre-owned laboratory devices in one leading Company. Failure rate of 120 devices among of four years from 2009 to 2012 collected to estimate warranty costs. These costs along with other costs, such as administrative costs help us to estimate cost of each policy and understand how it effects on profitability. We use the existing model in literature to estimate warranty costs. This study provides a portfolio of costs and benefits for each device in variety of situations helping manager to attract customers consciously and have proper management on costs.

Keywords: pre-owned products, warranty policy, FRW, LSW.

References

Asgharzade, E. (2000). The introduction of policies and warranty models; new approach on engineering management and production. 13(61), 87-61


