

Maximizing, Choice Difficulty and the Purchase of Extended Warranty

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Abstract

Despite experts' advice, many consumers purchase extended warranty plans. This research examines the role of consumer maximizing tendencies in the decision to purchase an extended warranty plan. Maximizing refers to consumers' desire to select the best possible option, rather than settling for a good enough option, known as satisficing. We suggest that, compared with satisficers, maximizers, who tend to experience greater difficulty in making choices, are more likely to purchase extended warranties, because extended warranties guarantee they do not have to repeat the difficult choice for the duration of the plan. To test this hypothesis, we conducted four studies: one study in which we analyze real consumer choices, and three experimental studies. The results showed that compared with satisficers, maximizers are more likely to purchase extended warranties (Study 1), are willing to pay more for extended warranties (Studies 2 & 4), and tend to purchase longer-term warranty plans (Study 3). Additionally, we found that the subjective difficulty of choosing a product mediates the effect of maximizing tendency on warranty purchases in the predicted direction (Studies 3-4). These findings carry significant implications for both businesses and consumers, emphasizing the need to consider consumers' decision making processes when designing and promoting warranty plans.

Subject Areas: *Cognition, Consumer Behaviour, Decision-Making*

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