

# The consumer experience of door-to-door energy sales in Victoria

Findings from a CUAC survey



## Background

Based on results from a CUAC survey, this paper examines Victorian consumers' experiences of door-to-door energy sales in Victoria and outlines CUAC's policy positions on door-to-door sales.

In August 2011 CUAC conducted a survey on consumer energy market knowledge, understanding, experience and opinions, undertaken as part of research for the report *Improving Energy Market Competition Through Consumer Participation*. This paper presents the material from the survey and report that relates specifically to door-to-door sales.

## Survey methodology

CUAC's 12 minute survey comprised 33 closed-ended questions, nine of which dealt specifically with door-to-door energy sales. For some respondents, a further eight questions on switching decisions also related to door-to-door selling. In addition, the survey included one optional, open-ended question inviting respondents to comment on any energy issue. Around half of the total sample took the opportunity to comment and of these, a substantial 75 per cent made negative statements about door-to-door sales.

A commercial research provider was contracted to program and administer the survey online in August 2011. Respondents were drawn from the provider's panel, members of which had been recruited both on and offline and had had their identity confirmed. Age, gender and location quotas were used to ensure that the sample was broadly reflective of the Victorian population. The survey was pilot-tested with 52 respondents prior to full launch, with these responses included in the overall sample of 327.

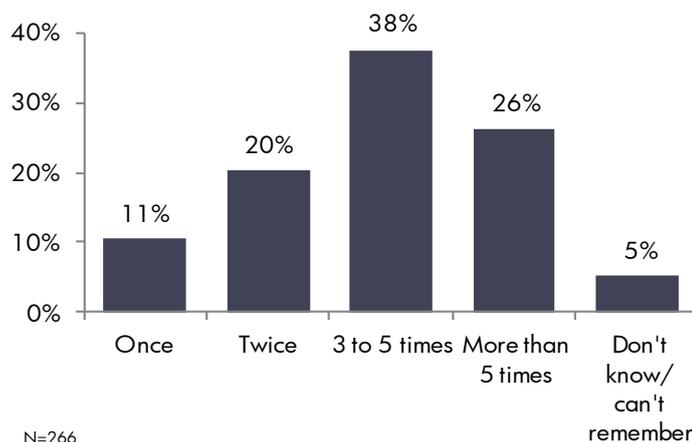
Full methodological information, including a copy of the survey instrument, can be found in Appendix A of the *Improving Energy Market Competition Through Consumer Participation* report, available on the CUAC website at [www.cuac.org.au/research](http://www.cuac.org.au/research)

## Occurrence

Of the 327 survey respondents, 81 per cent (266) had been approached by a door-to-door salesperson at least once over the previous two years.

**Figure 1** shows that of this group, the large majority—84 per cent—had been approached more than once. Just over a quarter reported having been approached by door-to-door energy salespersons on more than five separate occasions.

**Figure 1: Number of times approached by a door-to-door salesperson during previous two years**



## Switching activity and decision-making

**Table 1: Information & understanding in door-to-door sales switches**

Statement	% Agree/Strongly Agree
The salesperson gave me useful information about their offer	62%
The salesperson fully answered my questions about their offer	50%
The salesperson told me I could cancel the agreement during the 'cooling off' period	73%
I fully understood what I was agreeing to when I accepted the offer	50%

N=26

Forty per cent of respondents to CUAC's survey had switched energy company at least once during the previous two years. Of the switchers, the largest group—35 per cent—had made their most recent switch by accepting a door-to-door sales offer. A further 11 per cent accepted a telemarketing offer.

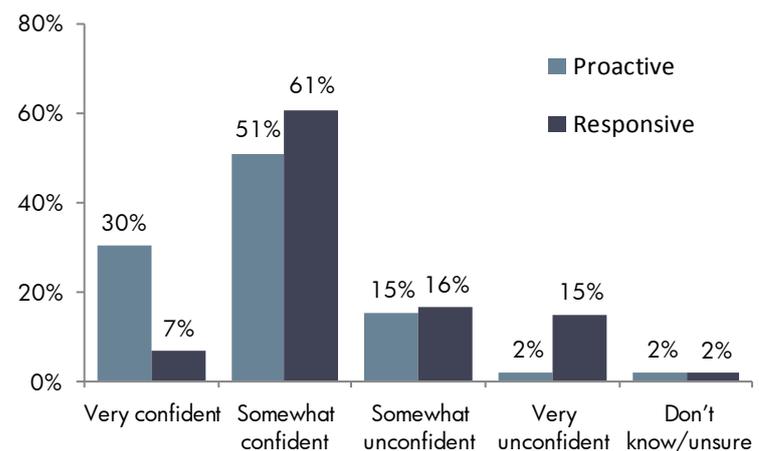
Respondents who had switched were asked to identify the type of offer information they used when making their most recent switching decision. Spoken information from a door-to-door salesperson was the most common source of switching information, used by 31 per cent of switchers, with an additional 8 per cent relying on printed information from a salesperson.

For those who had switched as a result of their last contact with a door-to-door salesperson, the survey sought further detail on the adequacy of the information used. **Table 1** paints a fairly positive picture with regard to information and understanding for those who accepted a door-to-door sales offer, with, for

example, 62 per cent agreeing that the salesperson provided useful information about the offer. These results should, however, be interpreted with caution as the number of respondents to these questions was small.

While a consumer survey cannot show whether consumers are materially better or worse off for having accepted a door-to-door sales offer, CUAC's survey did assess subjective consumer perceptions and satisfaction. **Figure 2** compares 'proactive' switchers who themselves sought out an offer to 'responsive' switchers, most of whom had accepted an offer from a door-to-door or telemarketing salesperson. Proactive switchers were more likely to be 'very confident' that they had chosen the best deal, and less likely to be 'very unconfident'. Nonetheless, a majority of both responsive and proactive switchers were 'somewhat confident' about having selected the best deal.

**Figure 2: Proactive and responsive switchers' confidence in having chosen the best deal for their circumstances**



N=115

Several respondents made comments about the difficulty of making a considered decision in the door-to-door sales environment, comparing it unfavourably to other approaches.

'I do not like door-to-door marketing because they tend to tell you all the positives but neglect to mention contracts and finer points. They can often be quite pushy and not keen to give you a chance to read the fine points before signing.'

'Generally I don't buy anything from door-to-door because they want you to sign up straight away and quite often you can't understand what they are saying so am not sure as to whether they are offering you a good deal or not. They will never leave you with any information about the offer so you can at least have a think about it [...].'

'I do not buy anything from door-to-door salesmen. My preferred method is to examine all the information and make a considered decision.'

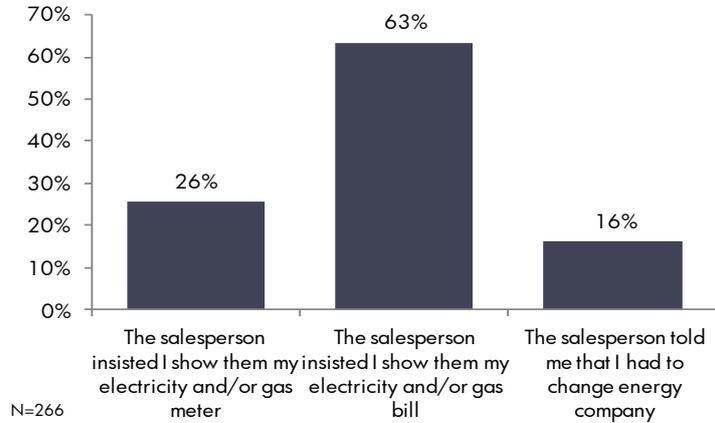
'[I] wouldn't talk to door-to-door, but would go to a shop front if I could see significant savings, or do it online.'

## Pressure sales

Respondents who reported having been approached by an energy door-to-door salesperson were asked to answer a number of questions about the most recent time that this occurred, including questions regarding pressure sales. Worryingly, nearly a quarter (24%) of those approached by a door-to-door salesperson said that they had failed to leave when asked, and nearly one third (29%) did not agree that the salesperson's behaviour had been respectful.

**Figure 3** shows the proportion of respondents reporting different pressure sales tactics during their last interaction with a door-to-door salesperson. Of most concern, a small but significant group of respondents—16 per cent—said that the salesperson had told them they 'had to change energy company.' A number of comments also described pressure sales and feelings of intimidation or harassment.

**Figure 3: Reported incidence of pressure sales tactics**



'Door-to-door salesmen are very annoying and persistent. I have had to tell them I'm not interested several times before they leave.'

'I don't like door-to-door salesmen when they won't take no for an answer. Being an elderly person it can be quite confronting.'

'[I] do not like door-to-door sales as [it's an] invasion of privacy, and [I] feel bullied and harassed even if salespeople are polite.'

'I have a "do not knock" label from fair trading on my premises and it does not stop them from annoying me.'

## Misleading and deceptive sales tactics

Based on previous case studies, qualitative research and anecdotal reports, CUAC identified a number of apparently common misleading and deceptive sales tactics. Survey respondents were asked whether any of these tactics had been used during their most recent interaction with an energy door-to-door salesperson.

**Figure 4** shows the proportion of question respondents reporting that these tactics were used, and indicates an unacceptably high incidence of misleading and deceptive conduct. In addition, in responding to the survey's open-ended question, some commenters noted that while a salesperson had not explicitly said something misleading, they had more subtly attempted to create a misleading impression.

**Figure 4: Reported incidence of common misleading sales tactics**

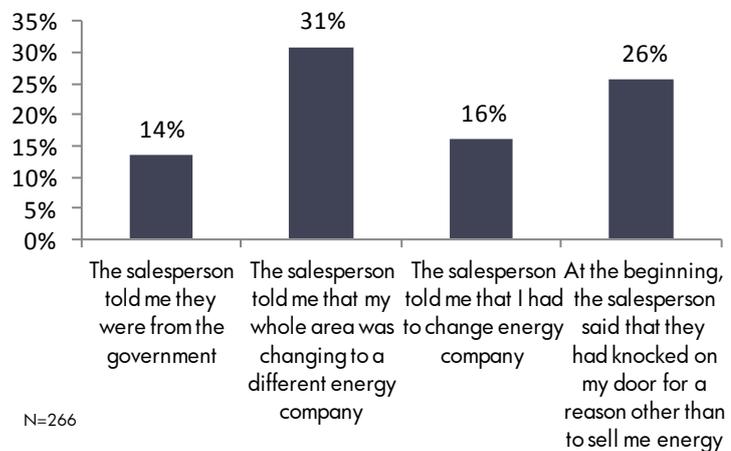


Figure 4 suggests that in around one in four occasions, energy door-to-door salespersons initially failed to accurately disclose the purpose for their visit. CUAC's survey also asked whether the salesperson identified the company they were representing, which is a requirement under the

*Code of Conduct for Marketing Retail Energy in Victoria.* While most respondents (71%) reported that the disclosure was made, a substantial minority (18%) said that the salesperson had failed to identify the company represented.

Some commenters described misleading behaviour, being 'tricked' into switching, or being switched without their consent.

'Door-to-door reps are very sneaky; he made it appear that he was sent because there was an error on the bill.'

'While door-to-door salesmen did not demand or insist they certainly tried to persuade me to show bills and implied that they were from government and that there was a general change in the area. Initially courteous but became surly and rude when rebuffed.'

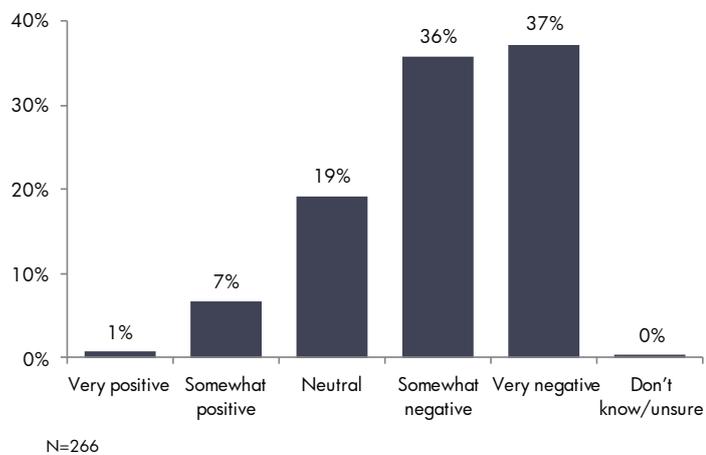
'Seems like a con. Salespeople who come to the door are deceitful and bullying.'

## Overall perceptions and opinions

Respondents who had been approached by a door-to-door salesperson at least once in the previous two years were asked to evaluate their overall experience.

**Figure 5** shows that only 8 per cent reported a 'positive' or 'very positive' experience. In stark contrast, 73 per cent described their experience as 'negative' or 'very negative'. One respondent was unsure and the remainder considered the experience 'neutral'.

**Figure 5: Overall evaluation of experience with energy door-to-door sales**



In their answers to the survey's open-ended question, respondents described general frustration with energy door-to-door sales people and sales practices. Some suggested specific rules, practices or training to improve the practice of door-to-door sales, while others called for outright prohibition.

'I am against door-to-door selling and believe that it should be banned.'

'I wish they would stop coming around when it is my dinner time. We are a hard working couple and one of us is a shift worker. I do not think they would enjoy it if I knocked on their door when they were having dinner.'

'Door-to-door marketers should wear proper ID advising who they are representing, and it should also display a photo.'

'I would prefer if when they come to the door, they state the reason for why they are there and ask if you would like to continue. If you say no, they leave.'

## Complaints

In order to develop a preliminary picture of the relationship between negative experiences of door-to-door selling and complaints levels, respondents were asked about whether they had made a complaint. Of the 266 who had experienced door-to-door selling, 22 (8%) said they had made a complaint, most often to the energy company itself. Fifty-three per cent (140) said they had not made a complaint, and 104 (39%) said that they had no reason to make a complaint. Those who had cause to complain but did not do so most often attributed this to thinking the complaint would make no difference (47%), not knowing who to make a complaint to (34%), the matter not being important enough (29%) and being too busy or not getting around to it (20%).

## Consumer information and education

Consumer information and education campaigns have an important role to play in ensuring that consumers are aware of their rights in relation to door-to-door sales. In February 2012, Consumer Affairs Victoria (CAV) in conjunction with a working group of government, industry and consumer advocacy bodies, launched an energy marketing campaign. The campaign focuses on educating consumers about their rights in relation to door-to-door selling. Information is being disseminated through regional, ethnic and social media channels and with face-to-face presentations at a range of community events in metropolitan and regional Victoria. Updated consumer information on energy and door-to-door sales (including information in community languages) is now available on the CAV website at: [www.consumer.vic.gov.au](http://www.consumer.vic.gov.au)

The Consumer Action Law Centre's Do Not Knock website also has a range of resources including 'Do Not Knock' stickers, consumer stories and information, and advice for community organisations and others on how to run community education sessions. The website is at: [www.donotknock.org.au/](http://www.donotknock.org.au/)

## Longer term policy directions

CUAC is also advocating for increased monitoring of door-to-door sales conduct, greater enforcement of existing consumer protection regulation and, potentially, longer-term policy change. Based in part on the survey findings, CUAC's report *Improving Energy Market Competition through Consumer Participation* discussed door-to-door selling policy and made three recommendations on the matter (p.99).

Two recommendations concern the Energy Assured scheme. In 2011, the Australian Competition and Consumer Commission granted authorisation for the establishment of Energy Assured, an industry-developed voluntary code on door-to-door selling. The scheme has received regulatory authorisation for a three year period, after which a review will be conducted. During the authorisation process, CUAC and other consumer groups expressed concerns about the design and development of Energy Assured. With the scheme now established, CUAC is advocating for the collection of baseline data so that the impact and effectiveness of the scheme can be evaluated.

At the same time, given the problems identified in the survey and elsewhere, the report also emphasised the importance of compliance and enforcement activity on the part of the Essential Services Commission and Australian Consumer Law regulators. Compliance audits, sanctions and other measures have the potential to improve both the consumer experience of door-to-door sales and the quality of decision-making in this environment.

Ultimately, CUAC argued in the report that a mature market with engaged consumers should not require door-to-door selling, particularly given the level of community concern about the practice. We suggested that the use of door-to-door selling should be re-evaluated at the end of Energy Assured's initial three year period.

### Recommendations

- That a baseline data set on consumer experience of door-to-door marketing is collected by the Australian Competition and Consumer Commission in order to assess the performance of the Energy Assured Scheme.
- That Australian Consumer Law regulators substantially increase their compliance and enforcement activities in relation to direct marketing.
- That, at the end of the three year Energy Assured scheme, the question of the future of door-to-door marketing should be revisited with a view to curtailing this invasive practice in favour of more consumer-driven sales approaches.

## Acknowledgements

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