



## New research shows cooling off doesn't work

Research Brief – November 2016

The Consumer Action Law Centre has released headline results from ground-breaking new research which shows that cooling off rights do not adequately protect people in consumer transactions, due to inherent behavioural biases. The research challenges the assumption that if someone does not 'cool off' then they are satisfied with their purchase. It also suggests that 'opt-in' requirements may be a far more effective measure to protect people from high-pressure, unsolicited sales.

Dr Paul Harrison, co-Director of Deakin University's Centre for Consumer and Employee Wellbeing, and professor of Marketing at Deakin Business School, was commissioned to undertake the research by Consumer Action.

### The results

The headline results revealed by Dr Harrison are taken from a behavioural experiment, designed to test consumer responses when presented with cooling off and opt-in alternatives. The statistically significant findings are that:

- 100 per cent of participants who were offered a 'cool-off' option (i.e. they were required to make active contact to change their mind) did not change their initial decision;
- 100 per cent of participants who were offered the 'opt in' option (i.e. they were required to make active contact to confirm their decision) also did not change their initial decision, even though doing so would've provided them with the same choice as the 'cooling off' group;
- 70 per cent of participants who were contacted and asked to 'opt in' to receive the same choice as the cooling-off group did not change from their initial choice.

### Analysis

The findings are explained by the behavioural concept of consumer "inertia". This means that those who make an initial decision are very unlikely to use their cooling off rights to change their mind. Similarly, people are highly unlikely to confirm an initial decision if they are required to opt-in to it at some later time. Even if they are prompted to do so, most people stick with an initial decision.

The research found that 30 per cent of people did change to the alternative offering when prompted, suggesting the alternative was "subjectively better". This means that, in effect, cooling off is unlikely to be utilised by most consumers, even when they know the option is available.

A copy of the headline results [can be found here](#). Dr Harrison's full report is due to be delivered later this month.

### For more information contact:

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