

# DOOR TO DOOR SALES: CONSUMER VIEWS



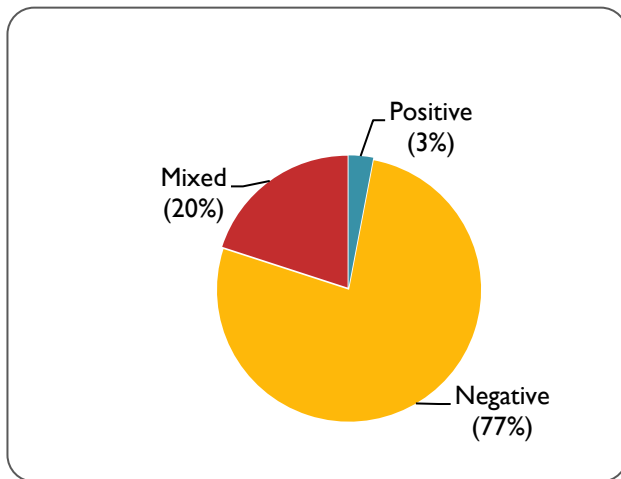
March 2012

## Key findings:

- 77% dislike door-to-door sales
- Only 3% have a generally positive opinion of door-to-door selling
- Consumers feel misled by in-home sales
- 56% of shoppers feel the greatest pressure to purchase when visited at home

## GENERAL VIEWS

- Seventy-seven per cent of respondents stated unequivocally that they disliked door to door selling
- Only a very small proportion of respondents - three per cent - categorically stated that they have a good general opinion of unsolicited door to door selling



Q: What is your general opinion of unsolicited door-to-door selling (i.e. a seller visiting your home without prior contact with you) (n=1014)

## EXPERIENCE WITH DOOR-TO-DOOR SALES

Sixty-nine per cent of respondents said they'd had a visit from a door to door salesperson in the past two years.

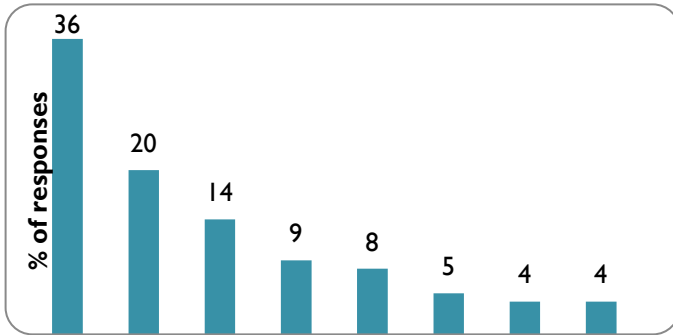
Respondents were given the opportunity to freely nominate who had visited them, and many mentioned multiple companies or industries:

- Utility suppliers were mentioned 493 times
- Telecommunications, internet service providers and pay television providers were the second most nominated kinds of services, with 224 mentions
- Home maintenance and improvement products also featured prominently. Roofing, guttering, tree lopping services, roller door shutter providers real estate, etc, were noted 122 times
- Fifty six respondents also indicated that they'd been visited by religious visitors and people seeking donations to a range of charitable organisations
- Fifty mentions were made of miscellaneous leisure good services, such as holidays, art, and food and beverage deliveries
- Personal and beauty products received 20 mentions
- Nine mentions were also made of financial products—primarily insurance

## HIGH PRESSURE SALES

Overwhelmingly, people feel most pressured to buy products and services when the offer is made in the home.

- Thirty six per cent of respondents told us they'd feel the most pressure if someone visited them having made an appointment
- Twenty per cent of respondents indicated that an unsolicited door to door sales person would exert the most pressure on them

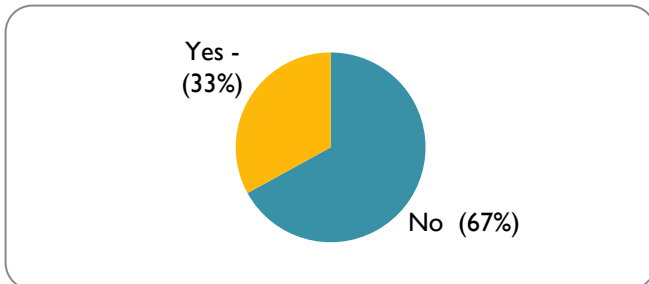


Q: In which of the following scenarios would you feel the most pressure to buy a product or service ?(n=1014)

- 1- Pre-arranged appointment at my home (36%)
- 2- Unsolicited door-to-door sale (20%)
- 3- 'Today only' offer at shop counter (14%)
- 4- Over the telephone sale (9%)
- 5- Being asked to sign up for something in the street/shopping centre (8%)
- 6- Online when I want to make a quick purchase as I'm busy (5%)
- 7- When salesperson approaches in a shop (4%)
- 8- Limited time offer sent by letter (4%)

## REGRETTING A PURCHASE

A third of respondents told us they'd bought something via a door-to-door sale and later thought it was a bad deal.



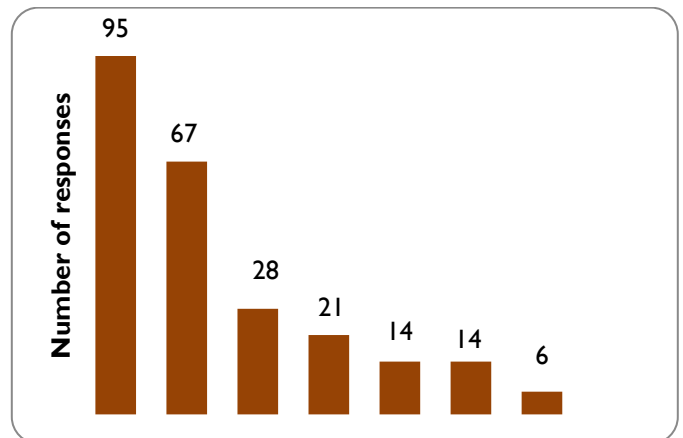
Q3. Have you ever purchased an item through door-to-door sales and then thought it was a bad deal? (n=1014)

Of those who thought it was a bad deal:

- the most common reason cited was pressure to sign up on the spot, which was later regretted (95 people)
- Sixty seven of those who thought it was a bad deal found there was a cheaper option elsewhere
- Fourteen people signed up simply to make the salesperson leave

Many noted that the promise at the point of sale was the new service would be cheaper, only to find that this was not actually the case.

The survey did not ask whether people had made a purchase at the door; it only asked whether they had made a purchase and *regretted* it. It is likely that the 'no' response is comprised of both people who have not purchased door to door at all, and those who purchased and did not think it was a bad deal. Unfortunately it is not possible to say how many people fall into each group.



Q: Why did you decide your purchase was a bad deal? (n 288 - multiple responses allowed)

- 1 - Felt pressure to purchase (95)
- 2 - Found cheaper option elsewhere (67)
- 3 - Didn't need product/service (28)
- 4 - Other (21)
- 5 - Only agreed so salesperson would leave (14)
- 6 - Others in household objected (14)
- 7 - Don't know (6)

The vast majority of comments on their door-to-door sales experience pertained to energy and telecommunications providers. Claims made at the door appear to be misleading consumers, particularly around purported savings:

"Foxtel. Felt misled by what was on offer in the package we chose"

*"Electricity, pushed me to sign up there and then, later found it wasn't the best deal available"*

*"Electricity companies claiming to be cheaper but ended up being more expensive"*

*"Changing phone to Telstra from Optus. Was told several lies by the salesman which were not obvious till the first bill came...then too late to cancel"*

*"By switching to TRUenergy we were promised lower tariffs and 11% discounts. BUT the discount is only given after 12 months, and by then the tariff has been increased anyway"*

*"AAPT home phone. After 7 weeks and 32 noted phone calls, I wrote detailing the calls and cancelled the contract as the phone was not connected, despite 32 promises"*

*"A set of educational books for my son but realised they were too expensive for what you were getting, and some of the information would be out of date before they were paid for"*

*"I signed up to upgrade my internet, filled out loads of forms, then found out that the deal was false and the seller was just trying to get the extra commission"*

*"Telephone—deal worse than current supplier when read fine print. Electricity—deal explained did not match PDS and agreement"*

*"Telecommunications package. Hidden extras!"*

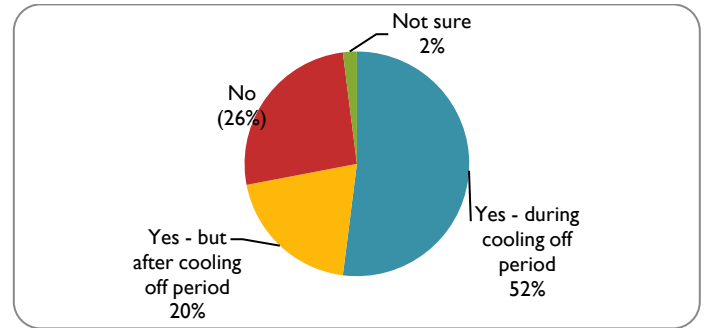
*"The guy claimed it was the cheapest but when we checked ourselves there were several companies cheaper"*

## CANCELLING AN AGREEMENT

Of those people who had bought something and subsequently thought it was a bad deal:

- Over half - 52% - told us they tried to cancel the contract or sale in the cooling off period
- An additional 20% tried to cancel, but only after the cooling off period had expired
- Twenty percent didn't try and cancel
- the remaining 2% were unsure

The framing of this question means that the results don't tell us what proportion of the 72% of attempts to cancel were ultimately successful.

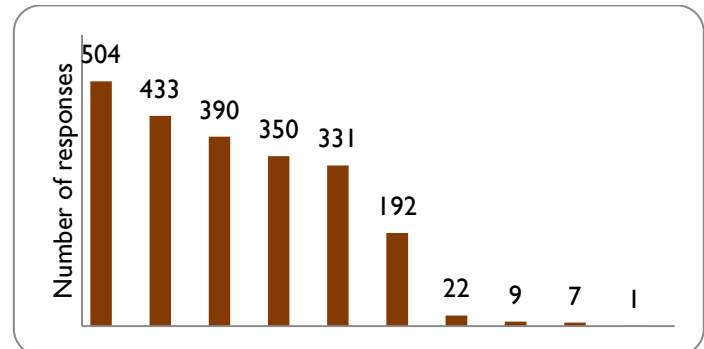


Q: If you thought your purchase was a bad deal, did you try to cancel the agreement? (n=288)

## RESEARCH HABITS

When asked their preferred way to research goods and services they might wish to buy:

- The most common response was visiting online price comparison sites (504 responses)
- Visiting shops remains popular, with 433 responses
- Seeking guidance from family, friends or colleagues; looking at internet and trade magazines; and checking individual company websites also had well over 300 nominations each
- Only seven people of the 1014 surveyed preferred to wait for a seller to contact them, for example via telemarketing or door-to-door selling



When looking to buy or sign up for a new product/service, how do you normally look for and consider the various options available? (n= 1014 - multiple responses allowed)

- 1— Online comparison sites (504)
- 2— Visit shops (433)
- 3— Individual company websites (390)
- 4— Internet/trade magazine (350)
- 5— Recommendations from family/friends (331)
- 6— Independent sources eg Choice (192)
- 7— Another way (22)
- 8— Don't know (9)

9— Wait for offers eg telemarketing or door to door sales (7)

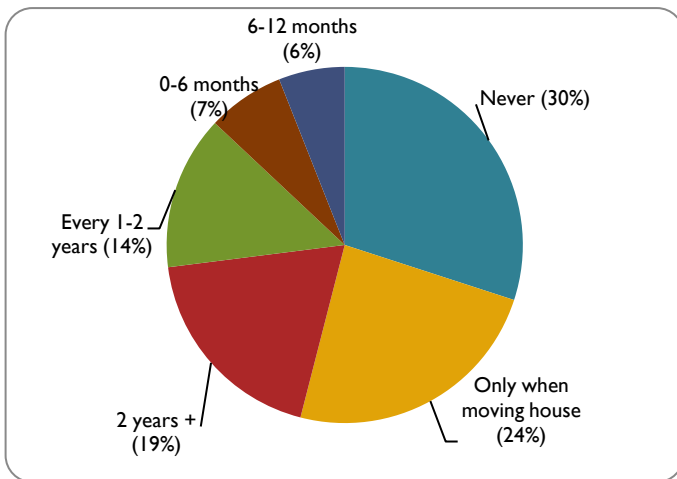
10— Other (1)

## ENERGY SALES & SWITCHING

Eighty per cent of people in areas where there is a contestable energy market said they'd been visited by a door-to-door energy salesperson.

Of the people who lived in states with a choice of energy retail provider:

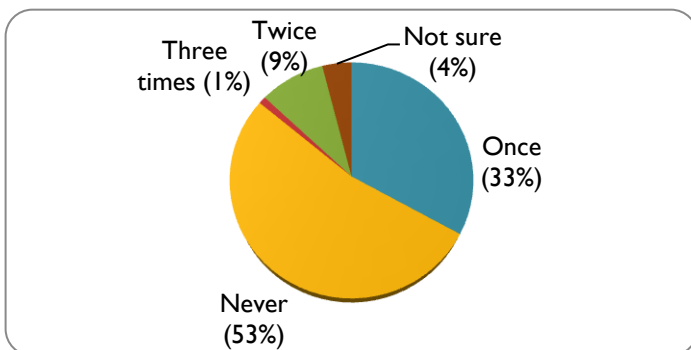
- Thirty per cent indicated they never consider changing their energy providers
- Twenty four per cent of respondents stated they only considered changing when they moved house.



Q: How often do you consider changing your energy provider? (n=901)

Respondents were asked whether they had *actually* made a switch in the past two years and found:

- Fifty three per cent hadn't changed provider
- Thirty three had changed once



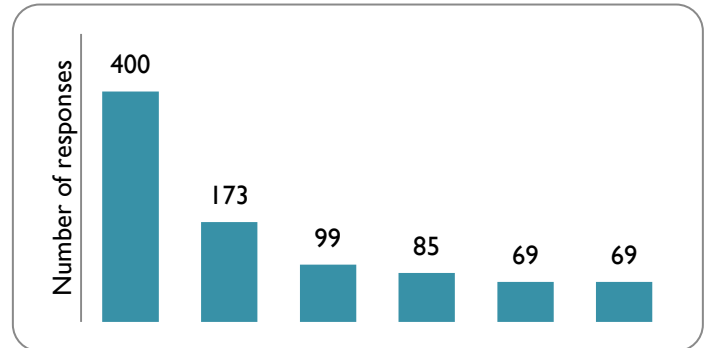
Q: How many times have you actually changed provider? (n=901)

Those who had switched said it was because they:

- received a high energy bill (400 responses) or
- moved house (173 responses)

Door-to-door selling was not a popular prompt for changing providers, with only 13% of respondents (85 individuals) nominating this as a factor in their consideration process.

Q: When you do consider changing your energy provider, what has prompted you? (n= 634 multiple responses allowed)



1— High energy bill (400)

2— Moving house (173)

3— Friends/family discussing it (99)

4— Door to door sales person (85)

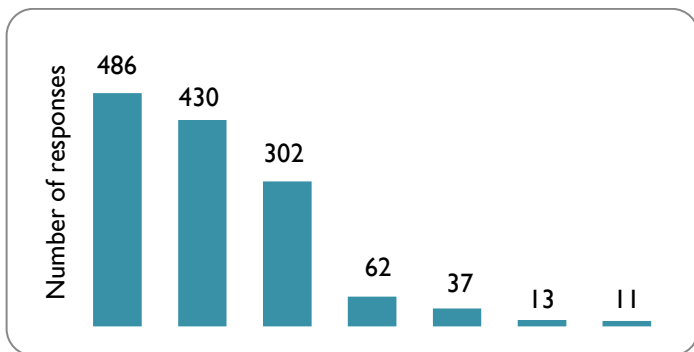
5— Advertising (69)

6— General media (69)

## WHAT CONSUMERS WANT FROM ENERGY COMPANIES

When asked how they would prefer to receive information or advice from an energy company:

- less than one percent or only 13 respondents said they prefer to receive unsolicited door-to-door sales approaches
- consumers prefer to get information in writing, and at a time that suits them, with 'letter/leaflet/bill insert' and 'only when I ask for it' garnering strong responses



Q: How would you prefer to receive information or advice from an energy company? (n=1014, multiple responses allowed)

- 1— In a letter/leaflet/bill insert (486)
- 2— Only when I ask for it (430)
- 3— Online/by email (302)
- 4— By appointment (62)
- 5— By telephone (37)
- 6— Unsolicited door to door sale (13)
- 7— Another way (11)

## ABOUT THIS RESEARCH

In January 2012, the Consumer Action Law Centre engaged Research Now to undertake a poll of consumer views on door to door selling. 1014 adults told us their views in a mix of closed and open questions. The sample was broadly representative of the Australian adult population in terms of age, gender and location. A sample of this size gives a 95% confidence interval of no more than  $\pm 3.2\%$ . Please contact us if you have further questions regarding the data.

The survey specifically looked at views and experiences with energy door-to-door marketing. We looked at how common it is, and what impact it has on people's interest in changing their energy provider.

The Northern Territory, Tasmania and Western Australia do not have contestable energy markets; that is, there is a monopoly energy provider and competition, where it exists, is in its infancy. We note where we have excluded results for these states where the question is premised on having a contestable market.

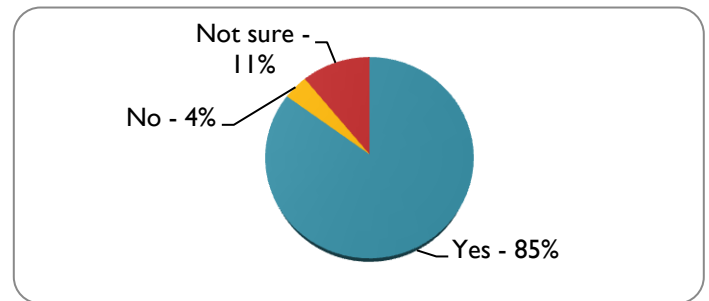
Further information:

**Consumer Action Law Centre**

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## DO NOT KNOCK REGISTER

Eight five per cent of respondents supported the concept of a Do Not Knock register.



Q: Would you support a Do Not Knock register that stopped unsolicited salespeople coming to your door? (n=1014)

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