

**Shutting the Gates**  
**An analysis of the psychology of in-home sales**  
**of educational software**

*A joint research project by Deakin University  
and Consumer Action Law Centre  
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Consumer Action is an independent, not-for-profit, campaign-focused casework and policy organisation. Consumer Action provides free legal advice and representation to vulnerable and disadvantaged consumers across Victoria, and is the largest specialist consumer legal practice in Australia. Consumer Action is also a nationally-recognised and influential policy and research body, pursuing a law reform agenda across a range of important consumer issues at a governmental level, in the media, and in the community directly.

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## **Executive Summary and Recommendations**

Consumer groups and policy makers have concerns about the high pressure selling techniques used in some in-home sales (IHS). Products sold in this way include home security systems, encyclopaedias and vacuum cleaners. Recently the most common product sold using this strategy is educational software. Consumer Action Law Centre and Consumer Affairs Victoria<sup>1</sup> have both received significant numbers of complaints related to the sale of these computer programs. The high pressure selling of these products is of great concern given the software packages are very expensive, are often sold with high-interest credit financing and contribute to Australia's rising level of consumer debt. Despite these concerns, little is known about the processes used during IHS and their effect on consumer decision-making.

The in-home selling (IHS) process as explored in this report is somewhat different from door-to-door selling, where the salesperson visits various homes uninvited, without any prior contact with the residents. Problems arise from door-to-door selling, particularly in relation to energy contracts, but these issues are not considered in this report.<sup>2</sup> IHS differs in that a consumer makes an appointment, and therefore a practical and psychological commitment, for a salesperson to visit their home. The invitation is most often orchestrated by the seller of the product, for example through a competition entry or by soliciting names at a shopping centre or home-show. The consumer "invites" the salesperson into their home environment to provide what many consumers believe to be an educational assessment. The salesperson then undertakes an extended and highly contrived sales process to convince the consumer of the need for the educational software. During this sales process, a number of key psychological and social processes are activated or employed to increase the likelihood that certain consumers will sign up to contracts for educational software (often with related finance) that can result in financial stress.

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<sup>1</sup> See "Parents Warned About Aggressive Sales Techniques", Media Release, Consumer Affairs Victoria, February 2008

<sup>2</sup> See 2007, "Coercion and harassment at the door: Consumer experiences with energy direct marketers", Financial and Consumer Rights Council and Consumer Action Law Centre.

Our research found that the key factors influencing consumers during the IHS process are *consistency*, *trust*, *scarcity*, *reciprocity*, and the activation of *anxiety*. These variables are influential because they facilitate (or advance) the likelihood of automatic behaviour, or behaviour that requires little cognitive effort and rational thought.

In the context of IHS, the desire for **consistency** presents as being a distinguishing explanatory factor from other forms of personal selling. Consistency is a motivator for an individual's need to be and appear consistent with commitments they have made. So, in the context of IHS, a number of incremental steps are executed to increase the likelihood of the consistency principle being activated. For example, the act of inviting a person to their home, and allowing them to undertake a demonstration while the family is present, is likely to activate both the consistency and commitment heuristic. These "shortcuts" are based on the human desire to be and appear to be consistent with our words, beliefs, attitudes and deeds. By inviting the salesperson into the home, and introducing them to their family, the consumer signals to themselves and their family that this is a person whom they trust, and are willing to allow into their most private sphere.

Our research found that salespeople utilised **trust** to enhance compliance and the probability that a person will have a positive attitude towards the salesperson, be satisfied and purchase the product. During the time spent at the consumer's home, the salesperson uses and reinforces a range of direct and indirect cues, such as the brand name of the company, empathy with the consumer's concerns, and statistics and data to establish a trust relationship. Salespeople also used techniques such as disclosing their personal details, and taking the customer into their confidence, for example, talking about their own child's school difficulties, and subsequent success with the program. When people share personal information with others, they are essentially communicating to others that they trust them with something that is important to them. In return, the receiver of the information is more likely to trust the communicator, and will feel obligated to reciprocate that trust.

The activation of **scarcity** leads to the perception that a product is valuable. Individuals are motivated to avoid any regret they may experience if they do not

purchase the product. Former salespeople revealed that they were trained to emphasise to potential customers that they would only be “visiting a few families in the area” and that they had a limit to the number of software packages that they could sell in a particular location. This scarcity was enhanced by the requirement of consumers to “sign on the night” otherwise the offer provided by the salesperson would no longer be available.

Our research found that IHS salespeople attempt to **manipulate parents’ emotions** by stimulating their concern and anxiety regarding their children’s education, and their future employment prospects. Further, parents’ concern about their ability to help their children enhances the effectiveness of this approach. The technique of activating guilt among parents was also found to be an important element of the success of the sales process.

The full research report provides a summary of our research and findings conducted in relation to the psychological underpinnings contained within the IHS context. This research was conducted by Deakin University, in association with Consumer Action Law Centre, with a research grant provided by the Consumer Credit Fund, on approval of the Victorian Minister for Consumer Affairs. The purpose of the research was to explore the influence of psychological and context factors in consumers’ decision making when choosing to purchase goods and services (and associated credit) from an in-home seller, focusing on in-home sellers of educational software.

## ***Recommendations***

### **For education providers:**

1. Government education departments, and schools, should recognise the selling pressures that can be applied to parents, and play a much greater role in informing school communities about the risks.
2. Government education departments, and schools, should adopt firm policies about any form of promotion of educational products – particularly where they are not completely aware of the selling techniques.

### **For Government:**

3. The Australian Consumer Law should provide protections for all consumers who enter into contracts in their own home – including where the visit is solicited by the consumer - to at least the same level of protections currently provided by Victorian Law<sup>3</sup>. In particular, the obligation for a salesperson to obtain written permission to stay beyond one hour (and thereafter each additional half hour) should be retained, and should be actively enforced by regulators.
4. Alternatively, if recommendation 3 is not accepted the Australian Consumer Law should widen the definition of “unsolicited selling” to include circumstances where:
  - A consumer is contacted as a result of providing her name or contact details for a primary purpose other than entering into negotiations (for example in relation to entering into a competition);
  - Any invitation by the consumer is not an “informed” invitation, in that the consumer does not understand the purpose of the visit or the types of goods or services being offered; or
  - The consumer is not contacted within a reasonable period after making an enquiry about the products or services.
5. Further, we recommend that reliance on the traditional policy tool of the cooling-off period be reviewed. While a useful protection for some consumers, cooling-off periods are under-utilised, as they require cognitive effort for the consumer to initiate the withdrawal, resulting in a rejection of previous choices, and high ego costs. The Australian Consumer Law should

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<sup>3</sup> For example, the Victorian law currently provides for a 10 day cooling off period and requires the salesperson to seek written permission to stay in the home beyond an hour - and for each additional half hour.

provide for an “opt in” process for in-home sales, whereby after a consumer has signed a sales agreement in their home, it does not take effect until the consumer then “opt-into” (confirms) the agreement sometime between 12 – 48 hours after first signing the agreement, by contacting the company, and confirming that they wish to continue to sale. If the consumer does not opt-in the contract lapses. The seller would be unable to contact the consumer during the opt-in period.

6. Consideration should be given to the introduction of an unfair trading prohibition, similar to that in the EU and UK, whereby consumers and regulators can challenge particular trading conduct based on a combination of factors that contribute to making the conduct unfair.

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## **1. In-home sales: the impact on consumers**

Consumer Action Law Centre and its predecessor organisations<sup>4</sup> have provided free legal advice and assistance to Victorian consumers for over 25 years.

Over that time, the centre has seen a steady stream of consumers who have committed themselves to expensive contracts, usually with related finance, for a product or service that we often felt they may not have purchased had it not been for the particular format and style of the sales presentation, and the fact that the presentation took place in the consumer's home. Many of these people presented to our service due to the financial stress being caused by the related credit agreement.

In-home selling (IHS), where a contract is entered into while a salesperson is in a consumer's home, can be divided into two categories – each with its particular problems for consumers. “Door-to-door selling involves a salesperson calling at the consumer's home without any prior contact with the consumer. This is currently a particular problem in relation to the marketing of energy contracts.”<sup>5</sup>

However different problems have arisen from certain IHS where there has been some form of “invitation” for the salesperson to visit. Currently it is these contracts, rather than traditional “door-to-door” sales, that tend to result in higher financial losses for consumers.

The types of IHS that have resulted in the most complaints tend to involve:

- An "invitation" from the consumer, often elicited from a telephone call, competition form, shopping centre stall, "home show", or advertisement offering a free quote or demonstration;
- A sales presentation lasting at least an hour - sometimes many hours, often requiring that all adult family members are home;

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<sup>4</sup> Consumer Action Law Centre resulted from the merger of Consumer Credit Legal Service and Consumer Law Centre Victoria in 2006.

<sup>5</sup> 2007, “Coercion and harassment at the door: Consumer experiences with energy direct marketers”, Financial and Consumer Rights Council and Consumer Action Law Centre.

- Failure - or refusal - to mention the total price of the goods/services until the end of a presentation;
- Complex explanations and comparisons to justify the cost of the goods/services;
- The services sold may be long term - for example "lifetime memberships" or educational software covering all primary and secondary schooling. This can significantly increase the cost, but enable representations of low weekly or monthly cost;
- Arrangements made for credit if consumer unable to pay the price; and
- Subtle high pressure techniques which appear to "draw consumers in", often leading to decisions to purchase that appear irrational.

Despite the fact that the goods and services being sold often differed significantly, discussions with consumers seeking assistance seemed to indicate very similar selling techniques. Goods and services sold in this way over the last 20 years have included:

- Home security alarms
- House cladding
- Vacuum Cleaners
- Encyclopaedias
- Video recorder/library membership packages
- Food freezer scheme (involving food and freezer purchase and membership)
- Water coolers
- Mortgage Reduction Programs; and
- Educational software.

Consumer legal services and community based financial counsellors are often contacted by consumers who have signed these contracts and want to be released. While it may be argued that these consumers have simply made a bad decision, lawyers and financial counsellors who have provided assistance often felt that the selling techniques had a considerable impact on some consumers who find it difficult to say "no".

We wanted to investigate the types of techniques that were used, and to identify why they appear to have such an impact on some consumers, to help inform our work with individual consumers and to identify what laws might be most appropriate to protect the consumers.

Although there are many products sold in this way, this study has been undertaken in relation to IHS of educational software. This is because in recent years, this is the product most likely to be sold in this way. However, we expect that many of the outcomes of this project will inform policy in relation to IHS techniques when used to sell other products and services.

The same combination of features that cause concern in relation to other IHS arise in relation to the IHS of mathematics software. In the cases we have seen, most, frequency of the following features are present:

- The sales took place in the consumer's home after an initial (usually coerced) invitation by the consumer;
- The cost of the software ranged between \$4,000 and \$8000;
- The cost is not disclosed until the end of the sales presentation;
- Credit was often arranged by the salesperson; and
- Interviews with our clients suggested that emotionally manipulative selling techniques were applied to heighten anxiety about their children's education.

The following is a list of just some of the mathematics software products, or businesses selling the products, where the above features have been identified in our casework:

- Australian Institute of Mathematics
- Mathemagic Computer Tutor
- Maths and Learning Excellence
- CAMI
- Australian Education Company
- Kinetic Education

- Victorian Institute of Education

## **1.1 Consumer Protection Laws Relating to In-Home Sales**

It is broadly recognised that risks can increase for consumers based on the nature of a product or service, and the way it is sold. For example, there is a 14 day ‘cooling off’ period for certain financial products<sup>6</sup> and a financial services licensee cannot sell a financial product to a consumer as a result of an unsolicited meeting.<sup>7</sup>

The various state laws in Australia provide some protections for consumers who sign up to a contract in their home, such as if the visit was “unsolicited” - that is, where the consumer did not invite the trader to her home.<sup>8</sup> Protections usually provide for a cooling-off period, in which the consumer can cancel the agreement. Other protections may include a requirement to disclose particular information in the contract.

The Victorian legislation contains a number of requirements relating to contracts entered into in the home including:

- A ten day ‘cooling off’ period, during which time the contract can be cancelled<sup>9</sup>, and
- A prohibition on the salesperson staying in the home for more than one hour, unless written consent is obtained from the consumer for each additional half hour<sup>10</sup>.

The most important difference between the Victorian law and the law in other states is that it applies to all contracts signed in the home, whether the consumer has invited the salesperson to call or not.<sup>11</sup>

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<sup>6</sup> Sections 1019A and B Corporations Act

<sup>7</sup> Sections 1019A and B Corporations Act, Section 992A Corporations Act

<sup>8</sup> For example, See FAIR TRADING ACT (NSW) 1987 - SECT 40B

<sup>9</sup> Fair Trading Act (Vic) 1999, S.63

<sup>10</sup> Fair Trading Act (Vic) 1999 – S. 62

### **The proposed National Consumer Law**

All Australian Governments have recently agreed to a new consumer policy framework, comprising a single national consumer law and streamlined enforcement arrangements. While State Governments will retain enforcement powers, all states will adopt the same national law.

The options being considered<sup>12</sup> do not include adoption of the Victorian approach, where protections (such as a cooling-off period) are provided whether or not the sales visit is solicited.

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<sup>11</sup> Fair Trading Act (Vic) 1999 - SECT 60

<sup>12</sup> The Australian Consumer Law Consultation on draft Regulation Impact Statements, Commonwealth Treasury, November 2009

## **2. Background: What are in home sales, how do they work, and why do they matter?**

### **2.1 *The growth of in home sales***

In December 2008, Victoria's Consumer Action Law Centre instituted legal proceedings against two separate companies, alleging high pressure selling of maths software to two of their clients. Far from being an aberration, these cases were indicative of a continuing and emergent problem. Catriona Lowe, joint chief executive of Consumer Action Law Centre, observed that "these computer programs are No. 1 on our list of complaints by consumers about a particular product" (Innis 2007). Richard Brading, Principal Solicitor of Wesley Community Legal Service, named the practice of selling credit in homes for education software as "the door-to-door sales product of the decade" (Brading 2007).

Sydney's Consumer Credit Legal Centre provided a factsheet in 2008 "detailing the financial pitfalls and concerns around companies that provide educational software" (<http://www.clcv.net.au/reports.html>). Agnes Chong, a solicitor at the Consumer Credit Legal Centre, described the sales practices of these in-home education software providers as high-pressure (Innis 2007). Consumer Affairs Victoria is also cited as receiving a number of complaints about Maths and Learning Excellence, and Mathemagic Computer Tutor (Innis 2007).

The packages sold by these companies range from approximately \$5000 to \$8000. The packages include software with varying educational support extras, such as telephone or email tutoring assistance. These packages are sold with high-interest credit financing, for those who cannot afford the package upfront, with rates that vary between 19 per cent and 24 per cent (Brading 2007).

Various issues have been raised in media, reports, and proceedings, about the effectiveness of current laws that apply to in-home sales, and the ease with which in-home salespeople can avoid them (Consumer Action Law Centre 2008; Consumer Credit Legal Centre 2008; Brading 2007; Innis 2007). These issues of avoiding legal requirements are being explored by governmental and legal groups and are not the focus of this study.

Although no academic studies on the differences between IHS and in-store selling have been conducted to our knowledge, there are other studies that illustrate that selling context does matter. A study comparing traditional store buying with computer mediated buying found that women reported more psychological and emotional involvement during traditional buying than concern with good value or efficiency (Dittmar, Long and Meek, 2004). Music tempo can significantly affect in-store traffic flow and sales volume, sometimes without consumer awareness (Milliman, 1982). A review of atmospheric effects on shopping behaviour found that several variables influence shopping behaviour including odour, light, colour, shelf space, perceived crowding, and social cues of employees (Turley and Milliman, 2000).

These studies support the contention that selling context makes a difference to the nature and the psychology of a transaction. This means that the consumers' decision making is impacted upon by factors that are not necessarily conscious and may be deleterious to the consumer's judgment. It is therefore plausible that similar differences would be found when comparing IHS to traditional store selling. Various psychological processes may be occurring during the IHS consumer decision-making process than in the traditional transactional setting. The context of the selling environment, and the antecedents to the sales process (e.g., inviting a person for an educational assessment), are likely to influence the processes by which an individual makes a decision.

These processes, as well as heightened anxiety and perceptions of self-efficacy, i.e., a person's view of their capacity to reach a particular goal or to help others to reach a goal, are likely to enhance the psychological costs on the consumer and their decision-making ability. Stepping through the typical IHS process will allow the role of social persuasion techniques, consistency, and their increased impact compared to store selling, to become apparent.

## **2.2 *In home sales process: The commitment of the act of invitation***

The IHS of educational software programs often relies on soliciting an invitation to a consumers' house, usually through public places such as shopping centres (Consumer

Action Law Centre, 2007a) or through the completion of a form at a relatively low-involvement context, such as a take-away food store (see figure 1). This differs starkly from entering the consumer setting of a store to carry out a transaction and might be seen as the first public commitment of the IHS consumer.

**Figure 1: Entry form at take-away food store**



**(Photograph taken at McDonalds, Heidelberg, August 2008)**

Extreme examples of this form of solicitation do not even reveal that the promotion is related to an educational program. These conceal the true intent of the promotion through a connection with a particular well-know brand or product. In figure 2, taken in a fish and chip shop in Thornbury, the marketing material provides no suggestion

of the link between the competition and the “CAMI Distribution Network” (one of the software companies investigated in this report).

**Figure 2: Entry form at fish and chip shop, Thornbury**




**Photograph taken in Thornbury, 25 November, 2009**


Indeed, the entry form provides no indication of the potential contact from the sales company on the side that most consumers will complete, although there are strong connections made to the Nintendo brand, as well as a perceived form of endorsement from a non-profit brand that helps children with cancer, Canteen. The only indication of a connection beyond the competition is a small reference next to the Canteen logo that mentions the CAMI distribution network, an acronym and brand that most

consumers would not be aware of (see figure 3). These alignments to two trustworthy brands are likely to facilitate the consumer's trust in the overall offer (Chaiken, 1984).

**Figure 3: Entry Form**

**FREE ENTRY** 

Enter here to **WIN** a Nintendo DS Lite™ with  
Dr Kawashima's Brain Training™ and Big Brain Academy™

 The Australian CAMI distribution network  
is a proud supporter of CanTeen - The Australian  
organisation for young people living with cancer.

To go into the draw to win 1 of 5 Nintendo DS Lites™ with  
Dr Kawashima's Brain Training™ and Big Brain Academy™  
and to give your child/children an incredible advantage at  
school please complete the details below.

Do you have children at school: YES ☐ NO ☐

**How are your children performing at SCHOOL?**

Age/s of child/ children	Year/ grade at school	Top of the class	OK	Could be better

Please tick one of the following: Mr. ☐ Ms. ☐ Mrs. ☐

Full name: \_\_\_\_\_

Address: \_\_\_\_\_

Suburb: \_\_\_\_\_ Pcode: \_\_\_\_\_

Contact numbers: Home \_\_\_\_\_

Mobile: \_\_\_\_\_

Occupation: \_\_\_\_\_

Married ☐ Single ☐ De-facto ☐

Age group: under 18 ☐ 18-30 ☐ 31-45 ☐ 45+ ☐

Nintendo DS Lite, Brain Training and Big Brain Academy are  
all registered trademarks of the Nintendo Corporation

The flip side of the form (figure 4) is text-dense, which would reduce the likelihood that consumers will read the detail of the offer (Harrison and Massi 2008). The first mention that consumer might be participating in, and providing personal information for, something more than a competition is at point 10 (line 23 of 44, and 29 words into that sentence), where it states that consumers may be contacted by an organisation called In Home Learning Pty Ltd.

**Figure 4: Conditions of Entry**

**Conditions of Entry:** 1. Entry is free at any place where the Win 1 of 5 Nintendo DS Lites™ with Dr Kawashima's Brain Training™ and Big Brain Academy™ Competition is being promoted. 2. Entry is restricted to one entry per household and participants must be over the age of 18. 3. Five prizes will be awarded at the end of the competition period. 4. The promoter is In Home Learning Pty Ltd, ABN14703656052 Ground Floor, 222 St Kilda Road, St Kilda, Victoria, 3182. 5. The competition period is from the 24<sup>th</sup> January 2009 to the 24<sup>th</sup> January 2010. 6. The draw will be held at Ground Floor, 222 St Kilda Road, St Kilda VIC 3182 and will be drawn on the 15<sup>th</sup> February 2010 at 11:00am. 7. Each winner will receive one Nintendo DS Lite™, one copy of Dr Kawashima's Brain Training™ and one copy of Big Brain Academy™ to the value of \$299.00 each. Prize value package correct at the 14<sup>th</sup> January 2009. The winner of the competition will be published in the Australian Newspaper on the 28<sup>th</sup> February 2010 and will be notified by mail and telephone. 8. If required the unclaimed prize will be redrawn on the 24<sup>th</sup> April 2010 at 11:00am. 9. The prize is non transferable, not redeemable for cash or any other merchandise. 10. By entering this competition and submitting your details, you acknowledge that you are the account holder or a nominee of the account holder of the phone numbers provided and expressly consent to In Home Learning Pty Ltd, or their authorised distributors contacting you for an indefinite period by phone to provide information about their products and services. 11. We would like to keep you informed of our future products, services and special offers. Please tick the box if you do not wish to be contacted about special offers or further information about our products and services. ☐ 12. Employees or agents or their families of the participating companies are not allowed to enter. 13. We occasionally invite carefully screened companies to contact you about their quality goods and services. If you do not wish to share this opportunity, please tick the box, ☐ 14. The Decision is final and no correspondence will be entered into. 15. No permit is required for Victoria as authorised by the Victorian Commission for Gambling Regulation (September 2004). Authorised under NSW Permit No LTP/09/00143.

Nintendo DS Lite, Brain Training and Big Brain Academy are all registered trademarks of the Nintendo Corporation

The consumer is then contacted by a sales representative from the IHS company and an appointment at the consumer's house is made. Once the salesperson arrives at the home, the consumer must physically invite them in, and in doing so, enhance their commitment to the appointment. In a field study by Freedman and Fraser (1966) women who were asked a small request first (to complete an over the phone survey on household products) were significantly more likely to comply with the larger request (to allow a survey team to come into their homes and classify such products) than those who were simply asked the latter.

This use of FITD technique is strikingly similar to the scenario with educational software companies where a smaller request (filling out an expression of interest form to be contacted about the software) is followed by the larger request (allowing a salesperson to visit their home). Before the salesperson has even entered the home, the consumer has made a commitment that they will be unconsciously motivated to perform consistently with for the rest of the transaction.

In a discussion of the invitation commitment in IHS, it is worth noting that events far ahead in the future are seen differently to those that are soon to be upon us. For example, it has been shown that individuals have an unrealistic optimism about future events (Weinstein, 1980). Students in Weinstein's study rated their own chances of experiencing certain positive life events to be above average and various negative events to be below average. With this in mind, it is possible that consumers are likely to be optimistic about their future consumer decisions and the events surrounding their purchases. In the IHS context this may play out in a number of ways, including optimism about success with an educational program, or optimism associated with a child's willingness to work toward a goal through the use of the program.

It is arguable that the ease with which one might commit to a future appointment such as an invited IHS appointment is greater than during an unsolicited door-to-door sale, where the salesperson approaches the home uninvited. The consumer who opens the door to an unsolicited salesperson is often in the middle of something which is likely to act as a psychological barrier (and perhaps practical "excuse"), thus making it easier for them to refuse to commit their time then and there. However, people who

are asked to commit to an appointment may be more willing to make a time in the future, thus put off thinking in detail about the issue.

These acts of agreeing to be contacted and providing an invitation might seem small; after all, a person can cancel their appointment. However, these small, incremental steps are crucial early commitments in the sales process. Successful marketing relies on moving the customer through incremental steps towards purchase so, in the IHS context, consumers who agree to these small requests or a suite of smaller requests are more likely to comply with a larger request later (Freedman and Fraser, 1966; Burger, 1999; Beaman, et al., 1983).

### ***2.3 In home sales process: The personal and social nature of the commitment***

Logically, the act of inviting a salesperson into your personal sphere changes the dynamics of the meeting from business to personal and this sets the standard of the transaction. A home is more than a place of safety and security. In research on the meaning of home, it has been found to represent warmth, belonging, control and autonomy (Tomas and Ditmar, 1995). Home is also a reflection of personality and identity (Cahill, 1996). To invite someone into your home requires a certain level of trust and is usually reserved for people in a personal relationship with you. The development of trust between sales people and their customer influences the consumer's attitudes, intentions and behaviour (Swan, Bowers and Richardson, 1999).

When the consumer invites the salesperson into the home, they are committing to the type of transaction that will follow. The ramifications of this are that the salesperson may be treated as a friend or family member. For instance, the salesperson may be offered food or drink. The salesperson also becomes privy to a whole host of information about the consumers' private life that they might use to exert authority or enhance understanding, liking and similarity. These social elements act to enforce the prior commitment since people prefer to say yes to people they like, those they perceive as similar or individuals with authority (Cialdini, 2001).

## **2.4 *In home sales process: Appearing inconsistent and self regulatory resource depletion***

Aborting the transaction at any stage will mean huge psychological costs for the consumer who has committed to the visit, the presentation, consideration of the product, or even trusting the salesperson. The consumer who has been exposed to social influence techniques may experience self-regulatory resource depletion (Fennis, Janssen and Vohs, 2009; Janssen, Pruyn and Vohs, 2008), and will be less equipped to ask the salesperson to leave. In other words, when the consumers' ability to self regulate their responses due to social or ego commitments is reduced, they are more likely to comply and rely upon compliance-promoting heuristics, or cognitive shortcuts such as trust, consistency and social cues (Fennis et al., 2009).

Asking someone to leave your house after you have invited him or her appears to be substantially more difficult than walking out of a retail store. The consumer is not simply saying "I am not interested" and walking away as they might in a store setting. They must ask someone whom they may like (or their ego has told them they like, because (i) they have invited them into their home, and (ii) they perceive they will help them to solve a problem), trust or see as an authority figure, and whom they have entered into a personal transaction with, to leave after originally having invited them.

Learned social conventions would generally consider it rude to revoke an invitation to the home (despite a rational awareness of the "real" reason for the visit), and because during in-home sales the transaction has shifted to personal, the same rules may still apply. Some consumers may feel obliged to wait until the sales presentation is over because the salesperson has given their time and effort to the consumer. The norm of reciprocity recognises that individuals feel the need to reciprocate the behaviours of others (Cialdini, 1993; Fehr and Gächter, 2000).

Asking the salesperson to leave would mean the consumer would have to break their prior commitment and appear inconsistent to themselves and to others (Cialdini, 1993). This will most likely be avoided as individuals are motivated by the desire for consistency within one's attitudes, beliefs and actions (Festinger and Carlsmith, 1959; Heider, 1946; Newcomb, 1953). Inconsistency is also not an appealing quality and

one most people avoid revealing, especially in their personal relationships. Furthermore when processing resources are limited, spontaneously evoked affective or emotional reactions tend to have a greater impact on choice, compared to cognitions or rational processes (Shiv and Fedorikhin, 1999).

## **2.5 In home sales process: Foot in the door**

During the IHS transaction of educational software, it is likely that the consumer will be asked a series of questions where the answer is obviously ‘yes’, and that are consistent with purchasing the product (Consumer Action Law Centre, 2007a). These general questions are used to generate a public commitment in an attempt to produce a “Foot in the Door” (FITD) effect, for example, “Do you think your child’s education is important?” The FITD effect has been illustrated in many studies where participants who agree to a small request or a suite of smaller requests (e.g., an initial invitation into the home), are more likely than the controls to comply with a larger request or behaviour (Freedman and Fraser, 1966; Burger, 1999; Beaman et al., 1983).

Having already invited in the salesperson, the commitment has been freely chosen. A demonstration of the product might enhance the commitment making it more salient (easily recalled), public (in a social context, e.g., family members) and active (easily used). As discussed previously, when commitments are freely chosen, salient, public and active, individuals are more likely to be consistent with them (Cialdini, 1993; Cialdini, 1995; Aronson, 1992).

The IHS salesperson might avoid discussion of price until the end where the “low-ball” technique might be enacted; gaining commitment and then increasing the cost (Cialdini, Cacioppo, Bassett and Miller, 1978; Burger and Petty, 1981). Eventually the largest request of signing for purchase (including, in some cases, a credit contract) is undertaken. Arguably, by this time the only psychologically consistent action is to make the purchase. The salesperson is likely to have been at the consumers’ house for an extended period and the consumer is likely to be both physically and psychologically exhausted. By now the consumer may have already experienced high

levels of self-regulatory resource depletion (Fennis, Janssen and Vohs, 2009; Janssen, Fennis, Pruyn and Vohs, 2008), may be more passive (Baumeister, Bratslavsky, Muraven and Tice, 1998), and less capable of rational processing, high-level calculation, and typical self-control (Vohs, et al., 2008). To resist the consistent behaviour would be difficult with only a low level of self-regulatory resources available and would come at a great psychological cost (Fennis, Janssen and Vohs, 2009). Furthermore, this final purchase will involve signing for purchase and possibly a credit contract. This means a final commitment, and because it is written, a more binding and long lasting commitment to those psychological commitments made earlier (Werner et al., 1995; Burn and Oskamp, 1986; Pardini and Katzev, 1983-1984).

In these final stages, other variables that have contributed to the stress of the situation might also result in an automatic decision that calls upon heuristics. Certain moods and attitudes are influenced by heuristic processing, e.g., anxiety, low self-efficacy (Bohner, Mosckowitz and Chaiken, 1995). The internal need for consistency, reciprocity, along with the activation of other factors such as scarcity, ego-depletion, anxiety and endowment, may also distort the consumer's ability to scrutinise information and impede the decision-making process of the consumer (Russo, Carlson, Meloy and Yong, 2008). These combinations of influences, and others briefly mentioned earlier, are likely to reduce the consumer's ability to make a well-thought out decision.

### **3. The Research**

#### **3.1 Methodology**

The following research report provides a summary of research and findings conducted in relation to the psychological underpinnings contained within the in-home selling context. This research was conducted by Deakin University, in association with Consumer Action Law Centre, with a research grant provided by the Consumer Credit Fund, on approval of the Victorian Minister for Consumer Affairs. The purpose of this research was to explore the influence of psychological and context factors in consumers' decision making when choosing to purchase goods and services (and associated credit) from an in-home seller, focusing on in-home sellers of educational software.

The in-home selling (IHS) process as explored in this report is somewhat different from other forms of door-to-door and personal selling.<sup>13</sup> IHS differs in that a consumer makes an appointment, and therefore a practical and psychological commitment, for a salesperson to visit their home. The consumer then invites the salesperson into their home environment. Once in the consumers' home, social persuasion techniques, such as those used in foot-in-the-door (FITD), are employed by sales people.

Our research suggests that self-control resources are more likely to be depleted in response to social persuasion techniques during the selling context of IHS, than in a store setting and a typical door-to-door sales setting. This leaves the IHS consumer with less cognitive resources to make a well-considered purchase decision than in other selling contexts. A range of heuristics are likely to be activated by the IHS consumer in this context who, as will be discussed subsequently, has already made

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<sup>13</sup> In this report, the term "door to door selling" refers to a business making 1st contact with the consumer when a salesperson visits the consumer's home. In most cases this salesperson is visiting homes in a particular street or suburb without any prior knowledge of the people she or he is contacting - hence the term "door to door". However, the author notes that the term "door to door" is sometimes used to refer to any IHS where high pressure selling is involved.

several commitments before the salesperson even arrives at the consumer's door and begins the actual sales presentation.

The empirical research program consisted of a number of components. The first stage of the research comprised of a thorough review of research and other literature in areas of psychology and social psychology, such as trust, consistency, reciprocity, and emotional involvement. In addition, desk research was conducted in the contextual area of IHS, as well as previous research in the field of FITD and other sales persuasion techniques. The researchers also undertook a review of research and papers exploring deception in the marketplace, and current knowledge in the field of consumer behaviour and marketing, as it applies to personal selling.

The second stage comprised of a national omnibus survey of 1,000 Australians to establish the proportion of people who had been approached for an in-home demonstration, and to ascertain some basic knowledge about the type of consumer who may be approached, and agree to an in-home demonstration.

The third phase comprised of a qualitative data collection method that sought to explore, in depth, the sales process involved in selling in the home. In addition, this stage of the research sought to examine the underlying attitudes that consumers had toward the salesperson, and the sales process. We did not seek to establish satisfaction (or not) with the actual product; instead we sought to examine any psychological factors that might moderate or mediate rational decision-making as a result of the sales process.

Interviews were conducted with 23 consumers who had either signed up for maths software sold in the home, or had a maths software consultant visit them in the home and undertake the sales process. The researchers also conducted a content analysis of a number of blogs that contain discussion by consumers of these products.

In addition, interviews were conducted with three former salespeople of this type of software. The interviews with the former salespeople, assisted to inform both the data collection and the data analysis, and provided a form of data triangulation resulting in a more reliable data set for analysis.

The final stage of the research consisted of a quantitative questionnaire. A focused 300 consumer (from a 10,000 person sampling frame) survey examined consumer responses to the in-home sales process. The survey explored key psychological elements uncovered in the desk research and qualitative interviews.

## **3.2 Phase One: Omnibus Survey**

### **3.2.1 Sample**

An omnibus survey of 1,000 Australians was conducted (487 Males and 513 Females) to provide an initial snapshot of people who had been contacted by mathematics software companies. Data was collected via an online survey, from a database with access to 300,000 people in Australia. Table 1 shows the distribution of respondents from each state.

**Table 1**

*Distribution of respondents from each state in Australia*

	Percentage
New South Wales	32.3
Victoria	24.6
Queensland	20.2
South Australia	7.7
Tasmania	2.4
Western Australia	10.2
Northern Territory	1.0
Australian Capital Territory	1.6

In summary, 73.1 per cent of respondents lived in a metropolitan area, 25.9 per cent lived in a rural area, and 1.0 per cent lived in a remote area. The highest level of education achieved was a university qualification for 29.6 per cent of respondents, a trade/technical qualification for 26 per cent of respondents, a high school certificate (year 12) for 23 per cent of respondents, a school certificate (year 10) for 15.2 per cent of respondents, some high school/primary school for 5.5 per cent of respondents. 20.9 per cent of respondents were fully retired, 7.8 per cent were partly retired and

71.3 per cent were not retired. The majority were not studying (82.6 per cent), although a small percentage were studying part time (9.3 per cent) or full time (8.1 per cent). These profiles are roughly indicative and representative of the broader Australian population.

Table 2 shows the distribution of age of respondents' children.

**Table 2**  
*Distribution of age of respondent's children*

	Yes	No
Children 5 years or younger	85.4%	14.6%
Children 6-11 years	87.7%	12.3%
Children 12-17	87.4%	12.6%
Children 18 years or over	62.6%	37.4%

Table 3 summarises the distribution of respondents in annual household income (before tax) brackets.

**Table 3**  
*Distribution of respondents in annual household income (before tax)*

	Percentage
Less than \$20,000	9.5
\$20,000-\$40,000	20.3
\$40,000-\$60,000	16.9
\$60,001-\$80,000	11.0
\$80,001-\$100,000	11.4
\$100,001-\$150,000	10.9
More than \$150,000	4.3
Not sure/rather not say	15.7

### 3.2.2 Contact by education software company

The questionnaire sought to determine the percentage of Australians who had been contacted by an education software company in the past three months. The question incorporated a range of options, in terms of the approach, including direct contact (e.g., at a shopping mall), completion of a form at a shop (e.g., fast food outlet), or a cold call. Of those 1,000 people who participated in this survey, 5.1 per cent said they had been approached or contacted by a company, or completed a form, to be given a demonstration of a computer-based education software package in their home in the past three months.

Table 4 summarises how these respondents were approached.

**Table 4**  
*How respondents were approached*

	Frequencies
Knocked on door at home	3
Heard or saw advertisement and contacted company	3
Filled in form at shop	2
Via telephone by company	22
In a shopping mall	13
Via email	2
Via internet/website	3
Received a letter	1
At a seminar	1

### 3.2.3 Summary

This initial quantitative survey attempted to provide some background to the degree to which consumers had been contacted by an education software company within the past three months. Roughly 5 per cent of the population were contacted during the preceding three months. Based on this sample, there were no significant correlations between demographic data (e.g., age, income, education), and contact by a software

company. This data helped to inform both the qualitative research, as well as the second phase of the quantitative data collection.

The next qualitative phase seeks to examine underlying motivations of those who sign up for the software package, and those who do not. The second quantitative phase focuses in more detail on those who had been approached for a demonstration in the home, and examines attitudinal and behavioural variables, as well as attitudes toward the sales process, that might influence those who buy, and those who do not buy the software.

### **3.3 *Phase Two: Qualitative Research - Interviews, Focus Groups and Online Content***

#### **3.3.1 Background and Research Method**

This section analyses the findings from interviews conducted with consumers who had been approached by an education software company in the past six months. In addition, interviews were conducted with three former salesmen, and a content analysis of online blogs discussing the software (and sales process), and company websites were also conducted. Finally, a sales script used by one of the maths software companies was also included in the analysis. Each of these texts were used to provide triangulation around key themes.

The interviews employed the technique of guided introspection, where participants were asked to reflect upon their own attitudes and responses to the experience, as well as their behaviour during the sales process and afterwards. The interviewer worked from a selection of key questions, but also allowed the interviewee to guide the discussion where appropriate. As themes emerged, the researchers sought to explore these in more detail, drawing upon previous research in the key conceptual areas identified in the literature review (see next section), as well as any insight from previous interviews.

In total, 23 consumers were interviewed via in-depth interviews and two focus groups (consisting of six people each). Participants were sourced using a commercial

marketing research recruiting firm. All in-depth interviews were conducted in the homes of the consumers, while focus groups were conducted in a professional focus group venue. All interviews and focus groups were recorded and transcribed verbatim. In addition, the researcher took detailed field notes during, and after, each interview to guide the analysis.

The data from all sources were initially coded manually, with two of the researchers reading through the transcripts from interviews and blogs, and the sales script, and identifying recurring themes. Qualitative research tool Nvivo was used to assist in the coding and storing of data. Initially, the analysis included open, axial and selective coding to interpret and develop the descriptive narrative around key themes. These themes were compared and a definitive list compiled. The key themes and conceptual foundations for the research identified during the qualitative stage are now outlined, and a short description of each is provided.

### **3.3.2 A summary of the conceptual foundations of the research: Consistency, Reciprocity, Trust, Endowment, Scarcity, and Anxiety**

It is now well established that a number of different factors influence the consumer decision-making process (see Cialdini 1993; Thaler, 1980; Lynn, 1992; Kahneman, Knetsch and Thaler, 1991). Key variables that have been found to affect consumer behaviour are *consistency*, *trust*, *scarcity*, *reciprocity*, *endowment*, and *anxiety*.

- a) **Consistency** is a motivator for an individual's need to be and appear consistent with commitments they have made.
- b) **Trust** enhances compliance and the probability that a person will have a positive attitude towards the salesperson, be satisfied and purchase the product. Liking, similarity, credibility, expertise and authority impact upon trust.
- c) **Scarcity** through time or availability leads to the perception that a product is valuable. Individuals are motivated to avoid any regret they may experience if they do not purchase the product.
- d) **Reciprocity** is a social norm where people feel obliged to repay what another person has done for them.

- e) **Endowment** is the higher valuation of goods perceived to be under ownership and this ownership can be physical, emotional or psychological.
- f) **Anxiety**, along with other internal monitoring emotions such as self-efficacy, is an influential factor in the decision making process. Anxious individuals will be less likely to make well thought out decisions that consider all the options available to them, because they are motivated primarily to reduce their uncertainty.

One reason these variables may be so influential is that they facilitate (or advance the likelihood of) autonomous behaviour, i.e., behaviour that requires little cognitive effort (Cialdini, 1993). For example, scarcity stimulates heuristic information processing, rather than a systematic information processing (Petty and Cacioppo, 1981, 1986). Systematic information processing is defined as “a comprehensive analytical orientation in which perceivers access and scrutinise all informational input for its relevance and importance to their judgement task” (Chaiken 1984). Conversely, heuristic information processing is a limited processing mode that demands much less cognitive effort, involvement, and capacity than systematic processing. (Chaiken, 1978, 1980, 1982, 1984; Chaiken and Eagly, 1983; Eagly and Chaiken, 1984).

Heuristics are beneficial in decision-making because they provide an individual with a means for acting appropriately in certain situations without expending great amounts of cognitive effort every time. However, such automatic behaviour can be deleterious in particular settings where a consumer affected by these heuristic-stimulating variables makes a purchase decision that, as a result, is charged by emotion and uses minimal cognitive effort.

In the context of in-home sales (IHS), the **consistency principle** is likely to be a key determinant in decision-making. The consistency principle is based on the tendency to believe that a behaviour is correct to the extent that it is consistent with a prior commitment an individual has made (e.g., accepting an offer from the sales company for a representative to visit them at home, while their family is present), regardless of whether this commitment was contractual, public, or private (Festinger, 1957; Heider, 1946, 1958; Newcomb, 1953). It is tantamount to the commitment heuristic (Aronson, 1999) that is similarly based on the human desire to be (internal) and appear to be

(external) consistent with our words, beliefs, attitudes and deeds. Like other heuristics, the commitment heuristic provides individuals a shortcut through complexity. In the absence of further information or in a context of uncertainty, individuals tend to make a decision that is consistent with an earlier one.

The Foot In The Door (FITD) effect is one example of a social persuasion technique that utilises the consistency principle. Burger (1999) has explained the FITD effect as the consequence of a process similar to that outlined in self-perception theory (Bem, 1972), that posits that sometimes individuals infer their attitudes by examining their own behaviour. The consumer who strives for consistency with commitments made during a sales presentation, often as a result of a social persuasion technique, will have less cognitive capacity to make a well-thought out purchase decision.

Consistency and **commitment** is enhanced in consumer settings where the transaction is long and in a personal setting. During sales in the home, the salesperson is privy to a host of information about the consumer and their lifestyles. The transaction is more akin to a warm, social relationship. The long transaction aids rapport building and provides more time for the salesperson to obtain commitments from the consumer, commitments that the consumer will strive to be consistent with.

The development of **trust** among salespeople and their customers has traditionally been considered a critical element in developing and maintaining a successful sales relationship (Swan, 1999). Trust has been defined as the belief that a party's word or promise is reliable and that a party will fulfil its obligations in an exchange relationship (Schurr and Ozanne, 1985). Crosby, Evans, and Cowles (1990) identified that trust is reflected in the customer's confident belief that the salesperson can be relied upon to behave in a manner that serves long-term customer interests.

Trust is enhanced when a customer finds a salesperson to be credible, have expertise, or be in position of authority. For example, in the absence of other significant elements, people tend to use the expert heuristic to make a judgement (Chaiken, 1984; Petty and Cacioppo, 1984). Likeability and similarity also help build trust. Ganesan (1994) defined another component of trust as benevolence: belief that the other has

motives beneficial to the target when new conditions arise for which a commitment was not made.

The **endowment effect** is another important variable influencing consumer behaviour. The endowment effect is defined as the phenomenon occurring when people consider giving up something they have already received as a loss that is greater than the gain associated with receiving it (Thaler, 1980). Contributing to this effect is the finding that individuals are loss averse (Kahneman, Knetsch and Thaler, 1991). In addition, Tversky and Kahneman (1981) demonstrated that individuals are more likely to take risks for choices involving losses rather than gains.

The higher valuation of goods perceived to be under ownership is not restricted to physical ownership, but can be emotional or psychological. Evidence suggests that people innately tend to develop feelings of psychological ownership for a variety of objects as a consequence of their innate motive to control things (Furby, 1991). Therefore, consumers presented with a gift; a sample product, a free trial, knowledge, hope, and even a solution to a problem, will place a higher valuation on the associated product. This endowment will influence consumer behaviour and the purchase decision.

The higher valuation of goods can also be a result of the **scarcity effect**. The unavailability of an object enhances its perceived value. In 1937, Adam Smith stated in *The wealth of nations* that "... the merit of an object, which is in any degree either useful or beautiful, is greatly enhanced by its scarcity, or by the great labor which it requires to collect any considerable quantity of it . . . " (p. 172). Marketers and advertisers frequently use scarcity tactics in their promotions. Phrases such as "only a few left in stock", "I can only offer this to you today", and or even that "this is the last one" are used to motivate potential buyers to purchase products. Scarcity tactics are employed in order to gain compliance (Cialdini, 1988) and enhance the perceived value of products and opportunities (Cialdini, 1985).

**Reciprocity** is defined as a "social interaction where movement of one party evokes compensating movement in some other party" (Houston and Gassenheimer, 1987, p.11). The reciprocity principle, is based on the assumption

that “we should try to repay, in kind, what another person has provided us” (Cialdini, 2001, p. 20), and is a powerful social norm that obligates people to make future repayment for gifts, favours, invitations, or concessions. The methods and ease with which the reciprocity effect is produced between consumer and salesperson differs within different consumer settings. The home setting is where close, trusting, social relationships are carried out and provides an environment where reciprocity comes easily. Consumers may feel like the salesperson has done them a favour coming to them, expending their time on a presentation, and offering them a special deal. The relationship between the consumer and the salesperson may have become more of a personal transaction causing the social norm of reciprocity to be enhanced.

**Anxiety** in parents wanting to help their children, and to give their children educational opportunities, is likely to influence important decisions faced by parents. Raghunathan and Pham (1999) found that anxious individuals make biased decisions based on perceptions of low-risk options, and are more likely to use heuristics when placed under pressure or other forms of ego-depletion. The parent who is anxious about providing their child with the best education, every chance at success, the opportunity to fulfil their potential and/or have the choices and future they never had, is likely to make decisions motivated by these anxieties. Equally so is the parent who is anxious they cannot provide their child with the help needed to meet their hopes and aspirations, perhaps because of their own educational or perceived personal weaknesses.

It is now pertinent that these key variables: *consistency, trust, endowment, scarcity, reciprocity, and anxiety*, be examined alongside the findings from the qualitative phase of the in-home-sales research. As each concept is examined, we attempt to provide a relatively thorough review of knowledge in each particular area, and use excerpts from the qualitative analysis as a means of illustrating how the sales process might activate or facilitate these psychological and sociological responses in relation to decision-making.

### 3.3.3 Consistency

From the analysis of the interviews it is evident that the sales process, whether intentional or not, is successful in part because of the consistency principle. Consistency based techniques are often employed by sellers who use individuals' tendency to be consistent with their previous actions in order to get people to purchase services and products. From the beginning of the sales process, the customer is led through different stages creating a context where he or she will be consistent with his or her previously demonstrated attitudes and behaviours.

The first step toward the activation of consistency is when the customer is asked to sign up for the initial demonstration. This often occurs in a public environment (e.g., in a shopping mall) and in front of other people as spectators (particularly in front of her children). As one interviewee recalls:

*The salesperson (on the telephone), said, "Yeah, you came and saw us at a casual leasing site and put your name down for further information about our product. We'd like to organise for one of our staff to come out and have a word to you. Would you be agreeable to that?" I said yep. [interview: consumer]*

Previous research indicates that a person's sense of commitment deepens even further if the commitment is made voluntarily and publicly, and if it is written. According to Cialdini (2003, p. 25), donors "are much more likely to fulfil pledges that are uncoerced, public, and put in ink".

A corollary of the consistency principle is the so-called foot-in-the-door (FITD) effect, which emerged in an experiment conducted by Freedman and Fraser in 1966. The researchers surveyed housewives in Palo Alto, California, asking them whether they would answer a few questions about their consumption of household products. Three days later, the psychologists called some of them again asking whether they could send a team of five or six investigators in the house in order to make a 2-hour inventory of all the products used for cleaning and cooking. It was found that, without the preliminary request, only 22 per cent of the persons accepted the visit of the investigators. Of those who agreed to the preliminary request, more than half

complied when asked whether the investigators could enter their homes for the inventory.

Thus, according to Freedman and Fraser (1966, p. 201) “what may occur is a change in the person's feelings about getting involved or about taking action. Once he has agreed to a request, his attitude may change. He may become, in his own eyes, the kind of person who does this sort of thing, who agrees to requests made by strangers, who takes action on things he believes in, who cooperates with good causes.”

Hence, the “foot-in-the-door” technique primes the subject through a small request, before submitting a larger request soon after in order to obtain people’s compliance. In addition, Cialdini et al., (1975) posit that the FITD effect is linked to the reciprocity effect (which will be discussed later) in that people need to reciprocate the requester's apparent effort or perception of a gift.

Burger (1999) has explained the FITD effect as the consequence of a process similar to that outlined in self-perception theory (Bem, 1972), which posits that sometimes individuals infer their attitudes by examining their own behaviour. Based on this theory, people agree to the initial small request such as signing a petition or answering a few questions without being entirely aware of the reasons why they acquiesce to the initial request, nor giving their decision a great deal of thought at the time.

When presented with a larger, second request (e.g., accepting an in-home presentation) participants ask themselves whether they are the type of person who engages in these kinds of actions and answer according to the most recent example of their own relevant behaviour (e.g., completing a form).

A further explication of the effect concerns the contrasts theory and states that the first request, which is not onerous (e.g., answering some questions, completing a form, responding to a phone call, giving the time to a stranger), leads to the perception that the second request requires less effort than if it had been asked directly, i.e., in the first approach. Therefore, the second request becomes more easily accepted (Shanab and O’Neill, 1982). Pro-social requests also increase likelihood of

success with this method (e.g., requests made at a social level, or in a social environment).

However, as Burger et al. (1997) argued, this effect and along with it the need to be consistent and reciprocate small favours dissipates quickly. This is one of the reasons why salespeople ask their customers to sign *hic et nunc* (hear and now), while the effect is prevalent. Further, the requirement to sign up as soon as a final commitment to purchase a product is made is enhanced by the scarcity heuristic, which is discussed later.

That being so, it is evident how Consistency and FITD take place throughout the sales process employed by the salespeople who continually ask their customers to agree to the incrementally larger requests and statements:

*They booked in a time and said we'll send such and such out at that time, and that was pretty much it. But I was agreeable. [interview: consumer]*

The consistency building process continues during the in-home presentation. Indeed, the salesperson continually attempts to make his customers agree on different topics concerning children's education (e.g., the brick wall metaphor):

*Well, basically throughout school, [the salesperson said that] the kid will learn and then if they don't understand it then the block shuts, and if they don't understand something, a piece of that block is missing, and then they'll learn again and then the same thing happens again, and there's another block missing and it keeps going up like that for each year... That's right, which I can understand... But I understand it because we all learn like that. If we don't understand things we block it out because we can't get further with it and understand it. So it was a clever way of learning, and so that's where they sucked me in so to speak. [interview: consumer]*

In particular, the use of mental images and metaphors seems to be very useful in order to catch people's attention and get their agreement:

*It made a lot of sense. Yes, it did. And the fact that if a kid misses out on a certain idea, say algebra or something, then he can't go forward because he's really got to get the understanding of what it means, the foundations, it's built on the foundations of it. If you don't get the foundations you just won't understand the topic...* **[interview: consumer]**

In general, salespeople are aware of the power of the consistency principle and often use selling techniques that are based upon it. For instance, some of the consistency-based tactics employed by the salesperson are the so-called “assumed close” and the “either-or close” (Hawes et al., 1996). Both techniques utilise the consumer’s earlier agreement with aspects of the sales presentation. For example in the assumed close, the salesperson proceeds to write up the order or contract prior to agreement, behaving in a way that assumes that the sale has been agreed:

*Because at that stage he'd already had it written out (the contract)... [he said] sign here. So the paper to sign was there and he said “I'll leave you to it”... At the end of it, that's where he was doing it all. He filled it all out.* **[interview: consumer]**

The assumed close is also reinforced by the way in which the salesperson says that he was trained to close the sale:

*This is purely based on training... it was all about haste... And you would say, I'll just get your [driver's] licence off you then, and I'll just get this paperwork sorted. At this time the kids are still tapping away at the computer, looking – trying to look like they're having a great time. And you get their licence off them, and you were supposed to fill out the paperwork just off the licence. 'Cause you know it's got basically the details. Get them to sign at the end. And when you get them to sign it, the technique we were taught was like, I'll just get your signature there, and not take your hand off the paper.* **[interview: salesman]**

The either-or close is a variation of the assumed close, in which the salesperson assumes that the purchase is agreed through minor questions concerning details of the

transaction, rather than the consumer's real interest in purchasing the product. An illustration of an either-or close is a question asking which financial option the customer prefers in order to purchase the product (rather than asking whether they wish to buy the product):

*He was asking us about how we were going to pay, and how we'd agree to pay.*

**[interview: consumer]**

In some cases, although the customer may be cognisant of the sales process, the consistency effect still holds sway, and the customers' previous attitudes and behaviours influence his decision-making:

*You know the spiel. You know that yeah, [you need to] play the game. That's fine. But at the time it was like, well, our overriding idea was, we are still interested in this. We do actually want to know if this is a good thing for the kids. So we know the bullshit's going to be [in the sales process]... [interview: consumer]*

In addition, the "investment model" (Rusbult 1980, 1983) is another factor that contributes to the consistency building process. The investment model works best when consumers are asked to make small, often token commitments to a concept, such as responding positively to trivial questions from a salesperson (for example, a salesperson might ask, "Do you think this is a good deal?" or "Do you agree with me?"). By responding positively, the consumer is making psychological investments in both the relationship with the salesperson, and in the purchase of the end product.

According to this perspective, the sales process can be seen as a series of small commitments inspired by consistency and small investments:

*It was like, well, so if you don't build these bricks, then this is the job you can get or these are the jobs you can get. So do you want to just pick up garbage bins? You don't want to do that, do you? [interview: consumer]*

Similarly, the sales script reinforces the importance of getting the customer to make small, positive commitments to the relationship, and to the idea of purchasing the product (the following excerpt also builds upon the social component of the process where the salesman becomes a “friend”):

*It sounds like you are encouraging and supportive. Is that right?* **[sales script]**

In fact, the consistency building process is based on gaining compliance with a small request in order to get to progressively larger requests. In this sense, the salesperson attempts to get customers to agree repeatedly to statements and rhetorical questions that are progressively more consistent with buying the product, thus building up in the interaction a “need” for this particular product where none may have existed before:

*The salesperson was saying, “Do you care about your child’s education?” You always want the best for your child before they start school, you want her to be a bit more ahead in the class than everyone else when she starts school.*

**[interview: consumer]**

And from the sales script:

*(Turn to student) If we could find a way to improve your marks at school; would that make you feel a lot better? (To everyone) Can you see how important it is to be stimulated and make sure every brick is cemented permanently in our wall of learning?* **[sales script]**

*So education is important to you then? It sounds like, as a parent, you want to provide as much opportunity as you can to reach their potential... Is that right?* **[sales script]**

These questions become particularly effective if they are mentioned at the end of the sales process. Getting consumers to agree that they are interested in a product if the price were right is critical in that it represents a conditional commitment to agree to the purchase.

*It's not about the money, it's about the parents. Does that make sense? Do you even want to look at what we do? Is that okay with you [mother's name]? Is that okay with you [father's name]? Great. [sales script]*

In order to close the sale, the seller reminds the customers of their stated commitment. In this way, consistency assists the seller because being or appearing to be inconsistent creates unpleasant feelings that people are motivated to avoid.

Finally, an interesting aspect of the process is that a dialogic conversation – based on questions (as opposed to a monologue) – is also critical in gaining compliance and agreement. A study by Dolinski, Nawrat, and Rudak (2001) demonstrated that an increase in compliance occurs when the request is preceded by a casual conversation with the requester. They found that when a request follows a monologue in which the requester speaks without interruption, no increase in compliance occurs.

A dialogic conversation – which is typical of the way individuals interact with friends – stimulates a different reaction as opposed to a monologue which resembles an encounter with a stranger, or the normally encountered sales process in other marketing situations, e.g., advertising or sales promotions. In the in-home sales context, participants will respond to the requester with whom they share a dialogue as if responding to a friend, as shown in the sales script and in the interview with the former salesperson:

*SMALL TALK (Expand on every question. Create a 10 min. conversation)*  
*So tell me, how long have you been living in the area? (Talk about area).*  
*So, John, do you work nearby or do you have to travel far? (What does he do? How long?)*  
*How about you, Jenny? Is it a full-time job looking after the kids (Show positive interest)*  
*(Build rapport with the whole family, be warm and friendly, show empathy in their answers, particularly the older children). [sales script]*

*It would start off, build rapport, walk in. Nice house you've got here. How long have you been living here. [interview: salesperson]*

### **3.3.4 Reciprocity**

Reciprocity is defined as a “social interaction where movement of one party evokes compensating movement in some other party” (Houston and Gassenheimer, 1987, p.11). The reciprocity principle is based on the assumption that “we should try to repay, in kind, what another person has provided us” (Cialdini, 2001, p. 20) and is a powerful social norm that obligates people to make future repayment for gifts, favours, invitations, or concessions. The norm of reciprocity exists in every known society that has been investigated (Gouldner, 1960). However, specific rules regarding reciprocity apply to different societies.

The first demonstration of the reciprocity effect is in a study conducted by Regan (1971). In the experiment, participants were asked to evaluate paintings. During a pause in the experiment, some of them were offered cans of Coca Cola. The experiment continued with further ratings. After another pause in the experiment, the participants were solicited to purchase raffle tickets. It was found that participants who were given the Coke purchased twice as many raffle tickets compared to those who had not received the Coke. An important outcome of this experiment is the demonstration that reciprocity does not need to be returned in the same manner in which it was given Regan (1971).

A further controlled experiment showed that people are more likely to make concessions to those who have made concessions to them, and that this tendency is an independent variable with respect to personal liking (Cialdini, Green, and Rush, 1992), although liking increases compliance. Another example of the functioning of the reciprocity principle is illustrated by Cialdini with referral to techniques employed by charities (2001, p.75): the Disabled American Veterans organization gained a 18 per cent rate of response using a well-crafted fund-raising letter, but when it started enclosing a little gift in the envelope, the response rate nearly doubled to 35 per cent.

#### ***Concessions and favours stimulate reciprocity***

It is arguable that in the context of in-home sales, the reciprocity principle is likely to influence decision-making. For example, some interviewees said that that felt the

need to reciprocate the time and the effort that the sales people had dedicated to travelling to their homes, and undertaking the presentation:

*You just sort of felt obligated that they've put their time into showing us so we just wanted to let them finish the presentation. [interview: consumer]*

Further, the consumer felt somewhat obligated to be hospitable, and would sign up for the program, because of the way that the salesperson primed her. The consumer may be led to think that the salesperson has travelled a long way, has come out at night, had given up his time with his family, so that they could tell them about the product. The reciprocity principle then would come into play. For instance, some individuals had a feeling of indebtedness towards the salesperson and attempted to be hospitable and polite by offering a drink, a cup of tea, or in some cases, food.

*Interviewer: Did you make him a cup of tea or anything like that?*

*F: Yeah. I'm (country of birth) so I'm hospitable. I can't help it. [interview: consumer]*

... and,

*Father: She was alright. The kids make toast for her –*

*Mother: Yeah, and breakfast, and everything.*

*Father: Yeah, yeah. [interview: consumer/family]*

It is interesting to note how the reciprocity effect can be magnified if a contrast effect is employed at the same time (Park and Kim 2005; Janiszewski and Lichtenstein, 1999). For example, when the salesperson mentions an exorbitant price (of another similar product) first, he will make people perceive the high price, later mentioned, seem not as particularly high in comparison. As previously discussed, when two things that are different are presented one after the other, individuals tend to perceive the second as more different than it actually is. In this way, consecutive price reductions offered by the seller seem like favours, which have the effect of making the consumers (usually unaware of the market prices) feel even more obliged and indebted to the salesperson for making these concessions (Cialdini, 2000).

A person is also more likely to agree with the second request because a guilt complex may arise in the mind of the consumer for having rejected the first request. Compared to such a large, seemingly unreasonable request, the “small” request looks very reasonable and appealing. This technique, often employed by salespeople, and called the “door-in-the-face” technique, is based on the assumption that when an unreasonable, large request is made, that would normally be refused (i.e., would get the salesperson the door in the face), the chances of compliance with a second, smaller request are increased, as long as the second request is perceived by the consumer as a concession. Cialdini et al. (1975) demonstrated that respondents’ agreement to a large favour (to take a group of troubled youths on a day trip to the zoo) increased from 17 per cent to 50 per cent, when asked for an even larger favour, which was to spend two hours a week counselling the same troubled youths for two years.

From the interviews, it is evident that the salespeople often employ this tactic of giving a large price (or ambit claim) first, followed a little later by a discounted price, in such a way that the lowered price is viewed as a concession putting the customer under further reciprocity pressure:

*Q: What was the price?*

*M: \$6000.*

*F: Over.*

*M: Over \$6000. And when he came up with \$3,000, Dan and I just looked at each other and went, job’s done. The payment plan and everything he set out...*

*By the end when he left, he’d reduced it by a couple of thousand. [interview: consumer]*

A variation of the door-in-the-face technique is the “that’s not all” technique (Pollack et al. 1998), which employs an initial offer which is lowered before the consumer responds to it (e.g., “this item is normally worth \$600, but I can let you have it today for \$500”), and also relies on the contrast effect discussed previously. The salesperson can increase the effectiveness of this technique, by suggesting that by offering this price, the salesperson is making a concession that may have personal consequences,

e.g., “That’s about as low as I can go before it comes out of my salary”. This technique can involve reduced cost, as well as added value:

*He said we do give a lot more and there is the English, and he started going on, and I thought he’s pretty good at the sales, he knew where to go back to, to make it look like you were getting more for your money. And I said ‘It’s still only software at the end of the day’ and you can get that with any software package, a help line”. ‘Well no, this will carry on into her senior years’*

**[interview: consumer]**

Pollack et al. (1998) showed that this technique is more effective when consumers respond in a mindless way, but that the effect suddenly disappears when the consumers are more mindful. In this sense, the “that’s not all” technique stimulates heuristic information processing.

Finally, another closing technique in personal selling, which is based on the norm of reciprocity, is the “if-then” technique (Hawes et al., 1996). In this case, the seller offers some concession, favour or service, if the buyer agrees to the sale immediately:

*I recall them saying you get it cheaper if you sign up on the day and we weren’t in a financial situation, and I remember them saying to us, “But you can take it as a loan” but we knew we didn’t want to go down that way because we knew we’d be up for X amount in the long run* **[interview: consumer]**

...and:

*He said, look, we can get this signed now. That way you’ve got the price locked in at this discount that I’m offering you now.* **[interview: consumer]**

A final tactic employed by salespeople is a form of role-playing that consists of the salesperson calling their “boss” at the end of the conversation in order to give the impression that he is asking for a special deal. This results in the consumers feeling obliged to the salesperson for making such an effort on their behalf:

*And then she rang her boss at the same time- she rang her boss about the computer – if we can get it on the – on the – the deal. And she said her boss said that she could, but only this once. [interview: consumer]*

This approach is supported by the salesman's training:

*S: We'd give them a computer. A piece of junk. For free, as part of it, which would come out of your commission, if you did that... But they would offer to provide people with a computer. Which was like an added value, you know, - and you'd sell it as, "oh, maybe we could give you a computer, I've seen some floating around the office, I'll just give the boss a call, can I use your phone"... you'd always use their phone. [interview: salesperson]*

Thus, it is arguable that the entire sales process is framed according to the reciprocity principle that leads individuals towards compliance with requests. Indeed, triggering the reciprocity principle increases the likelihood that a consumer is persuaded, given that she feels indebted and needs to return the favour. Furthermore, consumer feelings of obligation and indebtedness are more easily engaged in a domestic rather than public environment, because the home environment is perceived "as the place for close relationships, emotional experience, and belonging, making it a 'natural' environment for automatic reciprocity" (University of Sussex at Brighton, 2004, p. 9).

### **3.3.5 Trust**

The development of trust among salespeople and their customers has traditionally been considered a critical element in developing and maintaining a successful sales relationship (Swan, 1999). Diverse definitions of trust have been proposed within the field of consumer research. For instance, Schurr and Ozanne (1985) defined trust as the belief that a party's word or promise is reliable and that a party will fulfil its obligations in an exchange relationship. For Crosby, Evans, and Cowles (1990) trust is reflected in the customer's confident belief that the salesperson can be relied upon to behave in a manner that serves long-term customer interests.

Other definitions emphasise the role of trust as a means of reducing risk or uncertainty. Hawes, Mast, and Swan (1989) describe trust as the reliance upon information from another person about uncertain environmental states and outcomes in a risky situation. Furthermore, Ganesan (1994) suggested two distinct components of trust: (1) objective credibility, or belief that the other has the expertise to perform the job; and (2) benevolence, or belief that the other has motives beneficial to the target, when new conditions arise for which a commitment was not made.

In addition, according to a study conducted by Swan et al. (1999), when the customer expresses trust in the salesperson, the probability of positive customer attitudes toward the salesperson increases from 36 per cent to 64 per cent. The study also found that the major consequence of trust is positive customer behaviour, such as buying the salesperson's product.

In fact, the trust building process is time consuming and effortful, and trust is developed as a result of a series of interactions between salesperson and the customer. Only time can allow the customer to see whether the salesperson's promises and commitments will be confirmed or disconfirmed. During their first encounter, the customer will not have had an opportunity to confirm or disconfirm salesperson promises or assertions, and the customer will form trust judgements on the basis of indirect cues such as similarity, the reputation of the salesperson's firm, branding, and so on.

From the analysis of consumers' responses at the interviews, it is evident that the sales process is framed in order to build trust toward the organisation and its products. During the time spent with the consumer, the salesperson uses and reinforces a range of direct and indirect cues, such as the brand name of the company, empathy with the consumer's concerns, connections to professional (or professional sounding) educational associations, and statistics and data to establish a trust relationship.

Once trust is established between the two parties, the individual usually switches from the systematic information processing, i.e., "a comprehensive analytical orientation in which perceivers access and scrutinise all informational input for its relevance and importance to their judgement task" (Chaiken 1984) to the heuristic paradigm

(Chaiken, 1978, 1980, 1982, 1984; Chaiken and Eagly, 1983; Eagly and Chaiken, 1984). Heuristics processing is a limited mode, which demands much less cognitive effort, involvement, and capacity than systematic processing.

The distinction between systematic and heuristic processing is analogous to that between the central and the peripheral route. According to Petty and Cacioppo (1981, 1986), there are two main routes to persuasion: a central route, occurring when the person is motivated and able to engage in effortful cognitive activity and to think about the issue, and a peripheral route that “occurs when either motivation, experience, skills, or ability is low” (Cialdini et al., 1981, p.365). “The central route emphasises a thoughtful consideration of the attitude issue, whereas the peripheral route emphasises aspects of the persuasion situation that are clearly tangential to the issue under consideration e.g., “the attractiveness of the message source” (Cialdini et al. 1981, p. 365).

Given the establishment of a trusting relationship between salesperson and customer will usually result in heuristic processing, every piece of information that the salesperson provides to the customer becomes important. This information, which would usually be deemed irrelevant in rational, systematic processing, will now influence the customer’s judgement of both the salesperson and the product. The formation of trust, therefore, can have a large impact on how the customer perceives the salesperson and the cognitive effort they expend during the sales presentation and ultimately, the purchase decision.

### ***An appealing brand name leads to trust***

An appealing and catchy brand name is often critical in capturing people’s attention. Corporations usually utilise brands in order to identify their products and services in a unique and distinctive way. It is clear that math software companies pay a lot of attention to details such as their brand name. For example, some of them use names resembling that of an educational or governmental institution in order to give an impression of credibility and reliability:

*We had a visit today from a salesman for the Australian Institute of  
Mathematics who demonstrated the company’s Mathemagic computer tutor*

*software for children. When Juliet told me about the appointment I understood it was a government program to test children at maths. [interview: consumer]*

As shown by the above consumer reaction, words like “institute” can be deceiving in that they may influence consumer perceptions about the company. Sometimes, the salesperson himself pretends to have a connection to some government bodies:

*The rep said he was working for the government and testing maths and English levels of children. This [the test] was free (true - he did not say the program was). I was present and asked if he was trying to sell something. He did not answer. [blog]*

People are often deceived by names that sound like official/governmental ones because these names imply a status other than commercial and lead to misunderstanding and misperceptions:

*The name “Australian Institute of Mathematics” is legitimate but misleading in my view. For starters, it implies a not-for-profit status. [blog]*

Other companies employ appealing brand names (e.g., Mathemagic, Academic Advantage, Maths and Learning Excellence, Victorian Institute of Education, Australian Institute of Education) in order to capture their target’s attention. When people are “unmotivated and unable to process systematically” (Chaiken, 1984, p. 8), they use heuristics in order to judge the probable validity of persuasive communications. In particular, when factors such as time pressure and distraction prevent systematic and rational thought about a persuasive message, people will look at indirect clues in the message or situation (e.g., the presence of consensus information, the brand name, the expertise source and so on) to determine whether to accept the assumptions of the message.

In addition, key-words and phrases as “tutor-based” or “learn at your own pace” describing/advertising the maths software as an up-to-date and cutting edge product may have the effect of impressing customers who lack additional information:

*And we've got no problem walking away from something if we don't think. But this was like, yeah, we know it was going to come on thick, but we genuinely want to know about it because the advertising looked quite positive. The comments you hear, like, tutor-based, individual, learn at your own pace - all those sorts of things. Well that sounds like the type of thing that would be beneficial. [interview: consumer]*

Due to the brand name heuristic, people tend to evaluate products with positively valenced brand names more favourably. Thus, in order to obtain the brand heuristic effect, these companies attempt to capture the customer's visual attention and favourably enhance brand perception by showing a power point presentation and creating mental images such as the brick wall metaphor (which will be discussed later).

#### ***“Expert” suggests trust***

In the absence of other elements to judge, trust is not only facilitated through brand name, but also via other cues, e.g., credibility of the sources. People tend to trust experts or legitimised sources, as they are aware they are often right (Shah and Oppenheimer 2008). In fact, various maths software companies are not only represented as an official organisation (“institute”), but are also made to appear as managed by maths experts, or endorsed by official organisations.

Kinetic Education, for example, has formed an association with the Australian Institute of Maths Teachers (AAMT), increasing the legitimacy of any product that Kinetic Education may offer to consumers and potentially reducing resistance during the sales process:

*The Australian Association of Maths Teachers and Kinetic Education have joined forces to launch the “You Can Do Maths” campaign on TV and the internet. [website]*

*The You Can Do Maths campaign encourages all young people and their families to appreciate the important role mathematics plays in many careers and everyday life. And it is not only useful; mathematics is interesting and*

*enjoyable. I hope you find this website informative and encouraging because You Can Do Maths!"*

*Judy Anderson, AAMT President [website]*

In the material provided, it is difficult to separate the actual content of the “You Can Do Maths” site from references to Kinetic Education.

The trust in the Kinetic Brand is reinforced through Kinetic Education being advertised in some school newsletters (<http://www.hamilton.wa.edu.au/newsletters/AugustNews.pdf>). In this example, although the school does not explicitly endorse the Kinetic Brand, its appearance in the school newsletter is likely to be perceived as a form of endorsement, as illustrated by its prominence in the newsletter (the third paragraph of the principal’s report), and its connection with the principal’s message of “raising the standards” (paragraph one):

*In addition to this brief Newsletter students have also been handed an envelope with an obligation free invite from Kinetic Education for you to view their Personal Tutoring Program. Please return tear off form if you are interested.”*

An advertised benefit of the software products is access to a tutor whom children can send their homework to and call on for support:

*We also thought she might be a bit more engaged in a computer-based program or something that’s not just us, her parents. And we didn’t really think that a home tutor was going to be practical, finance-wise. So we thought this was an alternative. [interview: consumer]*

This consumer’s account suggests a belief that access to a telephone tutor adds values to the product for the consumer, because it enhances the perceived expertise aspect of the purchase. Hence, in a context of uncertainty (the customers is likely to have limited prior knowledge of the company) the involvement of experts is critical information that will inform a consumer’s judgement of the product and brand.

In the absence of other significant elements, people tend to use the expert heuristic to make a judgement (Chaiken, 1984; Petty and Cacioppo, 1984). Thus, the expert heuristic actively contributes to building trust toward the company. These manipulations strongly affect perception, and ultimate decision-making, because “people are aware that experts are often right, and so they might choose to use the expertise cue, rather than the actual content of the message, for their judgment” (Shah and Oppenheimer, 2008, p.213).

Finally, it is important to recognise that one of the reasons parents often accept to have an in-home demonstration of the product is that they are led to believe that the sales representative is qualified to assess the knowledge of their children:

*And that was the general thing why they needed to send them (the salesperson) out. They gave you the impression the person had some sort of qualification for them to come out and assess the whole thing - professional and all the rest of it.*

**[interview: consumer]**

And again:

*There was a sense that somebody who at least had some kind of qualification to do the testing was going to come and test (daughter's name), and be able to assess where she was at and how that product could actually help her.*

**[interview: consumer]**

### ***A process and environment that facilitates trust***

It is important to understand how the whole sales process is framed in order to gain the customers trust toward the salesperson, the organisation, and its products. The process begins without pressure, in a relaxed environment and initially through the offer of an incentive: the customer may be invited to fill out a coupon with the promise that they could win a laptop or a similar educational prize. Sometime after they are then contacted by the organisation:

*I actually think it was at the Home Show that we saw it. It was the same deal. Put your name down and you'll get the possibility to win but they'll also follow you up. [interview]*

The next step in the trust building process involves the company offering the customer a free in-home demonstration at an appointed time. The fact that the presentation is private (in the home) is critical, because it provides a familiar and relaxed atmosphere, compared to the more formal context characterising the traditional sale situation:

*I bought the program for my nieces and have found the program fantastic. I am happy that the salesperson convinced me to buy the program, as I would not have walked into a shop and bought it. [blog]*

When making the appointment, the organisation and salesperson attempt to avoid any perception that the customer will be pressured and emphasise that the purpose of the visit is to assess the children and to provide a demonstration of the software:

*They asked to come round to do an in-home demonstration. They said, "no pressure attached". Everything else. We just run through. If the kids can be there, we'll show them, give them a turn, see if it works for them...think I made the booking then and there and spoke to H (the sales representative) after that. And then she said she'd come round at the time. [interview: consumer]*

The trust building process is also enhanced by the salesperson's physical appearance and their attitude towards the customer. Casual dressing, kindness and similarity are important in creating a friendly impression. Customers are likely to impute benevolence to salespeople who are similar to them:

*Suit, no tie, well presented. He was probably mid-forties, mid to late forties. Fairly casual manner. Hi. How are you going? Very presentable, very approachable. And to the kids as well. [interview: consumer]*

Simply by taking an interest in the children during the interview, the salesman builds a relationship, and trust, with the family:

*You make the kids trust you first...you know "What's your favourite sport? What do you want to be when you older?" That was a big one. You've probably heard this. "What do you want to be when you older?"* **[interview: salesman]**

During the in-home demonstration the salesperson may make further use of the expert heuristic by enhancing the credibility of the software:

*I was told at both presentations that the Mathemagic program followed the Australian curriculum and was also updated every 6 months in line with the curriculum.* **[blog]**

Another technique used by software companies is to convey positive evaluations of the product by other consumers. Testimonials on the product are likely to enhance the perception that others have chosen the product and are happy with it. This increases the likelihood that the consumer will accept subsequent persuasive messages contained within the offer. The sales representative shows some testimonies (that are also on websites) of people who used the software:

*Gina Onley: "Gemma has used the program for 12 months and her marks have gone from 70 per cent to 85 per cent."*

*Jarred Dade: "Using the program once a week has really made a big difference to my maths. In 12 months my marks went from 60 per cent to 80 per cent!"*

**[company website]**

Furthermore, statistics and data are used as a cue or cognitive shortcut in order to build trust around the product. Gigerenzer (2002) and Sowe (2003) argue that marketers are able to exploit lay people's innumeracy, because people are willing to accept a number or statistic that a marketer or perceived authority presents, on trust, rather than argue back. Sowe suggests that when people are confronted by numbers or statistics they are likely to suspend natural scepticism in favour of acceptance of numbers as the final authority.

This is partly due the school curriculum, which tends to teach mathematics by rote, rather than by understanding, i.e., the numbers learned are meaningful because their teacher told them that they are meaningful (Boush et al. 2009). So, in the case of consumer behaviour, an adult is likely to assume that firstly, the numbers are accurate, and secondly, the numbers communicate the authority of the person or institute providing them. In the case of maths software, the use of statistics is even more pronounced, purely because the product benefit that the company is offering is based around numeracy.

All these cues (e.g., statistics, testimonies, data) function as shortcut for the consumer of the quality of the product and play a fundamental role in influencing people's perception in a context of uncertainty. Ethnographic studies (Prus, 1987, 1989; Bigus, 1972) have found that trust is built over time as the salesperson makes promises and commitments that are later confirmed or disconfirmed.

During a single encounter, the customer will not have had an opportunity to confirm or disconfirm salesperson promises or assertions and the customer will form trust judgements on the basis of indirect cues such as similarity, the reputation of the salesperson's firm, and so on. Thus early in a customer–salesperson relationship, indirect cues will be relatively important in trust formation. For instance, Kelman (1961) has argued that the greater the communicator's perceived credibility by the recipient, the greater the likelihood that the recipient will accept the influencing message because it is congruent with the recipient's value system.

### **3.3.6 Endowment**

The endowment effect, as discussed earlier, is defined as the phenomenon occurring when people consider giving up something they have already received or taken possession of, as a loss that is greater than the gain associated with receiving it (Thaler, 1980). A study by Knetsch and Sinden (1984) demonstrated how the endowment effect occurs. The participants in this study were “endowed” with either a lottery ticket or with \$2.00. Sometime later, each subject was offered an opportunity

to trade the lottery ticket for the money, or vice versa. Very few subjects chose to switch.

Further elaborations of the endowment effect include the “status quo bias”, i.e., a preference for the current state that biases the individual (Samuelson and Zeckhauser, 1988), and “loss aversion”, which occurs when the disutility of giving up an object is greater than the utility associated with acquiring it (Kahneman, Knetsch and Thaler, 1991, p.160). In addition, Tversky and Kahneman (1981) demonstrated that individuals are more likely to be risk-taking for choices involving losses rather than gains.

In the case of the IHS, the process is likely to begin with the promise of an endowment (the customers are asked to sign a form with the promise that they could win a personal computer – see Figure 2):

*You know they have them at takeaway food stores or whatever. You can win a laptop, the usual gimmicks and sometimes you sign them, think it's worth a chance and you know you're never going to win the laptop, but I thought it might be handy to find out some information. [interview: consumer]*

This is confirmed by the testimony of a former salesperson that appeared on a blog:

*Half of the parents and children I visited thought I was there because they were going to win a computer in a competition they had entered. [blog]*

... and in an interview with a former sales representative:

*Interviewer: So, how did the people get the phone numbers for the telemarketers?*

*Salesman: They had [forms to fill in] – you would have seen them in fish and chip shops and stuff, those sorts of things.*

*I: Are they the ones that also say things like you can win an ... education package?*

*S: A laptop, yeah, win a laptop... [interview: salesperson]*

In addition, during the product demonstration, the salesperson voluntarily induces an endowment effect when he or she asks the family members to use the maths software. The endowment is both material - a physical object (the software and computer) is provided to the customer during the sales process - and also psychological. In fact, possession does not need to be physical, as emotional and psychological possession can sometimes have a stronger influence over behaviour than physical or material possession.

The psychological aspect of the endowment is linked to the concept that the product stands for the idea that it symbolises, i.e., the software represents a means to be successful in life. As the salesperson keeps on repeating during the conversation: to be proficient in mathematics is fundamental in order to go to University and to get a good job.

*(Career question – to child) – What is your career goal? (Make Johnny feel good about it)*

*If Johnny doesn't know, relate it to a career in his favourite subject, or talk about wants, e.g., travel, own car or house, but let's have choices.*

*It's very important at this point to get everyone "thinking big" and to get parents excited about having even higher aspirations for their children than they originally had. Take your time and paint emotional pictures. [sales script; n.b., their emphasis]*

In this way, the maths software is presented as a means to build a solid foundation, and to fill in pre-existing knowledge gaps that teachers and tutors are not able to re-establish, and represents "a viable alternative" to the standard and traditional learning process or methods, which is often believed to be deficient by parents:

*So I was just looking for just that little bit of assistance and looking at what my alternatives were. We looked at private tutors, we looked at those sorts of on-line aids and anything else we could think of and I'd actually heard it through some mutual friends who had their daughter doing it so it was just part of the process of working out what's best for them. [focus group]*

And again:

*I have been interested in the Mathemagic Computer Tutor program for some time. My son is not struggling a great deal at school, although this year has been tough on him due to an ongoing bullying issue. Having had to deal with the school on a regular basis, my partner and I have realised that the public school system is never going to be enough to see him through adequately to year 12. We know we need to find other options to support him through his education, and we also realise this is never going to be cheap. [blog]*

In particular, the seller focuses upon a typical cliché i.e., parents' dissatisfaction and anxiety concerning teachers and schools:

*In terms of the Maths, my daughter I believe she wasn't getting enough help at her school from the teachers, she was going to, last year she went to a public, well her primary school years was public and now her secondary first start is public as well and I think nowadays teachers aren't that helpful in educating the kids in terms of what they want to know. [focus group]*

And again:

*I think the way teachers use the system in terms and I think it's just for them a job, not to help kids anymore I think. So that's why I've been looking at other different programs for my kids. [focus group]*

*We used to practice our maths and literacy at school. Remember. Now we have all this homework because there is no time as we are doing Italian or Indonesian and all these subjects we just never did at school. [sales script]*

***Metaphors and mental images reinforce the endowment and increase anxiety***

The seller uses metaphors and examples in order to make his or her concept clearer. For instance, one of the most frequently used mental images by salespeople in this context is the so-called “brick wall metaphor”, which is used to define the maths

learning process as a multiple-step, sequential process, involving a series of phases starting from the basics and leading to major achievements:

*And he went back through the basics. I remember a particular graphic. It was like, well, here's your wall and these are your foundation bricks. And if you learn this and learn this, then you build the foundation. [interview: consumer]*

### ***If you don't, then you won't***

To reinforce the metaphor, the seller bases his or her line of reasoning throughout the conversation on an “if you don’t, then you won’t” logic, which helps to frame the situation as a loss:

*If you don't learn this base maths here, then you won't be able to learn this here...It was like, well, so if you don't build these bricks, then this is the job you can get or these are the jobs you can get. So do you want to just pick up garbage bins? You don't want to do that, do you? [interview: consumer]*

It is evident that the seller always focuses on a negative scenario (a bad job) as a result of not placing each brick in the wall and on the positive scenario of filling in the gaps in the wall through the use of the maths software:

*But it was very much about, well, if you're missing those bricks here, these are the only jobs you going to be able to get. You use this tutor course, this will give you those bricks, you'll get this job. [interview: consumer]*

...and by another interviewee:

*If children don't learn at the beginning and they do miss certain spots then they do have further problems. [focus group]*

The consumer is persuaded that possession of the software will guarantee a successful future to the children in that it represents a valid alternative to fill in their knowledge gaps:

*There was the inference that your child would then be disadvantaged if they weren't getting it. You want to give your child the best opportunity' and [he showed us] certain figures about kids who actually getting accepted into university [focus group]*

... and anxiety being communicated by parents:

*They are going to have to really study to get into university and get the grades that they want; it's got to start from an early age. [focus group]*

From these quotes it is evident that the salespeople aim to induce an endowment effect in his or her customer. By prefiguring a scenario in which – thanks to the software – the children will be able to get the knowledge necessary to get a good job, the seller attempts to create an expectation in the parents. Parents are likely to do whatever they can in order to help their children become successful and satisfied:

*He was trying to really push the point that this program will get you that job. And that was without directly saying those words; that was the real thrust behind [his presentation]. It was "this maths program is going to get you this job". If you don't use this maths program, well, you're going to get a crap job because you can't do maths. So that was the real push. [interview: consumer]*

Hence, it can be inferred that the sale situation is framed as a choice involving a loss, i.e., if the customer doesn't accept, he or she will lose both the physical (the software), and the psychological endowment (the idea of his children's successful future/career) and not as a gain. Evidence suggests that people innately tend to develop feelings of psychological ownership for a variety of objects as a consequence of their innate motive to control things (Furby, 1991).

Furthermore, individuals naturally tend to be loss averse (Kahneman and Tversky, 1984), and to make attempts to maintain the "status quo" (Samuelson and Zeckhauser, 1988), in that giving up something they have already received or taken possession of, implies a loss that is greater than the gain associated with receiving it (Thaler, 1980). In the case of the software sale, an endowment effect is produced as soon as

individuals start using the software (the salesperson asks all the family members to use it) so that losing what they have just received is made more difficult than it would be if they thought of it as a gain.

Thus, it can be argued that the sales situation, as it stands, influences the consumer by producing a perception of loss that is related to the missed acceptance of the offer.

### **3.3.7 Scarcity**

It is now well established in the economics literature that the unavailability of an object enhances its perceived value. In 1937, Adam Smith stated in *The Wealth of Nations* that, "... the merit of an object, which is in any degree either useful or beautiful, is greatly enhanced by its scarcity, or by the great labor which it requires to collect any considerable quantity of it . . . " (p. 172).

The concept of scarcity and the effect named after it have attracted the attention of economists, sociologists and psychologists who have tried to define this effect, and to understand why it occurs. Brock (1968) proposed an explanation for the scarcity effect in his commodity theory, according to which anything that is potentially possessable and useful to its possessors will be valued to the extent that its availability is limited by scarcity, costliness, restrictions, and delay. Thus, when a commodity is perceived as unavailable, it is valued to a greater extent, and the motivation to obtain it is enhanced. Brock (1968) defined unavailability as the perceived difficulty of obtaining the commodity. Factors that can make a commodity unavailable to an individual include a short supply, high cost, and limitations in distribution.

Marketers and advertisers understand the power of the scarcity effect, and frequently use scarcity tactics in their promotions. Phrases such as "only a few left in stock", "supplies are dwindling fast," "only available for a short time", and even "this is the last one" are used to motivate potential buyers to purchase products. Scarcity tactics are employed in order to gain compliance (Cialdini, 1988), and enhance the perceived value of products and opportunities (Cialdini, 1985). As Lynn (1991) underlines, the use of expressions and phrases such as "limited release," "only while supplies last," "limited time only," and "limit of one per customer" are clear examples of the

advertisers' awareness that a scarcity effect can act as a critical factor in the selling process.

Many studies have demonstrated that such scarcity tactics are effective. For instance, Szybillo (1975) found that perceptions of scarcity improved the desirability of fashion clothing; Verhallen (1982) registered greater preferences toward recipe books perceived as scarce due to market forces; Lynn (1987) revealed that paintings perceived as scarce were more desirable than paintings perceived as readily available.

Finally, Brannon and Brock (2001) suggest that people judge rare products to be of high value or quality, and that scarcity can be considered as an heuristic, a cue to value, such that people uncritically apply an implicit rule, "what is rare is good" (Cialdini, 1993; Lynn, 1992) or "what is scarce is extreme" (Ditto and Jemmott, 1989).

In the context of IHS, the role played by scarcity in the sale process is immediately evident. From the first contact, the seller attempts to give an impression of scarcity (and thus of uniqueness) to the customer:

*They [said that they] were very busy. They [said that they] would see whether they could schedule us. [interview: consumer]*

In this case, scarcity is related to time: the time that the seller can dedicate to the customer. By saying that she is very busy, the seller provides the product/service she is offering with an *aura* of uniqueness and depicts it as a privileged offer.

*As I mentioned before, we work area by area. In each area we take no more than 100 enrolments. Just like a school, once we reach our 100 quota, we close enrolments and move to the next area. So we had to work out a criteria to sell the 100 enrolments. It would be unfair to do it by socio-economic class... the most important criteria for us are the parents. That's why I conducted the interview earlier. [sales script]*

In addition, scarcity is also related to the product/service itself. The salesperson emphasises that the family was lucky enough to be selected for a presentation in that only a certain number of enrolments is allowed:

*The salesman said, that the offer won't be there so you must sign tonight and it's worth this much money, an extra thousand dollars or whatever for nothing and it just went on and on and on about what a fantastic deal it was for tonight, it had to be tonight. [focus group]*

... and again:

*He said to me; "oh no worries I've already sold a few packages this week and they're going out the door. Pretty much tonight's the final offer". [focus group]*

The importance of scarcity in this particular sales process is that it acts as a cue that stimulates a heuristic, rather than systematic information processing (Petty and Cacioppo, 1981, 1986). In the absence of further information, the customer judges on the basis of heuristics such as brand, expertise and scarcity. The response is more automatic, and less evidence-based. It is clear that the salesperson creates a scarcity effect, concerning time (the offer has to be accepted at the end of the presentation) and the privilege (only a certain number of customers have been offered it):

*They don't leave and say we'll come back in a couple of days and let you think about it. It would be different if they did that... [focus group]*

Therefore, scarcity has the power to increase the perceived value or utility of a good, generate pressure (as customers are given a short amount of time to make a decision), and construct a vivid representation in the mind of the consumer of future usage, by anticipating pleasure (Lowenstein, 1987).

### **3.3.8 Anxiety**

Emotional factors can influence evaluative judgments by affecting the confidence people have in their thoughts to a persuasive message. For instance, De Steno et al.

(2004, p. 43) argued “attempts at persuasion would be more successful when messages were framed with emotional overtones matching the emotional state of the receiver and that these changes would be mediated by emotion-induced biases involving expectations attached to arguments contained in the messages”.

In particular, the decision of parents to seek extra education for their children will be influenced by numerous variables. A review of psychological theory and research examined the decision of parents to become involved in their children’s education (Hoover-Dempsey and Sandler, 1997). The review identified that family status variables do not fully explain parents’ decisions to become involved in their children’s educations because they do not take into account parents thinking, actions or influence. Hoover-Dempsey and Sandler proposed that there are three most influential constructs for why parents become involved in their children’s education: (1) the parent's construction of his or her role in the child's life, (2) the parent's sense of efficacy for helping his or her child succeed in school, and (3) the general invitations, demands, and opportunities for parental involvement presented by both the child and the child's school. The authors found that the most important variable in the decision of involvement is the parent’s role construction, because if the belief that they should be involved in the child’s education is absent, the other constructs usually appear insufficient to predict an affirmative decision for involvement. Sense of efficacy is very important to the decision because the parents' belief that they are capable of helping their child enhances the power of role construction to allow a positive decision.

The importance of parents' role construction and their self-efficacy for helping their child are also likely to extend to other decisions about their child’s education. Self-efficacy is an individual’s belief in their abilities to succeed at a particular task. In the context of education, some parents may exhibit low self-efficacy in relation to their ability to assist their children to succeed at school. These parents, who have a strong belief they should be involved in their child’s education, but do not believe they can help their child succeed in school, may be more receptive to businesses offering special help to their child. These parents believe they should be helping their child, but cannot, and therefore might be anxious to seek alternatives. An important component of their self-efficacy is determined by their own experience of school.

Highlighting the parents' experience of school, particularly if it was not a positive one, allows the salesman to convince the parents that their children should not have the same experience, thus increasing anxiety, or "pain":

*Salesman: But in the [sales interview] questions you talk about their experience first...*

*Interviewer: So the parents' experience?*

*S: Yeah, and you ask "how was your experience at school?" and the typical answer was "Wasn't very good. I didn't do very well." "Why was that? Why do you think it was?" And they go "Well I didn't have all those opportunities." So you have to bring the pain out first.*

*I: Is that the kind of terms that they used in the training?*

*S: Yeah absolutely "make them feel the pain" I heard that a thousand times, it was drilled into. I mean you really had to, I guess, now looking back at it, at the time you didn't think it but you really had to take advantage of the people in these vulnerable positions. And you know their weaknesses... I mean you had to... literally you had to make them feel the pain and then you had to relate it back to them and so you spent a good, you know, 25 minutes talking about their schooling experience. [interview: salesman]*

Anxiety in parents wanting to help their children might influence important decisions that they face. A study on decision processes found that anxious individuals make biased decisions based on perceptions of low-risk options (Raghunathan and Pham, 1999). The researchers attributed this bias to the notion that anxiety primes an implicit goal of uncertainty reduction. They inferred that this causes an active process of feeling monitoring where these individuals ask themselves, "What option would I feel better about?" The parent who is anxious about providing their child with the best education, every chance at success, the opportunity to fulfil their potential and/or have the choices and future they never had, is likely to make decisions motivated by these anxieties. Equally so is the parent who is anxious that they cannot provide their child with the help needed to meet their hopes and aspirations. These anxious parents are likely to be looking for a solution to reduce these anxieties and will be less likely to make well-thought out decisions that consider all the options available to them.

Stress may also affect an individual wishing to make a well-considered decision. Individual's placed under controllable or uncontrollable stress have been found to show a significantly stronger tendency to accept solutions at face value before all available options have been considered, compared to those not placed under stress (Keinan, 1987). Stressed individuals in this study were also found to scan alternatives in a non-systematic method in comparison to non-stressed individuals. Individuals who feel stressed due to external or internal pressures are likely to be influenced in their decision-making. Parents who are making a decision that involves anxiety about education, or a decision under sales pressure or persuasion techniques, may become increasingly stressed and less able to consider the range of alternatives that may be available to them.

Lowenstein and Lerner (2003) also identify immediate emotions during decision-making as influential. They posit that immediate emotions (i.e., emotions experienced at the time of the decision) can influence decisions indirectly by altering the decision maker's perceptions of probabilities or outcomes or by altering the quality and quantity of processing decision-relevant cues. They view intense immediate emotions (not unlike those many parents have about their children and their children's future during educational software demonstrations) may progressively take control of decision-making and override rational decision-making. Affect does not of course equate to irrationality, and is important for normal functioning; however, it is also a potential source of bias for decision makers (Lowenstein and Lerner).

In sum, parents who believe they should be helping their child with their education, but cannot, might be over-anxious to seek a solution. Anxious individuals will be less likely to make well-thought out decisions that consider all the options available to them because they are motivated to reduce their uncertainty, without exhausting other cognitive resources. The stressed parent is less equipped to make a well-reasoned decision because they will tend to come to a decision before all alternatives have been properly considered. The emotional parent may be biased in their decision-making because emotions can alter the decision maker's perceptions of probabilities or can alter the quality and quantity of processing decision-relevant cues. Finally, regulating one's emotional responses can make an individual depleted of self-regulatory resources, and more inclined to use simple heuristics to make decisions. It is also

worth nothing these variables might be enhanced in combination or when present alongside persuasion techniques that further reduce the ability to make well-reasoned decisions. The variables of anxiety, stress, emotion, and depletion and their affect on judgement are important in any study on decision-making, particularly in examining parents' decisions about their child's education.

In the case of the maths software sale, the salesmen attempt to manipulate parents' emotions by stimulating their concern and anxiety regarding their children's education, and their future employment prospects. How to do this is clearly outlined in the sales script:

*The police force and armed forces are telling us that they need a minimum entrance of Intermediate Maths. I spoke to a guy the other day that is a refrigerator mechanic. He left school at Form 3 to do his apprenticeship and has been doing his job for 20 years or so. He was telling me about how his company is hiring first year apprentices at the moment and requires a minimum Intermediate VCE Maths because they have to do a mini electronics course now. It's so different now. More students than ever before are doing VCE but without attaining the marks to get them where they need to go. So maths is definitely a focus and we have to make sure we are getting stimulated and are realising our potential. [sales script]*

In this way, sellers leverage the parents' vulnerability about their children, but the parents' response to this stimulation can vary. In fact, parental involvement in children's education will have different degrees. Parents are variously concerned about the quality of education and generally want assurance that their children will receive adequate preparation to lead rewarding adult lives.

In particular, some parents feel strongly that they should be able to influence their children's school outcomes. As discussed earlier, this attitude, called "self-efficacy", has the potential to influence parents' decision making about what their children will need from their education. That being so, mathematics software such as that purchased by the interviewees are especially targeted at, and can be particularly appealing to, parents who have a high sense of "efficacy" for helping their children

succeed. High-efficacy parents are most likely to feel positively toward external sources to assist their children, because it is part of their psychology “to generate strategies to solve current problems, anticipate problem situations in which they might become productively involved, and persist when faced with difficulties in solving problems” (Hoover-Dempsey et al., 1992, p. 19).

Thus, the purchase of a software package can be seen as a strategy to anticipate problems at school. In particular, parents of children who attend government schools seem to be more concerned about their children’s educational opportunities, than those who attended private school. This could partly be explained by parents not feeling in control of their child’s education, in the way that a parent who “pays” for their child’s education has more control and choice:

*And also my kids go to a state school and I can only give them the education I can afford to give them, but I always just assume that if they’re going through the state system, if they do struggle anywhere that I would have to get a tutor outside of the school basically. And then I thought well this may be another way of approaching it. I have spoken to my boys’ teacher, or the older boy’s teacher since I’ve been approached, and I started feeling guilty because my sister signed up and she’s got the money to do that sort of thing, but then I started thinking my boys, maybe I’m not doing the right thing by them. [interview: consumer]*

Sometimes, parents’ efficacy can be a consequence of the parents’ regret about missed opportunities:

*Yeah, I guess with all parents nowadays, you want to try and give them every opportunity that we may be missed out on as kids. There’s a lot that we missed out on. None of us would say that we all had tutors... We didn’t have parents ... as kids or the extra support in schooling, and I guess we all want to do the right thing by our kids and give them any opportunity that they could benefit out of it. I know with older kids – I’m talking someone else’s older kids, but a lot of them by the senior years, they were having tutors help their kids. And they are quite*

*expensive, so I tried to think if I could start them off earlier, maybe they won't need the tutors by that time. [interview: consumer]*

... and of their wish that their children have a better future:

*Schooling has changed too. When I was younger, for me, I was blessed, I became a plumber, but my kids, they need to have that higher education to get into anything. [interview: consumer]*

Salesmen are aware that concerns about children's education are parents' Achilles heel and play with their vulnerability, making them feel guilty if they refuse to purchase the product:

*In our case they made me (father) feel like I was abandoning my children if we didn't sign up. Even my wife started to pressure me in the end. [interview: consumer]*

In order to increase parents' complex of guilt, salesmen use the strategy of the anticipated regret, i.e., "the negative, cognitively based emotion that we experience when realising or imagining that our present situation would have been better had we acted differently" (Zeelenberg, 1999, p. 326). In this case, the seller tries to anticipate parents' regret making them imagine a negative scenario concerning their children's future as a consequence of the missed purchase:

*They make consumers feel guilty if they don't sign up. They say things such as, 'Do you want your kids to have a better education than you had?' and, 'Don't you care about your children's future?' [interview: consumer]*

Clearly self-efficacy, anticipated regret, and anxiety about the way in which children are taught at school influence consumer responses to the sales process. Indeed, external forces, such as advertising of private schools, and other media, may persuade parents of children at government schools that their children are getting a sub-optimum education. These factors conspire to increase parental pressure to "take control" of their children's educational requirements.

### 3.4 The Consumers: Case Studies

#### Case Study One

##### 3.4.1 No Sale: David and Jane

David and Jane<sup>14</sup> are working parents from Melbourne Australia. David holds a sales job, while Jane works at a Call Centre in the Burwood area. They have two children; Elise and Karl who are aged 8 and 18, and in grades 3 and 12 respectively. Both David and Jane like to feel in control of their children's education. They liked to think that they are not taken in by marketing or any form of sales promotions.

Both David and Jane had been exposed to numerous sales promotions and techniques in the past and were quite aware of the typical process; particularly because they both have had experience in sales jobs. So signing up for a demonstration of this particular product was more out of the curiosity of the sales techniques deployed rather than anything else. But if the product did hold merit they would be willing to buy it.

Jane says that she signed a form at the Home Show that promised them an opportunity to win a free Laptop. Jane says that she was probably aware of the fact that they were unlikely to win anything and realised she was most likely going to be placed on a mailing list to be contacted at some future date. However it took the company nearly 18 months to contact David and Jane. She recalled that she said to the telemarketer:

*You know if it takes you two and a half years to ring us, I'm not interested in your business really.*

However Jane said she made the booking as they got her at a weak moment. She says the telemarketer made the offer feel very non-pressurised and reiterated that it was just a demonstration and an opportunity to see how her children were going at school.

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<sup>14</sup> All names in the case studies have been changed to protect the identity of participants.

Jane had also invited her friend Helen to the demonstration along with her son Anthony he was in the same class as her son Karl.

The salesperson Steve arrived at David and Jane's house on a summer evening in 2008. According to Jane he was in his mid forties, well presented and very approachable; he wore a suit with no tie. He was very casual in his approach to Jane and David, and attempted to build a strong rapport with them. However both David and Jane feel that his approach to Elise and Karl wasn't so comfortable.

*I think his approach to the kids was a little bit forced and a little bit patronised. It didn't seem all that natural to me.*

Steve went through the initial introductions explaining how advanced the tests were compared to normal schooling. He then offered to test the children. He set Karl up with a few practice tests which were dummy programs that were utilised during the sales pitch. Karl eased through the levels much to Steve's surprise. Jane recalls the conversation:

*So it was like, well we'll try the next level up then. These ones might be a bit...oh, no; you've done that one too. Well he is doing quite well then I said. Yeah, well. He actually likes Maths. He likes asking us questions and doing little things. He was a bit like, oh. I think you almost saw a bit of panic in the eyes to say – this is not really going to work well with him. So it was like, so we'll get the other kids on there...*

They all then moved to the table where Steve made a presentation on his laptop and also used a sales prompt to assist him further. Jane felt that the initial slides of the presentation were telling them nothing new about the importance of mathematics.

*Jane: And it started off with an intro and – and it was all on a PowerPoint slide, basically. And we went through the basics. I remember a particular graphic. It was like, well, here's your wall and these are your foundation bricks. And if you learn this and learn this, then you build the foundation. And if you don't learn this base maths here, then you won't be able to learn this here. And*

*this will carry through up into high school. And so if you don't learn that....*

*Which we sort of already knew.*

*If you don't learn ten plus ten in Grade One, you'll never learn higher algebra in high school. And like, yeah, understand that but let's step this along because you don't need to treat me like I'm three. We can actually make these assumptions for ourselves and we do need to understand that. So it was a little bit like, well, I need to go through every single slide and explain it to you.*

According to Jane, Steve was really trying to push the point of the program by reiterating to the kids that if they didn't achieve certain foundation bricks (as shown in the presentation) they would not be eligible for certain kinds of jobs.

*Jane: It was like, well, so if you don't build these bricks, then this is the job you can get or these are the jobs you can get. So do you just want to pick up garbage bins? You don't want to do that, do you?*

*Interviewer: And he's saying this to the kids?*

*Jane: Yeah. So you know, kids, what do you want to do? Actually I don't even think he asked the kids. I think it was like, so you can have these jobs here because you wouldn't want to do these jobs. And I understand that because if you turn around and ask a kid what kind of a job you want to do? And they say, I want to be a garbo, you've just screwed your presentation up because they're going to go, I don't need maths then. I'm good to go. I'll drive a truck. So he was smart enough not to do that and that's where I say, there's those sales techniques you could pick up on. But it was very much about, well, if you're missing those bricks here, these are the only jobs you going to be able to get. You use this tutor course, this will give you those bricks, you'll get this job.*

Steve also went on to talk about a 24/7 online tutor system where one could hand their work in to be graded. However Jane felt that Steve was not very well informed on this particular subject and didn't seem to know a lot about it. Jane recalls the conversation with Steve:

*He was, yeah, what happens is, when you get to the end of the block, they'll tell you where you've gone wrong. Well that's what you get the tutor. And I said but*

*they might have made fifty mistakes past then, past the learning start if they're not corrected on their workings out on the way through. Yes, good point but we'll get to that later. They'll explain that to you.*

Moreover, whenever Jane asked him other questions he would always introduce a 'could' or a 'should', rather than being definitive. This made her uncomfortable and frustrated. Jane recollects when she asked Steve about the program being able to run on two different computers.

*Jane: I said, look, can we run this on two computers or it has to be based on just one computer? And he's like, oh no, you should be able to transfer it from one to the other.*

When he was asked about pricing, Steve stated that it would depend on what year level they got; you would pay 'X' amount for the year i.e. if you get it from grade 3 to grade 12 then its 'X' amount. But Jane says that he kept delaying any mention of the final price and would counter attack Jane's question with other questions.

*Jane: And then it was a bit more of the sales pitch. It was... How much would you pay for a tutor at home per hour? How much would it add up to over a year? He had all the sums worked out there. So it was obviously part of it. And an average tutor is going to be. I'm like you're finding bloody expensive tutors, mate. I can find a cheaper one than that but it came down to that.*

Jane also stated that she switches off easily when it came to low quality presentations and sales people who say only what they are told to say.

*Jane: My mind started to drift a little bit because I'm a short attention span to a poor presenter and this was very contrived. You could tell that it was... We just hired thirty people. We're going to bring you into a room. We're going to sit you down and this is how you're going to do the slide and this is what you say here, this is what you say here. And there was no deviation. It was talk, talk, click, next slide, talk, talk, talk, click, next slide. And you just keep up.*

It was only in the last half an hour of the two hour demonstration that Steve told Jane and David the price.

*David: So what we're talking about is the package and stuff. He was like, we can work this out and we can do this for you and so – we're working out its only going to be X amount per day, type of a thing.*

*Interviewer: So he started with a daily rate?*

*Jane: Yeah a daily thing...And by this stage I'm going, wind it up mate. Let us know because by this stage – because the kids are no longer involved in it.*

*They're off and they're starving and making noise and getting cranky. We were like, mate come on. And when he came up with \$3000, David and I just looked at each other and went, job's done.*

Both Jane and David felt that Steve was pushing to close the sale, but both were no longer interested. Steve then sought to push the sale by highlighting the scarcity of the offer, i.e., he was only able make the offer, at its current price, if they signed on the spot.

*Jane: He said, If you sign this now you've got the price locked in at this discount that I'm offering you now. But I can't say I can guarantee that it will be the same the next week. And if you change your mind and stuff, you can just give them a call.*

Both David and Jane found no difficulty in resisting this particular product as they both had useful knowledge having worked in the sales field, as to how the sales process works.

*Jane: We're the same in that way that we don't say yes to a lot of things straight up. We both like to cool off and do things and try not to buy things in the heat of the moment. We're not yes people. You've probably worked that out by now.*

## Case Study Two

### 3.4.2 Sale: Martine and Julian

Martine and Julian (not their real names) live in Noble Park North. They have one daughter 15 years old. Martine has Pacific island heritage, Julian has Italian heritage, and both admit that they have struggled all their lives and the success of their only child is their main concern.

The couple says that they were approached to sign up for a maths software demonstration in the shopping centre where Martine worked. The salesperson called over the family while they were all walking together. It was clear in their conversation that they were seeking help for their daughter, Josie, so the approach was relatively welcome. Martine says,

*We were very interested though at the time... and we'd already had Mathemagic Computer Tutor as well out. So my child, poor thing, had had a really bad issue with maths, so I saw that I needed to get her some help, and having a one on one tutor was going to be absolutely exorbitant, okay, so ...*

The salesperson took their contact details and the family received a call within couple of days. Martine answered the phone and set the time for the representative to come. Martine cannot remember clearly, but she thinks she either assumed, or was told, it would be a person who would be able to test their child's progress at school. Andy says they assumed it would be a qualified teacher or someone similar.

Even though Martine had already heard several negative opinions about the product, she was so anxious and insecure about her child's future, that she was willing to give it a try anyway.

*I needed another option basically, and this came along, and I thought I've heard people talking about it, some good, some bad. Maybe I need to explore that.*

The salesperson (Andrew) arrived in the evening at about 7.30pm. Both Martine and Julian work full-time, and Martine had only just arrived home when the salesperson visited. According to Julian, he was dressed formally and their first impressions were that he was a professional and could be trusted.

The first half hour was taken up by Andrew introducing himself and talking about basic things like children's education, before he conducted the test. According to Martine, Andy was confident and convincing about the quality of the product, and used the example of his own son who had been struggling with school, but now was using the software and was very successful. Julian wasn't convinced:

*... all of a sudden his son's turned around and it's all magic and all wonderful, and I thought that's fantastic. That's where he lost me, because I didn't believe a word of it. He saw the soft side of Martine and just played to it. Into the first half hour he knew that he had Martine.*

Martine made him a cup of tea, telling the interviewer that being hospitable to guests is an important part of her heritage and she cannot resist it.

Martine said that Andy used metaphors such as comparing missing knowledge to a brick wall, to demonstrate why children needed extra tuition.

*Martine: So he said that "basically throughout school, the kid will learn and then if they don't understand it then the block shuts, and if they don't understand something a piece of that block is missing." ...he went into how you should invest in your child, if you don't it means they won't be a success – he started on the guilt side of things...*

It took the salesperson about two and half hours to discuss everything and during this time Julian says that he continually asked Andy to...

*...get to the point and tell me the price, but he refused to tell me unless I gave him the chance to tell us about the program. And Martine is telling me to calm down.*

After the salesperson had tested Josie, he told Martine and Julian that she had a lot of “blocks” missing. According to Julian, *...that’s when Martine said let’s do it...* Julian was not impressed, and he says that even then, he knew the salesperson was playing on Martine’s anxiety about her daughter.

*...as soon as I heard the price I said forget it. I didn’t want to know about it after that really. I stayed in the room, but I was just over at the kitchen bench.*

Julian made an attempt to stop his wife from buying it and Martine herself was doubting whether she really wanted to buy it, but eventually her anxiety about Josie’s future overwhelmed her. She also knew that she would struggle to pay for the actual program, but Andy offered to assist with a finance program.

*I thought at the time okay, this is frigging ludicrous but obviously this is the only way I’m going to be able to get the package so therefore I need to go through his finance company...*

Throughout the whole interview both parents admitted several times that they were very conscious and anxious about their child’s future and her problems with maths at school. They said that they were frightened that her difficulties at school would lessen her chances to enter university. She said that when she spoke to her teachers about her concerns they gave her...

*... extra sheets to take home, so that’s more homework and that’s more pressure. So you go around in a vicious circle. Very frustrating.*

*Interviewer: Would you say you were anxious about her future because she wasn’t doing well at school?*

*Martine: Yes, absolutely, the whole thing, which is why I was so worried about it, and why I had to pursue it – why we had to pursue it further to see how we could possibly help her, because it was not doing any good by me saying anything to the teachers because nothing was being done.*

Martine was very conscious that she was working long days and had no time to help her daughter properly.

*And I worked, and I was working such long hours, so I'm not here to actually help her.*

At the end of the interview, Martine said that she had been struggling all her life and her daughters success was the one really important thing for her.

*Martine: And if you've been brought up and struggled all your life, you want the best.*

*Interviewer: Is that your story?*

*Martine: Yes.*

*Interviewer: So you did struggle?*

*Martine: Absolutely, still am in a lot of ways.*

### Case Study Three

#### 3.4.3 Sale: Munsif and Husna

Munsif (male) and Husna (female) are a couple of middle-eastern heritage who live in an outer northern suburb of Melbourne. They have seven children, aged from four weeks through to 18 years old. Munsif and Husna are first generation migrants, and said that they had moved to Australia because of the feeling of security it gave them.

Munsif and Husna were initially made aware of the software through a telephone call from the sales company. Munsif's sister, who had earlier received a demonstration by the software company, had been encouraged to recommend others who might be interested in the software, and had given the contact details of Munsif and Husna.

*When my sister signed up, they also say – some numbers of people we could contact. They called me on the phone and... she made the interview to come and see the kids. She (the salesperson) said she wanted to come see the children.*

*And she had interview [time] on Saturday in the area to come and see my kids and husband.*

The salesperson, Sarah, contacted the family home, and Husna answered the initial telephone call. When Husna answered the call, Sarah said that she would be “in the area on Saturday”, and would like to come and see her children. She also said that it was important that Hunsif’s husband was present at the demonstration.

Sarah arrived at the home around 11am on Saturday morning. According to Munsif, she was dressed casually, and seemed like a nice person.

*Munsif: Very nice. Very very nice, yeah.*

*Husna: She talks good, yeah.*

*Munsif: And the kids thought she was nice, and very comfortable to be with.*

*Husna: Yeah, you trust her, but – she was a good talker...*

Munsif and Husna’s children made Sarah some toast, and got her a glass of water. She asked the family to sit around the table, with Munsif and Husna sitting next to each other, and Sarah sitting opposite.

Munsif says that Sarah talked about the maths software program, and how her daughter was using it, loving it, and achieving success at school. About 20 minutes into the meeting, Sarah offered to test Munsif and Husna’s children.

Both Munsif and Husna admitted that they don’t feel confident in helping their children with their schoolwork, saying that when their children received homework from school they did not completely understand how to do it. Husna stated during the interview that her children,

*... need help – because I can’t help that much, and my husband, he’s at work.*

Both parents admitted, however, that they weren’t seriously concerned about their children’s schoolwork prior to being approached by the software company, saying that they were doing alright at school, but admitting that they sometimes they need

help with English. They said that they had not spoken to their children's teachers about any concerns that they had with their education.

However, during the sales process, Husna said that she started to become anxious about her children's educational prospects, predominantly due to the tests conducted by Sarah,

*Husna: She had [the tests] ready, and she just gave them to everybody [the children] and sent them into separate rooms, by themselves. Everyone had wrong [answers] – maybe one had right – because they didn't understand...*

*Munsif: ... there was no explanation about how you are going to do it ... [after they completed the test] she told them where they went wrong.*

*Husna: I thought, my kids, they need help – the way she explained it.*

After the tests, Munsif and Husna said that Sarah explained the program to them, and in addition, offered to arrange with her manager a "cheap" computer for them to install the software. Although Munsif already owned a computer, he said that he would like to have a separate computer for the kids, and this offer seemed to be good one.

Both said that Sarah was not forthcoming with providing the full price of the software package. Indeed, they said that they did not even know that they were paying interest until 18 months into the agreement, when they received a statement telling them that they were behind with their payments. Part of the confusion was brought about by Sarah only telling Munsif and Husna the monthly cost, and the payments being deducted directly from their salary.

When Sarah had convinced Munsif and Husna to sign up to the contract, the process of signing was short and abrupt. Sarah completed the forms for Munsif and Husna, and then handed the forms to them to sign. Munsif said that Sarah did not encourage him to read the full agreement, and to some degree, both Munsif and Husna did not feel compelled to read the full agreement, because they believed the agreement would not have been out of the ordinary, assuming that if there was a problem with the

agreement the company would not be able to use it, and because, at the time, they had developed a trust relationship with Sarah.

*M: She just hold them [the agreement papers] ...*

*H: Yeah, like a pad – like that, underneath...*

*Interviewer: Did she hold on to it?*

*M/H: Yeah.*

*I: So she didn't give it to you read?*

*M/H: No, no, no.*

*Interviewer: And did you, excuse me for asking, did you think to yourself, "I should read this"?*

*H: If I read this, I'll be here all day... it's common sense with everybody else – the same – thing [contract] for everybody else. There's nothing different that you're doing – that other people don't do... and I thought she was a good person.*

*M: But that's why it's a problem. The [contract] is the whole problem... now I've learnt my lesson, and I don't want any more involvement with anybody – believe me – you don't know, how many people come and knock on the door – how many people – I can't believe it.*

Both Munsif and Husna say that they understood there was a period in which they could cancel the agreement, and this may have influenced their willingness to sign on the night. Munsif said that he wasn't sure whether Sarah mentioned this, or whether he had learned this in some other way.

Having signed the contract, Husna admitted that she felt a bit uncomfortable about the commitment, although she did not discuss this with her husband. Munsif also said that he would have preferred to take some time before actually signing the agreement. In hindsight, he says "... you've got to take some time, and sleep on it."

Approximately three days after the demonstration, Husna was contacted by Sarah to advise that they had been approved for finance for the product, and the product was to be delivered two days after that. However, Husna was contacted by Sarah (now five days since the visit) to advise that they had provided incorrect BSB numbers for their

bank account deductions. At this time, Munsif told Husna to tell Sarah that they no longer wanted the product. J advised that this was not possible, as finance had been secured, and the ‘cooling-off’ period did not apply,

*H: I told her, we don't want it anymore. I told her, I said – I don't want the computer because the kids aren't interested in it – and she goes, it's too late we've (the software sales company) have already got the money. [This was five days after they had first signed the agreement].*

According to Husna, Sarah returned to the home to get a second signature with the change of BSB number. At the time, only Munsif was home, and he was confused about why he was being asked to sign a second agreement. He contacted Husna to ask her why Sarah had returned with a second agreement. Husna told Munsif that she had wanted to cancel it,

*H: ... and that's when I said, M, we don't want it anymore. But she goes no, no, no, because we've already got the money, you know?*

At the time of the interview, Munsif and Husna were in negotiation with the finance company to be released from the agreement.

### **3.5    *Phase Three: National Survey***

#### **3.5.1    Introduction**

Phase Three of the empirical research consisted of a national survey of consumers who had been approached in the previous three months to be given a sales demonstration of educational software in their home. This phase differed from the first quantitative phase, which attempted to provide a simple national snapshot of the degree of people who had been provided with a demonstration of education software. In Phase Three, the questionnaire focused upon gaining a better understanding of the sales process, consumer attitudes toward the salesperson, attitudes about school and homework, and more detailed examination of how these variables might influence consumers' decisions.

Phase One identified that approximately five per cent of the 1000 people surveyed had been approached in the previous three months to participate in the software demonstration. For Phase Three, to ensure that we only spoke to those who had participated in a sales demonstration, a filter question (In the past three months, have you been given a demonstration, in your home, of a computer based education software program, e.g., Maths, English, etc.?) was used. A total of 10,726 people were contacted, with 300 people answering yes to the filter question, i.e., three per cent had been given an in-home demonstration of an educational software program.

The questionnaire was divided into five parts. Part One examined the sales process (e.g., length of the demonstration, those present at the demonstration, perceived pressure); Part Two examined consumer attitudes toward the sales demonstration, and the salesperson; Part Three sought to examine the number of people who signed up for the package after the demonstration, and their reasons for doing so (it also investigated the reasons for not signing up); Part Four examined issues of education (e.g., perceptions of the school system, anxiety around parents' ability to help their children), and Part Five collected demographic information (e.g., age, educational levels, occupation, income) about all participants.

### 3.5.2 Summary of Sample

**Table 1**

*Distribution of respondents from each state in Australia*

	Percentage
New South Wales	41.0
Victoria	34.7
Queensland	12.0
South Australia	5.0
Tasmania	1.0
Western Australia	5.7
Northern Territory	1.0
Australian Capital Territory	0.7

The level of education achieved was a postgraduate university qualification for 19 per cent of respondents, a undergraduate university qualification for 37.3 per cent of respondents, other college for 6 per cent of respondents, a TAFE qualification for 16 per cent of respondents, a higher school certificate for 11 per cent of respondents, a school certificate for 5 per cent of respondents and some secondary school for 5.7 per cent of respondents. The majority of respondents fell into two age categories: 25-34 years (35 per cent) and 35-44 years (33.7%). Respondents were distributed as follows amongst other age groups: 18-24 years (12.7 per cent), 45-54 years (13.3 per cent), 55-64 years (4.7%) and 65+ years (0.7 per cent).

The majority of respondents had one child (44.7 per cent), or two children (20 per cent) at primary school level (3 children = 3.7 per cent, 4 children = 1.3 per cent). Most respondents did not have a child at secondary school (64 per cent), or only had one child at secondary school (25.3 per cent). Some respondents had two children (9 per cent) and three children (1.7 per cent) at secondary school. A large majority did not have children at university (87 per cent).

Table 2 summarises the distribution of respondents in annual household income (before tax).

**Table 2**

Distribution of respondents in annual household income (before tax)

	Percentage
Less than \$20,000	10.7
\$20,000-\$40,000	14.7
\$40,000-\$60,000	23.7
\$60,001-\$80,000	22.3
\$80,001-\$100,000	14.3
\$100,001-\$150,000	10.7
More than \$150,000	3.7

Table 3 summarises the distribution of respondents in occupation categories.

**Table 3**

Distribution of respondents in occupation categories

	Percentage
Manager or Administrator	16.7
Professional	36.7
Tradesperson	4.3
Clerical or Service Worker	9.0
Sales	11.0
Transport Worker	3.7
Labourer	3.0
Home-duties	5.3
Retired	2.0
Unemployed	3.0
Small Business Owner	5.3

### 3.5.3 In home demonstration

The questionnaire sought to examine the attitudinal and behavioural variables, as well as attitudes toward the sales process that might influence those who buy, and those who do not buy the software.

The majority respondents had software demonstrations that ran for a length of about 60 minutes (46.7 per cent). Just over a quarter experienced 30-minute software demonstrations (28.3 per cent). Fewer had software demonstrations that ran for one and a half hours (16.3 percent), two hours (5.7 per cent) or more than two hours (three per cent).

The majority of respondents had their spouse present (35 per cent), or their spouse and their children (27.7 per cent). Approximately a quarter of respondents were the only ones present for the demonstration (25.3 per cent). Other respondents had just their children present with them (10.7 per cent) or other people outside the immediate family present (1.3 per cent).

### 3.5.4 Impressions and attributes of the sales representative

Table 4 shows the distribution of respondents' impressions about the sales representative for four attributes: trustworthy, sincere, genuine and honest.

**Table 4**

Distribution of respondents' impressions about sales representatives on attributes

Rating	Trustworthy (Percentage)	Sincere (Percentage)	Genuine (Percentage)	Honest (Percentage)
1 (Not at all)	9.7	6.7	7.0	7.7
2	19.7	15.3	20.3	16.0
3	33.3	33.3	30.0	37.7
4	27.7	34.0	29.7	29.0
5 (Very)	9.7	10.7	13.0	9.7

As shown in Table 4, the majority of respondents formed impressions of their sales representative as at least somewhat trustworthy, sincere, genuine and honest.

Table 5 shows the distribution of respondents' impressions about the sales representative for three attributes: educated, knowledgeable and respectable.

**Table 5**

Distribution of respondents' impressions about sales representatives on attributes

Rating	Educated (Percentage)	Knowledgeable (Percentage)	Respectable (Percentage)
1 (Not at all)	5.0	3.3	6.0
2	10.7	11.7	10.0
3	33.0	28.7	40.0
4	39.0	39.0	32.7
5 (Very)	12.3	17.3	11.3

As shown in Table 5, the more than half of respondents viewed their sales representative as educated or very educated, as well as knowledgeable or very knowledgeable. The majority of respondents perceived the sales representative to be moderately respectable or respectable.

Table 6 shows the distribution of respondents' impressions about the sales representative for four attributes: well-presented, personable, courteous and friendly.

**Table 6**

Distribution of respondents' impressions about sales representatives on attributes

Rating	Well-presented (Percentage)	Personable (Percentage)	Courteous (Percentage)	Friendly (Percentage)
1 (Not at all)	5.3	4.0	3.0	3.0
2	9.3	9.7	8.7	8.0
3	25.0	36.0	28.3	24.7
4	42.3	37.0	44.0	43.3
5 (Very)	18.0	13.3	16.0	21.0

As shown in Table 6, the more than half of respondents viewed their sales representative as well-presented or very well-presented, personable or very personable, courteous or very courteous and friendly or very friendly.

### **3.5.5 Key Findings – Signing Up for the Software**

Following is a summary of the key findings in a question and answer format. Correlation analysis and T-tests were conducted to examine any relationships between variables, and to ascertain any significant differences between those who sign-up, and those who do not.

#### **What is the percentage of people who sign up once they are given a demonstration?**

30 per cent of those given a demonstration signed up for the package.

#### **What factors are most likely to influence whether a person signs up for the software program?**

The most significant influences on whether a person signed up for the software package, were related to attitudes about the way children are taught at school and their impressions of the salesperson:

- Consumer attitudes toward the “way children are taught at school”, i.e., those who were not satisfied with the way that children are taught at school were more likely to sign up for the software package<sup>15</sup>. This finding is explored in the open-ended responses at the end of this section.
- Other factors were related to consumer responses to the salesperson, predominantly in relation to factors related to trust and honesty:
  - The perceived sincerity of the salesperson.
  - The perceived honesty of the salesperson.
  - How trustworthy the consumer perceived the salesperson to be.
- Correlation analysis was conducted to ascertain any relationships between attitudes toward the salesperson and the decision to sign up. In this case were small, significant relationships between perceived honesty (0.27), genuineness (0.34) and perceived similarity (0.21).

### **How do they pay for the software package?**

66 per cent used their own funds; 30 per cent use finance provided by the sales representative; two per cent arrange their own finance (two per cent declined to answer).

The only significant relationship between use of finance and demographic variables in this sample, was that the level of education had a small, but significant relationship with whether the respondent used finance provided by the salesperson (the lower the level of education, the more likely they would use finance).

### **Are there any relationships between demographic variables, such as educational level, or income, and the likelihood that a consumer will sign up for the software package?**

In this sample, there was no significant relationship between education level, income, age or profession, and the decision to sign up for the software package.

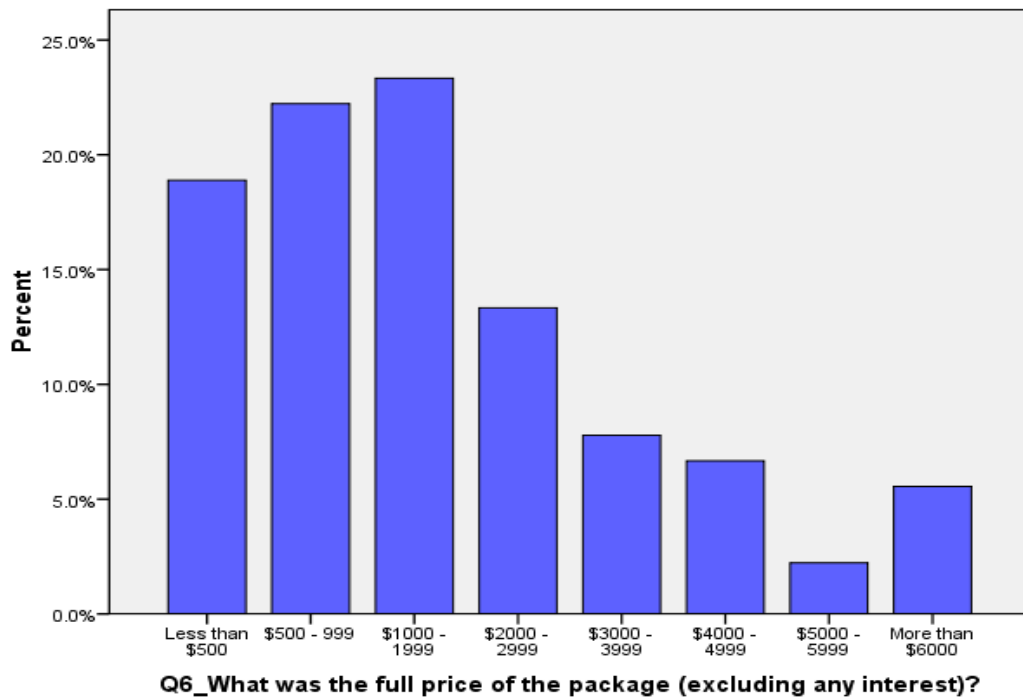
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<sup>15</sup> T-tests found a significant difference between means of those who did, and those who did not sign-up. This was the only significant difference amongst all attitudinal questions (including questions about schooling, and perceived pressure during the sales process).

### How much do people pay for the education software package?

- 36 per cent paid \$2000 or more (excluding interest)
- Those spending more than \$2000 were significantly more likely to use finance provided by the sales representative, than those who spend under \$2000.
- There was no significant difference in income, education, and age in relation to whether the consumer takes out finance or not.

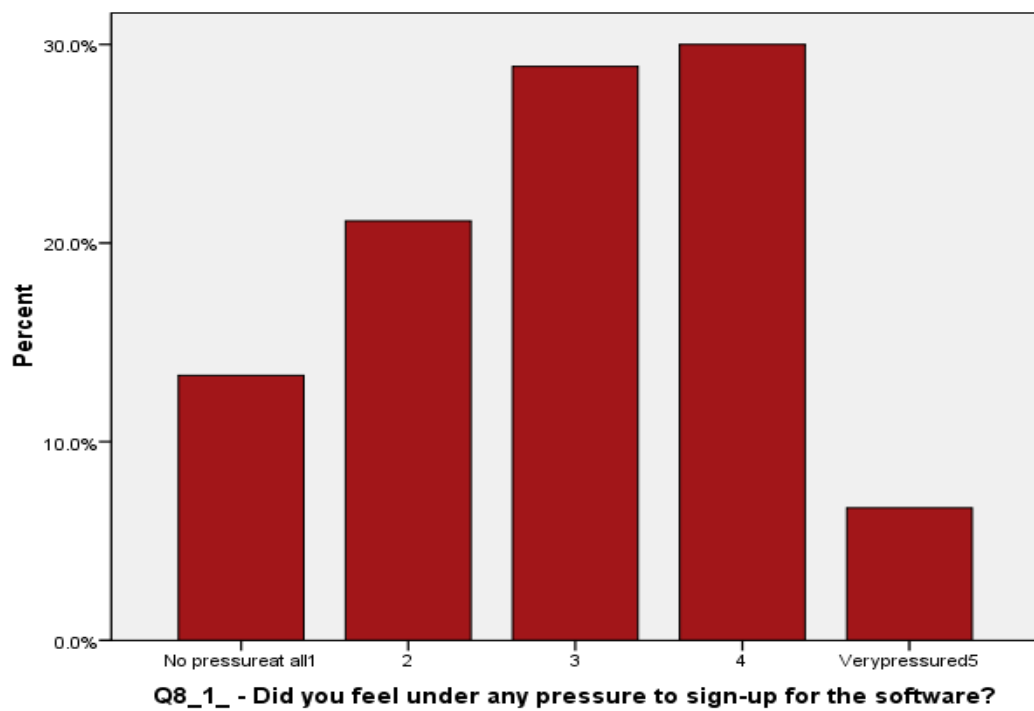
**Figure 3: Price people pay for the software**



### Do those who buy feel under any pressure?

37 per cent said that they felt some pressure, with 7 per cent stating that they felt “very pressured” (see Figure 4 for more detail).

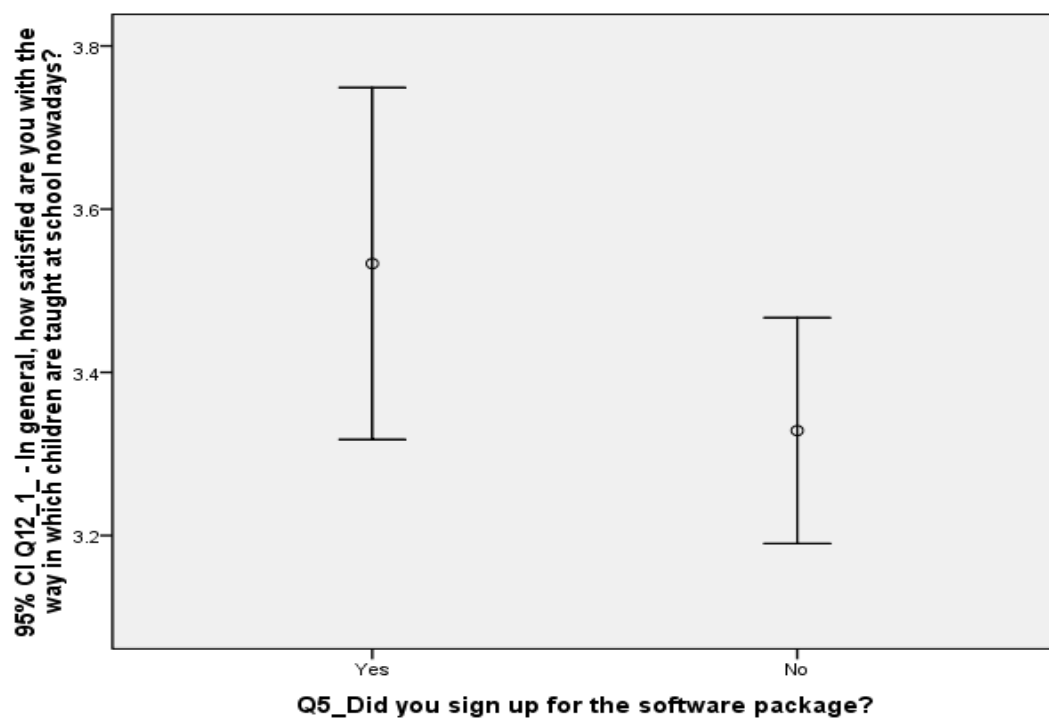
**Figure 4: Attitudes toward pressure from salespeople**



## How do attitudes about school influence the decision to buy?

We asked three questions to examine parents' attitudes about school. These questions arose from the qualitative research phase, and were predominantly focused on whether anxiety about school, about teachers, and about homework might have an effect on parents' decision to buy the education software. From the questionnaire data we found that there was a small, but significant difference between consumers who sign up for the package and satisfaction with "the way in which children are taught at school" (Mean = 3.33), and those who do not sign up (Mean = 3.53)<sup>16</sup>, see Figure 5.

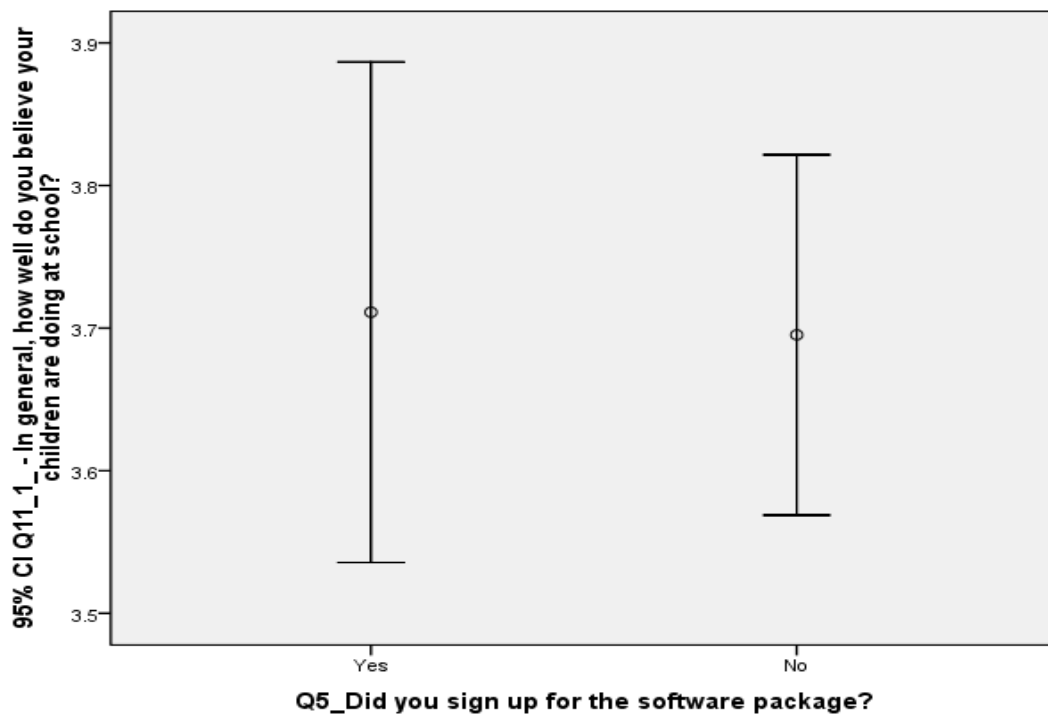
**Figure 5: Mean differences in relation to how children are taught at school and its relationship to purchase of software**



<sup>16</sup> Range: 1 = Not at all satisfied --- 5 = Very satisfied (Sig. = 0.10)

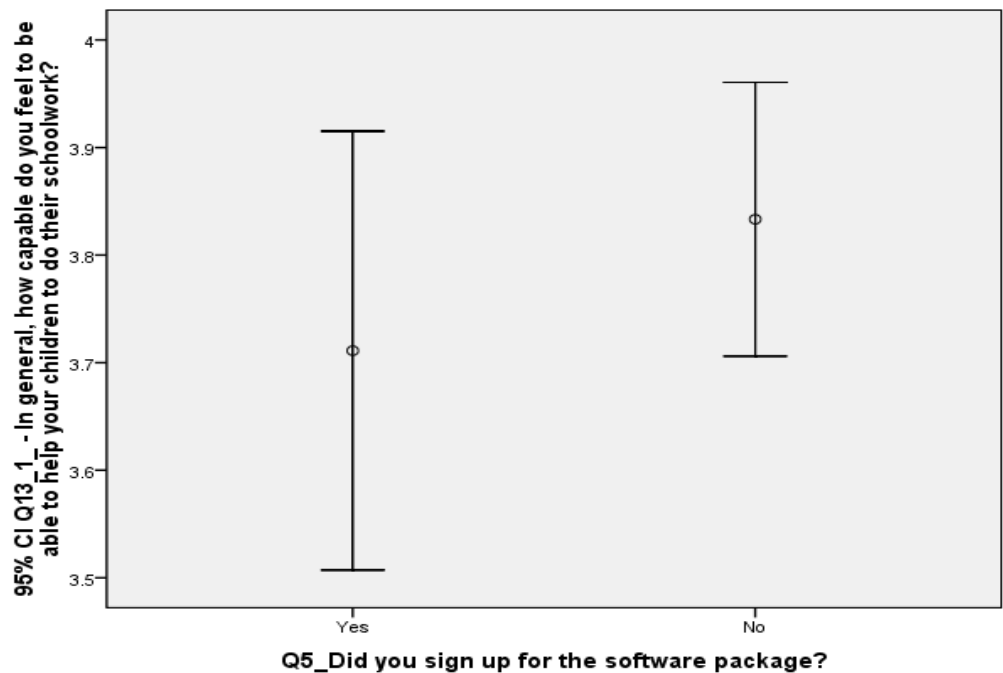
However, there was no difference between those who signed up for the package and their perceptions of how well they believed their children were doing at school, and those who do not sign up (see Figure 6).

**Figure 6: Mean differences in relation to attitudes of parents about how their children were doing at school and the relationship to purchase of software**



Similarly, there was no statistically significant difference between those who signed up for the package and their perceptions of their abilities to help their children with their homework, and those who do not sign up (see Figure 7).

**Figure 7: Mean differences in attitudes toward parent’s ability to help with homework and the relationship to purchase of software**



Across the entire sample, 49 per cent of the entire sample were satisfied or very satisfied with “the way in which children are taught at school”, 59 per cent of the entire sample believed that their children are doing well at school, and 63 per cent of the entire sample believed that they had the capability to help their children do their homework, although open-ended responses suggested that this became more difficult once children commenced secondary school.

However, the most common comments from the open-ended responses in the questionnaire concerned anxiety about schooling, and the way that children are

taught, which suggests an underlying unease about (public) education. Some examples are noted below:

*Teachers are overpaid, and underworked, there is not enough face to face time with students. They are typical public servants who want a top pay for a poor job.*

*School education seems to be different from when we were at school.*

*Due to bulllys (sic.), violence and lack of funds for schools, I think I could teach my children at home better than elsewhere these days.*

*Schools should give more homework.*

*School should have some more class tests.*

*Children should get more homework.*

*We should have better teaching in Australia.*

*Most children, primary and year 10 do not know – Who discovered Australia. But they know how to get centrelink payments. What are teachers teaching? All children need rules and boundaries as this is structure and morals.*

*Education system focuses too much on academia and not enough on life skills.*

*Education system in Australia needs to change.*

*Children are not encouraged to push themselves in the state system encouraging an attitude of mediocrity.*

*Nowadays, school teachers in Autralia (sic.) only care about how much they earn and how much donation they can get from the parents. They do not care*

*about how well they can teach and how well the children can be educated. I'm not satisfied with most of the teachers with some exceptions.*

*Teachers tend to care about the salary much more than care about the children's education. Too many strikes and too many examples of bad teaching. Teachers in this country should work much harder to do their work well.*

Alternative views included:

*Kids are expected to complete a large amount of homework at such a young age.*

*Public education caters for all children and is all a child needs. They don't need out of school study.*

We also tested for any significant relationship between negative comments about schooling and whether people signed up for software. There did not appear to be any significant relationship – 10 per cent of those that made negative comments in relation to school factors signed up, none of those that made positive comments in relation to school factors signed up. Although there is a small difference, this was not significant in relation to the overall sample.

## 4 The Sellers: A Model and Explanation of In Home Sales

All the psychological effects discussed thus far culminate to frame the sale in a particular way that works to persuade consumer toward purchasing the educational software. In this sense, the sale process consists of a series of phases, each of which employ the aforementioned psychological effects in order to achieve a specific outcome. Each of these phases and the underlying psychological processes are outlined in this section. In addition, we provide a model (Figure 8) for understanding these processes and the psychological principles contributing to the overall decision. In this sense, we argue that it is not a single deception, such as withholding information or high-pressure, but the entirety of the process that leads to sub-optimum decision-making in this context.

While the macro-objective of the whole process is the purchase, each phase of the process is structured to achieve a micro-objective. The sale process should be seen as a succession of progressive steps, which incrementally seek a larger commitment from the consumer, and as such, the sum of psychological effects (rather than a single factor) will influence the consumer's response and reaction.

This phased process is made clear from the qualitative and quantitative data collected concerning all parties, i.e., the consumer, sales script, and the sales people. In particular, one of the salespeople interviewed stated that the process was based upon a script that must be followed carefully:

*So you go through the training. There was a set script. They insisted on it being learnt verbatim. [interview: salesperson]*

Furthermore, the whole process is designed in a way that obscures the intent of the demonstration, i.e., the sale, and makes sure that the customer remains focused on the educational benefits of the product. This is achieved partly by building up anxiety, as well as the use of a range of other psychological and social “props”, such as the assessment and the brick wall metaphor. Indeed, the actual “sale” of the product forms a minor part of the entire presentation:

*'Cause you gotta think, a telemarketer's told them that we're here to do an education assessment, you know, most of them don't even know until we're half-way through the sales presentation that we're even selling anything.*

**[interview: salesperson]**

Based on this data, we have developed a model that illustrates the typical and recurrent actions and techniques employed by these salespeople. The model incorporates two pre-sale phases and four main sale phases:

- 1) Pre-Sale phase I: **Hook-up**
- 2) Pre-Sale phase II: **Telephone contact**
- 3) Sale phase I: **Introduction**
- 4) Sale phase II: **Educational assessment/Parental Interview**
- 5) Sale phase III: **Sale**
- 6) Sale phase IV: **Closing the sale**

The following analysis highlights the sales process used by in-home salespersons of educational software.

#### **PRE-SALE PHASE I: "HOOK-UP"**

The first phase of the pre-sale process - the "Hook-up" - begins when representatives of these companies attempt to attract people's attention in targeted locations such as shopping malls and schools. Representatives of the company grab the consumer's attention from behind booths, with computers and other informative materials on display. Others use toys, animated visuals, and balloons to initially attract children to the booth. The main objective of this phase is to appeal to both children and parents:

*I recall them calling the kids first and getting their interest. It's making them very interested, and then once they were very interested, I couldn't say no...*

**[interview: consumer]**

And again:

*Right outside [the school], right as you walk out and get the kids in the car. Yeah, I was a bit abrupt at the start but she did mention Victorian school curriculum, so I answered the questions and she said “Is it okay if we call?”*  
**[interview: consumer]**

In order to hold the attention of children, the representatives encourage them to play with the software on the computers while at the demonstration booth:

*They had a little booth and there were about three of them [salespeople], and they were trying to see which parents had kids, and they approached the kids, and then the parents. And the draw card thing was the computers where they got the kids playing on the computers, and that’s how they got the appointment*  
**[interview: consumer]**

As indicated in the above description, it is the child that is often the initial target. At one booth viewed by the researchers, salespeople called children over, offering them a balloon, and then encouraging them to bring their parents over for the sales pitch. Once the parents stop to take a look, the representatives attempt to influence them to provide details by asking them to participate in a prize-winning competition:

*[they said...] You can win a laptop, the usual gimmicks and sometimes you sign them... think it’s worth a chance ...* **[interview: consumer]**

The use of a competition to make initial contact with the consumer and to elicit contact details was also a deception confirmed by a salesperson:

*... the families thought I was from the Mathematical Association of Australia or a government body. Or they thought we were there about the competition to win a computer plus maths system.* **[salesperson: blog]**

Sometimes the chosen location for the first point of contact is in a space fronting the school or in a school newsletter. This leads many parents to believe that the

educational software company is associated with the school, and therefore brings with it a degree of authority (expert heuristic):

*I do remember them being associated with Mathematical type associations or can't think of what they were now but that was something that they highlighted...* **[interview: focus group]**

An added effect of this process is that it is likely that the social proof heuristic is activated. According to the social proof principle (Cialdini, 2001), people tend to use the behaviour of relevant others as a guideline for what they should do. Thus, if individuals perceive that similar others are acting out a certain behaviour, they will be likely to act in a similar way:

*I saw them talking to other parents beforehand, and I saw the other parents engaging in conversations – I know it's a bit silly, but I suppose I thought it was a bit legit... Yeah, they made it seem that they were there with the school's permission.* **[interview: consumer]**

The social proof effect has been supported by several studies. In a study exploring donation behaviours, Reingen (1982) first demonstrated the influence of the “list procedure”, where displaying a list of neighbours who have already donated to the cause enhances the chances of donation. In this experiment, researchers went door-to-door collecting money for a charity, showing residents a list of others in the neighbourhood who had already given. The longer the list of neighbours that the residents saw, the more likely they were to donate. Thus, in the case of educational software sales, it is arguable that parents who view similar others leaving their details functions as social evidence for how they should act.

So, influenced by the opportunity to win a laptop, education package, educational assessment, social proof, and curiosity, people are likely to complete a form leaving their contact details with a sales representative.

The first phase of the pre-sale process is concluded.

## PRESALE PHASE II: FIRST CONTACT

The second phase starts with a telemarketer contacting the people who had left their details. This first contact happens after a variable period of time (often dependant on where the form was completed) and is aimed at setting up an appointment. At this stage, people are asked whether they are available for an “educational assessment” to be held in their home. In the absence of further information (the consumers do not know anything about the company, are unlikely to research in-depth prior to the demonstration, and in a context of uncertainty (the consumers seldom remember how the company got their details), certain heuristics play a critical role (Chaiken, 1984; Petty and Cacioppo, 1984):

*... they [the salesperson on the phone] couldn't give us any information unless they came in and demonstrated the products and I didn't realise it would take a few hours and then afterwards they were extremely pushy. [Focus group]*

In this phase, two main psychological principles are employed: consistency (the person contacted has already agreed to give his details) and scarcity (the telemarketer person tells the parents that the educational assessors are very busy and that it is difficult to get an appointment). Indeed, the telemarketer will often emphasise that the parents have been specially selected, and that they are lucky to have been selected, given the scarcity of availability. As previously discussed, scarcity enhances value and, in the absence of further details, works as a heuristic that people use to make a decision:

*They were pretty busy. They [said that they] would see whether they could schedule us. The usual. I think it was a couple of weeks. Nothing more than that... we're flat out. We'll see where we can fit you in. We'll have a look at the diary, the flick, flick, flick through the diary. And we'll have a look. And we could slot you in here. And I said, what about that time? No, no, we're not in your area - is one that I remember - at that day. This week we're in this area. I said, okay [interview: consumer]*

The salesperson is trained to emphasise scarcity as soon as he or she enters the home, by suggesting that they are both busy and only in the area for a short time:

*Oh that was one of the first things... you needed to say, "Look guys before I get into this I wanted to let you know I can only come up once. We're really busy, we see hundreds of people ever year, we're in a lot of demand. I will be very quick, but I will be very thorough. I can only come out once" That was one of the lines right there.*

Finally, when setting up the appointment, the telemarketer emphasises that all parents or guardians should be present, otherwise the in-home presentation will not happen:

*I had a friend who knew from a lot of people about the maths program, and she was ready to buy it, so she rang them up and said "Can I please purchase this maths program?" Her husband was a tradie so he was always on the job, so they could never find a time where they can have both of them sit down, and he said over the phone "I'd love it if your husband was there so we can come over and talk to you". She said, "But I don't mind you coming to me and talking to me because I'm interested in the program, but my husband can't be there because of his work". **[interview: consumer]***

This is done, as the salesperson explains below, in order to avoid future complications and objections that may occur as a consequence of a family member being absent. As will be explained later, the main focus of the salesperson training concerns "shutting the gates", i.e., eliminating every possible objection and obstacle to the sale:

*You had to insist that all members were home, because obviously if... a member wasn't home, and you sold them (the product), their partner would turn up and go, you've done what? **[interview: salesperson]***

The pre-sale phase concludes when the customer has made and committed to an appointment with a sales representative in their home.

### SALE PHASE I: INTRODUCTION/WARM UP

The first phase of the sale process starts with the arrival of the company representative at the customer's home. In order to create a comfortable atmosphere, the salesperson breaks the ice by asking "warm-up questions":

*Ok. So, you'd walk in, you'd do the whole rapport thing. That wasn't, sort of, lined up in the script, it was just sorta, you know, general kind of-- build rapport with the people... Just things like, nice house, how long have you been here? Just those kind of standard questions, which you might say if you walk into anyone's house, really. But rapport was very important. You know, like, you sorta had to get them on side... [interview: salesperson]*

At this stage, it is critical to build rapport because, as the salespersons are taught in their training, everything will run smoothly if the likeability and similarity principle are at work:

*When they were cynical about it (the product) was more of an issue for rapport. Like when I got them on side they weren't as cynical about it. So, that's the link of the whole rapport thing. You know, if you like the salesperson... you're more likely to believe what they say... This was stated explicitly in training... they're more likely to accept your crap, to put it, like, bluntly. And that was stated explicitly. [interview: salesperson]*

The likeability principle which states that "people prefer to say yes to individuals they know, are similar to, and like" (Cialdini, 2001) works best in conjunction other psychological principles. Nevertheless, studies on both the principles of reciprocity and consistency showed that they can increase compliance regardless of the requester's likeability (Burger, 1999; Cialdini, 2001):

*M: Yeah, she was very nice. She talk nice, she talked nice.*

*M: Yeah, yeah. She talked nice. And – very comfortable when you're –*

*D: Yeah, you trust her, but – she was a good talker. [interview: consumer]*

Furthermore, the likeability and the similarity principle act as heuristics leading to an increase in compliance in individuals when salient cues indicate their interlocutor is the kind of person they usually say yes to, or agree with. For instance, individuals are more willing to comply when requesters are dressed professionally or in a manner similar to them (Emswiller, Deaux, and Willits, 1971):

*It was a young guy that came, pretty professional, wearing my kind of thing, nice suit, briefcase and I thought it was a home loan guy. [interview: consumer]*

...are physically attractive (Reingen and Kernan, 1993):

*The person who came was quite a young lady, very attractive.... And we virtually signed up on the spot [interview: consumer]*

*We had a guy in his early '30s, very well presented, he said he was a qualified teacher so that probably, I'd say that won my husband over a lot more that he was a teacher as well [interview: consumer]*

...interact using first names (Garrity and Degelman, 1990):

*He'd turn around and say "We think that (their daughter) needs" – because they're all in different categories, "she needs the junior maths". [interview: consumer]*

In addition, the similarity principle states that people are influenced more by similar others or members of their in-groups, than dissimilar others or members of outgroups (e.g., Cialdini, 2001; Cialdini and Trost, 1998). For example, Brock (1965) demonstrated that salespersons that reported being similar to prospective customers on a dimension relevant to the prospective purchase (paint) were more effective at concluding sales. Mackie, Worth, and Asuncion (1990) found that participants were more open to persuasion on a counter-attitudinal message when the communicator was a member of their in-group.

Likeability and similarity contribute to build rapport and trust which is necessary in order to make a sale successful:

*If you build up a strong rapport with that person, and you become mates. And you create the impression that it's not about the money, I'm doing this to help you. Then that makes it very difficult for that person to then, sort of – slap you in the face, and say no. [interview: salesperson]*

In addition to likeability and similarity, is the activation of reciprocity. People like the salesperson and appreciate the time they are spending with them. So, they attempt to reciprocate his kindness:

*M: She was alright. The kids make toast for her –*

*F: Yeah, and breakfast, and everything. [interview: consumers]*

Once trust is established with the aid of the likeability and similarity principles, the salesperson makes their first step toward gaining control. For example, the salesperson attempts to gain control by asking the family to sit around a table in order to look at a presentation on his laptop. By doing so, the salesperson establishes the roles, assumes a leading position, and determines the “proxemics”, (Hall, 1966) i.e., the spatial relationships:

*We were all asked to sit around the dining room table with him sitting in the corner projecting to everybody... It was convenient, I've got no complaints... so it's the biggest table to sit at really. I didn't think there was anything untoward that he was trying to direct things or choreograph things. [focus group]*

This emphasis on controlling the proxemics is also confirmed by the salesperson:

*They were big on having... what was it? Have the parents sit next to each other... And you'd take control. It was like the whole control thing. So, dad, I'll just get you to sit there, mum, I'll get you to sit there. So, it was like a control thing ... They wouldn't be looking at each other while you were talking. But it*

*was also a control thing, I'll just get you guys to sit there. So immediately you're in control of the situation. [interview: salesperson]*

Control is obtained and maintained through dialogic conversation as well:

*When they would ask a question, you always answered with a question. So you maintain the initiative. So they would ask me, how long have I been doing this? I would say, not long, what do you do?... Yeah, that's right, I remember now. There were big on like, you gotta keep control of the situation. So, you have to ask the questions. [interview: salesperson]*

But it was important for the salesperson to maintain control by asking questions of the family, thus building rapport, and trust (because he was interested in listening to “their” stories, while at the same time reinforcing his or her command of the situation:

*You had to be the one asking the questions. I mean they might be the pouring their hearts out, but you were the one in control because you were the one asking the questions. [interview: salesperson]*

This phase concludes with the salesperson having built rapport and trust with the customer and he or she has now taken control of the presentation.

## **SALE PHASE II: EDUCATIONAL ASSESSMENT AND PARENT INTERVIEW**

By this stage, the salesperson has taken control of the situation. The objectives are that the parents like the salesperson (similarity and likeability heuristics) and have accepted his role as the playmaker (control). The salesperson then gets the children to undertake an educational assessment (test), which begins the second phase of the sale process, i.e., the educational assessment:

*And then you'd get them all sit down, then you'd sorta get a bit serious. And, the first thing you'd do, is you'd go through, and you would—take the kids - I'm pretty sure you did this first – you'd take the kids through this sorta little-- questionnaire. Now, the goal of the questionnaire was to – without the parents*

*talking – build the parents' concern (about) their kids' academic achievement... The first half of the presentation was to generate anxiety, the second half was to solve the anxiety. [interview: salesperson]*

Anxiety and concern are stimulated as soon as children start struggling to solve the questions in the assessment. Although the salespeople interviewed did not explicitly say that difficult problems had been included in the questionnaire on purpose, they recognised that the problems were tough:

*I reckon they're pretty damn hard. And I think, I mean, [quotes] 'A grade 3 kid, our home is 6 km from school, how far would I travel to school and back in 7 weeks of 5 school days each'. That's pretty difficult, I'd say... Yeah people would say the tests are pretty hard. [interview: salesperson]*

It is interesting to note how the content of the assessment plays a minor role, in that the questionnaire acts only as a means to increase parents' pre-existing anxiety concerning their child's education. This assumption is reinforced by the fact that the salespeople did not receive any significant training in maths:

*We didn't spend a lot of time on these [the assessment], to be honest... We didn't actually pay a lot of attention to them, they were just a prop to get us in the door, and that was stated explicitly by the trainers.  
... A lot of the salespeople would look at these and go, I don't know how to do that, what's Pythagoras' theorem? We didn't – we don't have any training, in how to do... But you gotta think, I'm not there – I'm not there to assess their maths... [interview: salesperson]*

At this point, the salesperson gives instructions about the assessment and asks the child/children to go into another room and not to talk to each other. When the children have done the assessment, the salesperson goes through the questionnaire with the children. In this way, the salesperson creates the impression that he or she is an educational assessor showing concern, particularly if the children have not been able to solve some or all of the problems. In this way, the salesperson shows empathy, and increases his authority as a person who is qualified to assess the children.

The customer of in-home sales has already agreed to the request of presentation and the invitation to the salesperson into their home. According to the consistency principle when an individual agrees to a small request, then they are likely to be compliant with larger requests that follow. One example of the consistency principle in practice is illustrated in the reflection of the salesperson below. The salesperson is convinced that nobody will ask him about his qualifications, simply because the customer has already committed to the presentation:

*You're trying-- to pretend that you're some kind of education assessor... They would ask what we do. And, I'd say, oh yeah, we're conducting research, or something... see, the people I visited just didn't ask for education qualifications. But, you gotta kinda think, these are the people who said yes on the phone already, so... Oh, yeah. You're not just knocking on a door cold, are you? You know? It's been kind of—prepared, in a sense..* **[interview: salesperson]**

The anxiety building process continues:

*And the idea behind it is to build anxiety, right? And look concerned. Okay, so what do you find difficult? Oh, I'm not very good at my times tables... talking to the kids. Oh yeah, if you thought you were better at times tables, do you think that'd make feel a bit more confident at school, sort of thing? You'd feel a bit better about going to school, wouldn't you?* **[interview: salesperson]**

Though a series of questions directed to children, the salesperson attempts to build up parents' hopes and desires concerning their children's future and shapes a desirable scenario:

*You get all of these answers. It's not hard to get what you're looking for. Ask them about homework, about their goals. Try and build up the goals.... They [the trainers] were big on, like try and get them to say I want to be a doctor or a lawyer. Or something like that... Build up the hopes of the parents.*

**[interview: salesperson]**

These questions elicit further commitments and thus compliance from the customer. Customised strategies apply to different targets so that questions are tailored depending on how well the child is doing at school or in a particular subject:

*Although there were certain sales strategies for what they would call the 'clever' students, as opposed to the morons...The clever students would be all about emphasising the margins. Oh you want to study law? What happens if you only get 98? So it would be about evaluating that small margin... So, in terms of clever children, what you're doing is emphasising the margins. Saying, that if they're getting 98, then how do you get to 100, or 99? [interview: salesperson]*

It is important to note that the use of the questionnaire is merely a prop as a means to create anxiety amongst the parents, as demonstrated by the fact that the salesperson did not always mark it:

*Usually, I think, most fellas would just go, oh yeah, well, having a bit of trouble in maths, then. You see? This is just purely to get you in the door. This is just purely to get you in the door. I haven't marked 'em. ...Sometimes, you - you'd just have to read the situation, whether you had to mark them. [At this stage...] parents don't care either – "show us the program". That's what they're interested in. [interview: salesperson]*

As the children are doing the test, the salesperson pre-emptes the results by suggesting that the test should be "easy" for each child's grade level, and that they "would expect the children to do well", as the following excerpt from the sales script shows. This is an integral part of him "creating the need", because it is likely that most children will struggle with elements of the assessment:

*(Send all children to their bedroom/study(s) to work on assessment.)  
(To parents) The children should score high as I have given them last year's work, one mistake could be carelessness, but two or more most likely indicates a missing concept. [sales script]*

Once the children have been assessed, the salesperson discusses school and the education system with the parents. During this discussion the focus is on what children need to be successful or meet their parents' expectations, and how this need can be met. This might include a conversation about how certain children do not get enough attention at school in order to generate the belief that there is a need for further educational help:

*You've taken the parents through their survey... You'd talk about mid-point teaching. And how the poor kids, like, don't get enough attention because all the attention's focused on the middle tier of the class, and the top kids don't get enough attention for the same reason. The poor kids end up doing General Maths, which doesn't get them into anything at uni. And, then they'd just go off and work in a factory or something... You would set it up so that the parents would reach that conclusion. "So, you know what happens to these kids?" I know, it sounds so ridiculous, doesn't it? And, then, you'd talk about the balance between self-esteem and challenge. These kids aren't challenged enough, and these kids, their self-esteem is shot, so they don't learn anything.*

**[interview: salesperson]**

By asking the parents a series of questions, the salesperson aims to elicit agreement on several topics related to the way that children learn (e.g., the brick wall metaphor), and about the importance of education. Obtaining commitments to these statements, the salesperson exploits the consistency principle, as well as generating anxiety and concern around their children's education. These commitments enhance compliance and ultimately lead to a stronger likelihood of a sale.

The brick wall metaphor is one method used to generate commitment and compliance during the presentation. In this particular metaphor, a brick wall is used by the salesperson as a means to explain the way in which we learn at school, and attempts to establish the case that the education system uses a sequential process similar to laying bricks in a brickwall:

*Let's say I am in Grade 1. We have to learn the curriculum as set out for Grade 1 and then we go into Grade 2. This is just not reality. The reality is, we are*

*probably missing a couple of bricks and there are probably a couple that are shaky. Then those two missing blocks will affect things I have to learn next year and so on... We end up with a knowledge gap that gets bigger and bigger and bigger. Then we get to about year nine. There is something about year nine. Kids often go off the rails. Girls get rebellious, etc. A lot of school are not changing things for year nine. They have a different uniform, the curriculum has been adjusted and some call their teachers by their first names. It must be a puberty thing. So our brick wall needs to be 100 per cent to allow for any problems in this year.*

*Can you see how these problems are affecting us? [sales script]*

This method is described by a consumer:

*I just recall them like “How do you feel your children are going at school?” Along those lines, and “Do you feel that they’re being left behind in the classroom? How often do you speak to the teacher about it? Has the teacher ever approached you?” [interview: consumer]*

In addition, in order to substantiate his line of reasoning, the salesperson employs “research” data. Doing so, the salesperson stimulates the expert heuristic and prepares the ground for the proposal of the product and the sale:

*Um—and then you take the parents through this. And then you’d say... what we’ve discovered from our research is that there’s three key matters... What we’ve discovered from our surveys, or something like that. And then you’d just go into this whole spiel. And this is kind of, like, they still don’t know that you’ve got a product, but this is kind of the start of the sales process.*

**[interview: salesperson]**

Thus, anxiety is built by generating a need and leveraging parental guilt:

*And, you’re—trying to provoke discussion with these questions. So, is education important? Yeah, oh it’s really important. I agree, because you know if they’re*

*not educated they're not going to get a job...the idea was to build what they called 'need', they often talked about need, desire. Like you have to – like – you know – they would often talk about the difference between want and need. So, that like, everyone would want it... like, if it was five bucks, everyone would buy it. But it's not. So, the only people who are going to buy are the people who feel that they need it.... So that's what it was all about was building that need. To the point where they're like totally backed into a corner where the only way they can see of addressing their kids' drastic educational deficiencies is to buy this program. Ok, so that's what I mean by closing off the gates. So, at the end, they don't say, it's a good program, we just don't really need it. I never got that objection, I was always told, "We need to think about it".* **[interview: salesperson]**

At this stage, it is still not clear that the real objective of the visit is the sale of a product. However if the customer becomes suspicious the salesperson deflects objections or questions:

*[We discussed in training how] some of the other salespeople had the experience of being interrupted half-way through, "look mate, it's obvious you're trying to sell something". And they would talk about how they handled that by just deflecting it* **[interview: salesperson]**

The salesperson's training is focused upon anticipating and deflecting questions and objections, and keeping control of the situation. In fact, the sales process can be seen as a sequential process in which the salesperson builds agreement around statements and "shuts down" attempts to object to them. Consistency and commitment heuristics are his best allies in this process:

*But, the sales routine that we had was often described as a sheep paddock, where you would go around shutting the gates as you went through your routine. So that at the end, the only gate left open was to buy. So you go through, and in the sales script, it would all be about shutting down the objection: "I just want time to think about it", or shutting down the objection: "It's too expensive"* **[interview: salesperson]**

By “shutting the gates” the salesperson imposes a psychological influence upon the customer and guides him or her forcedly through the different steps of the process:

*(Explaining his training) They drew a diagram on the board. [He draws on the board] They're saying, you're closing off that gate, that gate, etc. So that there's only that gate open... is the one to buy... [interview: salesperson]*

### **SALE PHASE III: THE SALE**

At the beginning of the third phase, the salesperson continues to emphasise the importance of filling any knowledge gaps as soon as possible. Parents and children are again asked to agree on different points to further elicit commitment:

*Can you see how important it is to, 1) Be stimulated at school and, 2) Make sure that every brick is cemented permanently in our wall of learning? [sales script]*

In addition, the salesperson is trained to emphasise the importance of practice as the main means to fill in the gaps. This sets the stage for the introduction of the product and further enhances its perceived need:

*So how do we fill in all these gaps permanently and stay stimulated? Any ideas? The key is making it stick into our long-term memory. What's the best way to do that? Practice. That's right, practice. Repetition. We used to practice our maths and literacy at school. Remember. Now we have all this homework because there is no time as we are doing Italian or Indonesian and all of these subjects we just never did at school. [sales script]*

At this point, having built up anxiety, tension and concern (“Creating a need”), the salesperson offers a solution, that will solve the family’s concerns; an exceptional, cutting edge education program, with no risks:

*What we are, guys, is a group of teachers, professors of children's education, psychologists. We have it so finely tuned now we can actually guarantee a minimum outcome. [sales script]*

The salesperson has generated a need, and is now proposing a solution for that need. The salesperson uses statistics to portray the success of the product in meeting this need:

*Our success with 600,000 students has been phenomenal. [sales script]*

The salesperson also acts as trustworthy confidante who lets the customer in on a secret:

*Recently, I was working in North Balwyn. I was at this family's home that was worth about \$1.5/2 million. It was beautiful. Anyway, when I went through the parent interview, their answer to everything was "That's why we are spending \$60K per year on the best schools". I said "That's fine but what about one-on-one assistance for your son. He needs help. Have you involved yourself with the teacher to get this help?" "No. Like I said, we spend \$60K per year on the best school money can buy and if he doesn't do well, we've done our part" How terrible is that? John and Jenny, we cannot work with people like that. I didn't even get this far with them. I politely packed up my things and moved on to the next family. You see it's not about the money for us. It's about the parents.*

**[sales script]**

This story in the sales script aims to once more activate the similarity and liking heuristics, and represents the software company as a responsible community member, whose only desire is to help children in need of education, regardless of their demographic.

Further, the company is presented as a caring member of society that is interested in helping parents and children, rather than turning a profit. Furthermore, an analysis of the above sales script excerpt suggests that the salesperson creates the perception of a scenario of "us" (the salesperson and the customer) versus "them" (these "other"

parents). These “other” parents are depicted as individuals who may be willing to help their children financially, but do not align with the same values or the desired values as the customer (and salesperson), and are therefore letting their children down. The salesperson will then assure the customer that he or she knows they are not like that and elicits further commitments that align with a purchase. These commitments are influential in the lead up to the next phase: the close of the sale.

#### **PHASE IV: CLOSE THE SALE**

The last phase consists of the closing of the sale. This is the stage when the salesperson mentions the price of the product. One of the reasons that salespeople typically do not discuss price and finances until late in the sales visit is that they aim to maximise the chances of engaging other psychological principles like likeability, psychological investment, trust and consistency prior to the more functional and prosaic elements are introduced:

*If the whole thing's an hour and a half, you're only selling for about 20 minutes. Actually show them the product. Like, 20 minutes from the end. The rest is all about trying to build anxiety, and what they call 'need'. [interview: salesman]*

In order to enhance anxiety and feelings of concern, the salesperson reinforces the earlier results from the assessment:

*And at this point, what you've created, it's implicit, and understood, that the kids have an educational problem. Even if they're in grade one, if they, like, they mess up one question, how's this going to end up in year twelve? How are you going to remedy this? [interview: salesperson]*

... and at the same time proposes a solution for that need:

*He'd turn around and say "We think that (daughter) needs" – because they're all in different categories, she needs the junior maths which will get her through to high school up to year 10 and then the senior maths is from year 11 up to uni,*

*and we'll give her the English package as well and the perceptual skills as well...* **[interview: consumer]**

In doing so, and as we near the end of the sales process, the salesperson attempts to build urgency around the sale:

*Oh, urgency is a useful thing, because if they don't decide on the night – they won't buy it ... if you don't build an urgency, they won't sign it. Rather than any explicit, if you do build urgency, they will. It was more about countering an objection, than it was about -- creating a desire, if that makes sense. So, yeah. It was to avoid the objection, 'I just need to think about it', essentially. You say, look, we're only here for tonight, you like the program, obviously...* **[interview: salesperson]**

Urgency is obtained through the scarcity effect (people judge rare products to be of high value or quality). Scarcity and urgency is created by giving the impression that signing for the software is a “take it or leave it choice” and only available at the time of the presentation:

*The opening spiel would be, look we're just in the area at the moment. To – and we can't – like you're building in this whole thing that we can't come back. Like you have to make the decision tonight.* **[interview: salesperson]**

...and again:

*So, I said, “Yeah, I'm going to need a couple of weeks. I'll obviously need to go and speak to my bank and all the rest of it, and he (the salesperson) said “No, unfortunately the offer is only available now at that price”.* **[interview: customer]**

At this point, quite possibly for the first time since the beginning of the presentation, the salesperson faces the question of the price of the product. To avoid a potential shock, the salesperson exploits different tactics in order to make the price seem reasonable and appropriate:

1. The salesperson breaks the price down:

*You don't tell them the full amount plus interest. Well you don't tell them the amount that it'll cost them at the end of the interest. You just tell them the base price: five—about six thousand dollars, I think...you break it down. Right? So, I can't remember how much it was per week, but it was, like, forty or sixty dollars a week. [interview: salesperson]*

Indeed, it is important that the salesperson uses the contrast effect to highlight the price as being as small as possible:

*... [the price would be] your maths and English is \$5995 and the maths or English plus the Perceptuals is \$6995 or all three for \$7995. So all three were \$7995, which equated to \$64 per week and then I'd break it down. But what I did was \$64 a week, so if you then break that down to days, I think it's like \$9 or something. I would further say like its \$9 a day... and if they have 3 kids I would say well that's \$3 a day... breaking it down to the absolute minimum... \$3 a day.*

2. The salesperson compares it to the cost of a (personal) maths tutor:

*You'd be like, if you pay for - I'll get on to this – like you'd work out, you'd compare it to the price of tutoring. So, yeah, like if you get a tutor for all these years once a week it'll cost you this much to make up this much gap. So you'd compare it with the price of tutoring. But you'd be comparing that base price with the price of tutoring. [interview: salesperson]*

3. The salesperson uses emotional blackmail by contrasting the cost to other costs:

*... if they say no [we were trained to say] "Could you tell me right now what would you do if the interest rates [of your home] went up? Would you pay that or would you just leave it?" And well obviously they would say "No well I've got to pay it." And we would say, "So even if it went up to the point where you didn't think you could do it?" and they were like "Well I'd have no house over my head." And we were trained to say, "So you are telling me*

*that if it went up you'd pay it? So you are telling me you don't want to pay for your kids' education to be improved, but you would pay for the house?" and they would say, "I don't want to say that". So then we would walk up to the wall, tap this wall and say " SO you are telling me this brick and mortar is more important to you than your kids' future?" and imagine being a parent? [interview: salesperson]*

4. The salesperson offers accessories with the program:

*... but we'd give them a computer. A piece of junk. For free, as part of it, which would come out of your commission, if you did that. But they would offer to provide people with a computer. Which was like a value, you know, - and you'd sell it - this was, like, car salesperson, sort of thing, - oh, maybe we could give you a computer, I've seen some floating around the office, I'll just give the boss a call, can I use your phone - you'd always use their phone. I don't know - but it was part of the whole - I don't know why they insisted on that - I presume - sort of the whole - kind of - taking ownership thing, using their phone. [interview: salesperson]*

This last tactic particularly stimulates the reciprocity effect, because it gives the customer the impression that the salesperson is making a (personal) concession to him or her. By also using the family phone, the salesperson inadvertently activates the trust effect, as it suggests that the relationship between the salesperson and the family is close enough for him/her to use the family telephone.

Influenced by the reciprocity principle, individuals usually agree upon a request on which, except for a feeling of indebtedness, they would usually have disagreed. In the IHS context, people feel the need to reciprocate the time and the effort that the sales people have dedicated to making the presentation. That is why, before mentioning the price, the salesperson enumerates all the benefits that they are giving to the customer together with the product, then highlight the cost of a personal tutor, creating a perceptual contrast effect (Park and Kim, 2005):

*...And - and then you compare the prices with tutoring. And you'd sort of multiply it out by outrageous things, like fifty bucks a week for fifty-two weeks a*

*year, for six years. Or some rubbish. Um – and then you'd say – and then you'd go through and you'd list all the features. So you get the program, you get the tutoring, the phone tutoring – which I presume you're familiar with – you get the – the support, you get the computer, you get - whatever you get. And then you say how much. [interview: salesperson]*

Thus, need and urgency play a critical role in the building of a context that employing different psychological principles bring people to accept the purchase:

*So, you've got need and urgency. And they were your kind of two allies in trying to flog someone \$6000 worth of \$15 computer software. And - So, anyway, so that's where we're at. So we're at the point where like the parents have said, yeah education's important and all of this sort of thing. I've said that there's a sense of urgency, created a sense of urgency. Created like a serious scenario, you know. This is really serious, mum and dad. [interview: salesperson]*

To complete the sales frame, the salesperson uses the influence of the endowment effect:

*But – yeah, as I say, that urgency, was a – kind of, you set it up at the start so it was an underlying –kind of feeling. You've gotta think that these people don't know that it's not true. You know? You've gotta kind of – it's like anything, it's a really strong – this notion that – if you kind of take it away from someone, they want it more... When the kids are sitting there using it. You're like, oh sorry – some of the guys were brutal – they would talk about how, like, when they got the objection, they'd just go over to the kids slam the thing down, laptop, cover down, in their face, and wander off. [interview: salesperson]*

Furthermore, in order to close the sale, the salesperson often reinforces the fact that most consumers really liked the product, in order to stimulate a social proof effect. In such a context of uncertainty (the consumer does not have the necessary expertise to evaluate the product and does not know the characteristics or prices of specialised goods which are rarely bought), the actions and behaviours of similar or trusted others

are used as a reference point. Thus, the similarity heuristic and the social proof principle play a critical role in this phase:

*... and he (the salesperson) brought in his child [to the discussion], how his son was doing really badly and ra ra, and this is why he decided to go in and sell this stuff...* **[interview: consumer]**

At this point, people can be further trapped into the sale through consistency pressures, because they are made to say “yes” to positions that are consistent with buying the product:

*And you can see just how cheesy these questions are. I mean, do you want them to reach their potential? I mean, which parent is going answer no to that? You know, really? Like, of course, yes. – Extremely important. Is education important?* **[interview: salesperson]**

...and from the consumer perspective:

*Do you care about your child's education? You always want the best for your child before they start school, you want her to be a bit more ahead in the class than everyone else when she starts school.* **[interview: consumer]**

Finally, the salesperson tries to increase the degree of anxiety using guilt and anticipated regret. Regret can be defined as “the negative, cognitively based emotion that we experience when realizing or imagining that our present situation would have been better had we acted differently” (Zeelenberg, 1999, p. 326). People find regret unpleasant, and are therefore highly motivated to avoid it. In this case, the salesperson tries to anticipate parents’ regret, making them imagine a negative scenario concerning their children’s’ future as a consequence of the missed opportunity:

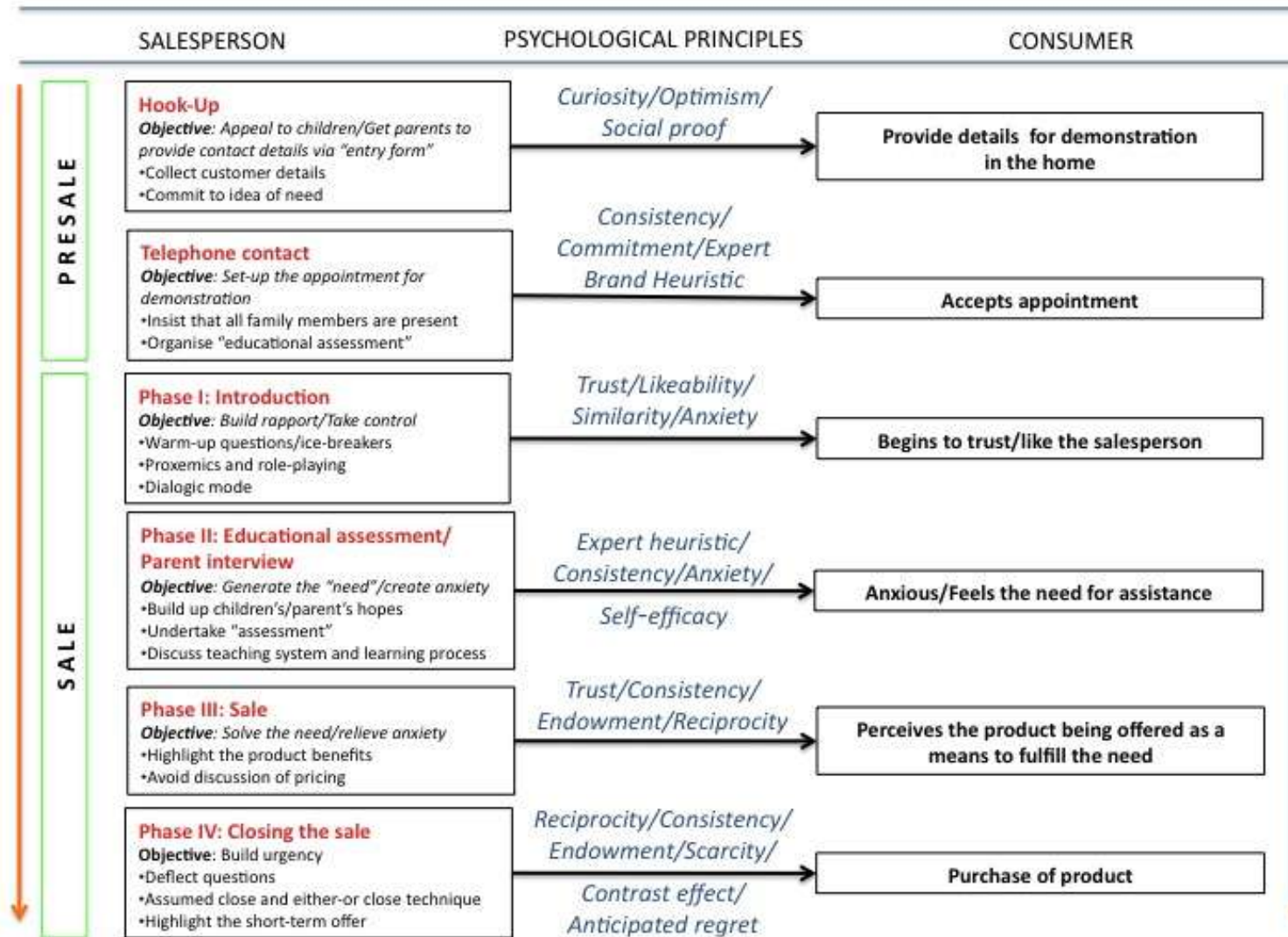
*He was throwing things like if I didn't do that for my son, he would have been a lost cause and saying the best investment you could do is help her right now and things like that, where you feel bad that if you don't, you're doing a bad thing to*

*your child, and he was totally going – but he was directing it straight towards (daughter) [interview: consumer]*

## **Conclusion**

The interaction of the psychological principles of influence are critical in exerting pressure on consumers to purchase. The effects of the principles are incremental, cumulative and are the result of a series of phases aimed at creating a need for the product, and then urgency for an immediate purchase. The process starts with the engaging of the similarity and likeability principles, followed by the consistency and reciprocity principle in order to create a need for the product. Towards the end of the sales visit, scarcity and anticipated regret principles contribute to build up urgency for an immediate sale. The effects of these psychological principles during the in-home sales process, individually and in combination, act to frame the sale in way that makes it considerably difficult for the customer to make an appropriate and rational purchase decision based on their actual needs, and the information being provided to them.

Figure 8: The Sales Process – A Model



## 5 Summary of Findings

*“Large deceptions are built up from smaller deceptions. Real-world marketplace deception is an orchestrated process, not an isolated single act.”*

(Boush, Friestad and Wright, 2009, p. 41)

It is clear from the analysis of data collected for this research that the sales process of IHS of educational software is a subtle, incremental and meticulous contrivance.

Although we have highlighted key moments in the sales process, while also analysing consumer responses, it is the construction of a significant combination of factors that lead consumers to make decisions that may not be in their best interests in relation to the purchase of educational software sold to them, in their homes.

The preceding research report provided a summary of research and findings conducted in relation to the psychological underpinnings contained within the in-home selling context. This research was conducted by Deakin University, in association with Consumer Action Law Centre, with a research grant provided by the Consumer Credit Fund, on approval of the Victorian Minister for Consumer Affairs. The purpose of this research was to explore the influence of psychological and context factors in consumers’ decision making when choosing to purchase goods and services (and associated credit) from an in-home seller, focusing on in-home sellers of educational software.

The research consisted of four phases, viz., development of the key concepts via a literature review of key theories likely to provide an understanding of the sales process, qualitative analysis of interviews, focus groups, and consumer blogs, a national survey of potential customers of educational software examining the key factors contributing to choices, and a mapping of the sales presentation with explanation of the psychological principles at play during the sales process.

Our research found that roughly five percent of the sample population was contacted during the preceding three months to participate in a demonstration of educational

software in the home. In this sample, there were no significant correlations between demographic variables and contact by a software company.

As a result of the qualitative research and content analysis of blogs and websites, we found that a number of key variables are at play prior to, during, and after the sales process that are likely to influence the consumer's decision-making. In most cases, the consumer is not aware that they are responding to these cues and psychological shortcuts, however, we found that the sales process developed by the companies is highly orchestrated to capitalise on these psychological and social vulnerabilities.

Our research found that the key factors influencing consumers during the in-home sales process were *consistency*, *trust*, *scarcity*, *reciprocity*, and the activation of *anxiety*. These variables are influential because they facilitate (or advance) the likelihood of automatic behaviour, or behaviour that requires little cognitive effort and rational thought:

- a) In the context of in-home sales, the desire for **consistency** presents as being a distinguishing explanatory factor from other forms of personal selling. Consistency is a motivator for an individual's need to be and appear consistent with commitments they have made. So, in the context of in-home sales, a number of incremental steps are executed to increase the likelihood of the **consistency principle being activated. For example, the act of inviting a person** to their home, and allowing them to undertake a demonstration while the family is present, is likely to activate both the consistency and commitment heuristic. These "shortcuts" are based on the human desire to be and appear to be consistent with our words, beliefs, attitudes and deeds. By inviting the salesperson into the home, and introducing them to their family, the consumer signals to herself and her family that this is a person whom they trust, and are willing to allow into their most private sphere. Logically, the act of inviting a salesperson into your personal sphere changes the dynamics of the meeting from business to personal, and this sets the standard for the transaction.

The consistency principle is further enhanced throughout the sales process, as

the salesperson employs a common sales technique where they continually ask the consumer to agree to simple statements, e.g., “It sounds like you are encouraging and supportive. Is that right?” Again, this reinforcement of similarity and empathy combined with increasing trust in the salesperson, results in the likelihood of the need for consistency and commitment to be activated in response to the offer of assistance being presented by the salesperson.

Finally, the need for consistency dissipates quickly and thus is not likely to affect responses a day or two after participants respond to the initial request. In other words, consumers are more likely to be able to make a rational decision, that takes into consideration more highly involved cognitive assessments (e.g., ability to pay, likelihood of educational success with the program), when given a day or two to reflect on the offer. In the context of IHS, a traditional “cooling-off” period (where the consumer signs an agreement, but must cancel the agreement within a certain time-frame) is not adequate, because it requires cognitive effort for the consumer to initiate the withdrawal, resulting in a rejection of previous choices, and high ego costs. This can be solved by consumers making a lesser form of commitment (e.g., “I am interested”), but a requirement that they are given a period of one to three days to formally reinforce that commitment by contacting the sales company to advise that they wish to “go ahead” (nb. It is important in this context that the consumer contacts the sales company, as opposed to the sales company contacting the consumer).

- b) Our research found that salespeople utilised **trust** to enhance compliance and the probability that a person will have a positive attitude towards the salesperson, be satisfied and purchase the product. During the time spent at the consumer’s home, the salesperson uses and reinforces a range of direct and indirect cues, such as the brand name of the company, empathy with the consumer’s concerns, and statistics and data to establish a trust relationship. Our quantitative research found that the majority of respondents who signed up for a software package formed impressions of their sales representative as trustworthy, sincere, genuine, and honest. Salespeople used techniques such as

disclosing personal details, and taking the customer into their confidence, e.g., talking about their own child's success with the program. When people share personal information with others, they are essentially communicating to others that they trust them with something that is important to them. In return, the receiver of the information is more likely to trust the communicator, and, will feel obligated to reciprocate that trust.

- c) **Reciprocity** is a social norm where people feel obliged to repay what another person has done for them. In addition to factors such as disclosure mentioned above, our research found that people who had been subjected to a sales demonstration felt the need to reciprocate the time and the effort that the sales people had dedicated to travelling to their homes, and undertaking the presentation.
- d) The activation of **scarcity** through time or availability leads to the perception that a product is valuable. Individuals are motivated to avoid any regret they may experience if they do not purchase the product. Former salespeople revealed that they were trained to emphasise to potential customers that they would only be “visiting a few families in the area” and that they had a limit to the number of software packages that they could sell in a particular location. This scarcity was enhanced by the requirement of consumers to “sign on the night”, otherwise the offer provided by the salesperson would no longer be available.
- e) **Anxiety**, along with other emotions, is an influential mediator of the decision making process. Anxious individuals will be less likely to make well-thought out decisions that consider all the options available to them because they are motivated to reduce their uncertainty. Our research found that IHS sales people attempt to manipulate parents' emotions by stimulating their concern and anxiety regarding their children's education, and their future employment prospects. Further, parents' concern about their ability to help their children enhances the effectiveness of this approach. The technique of activating guilt amongst parents was also found to be an important element of the success of the sales process. In order to increase parents' complex of guilt, salesmen use

the strategy of the anticipated regret by making them imagine a negative scenario concerning their children's future as a consequence of the missed purchase, e.g., “Do you want your kids to have a better education than you had?” and, “Don't you care about your children's future?”

The second quantitative research component found that three per cent of the sample population had been provided with an educational software demonstration, in the home, in the past three months. We found that if a parent invites a salesperson to their home to provide a demonstration of educational software, there is a one in three chance that they will purchase the product. Further, the research found that trust in the salesperson, and the consumer's attitude toward the school system significantly influenced the decision to purchase the software. Of those who did sign an agreement for educational software, 30 per cent used finance provided by the salesman (66 per cent use their own funds). We found a small, but significant relationship between respondents who chose to use finance provided by the salesperson, and educational levels. Consumers who had completed schooling at secondary school were more likely to use finance than those with a university degree.

To complete the research, we provided a summary of the different psychological processes at play during the entire sales process. As shown in figure 8, and in section 5, it is the accumulated effect of a range of factors that lead to the consumer's decision to buy educational software sold to them in their home. One major factor that distinguishes this type of selling, in comparison to typical door-to-door sales, is the influence of consistency and commitment on the decision to, 1. Allow the salesperson to enter the home, 2. Allow the salesperson to conduct an extended sales demonstration, and 3. Make it “easier” for the consumer to purchase the product.

Social and psychological conventions play a major role in human decision-making. Although much consumer legislation is premised on provision of detailed, clear, and thorough information by the sales company or person so that the consumer can make an informed choice, it is becoming clearer that disclosure and information are not the only influence on human decision-making.

As we have shown in this study, the sales process of educational software sold to consumers in their homes is a subtle, incremental and meticulous process. Although we would like to think that people should simply tell salespeople, “no”, there are many psychological and social barriers that prevent them from doing so. The solution to this problem, however, is not simply more “education” or warnings, as research has shown that even when people are aware of psychological principles at play, they still respond to these implicit forces (Wilson, Houston, Etling, and Brekke, 1996). The next step in protection consumers from overcommitment to this form of debt is education, policy, and legislation.

## **6 Conclusion & Recommendations**

### **6.1 Conclusion**

The findings of this research, combined with the experiences of consumer agencies, indicate that there is a need for specific consumer protection measures to address the problems of high pressure In-Home Sales (IHS). Only in Victoria does the law provide specifically for IHS where there is an invitation by the consumer, and these protections could be lost if new National Consumer Law does not adopt the Victorian approach.

While there is general recognition of the disadvantages faced by consumers in relation to unsolicited pressure sales, this research illustrates that when a pressure sales situation arises from an invitation from the consumer for a salesperson (sometimes referred to as an education assessor) to visit their home, the consumer may be more vulnerable to the pressure techniques. The fact that the consumer has “solicited” the visit does not protect the consumer from the pressure-selling situation.

Consumers would be better placed to make a rational decision, if there were appropriate breaks in the presentation (Harrison and Massi 2008; Fine 2006). Unfortunately, few consumers reported giving written approval to allow the salesperson to stay in excess of half an hour (as is required by law in Victoria), and those that did, reported that the permission was provided at the end of the sales presentation, in breach of the law. It is likely that had regulators actively enforced this section, consumer detriment would have been reduced. Under the proposed National Consumer Law there will be no effective protections for consumers facing high pressure selling in their home of the type outlined in this report.

We propose that, should the Australian Consumer Law retain protections only for off-business-premises sales that are unsolicited, the term “unsolicited” should be extended to cover circumstances where the consumer has not extended a genuine invitation to the business to visit for the purpose of entering into negotiations.

The problems arising from high pressure in-home sales appear to arise from a combination of factors, rather than from one single factor. This is an example where an Unfair Commercial Practices Directive, similar to that in the UK<sup>17</sup>, may be appropriate. Guidance on the UK Directive indicates that a number of factors can be taken into account in determining whether a practice is unfair, including whether the consumer might be misled, and whether the practice is likely to materially distort the economic behaviour of the consumer with regard to the product.<sup>18</sup> It could be argued under such provisions, that a number of factors contribute to the practices being unfair, for example, the use of terms such as “Institute” (used by at least three promoters), and “assessment”, combined with the selling techniques, the period in the home, and pressure to sign immediately.

In the context of IHS, a traditional “cooling-off” period (where the consumer signs an agreement, but must cancel the agreement within a certain time-frame) is not adequate, because it requires cognitive effort for the consumer to initiate the withdrawal, resulting in a rejection of previous choices, and high ego costs. This could be solved by a law that allowed consumers to make a lesser form of commitment (e.g., “I am interested”), but require that they are given a period of one to three days to formally reinforce that commitment by contacting the sales company to advise that they wish to “go ahead”. In this context, it is important that the consumer contacts the sales company, as opposed to the sales company contacting the consumer, because the consumer will be able to make a decision without duress, as they have initiated the contact.

We acknowledge that the selling techniques outlined in this report are applied because they are effective in achieving sales. It is therefore unlikely that businesses using these techniques would choose to address the problems raised. However, if the businesses selling mathematics software - or similar products in the home - wished to reduce harm, this could be achieved by:

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<sup>17</sup> The Consumer Protection from Unfair Trading Regulations 2008 (UK)

<sup>18</sup> Consumer Protection from Unfair Trading, GUIDANCE on the UK Regulations (May 2008) implementing the Unfair Commercial Practices Directive, Department for Business Enterprise and Regulatory Reform, (UK) , 2008

- Disclosure of the full cost of the product (or range of costs) to the consumer either prior to visiting the home or immediately on visiting the home;
- Compliance with the Victorian law and obtaining written consent from consumers before staying in the home beyond one hour (and then on the half hour after that); and
- Selling only 12 months of the products or service at any one time; or allowing consumers to cancel any product or service that extends beyond a 12-month period, refunding all charges (possibly retaining a minimal cancellation charge).

## **6.2 Recommendations**

### **For education providers:**

1. Government education departments, and schools, should recognise the selling pressures that can be applied to parents, and play a much greater role in informing school communities about the risks.
2. Government education departments, and schools, should adopt firm policies about any form of promotion of educational products – particularly where they are not completely aware of the selling techniques.

### **For Government:**

3. The Australian Consumer Law should provide protections for all consumers who enter into contracts in their own home – including where the visit is solicited by the consumer - to at least the same level of protections currently provided by Victorian Law<sup>19</sup>. In particular, the obligation for a salesperson to obtain written permission to stay beyond one hour (and thereafter each additional half hour) should be retained, and should be actively enforced by regulators.

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<sup>19</sup> For example, the Victorian law currently provides for a 10 day cooling off period and requires the salesperson to seek written permission to stay in the home beyond an hour - and for each additional half hour.

4. Alternatively, if recommendation 3 is not accepted the Australian Consumer Law should widen the definition of “unsolicited selling” to include circumstances where:
  - A consumer is contacted as a result of providing her name or contact details for a primary purpose other than entering into negotiations (for example in relation to entering into a competition);
  - Any invitation by the consumer is not an “informed” invitation, in that the consumer does not understand the purpose of the visit or the types of goods or services being offered; or
  - The consumer is not contacted within a reasonable period after making an enquiry about the products or services.
5. Further, we recommend that reliance on the traditional policy tool of the cooling-off period be reviewed. While a useful protection for some consumers, cooling-off periods are underutilised, as they require cognitive effort for the consumer to initiate the withdrawal, resulting in a rejection of previous choices, and high ego costs. The Australian Consumer Law should provide for an “opt in” process for in-home sales, whereby after a consumer has signed a sales agreement in their home, it does not take effect until the consumer then “opts-in” to (confirms) the agreement sometime between 12 – 48 hours after first signing the agreement, by contacting the company, and confirming that they wish to continue to sale. If the consumer does not opt-in the contract lapses. The seller would be unable to contact the consumer during the opt-in period.
6. Consideration should be given to the introduction of an unfair trading prohibition, similar to that in the EU and UK, whereby consumers and regulators can challenge particular trading conduct based on a combination of factors that contribute to making the conduct unfair.

### **6.3 Limitations**

The aims of this study were ambitious, and as with all research projects, there are limitations imposed by time, resources, funding, access to samples, and methodologies. In the first instance, in relation to the quantitative phases, the researchers found it difficult to access a substantial sample for this very particular form of selling. As such, we were forced to conduct a national survey, rather than locate the sample purely in Victoria. Although we believe that the findings are generalisable to the Victorian context, we would also suggest that the findings should be viewed as indicative, rather than definitive. In addition, because we did not specify the particular brand or company names of those sellers identified in media, reports, and proceedings, we may also have captured a cross-section of other educational packages sold in the home, that don't use the selling techniques described.

To avoid any particular methodological bias and provide a form of content validity, what we have attempted to do is use multiple methods of data collection, informed by previous research, to provide an overall analysis of the factors at play in the sales process, and the outcomes for a range of consumers.

There should be no doubt that the sales process is contrived, well planned, and aimed at making it difficult for the consumer who invites a salesperson into their home to refuse the offer being provided. As we have shown in the case studies, and interviews, there is consistency in the way that the sales process plays out in the home. However, the case studies and interviews should be interpreted as indicative of the process. The qualitative research component provides richness to the quantitative component, and illustrates details not possible in a quantitative questionnaire. As noted previously, there is triangulation across each of the methodologies, and we are confident that each of the methodologies present a true representation of the sales process, the underlying principles at play, and their likely effect on consumers who are given an in-home demonstration of educational software.

Future research recommendations would be to conduct experimental research under similar conditions to that experienced in the home to test each of the concepts outlined in the study, viz., consistency, commitment, trust, endowment, scarcity,

reciprocity, and the influence of anxiety in decision-making. Although studies have been conducted exploring these particular principles, we argue that this particular social context provides idiosyncratic factors that have not been previously investigated (e.g., the social nature of family). In addition, a more detailed (and more expensive) national survey investigating particular brands of educational software may highlight differences from the more general filter used in this study.

## Appendix One: Sample Sales Script

### Editorial Note

*Following is an example of a real sales script obtained from a seller of educational software. Whilst this script was used by a particular company, the techniques described in the script are commonly referred to by clients of our casework, regardless of the provider, suggesting that similar scripts are used.*

### **Sample Sales Script Text**

#### **PRESENTATION STRUCTURE**

1. INTRODUCTION/ICEBREAKER-INTENTION STATEMENT
2. SMALLTALK/LEAD QUAL /STUDENT QUESTIONS
3. ASSESSMENT/PARENT INTERVIEW/MIDPOINT TEACHING/BRICK WALL
4. QUALIFIER
5. PRODUCT
6. CLOSE
7. PAPERWORK/RECCOS/LOCK-INS

#### **INTRODUCTION** [Happy knock on door, John answers...]

Hi, I'm (your name) from (company name removed), you must be John? Nice to meet you!!! I have an appointment with you and your family today. Is everyone home?  
(Step forward and shake hands) Should I take my shoes off?

## ICEBREAKER/INTENTION STATEMENT

*For your icebreaker talk about two general topics, like the weather and an outstanding feature in the house. Compliment their house, garden, cars, etc...Make sure you greet everyone and bring the family together.*

So tell me, who spoke to the person on the phone? *(Wait for answer)* Did they explain how we are helping families in this area? *(Wait for answer)* What was it they told you? That's right.

Let me tell you a little about us. We have been doing what we do for about 20 years and work with about 600,000 students. We'll be doing an assessment with *(children's names)* to see how they are going on a statewide basis. More importantly, while they're doing the assessment, I will be interviewing the both of you *(John and Jenny)* to get parent feedback on the school system and reports, etc. We're getting some very interesting feedback from parents. O.K John? O.K Jenny? Great.

*(Sit at table-take control of seating, casually mention)* Actually, we are only visiting a few families in this area and then we move on to another area. I think we move on the next area in the next day or so.

## **SMALL TALK** *(Expand on every question. Create a 10 min conversation)*

So tell me, how long have you been living in the area? *(Talk about area)*

So John, do you work nearby or do you have to travel far? *(What does he do? How long?)*

How about you Jenny, is it a full time job looking after the kids? *(Show positive interest)*

*(Build rapport with the whole family, be warm and friendly show empathy in their answers, particularly the older children)*

John and Jenny, 80% of what we do is sourced through word of mouth. Were you recommended to us? Yes - Great; No - most people are!

So if you are both happy with my conduct in your home, I'll be asking you to recommend your friends and family to us. We will talk about that later. Is that OK John and Jenny?

Great!

Do you mind if I ask your children a few questions? (*DO NOT INTERROGATE KIDS- BUILD RAPPORT!*)

**STUDENT PARTICULARS** (*ask questions on sheet, build rapport, find their level get them to like you.*)

What is your favourite activity? (*This is your opportunity to build lots of rapport with the students*)

*Career question* What is your career goal? (*Make Johnny feel good about it*).

*If Johnny doesn't know, relate it to a career in his favourite subject, or talk about wants e.g. travel, own car or house, but let's have choices. It's very important at this point to get everyone "thinking big" and to get parents excited about having even higher aspirations for their children than they originally had. Take your time and paint emotional pictures. The parents want their children to be self sufficient so they can have quality of life.*

## **ASSESSMENT**

Now we are going to do a little quiz. You know at school the teacher says you must try everything even if you can't do it? Well just for tonight we are going to do the opposite. All I want you to do are the questions you can do. If you can't remember or not sure just leave it blank. I am not going to mark you, so I don't care if you leave the whole sheet blank. You must be honest though. Otherwise I can't see where we can help. Can we go into separate rooms because I don't want you talking to each other about this. OK? Remember there are three rules; just leave the questions you do not understand and move on, no calculators (*below year nine*), and no phoning a friend.

*(Send all children to their bedroom/study(s) to work on assessment.)*

*To parents* The children should score high as I have given them last years work, one mistake could be carelessness, but two or more most likely indicates a missing concept.

## **PARENT INTERVIEW**

*More small talk with John and Jenny for more rapport. Situation should be more relaxed now kids have left the room.*

1. So, tell me, how would you best describe your attitude towards your children's schooling, in terms of their marks? Is it something where you have high expectations or you want them to be the best they can be, or..? How would you best describe it?
2. So would it be fair to say that you want them to reach their potential?  
Whatever that is..?
3. So education is important to you then?
4. What do you think would prevent each of them from reaching their potential?  
Whatever that is..?
5. It sounds like as a parent, you want to provide as much opportunity as you can to reach potential... Is that right?
6. So as a parent what sort of things have you tried to help? Do you have regular contact with the school? It sounds like you are encouraging and supportive. Is that right?
7. I know that when we speak to a lot of parents they are very frustrated with the reporting because doesn't really tell them exactly where their children need help. Would you share that view?
8. It doesn't sound like you're expecting them to follow your chosen career??  
Our research has shown that most kids won't know what they want to do until they have finished school. So would it be fair to say that you just want them to be able to have choices when they do decide what they want to do?

After talking to tens of thousands of parents that are very much on your wavelength, there are three definite things that parents absolutely want as part of their children's

education that they are not receiving now. First of all they are telling us that there is nowhere near enough measurement (*Write “measurement”*). They wouldn't have a clue as to where their children's specific weaknesses and strengths are and to what extent with regards to maths and literacy. It's only measurement that they can come up with somewhat of a plan (*Write “plan”*) to resolve the weaknesses and build on the strengths and ultimately having more control (*Write “control”*).

Would you agree with what other parents like you are telling us?

## **MID-POINT TEACHING**

*Go to diagram.* Let me show you some things we've learnt about the education system. Have you heard of midpoint teaching? Let's take maths, as our main focus is on maths and literacy.

Because, let's face it, if you're very strong in both those subjects, once you decide what you want to do, you can do it. Would you agree with that?

60-70% of the kids are in the middle of the class. The system, the school and the teacher will spend majority of their time focused on those kids because that's where the majority of the kids are. Then there's the 10-15% of kids that are falling behind. Everyone acknowledges that if these kids don't receive any one-on-one assistance they will absolutely fall further and further behind. (*John and Jenny should be nodding*) However we are also extremely concerned with the 5-10% of the kids who are at the higher end, who are actually getting everything right and finding it really easy. What can happen is that if you find a subject a breeze, it's really easy, your getting 100% correct all the time, at the end of the day your going to get bored. Does that make sense? If it's too easy, you're not being challenged by anything. What happens is that they breeze through all of primary school and the first couple of years of secondary college. Then they get to Year 9 or 10 and the problems begin. They associate everything with that subject as being boring. It's at this time we have to make some decisions that will affect our future. We have to choose between Intermediate Maths, General Maths, or Advanced Maths.

80% of 1<sup>st</sup> round university offers last year went to students who did Advanced Maths. The police force and armed forces are telling us that they need a minimum entrance of Intermediate Maths. I spoke to a guy the other day that is a refrigerator mechanic. He left school at Form 3 to do his apprenticeship and has been doing his job for 20 years or so. However he was telling me about how his company is hiring first year apprentices at the moment and requires a minimum Intermediate VCE Maths because they have to do a mini electronics course now. It's so different now. More students than ever before are doing VCE but without attaining the marks to get them where they need to go. So maths is definitely a focus and we have to make sure we are getting stimulated and are realising our potential.

So when it comes to choosing the maths we study, if these kids (*point to lower end*) do not get any one-on-one help they will be forced to General Maths, not get a great mark at it and won't be able to do much more than push trolley at the supermarket. However these kids (*point to higher end*) end up choosing General Maths too. We were talking about one of your objectives earlier was to help students reach their potential. Look at all this potential just going to waste. It's almost worse for this to happen. It's an absolute crime. Would you agree?

*Go to next diagram* Now we've learnt that there is a fine line between Self Esteem and having a Challenge. Obviously, if I get everything wrong, my self esteem will go down and I'll reject the subject, because why would I want to take a subject I get everything wrong in? If I'm getting everything right, I get bored and I'm going to reject the subject because I'm not being challenged. So there's a constant balancing act between the two (*Draw line*) and there are 25 different lines to tread for 25 different kids in the class. Does this make sense?

## **LEARNING PROCESS**

*If a student is really struggling at school and self esteem is down. Go to diagram.*

When we are at school we tend to think we are not as quick as the person sitting next to us. In reality that is probably not the case, we just learn differently. It's probably

got nothing to do with our level of intelligence. It's a real shame that's how we end up feeling when it is that we just learn different.

We basically learn by Visual, Auditory and Kinesthetic. Let's say Jamie Oliver is teaching us how to bake a cake on TV, a Visual person can watch him do it, then they've got it. An Auditory person needs to have him explain it, or even have it written down and they've got it. A Kinesthetic person needs to have all the ingredients and pots and pans out and do it step by step with him, otherwise they don't get it. I know somebody that is very Kinesthetic and we went into a shop that said "Do Not Touch". She couldn't help herself and picked everything up, because she needs to touch things to experience them. Look how visual I am using diagrams for everything. Then there's Visual/Auditory, Auditory/Kinesthetic and so on.

In a class with 25 kids there will be 25 different learning styles and then there's the teacher's as well. It's difficult for the system to match every single child to every single level. Does that make sense?

### **BRICK WALL (PLOT A COURSE)**

The way in which we learn at school and how the system works is a sequential process like laying down bricks on a brick wall.

Let's say I am in Grade 1. We have to learn the curriculum as set out for Grade 1 and then we go into Grade 2. This is just not reality. The reality is, we are probably missing a couple of bricks and there are probably a couple that are shaky. Then those two missing blocks will affect things I have to learn next year and so on... We end up with a knowledge gap that gets bigger and bigger and bigger. Then we get to about year nine. There is something about year nine. Kids often go off the rails. Girls get rebellious, etc. A lot of school are not changing things for year nine. They have a different uniform, the curriculum has been adjusted and some call their teachers by their first names. It must be a puberty thing. So our brick wall needs to be 100% to allow for any problems in this year.

Can you see how these problems are affecting us?

*Turn to student* If we could find a way to improve your marks at school, would that make you feel a lot better?

*To everyone* Can you see how important it is to (1) Be stimulated at school and (2) make sure that every brick is cemented permanently in our wall of learning?

So how do we fill in all these gaps permanently and stay stimulated? Any ideas?

The key is making it stick into our long term memory. What's the best way to do that? *Practice*. That's right, practice. Repetition. We used to practice our maths and literacy at school. Remember. Now we have all this homework because there is no time as we are doing Italian or Indonesian and all these subjects we just never did at school.

So we have to do it at home. Do you know much time you would have to practice every night if used a text book or had extra classes? About 2 ½ hours per night. *Turn to student*. Now how would feel if I said that we had to do an extra 2 ½ hours per night on top of our homework? What about 15 min per night? We can live with that can't we? *To parents*. Kids want to be kids and don't want to be pressured.

So how do you squeeze 2 1/2 hours of repetition and learning into 15 minutes? Well we have worked out how to do it. Our success with over 600,000 students has been phenomenal.

We have an exceptional program. We have it so finely tuned now, we can actually guarantee a minimum outcome. However, it will not work unless there are certain things in place. First we have a program (write this down), then we need a student that needs help (write this down). Students that need help are everywhere. That's the easy part. This will not work, no matter how good the program is unless there is one very important person present. That is the Parent (write this down). Unless the parent wants the help for their kids, unless they are supportive and encouraging, nothing will work.

Let me give you an example. Recently I was working in North Balwyn. I was at this family's home that was worth about \$1.5-\$2 million. It was beautiful. Anyway, when I went through the Parent Interview, their answer to everything was, "That's why we are spending \$60K per year on the best schools". I said "That's fine but what about one-on-one assistance for your son. He needs help. Haven't you involved yourself with the teacher to get his help?" "No, like I said we spend \$60K per year on the best schools money can buy and if he doesn't do well, we've done our part." How terrible is that?

John and Jenny we cannot work with people like that. I didn't even get this far with them. I politely packed up my things and moved on to the next family. You see it's not about the money for us. It's about the parents.

In contrast I just saw a single mum on the pension. She would crawl over cut glass for her kids. She wants for them what she didn't get. She involves herself with them on every level. See we can work with parents like that.

As I mentioned before we work area by area. In each area we take no more than 100 enrolments. Just like school, once we reach out 100 quota, we close enrolments and move to the next area. So we had to work out a criteria to select the 100 enrolments. It would be unfair to do it by socio-economic class. Otherwise we would just work in North Balwyn and Toorak. The most important for criteria for us is the parents. That's why I conducted that interview earlier. Our program is unbelievable but only when the parents attitude is right.

It's not about the money, it's about the parents. Does that make sense? Do you even want to look at what we do?

OK I'm happy to show it to you. After I do, if it's something you like and you agree and it's suitable, which it is, then that's fine and we can help you immediately. If not though, just say "no thanks Jason it's not for us". Because we cannot get back to you about it. We'll just enrol the next family and then move to the next area. Parents are either absolutely definite about this or they're not.

Is that okay with you John? And you Jenny? Great.

~

End of provided script.

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