Research into the Door-to-Door Sales Industry in Australia

Report by Frost & Sullivan for the Australian Competition and Consumer Commission (ACCC)

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Disclaimer

This report into the door-to-door sales industry in Australia has been prepared by Frost & Sullivan (Australia) Pty Ltd (“Frost & Sullivan”) and was commissioned by the Australian Competition and Consumer Commission (“ACCC”) and its Consumer Consultative Committee. The report is based on existing secondary data sources as well as inputs from the door-to-door sales industry, including traders who use the door-to-door channel, service providers, trade associations and other organisations with an interest in the door-to-door sales industry in Australia, as well as individuals who are currently working, or have recently worked in, door-to-door sales. Consumer research has not been included as an input to the study.

Frost & Sullivan takes no responsibility for incorrect information provided to us by organisations or individuals who gave input to the study, although every effort has been made to verify such information.

Note: The opinions expressed in this report are those of Frost & Sullivan and cannot be attributed to the ACCC or the Consumer Consultative Committee.
1. Executive Summary

This report provides an analysis of the door-to-door sales industry in Australia. It was undertaken by Frost & Sullivan on behalf of the Australian Competition and Consumer Commission and its Consumer Consultative Committee. The ACCC is an independent statutory authority that administers and enforces the *Competition and Consumer Act 2010* and the Australian Consumer Law (ACL) which forms part of that Act. The ACL was introduced on 1 January 2011 and is the law governing consumer protection and fair trading in Australia.

Under the ACL consumers have extra protections when they buy certain goods and services from door-to-door sales agents. These consumer rights apply when the sale of goods or services results from an ‘unsolicited consumer agreement’. Broadly, this is an agreement that results from uninvited contact with a consumer; that is negotiated by telephone or at a location that is not the supplier’s business location; and where the price exceeds $100 (or the price is not established when the agreement is made).

Door-to-door sales agents who make uninvited contact with consumers in order to sell them goods or services must comply with limited hours for contact with consumers; disclosure requirements when making an agreement; and specific criteria for the sales agreement (for example, it must be in writing). Consumers have 10 business days to change their mind and cancel the contract (‘cool off’) and sales agents must also comply with restrictions on supply and requesting payment during the cooling-off period. Consumers can also cancel the contract within three or six months if the supplier has not met certain obligations under the ACL.

The ACCC conducts activities to educate traders and consumers about their rights and obligations under the ACL. This research project will assist the ACCC in its future work including the development of trader and consumer education and compliance strategies.

1.1 Objectives

The specific objectives of the report are to:

- Conduct an 'industry analysis' of the door-to-door sales industry;
- Explore why suppliers use the door-to-door sales channel;
- Explore why only certain products are sold door-to-door and identify which products are most commonly sold door-to-door;
- Consider which consumer segments are more likely to be targeted by door-to-door traders than others;
- Explore the industry structure and size; and
- Consider the marketing and sales techniques used in the industry.

Taking into account the focus of previous research on this topic, it was decided that this project would involve an analysis of door-to-door sales from an industry and not a consumer perspective. Hence this report focuses on the door-to-door sales industry itself, and not on consumer experiences or perceptions of door-to-door sales. There is very limited existing
publicly-available information on the door-to-door sales industry in Australia, and hence this report is largely based on primary research with industry participants (see section 2.3).

Further, the report focuses on a discrete sector of the industry that Frost & Sullivan refers to as the ‘organised’ sector. This sector of door-to-door sales generally involves the provision of higher value services such as the supply of energy, pay television and telecommunication services (especially fixed line telephony and broadband) that are provided subsequent to the sale on a contractual basis (see section 2.6). Little, if any reliable data is available to permit an analysis of the size and structure of the unorganised door-to-door sales sector (that often consists of home maintenance services provided on a cash-in-hand basis), and hence this sector was excluded from the scope of the project.

1.2 Method
In undertaking the research for this report Frost & Sullivan relied on two main sources of information:

- Secondary sources - including published reports on door-to-door selling, reports and statistics on industries that use door-to-door selling, company brochures and websites; and
- Primary sources – including interviews with five companies (traders) undertaking door-to-door sales (either in-house or through third parties), five companies providing outsourced door-to-door sales services, 16 industry or public sector bodies/associations and 15 individuals who are currently or have recently worked in door-to-door sales. These interviews were conducted in New South Wales, Victoria, Queensland, South Australia and Western Australia between 01/02/2012 and 16/03/2012. Organisations and individuals who contributed to the report are listed in appendices 1 and 2.

1.3 The Project Definition of ‘Door-to-door Sales’
The ACL does not define ‘door-to-door sales’ and in undertaking this research Frost & Sullivan did not apply the term ‘unsolicited consumer agreement’ as defined by the ACL. This report adopts a narrow project definition of ‘door to door sales’ that has three main criteria: (1) the initial contact was by the trader via a personal visit; (2) the contact was uninvited; and (3) the sale was negotiated or concluded within the householder’s premises.

Excluded from the scope are occasions when the sales visit was initially solicited by the consumer and the sale or attempted sale was confined to the good or service specified by the consumer.

The definition of door-to-door sales as covered in this project is summarised in section 2.4.

1.4 Summary of Research Findings

1.4.1 Products and Services Commonly Sold Door-to-Door in Australia
The products and services most commonly sold via door-to-door sales are:
Energy (electricity and / or gas supply);
Pay TV services;
Telecommunications (especially fixed line telephony and broadband);
Media (particularly newspaper subscriptions);
Solar energy (especially solar panels); and
Others (including home appliances, home insulation, security systems, educational software, club memberships, photography, first aid products etc)

1.4.2 Total Number of Door-to-Door Sales in Australia
Frost & Sullivan estimates from its research interviews that 1,308,000 door-to-door sales occurred in Australia in 2011. Based on estimates of annual door-to-door sales by industries derived from interviews, sales per industry are summarised in Table 1.

Table 1: Number of Door-to-Door Sales, 2011

<table>
<thead>
<tr>
<th>Product</th>
<th>Number of Door-to-Door Sales in 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy (i.e. electricity &amp; gas)</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Pay TV</td>
<td>34,000</td>
</tr>
<tr>
<td>Telecoms</td>
<td>138,000</td>
</tr>
<tr>
<td>Solar Panels</td>
<td>52,000</td>
</tr>
<tr>
<td>Media Subscriptions</td>
<td>24,000</td>
</tr>
<tr>
<td>Other (home insulation, appliances, educational software, etc)</td>
<td>60,000</td>
</tr>
<tr>
<td>Total</td>
<td>1,308,000</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan estimates

Based on approximately 8.4 million households in Australia, this equates to an average of one door-to-door sale for every 6.5 households in 2011. In practice, the average will be higher in New South Wales and Victoria where door-to-door sales of energy are most prevalent.

1.4.3 Main Traders Using the Door-to-Door Channel in Australia
The main traders (companies) that use the door-to-door channel are listed in Table 2. In most industries (sectors) listed, most or all of the major market participants that target the residential segment use door-to-door sales. In most cases, these companies engage a service provider to undertake door-to-door sales on their behalf.
Table 2: Main Companies Undertaking Door-to-Door Sales in Australia, 2011

<table>
<thead>
<tr>
<th>Sector</th>
<th>Company</th>
<th>Ownership</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>AGL Energy</td>
<td>Publicly-listed</td>
</tr>
<tr>
<td></td>
<td>Alinta Energy</td>
<td>Private equity</td>
</tr>
<tr>
<td></td>
<td>Australian Power &amp; Gas</td>
<td>Publicly-listed</td>
</tr>
<tr>
<td></td>
<td>Lumo Energy</td>
<td>Subsidiary of Infratil (NZ)</td>
</tr>
<tr>
<td></td>
<td>Neighborhood Energy</td>
<td>Alinta Energy</td>
</tr>
<tr>
<td></td>
<td>Origin Energy</td>
<td>Publicly-listed</td>
</tr>
<tr>
<td></td>
<td>Red Energy</td>
<td>Snowy Hydro (jointly owned by Commonwealth, NSW and Victorian governments)</td>
</tr>
<tr>
<td></td>
<td>Simply Energy</td>
<td>International Power (UK)</td>
</tr>
<tr>
<td></td>
<td>TRU Energy</td>
<td>CLP Group (listed on HK stock exchange)</td>
</tr>
<tr>
<td>Telecommunications</td>
<td>Telstra</td>
<td>Publicly-listed</td>
</tr>
<tr>
<td></td>
<td>Optus</td>
<td>Singapore Telecommunications (publicly-listed in Australia)</td>
</tr>
<tr>
<td>Pay TV</td>
<td>Foxtel</td>
<td>Privately-owned</td>
</tr>
<tr>
<td></td>
<td>AUSTAR Communications</td>
<td>Publicly-listed</td>
</tr>
<tr>
<td>Media</td>
<td>Fairfax Media</td>
<td>Publicly-listed</td>
</tr>
<tr>
<td></td>
<td>News Corporation</td>
<td>Publicly-listed</td>
</tr>
</tbody>
</table>

Sources; Frost & Sullivan, publicly-available company data

There are at least 35 service providers offering door-to-door sales services in Australia.

1.4.4 Characteristics of Products Sold Door-to-Door

The main characteristics of products that are sold via the door-to-door channel are indicated below:

- **Services**: most door-to-door sales involve the purchase of a service rather than a physical product, with the service generally contractually agreed to by the consumer for delivery over a period of time (e.g. a two-year energy contract);
- **Annuity revenue streams**: as door-to-door sales can involve a higher customer acquisition cost than other channels, the revenue accruing to the supplier from the sale needs to be sufficient to cover the acquisition cost;
• **Low involvement:** most consumers have relatively little interest in the product and few make a pro-active effort to purchase it. With limited interest in the product category amongst consumers, traders need to be pro-active in selling the product;

• **Benefit of personal demonstration:** products sold via the door-to-door channel generally benefit from personal demonstration as there is some degree of complexity involved in the buying process. In many cases, salespeople need to understand a consumer’s individual circumstances before recommending an appropriate offer;

• **Ubiquity:** products sold via the door-to-door channel are generally of relevance to virtually all households, making it cost-effective for salespeople to move from door-to-door. Importantly, services sold door-to-door are often saleable both to households that own or rent their home; and

• **Obvious value proposition:** in most cases, door-to-door sales are made on the basis of saving the householder money (e.g. by lower energy costs). This is a relatively simple message for sales agents to give, and for low involvement products can often be successful in driving the consumer to switch provider.

### 1.4.5 Benefits of the Door-to-Door Sales Channel

Traders that use the door-to-door channel to target residential consumers identify a number of specific advantages that the channel offers, when compared to other proactive sales approaches such as outbound telemarketing or direct mail, or less proactive approaches such as traditional advertising. These advantages are:

• Door-to-door sales are regarded as the most effective channel for customer acquisition, particularly in the energy sector. In particular, they allow a new entrant retailer to build up a critical mass of customers in a relatively short period. Door-to-door sales enable particular groups of customers to be targeted unlike other sales and marketing approaches which are more blanket in their coverage. This enables the trader to focus on potentially more valuable customers or customers who may be more likely to make a sale. This targeting is generally down to the suburb or area level – for operational reasons, traders reported that cherry-picking of selected households in a particular street is unlikely to be viable, although some sales agents reported that targeting of more vulnerable customers does occur (Section 5.8);

• Door-to-door sales require relatively low investment when compared to other sales channels, and hence they are appropriate for new companies with relatively limited marketing budgets. Since sales are often outsourced and the service provider paid on a commission-only basis, there are limited set-up costs for establishing a door-to-door sales team;

• Some traders believe that door-to-door sales result in consumers who are generally interested in the service finally making a decision to purchase; in other words it triggers a final purchase decision and shortens the customer acquisition time;

• Other potential sales channels have been restricted by legislation. In particular, the outbound telemarketing channel has been significantly restricted by the introduction of the Do Not Call Register;
Many door-to-door salespeople are now equipped with mobile devices such as iPads, enabling customer offers to be calculated and presented at the doorstep; and Door-to-door sales are generally regarded by some traders as good for raising brand awareness, even if no sale occurs. Traders believe that a door-to-door approach is more likely to create future brand recognition for the trader than other marketing approaches, such as advertising or sponsorships.

1.4.6 Disadvantages of the Door-to-Door Sales Channel

Traders using door-to-door sales also recognise potential disadvantages of the channel:

- Door-to-door sales can create reputational issues for traders using the channel. Many householders can be annoyed by unsolicited door knocking, and consumer perception issues are also created when sales people engage in conduct that consumers may allege to be misleading, deceptive, or pressure selling tactics. Traders using the door-to-door channel are often impacted negatively by these issues, regardless of the professionalism of their own operations;
- It can be difficult to achieve consistency in the customer experience of door-to-door sales. This is due to recruitment and remuneration issues in the sales industry, including the temporary nature of many sales people and the remuneration structure which may drive a strong focus on making sales, and the fact that traders appear to prefer to outsource the door-to-door selling functions; and
- Customer acquisition costs (i.e. the direct costs to acquire a single customer, mainly commission payments to agents) can be higher through the door-to-door channel than other approaches, although traders generally believe that the greater effectiveness of the door-to-door channel outweighs this disadvantage.

Overall, based on Frost & Sullivan's discussions with traders using the door-to-door channel, Frost & Sullivan anticipates that the perceived advantages of this channel and in particular its effectiveness will continue to drive usage. Although broader industry trends or economic factors may reduce the use of door-to-door sales for certain product categories such as solar panels and pay TV, use of the channel overall is likely to remain at its current levels. Some traders admit to concerns over the impact on their reputations (and brands) of using the door-to-door channel, however they have not yet seriously considered dropping this approach.

1.4.7 Importance of the Door-to-Door Sales Channel Relative to Other Sales Channels

The door-to-door sales channel is used alongside other sales channels, including retail outlets, kiosks, direct mail, internet, outbound and inbound telemarketing and advertising in main media. The relative importance of the door-to-door channel varies across industries, but is particularly important in energy and fixed-line telephony as 50% or higher of their sales are made via door-to-door sales.
1.4.8 Usage of the Door-to-Door Sales Channel to Target Specific Consumers

Door-to-door sales potentially offer the ability to target specific households with a sales offer (for example, households with high power consumption, households with children or more disadvantaged households whose members may be more vulnerable to persistent sales techniques and methods). Traders report, however, that daily targeting by agents only occurs to the area or street level (for example at Census Collection Districts of around 200 homes). Traders say this is a result of the following operational factors:

- To be effective, a door-to-door salesperson needs to minimise the amount of time taken to move from one door to another. This means in practice that he or she needs to be able to call on most or many homes in a targeted area rather than only a small number;
- Given the low conversion rate for door-to-door sales (which may be as low as one sale per 100 doors knocked), salespeople need to make a high number of calls over a day which precludes a high degree of selectivity; and
- Traders generally have limited information regarding households such that precise targeting (for example on age, ethnicity or household income) is not feasible.

Whilst traders consider that targeting of individual households is not generally practical, traders may focus sales efforts on localities that reflect their ‘preferred customer’ profile. When considering customers that fit the ‘preferred customer’ profile, a number of retailers reported identifying target streets (or parts of a street) within a particular location. For example, some energy retailers focus sales efforts on suburbs where households are likely to have higher than average power consumption, or where the incidence of payment defaulting is likely to be lower, however households that may not share these characteristics would still be targeted.

Traders report that door-to-door sales generally do not involve precise targeting of specific customers on the basis of age, ethnicity or income. Contrary to this view, however, some sales agents report that targeting of perceived ‘easier’ or vulnerable clients occurs, (see section 5.8). Of the 15 agents interviewed by Frost & Sullivan, three agents provided examples of sales approaches specifically aimed at concluding a sale to elderly or other vulnerable consumers such as those on low incomes. In at least two cases, agents reported that they had been given lists of streets to door knock that included some potentially vulnerable households. It was also observed by one agent that even if a trader has provided compliance training, it is possible for agents to use unauthorised sales techniques or engage in misconduct since their work in the field is independent and unsupervised.

Whilst traders consider some perceived vulnerable customers may receive door-to-door sales calls, they commented that this is due to their distribution in the overall population rather than as a result of targeted sales efforts. Some door-to-door traders say they actively avoid selling to certain customer groups who might be perceived as vulnerable, for example the over 80s or those living in retirement villages because of the potential higher incidence of consumers who are unable to give informed consent.
Households in capital cities are also more likely to be targeted than those in regional or rural centres. This is due to the higher household density in these cities which makes door-to-door sales more viable and also the larger number of agents available in capital cities.

1.4.9 Door-to-Door Sales Agents and Sales Techniques

Frost & Sullivan estimates that around 3,400 individuals were engaged at any one time as door-to-door sales agents in Australia on average in 2011. This number is both cyclical and seasonal, with the number engaged higher in spring and summer due to better weather conditions for outdoor work.

Using the average of 3,400 agents engaged per day, and assuming an average calling rate of 70 homes per day per agent, then approximately 238,000 homes are called on per day by agents, representing 2.8% of households in Australia. The proportion of households called on per day is higher than the national average particularly in Victoria and NSW, which have the highest amount of door-to-door sales activity for energy. Measured another way, on average each household in Australia is called upon about eight times per year by an agent. Again, this average is likely to differ significantly by state.

Sales approaches range from the highly unstructured to the very structured. Sales agents reported the use of both legitimate and illegitimate sales techniques when selling door-to-door.

Examples of a structured sales approach include:

- Extensive sales training and ongoing support;
- Regular updating to training;
- (Continued) testing on legal requirements, rules and regulations;
- Support during sales and coaching to further improve;
- Central administration and hub as a daily start point (may include daily training on sales etc before going out in the field);
- Organised transport to a specific targeted area/suburb including specific streets highlighted for the worker to knock;
- Some background / demographic information on the area provided to their sales teams;
- Extensive role playing opportunities to explore, learn and hone techniques;
- Solid set of branded materials and tools to take to customers;
- Clear identification / uniforms; and
- Acronyms or other devices to help remember key selling techniques

Sales pitches used at the door by agents typically involve:

- Introduction of self and representative company (in the form of ID – which may also include company uniform or shirt);
- Disclosure that the customer may ask them to leave at any time;
- An anecdote or story to connect with the customer alluding to a possible benefit to them (or hook to ensure continued attention);
Specific sales techniques employed e.g. G.I.F.T.S. (explained below in section 5);
Administration and paperwork (may include verification call);
Closing of sale; and
Moving on to the next residence to repeat this pattern.

Alternatively, some Frost & Sullivan interviews also indicated that a number of pretexts are sometimes used at the door-step. These included sales agents pretending to have lost their dog before making their sales pitch, exaggerating the benefits of the deal they were offering, slandering the competition, altering or removing parts of their product/service disclosure statements, committing identity theft or employing certain language and ambiguous statements to fool or pressure the customer. This is supported by information from energy ombudsmen, where misleading and deceptive conduct often accounts for the highest number of marketing cases reported to ombudsmen.

1.4.10 Training and Consumer Law Compliance
Frost & Sullivan’s interviews with individuals who are currently working, or have recently worked in door-to-door sales indicated a variation in the level of training provided and the degree of consumer law awareness and compliance demonstrated by agents. Most major traders and service providers report that they give reasonably comprehensive training to new agents (in product features, sales techniques and processes, and compliance). Some traders report this training can be as much as two full days for which new agents are often paid a training fee.

Some respondents report that compliance training is delivered and monitored by:

- Providing training and information on rules and laws;
- Testing knowledge, either at the beginning of the agent’s engagement or on an ongoing basis when rules and laws are updated;
- Incorporating rules and laws into learned role plays – e.g. learning an introduction that included a disclosure about identification and the customer’s consumer law rights before continuing with their selling spiel; and
- Penalty schemes which provide a mechanism for disciplining and ultimately terminating agents who fail to comply.

However, respondents also reported examples amongst smaller and less-professional companies of limited or non-existent training on, and monitoring of, compliance. One example uncovered in the research was a door-to-door seller who was not even aware that consumer protection provisions regarding door-to-door sales existed and was not provided any sales training, or otherwise, at the commencement of working in the industry. This seller also made sales visits at times that suited him – outside regulated hours during the week and on Sundays. He was also unaware of customer rights regarding asking the salesperson to leave, or ‘cooling off’ periods.
A few respondents mentioned being told about such regulations at the time of induction but these were not followed up, or, worse, they were encouraged to make their own decision on what hours they worked.

Although major companies involved in door-to-door sales provide compliance training, only two out of the sample of 15 sales agents could recount the details of the ACL with conviction correctly. The majority had incorrect details, outdated knowledge, or no knowledge at all (noting, however, that 10 of the 15 interview subjects were not currently employed in the industry). Frost & Sullivan considers that this could indicate that the amount of time devoted to consumer law compliance during formal agent training may in some instances be insufficient to ensure that new agents are sufficiently familiar with the requirements of the ACL.

1.4.11 Drivers and Restraints for Door-to-Door Sales

Some of the main market drivers that are likely to impact on the use of door-to-door sales over the medium-term include;

- **Development of the National Broadband Network (NBN):** the NBN is a national wholesale-only, open access broadband network that will connect 93% of homes, schools and workplaces with optical fiber. At the peak of construction it is estimated that 6,000 homes per day will be connected. As a wholesale network, service providers will be able to provide retail services to customers over the NBN. This provides a strong opportunity for door-to-door sales activity, which can be timed to coincide with the roll-out of the NBN to a particular locality, and multiple service providers may use the door-to-door channel.

- **Enhanced competition in energy markets:** increased competition in retail energy markets typically stimulates door-to-door sales as this is the major channel used particularly by new entrant retailers. The level of competition is determined not just by market rules in each jurisdiction, but also by the pricing characteristics of individual markets which determine the commercial viability for new entrants. Following the sale of state-owned retailers in NSW in 2011, competitive activity has increased significantly in this state, and this has stimulated door-to-door sales. Future changes in markets like Tasmania, WA and the Northern Territory, where there is currently limited or no retail competition for small customers, may similarly stimulate door-to-door sales activities in these states;

- **Restriction of alternative channels:** outbound telemarketing is one of the main alternative channels available for door-to-door sellers. However the viability of this channel has been challenged particularly by the introduction of the Do Not Call Register in 2005, with over 7 million numbers now listed including around half of fixed line residential numbers; and

- **Introduction of compliance schemes:** some traders consider that the introduction of schemes such as the Energy Assured Ltd (EAL) code of practice to self-regulate door to door sales, undertaken on behalf of electricity and gas retailers, are likely to reduce the incidence of consumer issues arising from door-to-door sales and
increase the professionalism of service providers and agents. This may encourage more traders to use the door-to-door channel.

Conversely some of the restraints that will impede the growth of door-to-door sales include:

- **Challenges arising from the ACL**: the introduction of the ACL from January 2011 has had a significant impact on door-to-door sales, primarily through the restriction of calling hours when compared to previous state and territory-based legislation.

- **Decline in industries that use door-to-door sales**: as mentioned above, industries such as home insulation installation and solar panel installation have used door-to-door sales as a major channel to market, however these industries have been at least partially reliant on Government incentives for their commercial viability and the full or partial withdrawal of these incentives has caused a significant decline in sales volumes. This has impacted the use of door-to-door sales in these industries; and

- **Declines in available workforce**: a major source of door-to-door agents is international students studying in Australia who face restrictions on available working hours. Door-to-door selling is a role that provides flexibility and the ability to work outside study timetables. However, over recent years the number of international student visa applications lodged has declined significantly. This significant reduction in international student applications will feed through to a lower number of international students available to work in door-to-door sales.

Overall Frost & Sullivan anticipates that these factors, especially the NBN, will lead to a slight growth in the use of door-to-door sales in Australia over the next five years.
2. Introduction and Background

2.1 Background

Door-to-door sales is a channel that has long been used by traders to sell goods and services to consumers and business customers. As its name implies, the practice typically involves a salesperson moving from door-to-door and knocking uninvited, then attempting to sell a product or service at the doorstep or in the home. A variant of this practice involves a consumer being solicited by means such as an unsolicited telephone call to agree to an in-home sales presentation.

There is wide-spread concern that door-to-door marketing approaches are associated with higher levels of consumer detriment than typical purchasing decisions. This is because of the particular characteristics commonly associated with this marketing approach - for example, its unsolicited nature; the high-pressure tactics that may be employed by some sales people and the potential targeting of more vulnerable consumer groups. Consumer detriment can be both financial and non-financial. For example, it can arise when consumers have purchased goods or services that do not meet their needs, their wants or their budget. There is also arguably a greater risk of consumer detriment when the goods or services on offer require special technical understanding, include complex contract terms and conditions and long-term or ongoing financial commitment. For this reason door-to-door sales have generally been subject to a greater degree of regulation than some other sales channels, including the banning of door-to-door sales for certain product types (such as consumer credit), and other regulations on factors such as permissible selling hours.

This report is prepared by Frost & Sullivan for the ACCC and its Consumer Consultative Committee. The ACCC is an independent statutory authority that administers and enforces the Competition and Consumer Act 2010 and the Australian Consumer Law (ACL) which forms part of that Act. The ACL was introduced on 1 January 2011 and is the law governing consumer protection and fair trading in Australia.

Under the ACL consumers have extra protections when they buy certain goods and services from door-to-door sales agents. These consumer rights apply when the sale of goods or services results from an ‘unsolicited consumer agreement’. Broadly, this is an agreement that results from uninvited contact with a consumer; that is negotiated by telephone or at a location that is not the supplier’s business location; and where the price exceeds $100 (or the price is not established when the agreement is made).

Door-to-door sales agents who make uninvited contact with consumers in order to sell them goods or services must comply with limited hours for contact with consumers; disclosure requirements when making an agreement; and specific criteria for the sales agreement (for example, it must be in writing). Consumers have 10 business days to change their mind and cancel the contract (‘cool off’) and sales agents must also comply with restrictions on supply and requesting payment during the cooling-off period. Consumers can also cancel the contract within three or six months if the supplier has not met certain obligations under the ACL.
The ACCC conducts activities to educate traders and consumers about their rights and obligations under the ACL. This research project will assist the ACCC in its future work including the development of trader and consumer education and compliance strategies.

2.2 Objectives

The overall goal of the report is to understand in greater detail how the door-to-door sales industry operates. Based on this understanding, the ACCC will be better placed to design its consumer education, compliance, and enforcement strategies. The specific objectives of the report are to:

- Conduct an 'industry analysis' of the door-to-door sales industry;
- Explore why suppliers use the door-to-door sales channel;
- Explore why only certain products and services are sold door-to-door;
- Consider which consumer segments are more likely to be targeted by door-to-door traders than others;
- Explore the industry structure and size; and
- Consider the marketing and sales techniques used in the industry.

2.3 Project Approach

In undertaking the research for this report, Frost & Sullivan relied on two main sources of information:

- **Secondary sources:** including published reports on door-to-door selling, reports and statistics on industries that use door-to-door selling, company brochures and websites; and

- **Primary sources:** including interviews with five companies (traders) undertaking door-to-door sales (either in-house or through third parties), five companies providing outsourced door-to-door sales services, 16 industry or public sector bodies/associations and 15 individuals who are currently or have recently worked in door-to-door sales. These interviews were conducted in New South Wales, Victoria, Queensland, South Australia and Western Australia between 01/02/2012 and 16/03/2012. Organisations and individuals who contributed to the report are listed in appendices 1 and 2.

Frost & Sullivan has analysed and aggregated data and insights from these sources, and formed views as outlined in this report. It should be noted that there is very little published data on the incidence of door-to-door sales, or the volume or value of products and services sold through the door-to-door channel. Similarly, there is no published data on the number of individuals engaged in door-to-door selling. Consequently Frost & Sullivan has made estimations based on insights provided from interviews and available secondary data.

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1 For example, door-to-door salesperson was not included in the list of occupations in the 2006 Census.
However quantitative estimates given in this report should be regarded as approximate rather than exact.

2.4 The Project Definition of ‘Door-to-door Sales’

The ACL does not define ‘door-to-door sales’ and in undertaking this research Frost & Sullivan did not apply the term ‘unsolicited consumer agreement’ as defined by the ACL. Under the ACL an unsolicited consumer agreement involves the sale of goods or services of more than $100 outside business premises or an amount that is not ascertainable at the time, where the sales person was not invited by the consumer. Unsolicited consumer agreements therefore exclude:

- Sales at a business premises;
- Sales where the salesperson was invited;
- Sales where the price of the goods or services does not exceed $100; and
- Business contracts (i.e. agreements to supply goods or services not usually for personal, domestic or household use or consumption).

This report adopts a narrow project definition of ‘door to door sales’ that has three main criteria: (1) the initial contact was by the trader via a personal visit; (2) the contact was uninvited; and (3) the sale was negotiated or concluded within the householder’s premises.

For this report, door-to-door sales are defined as occasions on which a sale of a product or service is concluded or attempted to be concluded within the household, via a personal visit from a trader or his agent. The conclusion of the sale could arise from a signed contract and/or payment by the householder for the provision of goods or services after the cooling off period. The original solicitation for the visit comes from the trader, via an unsolicited approach such as knocking on the door, making a telephone call or approaching the householder in a public place (such as in the common area of a shopping centre). Therefore an occasion when the sales visit was initially solicited by the consumer and the sale or attempted sale was confined to the good or service specified by the consumer is excluded from scope.²

The definition of door-to-door sales as covered in this project is therefore summarised below in Table 3. Sales practices included in the report scope must meet criteria A and B:

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² If for example, after a competition entry a sales visit related to one product was arranged and the consumer agreed to be contacted about the product, if the sales person concluded or attempted to conclude a sale of anything other than that product, then the sale agreement would be considered to be ‘unsolicited’.
Table 3: Report Scope

<table>
<thead>
<tr>
<th>Included in Scope</th>
<th>Excluded from Scope</th>
</tr>
</thead>
<tbody>
<tr>
<td>A) Sale is concluded or attempted to be concluded within the householder’s premises (such as via signature of a contract or payment)</td>
<td>C) Sale is concluded outside the householder’s premises (e.g. in a public place such as a shopping mall, or the premises of the trader) – not categorised as a door-to-door sale for this Project</td>
</tr>
<tr>
<td>B) Initial solicitation was by trader</td>
<td>D) Initial solicitation was by householder – not categorised as unsolicited</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan as agreed with ACCC

Certain sales practices are therefore excluded from the project scope as listed below:

- Telephone, online or other channel sales (i.e. where no personal visit to the householder is involved);
- Catalogue sales (as by ordering from a catalogue the consumer has solicited the sale);
- Party plan or group sales where three or more consumers have been invited to attend and they are at the same premises as the inviter (as these are not unsolicited consumer agreements);
- Sales where the price of the goods or services is below $100 (as these are not unsolicited consumer agreements as defined in the ACL);
- Sales to businesses rather than householders (in other words ‘business contracts’ as these are for the supply of goods or services not ordinarily acquired for personal, domestic or household use or consumption and are not unsolicited consumer agreements);
- Financial products and services sales (as these are covered by separate legislation to the ACL); and
- Charity / fund-raising sales (as an unsolicited consumer agreement must involve a supply in trade or commerce of goods or services to a consumer and, as a result, donations to charity are not unsolicited consumer agreements covered by the ACL).

2.5 Door-to-Door Sales and Direct Selling

Direct selling (also called direct marketing or multi-level marketing) is a retail channel for the distribution of goods and services. At a basic level it may be defined as marketing and selling products direct to consumers away from a fixed retail location. Although door-to-door sales can be regarded as a subset of direct selling, direct selling involves a broader range of sales practices than just door-to-door sales. The most common types of direct selling are:

- **Party plan**: a method of marketing products by hosting a social event, using the event to display and demonstrate the product or products to those gathered, and then to take orders for the products before the gathering ends; and
- **Network marketing**: a method of marketing products by which a sales representative sells products or services to his or her own personal network, such as family, friends, business or social contacts. This method of selling often involves the
distribution of product catalogues or brochures to the network, with the representative taking orders at a subsequent date.

The Direct Selling Association of Australia (DSAA) represents many organisations undertaking direct selling as a marketing channel. It estimates that annual sales through direct selling are approximately $1.6 billion, with around 500,000 individuals engaged to some extent in the channel. The vast majority are engaged on a part-time / occasional basis, with only around 25,000 estimated to make a substantive living from direct selling (defined as an annual income of $50,000 or more).³ On a per capita basis, this is a similar sized industry to the USA, where annual sales via direct selling are estimated at US$28.56 billion, with an estimated 15.8 million individuals engaged in the channel.⁴

However, the vast majority of direct selling activities do not involve door-to-door sales as defined in this report. The DSAA believes that none of its members use door-to-door sales as a sales channel as defined in this report.⁵ Typically, direct selling organisations are looking to achieve regular, relatively low value sales (often below $100) to repeat customers and are selling via independent representatives or distributors who take legal title to the goods being sold and then on-sell at a higher price.

Conversely, most door-to-door sales activity involves a one-off or infrequent sale to a customer, typically of a much higher value product or service. The legal title to the product or service does not rest with the salesperson, who is generally paid a commission for each sale.⁶ The main differences between direct selling and door-to-door sales in the organised sector (described in section 2.6) are summarised below in Table 4:

**Table 4: Direct Selling and Door-to-Door Sales**

<table>
<thead>
<tr>
<th>Sales Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Selling</td>
<td>• Typically low value household products including cosmetics, complementary medicines and homewares</td>
</tr>
<tr>
<td></td>
<td>• Sold to individual distributors / representatives who take legal title then on-sell</td>
</tr>
<tr>
<td></td>
<td>• Distributors / representatives typically engaged on a part-time or occasional basis</td>
</tr>
<tr>
<td></td>
<td>• Typically sold via party plan or network marketing approaches</td>
</tr>
</tbody>
</table>

³ Direct Selling Association of Australia.

⁴ Direct Selling Association (USA).

⁵ However since most companies sell via independent representatives or distributors, the DSAA commented that some of these may at times use door-to-door selling to gain new customers.

⁶ This is not relevant however to the definition of unsolicited consumer agreements under the ACL.
<table>
<thead>
<tr>
<th>Sales Type</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Individual sales</td>
<td>Generally below $100</td>
</tr>
<tr>
<td>Door-to-Door Sales</td>
<td>Relies on regular repeat sales to each consumer</td>
</tr>
<tr>
<td>Door-to-Door Sales (Organised sector)</td>
<td>Typically services whereby the total contractual commitment is generally over $1,000</td>
</tr>
<tr>
<td></td>
<td>Sold by agents acting on behalf of the trader who are paid a commission for each sale</td>
</tr>
<tr>
<td></td>
<td>Relies on one-off or infrequent sales to each consumer</td>
</tr>
</tbody>
</table>

Source: Frost & Sullivan

2.6 The Organised and Unorganised Sectors

The door-to-door sales channel is widely used in what Frost & Sullivan terms the ‘unorganised’ sector. This primarily consists of the sale at the door of services supplied generally at the time of the sales call, such as gardening, window cleaning, gutter cleaning, knife sharpening, home maintenance, etc. These services are often provided on a cash-in-hand basis, may well be unreported for taxation purposes, and in many cases will fall below the $100 threshold to be regulated under the ACL.

By contrast, the ‘organised’ sector generally involves sale of services provided subsequent to signing the sale agreement, on a contractual basis. The main characteristics of the organised and unorganised sectors are summarised below in Table 5:
### Table 5: Characteristics of the Organised and Unorganised Sectors

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
</table>
| Organised    | • Sales visit is made by a salesperson acting as an employee or agent of a product or service supplier  
• Involves multiple sales people selling over multiple geographies  
• Service or product generally not provided by the salesperson at the time of visit  
• Payment made subsequent to sale | • Energy supply  
• Pay TV supply  
• Telecoms |
| Unorganised  | • Sales visit is made by the person providing the product or service, or by a member of a very small team  
• Involves selling in a single geography (e.g. a suburb)  
• Service or product generally valued at less than $100 and provided at the time of the visit  
• Payment made at time of sale often in cash | • Gardening / home maintenance services  
• Home-made arts and crafts |

*Source: Frost & Sullivan*

The nature of the unorganised sector makes analysis of its size and structure difficult, and therefore this report focuses on the organised sector only.

### 2.7 Other Door-to-Door Contacts

Unsolicited door-to-door contact is also used in other situations that are not included in the scope of this report as these do not constitute a door-to-door sale:

- Charitable organisations often use door-to-door collections as a means of raising funds. Often the collection activity is outsourced to service providers for a fee. However as charity / fund-raising sales fall outside the scope of unsolicited consumer agreements as defined in the ACL, they are outside the scope of this report; and
- Government energy-saving programs such as the VEET scheme in Victoria often involve unsolicited door-to-door contact by installers\(^7\), however since installation of the energy saving devices is generally free-of-charge to the consumer, these have not been considered within the scope of the report.

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\(^7\) The VEET scheme is a Victorian Government initiative promoted as the Energy Saver Incentive. It commenced on 1 January 2009 and is administered by the Essential Services Commission (ESC). Under the scheme businesses that install energy saving devices are eligible for energy efficiency certificates.
3. Overview of the Door-to-Door Sales Channel in Australia

3.1 Households in Australia
There are 8.425 million households in Australia, with family households comprising 74% of the total, and single-person households 26%. Around 73% of households are owner-occupiers, with renters (private, or from a housing authority) comprising the balance. NSW and Victoria account for 57% of households:

Table 6: Households by State / Territory, 2009-10

<table>
<thead>
<tr>
<th>State / Territory</th>
<th>NSW (000's)</th>
<th>Vic (000's)</th>
<th>QLD (000's)</th>
<th>SA (000's)</th>
<th>WA (000's)</th>
<th>TAS (000's)</th>
<th>NT (000's)</th>
<th>ACT (000's)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Number of Households</td>
<td>2,725</td>
<td>2,097</td>
<td>1,678</td>
<td>655</td>
<td>869</td>
<td>205</td>
<td>64</td>
<td>132</td>
</tr>
</tbody>
</table>

Source: ABS, Family Characteristics Survey, 2009-10

3.2 Products and Services Sold via Door-to-Door Sales
The products and services most commonly sold via door-to-door sales in Australia are:

1. Energy (electricity and / or gas supply);
2. Pay TV services;
3. Telecommunications (especially fixed line telephony and broadband);
4. Media (particularly newspaper subscriptions);
5. Solar energy (especially solar panels); and
6. Others (including home appliances, home insulation, security systems, educational software, club memberships, photography, first aid supplies etc)

The estimated split of door-to-door sales by product category is given in Figure 1.

---


9 A single sale can involve multiple products, e.g. a dual fuel energy contract or bundled telecoms package.
The main characteristics of products that are sold via the door-to-door channel are summarised below:

- **Services**: most door-to-door sales involve the purchase of a service rather than a physical product, with the service generally contractually agreed to by the consumer for delivery over a period of time (e.g. a two-year energy contract). Physical products are generally hard to sell via the door-to-door channel due to the difficulties in carrying from door-to-door and the large amount of inventory required by the salesperson;

- **Annuity revenue streams**: as door-to-door sales can involve a higher customer acquisition cost than other channels, the revenue accruing to the supplier from the sale needs to be sufficient to cover the acquisition cost. Energy contracts will on average result in annual revenues of around $1,200 to the supplier, and telecoms or pay TV contracts around $1,000\(^\text{10}\);

- **Low involvement**: most consumers have relatively little interest in the product and few make a pro-active effort to purchase it. For example, fewer than 10% of domestic electricity customers in Victoria have pro-actively contacted their supplier over the past five years,\(^\text{11}\) and fewer than 13% in South Australia.\(^\text{12}\) With limited interest in the

\(^{10}\) Based on estimates of average household electricity bills from Energy Retailers Association of Australia Ltd (ERAA), and average revenue per user (ARPU) of $80-85 per month for telecoms and pay TV.

product category amongst consumers, traders need to be pro-active in selling the product to consumers;

- **Benefit of personal demonstration**: products sold via the door-to-door channel generally benefit from personal demonstration as there is some degree of complexity involved in the buying process. In many cases, salespeople need to understand a consumer’s individual circumstances before recommending an appropriate offer;

- **Ubiquity**: products sold via the door-to-door channel are generally of relevance to virtually all households, making it cost-effective for salespeople to move from door-to-door. For example, almost 100% of households require electricity supply, and for most households services such as pay TV and telecoms are also relevant. Importantly these services are also saleable to households that rent their home; and

- **Obvious value proposition**: in most cases door-to-door sales are made on the basis of saving the householder money (e.g. by lower energy costs). This is a relatively simple message for sales agents to give, and for low involvement products can often be successful in driving the consumer to switch provider.

Door-to-door sales are used alongside other sales channels, including retail outlets, kiosks, direct mail, internet, outbound and inbound telemarketing and advertising in main media. The relative importance of the door-to-door channel varies across industries, but is particularly important in energy and fixed-line telephony as shown in Table 7 below:

**Table 7: Proportion of Total Residential Sales from the Door-to-Door Channel, 2011**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage of Total Residential Sales Through Door-to-Door</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>55%</td>
</tr>
<tr>
<td>Fixed Line Telephony</td>
<td>50%</td>
</tr>
<tr>
<td>Solar Panels</td>
<td>20%</td>
</tr>
<tr>
<td>Pay TV</td>
<td>10%</td>
</tr>
</tbody>
</table>

*Source: Frost & Sullivan estimates based on industry interviews*

For industries that use door-to-door sales, it is generally seen as among the most effective channel for making sales. For example, in the energy sector it is the only channel that is regarded as “Highly Effective” for the household market by both incumbent and new retailers, as indicated by a survey of energy retailers in Victoria, as summarised in Table 8 below:

---

Table 8: Perceived Effectiveness of Household Marketing Channels by Energy Retailers, Victoria

<table>
<thead>
<tr>
<th>Channel</th>
<th>Host Retailers</th>
<th>New Retailers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Door Knocking</td>
<td>Highly Effective</td>
<td>Highly Effective</td>
</tr>
<tr>
<td>Outbound Telesales</td>
<td>Moderately Effective</td>
<td>Moderately Effective</td>
</tr>
<tr>
<td>Inbound Telesales</td>
<td>Highly Effective</td>
<td>Moderately Effective</td>
</tr>
<tr>
<td>Internet</td>
<td>Moderately Effective</td>
<td>Relatively Ineffective</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>Moderately Effective</td>
<td>Relatively Ineffective</td>
</tr>
<tr>
<td>Affinity Retailing</td>
<td>Moderately Effective</td>
<td>Moderately Effective</td>
</tr>
<tr>
<td>Television</td>
<td>Relatively Ineffective</td>
<td>Relatively Ineffective</td>
</tr>
<tr>
<td>Radio</td>
<td>Relatively Ineffective</td>
<td>Relatively Ineffective</td>
</tr>
<tr>
<td>Print Media</td>
<td>Relatively Ineffective</td>
<td>Relatively Ineffective</td>
</tr>
<tr>
<td>Outdoor Advertising</td>
<td>Relatively Ineffective</td>
<td>Relatively Ineffective</td>
</tr>
</tbody>
</table>


A survey amongst 15 energy retailers in South Australia in 2008 similarly identified door knocking as the most important marketing channel open to them as shown in Table 9.

Table 9: Perceived Effectiveness of Household Marketing Channels by Energy Retailers, South Australia

<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage of Retailers Rating Channel as Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Door Knocking</td>
<td>60%</td>
</tr>
<tr>
<td>Inbound Telesales</td>
<td>47%</td>
</tr>
<tr>
<td>Outbound Telesales</td>
<td>40%</td>
</tr>
<tr>
<td>Internet Advertising</td>
<td>20%</td>
</tr>
<tr>
<td>Bill Inserts</td>
<td>7%</td>
</tr>
<tr>
<td>Direct Mail</td>
<td>0%</td>
</tr>
<tr>
<td>Print Media</td>
<td>0%</td>
</tr>
</tbody>
</table>

13 A method of selling goods and services by creating partnerships with similar or compatible companies and brands.
<table>
<thead>
<tr>
<th>Channel</th>
<th>Percentage of Retailers Rating Channel as Very Important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Affinity Marketing</td>
<td>0%</td>
</tr>
<tr>
<td>Outdoor Advertising</td>
<td>0%</td>
</tr>
<tr>
<td>Television</td>
<td>7%</td>
</tr>
<tr>
<td>Radio</td>
<td>7%</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>0%</td>
</tr>
</tbody>
</table>

Source: Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in South Australia - First Final Report, 2008

Many traders believe that usage of door-to-door sales is important to stimulate market competition, particularly in the energy sector. Without this channel, smaller tier-2 retailers (non-incumbents)\(^{15}\), in particular, state that it would be difficult for them to establish a critical mass of customers and thereby offer an effective level of competition in the market. Door-to-door sales is regarded as a highly cost-effective channel that requires much lower levels of upfront investment than alternatives such as outbound telesales (which require contact centre infrastructure), or television advertising.

Many traders also point to the benefits to consumers that can arise from door-to-door sales, including:

- Making consumers aware of potentially more appropriate offers for their particular circumstances, such as lower cost energy contracts (although the sales agent will only introduce offers from one particular supplier);
- Offering a more convenient way for consumers to acquire products and services that they are interested in; and
- Offering opportunities to customers to purchase products or services that they could not otherwise access through other channels, for example rural or remote customers who may not have access to channels such as the internet or kiosks.\(^{16}\)

During research interviews, some traders also pointed out that improvements in door-to-door sales processes, in particular compliance management, have improved the typical quality of door-to-door sales and therefore made it more viable as a channel. Whilst previously many sales made through the door-to-door channel were perceived by some traders as low

\(^{14}\) Affinity marketing is similar to affinity retailing and involves marketing through partnerships with similar or compatible companies and brands.

\(^{15}\) Refer to section 3.3.1.

\(^{16}\) Kiosks are booths / tables generally set up for temporary periods in public areas such as shopping centres.
quality\(^\text{17}\), traders consider that improvements such as the practice of making verification calls by a third-party to confirm a sale made at the door, have improved the quality of sales generated through the channel.

### 3.3 Usage of Door-to-Door Sales by Industries

More detailed analysis of the usage of door-to-door sales by specific industries is given below, together with an estimate of the volume of door-to-door sales in 2011 for each industry.

#### 3.3.1 Energy

Over recent years, Australia’s energy market has been transformed, with the dis-aggregation\(^\text{18}\) of what were previously vertically integrated utilities, the privatisation of much of the sector, the creation of the National Electricity Market (NEM)\(^\text{19}\) and the gradual introduction of competition. Full Retail Contestability (FRC) refers to a situation whereby all energy customers in a state or territory are able to choose their energy retailer, and has been progressively introduced in the NEM states of Victoria (VIC), New South Wales (NSW), South Australia (SA), Queensland (QLD) and the Australian Capital Territory (ACT) since 2002. Tasmania, Western Australia (WA), and the Northern Territory (NT) still do not have FRC and household customers to date have no choice of energy retailer.

In the states and territories which have introduced FRC, energy retailers compete to acquire residential customers. These retailers are generally classified as tier-1 (the existing incumbent retailer) and tier-2 (non-incumbents). A single retailer can be a tier-1 retailer in one state, and a tier-2 in another. The main tier-1 retailers are AGL Energy, Origin Energy and TRU Energy.\(^\text{20}\) These companies have generally gained tier-1 status via the acquisition of formerly state-Government owned energy retailers. For example, in 2010 Origin Energy acquired the retail businesses of Integral Energy and Country Energy in NSW.

The extent of competition amongst retailers for residential customers depends to some extent on the pricing characteristics of each market, as in some markets a ‘regulated price’ still exists for customers who remain with the incumbent retailer and who have not taken a market contract. The ability of retailers to profitably sell at contracts lower than the regulated price impacts the amount of competition in each market. The highest degree of consumers

\(^\text{17}\) A low quality sale, as defined by some traders, involves a customer who exhibits one or more characteristics such as a high likelihood to cancel the service, poor payment record or low monthly spend.

\(^\text{18}\) Dis-aggregation typically involves splitting the industry into 4 components: generation, transmission, distribution and retail. Generation and retail are generally competitive markets; whilst transmission and distribution are natural monopolies and subject to ongoing regulation.

\(^\text{19}\) The NEM covers Queensland, NSW, ACT, Victoria, SA and Tasmania.

\(^\text{20}\) These companies have acquired the formerly state-government owned energy retailers in Victoria, SA, Queensland and NSW.
switching retailer has been in Victoria, followed by NSW. In 2011, Victoria accounted for 42% of small customers who switched electricity retailers, and 69% of small gas customers who switched supplier. NSW accounted for 30% and 19% respectively. New entrants have gained significant market share in some states, much of this resulting from door-to-door sales activities. The market shares of small customers gained by new entrant retailers range from 15% in NSW to 46% in SA.

There are currently 22 licensed energy retailers in the states and territories with FRC, supplying electricity (of which 11 also offer gas) and one offering gas only. Not all of these retailers however are actively targeting the residential market. Most retailers who are actively targeting the residential market use door-to-door sales as a main channel to market for the reasons identified earlier. The energy retailers who are using door-to-door sales to target residential customers in Australia are listed below:

Table 10: Energy Retailers Using Door-to-Door Sales, 2011

<table>
<thead>
<tr>
<th>Company</th>
<th>Ownership</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>AGL Energy</td>
<td>Publicly-listed</td>
<td>● Tier 1 retailer in Queensland, Victoria and South Australia</td>
</tr>
<tr>
<td>Alinta Energy</td>
<td>Private equity</td>
<td>● Launched in SA in 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td>● Expected to launch in other states</td>
</tr>
<tr>
<td>Australian Power &amp; Gas</td>
<td>Publicly-listed</td>
<td>● Operates in Eastern states</td>
</tr>
<tr>
<td>Lumo Energy</td>
<td>Subsidiary of Infratil (NZ)</td>
<td>● New brand name for four energy suppliers - Victoria Electricity, South Australia Electricity, Queensland Electricity and New South Wales Electricity.</td>
</tr>
<tr>
<td>Neighborhood Energy</td>
<td>Alinta Energy</td>
<td>● Active in Victoria</td>
</tr>
<tr>
<td>Origin Energy</td>
<td>Publicly-listed</td>
<td>● Tier 1 retailer in Queensland, Victoria and NSW</td>
</tr>
<tr>
<td>Red Energy</td>
<td>Snowy Hydro (owned by NSW, VIC and Commonwealth governments)</td>
<td>● Customers mainly in Victoria and NSW</td>
</tr>
<tr>
<td>Simply Energy</td>
<td>International Power (UK)</td>
<td>● Customers mainly in Victoria and SA</td>
</tr>
</tbody>
</table>

21 AEMO Small Customer Transfer Statistics.


24 Some retailers such as Click Energy use online sales only.
Company Ownership Comments

TRU Energy CLP Group (listed on HK stock exchange) • Tier 1 retailer in NSW and Victoria

Source: Company data

All energy retailers except Red Energy outsource door-to-door sales to service providers. Red Energy maintains an in-house sales force. The total number of agents selling energy door-to-door throughout Australia at the time of the study is estimated at 2,300.25

The total numbers of small customers transferred in the NEM is recorded by the Australian Energy Market Operator (AEMO). Transfers occur when a customer agrees to switch retailer, usually as a result of sales activity by the new retailer. The number of small customer transfers by state for 2011 is illustrated in Figures 2 and 3. Virtually all gas transfers occur as a result of a sale of a dual fuel package, with very limited marketing of gas on a standalone basis.-

Figure 2: Small Customer Transfers – Electricity, 2011

25 Energy Assured Limited maintains a register of agents which had 2,268 registered agents in mid-February 2012.

26 Small customers are those consuming less than 160MWh per year (100MWh per year in Queensland) for electricity and less than 1Tj per year for gas. The majority of these are residential customers.
Hence, there were a total of approximately 1.7 million small customer transfers in 2011 (assuming that no standalone gas transfers occurred). Residential customer transfers are estimated to account for around 85% of these based on industry data.27

Australia has some of the highest residential customer switching rates in the world.28 The annualised transfer rate for electricity is currently running at 24% in Victoria, 21% in SA, 17% in NSW and 12% in QLD.29 Victoria has attracted the highest amount of competition from new entrants, being the first state to deregulate the industry and with attractive gross margins supported by generally lower-cost coal fired generation and a reluctance by incumbent retailers to cut prices to maintain market share.30

The proportion of customers who are acquired as a result of door-to-door sales activities differs by retailer, with ranges of 40% to 70% reported to Frost & Sullivan. Frost & Sullivan has used an industry average of 55% to estimate the total number of door-to-door sales. However, measuring the number of transfers that occurs underestates the extent of door-to-door selling, as a significant portion of customers (estimated at 23%)31 cancel contracts signed at the door during the cooling-off period due to win-back attempts by their incumbent

27 The proportion of small customers who are residential customers ranges from 82% in Victoria to 87% in Queensland.


29 AEMO NEM Monthly Retail Statistics.

30 Based on interviews with energy retailers.

31 Industry estimates.
Research into the Door-to-Door Sales Industry in Australia

Retailer. These win-backs are added back to derive an accurate estimate of the number of energy sales that occurred in 2011 from door-to-door sales activities, which are estimated at just over one million in 2011 as shown in Table 1:

Table 11: Energy Door-to-Door Sales, 2011

<table>
<thead>
<tr>
<th>Small Customer Transfers</th>
<th>Residential Transfers at 85%</th>
<th>Door-to-Door Sales at 55%</th>
<th>Plus Cancellations at 23%</th>
<th>Total Door-to-Door Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1,693,516</td>
<td>1,439,489</td>
<td>791,719</td>
<td>237,515</td>
<td>1,029,234</td>
</tr>
</tbody>
</table>

Source: AEMO, Frost & Sullivan estimates

3.3.2 Pay TV

Australia’s Pay TV industry consists of two companies – Foxtel and AUSTAR Communications (AUSTAR). Foxtel was established in 1995 as a joint-venture between News Corporation and Telstra. Publishing and Broadcasting Limited bought 50% of News Corporation’s stake in 1998. This holding is now with Consolidated Media Holdings. Foxtel transmits its cable service via Telstra hybrid fibre-coaxial (HFC) cable into the Brisbane, Sydney, Melbourne, Adelaide and Perth metropolitan areas, along with the Gold Coast. Foxtel also transmits its satellite service into these cities as well as the state of Western Australia and the cities of Newcastle, Geelong, Central Coast, and Canberra. Foxtel has around 1.58 million residential subscribers.³²

AUSTAR was founded in 1994 and provides subscription television services in a service area of approximately 2.4m homes, one-third of Australia’s total homes, primarily using digital satellite technology. AUSTAR has around 604,000 residential subscribers.³³ AUSTAR is a publicly-listed company on the Australian Stock Exchange.³⁴

Hence around 2.18 million households in Australia subscribe to Pay TV, a penetration rate of 26%.

Both Foxtel and AUSTAR use door-to-door sales as a channel for customer acquisition. Both companies outsource door-to-door sales to service providers. In total, around 230 agents are engaged in door-to-door sales activity for Pay TV at any one time.³⁵

An estimate of the total number of door-to-door sales in the Pay TV sector in 2011 is given below in Table 12. Frost & Sullivan estimates that gross residential sales in the industry were...
around 340,000 in 2011.\textsuperscript{36} Industry sources advise that about 10\% of their total residential sales are from door-to-door sales activities:

<table>
<thead>
<tr>
<th>Table 12: Pay TV Door-to-Door Sales, 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Subscribers at Start of Period</strong></td>
</tr>
<tr>
<td>Pay TV</td>
</tr>
</tbody>
</table>

*Sources: Publicly-available company data, Frost & Sullivan estimates*

### 3.3.3 Telecoms

Door-to-door sales in the telecoms sector primarily involve the sale of ‘fixed line’ products including home phones, broadband and associated service bundles. Fixed line telephony in Australia is dominated by Telstra (a publicly listed company on the Australian Stock Exchange) and Optus (a wholly owned subsidiary of Singapore Telecommunications, which has a stock exchange listing in Australia). Optus provides fixed line telephony services over its own HFC network in Sydney, Brisbane and Melbourne, and supplies services via the Telstra network in areas where it has installed Digital Subscriber Line Access Multipliers (DSLAMs) in Telstra exchanges.

The number of residential fixed line connections is gradually declining as an increasing number of households dispense with a fixed line. In June 2011, there were an estimated 10.54 million fixed line connections, a decline of 0.5\% from the previous year. Telstra accounts for an estimated 79\% of fixed line services, a decline from 82\% the previous year. Around 67\% of fixed lines are estimated to be residential.\textsuperscript{37}

Fixed broadband services are also dominated by Telstra and Optus, via cable or ADSL based delivery. However, there are also a number of smaller fixed broadband providers such as iiNet, TPG and Internode. In June 2011 there were a total of 5.4 million fixed broadband subscribers (ADSL and cable).\textsuperscript{38}

Both Telstra and Optus utilise door-to-door sales and are the primary users of this channel in the telecoms sector, although some other companies have also used door-to-door sales on occasions. Both Telstra and Optus outsource residential door-to-door sales to third-party

\textsuperscript{36} Gross sales (or gross adds) are new or former customers signed up during the period. This is higher than the net increase in subscriber numbers as between 13-18\% of households cancel subscriptions during a year.

\textsuperscript{37} ACMA Communications report, 2011.

\textsuperscript{38} Ibid.
service providers. The main service sold is fixed line residential telephony. Around 500 agents are estimated to be selling telecoms services.\textsuperscript{39}

Frost & Sullivan estimates the total number of door-to-door sales\textsuperscript{40} in 2011 for telecoms services as around 138,000 as indicated below in Table 13:

Table 13: Telecoms Door-to-Door Sales, 2011

<table>
<thead>
<tr>
<th>Residential Fixed Line Subscribers – June 2011</th>
<th>Gross Adds Per Month (Residential only)</th>
<th>Door-to-Door Percentage</th>
<th>Total Door-to-Door Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>7,061,220</td>
<td>23,000</td>
<td>138,000</td>
</tr>
</tbody>
</table>

Sources: ACMA Communications Report, 2011, Frost & Sullivan estimates

3.3.4 Others

Other industries which use door-to-door sales include media (primarily newspaper subscriptions), home energy or energy saving services such as solar panels and home insulation, appliances (especially vacuum cleaners) and educational software.

Newspaper publishers including News Corporation, Fairfax Media and APN use door-to-door sales to sell newspaper subscriptions for newspapers such as The Age and Courier Mail (for example at annual subscriptions of $79). Based on industry estimates, Frost & Sullivan estimate annual media subscription sales at around 2,000 per month.

The home energy and energy saving services industries were significant users of door-to-door sales in the 2009-2011 timeframe, but wind-backs of Government incentives such as rebates and feed-in tariffs have significantly reduced the commercial viability of these sectors, and the associated sales activity. During the Federal Government’s Home Insulation Program, which offered rebates for residential consumers to install ceiling insulation, approximately 1.1 million homes were insulated in 12 months\textsuperscript{41}, compared to an average of 65,000 – 70,000 installations per year before the program. A significant portion of these sales are believed to have been made by door-to-door sales. However, since the program was terminated, installations of home insulation have substantially reduced, and the number resulting from door-to-door sales is now likely to be less than 10,000 annually.\textsuperscript{42}

The installation of residential solar panels\textsuperscript{43} has boomed in Australia in the past three years, with a 35-fold increase in the number of homes with panels installed. Around 6% of

\textsuperscript{39} Frost & Sullivan estimate based on industry interviews.

\textsuperscript{40} A single sale can involve multiple services, e.g. fixed line and broadband.

\textsuperscript{41} The Program was discontinued in February 2010. Source: Secretary’s Opening Statement, 220210.

\textsuperscript{42} Frost & Sullivan estimates.

\textsuperscript{43} Solar photovoltaic panels generate electricity from sunlight.
Australian homes are now estimated to have solar panels installed, with 234,000 installations in the first eight months of 2011.\textsuperscript{44} However recent removals of Government incentives, especially the withdrawal of rebates provided through the Solar Homes and Communities Plan (SCHP) and declining State Government feed-in tariffs, are likely to significantly reduce the commercial attractiveness of solar panels. Frost & Sullivan estimates 2011 sales will be around 260,000 installations, with 20\% coming from door-to-door sales (i.e. 52,000). This number is likely to reduce in 2012. The industry is highly fragmented with over 4,000 accredited solar panel installers.\textsuperscript{45}

Other product categories where the door-to-door channel is used include educational software and home appliances such as vacuum cleaners. The number of door-to-door sales for these product categories is very difficult to estimate with any certainty due to lack of published information. However Frost & Sullivan has made some estimates as outlined below.

For educational software, a survey conducted in 2010 by Deakin University and the Consumer Action Law Centre of 10,706 households indicated that 3\% had recently received an in-house demonstration of educational software via an initially unsolicited contact, and 30\% of these (i.e. 96 households) had signed up for the educational software package. This equates to 0.9\% of households surveyed.\textsuperscript{46} Assuming that this ratio can be applied to all households in Australia with at least 1 child under 17 (2.65 million) then this implies sales of around 24,000 packages annually. Companies that are believed to be selling educational software via door-to-door sales include Australian Institute of Mathematics (distributor of Mathemagic software), CAMI, Australian Education Company and Kinetic Education.\textsuperscript{47}

For appliances, door-to-door sales are primarily undertaken for vacuum cleaners by companies such as Kirby and Lux, who operate a model of selling via independent distributors. Many of these distributors are believed by Frost & Sullivan to use door-to-door sales. The Kirby Company is a wholly-owned subsidiary of US company Scott Fetzer, itself a subsidiary of holding company Berkshire Hathaway. Kirby sells vacuum cleaners in 70 countries worldwide, via independent, authorised Kirby distributors through in-home (door-to-door) demonstrations. In 2003, Kirby is reported as selling 500,000 units globally, one-third outside the USA.\textsuperscript{48} Assuming Australia accounts for 3\% of non-US sales, this equates to around 5,000 units annually. Lux Appliances is also believed to use the door-to-door sales

\textsuperscript{44} Clean Energy Council, Clean Australia Report, 2011.

\textsuperscript{45} Clean Energy Council, Accredited Installer Database, 2011.

\textsuperscript{46} Shutting the Gates: An analysis of the psychology of in-home sales of educational software, March 2010, pages 86-91.


approach but Frost & Sullivan believes that sales of its products through this channel are small.

Outside these sectors door-to-door sales are occurring for a range of other products such as club memberships, photography, security systems, homewares, first aid supplies etc. Overall Frost & Sullivan has estimated the total number of sales in the ‘other’ category at 60,000 per year based on industry estimates and published sources.

### 3.4 Estimated Size of the Door-to-Door Channel

Based on the estimates of annual door-to-door sales by industries, Frost & Sullivan’s estimates of the total number of door-to-door sales occurring in Australia in 2011 are summarised below in Table 14:

**Table 14: Number of Door-to-Door Sales, 2011**

<table>
<thead>
<tr>
<th>Product</th>
<th>Number of Door-to-Door Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Pay TV</td>
<td>34,000</td>
</tr>
<tr>
<td>Telecoms</td>
<td>138,000</td>
</tr>
<tr>
<td>Solar Panels</td>
<td>52,000</td>
</tr>
<tr>
<td>Media Subscriptions</td>
<td>24,000</td>
</tr>
<tr>
<td>Other (home insulation, appliances, educational software, etc)</td>
<td>60,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1,308,000</strong></td>
</tr>
</tbody>
</table>

*Source: Frost & Sullivan estimates*

Based on 8.425 million households in Australia, this equates to an average of one door-to-door sale for every 6.5 households in 2011. In practice, the average will be higher in NSW and Victoria where door-to-door sales of energy are most prevalent.

### 3.5 Advantages and Disadvantages of the Door-to-Door Channel for Traders

Businesses that use the door-to-door channel to target residential consumers identify a number of specific advantages that the channel offers, when compared to other pro-active sales approaches such as outbound telemarketing or direct mail, or less pro-active approaches such as traditional advertising;

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49 A single sale can involve multiple products, e.g. a dual fuel energy contract.

50 A pro-active sales approach involves the presentation of a sales proposition to a specific potential customer.
Door-to-door sales are regarded as the most effective channel for customer acquisition, particularly in the energy sector. In particular, they allow new entrant retailers to build up a critical mass of customers in a relatively short period. One energy retailer which entered the market in 2006 has grown to a customer base of 300,000, largely by door-to-door sales. Another reported signing up 240,000 customers over two years when they began operations in a new state.\footnote{Information from interviews.}

Door-to-door sales enables particular groups of customers to be targeted unlike other sales and marketing approaches which are more blanket in their coverage. This enables the trader to focus on potentially more valuable customers.\footnote{For example those with a lower likelihood of payment defaults.} This targeting is generally down to the suburb or area level – traders report that for operational reasons, cherry-picking only of selected households in a particular street is unlikely to be viable, although some sales agents reported that targeting of more vulnerable customers does occur (see section 5.8);

Door-to-door sales require relatively low investment when compared to other sales channels, and hence is appropriate for new companies with relatively limited marketing budgets. Since sales are often outsourced and the service provider paid on a commission-only basis, there are limited set-up costs for establishing a door-to-door sales team;

Some traders believe that door-to-door sales result in consumers who are generally interested in the product or service finally making a decision to purchase, in other words it triggers or drives a final purchase decision and shortens the customer acquisition time;

Other potential sales channels have been restricted by legislation. In particular, the outbound telemarketing channel has been significantly restricted by the introduction of the Do Not Call Register. In less than 5 years since its introduction, over 7 million phone numbers have been listed on the register, including over half of fixed line home phone numbers;\footnote{http://www.acma.gov.au/WEB/STANDARD/697905/pc=PC_410208.}

With the support of technology, door-to-door sales enable value propositions to be presented to customers in an interactive fashion. Many door-to-door sales people are now equipped with mobile devices such as iPads, enabling customer offers to be calculated and presented at the doorstep; and

Door-to-door sales are generally regarded as good for raising brand awareness, even if no sale occurs. Traders believe that a door-to-door approach is more likely to create future brand recognition for the trader than other marketing approaches, such as advertising or sponsorships.

At the same time, companies using door-to-door sales recognise potential disadvantages of the channel;
• Door-to-door sales can create reputational issues for traders using the channel. Many householders can be annoyed by unsolicited door knocking, and consumer perception issues are also created when some sales people allegedly engage in misleading or deceptive behaviour, or in pressure selling tactics. Section 5.8 of this report identifies some of the pretexts mentioned to Frost & Sullivan in sales agent interviews which have allegedly been used during door-to-door visits. These pretexts range from ambiguities to exaggerations, lies, slandering the competition, committing identity theft, and even tampering with disclosure statements and contracts. Any trader using the door-to-door channel is often impacted negatively by alleged issues like these, regardless of the professionalism and degree of compliance of their own operations;

• The customer experience from door-to-door sales can be difficult to make consistent due to issues in the sales industry, including the traders’ preference to outsource the door-to-door sales function; the temporary nature of many sales people; and the remuneration structure which may drive a strong focus on making sales; and

• Customer acquisition costs (i.e. the direct costs to acquire a single customer, mainly commission payments to agents) can be higher through the door-to-door channel than other approaches, although traders generally believe that the greater effectiveness of the door-to-door channel outweighs this disadvantage. Depending on the product category, customer acquisition costs can be up to $300.54

Overall, based on discussions with traders using the door-to-door channel, Frost & Sullivan anticipates that the perceived advantages of this channel and in particular its effectiveness will continue to drive usage. Although broader industry trends or economic factors may reduce the use of door-to-door sales for certain product categories,55 use of the channel overall is likely to remain at its current levels. Some traders admit to concerns over the impact on their reputations of using the door-to-door channel, however they have not yet seriously considered dropping the door-to-door channel.

3.6 Usage of the Door-to-Door Sales Channel to Target Specific Consumers

Door-to-door sales potentially offer the ability to target specific households with a sales offer (for example households with high power consumption, or households with children). In practice, based on Frost & Sullivan’s discussions with traders using the door-to-door channel, traders commented that daily targeting by agents only occurs to the area or street level (for example at Census Collection Districts of around 200 homes). According to traders this is a result of operational factors:

• To be effective, a door-to-door sales agent needs to minimise the amount of time taken to move from one door to another. This means in practice that he or she needs to be able to call on most or many homes in a targeted area rather than only a small number;

54 Based on estimates given by traders.

55 For example, wind-back of government incentives for solar panels.
Given the low conversion rate for door-to-door sales (which may be as low as one sale per 100 doors knocked), sales agents need to make a high number of calls over a day which precludes a high degree of selectivity; and

Traders generally have limited information regarding households such that precise targeting (for example on age, ethnicity or household income) is not feasible.

Three of the sample of 15 sales agents interviewed for this study, however, provided opposing comments which identified instances in which vulnerable consumers were apparently specifically targeted by sales agents. These comments indicated instances in which targeting occurred based on age (both older and younger consumers), marital status (such as single parents), housing status (such as housing commission or first home) and benefit status (such as Centrelink benefits). More detail can be found in section 5.8 of this report.

Whilst traders indicated that targeting of individual households is not generally practical, traders may focus sales efforts on localities that reflect their ‘preferred customer’ profile. To identify those customers that fit the ‘preferred customer’ profile for the purposes of door-to-door sales, a number of traders use analysis that enables them to identify target streets (or parts of a street) within a particular location. For example, some energy retailers focus sales efforts on suburbs where households are likely to have higher than average power consumption, or where the incidence of payment defaulting is likely to be lower, however even here households that may not share these characteristics would still be targeted.

Households in capital cities are also more likely to be targeted than those in regional or rural centres, due to the higher household density in these cities that makes door-to-door sales more viable and the larger number of agents available in capital cities.

Overall, based on Frost & Sullivan’s discussions with traders using the door-to-door channel, generally traders commented that door-to-door sales do not involve precise targeting of specific customers on the basis of age, ethnicity or income. Frost & Sullivan’s discussions with sales agents (section 5.8) however revealed instances which suggest otherwise, although it is difficult to gauge how widespread instances like these may be. Whilst some perceived vulnerable customers may receive door-to-door sales calls, traders state that this is due to their distribution in the overall population rather than a result of targeted sales efforts on these types of customers, although as mentioned above some sales agents did indicate that deliberate targeting of potentially vulnerable customers has occurred. Some door-to-door traders commented that they actively avoid selling to certain customer groups who might be perceived as vulnerable, for example the over 80’s, aboriginal communities or those living in retirement villages because of the likely much higher incidence of consumers who are unable to give informed consent.

56 AEMC, Review of the Effectiveness of Competition in Electricity and Gas Retail Markets in Victoria.

57 For example, a number of traders avoid selling in retirement villages or in aboriginal communities.
4. The Door-to-Door Sales Industry

4.1 Structure of the Door-to-Door Sales Industry

Most traders who use the door-to-door channel use service providers to undertake their door-to-door sales activities rather than an in-house sales force.\(^{58}\) This is largely resulting from a desire to avoid the complexities of managing a door-to-door sales operation (for example recruitment of agents), however the degree of interaction between the trader and the service provider is normally very high. The trader will generally provide training and marketing material, determine calling plans / walk-lists and manage verification calls.\(^{59}\) Many traders have a long-standing relationship with their door-to-door sales service providers; for example one service provider has serviced a telecommunications client for 14 years.

One trader that maintains an in-house door-to-door sales team points to the following advantages of this approach:

- The customer experience can be made more consistent;
- In-house sales make it easier to manage compliance and complaint escalation; and
- Strategic or tactical changes to the sales approach can be more quickly and efficiently implemented than by using a service provider which might require changes to Service Level Agreements, etc.

However in most cases door-to-door sales are outsourced to specialist service providers. As well as providing door-to-door sales agents, many service providers offer a broader range of customer contact solutions – such as outbound and inbound call centres, kiosk sales and business sales. The structure of the door-to-door sales industry is illustrated below in Figure 4.

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58 Only one major energy retailer has in-house sales.

59 A verification call is made on conclusion of a sale, normally by the trader or by a separate service provider acting on the trader’s behalf. It is designed to verify that a genuine sale has been made, and that the consumer understands his or her rights.
The contractual relationships between traders and service providers differ in terms of exclusivity and duration. A typical contract period is for two years with an option to renew. In most cases traders use two or more service providers, with each given specific geographical areas (these are sometimes alternated). Contracts are based around specific Key Performance Indicators (KPIs). Service providers who are able to cover multiple states are often favoured, as management by the trader is less onerous than managing multiple service providers across different geographies. Hence the industry is dominated by larger service providers who can operate on a national or semi-national basis, as listed in section 4.3.

### 4.2 Business Models Employed

In terms of engagement with door-to-door salespeople (hereafter referred to as agents) by service providers, three main models exist as listed in Table 15:

**Table 15: Engagement Models for Door-to-Door Sales Agents**

<table>
<thead>
<tr>
<th>Model</th>
<th>Comments</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee</td>
<td>• Agents are employed (either full-time or permanent part-time) by the trader</td>
</tr>
<tr>
<td></td>
<td>• Agents paid a base salary plus commission</td>
</tr>
<tr>
<td></td>
<td>• Income tax, superannuation and workers compensation paid by employer</td>
</tr>
<tr>
<td>Labour Hire</td>
<td>• Service provider engages sales agents via a labour hire company</td>
</tr>
<tr>
<td></td>
<td>• Labour hire company pays agents including superannuation and workers compensation</td>
</tr>
</tbody>
</table>
### Model | Comments
--- | ---
**Independent Contractor** | • Agents are engaged as independent contractors who invoice service provider (in practice the service provider may generate the invoice) based on sales made  
• Agent requires ABN / ACN  
• Agent responsible for own tax, superannuation and insurance (some service providers may offer a PAYG deduction)  
• Agents often engaged by a third-party sub-contractor rather than directly by the service provider  
• Agents generally paid on commission-only basis, although some initial fees (e.g. training fees) may also be payable  
• Part of commission payments are withheld as security bonds for a period of months in case customer cancels during the period (“clawback period”)  

Source: Frost & Sullivan

The independent contractor model has been the most commonly used by service providers. One main advantage according to some service providers is that it enables the service provider to pay the agent gross of income tax thereby enabling the service provider to offer a more attractive remuneration package to the agent, as well potentially a more cost-effective solution to the trader. It also enables the service provider to avoid responsibility for payroll tax, superannuation and workers compensation. It also involves the lowest fixed costs for the service provider.

A major issue with the independent contractor model is that it may fall under the category of sham contracting. In May 2011 Fairwork Australia launched a prosecution against service provider TSA for alleged sham contracting. Whilst some service providers claim that the independent contractor model is in line with current workforce legislation, others state that it is likely that the employee or labour hire models will become more common over time.

### 4.3 Main Companies Involved

The main service providers who provide door-to-door sales agents on an outsourced basis in Australia are listed below in Table 16. Overall there are estimated to be at least 35 companies operating in Australia. As well as providing door-to-door sales, many of the service providers listed in Table 16 offer a broader range of customer contact solutions such as outbound and inbound call centres, kiosk sales and business sales. Most service providers are privately-owned, though some are subsidiaries of publicly-listed companies.

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60 Sham contracting occurs when an employer attempts to disguise an employment relationship as an independent contracting relationship, thereby avoiding obligatory rates of pay and other entitlements. This gives the employer an unfair competitive advantage.

Table 16: Main Door-to-Door Sales Service Providers

<table>
<thead>
<tr>
<th>Company</th>
<th>Comments</th>
</tr>
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</table>
| Aegis Direct| • Formerly known as Multiple Stories  
                   • Subsidiary of Essar Group (India)                                                                                                    |
| AIDA        | • Privately owned, based on Gold Coast, QLD  
                   • Established in 2002                                                                                                               |
| Appco       | • Privately-owned by Cobra Group, UK-based which operates in 26 countries  
                   • Has 20% stake in Australian Power & Gas  
                   • Has 1,000 agents overall but majority are deployed on fund-raising or business-to-business sales |
| ASAP        | • Privately owned  
                   • Head office in Melbourne, regional offices in NSW, QLD, SA                                                                            |
| CPM         | • Subsidiary of Omnicom Group (NYSE listed global advertising and marketing service company)                                                |
| Gigaforce   | • Privately owned company established in 2005                                                                                             |
| Salmat      | • Part of Salmat’s Customer Contact Solutions division  
                   • Salmat is publicly-listed  
                   • Entered business via acquisition of Salesforce in 2004                                                                              |
| Smart Group | • Privately owned  
                   • 7 field offices in Australia                                                                                                           |
| TSA         | • Privately owned  
                   • Founded in 1998                                                                                                                        |
| Vox Group   | • Privately owned  
                   • Melbourne based                                                                                                                        |
| Others      | (estimated at 25 including Choice Force, KK Sales & Marketing, Communicom, Chameleon, Playfair, Redwood)                                    |

Source: Frost & Sullivan, publicly-available company data

There is no reliable data on the total revenue earned by service providers from door-to-door sales, but based on information from service providers Frost & Sullivan estimates typical revenue per agent at around $70,000-$80,000 (gross) per year which suggests annual industry revenue at around $250 million.62

Entry barriers to establishing a service provider offering door-to-door sales are relatively low, and in some cases companies have been set up by ex-sales agents. Particularly if the independent contractor model is used, set-up costs can be modest, with the major item often being the working capital required.63 Other costs can include rent of premises and vehicle costs (some service providers own their own vehicles).

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62 Service Provider revenues are gross i.e. before payments of commission and tax. Industry revenue is only for door-to-door sales activity as defined in this report, i.e. business sales, charity / fund-raising sales etc are excluded. In addition many service providers have additional revenue streams such as telemarketing, kiosk sales etc.

63 Agents are typically paid fortnightly, which may be before funds are received from the trader. Working capital is therefore required by the service provider to fund commission payments to agents.
4.4 Future Trends in Door-to-Door Sales

Below is a summary of the main market drivers and restraints\textsuperscript{64} that Frost & Sullivan considers are likely to impact on the use of door-to-door sales over the medium-term.

4.4.1 Market Drivers

- **Development of the National Broadband Network (NBN):** the NBN is a national wholesale-only, open access broadband network that will connect 93% of homes, schools and workplaces with optical fibre, providing superfast broadband services to Australians in urban and regional towns, with the balance being served by fixed wireless and satellite technology.\textsuperscript{65} More than 4,000 homes and businesses were connected to the NBN at the end of 2011 and work is already underway on extending the network to towns and suburbs covering a further half a million premises in 2012. At the peak of construction it is estimated that 6,000 homes per day will be connected.\textsuperscript{66} As a wholesale network, service providers will be able to provide retail services to customers over the NBN. This provides a strong opportunity for door-to-door sales activity, which can be timed to coincide with the roll-out of the NBN to a particular locality, and multiple service providers may use the door-to-door channel. One service provider reported 200 sales from door-to-door sales activity in Kiama Downs, one of the first release sites on the Australian mainland. As there are 2,350 premises in this locality, this accounts for almost 10% of households;\textsuperscript{67}

- **Enhanced competition in energy markets:** increased competition in retail energy markets typically stimulates door-to-door sales as this is the major channel used particularly by new entrant retailers. The level of competition is determined not just by market rules in each jurisdiction, but also by the pricing characteristics of individual markets which determine the commercial viability for new entrants. Following the sale of state-owned retailers in NSW in 2011, competitive activity has increased significantly in this state, and this has stimulated door-to-door sales. Future changes in markets like Tasmania, WA and the Northern Territory, where there is currently limited or no retail competition for small customers, may similarly stimulate door-to-door sales activities in these states;

- **Restriction of alternative channels:** outbound telemarketing is one of the main alternative channels available for door-to-door sellers. However the viability of this channel has been challenged particularly by the introduction of the Do Not Call Register in 2005, with over 7 million numbers now listed including around half of fixed line residential numbers; and

\textsuperscript{64} A market driver is a factor or trend that is likely to stimulate the growth of a market or industry. A market restraint is a factor or trend that is likely to impede growth of a market or industry.


\textsuperscript{67} Ibid.
• **Introduction of compliance schemes**: some traders consider that the introduction of compliance schemes such as Energy Assured\(^{68}\) are likely to reduce the incidence of consumer issues arising from door-to-door sales and increase the professionalism of service providers and agents. This may encourage more traders to use the door-to-door channel.

4.4.2 Market Restraints

• **Challenges arising from the ACL**: the introduction of the ACL in January 2011 has had a significant impact on door-to-door sales, primarily through the restriction of calling hours when compared to previous state-based legislation. Several service providers report a decline in sales per agent per day of 25% - 30%, reflecting a lower contact rate particularly in NSW and Victoria. This has made retention of agents more challenging, as lower sales per day equates to lower incomes;

• **Decline in industries that use door-to-door sales**: as mentioned above, industries such as home insulation installation and solar panel installation have used door-to-door sales as a major channel to market, however these industries have been at least partially reliant on Government incentives for their commercial viability and the full or partial withdrawal of these incentives has caused a significant decline in sales volumes. This has impacted the use of door-to-door sales in these industries; and

• **Declines in available workforce**: a major source of door-to-door agents is international students studying in Australia who face restrictions on available working hours. Door-to-door selling is a role that provides flexibility and the ability to work outside study timetables. Hence, a large portion of the door-to-door workforce is comprised of international students.\(^{69}\) However over recent years the number of international student visa applications lodged has declined significantly. The 282,000 applications lodged in 2010-11 represents a reduction of 5.1% from 2009-10 and 23% less than 2008-09.\(^{70}\) This significant reduction in international student applications will feed through to a lower number of international students available to work in door-to-door sales.

\(^{68}\) Described in section 6.2.

\(^{69}\) Based on interviews with service providers.

\(^{70}\) ABS, Australian Social Trends, International Students, December 2011.
5. The Door-to-Door Sales Workforce

5.1 The Sales Agent Workforce

Frost & Sullivan estimates that around 3,400 individuals were engaged at any one time as door-to-door sales agents in Australia on average in 2011.\(^{71}\) This number is both cyclical and seasonal, with the number engaged higher in spring and summer when weather conditions are better for outdoor work. The split of agents by product category is approximately estimated as below:

*Figure 5: Agents by Product Category, 2011*

![Agent by Product Category](image)

*Source: Frost & Sullivan estimates based on project interviews*

Using the average of 3,400 agents engaged per day, and assuming an average calling rate of 70 homes per day per agent, then approximately 238,000 homes are called on per day by an agent, representing 2.8% of households in Australia. The proportion of households called on per day is higher than the national average particularly in Victoria and NSW, which have the highest amount of door-to-door sales activity for energy. Measured another way, on average each household in Australia is called upon about 8 times per year by an agent.\(^{72}\) Again, this average is likely to differ significantly by state.

The key measure used in the industry is sales per agent per day. This differs significantly by product category, with energy sales typically highest at 2.5 – 3.0 per day and products such as pay TV and telecoms at 0.7 – 1.1.\(^{73}\) To achieve this number of sales, an agent will typically call upon 50-80 households per selling day, with between 42% and 50% likely to be

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\(^{71}\) Excludes those deployed on door-to-door sales outside the scope of this report, e.g. charity and fund-raising.

\(^{72}\) Assumes six working days per week and 50 working weeks per year.

\(^{73}\) Estimated based on industry interviews.
at home, and around 25% - 30% of these prepared to listen to a sales presentation.\textsuperscript{74} This sales pipeline is illustrated diagrammatically below:

\textbf{Figure 6: Typical Door-to-Door Sales Pipeline}

\begin{center}
\includegraphics[width=\textwidth]{door_to_door_sales_pipeline.png}
\end{center}

\textit{Source: Frost & Sullivan}\textsuperscript{75}

Hence the main determinants of sales volumes through the door-to-door channel are 1) the number of agents deployed and 2) sales per agent per day. Sales per agent per day depend on factors such as the attractiveness of the value proposition for the product in question, the contact rate\textsuperscript{76} and the capability of the agent. However, significant attention is also given to agent recruitment and retention, and this is covered in more detail in the following section.

\textbf{5.2 Workforce Analysis}

To better understand the characteristics of the door-to-door workforce, Frost & Sullivan undertook 15 one-hour interviews with respondents who have been previously or are currently employed in a door-to-door sales agent role. These interviews were held across Victoria, New South Wales and Queensland between 13\textsuperscript{th}-24\textsuperscript{th} February 2012, in neutral and convenient locations to the respondents. Qualitative research was deemed the most appropriate methodology due to both its diagnostic and exploratory capabilities. Additionally, using a planned discussion guide ensured all aspects of the door-to-door role could be investigated in a personal and detailed manner, once trust was established between the researcher and the respondent.

Respondents were recruited from an existing panel of over 100,000 individuals. They were screened to identify those who had within the past two years worked in a door-to-door sales agent role or who were currently working as a door-to-door sales agent. The respondents interviewed (de-identified) are listed in Appendix 2. Verbatim quotes from respondents during these interviews are given in the following sections.

\textsuperscript{74} Based on estimates provided by service providers.

\textsuperscript{75} Pres refers to a household prepared to listen to a sales presentation.

\textsuperscript{76} Proportion of householders who are at home at time of call.
5.3 Workforce Characteristics
There is a diverse range of individuals working in door-to-door sales – although there are some patterns with regard to personality types, nationalities and age.

The most common type of individuals engaged in the door-to-door industry is those who are young and/or a newly arrived to Australia. International students form a large part of the door-to-door workforce (over 50% for many of the service providers). For them door-to-door sales provides the flexibility they need in terms of working hours, as work is generally undertaken in the afternoon. International students are restricted to working no more than 40 hours per fortnight. Additionally, obtaining a position in door-to-door sales is relatively easy when compared to other part-time positions, particularly for the commission-only engagements.

The second most common type of individuals in the door-to-door workforce are those either in between jobs or who are having difficulty in regaining employment in their industry following retrenchment, or workers seeking to return to the workforce with part time working arrangements (such as mothers of young children). They are often attracted by the flexibility and potential income and that ‘no experience is necessary,’ is often advertised for these roles.

“There is lots of flexibility. If you are good at it you may only need to work 4 hours per day....” (Respondent 12)

To some extent, the working hour restrictions that are part of some visa requirements can be avoided with door-to-door selling. Although student visa holders are not permitted to work more than 40 hours per fortnight under the rules of their visa, in door-to-door selling (especially if remunerated on a 100% commission basis), income is recorded and generated based on sales made, irrespective of hours worked. For those visa workers who are less adept at selling and have many rejections, they may actually work 80 or more hours per week (i.e. four times their visa rules) without earning any income.

“It is very hard when someone says to you, ‘I hate Indian telemarketers, go away!’...You may knock on 50-70 doors to make one sale of $50 and I might make 3 sales per week... there is pressure and competition with colleagues and talk about you behind your back if you don’t perform. Heaps of students do it because when you are on a visa you aren’t allowed to work more than 20 hours per week but when you do something like this you don’t get paid by the hour so you can work as much as you like plus do another taxed job and you don’t breach your visa conditions... No one can say I work 60 hours per week because I haven’t been paid for 60 hours per week. Heaps of international students do it and I haven’t met any Australians doing it. Otherwise there are heaps of backpackers. Because when you think about it, it is not worth it but for a struggling international student (it is an option) you can make some

77 Students granted permission to work can work a maximum of 40 hours per fortnight during the term and unlimited hours when the course is not in session. Source: http://www.immi.gov.au/students/_pdf/permission-to-work-students.pdf.
Transient travellers and backpackers are also attracted to this industry, with interest often fuelled by word-of-mouth referrals from other travellers. Given the fact that these types of individuals can work in a single role for only a limited period due to visa conditions\textsuperscript{78}, door-to-door sales work is often appropriate due to the short initiation time needed. Some service providers however commented that they prefer to avoid this category of agent given the relatively short periods of time for which they can be engaged.

Younger door-to-door workers are usually engaged simultaneously in studies (flexibility of hours allows for study time). Mid-life workers with families (usually females) often undertake door-to-door sales work around family needs (often in industries that they are passionate about such as beauty products). Older workers may have either had a career in door-to-door sales, or they are trying to earn income until retirement age. Overall though, much of the workforce is between 18 and 25 years. This is also influenced by the fact that door-to-door sales work is physically challenging and taxing, thus more suited to the young and fit.

In some cases certain personality types are attracted to door-to-door sales – and it is often these individuals that treat this industry as a career, rather than a filler job to earn money whilst finding the ‘right’ job for them in their chosen career. Indeed, some service providers who have field teams may actively recruit new employees with imagery and metaphors around sports based performance, competition and team efforts. They may mention in advertisements that this is a career for those with sporting abilities and competitiveness. Some agents reported that they are specifically attracted to the industry through these types of advertisements.

“One of the things they use in this industry is that it is very sports based and you create little competitions between people and that is a driving motivator to push people…. So sometimes money isn’t the motivator, it is (sports like) competition and smashing records.” (Respondent 6)

Another personality trait or type mentioned as being attracted to this role is that of someone hoping to get rich quick. The potential lure of earning $5,000+ per week may be particularly appealing to some individuals, although very few actually earn close to this with $500-$1,000 a week more common for most reasonably proficient agents.\textsuperscript{79}

5.4 Motivations for Working in Door-to-Door Sales

The basic motivations reported by respondents for working in a door-to-door sales role are:

\textsuperscript{78} Under the Working Holiday visa applicants from specified countries may reside in Australia for up to 12 months, and work for a single employer for up to 6 months.

\textsuperscript{79} A typical agent making 1 sale per day at a commission of $100 would earn $500 for a 5-day week. Although commissions vary between $50 and $250 depending on the product sold, Frost & Sullivan believes $100 is a reasonable average.
• **Money** – either for living and survival or to become relatively well-off;
• **Skills and experience** – to become more self-confident, to experience Australian society (immigrant workers), learn to talk to people and interact with strangers, meet challenges and personal development programs;
• **No specialist skills required** – unlike other roles advertised, door-to-door jobs often are advertised with a particular emphasis on ‘no experience necessary’ or ‘all training provided’; and
• **Passion for the product** – whether beauty products or fitness classes, selling these products or services door-to-door may feel like a natural progression to earn extra income from something they believe in or enjoy.

“The hook was essentially that I didn’t need any experience because I was fresh out of school and I needed a job. It mentioned that on average people working at this company were making about $1,000 per week… obviously I wasn’t making that but the cash sounded really good” (Respondent 1)

“I wasn’t working. I love martial arts and am passionate about it. I wanted to build skills in the workforce and be able to communicate with people and do personal development. I made good money but it is more about the skills I would learn and what I would get out of it” (Respondent 3)

“I could only do it for something I believed in… If I wouldn’t buy it, how would I convince someone else to?” (Respondent 11)

Such motivations are often coupled with the potential additional benefits listed below (irrespective of whether these are delivered or not):

• Flexible hours (especially useful for students looking for part time work);
• Flexible working conditions
• A level of autonomy and the ability to be your own boss / work for yourself in your own business (as an independent contractor with an ABN);
• Being part of a (competitive) team;
• Working outside (away from an office);
• Career progression for high achievers;
• On-going training (for some companies);
• Discounts on products or services sold;
• Being coached or mentored by ‘dynamic’ sales leaders;
• Exposure to marketing and sales techniques;
• Breaking through personal challenges such as shyness with strangers; and
• A desire to immerse oneself in a new community (e.g. a new migrant to Australia may want to get out and meet Australians).

“For someone like me (international student) it was appealing because I could fit it into my own time and there is no 9-5.” (Respondent 4)
There is a very high ‘churn’ rate for employees in the door-to-door industry with many leaving after only days or weeks. On average, an agent lasts around three months in this role.\textsuperscript{80} Sales agents comment that much of this is driven by unrealised or unfulfilled promises, but also from being burnt out - both of which erode motivation. Additionally, the repetition involved in the role and the degree of competition are challenges for many individuals.

“If anyone can do this job for more than 18 months, they are just a genius and there are usually incentives to get out of it such as, ‘if you sell well you will be put in this particular role (an office role in the company away from door knocking).”’ (Respondent 2)

“It is tough, really, really tough” (Respondent 11)

“I think by April I would have had enough (even though I know what can be achieved as I’ve seen others do this). It is just that the job doesn’t change. It doesn’t differ. You repeat yourself and your spiel 60 times a day!” (Respondent 13)

“The problem is that there is a limit for commissions and it is a saturated market… It is also all about ‘paradise engineering’ (making something more attractive to lure people than it actually is)” (Respondent 14)

After the initial period, most individuals can be categorised into three groups:

- ‘Stayers’ – decide to stay either because they are motivated by challenges and do not want to give up, or because they are gifted at sales and have good results (in turn providing them with positive rewards);
- ‘Perseverers’ – who stay solely for financial reasons, but only for the short term until they find another position, or, until they cannot endure the role any longer; and
- ‘Leavers’ – decide that it is not suited to them / their personality / the way they like to work. Or promises are not met, they have not earned any income after weeks on the job, or they dislike/question their employers work practices and/or ethics.

“Out of 40 guys only 10% will stay on and the rest will leave (within a short period).” (Respondent 12)

There are other challenges involved in a door-to-door role besides the expected targets to meet, overwhelming number of rejections, and pressure to sell. Some of these include:

- A sense of compromised security for females – especially over the winter months when it gets dark early (although being female may have the benefit of seeming non-threatening to customers);
- Security risks in general for all workers when entering a stranger’s property or in working in areas that are unfamiliar to them. The risk may be from the resident or

\textsuperscript{80} Based on estimates from service providers. This differs to some extent based on the engagement model.
other factors such as dogs or working in a suburb that has a higher than average crime rate;

- Working in challenging environments, e.g. heavy rain or extremely hot temperatures - all of which impact an already physically taxing role of many hours walking. On top of this, there are no rules set as far as hours worked and required breaks in between as in other industries;
- There is a proportion of customers who pull out at a later date after agreeing to a sale with the door-to-door seller in which case commission is not paid;
- Working in areas where no one is home. Many houses are empty in the daytime due to residents working and so there may be lots of effort for little return. Additionally, getting to speak to these residents is challenging as some may not get home from work until after the door-to-door sales cut off hour (e.g. 7pm). If these customers are home earlier, they may be cooking dinner or tending to children and do not wish to spend time with a door to door salesperson;
- Societal views on door-to-door selling in general are poor – either through past experience, word of mouth or just fear that the seller may be a security threat to the resident. Customers are also more conscious of identity theft nowadays according to respondents and may be reluctant to provide personal information such as a driver’s license or utility bills for verification.

“A lot of women don’t want to do door-to-door due to security concerns. In this day and age we find a lot of women, particularly young girls, will not feel comfortable knocking on strangers’ doors – even though they were represented and had the badge on because it is a security issue.” (Respondent 2)

“I thought in the end do I want to do this for my future? You go out in the heat and it is hot… or it is raining and on no daily pay, no matter if there are hailstorms, rain or thunder, you’ve got to walk if you want to earn money.” (Respondent 5)

“I looked non-threatening. I wasn’t confronting and so old ladies and stay at home mums were open to me.” (Respondent 11)

“I’ve had bad experiences like dog bites at the door.” (Respondent 12)

### 5.5 Recruitment Approaches

There are a range of methods for recruiting individuals to the door-to-door sales industry, varying across companies and ranging from unorganised to professionally organised. The main recruitment approaches used are summarised in Figure 7 below.
Advertisements include formal and informal advertisements. Formal advertisements are placed on such online sites as seek.com.au and are usually considered by respondents as legitimate.

Informal advertisements are often treated by respondents more cautiously; however, promises are often still attractive enough to warrant further investigation. Gumtree.com.au is a popular channel for online advertising, and flyers or other notices placed at locations such as backpacker hostels are also used to capture the attention of travellers in need of additional cash.

“(International Student) I saw it on Gumtree.” (Respondent 4)

Word of mouth/referral is particularly popular with particular cultural or societal groups (e.g. Indian nationals newly arrived in Australia or students). In some cases, the Australian door-to-door sales industry is promoted in places such as India, as a viable position to earn an income upon entering Australia and seeking work. This is especially attractive if a newly
arrived worker has a history of outbound telesales work or call centre experience, and is fluent in English and adept at dealing with Australian customers.

In some cases, agents are paid a ‘spotters’ fee to recruit friends and family into the industry.

Most agents feel surprised at how easy it is to go through the recruitment process from initial enquiry to acceptance (especially since many of them do not have relevant sales experience and the promised remuneration is very attractive). There may be mass recruitment drives and group interviews where a panel will ask questions to ascertain those with a more dynamic personality. Role play and Q&A style scenarios may also be used for interviewing purposes. Interviewees with more shy, reserved personalities are often not accepted for vacant positions.

“It’s easy enough to get the job… but there is a high turnover of staff” (Respondent 11)

Whilst it is relatively easy to be recruited it is much harder to keep this position and the majority have to work extremely hard to make a minimum wage and/or not be ‘fired’ or ‘let go’ by their managers for poor sales results. Given that agents are generally not formal employees, termination can generally be immediate.

5.6 Training and Management

Upon acceptance of an offered position in door-to-door sales, there is usually (but not always) some form of training involved. This can vary from only a few hours of training to weeks of training, culminating in testing of knowledge and skills.

The rigorousness of training offered is not always contingent on the size or reputation of the company. Whilst many small companies offer minimal and training, some larger, reputable companies are also mentioned as providing minimal or insufficient training to new agents.

Best practice training for new recruits usually involves:

- **Pre-field**
  - One or two weeks of theory to learn product / service / company knowledge;
  - Some time dedicated to sales techniques which may include role plays and overcoming objections and turning around difficult customers;
  - Testing either at conclusion or throughout the training period prior to visiting customers in the field.

- **In the field**
  - Shadowing or accompanying an experienced door-to-door sales team member to watch and learn techniques and skills for a specified duration of time, or until the trainee feels confident enough to move to the next stage;
- Co-selling in the field whereby the trainee may practice particular elements of their sales pitch (e.g. introduction and warm up), leaving the advanced techniques to the experienced team leader to ‘close’ the sale; and
- Eventually, undertaking door-to-door sales whilst being observed and later critiqued by an experienced team leader.

“Before we would go out, in meetings they might say to you ‘show me your pitch’ and then it can be refined by the managers” (Respondent 1)

Agents who have been in their role for some time but are deemed to be underperforming by their leader (or others) may be offered additional training from experienced leaders to ascertain where there may be information or knowledge gaps. At worst, some companies do not offer any training, preferring to terminate the contract with the underperforming agent (if an independent contractor) or at the very least, setting targets and increasing pressure with a view to termination if these targets remained unmet.

There is a range of experiences regarding training. Some are encouraged to learn ‘on the job’ rather than understanding or knowing products/services first. Indeed, many mention that the best training to deal with customers (as far as sales are concerned) was on the job. Others claim to not be offered any practical training at all, but are handed an outdated booklet with a request to read it.

On-going training for agents is commonplace with larger companies (either end client companies or service providers). This may occur on a regular basis (e.g. monthly) or even daily (pre-departure to location for field). In these roles, agents feel more supported than those left on their own. Regular training is especially important for products and services that are regularly upgraded or changed (e.g. telecommunications packages, utility discounts etc).

In most cases, the onus is on the agent to be self motivated enough to request training or leader support. More informal arrangements mean that some are left to their own devices and struggle as their leaders and co-workers are both distant and detached, or worse, their leaders are direct competition to potential sales (and income).

More organised companies (end clients and service providers) formalise the management of their workforce, creating multiple touch points for feedback and review both peer to peer as well as with leaders and management. The agents can view this in a positive way (supportive management, ongoing ability to grow and learn from leaders, perfecting their skills) or a negative (always being watched and monitored, pressured to perform, no autonomy or independence to flourish) depending on their situation and relationship with their employer/labour hire firm.

In all but the most unorganised/informal set ups, there is some tracking mechanism whereby performance is monitored. This is usually through the achievement of sales targets. Management encourages those with strong results and there may be ceremonial events to celebrate high achievers internally. Such encouragement may include formal announcements of performance, ringing of bells in the office, special bonuses, name printed on a high achiever board etc. At the other end of the scale, not meeting sales targets is
reflected in pay received (and in some cases, this could be no pay at all), pressure from management to perform or at worst ostracising from the group, or termination.

“In the office we had a big bell and a gong and basically if you got a PB (personal best) or made more than 3 sales you got to ring the ring the bell so everyone would know you did well. If you made more than 5 sales you got to smash the gong and put your name on the back of the gong. It was a confidence boost and makes you feel better about yourself” (Respondent 1)

Respondents allude to a particular style or personality type that succeeds in the door-to-door sales industry. Typically those who had ascended to management roles are:

- Charismatic;
- Persuasive;
- Competitive and high achievers;
- Goal driven and highly motivated;
- Tough and resilient;
- Well presented;
- Articulate;
- Decisive and uncompromising (at worst, lacking compassion and ruthless); and
- Young and male.

“The best sellers are usually young males full of bravado and with a more bullet proof attitude because the older we get the more realistic we become. The most successful in both companies I worked for was the young male like this.” (Respondent 2)

“You have got to be a strong character; you have got to handle rejection really well. The people who succeed in this industry are the ones that know they are good. They are a bit narcissistic. Like I know I am worth a damn or they need to prove something.” (Respondent 6)

“The key to success is motivation. I look at the head of the company I worked for. He is a 24 year old guy earning $400,000 a year. Just bought a brand new Mercedes and spends most of his day at the gym and he has motivated others with potential (by leading with example)” (Respondent 13)

5.7 Remuneration Schemes

One of the major attractions to working in the industry is the often promoted (potentially) large income available (for expected effort of a ‘few hours’ per week). At the time of recruitment or soon after at induction, success stories may be utilised to give weight to promises and real life examples make these promises seem more achievable.

Some respondents reference ‘pyramid schemes’ regarding the hierarchy of the organisation (whether true or not) – implying that those at the top were the recipients of the bulk of the income (usually due to the commissions rolling up to the leaders of the company). Indeed, the perception is that management or leaders who have achieved sales success are used as
both proof of what can be achieved and motivational tools. This is especially true when respondents report that such leaders have risen (often quickly) through the ranks, starting initially at a position similar to the new recruit.

Juxtaposed against this perceived and/or promoted unlimited potential for earnings is the reality that most agents work very hard for a low income, or worse, no income at all times (due to no sales). The industry relies heavily on the promise of what could be to keep workers engaged and hopeful, against the reality of what actually is for them at the time.

“Unless you are extremely lucky you have to work 12+ hours per day. It works out you are struggling to get an award wage.” (Respondent 14)

The two most common models for remuneration are:

- 100% commission only (no base): where income is only achieved if sales are made, irrespective of hours worked or training undertaken; and
- A relatively low base wage with additional commissions: i.e. workers will receive some income if no sales are made, but this income may be minimal.

Roles at companies offering 100% commission (which include many of the major service providers, although some may pay workers for initial training) may have uncapped earning potential, so may result in the worker earning $5,000 per week, or more if they are highly successful at making sales (and have a large team of motivated sellers below them too). This remuneration package is ideally suited to those who are highly driven at selling door-to-door and often have the personality characteristics described above in the previous section on management.

“If you are good enough at it, there is lots of money to be made” (Respondent 13)

“It can be rewarding” (Respondent 9)

“My team leader would earn about $5,000 per week and that was his sales and commissions from his team” (Respondent 5)

“All of mine was 100% commission based so they don’t pay you $1 (if you don’t sell). No money for training, no money for nothing. So the memberships you sold, you kept 100% of the memberships and they make their money off each time a student comes to class. I used to door knock 500 houses in a night… running between houses (and if you don’t make a sale you don’t earn money)” (Respondent 3)

“I could only make money if I sold and there was no payment for training” (Respondent 10)

“The money is the best. It really is that good. I can earn $2,000 or $3,500 for 20 hours work. I bet you don’t earn as much as me.” (Respondent 12)

“For the first 6 weeks you are a pup and you earn $400 per week even if you don’t make sales, as long as you work 6 days you get $400. It is only $50 per day but if
you work 6 days you get an extra $100 making it $400. After that, if you don’t make sales, you don’t get paid. The motivation is if I make sales my mentor gets $200 so he is pushing me and egging me on. At first I thought he was helpful, too helpful!!” (Respondent 5)

“I was at first hesitant because it is all commissioned based – you might not get paid! And I don’t like rejection” (Respondent 11)

“The best thing in (door-to-door) sales is that you have commission. If they have a base, no one will sell and sales don’t work without targets.” (Respondent 12)

“I actually found selling fun and you can make lots of money out of it. They tell you that it is so easy to make money.” (Respondent 13)

For less successful door-to-door sellers, this remuneration package can result in no income whatsoever if they cannot close sales. This may be despite the agent undertaking many hours training, commuting to fieldwork and knocking on many doors during that week. When taking into consideration their out of pockets expenses, these workers are often in negative income.

5.8 Sales Approaches
Sales approaches range from the highly unstructured (i.e. without a formal or consistent approach), or even non-existent, to the very structured.

Examples of structured sales approaches include:

- Extensive sales training and ongoing support;
- Regular updating to training;
- (Continued) testing of legal requirements, rules and regulations;
- Support during sales and coaching to further improve;
- Central administration and hub as a daily start point (may include daily training on sales etc before going out in the field);
- Organised transport to a specific targeted area/suburb including specific streets highlighted for the worker to knock;
- Some background / demographic information on the area to their sales teams (for example, that the area contains a lot of first home buyers);
- Extensive role playing opportunities to explore, learn and hone techniques;
- Solid set of branded materials and tools to take to customers;
- Clear identification / uniforms; and
- Acronyms or other devices to help remember key selling techniques.

Agents report that sales pitches used at the door by agents typically involve:

- Introduction of self and representative company (in the form of ID – which may also include company uniform or shirt);
- Disclosure that the customer may ask them to leave at any time;
An anecdote or story to connect with the customer alluding to a possible benefit to them (or hook to ensure continued attention). As an example one agent (respondent 2) would pick up on the nationality of the customer at the door. For example if they were Maori, he would introduce himself and mention how lucky the resident was because the telephone provider he represented at the time had great deals on calls to New Zealand;

- Specific sales techniques employed e.g. G.I.F.T.S. (explained below);
- Administration and paperwork (may include verification call);
- Closing of sale; and
- Moving on to the next residence to repeat this pattern.

This process is often broken into stages which make it easier for new recruits to learn. Some agents use sales techniques, tip sheets or acronyms as tools learned to help them succeed in selling. Whilst a few are naturally gifted at selling (and adept at role playing / acting), learning techniques provided an opportunity for others to also achieve high results.

“We had tip sheets and on there you would have nearly every type of stereotypical person and tips on how to talk to them... You would use certain dialogue for elderly people through to what to do with people who wouldn’t even open the door and shouted through the window, telling you to leave” (Respondent 2)

Looking and acting professional, using appropriate tone and employing body language techniques such as mirroring, repeating key words, copying language used by the customer etc are all important. One technique used by a few respondents interviewed in different states is G.I.F.T.S. This acronym stands for:

- G = Greed – appeal to the customer’s sense of greed. Continually mention the benefit to them (usually a discount percentage or a dollar value of the potential saving to them if they take up the offer). Some believe this worked particularly well with those from less affluent areas or ironically, wealthier households;
- I = Indifference – couch the conversation so that it sounds like there is no end benefit to the door-to-door salesperson, irrespective of whether the customer buys or does not buy the service or product. This laid back approach has been mentioned as working quite well at weekends (when householders are generally more relaxed). It usually includes such comments as, “it makes no difference to me if you take up the offer but....”;
- F = Fear of loss – indicate (whether factual or otherwise) that the customer was missed on the last run of the neighbourhood and the salesperson has now come back as a final check. Alternatively, it may be implied that the salesperson is only working in this area today, thus the householder may act impulsively, fearing potentially missing out;
- T = The Jones theory – Mention (whether fabrication or truthful) that all of their neighbours have already signed up to the deal or discount, implying everyone is gaining a great deal, thereby creating a sense of pressure for some to follow the herd; and
• **S = Sense of urgency** – Imply (whether fabrication or truthful) that the promotion is strictly limited, or even a one day offer and that they must act immediately to gain the benefit or else they will miss out. This technique may also be accompanied by the salesperson acting like they are in a hurry to leave.

Many of these sales techniques and methods involve some degree of acting. Accordingly, there is an emphasis on role playing as part of training for many companies. Additionally, door-to-door salespeople with well-developed acting skills often succeed in this industry. Having a developed sense of communication serves well, thus further challenging door-to-door sellers with English as a second language or shy personalities. Acting can also be a negative with some being encouraged to make up stories about themselves to help sales.

“We get a lot of actors coming to do this kind of work because it is about putting on a show... it is like a commercial or something when you knock on a door.” (Respondent 6)

“I was even told to make up a history about myself as to why I am doing this (door-to-door) job like I have this many kids to feed and I have been out of the workforce for a long time and a lot of people then felt sorry for me... and I would say I needed a sale because it is my bread and butter so to speak. One guy broke his arm but they said for him to go to the door and say he was on a disability pension and he had been at war... and a lot of the older people would feel sorry for him... and at the end of the day he would say it was easy (to entice people into sales)” (Respondent 8)

As discussed in section 3.6, during Frost & Sullivan interviews, traders generally commented that door-to-door sales do not involve precise targeting of specific customers on the basis of age, ethnicity or income. This view was contrasted by comments from three of the 15 sales agents interviewed by Frost & Sullivan. In some cases, agents are aware that some targeting of perceived “easier” or vulnerable clients occurs with one agent operating in the utilities sector commenting on this.

“We had a target range. Older people, single parents and the young ones who were just in their first house – don’t ask me how they got the list because I have no idea – but I went to a lot of Centrelink people and young people who were all attracted to the bright lights of the offers and we had to feed them all a whole bunch of garbage but I didn’t find out it was a bunch of garbage until later... we preyed on the vulnerable... we were given a list of streets for the vulnerable such as housing commissions, older people... They (employer) weren’t gonna write any of this down though because they aren’t stupid” (Respondent 8)

“I think it is particular to the utilities but we have had it where the sales person is relentless with the elderly person and will just keep going back until they sign” (Respondent 10)

“The best clients are the ones with a lack of power like the older person. They don’t know what you are on about or what you represent.... For some clients, you are never going to change them unless you trick them.... And it depends on the
(employee) too. Once they walk out that door they are on their own and you could make all the rules in the world and they can be ignored by the salesperson (to do what they like without fear of retribution).” (Respondent 14)

Frost & Sullivan’s interviews with agents also indicated that a number of pretexts are sometimes used at the door-step:

- **Lost dog** – in this scenario, the seller knocks on the door pretending to have lost a pet in the area. Once a conversation is started, they may lead in with, ‘whilst I am here, I actually have a great offer for you’;

- **Exaggeration** – the alleged activity involves the seller either making up deals or falsely exaggerating the benefits of the current deal. It also may involve trying to sell deals that have expired in order to secure a signature. This technique relies heavily on someone’s word as much of the communication is verbal (e.g. promises of inflated discounts), and if there is no verification call, the customer can be misled. Additionally, some customers only find out they have been misled when they receive their first bill which may be some months down the track (long after the sales person has left and after the ‘cooling off’ period has expired). Customers from a non-English speaking background, with mental or comprehension impairment or the elderly may be particularly vulnerable to this technique;

- **Slander the competition** – either factually or falsely reporting rates or information about other service or product suppliers in a slanderous manner to gain an advantage;

- **Altered disclosure statements** – this technique involves the seller deliberately tampering with or removing elements of the disclosure statement or contract for their own gain;

- **Identity theft** – this activity was both reported as something that happens in the industry now, as well as examples of this happening to respondents as customers. This method involves a customer disclosing they may have issues accessing certain services (e.g. pay TV) due to a poor credit rating or similar and the seller intentionally using another person’s identity to sign up for the service. Of course, this then places an onus on the customer to continue the facade on an ongoing basis to gain continued access to the service. In an example of this happening now, on the day of an interview, one respondent’s (adult) child was being connected to a service in the name of another person (provided by the service seller) as there were issues with credit history. The customer had been allegedly coached as to what to say by the door-to-door seller (including details on the full fake name, date of birth etc); and

- **Employing certain language for specific effect or being deliberately ambiguous with dialogue** – this technique was used to fool or otherwise convince or pressure the customer. For example, one agent reported that he and his colleagues repeatedly use the word “agree” in their sales pitches (this may subconsciously make the consumer more likely to agree to the agent’s offer), and other agents use the word “Government” (e.g. claiming to represent the Government), implying a greater degree of authority for the sale.
“I know some sales people will knock on doors and say, ‘hey I’ve lost my dog – have you seen my dog?’ (As a way to start a conversation and allow someone to talk to you before launching into a sales pitch) (Respondent 2)

“From my own experience, I can tell you about XXXX and they are doing this at the present moment. My daughter has a bad credit history and she wanted XXXX so the guy came around to her and said blah, blah, blah and said okay you have a bad credit history so he called up his boss and got another person’s ID and two weeks later she has XXXX connected (being connected the day of our interview) all because his boss wanted him to get a sale so badly. They signed up with someone else’s name. They gave the excuse that the man had moved to my daughter’s address and they are doing that a lot around the area where I am living. The bill is in the man’s name but has her address… He even texted her on Sunday to say it will be installed. The guy was so good at gift of the gab.” (Respondent 8)

“I was just lying to people… on good days you just got another sucker… and they (employer) didn’t care because they just want the sale and they are a big company!” (Respondent 8)

“It is just his word (against the customers. It is all verbal).” (Respondent 14)

“You just use the word ‘government’ as many times as you can… so then it feels like you are working for the government (implying trust). You would use similar language or techniques of the intelligence industry or you could just tell them lies like I am not going to gain any advantage by selling this as I am not on commission – it is all very psychological what you are doing and there are neuroscience techniques.. You may keep using the word agree (suggestively, over and over). It is really just bullying.” (Respondent 14)

Agent comments suggested that some of these practices may be enabled by:

- The reliance on verbal communication and promises in the door-to-door industry;
- Structures such as independent contracting, whereby a company can quickly distance themselves from any reported fraudulent activity, claiming no responsibility;
- Grey areas or lack of proper training regarding the rules of the industry as provided under the ACL;
- The prevalence of visa, migrant or transient workers in the industry who otherwise feel they can get away with misconduct and move on before being caught (or they feel they are not punishable under Australian law as an overseas citizen). The other side of this is that companies may put undue pressure on illegal migrant workers and at worst, blackmail them into doing tasks and techniques they may not want to;
- Alleged verbal encouragement and coaching by trainers to act in a certain manner or target particular customers, without proof in writing;
- Lack of clear understanding regarding scope of responsibility – i.e. is it the salesperson themselves, the marketing company they contract to, or the end client (e.g. an energy provider) who is ultimately accountable?;
● The average customers not knowing the rules and their rights regarding door-to-door selling practices;
● Pressure from many leaders and management in the industry for sellers to make a sale, sometimes at any cost; and
● Potentially desperation from the door-to-door sellers themselves – as they may need the money to survive at any cost, or are fiercely competitive and want to outdo their peers.

“You are out there on your own and you could be saying anything to them (customers) and telling lies… which I wasn’t” (Respondent 7)

“(For the migrant workers or transient) – it doesn’t matter for them what they say because they know you are not going to see them again…(it was said) the laws were meant to be bent… as long as you don’t force yourself into their property then I’m fine.. I used to offer free installation which none of them got” (Respondent 8)

“I don’t think it is good for a company to rely on people who are from overseas or on visas because they don’t have to worry about the consumer and the law between them and the consumer because he is going to be out of the country in six months so go for your life! Secondly, he does not have to worry about the regulations because if the company he is working for has got other motives and they can say to him, ‘do this or we can dob you in to immigration or something like that’ (blackmail the door-to-door seller). That happens big time across the board….Because they employ illegal immigrants they may say something in their ear… One guy was ripping out (parts of) the disclosure statements and verbally saying whatever he wanted (to the customer to assure a sale)” (Respondent 14).

5.9 Training and Consumer Law Compliance
Most of the respondents that had previously worked for or currently work for major companies involved in door-to-door sales reported that the companies ensured that their agents were trained on rules and regulations such as the ACL for the industry and provided hard copy documentation at induction and/or training.

“All of that stuff about the laws was driven home to us.” (Respondent 10)

Compliance is enforced by:

● Providing training and information on rules and laws;
● Testing knowledge, either at the beginning of the agent’s engagement or ongoing for updates to rules;
● Incorporating rules and legislation requirements into learned role plays – e.g. learning an introduction that included a disclosure about identification and consumer law rights before continuing with their selling spiel; and
● Penalty schemes which provide a mechanism for disciplining and ultimately terminating agents who fail to comply.
However, respondents also reported examples amongst smaller companies of limited or non-existent training on, and monitoring of, compliance. One example uncovered in Frost & Sullivan’s research was a door-to-door seller who was not even aware that ACL requirements existed and was not provided any sales training or otherwise at the commencement of working in the door-to-door sales industry. This seller also knocked at times that suited him – outside regulated hours during the week and on Sundays. He also was unaware of customer rights regarding asking the salesperson to leave, or ‘cooling off’ periods.

“You may be given some information and it is up to you to read it. Compliance is not a strong point... I used to work 8am to 8pm.” (Respondent 6)

A few respondents mentioned being told about such regulations at the time of induction but these were not followed up, or, worse, they were encouraged to make their own decision on what hours they worked.

“We are still door knocking at 9pm... We were told we can knock up to 9pm - it is okay. It is not okay after 9pm. They never mentioned up to 6pm (as interviewer referred), public holidays or Sundays. We always go on Sundays and Saturdays.” (Respondent 4)

Although major companies involved in door-to-door sales provide compliance training, only two out of Frost & Sullivan’s sample could recount the details of the ACL with conviction correctly (noting, however, that 10 of the 15 interview subjects were not currently employed in the industry). The majority had incorrect details or outdated knowledge, or no knowledge at all. Frost & Sullivan considers that this could indicate that the amount of time devoted to consumer law compliance during formal training for agents in some instances may be insufficient to ensure that new agents are sufficiently familiar with the requirements of the ACL and specifically the ACL requirements that regulate door-to-door sales. For example, one company that undertakes door-to-door sales reported that it devotes 90 minutes within the 16-hour initial training programme to compliance training.82

5.10 Overall Attitudes to Door-to-Door Sales

Almost all workers in the door-to-door sales industry feel that this type of employment/engagement is not held in high regard by society, nor do most see it as a viable long term or aspirational career option, or for some, even a viable industry in the future with savvy consumers and online options.

“No one would do this for a career!” (Respondent 4)

“It was hell” (Respondent 8)

81 See Appendix 2.

82 Information provided by door-to-door trader.
“Door-to-door has a really negative connotation towards it… because when you think of door-to-door you think of that annoying guy with the big red tie on your doorstep with a [vacuum cleaner brand]! They are really annoying people who are trying to get money from you…” (Respondent 6)

“I just see door-to-door sales as a dying industry. It has been dying the last couple of years” (Respondent 7)

“No one does this for 35 years. People don’t see it as reputable. Everyone does lots of knocking but no one is checking and you hear dodgy details from customers.” (Respondent 12)

However, many agents also recognise the potential benefits that the role can offer, particularly in the case of a general lack of viable alternatives for some categories of individuals such as international students, recently unemployed, and backpackers. For these types of individuals it can:

- Provide an opportunity to earn income that fits the individual’s personal circumstances (e.g. study requirements, visa restrictions);
- Creates an opportunity for those with shy personalities to push past barriers and learn skills to deal with different types of people;
- Allows development of specific skills and knowledge of marketing and sales techniques that may be useful in their future careers;
- Allows new Australians to see wide areas and interact with other Australians one-on-one, often improving their language skills; and
- Helps one learn about goal setting, targets, achievements or even dealing with rejection on a regular basis.

“The minority of people is where it works and they are the ones they showcase (as motivation). It is always the person who actually wins the lottery that says it is easy” (Respondent 14)
6. Regulation of Door-to-Door Sales

6.1 Legislative Regulation

Door-to-door energy sales are currently regulated under the ACL and under state and territory energy specific legislation and associated instruments. State and territory energy specific legislation will be replaced by the national energy retail law and rules that are scheduled to commence in participating states and territories on 1 July 2012. It is beyond the scope of this report to comment on legislative regulation of door-to-door sales in detail and this report does not comment on state and territory energy specific legislation.

6.1.1 Australian Consumer Law

Given the potential consumer detriment that can result from door-to-door sales, Governments have traditionally regulated the channel's usage through legislation, for example by banning the door-to-door sale of certain products (such as consumer credit) and by regulating the hours during which door-to-door selling can occur. In Australia, prior to 1 January 2011, door-to-door selling had traditionally been regulated at a state and territory level, with differences in regulation between jurisdictions. However from 1 January 2011 the ACL, which applies nationally in all states and territories, introduced (among other new consumer protections) new national provisions for unsolicited consumer agreements, which replaced existing state and territory laws on door-to-door sales and other direct marketing. The ACL also introduced new penalties, enforcement powers and consumer redress options, which apply nationally.

Enforcement and administration of the ACL is shared between the ACCC, Australian Securities and Investments Commission (ASIC) and state and territory consumer protection agencies. Compliance and enforcement with the law is based on a 'one-law, multiple regulators' model, with existing consumer regulators enforcing the uniform law. The ACCC, ASIC and state and territory consumer protection agencies have formalised Memoranda of Understanding for the purposes of the enforcement and administration of the ACL. In addition to compliance and enforcement by ACL regulators, the ACL creates private rights that individuals can enforce through Commonwealth, state and territory courts and tribunals.

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84 For example, the permitted calling hours differed across some states.


87 Compliance and enforcement, How regulators enforce the Australian Consumer Law, Commonwealth of Australia,
The main features of the ACL with regards to door-to-door sales include:

- Limited hours for contact with customers (between 9am and 6pm on week days and between 9am and 5pm on Saturdays, and no contact on Sundays or on public holidays);
- Disclosure requirements on making contact (e.g. production of identification);
- Criteria for the sales agreement; and
- A ‘cooling off’ period (10 business days) during which a supplier is restricted from requesting payment.\(^88\)

An important difference between the ACL and earlier legislation has been the reduction in the permitted hours for customer contact, as previously all states and territories had allowed contact up to 8pm on weekdays, and some had allowed contact on Sundays and some public holidays.

The main bodies for addressing consumer complaints regarding door-to-door sales differ by industry. In the energy industry, most complaints regarding door-to-door selling activities by energy retailers are directed to state based industry ombudsmen, such as the Energy & Water Ombudsman of NSW. Energy & Water Ombudsmen offer government approved dispute resolution schemes for electricity and gas customers, and some water customers. The Ombudsmen offices are generally industry funded via payments from members.\(^89\) Members are energy and water companies who are legally obliged to join the scheme as a condition of their trading licences. The new National Energy Retail Law (NERL) is expected to come into force on 1 July 2012. The NERL is the third national applied law regime in the energy sector and, along with the National Electricity Law (NEL) and the National Gas Law (NGL), completes the major reform of Australia’s national energy market. When applied by participating jurisdictions, the NERL will provide a national regime for the regulation of the retail supply of energy.

In telecommunications, there is a similar national body, the Telecommunications Industry Ombudsman (TIO), which offers a free dispute resolution service for small business and residential customers who have a complaint about their telephone or internet service in Australia. Licensed telecommunications carriers in Australia are required to be members of the scheme.

Outside the energy and telecoms industries, the main bodies to which consumer issues regarding door-to-door selling are directed are the Offices of Fair Trading or Consumer


\(^{89}\) For example, EWON in NSW, EWOV in Victoria, EWOQ in Queensland and EIUSA in SA are industry funded schemes, with funding from scheme members.
Affairs departments in various states. These organisations have roles that encompass review and advice on consumer legislation to governments, industry and consumers; conciliation of disputes and enforcement of consumer protection legislation. Additionally, especially since the introduction of the ACL, complaints arising from door-to-door sales are addressed to the ACCC.

6.2 Compliance Programs & Industry Codes of Practice

Voluntary compliance regimes also exist at both industry and company level. These compliance programs provide guidance as to how to comply with various laws including the law regulating door-to-door sales.

The retail energy industry has recently established Energy Assured Ltd (EAL), which was formed by electricity and gas retailers to develop and manage an industry Code of Practice regarding the conduct of door-to-door energy sales agents when making house visits. The self-regulatory Code of Practice sets out standards that sales agents must comply with in conducting door-to-door sales and seeks to improve compliance by both energy retailers and energy marketing companies to promote consumer confidence in door-to-door sales, improve the customer experience and reduce complaints.

The ACCC authorised the EAL Code of Practice for a period of three years. The Code provides for requirements on the registration, accreditation, recruitment, training, assessment and monitoring of sales agents by members and includes:

- A national scheme to ensure sales agents are recruited, trained and assessed in a consistent manner across the industry;
- A central register of accredited sales agents;
- A process for monitoring sales agent behaviour such that a proven breach of EAL’s standards may result in disciplinary measures and deregistration of the sales agent for five years; and
- A process for imposing sanctions on energy retailers or marketing companies who fail to comply with the Code.

All major energy retailers and service providers who undertake door-to-door sales in the sector have signed up to the Code.

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90 For example, Consumer Affairs Victoria, a business unit of the Victorian Department of Justice.


92 Authorisation provides immunity from court action for conduct that might otherwise raise concerns under the competition provisions of the Competition and Consumer Act 2010. Broadly, the ACCC may grant an authorisation when it is satisfied that the public benefit from the conduct outweighs any public detriment.
This is the only industry-wide compliance scheme currently operational, however individual companies that use the door-to-door channel often operate their own internal monitoring and compliance programs, with sanctions on agents for lack of compliance. An example of an internal compliance scheme from a telecommunications company in the area of door-to-door sales is given below in Table 17:

**Table 17: Example of a Telecommunications Company Compliance Scheme**

<table>
<thead>
<tr>
<th>Infringement Type</th>
<th>Demerit Points*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unacceptable Conduct / Fraud, e.g.</td>
<td>18</td>
</tr>
<tr>
<td>• Signing up non-account holder</td>
<td></td>
</tr>
<tr>
<td>• Bogus applications</td>
<td></td>
</tr>
<tr>
<td>• Forging signatures</td>
<td></td>
</tr>
<tr>
<td>• Impersonation</td>
<td></td>
</tr>
<tr>
<td>Unconscionable Conduct, e.g.</td>
<td>12</td>
</tr>
<tr>
<td>• Taking a sale from a customer with poor English</td>
<td></td>
</tr>
<tr>
<td>• Taking a sale from the elderly or infirm</td>
<td></td>
</tr>
<tr>
<td>General Misconduct, e.g.</td>
<td>6</td>
</tr>
<tr>
<td>• Not wearing an ID</td>
<td></td>
</tr>
<tr>
<td>• Knocking outside legal hours</td>
<td></td>
</tr>
<tr>
<td>Misleading and Deceptive Conduct, e.g.</td>
<td>6</td>
</tr>
<tr>
<td>• Giving incorrect pricing information</td>
<td></td>
</tr>
<tr>
<td>• Writing incomplete information on contracts</td>
<td></td>
</tr>
</tbody>
</table>

*If an agent exceeds 17 demerit points in a 6-month period his/her engagement will be terminated

Source: Company data provided by a respondent

### 6.3 Trends in Complaints

Below is a summary of the incidence of complaints related to door-to-door sales by industry sector. It should be noted that perceived incidences of consumer detriment generally far exceed the actual number of formal complaints made, as few consumers are generally willing to take the time and effort to lodge a formal complaint. A survey on consumer detriment by Consumer Affairs Victoria (CAV) indicated that only 4% of consumer detriment is reported to CAV, the primary body for recording consumer complaints in Victoria.93

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Similarly research\textsuperscript{94} conducted for the Taxi Industry Inquiry in Victoria indicated that although four out of every ten customers experienced a problem in the last twelve months, the vast majority (84\%) did not complain to the Victorian Taxi Directorate, Victorian Taxi Association or the taxi company about the problem they experienced. However, complaint statistics are useful in indicating both trends in perceived consumer detriment over time (as the willingness of consumers to lodge formal complaints is likely to remain fairly stable), and the relative incidence of consumer detriment arising from door-to-door sales as opposed to other sales channels.

6.3.1 Energy

Cases received by energy ombudsmen are categorised depending on the type of issue, with cases related to door-to-door sales generally categorised as ‘marketing’ cases. A summary of the total number of cases and the proportion of marketing cases received by ombudsman is given below. Only ombudsmen services that represent jurisdictions where there is FRC (see section 3.3.1) for energy have been included (excluding the ACT).

Table 18: Energy Cases by Type, 2010-11\textsuperscript{95}

<table>
<thead>
<tr>
<th>Ombudsman</th>
<th>Total Energy Cases*</th>
<th>Total Marketing Cases</th>
<th>Marketing Cases as Percentage of Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Victoria (EWOV)</td>
<td>51,110</td>
<td>3,249</td>
<td>6.4%</td>
</tr>
<tr>
<td>NSW (EWON)</td>
<td>16,659</td>
<td>1,207</td>
<td>7.2%</td>
</tr>
<tr>
<td>QLD (EWOQ)</td>
<td>11,989</td>
<td>659</td>
<td>5.2%</td>
</tr>
<tr>
<td>SA (EIOSA)</td>
<td>10,204</td>
<td>1,897</td>
<td>18.6%</td>
</tr>
</tbody>
</table>

\textsuperscript{*Electricity and natural gas}

Source: Ombudsmen Annual Reports

Marketing cases therefore typically comprise 5-7\% of all cases received by ombudsmen. The exception was in SA where the proportion in 2010-11 was 18.6\%, after a 96\% increase in the number of marketing cases received compared with the previous year.

The proportion of marketing cases that specifically relate to door-to-door sales is not specifically recorded by every ombudsmen service. However, it is recorded by the ombudsmen in NSW and Victoria which give a useful indication of national trends. In 2010-11, cases related to door-to-door sales accounted for 73\% of marketing cases in NSW, and 77\% in Victoria.\textsuperscript{96} The trends in cases related to door-to-door sales are given in Figure 8.

\textsuperscript{94} Ipsos, Taxi and Hire Car Research, 2011.

\textsuperscript{95} A case is generally a complaint, but can also be an enquiry.

\textsuperscript{96} Data provided by ombudsmen.
Figure 8: Cases Related to Door-to-Door Sales, NSW and Victoria, 2009/10 – 2011/12 (YTD)

Source: Ombudsmen data. 2012 has been annualised based on data for June 1st – January 31st.

Cases related to door-to-door selling are relatively stable in Victoria, with growth of 4% in 2011 and 2% year-to-date (YTD) in 2012. However, NSW has experienced a substantial increase in cases of 26% in 2011 and 56% in 2012 YTD, reflecting the increase in competitive activity in retail energy markets over this period, particularly following the sale of the state-owned retailers. Similarly, in SA the significant increase in sales and marketing cases in 2010-11 may be attributed to a substantial increase in marketing activity by tier-2 retailers - as changes in the standard tariff made the SA market more attractive to these retailers.

However, the incidence of cases related to door-to-door sales as a percentage of small customer transfers is relatively small at 0.2% for 2011 in Victoria and 0.15% in NSW. Some of the systemic issues related to door-to-door sales that ombudsmen have identified over the past financial year include:

- Sales agents providing misleading information about smart meters to gain sales, particularly in Victoria;
- Sales agents erroneously claiming to represent the Government;
- Sale of state-owned retailers used as an excuse to persuade customers to switch; and
- Marketing to non-account holders.

97 Based on door-to-door cases 2010-11 as a percentage of small customer transfers in 2011.

98 A systemic issue is an issue, problem or change that affects, or has the potential to affect, a number of customers.

99 Based on systemic issues reported in ombudsmen annual reports.
6.3.2 Telecommunications

The Telecommunications Industry Ombudsman does not record complaints specifically related to door-to-door sales activities, but at a broader level of granularity that includes issues that may arise from any interaction with a sales agent at the door, in-store, over the phone or online. The trends in these complaints and investigations over the past four years are shown below:

Figure 9: Sales Related Complaints and Investigations\textsuperscript{100}, TIO, 2008-2011

![Graph showing sales-related complaints and investigations from 2008 to 2011.](image)

\textit{Source: TIO}

Over half of all complaints and investigations relate to sales tactics used by suppliers, however unfortunately the proportion of these complaints and investigations that relate specifically to door-to-door sales is unknown.

6.3.3 Other Sectors

Outside the energy and telecommunications sectors, consumer issues and complaints are generally referred to the offices of fair trading or consumer affairs departments in various states and territories. Frost & Sullivan has obtained statistics related to trends in consumer complaints regarding door-to-door sales from NSW, Victoria, SA and Queensland and these are summarised below. However comparison of complaint statistics between jurisdictions is hampered by:

- Inconsistent collection and categorisation of complaint statistics between jurisdictions. For example the product / industry categories used differ, making direct comparison of statistics related to products or services difficult;

\textsuperscript{100} When a consumer contacts TIO about an expression of grievance or dissatisfaction about a matter that the service provider has had an opportunity to consider, this is recorded this as a ‘new complaint’. New complaints that are not resolved by referral to the service provider and require the TIO to conciliate or investigate a resolution are recorded as ‘investigations’.
In some cases, the sales channel used is not recorded for all complaints; although some complaints may be categorised as ‘door-to-door’, the complaint may actually arise from product deficiency, poor workmanship, etc rather than a complaint about the sales process; and in some jurisdictions, complaints about specific industries are directed to alternative bodies, and therefore these complaints are not included in the statistics. An example is Queensland, where complaints regarding building work are directed to the Building Services Authority.

Despite these caveats, some indication of the relative incidence of complaints regarding door-to-door sales as opposed to other sales channels can be obtained from analysis of aggregated statistics for the four Eastern seaboard states as shown in Table 19.

Table 19: Door-to-Door Complaint Statistics, NSW, VIC, SA, QLD, 2010-2011

<table>
<thead>
<tr>
<th></th>
<th>2010</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Consumer Complaints where Sales Channel is Indicated</td>
<td>68,528</td>
<td>65,708</td>
</tr>
<tr>
<td>Door-to-Door Complaints</td>
<td>1,853</td>
<td>895</td>
</tr>
<tr>
<td>Door-to-Door Complaints as Percentage of Total</td>
<td>2.7%</td>
<td>1.4%</td>
</tr>
</tbody>
</table>

Source: OFT NSW, OFT QLD, CAV, AGD SA

The significant reduction in complaints between 2010 and 2011 was largely driven by a reduction in complaints regarding home insulation which was often sold via door-to-door sales. The Commonwealth Government announced the termination of the Home Insulation Program in February 2010, and this resulted in the virtually total disappearance of complaints regarding this category in 2011. As mentioned above however, many of these complaints may be related to poor or unsafe workmanship rather than the actual sales method used. Additionally, the number of energy complaints declined significantly, which may reflect an increased incidence of passing these complaints to the relevant energy ombudsmen.

Other product and service categories which have a relatively high number of door-to-door complaints include:

1. Construction (roofing, driveways, etc);
2. Solar panels; and
3. Household goods (appliances, etc).

Overall, the proportion of formal consumer complaints related to door-to-door sales is relatively small at less than 1,000 in 2011, especially considering that in many cases the complaint may not relate to the sales process itself. The number of complaints has fallen significantly from 2010 to 2011. However, as mentioned above this data needs to be treated cautiously, as formal complaints are likely to represent only a small portion of consumer detriment arising from door-to-door sales.
6.3.4 Complaints to the ACCC

Some consumer complaints are also directed to the ACCC, particularly since the ACL commenced on 1 January 2011. Over the period from 1 January 2011 to March 2012, the ACCC received a total of 63,109 consumer complaints related to provisions in the ACL, of which 187 (0.3%) related to the door-to-door sales provisions.\(^\text{101}\) Around half of complaints relate to electricity. The number of complaints therefore specifically related to door-to-door sales since 1 January 2011 is very low.

6.4 ACCC Enforcement Action

Under the provisions of the *Competition and Consumer Act 2010* and the ACL, in carrying out its compliance and enforcement activities the ACCC has a range of new penalties, enforcement powers and consumer redress options that apply nationally.

These powers allow the ACCC to issue infringement notices where it has reasonable grounds to believe that there has been a contravention of certain consumer protection provisions under the ACL. Infringement notices provide the ACCC with an alternative to legal proceedings when dealing with potential contraventions of certain provisions of the ACL. Since the introduction of the infringement notice powers on 15 April 2010, the ACCC has issued almost 70 infringement notices for marketing related breaches, with a total value of over $450,000.\(^\text{102}\) These infringement notices cover a wider range of marketing practices than just door-to-door sales, including misleading and deceptive advertising, pyramid schemes, etc.

The ACCC has undertaken legal action against companies and individual directors and employees to enforce the provisions of the ACL (formerly the *Trade Practices Act 1974*) in a number of cases involving false, misleading or deceptive conduct, or unconscionable conduct, arising from door-to-door sales. It is beyond the scope of this report to comment on this enforcement action in detail. For illustrative purposes, however, two recent examples of ACCC legal action arising from door-to-door sales that targeted vulnerable consumers are set out below.

- In 2011 the ACCC took action against Advanced Lifestyle International Retail Pty Ltd, which sold vibrating massage therapy products, and one of its former sales agents. The company was issued with three infringement notices totalling $19,800 and the company and one of its sales agents provided court-enforceable undertakings for making false or misleading representations to consumers during in-home sales presentations;\(^\text{103}\) and

\(^{101}\) ACCC complaints statistics.

\(^{102}\) http://www.accc.gov.au/content/index.phtml/itemId/1005664/fromItemId/.1031976 ‘Businesses urged to embrace a new consumer law’.

\(^{103}\) http://www.accc.gov.au/content/index.phtml/itemId/1005664/fromItemId/.2332 ‘Door to door seller admits misleading conduct’, 2 September 2011.
In 2009 the ACCC took action against Craftmatic Pty Ltd, a seller of adjustable beds, and two individuals (an ex-sales agent and an ex-director and part owner) for their involvement in misleading and deceptive and unconscionable conduct. The company and the individuals agreed to court declarations and injunctions against them for engaging in misleading conduct and acting in an unconscionable manner by using unfair pressure tactics against senior citizens.104

A common feature of these cases is that the door-to-door seller gained access to the household via a pretext and the visit was usually pre-arranged, though originally unsolicited by the consumer. For example, in the Craftmatic case the sales agents used pretexts such as:

- When initially contacting the consumer, Craftmatic would say that the purpose of the contact was not to sell them anything, but that they could win a free bed;
- For those consumers reluctant to buy a bed, Craftmatic would offer a number of discounts that were described as ‘special discounts’ only available to limited consumers and only available that day;
- When arriving at the consumer’s house the sales agent would bring a cake or pot plant as a gift before asking a number of questions, including those about the consumer’s health, on the pretext of assisting the sales agent to recommend which model of bed would best suit the consumer’s needs. During this time Craftmatic only had one model of bed.105

This type of door-to-door selling is much less common than cold door-knocking but can often have a much higher conversion rate as the consumer has already agreed to the call.

104 http://www.accc.gov.au/content/index.phtml/itemId/877681/fromItemId/815456 ‘Door to door sellers must clean up act after ACCC action against Craftmatic’, 19 June 2009.

105 Ibid.
7. Consumer Experiences of Door-to-Door Sales

Since previous research has focussed on consumer experiences and perceptions of door-to-door sales, the purpose of this project was to analyse the door-to-door sales industry and input from consumers regarding experience of and attitude towards door-to-door sales has not been gathered specifically for this report. However, Frost & Sullivan has analysed various other published sources that provide input on the consumer experience of door-to-door sales.

7.1 Australian Reports

Although no large-scale consumer surveys have been published in Australia that cover consumer experiences of door-to-door sales, a number of reports are available that deal with door-to-door sales in particular product categories or amongst specific consumer types. These surveys include:

- 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, March 2010;
- Coercion and harassment at the door: Consumer experiences with energy direct marketers, Consumer Action Law Centre, November 2007;
- Unconscionable Conduct and Aboriginal and Torres Strait Islander Consumers, Indigenous Consumer Assistance Network, 2010;
- The African Experience of the Contestable Energy Market in the West of Melbourne, Footscray Community Legal Centre and the Financial Counselling Service, November 2008;
- The Consumer Experience of Door-to-Door Energy Sales in Victoria, Consumer Utilities Advocacy Centre, February 2012; and
- Door-to-Door Sales: Consumer Views, Consumer Action Law Centre, March 2012

These reports have taken consumer input either via consumer surveys, or from individual cases that had presented to consumer assistance organisations. In the latter case, the sample surveyed is generally small and self-selected in terms of experiences of door-to-door selling, in that respondents have indicated that they have experienced potential detriment prior to being included in the study. Whilst many of these studies indicate that there are cases of apparent detriment arising from door-to-door sales, they do not indicate the overall incidence of detriment as a portion of all door-to-door sales or sales contacts.
8. Conclusion

As defined in this report, the organised door-to-door sales industry in Australia primarily involves the sale of energy, telecommunications, pay TV, solar panels, media subscriptions and other products and services such as educational software, home insulation, etc. A range of companies are involved in the industry acting either as traders who utilise the door-to-door channel, or service providers who act on their behalf. Many of these companies are large, publicly-listed corporations, although many small, privately-owned companies are also active in the industry.

Around 3,400 individuals at any one time are estimated to be engaged as agents undertaking door-to-door sales, often under independent contractor arrangements. For the majority of these individuals, door-to-door sales are likely to be their main or only source of income. Around 1.3 million door-to-door sales are estimated to have been made in 2011, representing one sale for every 6.5 households. On average, each household in Australia is contacted eight times per year by a door-to-door sales agent, although this average varies widely by locality, with the highest degree of activity in Melbourne and Sydney.

The larger companies active in the organised sector appear to be well aware of their compliance requirements under the ACL and other codes or legislation, and attempt to ensure compliance through activities such as registration, training, monitoring, verification and disciplinary schemes. It is impossible to reliably measure the extent of compliance breaches, although available complaints data indicates that their incidence may be small when compared to the scale of door-to-door sales activity.

However based on interviews with agents, as well as complaints data and other anecdotal information, compliance breaches are occurring and the level of detailed knowledge possessed by agents of their obligations under the ACL is often not high. This may largely be driven by the structure of the industry – including factors such as the high turnover rate of agents and the fact that the majority of agents are on commission-only remuneration schemes which may drive more “aggressive” sales behaviour. Additionally the fact that team leaders (who are themselves contractors) generally receive roll-up commissions (i.e. part of the commission is paid to the team leader) for sales made by members of their teams may at times encourage them to advise their team members to adopt tactics that are not fully compliant.

Overall, Frost & Sullivan believes that there are a number of factors that will continue to stimulate the use of door-to-door sales as a sales channel in Australia, including the development of the NBN, potentially increased competition in retail energy markets, the restriction of alternative channels such as telemarketing and the introduction of industry compliance schemes.
Appendix 1: Organisations Interviewed

The following companies and organisations gave input to this report;

AIIDA Sales & Marketing
Appco Group Australia
AUSTAR Communications
Australian Competition and Consumer Commission (ACCC)
Avon Products
Attorney-General’s Department South Australia
Australian Consumers Association (Choice)
Consumer Action Law Centre
Consumer Affairs Victoria
Deakin University Centre for Sustainable and Responsible Organisations
Direct Selling Association of Australia (DSAA)
Energy Assured Ltd (EAL)
Energy Retailers Association of Australia (ERAA)
Energy & Water Ombudsman NSW
Energy & Water Ombudsman Queensland
Energy & Water Ombudsman Victoria
Energy Industry Ombudsman South Australia
Fair Trading NSW
Foxtel
Gigaforce
Office of Fair Trading Queensland
Red Energy
Salmat
Simply Energy
Telecommunications Industry Ombudsman

Telco Services Australia (TSA)
### Appendix 2: Individuals Interviewed

Table 20: Qualitative Interview Respondents, February 2012

<table>
<thead>
<tr>
<th>Respondent (De-identified)</th>
<th>Age</th>
<th>Sex</th>
<th>Visa Status</th>
<th>Door to Door Sales experience</th>
<th>Industry</th>
<th>Currently still in D2D?</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resp 1</td>
<td>25</td>
<td>M</td>
<td>Australian</td>
<td>2 months</td>
<td>Utilities</td>
<td>No</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Resp 2</td>
<td>43</td>
<td>M</td>
<td>Australian</td>
<td>4 ¼ years</td>
<td>Utilities + Telco</td>
<td>No</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Resp 3</td>
<td>30</td>
<td>M</td>
<td>Australian</td>
<td>4 years</td>
<td>Fitness / Sports membership</td>
<td>Yes</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Resp 4</td>
<td>32</td>
<td>F</td>
<td>Student Visa – recently permanent resident</td>
<td>11 months</td>
<td>Utilities</td>
<td>Yes</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Resp 5</td>
<td>22</td>
<td>M</td>
<td>Student Visa</td>
<td>3 months</td>
<td>Telco + Pay TV</td>
<td>No</td>
<td>Melbourne</td>
</tr>
<tr>
<td>Resp 6</td>
<td>21</td>
<td>M</td>
<td>Australian</td>
<td>7 months</td>
<td>Utilities</td>
<td>Yes</td>
<td>Sydney</td>
</tr>
<tr>
<td>Resp 7</td>
<td>27</td>
<td>M</td>
<td>Australian</td>
<td>6 months</td>
<td>Pay TV</td>
<td>No</td>
<td>Sydney</td>
</tr>
<tr>
<td>Resp 8</td>
<td>48</td>
<td>F</td>
<td>Australian</td>
<td>2 months</td>
<td>Utilities</td>
<td>No</td>
<td>Sydney</td>
</tr>
<tr>
<td>Resp 9</td>
<td>38</td>
<td>M</td>
<td>Australian</td>
<td>1 year (total all jobs)</td>
<td>Video / entertainment + Pay TV</td>
<td>No</td>
<td>Brisbane</td>
</tr>
<tr>
<td>Resp 10</td>
<td>40</td>
<td>F</td>
<td>Australian</td>
<td>2-3 years part time</td>
<td>Beauty products</td>
<td>No</td>
<td>Brisbane</td>
</tr>
<tr>
<td>Resp 11</td>
<td>29</td>
<td>F</td>
<td>Australian</td>
<td>1 Year</td>
<td>Kitchen products</td>
<td>No</td>
<td>Sydney</td>
</tr>
<tr>
<td>Resp 12</td>
<td>32</td>
<td>M</td>
<td>Visa</td>
<td>4 ½ years</td>
<td>Utilities</td>
<td>Yes</td>
<td>Sydney</td>
</tr>
<tr>
<td>Resp 13</td>
<td>19</td>
<td>M</td>
<td>Australian</td>
<td>3 months</td>
<td>Utilities</td>
<td>No</td>
<td>Sydney</td>
</tr>
<tr>
<td>Resp 14</td>
<td>60</td>
<td>M</td>
<td>Australian</td>
<td>14 years</td>
<td>Insurance + Telco</td>
<td>No</td>
<td>Sydney</td>
</tr>
<tr>
<td>Resp 15</td>
<td>58</td>
<td>M</td>
<td>Australian</td>
<td>3 years</td>
<td>Health Products</td>
<td>Yes</td>
<td>Sydney</td>
</tr>
</tbody>
</table>

Sources: Qualitative interviews and recruitment by Frost & Sullivan in Sydney, Melbourne and Brisbane 2012