

Electricity inquiry issues paper Submission

30 June 2017

Sales Assured welcomes the opportunity to comment on sections 2 and 3 of the Electricity inquiry issues paper.

Face to face marketing promotes competition

Effective competition between energy retailers is essential to drive positive outcomes for customers, particularly in the areas of price and service.

It is the aim of the Competition and Consumer Act 2010 to enhance consumer welfare through promotion of competition, fair trading and consumer protection. Competition thrives when consumers have choice.

One of the ways in which competition flourishes for consumers is through their ability to exercise choice. Having easy access and the ability to exercise that choice is essential. Energy selling is a low customer engagement category where consumers may derive greater benefit through face to face contact than they otherwise may through other marketing channels. Competition is often a driver of consumer protection and face to face marketing can be an enabler of this.

Smaller and new entrant players rely on the face to face channel to grow their market share more cost effectively than other means, such as above the line advertising, the costs of which can be a barrier for market entry.

Face to face marketing encourages conversation between the buyer and the seller, enabling a greater level of engagement and understanding of an individual's circumstances, which can lead to more informed decision making as questions and requests for information can be addressed immediately. Sales of energy related products are becoming more complex; now along with the energy sale, customers are requesting quotes for solar and storage and energy management software. The ability to explain the complex opportunities to customers can be effectively delivered by face to face marketing again creating opportunities for new and smaller players to enter the market cost effectively.

Every year, the face to face marketing sector engages thousands of workers who positively interact with consumers to conduct sales both for organisations with well-known household brands and new entrant providers. While we recognise that from time to time there may be some rogue agents who behave inappropriately, overall, this legitimate sales channel provides significant consumer benefits, both in terms of increased choice and competition.

Face to face marketing offers an important channel for new entrants and smaller sellers providing an ability to build a customer base and bring efficient and innovative products and services to market that may not otherwise be available. The ability for smaller players to bring their unique product offerings to market, in direct competition with some of the larger players, drives competitive tension between suppliers the outcome of which is better choices for consumers. It is the growth in market participants, and the increase in the volume and the attractiveness of offers, that drives competition - and ultimately delivers better prices and choice for consumers.

A reduction in the competitiveness of a market creates a risk that consumers will have less access to offers.

Face to face marketing also provides consumers the opportunity to access products at the competitive frontier, such as sharper pricing or new and innovative products and services and can allow for a comparison against their current situation. Many customers can be on default offers from 5-10 years ago and face to face activity helps to highlight this with the customer and inform them about another offer which may help them to save money.

Marketing companies, along with their energy retailer partners, have worked hard over the years to improve overall compliance in face to face marketing and many have also demonstrated this through their membership of Sales Assured. This commitment to compliance will continue to be fostered. These marketing companies are committed to ensuring the reputation of the face to face marketing industry is continually improving and will make every effort to ensure they continue to meet their ongoing compliance obligations.

Finally, consumers who do not wish to speak to a face to face sales agent can avoid face to face marketing by simply putting a Do Not Knock sticker on their premises, or in the case of businesses some choose to use a No Canvassing sign.

This option has been promoted for a considerable number of years and consumers are aware of this option. Some years ago, three large energy companies sent Do Not Knock stickers to their customers (it is estimated up to 10 million stickers were distributed). Stickers are also available through ACCC, consumer and advocacy groups and online.

It is expected that consumers are aware of their rights through high profile cases enforced by ACCC and the significant media coverage those enforcements created, through media efforts of ACCC, consumer and advocacy groups, Dept of Fair Trading offices, etc.

Sales Assured (previously Energy Assured) and its members have worked hard to introduce further protections for consumers since 2012. Measures include requiring members to complete a post-sale verification call by the customer with a call centre operator for each sale, informing consumers of their rights to cancel the sale while enabling consumers to enforce their rights in a timely and easy manner, requiring all sales agents have completed a criminal history check within the past 12 months and ensuring all sales agents are recruited, trained and assessed consistently. In addition, many members have introduced quality assurance calls for a percentage of sales and most use iPad technology resulting in tighter compliance controls.

Since 2012, over 23,000 sales agents have been engaged in face to face selling by our members, primarily in the energy sector. In that time, 350 sales agents have been deregistered for breaching

the standards. The ability to deregister an agent is a significant deterrent against poor behaviours and holds sales agents accountable. This complements the enforcement options available to regulators against the companies engaging in face to face marketing where they, or their sales agents, breach the provisions of the ACL. Members can check the Sales Assured register of agents prior to hiring staff to establish their accreditation history.

Comparator (comparison shopping) websites

Sales Assured actively participated in a working group to prepare a Comparator Code of Conduct for the energy industry. This voluntary code was launched in October 2015. Several comparator companies have already signed on to this voluntary code. Sales Assured, along with a working group of comparators and CPRC, is currently exploring how signatories could be monitored against this code to help strengthen compliance.

Yours sincerely,



Anne Whitehouse
Chief Executive Officer

About Sales Assured

Sales Assured is a not for profit organisation that strives for best practice in face to face marketing for consumers.

With a commitment to improving the customer experience, Sales Assured has established standards in recruitment, training, accreditation and ongoing monitoring of sales agents. In this way, consumers can be confident when buying face to face at their door, at a kiosk or for their business.

We seek to improve compliance to promote consumer confidence and reduce complaints with:

- A national scheme to ensure sales agents are recruited, trained and assessed in a consistent manner*
- A central register of sales agents that includes the accreditation history for more than 23,000 sales agents*
- Monitoring sales agent behaviour such that a breach of the standards may result in disciplinary measures and deregistration of the sales agent for five years.*

Those companies which choose to be Members are demonstrating their commitment to improving the standards of face to face marketing across many industry sectors. The robust standards can apply for energy, telcos, Pay TV, energy efficiency, registered training organisations, charities and more.

Whilst recognising that there are laws, such as the Australian Consumer Law, that govern face to face marketing, Sales Assured aims to lift the bar further and ensure the strictest compliance and most ethical practices by sales agents when dealing with consumers face to face.