Consumer Focus
Campaigning for a fair deal

The end of the road

Energy consumers' experiences with doorstep sellers

About Consumer Focus

Consumer Focus is the statutory consumer champion for England, Wales, Scotland and (for postal consumers) Northern Ireland.

We operate across the whole of the economy, persuading businesses, public services and policy makers to put consumers at the heart of what they do.

Consumer Focus tackles the issues that matter to consumers, and aims to give people a stronger voice. We don't just draw attention to problems – we work with consumers and with a range of organisations to champion creative solutions that make a difference to consumers' lives.

The end of the road

Consumers' views on doorstep sales are:

- **Only 1 per cent of consumers see doorstep sales as a useful way of finding out about products**
- **Only 3 per cent of consumers have a positive view of any type of doorstep sales, down from 9 per cent in 2009[1]**
- **Only 4 per cent of consumers had a positive view of doorstep selling by energy companies. 79 per cent of consumers had a negative view of doorstep sales.**
- **41 per cent of consumers felt under pressure to buy on the doorstep**
- **50 per cent of those who signed up on the door for a product or service and then changed their mind, signed up because they felt pressurised**
- **79 per cent of consumers want prior appointments before sales are conducted**
- **92 per cent of consumers who had a previous experience of doorstep sales said they wouldn't be interested in buying energy products such as solar panels or loft insulation on the door**

The doorstep sales agent does not have a good reputation and the behaviour of energy companies has been in the news again, with the recent successful prosecution of Scottish and Southern Energy (SSE) by Surrey Trading Standards.[2] The energy regulator, Ofgem, opened an investigation into the sales practices of four of the Big Six energy suppliers in September 2010 for alleged breaches of the new stronger marketing rules that were introduced several months earlier.[3]

Over the next decade in-home sales by energy companies are likely to increase. The introduction of the Green Deal and the rollout of smart meters to every home in the country will create opportunities for energy companies to sell new products and services, alongside new types of tariffs and energy deals. These new products and services may be good news for some consumers, but continuing problems with doorstep selling mean that there may just be an increase in pressurised and misleading selling.

If energy companies are to continue selling in people's homes further protections are necessary and the first step is to bring an end to cold calling on the doorstep. Without new protections, energy consumers may be at risk:

- The already low levels of trust in energy companies could worsen[4], particularly if consumers find they've been switched to worse deals or feel pressurised to purchase new products and services

[1] The 2009 research was carried out on 7-8 October by carried out by ICM. The survey was of 1,008 people across Great Britain.
[2] http://bit.ly/kMJohf SSE is appealing the guilty verdict.
[3] http://bit.ly/j97BuD
[4] http://consumerfocus.org.uk/g/4po

- Consumer confidence in the key Government schemes that are intended to reduce energy bills and deliver carbon savings, including the Green Deal and the smart meter roll out, could be irreparably harmed by the behaviour of a few companies
- The financial harm for consumers who have been missold will be much greater, given the potential value of Green Deal packages

Consumer Focus is calling for:

1. An end to un-solicited doorstep sales in the home by energy companies, with suppliers moving to a system of pre-booked appointments
2. If a supplier visits a home for a non-sales related purpose eg meter exchange, meter reading, meter safety check, boiler repair, etc it must obtain prior written permission from the consumer before conducting a sales pitch
3. The supplier must clearly signpost consumers to a source of independent advice ahead of any home sales visit and provide these details in any information left with the consumer
4. A new requirement on all face to face sales or telesales processes with energy suppliers to inform consumers, where appropriate, that there are cheaper tariff offers available via alternative sales channels
5. Suppliers seeking to sell any new smart tariffs via face to face sales or telesales must give the customer a cost projection based on the household's actual consumption data

Energy suppliers should move to a system of pre-booked appointments for sales visits in the home. Where a supplier is interested in selling other products or services during a routine visit to a consumer's house, eg during a meter replacement visit or to collect a meter reading, they must obtain written prior consent.

Currently suppliers are able to pick and choose which deals they make available via the face to face and telesales sales channels. Suppliers do not normally offer their cheapest tariffs in face to face sales – these deals are reserved for users of online switching sites or the supplier's own website. If suppliers do not offer all current tariffs via the face to face or telesales sales channels then they must inform consumers during the price comparison process that there may be cheaper available deals online or by contacting the company directly[5].

To support the launch of the Green Deal in autumn 2012, we believe the Government should support the development of independent online and phone-based support services for potential Green Deal consumers that will help them shop around and compare offers. This may be developed by the market, but should be supported by accreditation similar to the Confidence Code that Consumer Focus currently provides for energy price comparison sites. In addition, all future Green Deal providers should be required to provide a prompt to encourage consumers to shop around.

[5] Suppliers will shortly be required to inform customers on their energy bills that they have cheaper available tariffs. If this information can be included on bills, it also must be made available to consumers who are considering switching supplier. **http://bit.ly/qT1FII**

Smart meter rollout

We believe the safeguards for the smart meter rollout should go a step further. Suppliers should not be allowed to sell when they visit the home to install new meters.

The Government has mandated that all homes should have new smart meters, and it is not appropriate for a supplier's commercial activity to be blurred with a national government programme. The focus of the smart meter installation visit should be on safely and efficiently installing the consumer's new meter and energy display.

High quality advice on how to use this new technology to better manage their energy use and save money on their energy bills should also be provided.

Consumer views

Consumer Focus surveyed 1,878 consumers in May 2011 about their views on doorstep sales, with a particular focus on the energy sector. Four fifths (82 per cent) of consumers had a negative view about any form of doorstep sales visits. The number of consumers with a positive view of any type of doorstep sales has actually dropped since 2009 when we last carried out this survey, from around one in 10 (9 per cent) to just one in 30 (3 per cent).

41 per cent have had a doorstep sales visit in the past six months, of these consumers over half (56 per cent) were visited by an energy company sales agent.

A more detailed breakdown of the survey results is available upon request from Consumer Focus.

Unwelcome and unpopular

In spite of their prevalence, doorstep sales visits remain unpopular with consumers. Our survey found that four fifths (79 per cent) of consumers have a negative view of doorstep sales by energy companies. Very few (4 per cent) consumers had positive views about energy sales via this channel.

Hardly any (1 per cent) consumers surveyed viewed doorstep sales as a valid way to find out about a product or service.

The most popular ways of researching new products or services was by using a price comparison site (33 per cent), talking with friends or family (32 per cent) and browsing in shops (31 per cent).

Consumer preferences for the various sales channels varied depending on age or income. The over 65s and low income consumers (DE social class) were less likely to use price comparison sites than other groups (only 12 per cent and 19 per cent respectively) and more likely to ask advice of friends and relatives (42 per cent and 35 per cent respectively) or visit shops (38 per cent and 37 per cent respectively).

Under pressure

41 per cent of consumers said that they felt most under pressure to buy during the doorstep sales process, followed by telesales (27 per cent) and face to face sales in the street (22 per cent).

Online sales were seen as the sales method where consumers experienced the least pressure (15 per cent). Only around a seventh (15 per cent) of consumers had bought or signed up to something on the doorstep and then changed their mind. Half of these consumers (50 per cent) felt pressured at the time to sign up and then regretted it.

A quarter (25 per cent) found a cheaper alternative elsewhere and an eighth (12 per cent) did not want the product or service anymore. Over half of consumers aged 18-24 and 55-64 (56 per cent) were more likely to feel under pressure to sign up, as were women (57 per cent).

Over two thirds (68 per cent) of consumers said they were not comfortable with visits by their energy supplier to read or exchange their meter being used to sell other energy products and services.

Be upfront

Consumers want companies to be upfront about the reasons why someone has come to their home. Nearly two thirds (64 per cent) of consumers agreed that suppliers should not use meter replacement visits or visits to read a meter to sell other products and services.

Over three-quarters of consumers (79 per cent) agreed that energy suppliers should get the permission of consumers and arrange a prior appointment if they wanted to sell products or services during a visit to install or read a meter.

Nearly two thirds (63 per cent) of consumers wanted written permission to be sought before a sales presentation was carried out.

The most popular means to arrange an appointment with a consumer to sell products or services were by letter (39 per cent), over the telephone (30 per cent) and by email (10 per cent).

While some consumers had a preference for telephone notification, there is a risk that it does not offer the same level of accountability regarding a consumer's ability to give informed consent. We believe it could be suitable in some instances as an alternative provided there was full call recording and this was closely monitored.

Lack of trust

Nearly two thirds (62 per cent) of consumers said they didn't trust any doorstep sales agent. However, energy sales agents had a slightly better reputation than other sectors – they were more trusted than sales agents selling household products, insurance or double glazing (19 per cent versus 11 per cent, 4 per cent and 3 per cent respectively).

Previous experience has a strong influence on consumers' attitudes. 92 per cent of consumers said they would not buy other energy related products on the doorstep, based on their previous experience of doorstep sales. This low level of trust in energy companies is bad news for the Government's ambitions for mass take up of the Green Deal and other energy efficiency measures.

The three biggest reasons given by consumers for this lack of trust were:

- not wanting to be pressured into buying products in their own home (41 per cent)
- general distrust of energy suppliers (25 per cent)
- feeling intimidated by the sales process (16 per cent)

The lack of trust in energy suppliers has an impact on whether consumers are interested in receiving other information from these companies.

Consumers were evenly split over whether they'd be interested in receiving advice and information on how to reduce bills or make energy efficiency savings during visits to read meters or exchange their meter. Two fifths (40 per cent) of consumers were in favour and the same amount opposed. Over half (51 per cent) of the over 65s+ were not interested in receiving information or advice during these visits.

Rather than receiving the information or advice directly from their energy supplier during a home visit, four fifths (83 per cent) of consumers said they would be interested in receiving information from their supplier about energy efficiency or reducing their energy bills.

Over half of consumers (51 per cent) would prefer to receive this type of information in a letter, 18 per cent expressed a preference for online information or an email and 15 per cent would like a telephone call.

Seizing the opportunities

Over the next nine years, energy companies will be visiting every household across the country to exchange old gas and electricity meters for new smart meters. The Government wants the smart meter rollout to be used to help inform consumers about how they can become more energy efficient and save carbon and money on their energy bills. Consumer Focus fully supports this objective.

To ensure that consumers get the help and support they need to better manage their energy use, companies should offer them high quality help and advice during and after the smart meter installation visit. Suppliers should also signpost their customers to sources of independent advice on energy efficiency products and services and leave hard copy information about the Green Deal, available grants and new initiatives that might benefit them.

Doorstep selling reform

Following campaigning by Consumer Focus and the Trading Standards Institute, the Big Six energy companies committed in May 2010 to respect the wishes of people who live in recognised 'no cold calling zones' or display signs saying no to cold callers. Suppliers agreed not to call at these homes.

However our survey results make it clear that the energy industry needs to go much further to rebuild trust among their customers. A significant proportion of consumers hold negative views about energy doorstep sales – 79 per cent. We asked people who had received a visit from an energy sales agent in the last six months how they felt about it. Only 5 per cent of consumers described the visit as being 'alright', 'ok' or 'fine'.

Prior to this report's publication Consumer Focus shared a draft with stakeholders and industry participants with a view to reaching a voluntary agreement on the cessation of doorstep cold calling. During that week Scottish and Southern Energy[6] announced it was to stop doorstep selling. Other suppliers indicated that they are reviewing their positions, while Co-operative Energy and Ebico fully support ending cold calling.

The energy industry must listen to the views of its customers and call a halt to the practice of cold calling on the doorstep. Consumer Focus is calling on suppliers to work together to address a situation that consumers neither like nor want. As a first step, suppliers should agree to a three-month moratorium on cold calls to explore alternatives and trial new approaches to face to face and doorstep sales.

If, at the end of the three-month period, suppliers are unwilling to change their current practices, we believe that Ofgem must consider an outright ban on doorstep sales.

[6] Scottish and Southern Energy supplies energy under the brand names SSE, Southern Electric, Scottish Hydro, SWALEC and Atlantic.

Annex

TNS-RI carried out an Omnibus survey of 1,878 adults across Great Britain in May 2011

Questions

Q.1 Firstly, please can I just ask, are you the person responsible – either fully or jointly with someone else - for paying the gas and electricity bills in your household?

1: Yes

2: No

Q.2 When looking to buy a new product or sign up to a new service, how do you normally look for and consider the various options available?

1: Visit online price comparison sites

2: Look at company websites

3: Visit shops

4: Speak to family, friends or colleagues for advice

5: Use independent advice sources such as Which?, Consumer Direct or Citizens Advice

6: Look into options using the internet or trade magazines

7: Another way – PEN WRITE IN

DK - BUTTON

Q.2a In which of the following scenarios would you feel the MOST pressure to buy a product or service?

1: If a salesperson came up to me in a shop and told me about a product or service

2: When at a shop counter buying a product and the sales clerk tells me about special offers today

3: When I'm online and want to make a quick decision if running out of time

4: When I'm stopped in the street and asked to buy /sponsor something

5: If a salesperson knocks on my door and tries to sell me a product or service

6: If I've made an appointment with a supplier to come to my house, and they try to sell me another product or service

7: If someone phones me to try to sell me a product or service

8: If the company reading or installing my energy meter tries to sell me a product or service

Q.2b And in which of the following would you feel the NEXT MOST pressure to buy a product or service?

Q.2c And which next?

Q.2d And in which of the following scenarios would you feel the LEAST pressure to buy a product or service?

The next few questions relate to doorstep selling. By this we mean when someone comes to your door or home to sell you a product or service

Q.3 How positive or negative do you feel about doorstep selling in general? Please give me your answer on a scale of 1 to 5, where 1 means it is very negative, and 5 means it is very positive – or you may use any number in between.

5 Very positive

4

3

2

1 Very negative

Q.4 Who, out of the following, would you trust the MOST if they were selling a product or service at your doorstep?

1: Energy (gas\electricity) salesperson

2: Insurance salesperson.

3: Double glazing salesperson.

4: Home cleaning\domestic services salesperson

N - button

Q.5 Thinking specifically about doorstep sales people from energy companies. How positive or negative do you feel about doorstep selling from energy companies? Again, please give me your answer on a scale of 1 to 5.

Q.6 Have you ever bought or signed up to something via doorstop selling and then changed your mind?

1: Yes

2: No

Q.7 And why did you change your mind? Please select all that apply.

1: I found a cheaper option elsewhere

2: I did not want the product\service anymore

3: Other people in the household did not want the product\service

4: I felt pressured at the time to sign up but regretted it later

5: I only signed up\bought the product so the sales person would leave

6: Other – PEN WRITE IN

DK - BUTTON

Base: All adults 18 yrs+ responsible for paying energy bills GB

Q.8 Has anyone ever come to your door selling products in the last 6 months?

1: Yes

2: No

Q.9 Of the doorstep sales people you have seen in the last 6 months, were any of these from energy companies?

1: Yes

2: No

Q.10 And how did you feel when the energy companies came to your door trying to sell you their products?

(OPEN)

Q.11 Based on your previous experience with doorstep selling, would you be willing to buy other energy related products, such as solar panels, boiler insurance, and loft insulation, from an energy company on the doorstep?

1: Yes

2: No

Q.12 And why would you not be willing to buy other energy related products through door step selling? Please select as many reasons that apply.

1: I do not trust that energy companies will be honest with me

2: I have had a previous bad experience with an energy company selling to me

3: I would feel intimidated about buying on the doorstep

4: I am not sure about my rights if I buy on the doorstep

5: I do not want to feel pressured in my own home

6: Other

Q.13 Sometimes your energy company has to visit your home to read your meter or exchange your meter. If this visit was ALSO used to sell you energy or other products (for example boiler insurance and telecommunications) your supplier can offer, how comfortable would you feel about this?

1: Very comfortable

2: Quite comfortable

3: Not sure

4: Not very comfortable

5: Not at all comfortable

Q.14 And if the products and services that your energy company offered to sell during a meter reading or installation visit might help you SAVE MONEY on your energy bill (e.g. insulation, a new boiler, solar panels, a cheaper energy tariff), how comfortable would you feel about the sales pitch in your home then?

Q.15 If during a visit to read or install a new meter, your energy company gave you advice and information on how to cut your energy bills and how to go green, how interested would you be in this?

1: Very interested

2: Quite interested

3: Not sure

4: Not very interested

5: Not at all interested

Q.16 And again, if during a visit to read or install a new meter, your energy company gave you information on where you can go to get INDEPENDENT advice and information on how to cut your energy bills and how to go green, how interested would you be in this?

Q.17 I am now going to read out a couple of statements – for each one, please tell me whether you agree or disagree with it:

… My energy company should not be allowed to sell me products, services and tariffs when they install or change my gas or electricity meter

… My energy company should be required to get my permission and arrange an appointment with me, before trying to sell me products when they visit my home to read or install or exchange my meter

…My energy company should have to get written permission from me in advance, so that they can provide me with marketing information about their products or services when they visit my home to install or read my meter

01: Strongly agree

02: Slightly agree

03: Neither agree nor disagree

04: Slightly disagree

05: Strongly disagree

Q.18 If you wanted to arrange an appointment for someone from your energy supplier to try to sell you products when they visit to install or read a meter, how would you like the appointment to be arranged?

1: Over the telephone

2: By letter

3: By email

4: Through my supplier's website

5: Another way

6: None – would not want an appointment

Q.19 Instead of receiving information and advice from your energy company via a doorstep sales visit or home visit, how would you prefer to receive the information or advice from your energy company?

1: By telephone

2: Online\by email

3: In a letter\leaflet

4: Another way

5: Would not like to receive information\advice from my energy company

Q.20 How comfortable would you feel receiving this information\advice from an independent organisation?

1: Very comfortable

2: Quite comfortable

3: Not sure

4: Not very comfortable

5: Not at all comfortable

Q.21 Do you use both mains gas and electricity in your property? By gas I mean mains gas not Calor or LPG

1: Yes - both mains gas and electricity

2: No - just electricity

Q.22 And who is your gas supplier? Again by gas I mean mains gas not Calor or LPG

1: British Gas

2: EDF Energy

3: EON

4: npower

5: Scottish Power

6: Scottish and Southern Electricity\Southern Electric\Atlantic\SWALEC\Scottish Hydro

Q.23 How do you pay for your gas bill?

1: Monthly direct debit

2: Quarterly direct debit

3: Payment on demand (When you pay for your gas bill by cash, cheque or debit/credit card when you receive it)

4: Pre payment meter (you put money on a card\key and then insert it in your meter)

5: Payment card (A card you use to pay for your gas bill in instalments)

6: Other

Thinking now about your electricity bills.

Q.24 And who is your electricity supplier?

1: British Gas

2: EDF Energy

3: EON

4: npower

5: Scottish Power

6: Scottish and Southern Electricity\Southern Electric\Atlantic\SWALEC\Scottish Hydro

Q.25 How do you pay for your electricity bill?

1: Monthly direct debit

2: Quarterly direct debit

3: Payment on demand (When you pay for your gas bill by cash, cheque or debit/credit card when you receive it)

4: Pre payment meter (you put money on a card\key and then insert it in your meter)

5: Payment card (A card you use to pay for your gas bill in instalments)

6: Other

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Published: July 2011

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