

Methodology

Annexe A of the doorstep selling report

May 2004

First stage

- A.1 The Citizens Advice super-complaint covered a very wide range of goods and services sold on the doorstep or in the home. Conscious that it would be very difficult to cover the whole field of doorstep selling, we looked for ways of focusing the research into those products and selling methods which appeared to create the greatest problems for consumers.

External research

- A.2 We commissioned the following research to better identify the markets where doorstep selling occurs, to help estimate the size of those markets and the extent to which doorstep selling was being used and to understand better the scale and nature of any problems.

Research	Aim
Snapshot of complaints from 34 trading standards authorities over a 28 day period	(a) identify markets where doorstep selling occurs (b) determine the scale of complaints (c) determine the value of individual complaints
Research of the product markets highlighted by the super-complaint	(a) estimate the sizes of the markets involved and the relative importance of doorstep selling as a distribution channel (b) provide us with an understanding of market structures (c) based largely on existing market reports from a supplier perspective

Research	Aim
TN Sofres telephone omnibus survey of 2,000 consumers	(a) identify markets where doorstep selling occurs (b) estimate consumer satisfaction with purchases made (c) estimate the value of transactions (d) provide basic information to assist in the design of second stage consumer research (e) provide us with an alternative method of estimating market size bases in purchases made

Internal review of cases

A.3 We undertook a review of the evidence presented by Citizens Advice.

Second stage

Focus areas

A.4 We used stage 1 of the research to focus our investigation on a narrower range of the ten markets highlighted in the super-complaint. In selecting markets on which to focus, we used the same criteria which are used in the selection of market studies:

- did we have clear evidence of consumer detriment?
- is the OFT the most appropriate body to examine the market?
- was enforcement action not preferable at this stage?

- did we have the means and opportunity to obtain evidence on the market?
- was there a prospect of a remedy?

and on markets which were relatively more important than others according to:

- the scale of possible financial detriment (based on an estimated unit cost per transaction) – size of market
- whether vulnerable consumers are particularly at risk
- relative importance of doorstep selling as a distribution channel in the whole market for that product
- income/social effect – will a bad purchase in this market have a marked effect on someone's health and wellbeing?
- vulnerability - is there a vulnerable part of society that is reliant/implicated in the market?

By applying the two sets of criteria, the following markets emerged as candidates for focus areas:

- assistive products and associated credit (the market is small but elderly and disabled are targeted and products can be high value)
- home improvements, including double glazing, and any linked credit
- energy.

A.5 Subsequently we agreed with Ofgem that we would not focus specifically on energy. Our market study is concerned with a separate issue regarding the mechanics of the transaction and the selling practices involved rather than the actual product itself. In

the case of weekly collected credit, NCC have announced that they will be submitting a super-complaint which was likely to raise issues beyond the sales practices covered by this report¹.

A.6 The second stage of the research focused on high value purchases because it was apparent from evidence collected that this was a problem and that our focus should be on the following areas: double glazing and assistive products. Although this was our main focus of research we did continue to examine potential issues emerging in other markets.

Emerging distinction between markets

A.7 There emerged the following distinctions which we tested in the second stage of our research:

- Few complaints and limited detriment to consumers

Features include:

- Low value purchases
- Repeat purchases
- Products are generic
- Prices seem to be transparent (price lists, catalogues)
- Competing products readily available in shops
- Consumers not in doubt about nature of sales visit

- Complaints do occur and significant detriment to consumers

Features include:

- High value purchases
- Infrequent purchases
- Products have to be custom-made (or are claimed to be)
- Lack of price information (no written price list, limited product information, proliferation of discounts offered one after the other.)

¹ NCC press release of 22 October 2003 - http://cgi.www.ncc.org.uk/cgi-bin/www.ncc.org.uk/kmdb10.cgi/-load506865_viewarchived.htm

- Need for home visit to determine/finalise specification and quote a price or because consumer is immobile.
 - Pressure to conclude contract as soon as given a price.
 - No opportunity to reflect or consider alternatives.
 - Consumers appear to be misled about nature of visit - think they will be getting a demonstration or are being asked to help with a survey.
- Bogus traders acting far outside the scope of normal business practices

Features include:

- Consumer is cold called
- Consumers are elderly and live alone
- Transactions often involve the sale of property maintenance, repair or improvement.
- No cancellation rights are given
- The consumer is put under pressure to have work carried out and paid for immediately
- No work is done or the work done is disproportionate to the amount paid
- Some degree of deception, eg, that the work is necessary, that the trader has the skills required, that an increase in the price agreed, no price is given but that charge sought is claimed to be fair and market rate.

Scope of our research

What happens in a home sale

- A.8 We conducted four strands of research to discover what actually happens in the home when a sale occurs.

Consumer survey

- A.9 Having identified a distinction between high and low value purchases we commissioned a consumer survey and mystery shopping of high value double glazing and mobility products.
- A.10 Our aim was to measure consumers' attitudes to doorstep selling, their satisfaction with purchases made, their perceptions of the conduct of sales staff during and after a purchase, estimate the value of transactions and obtain price information.

Consumer awareness and understanding of their rights

- A.11 We subsequently commissioned a survey on 'Consumers' awareness and understanding of their rights' to determine if existing protection is adequate but under-utilised and to explore the potential of consumer information as a remedy.

Salesperson survey

- A.12 The purpose of this was to define how the salesperson interacted with the consumer for low, medium and high value purchases.

Psychological study

- A.13 Based on information from the salesperson perspective about sales tactics used in the home and information regarding dissatisfaction in the sales process from the consumer survey, we identified the need to define more clearly why the home is a different selling environment. Therefore, we commissioned a psychologist from the University of Sussex to carry out a 'Psychological study on buying and selling in the home' based on our findings from the two surveys we had to date.
- A.14 Specifically, we wanted to study the interaction between the seller and consumer, focusing on those factors specific to doorstep selling in order to examine what mechanisms doorstep sales' staff utilise and how far they can influence a consumer to

make a purchase. In addition we wanted to assess which kinds of consumer protection would be effective so that our potential recommendations were targeted and effective.

Price dispersion and variability

- A.15 We carried out two analyses on the potential price dispersion in high value markets focusing on double glazing and mobility products.
- A.16 We carried out a mystery shop for double glazing to determine if quotes received for similar specifications varied significantly, as well as looking at sales techniques used.
- A.17 We carried out comparisons for mobility scooters, adjustable beds and reclining chairs of prices for same specification goods sold in the home, in retail showrooms or internet, to assess price variability within and between sales channels.
- A.18 Our aim during our industry consultation was:
- To clarify if doorstep sales are in direct competition with other retail channels, to what extent doorstep sales are a means of overcoming barriers to entry in product markets, if doorstep sellers compete on price with other retail channels, and to determine where and how inter-brand competition takes place.
 - To investigate the industry structure, the relationships between principal and agent, training of staff, the persuasion tools and the role of discounts as 'deal clinchers', working conditions of the sellers, to help identify the potential for market-based solutions.

Extent of bogus trading

A.20 Having identified behaviour complained of under the general heading of 'doorstep selling' which falls so far outside normal business practices that it cannot be considered merely unfair trading practices. Unlike legitimate traders, whose main intention is to carry out work or supply services for the consumer, 'bogus traders' purport to provide goods or services as a pretence to obtaining substantial sums of money which are disproportionate to the value of the goods or services provided. Typically, these traders have been identified as being involved in property repair or maintenance work, such as roofing and tarmacking. Due to the seriousness of these activities and the perceived and actual consumer detriment they cause it was necessary to assess and determine the scale of the problem. In order to ascertain the scale of the problem we carried out the following:

- **Bogus trader data** - In order to identify and measure the scale of the problem and to determine what steps (recommendations) could be made we collated data on BTS from trading standards authorities and some local police forces.
- **Bogus trader initiatives** - To highlight initiatives at a national, local and regional level in tackling bogus traders or other forms of doorstep crime
- **Citizens Advice analysis** - We analysed data given to us by Citizens Advice in two stages. The first stage of data was supplied at the onset of the engagement and this related to doorstep selling complaints. Although this data gave us a preliminary idea of what the problems were, we felt it was necessary to carry out a more focused analysis. Therefore, we analysed data from Citizens Advice but defined the scope to capture home improvements and repairs which is identified as an area where bogus trading operate.

- **LACORS enforcement survey** - To give hard data to anecdotal evidence on bogus traders from the enforcement side.
- **TSD enforcement survey** -The report was carried out to examine the complaints about bogus traders made to a sample of trading standards authorities across England, Wales, Scotland and Northern Ireland, and considers the strategies used to deal with such complaints and the difficulties encountered in enforcement work related to them.

International comparison

- A.21 We carried out a comparison of EU countries, US and Japan. This required researching the directives and national legislative initiatives. We wanted to identify potential alternatives to the current consumer protection remedies available to us in the UK, both market-based and regulatory, to assess the potential significance of culture for seller and consumer behaviour and interaction.

Stakeholder roundtable

- A.22 We brought stakeholders from both industry and consumer protection side together for a roundtable meeting. The purpose was to be transparent with the stakeholders and to put forth our potential recommendation in order to gain an understanding of how they were perceived by both the consumer and industry representatives.