

Addressing sales and marketing during the installation process

Stakeholder workshop
25 November 2010

Agenda

09.00 – 09.30 Introduction and Context – Ofgem

09.30 – 11.40 Discussion on the following questions:

- What might be considered acceptable and unacceptable uses of the installation visit, in terms of marketing and sales activities?
- For those activities that consumers might find unwelcome, what limits might be imposed?

11.45 – 12.00 Wrap up and review – Ofgem

Aims of today's workshop

- To discuss and seek views on the proposal that the installation visit should not be used for unwelcome sales activities
- To consider what information and advice should be provided to consumers during the installation visit

Sales and marketing proposal

The Prospectus proposed to require that the installation visit is not used for unwelcome sales activities

- Recognise that the installation visit may be a valuable opportunity to engage consumers on energy efficiency issues
- Also recognise concerns that inappropriate sales and marketing activity may undermine consumer confidence in the rollout and therefore the achievement of benefits
- Believe that it would be inappropriate for suppliers to gain entry under the pretext that the visit was solely for the purposes of meter installation and then attempt to affect a sale

Sales and marketing proposal

- Prospectus welcomed views on what might be considered unwelcome uses of the installation visit
- Suggested key considerations could include:
 - Explicit advance consent to the visit being used for sales or marketing
 - The nature of the activity
 - The source of service to which the consumer may be directed
 - The involvement of local authorities or other third party not-for-profit organisations; and
 - The category of customer

Overview of consultation responses

- Majority of respondents advocate a limit on unwelcome sales and marketing activity during the installation visit; some favour an outright ban
- Respondents suggested a range of possible limits, including asking customers for prior consent and prohibiting signing of contracts
- Range of views on the information that would be welcomed by consumers during the visit: some support for the promotion of energy efficiency products/energy efficiency advice, no support for cross selling activities
- Some respondents suggest requiring suppliers to inform eligible consumers of grants and schemes available to them
- Some respondents advocate including rules around sales and marketing in a code of practice for installation

Consumers' views

- Consumers expect the installer to provide a demonstration on how to use the in-home display
- Energy efficiency advice may be welcomed by some consumers at installation
- Strong preference for visit not to be used as a sales opportunity
- Key concern for older and vulnerable adults who may feel pressured into sales

Some existing consumer protections

Standard Licence Condition 25 of the domestic supply licence

- Applies to face-to-face marketing activities of domestic supply contracts (as well as telesales)
- Requires suppliers to ensure that information provided to consumers is fair, clear and not misleading; and that sales activities are conducted in a fair, transparent, appropriate and professional manner

Consumer Protection from Unfair Trading Regulations 2008

- Regulate commercial practices before and during contracts to provide a wide range of goods and services
- Contain a general duty not to trade unfairly and prohibit the provision of false or misleading information and use of aggressive sales practices

Breakout discussion

What might be considered acceptable and unacceptable uses of the installation visit, in terms of marketing and sales activities?

Questions for breakout discussion

What could the installation visit be used for?

- What sales and marketing activities might suppliers seek to undertake?
- What information and advice could be provided?
- Might any of these activities be suitable for after the installation visit instead of during?

To what degree would consumers welcome or find these activities of benefit?

- What information should be provided during the installation visit?
- Would consumers welcome or find of benefit any sales and marketing activities?
- What would consumers generally not welcome or find of benefit?

Breakout discussion

For those activities that consumers might find unwelcome, what limits might be imposed?

Questions for breakout discussion

- To what extent are limits necessary on sales and marketing activities?
- What limits might be appropriate? Possible limits could include requiring suppliers to obtain prior consent (opt in or opt out) from customers before conducting any sales and marketing activities at the point of installation.
- Should there be a requirement to signpost to independent sources of advice?
- Are additional measures needed for vulnerable customers?

Wrap up and review



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