



Spotlight on Telco Commissions and Targets:

Exploring Telecommunications Providers'
Sales Incentive Practices

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Executive Summary

This study explored incentives for front-line sales staff at Australia's three largest telecommunications providers – Telstra, Optus and Vodafone. Thirty ex-staff were interviewed.

The findings of this study are summarised below:

- Significant focus of Customer Sales Representatives (CSRs) within telecommunications companies appears to be on selling, upselling and cross-selling products and services
- The incentive systems are built exclusively around sales targets and did not appear to incorporate customer service quality or satisfaction measures
- The pressure to meet targets on store managers and CSRs is usually intense
- The incentive system impacts the company culture in a significant way:
 - There are some positive outcomes of incentive structures, including team work and ethical behaviour with customers
 - However, the pressure to achieve sales can also have adverse effects, encouraging over-competitiveness and CSR behaviour that leads to detriment for consumers
 - This resulted in varied outcomes for consumers
 - Incentivisation based on sales targets alone can create an environment where CSRs and managers may interpret company priorities in a way that results in consumer detriment
- Stores can receive a notable volume of post-sale complaints that increases pressure on CSRs, because tending to these complaints reduces time that can be spent on sales. This tension results in reduced quality of customer service and sales interactions
- Sales pressure is applied from top to bottom, from upper management to store management and on to CSRs
- Pressure on store managers has led to a number of different management approaches in achieving sales and customer service outcomes:
 - Many managers have adopted very supportive attitudes with the staff, generally involving a personal review or “chat” and arranging additional training
 - Other managers have threatened a CSR's job security if targets are not met

- Some CSRs felt that the intense pressure coming from management reflected negatively on their own attitude towards upper management and company culture as one of being sales focussed and not customer centric
- Training appears inconsistent across stores and within companies. There appeared to be a mixture of formal training (class setting) and informal training (on the job training) with some CSRs only receiving on the job training
- Aspects of the TCP Code (Telecommunications Consumer Protections Code) are included in training, but this also appears to be inconsistent. Some CSRs recognised the TCP Code by name, whereas others were unfamiliar with relevant consumer protections.
- In general, there were no notable differences observed in how respondents characterised the incentive structures and practices of the three RSPs studied. We therefore make no comparisons between them in this work.

Background

The Australian Communications Consumer Action Network (ACCAN) commissioned Lonergan Research to help gain a deeper understanding of how telecommunications retail service providers (RSPs) assist consumers in selecting appropriate products for their needs. Of interest are the incentive structures RSPs have in place that are intended to motivate customer sales representatives (CSRs) to achieve sales. In particular, any impact these incentives may have on the approach CSRs and/or store managers take when assisting customers in choosing plans, hardware (phones) and accessories.

The retail telecommunications market offers a wide range of plans and hardware options from a number of providers, including, but not limited to:

- various plans and payment options (pre and post)
- various contract durations having certain discount rate levels
- various devices paid upfront or within a plan
- a wide range of accessories, technologies and optional features.

Such a wide variety of product and service options can pose a challenge to the consumer in selecting the right product or service to best meet their needs. Because of this, customers can be heavily reliant on the provider's CSRs to help identify what is most appropriate for them.

Based on the type of complaints identified in statistics provided by the Telecommunications Industry Ombudsman (TIO), CSR incentive structures may at times unintentionally reward behaviour that is not necessarily in the interests of the customer.

The purpose of this research is to examine the incentives offered to front line sales staff, and to understand the extent to which CSRs understand their obligations in relation to the Telecommunications Consumer Protections Code (TCP code or 'the code'). The TCP Code sets out obligations on suppliers regarding how their staff must interact with customers at the point of sale. These include¹:

- Communicating in clear, plain language and in a manner that is appropriate to a consumer's needs
- Interact in a fair, courteous and accurate manner

¹ Industry Code – Telecommunications Consumer Protections Code C628:2015 (incorporating variation No.1/2018), Communications Alliance Ltd, July 2018

- Provide advice that meets any needs identified by a consumer
- Provide training for staff to enable them to provide advice to and meet the needs of consumers
- Monitor staff conduct when interacting with consumers and address emerging issues in sales practices

Despite the requirement for TCP code compliance, a high volume of complaints regarding the services provided by major players of the telecommunication industry are received every day. The release of the latest TIO annual report has shed light on the nature of these complaints.

During the 2017-2018 financial year, the TIO received 146,957 complaints from residential consumers. This makes up 87.6% of all complaints, an increase of 5.9% on the previous financial year. Of these, around one in twenty complaints (5.3%) related to “Misleading conduct in making a contract”, one in forty complaints (2.5%) related to “Variation to contract by provider” at the time of establishing a service, and just over one in three complaints (33.8%) related to “No or delayed action” in customer service².

Notably, these issues are not limited to Australian shores.

An Ipsos Public Opinion Research stated “1 in 4 Canadians have reported experiencing aggressive or misleading sales practices within the last year” when dealing with large telecommunications companies.³

This has triggered a hearing on the topic by the Canadian Radio-Television and telecommunications Commission.

Similarly, the high volume of complaints regarding telecommunication services and sales practices has raised the attention of ACCAN and prompted the commissioning of the present study.

² Telecommunications Industry Ombudsman Annual Report 2017-2018

³ Opening remarks for the public hearing on the retail sales practices of Canada’s large telecommunications carriers, Ian Scott Speech, Chairman of Canadian Radio-television and Telecommunications Commission, October 2018

Research Objectives

The objectives for this research were:

- To understand the structure of employee incentivisation models for sales staff
- To understand wider company attitudes, policies and practices (both written and unwritten) in regard to sales techniques.
- To understand whether CSRs are aware of, and if so, following and fulfilling, key obligations required of RSPs when selling products and services.

Research Methodology

Lonergan Research conducted 30 (one hour) telephone in-depth interviews with former RSP employees. The former employers were:

- Telstra
- Optus
- Vodafone

1. 1. Rationale for the chosen methodology

Conducting in-depth interviews amongst former RSP employees was the preferred methodology given it enabled researchers to explore the issues at an individual level and to discuss practices and policies at individual workplaces. In-depth interviews also provide more flexibility in exploring topics of interest as they arise.

1. 2. Respondent recruitment

Former RSP employees who had worked with their employer within the last two years were selected using Lonergan's current database of eligible respondents. This was supplemented by "snowballing", whereby our RSP CSR contacts were asked whether they would be able to refer us to any of their former colleagues who may be interested in participating in a market research project.

Social media platforms were also used to source participants.

1. 3. Sample profile

Interviews were conducted with former employees of three main telecommunications companies in Australia: Telstra, Optus and Vodafone. Qualifying criteria included having worked in a sales role for one of these three companies in the past 2 years. Most respondents were Customer Sales Representatives (CSRs) in-store. Some were store managers and others had worked in a call centre in customer service or in sales. All respondents interviewed had direct contact with customers and performed a sales role.

Figure 1 - Sample profile by Telecommunications company and Job title

	Telstra	Optus	Vodafone	Total interviews
<i>In-store CSR - Casual</i>	2	4	1	7
<i>In-store CSR - Part-time</i>	1	1	4	6
<i>In-store CSR - Full-time</i>	4	5	1	10
<i>Store manager</i>	2	1	1	4
<i>Call centre CSR</i>	4	-	-	4
Total interviews	13	11	6	30

The duration of each respondent's employment at each telecommunications company varied from 6 months to 8 years. Respondents were interviewed from New South Wales, Queensland, Victoria, Western Australia and Tasmania, with a spread across metropolitan and regional areas in each state (Note: Western Australia was only represented in a metropolitan area and Tasmania in a regional area).

1. 4. Payments for participating

Respondents were paid a \$150 incentive for their time, plus an extra \$50 if someone they referred also participated in the study.

1. 5. Ethical considerations

LonerGAN Research carried out this project in accordance with the AMSRS Code of Conduct and as such we ensured that:

- Prior to any interviews taking place, the purpose of the research was explained to the respondent, and they provided fully informed consent to be interviewed.
- Lonergan informed potential interviewees that:
 - Lonergan is an independent market research company carrying out a project on behalf of ACCAN, and that Lonergan has no affiliation with their current or former employer.
 - Their interview and identity will remain confidential and will not be disclosed to their current or former employer, other third parties or used for any purpose other than the current research project.
 - They have the right to refuse to answer any question or line of questioning that they feel uncomfortable with.

1. 6. Discussion guide

Due to the sensitive nature of the research it was anticipated that some respondents might feel uncomfortable talking openly about their former company's incentive structures, management practices and attitudes, and their own behaviour. Therefore, we designed the discussion guide starting with broad questions about their role, then with minimal probing asked questions about likes/dislikes with their role and any challenges they faced, including customer service issues, training and finally, sales and incentive structures. This assisted in 'warming up' respondents making them feel more comfortable discussing the main topics of interest.

The discussion guide was structured in the following order. Participants were asked about:

- The scope of the CSR role and job description
- Training that the participant was given
- Why they chose the role
- How the role compared to other CSR roles they may have had
- Likes/Dislikes of the role
- Challenges that they faced
- How the company motivated its employees
- Remuneration and incentives
- Was there anything the participant would change about the role
- Perceptions about the company and other RSPs

1. 7. Interpretation of results

The reader should note that this was an exploratory qualitative research exercise and the findings of this report do not quantify the extent, volume or size of the issues found. Aspects of these issues may have been corroborated by one or more participants which may add weight to credibility, but not statistical validity.

It is also worth noting that any behaviours (negative or positive) reported by CSRs relating to themselves, other CSRs and management should not necessarily be considered high incidence events. Occurrences may have been observed over a period of months or years of the participants' employment.

It should also be noted that the information presented represents the perceptions and experiences of all participants involved. These perceptions may not necessarily reflect the actual policies and procedures of RSPs.

1. 8. Quotes used in this report

Quotes from participants are presented in this report in italics accompanied by a case number, employer they worked for and their position. The example below is a quote from interviewee five (I5) who worked for Vodafone as a CSR. Occasionally, additional information will be added, such as the nature of their contract or a short description of the shop they worked in, when the context allows.

"The team members I worked with were all young and fun" – I5 Vodafone, CSR

Key Findings

2. Sales targets and incentives

2.1. Sales techniques– cross-selling and upselling

Almost unanimously, CSRs (and store managers) agreed that the main function of their role was to successfully sell, upsell and cross-sell.

CSRs reported a responsibility to maintain a level of sales set by their managers. This involved selling new products and services to new customers, as well as cross-selling and upselling to new and existing customers:

- **Cross-selling** – is where someone (generally an existing client) is presented with an opportunity to buy a product that is not necessarily related to their current one – normally as part of a campaign. For example, a customer may be dealing with a CSR about an issue with their phone and as part of the conversation the CSR may mention that there is a current special on broadband package rates.
- **Upselling** – is where a CSR will sell a new or existing customer a product or service with more features, or they might add on services related to their existing product, or a product they are in the process of buying. Consequently, these upgraded features or added services will lead to an increased sale total (and item total) for the CSR.

Further details of the sales process are discussed later. First, we will discuss setting targets and incentives.

2.2. Sales targets

Common across all RSPs, employee incentives were based on targets that were set and monitored by the number of products sold and/or the dollar value of products sold (this appeared to vary between CSRs). Overall store targets were generally based on total value of sales, whereas individual CSRs were often required to sell a certain number of products and plans. New and renewed contracts were included in this tally, as well as cross sales and up-sales. This method was the same for both call centre and store-based CSRs.

“Everyone had a target for new services [product unit], dollar value and upgraded services [product unit],” – I13 Telstra, Store Manager

Store managers were responsible for meeting product targets set for their store by RSP management. Those targets were divided into individual CSR targets. Full time and part time CSRs had individual targets proportional to their hours worked. Casual staff (generally) did not have set targets.

A similar system was in place for call centre-based CSRs where managers had an overall call centre target that was divided into supervisor (team) targets and then individual CSR targets by product.

“You needed ten BigPond connections per day” – I27 Telstra, Customer Service

Targets were placed on many items, including accessories, to ensure CSRs did not miss an opportunity to cross-sell these products.

Targets were set monthly and monitored/updated daily. Leader boards were often on display in the backroom of the store and similarly in a central location within call centres. Managers and supervisors would monitor and update staff on sales performance daily. This was sometimes done in a morning team meeting before store opening or in the case of a call centre, before the start of a shift. There was one example of a franchisee (the only instance where a respondent reported working for a franchisee) sending each CSR a table of sales results ranked by CSR in a daily email, and another instance of sales target performance posted daily in a WhatsApp group.

“There's a WhatsApp group chat where our targets get posted daily” – I19 Optus, CSR

Sales targets varied by store and were determined by the anticipated level of store traffic. For example, city-based stores would have higher targets than stores located in lower volume suburban locations or stores in regional areas.

During peak selling times (e.g. Christmas, Easter) sales targets would increase at store, team and individual CSR level.

Campaigns would run from time to time to boost sales or promote new products. Targets also applied to these campaigns.

If store targets were not reached, often incentives were not paid. However, this was not always the case, it appeared to vary depending on the manager and whether a collective target system was utilised (though this appeared to be rare).

2.3. Target achievability

Several respondents reported that their targets were difficult to achieve, some considering them unreasonable, for a number of reasons:

- Store traffic was overestimated by management who set store targets
- Targets during (seasonal) quiet times, though adjusted down, remained high
- Targets were continually increased

“... [upper management] didn't take into account the lack of people coming into the store.” – I5 Vodafone, CSR

“When the store is quiet you just can't achieve your target” – I2 Telstra, Sales Consultant

“When it gets really quiet, it [set targets] doesn't change enough for us to hit our targets” – I19 Optus, Sales Consultant

“Every month they would get higher, it was completely unattainable” – I9 Optus, Sales associate

Managers were constantly reminding CSRs about the importance of achieving sales targets. CSRs that did not achieve their targets would be asked to explain why. In a small number of cases sales performance had implications for a CSR's employment status. Notably, for some casuals (who did not receive incentives), it was known that their continued employment relied on performing well. (This is discussed in Section **Error! Reference source not found.**)

“If we miss our target, we are being asked to justify why” – I8 Optus, CSR

“We are being let go if it [not achieving targets] goes on for too long” – I10 Vodafone, Retail Sales Associate

“Casuals don't get commission... The incentive was to keep our job” - I25 Telstra, Customer service

However, terminating a CSR's employment for non-achievement of targets was not widely reported. For the most part, they were sent for remedial training. (Refer to Section 6 for further information on training practices).

Fewer complaints about targets came from respondents who were in stores with enough walk-in traffic. For example, two respondents, one working at an airport store and the

other in a city-based store, said the high volume of traffic made it easier for them to reach their targets.

“Targets were easy to achieve for me because I was in stores with high volume, but I can imagine it would be hard to achieve where it’s more quiet” – I10 Vodafone, Retail Sales Associate

“We were able to reach our targets, which was all positive” – I21 Telstra, Sales assistant

2.4. Incentives

The salaries of CSRs were partly incentive based, with the proportion of incentive in their pay varying between 0% and 50% for full time employees. CSRs were on a similar hourly rate across all participants, depending on their position (e.g. supervisory team leader etc) and whether full time or part time. Generally, CSRs with a lower base wage would receive higher incentives. Most of the time CSRs’ incentives would represent approximately 15% of their pay.

Part-time staff incentives ranged from 4-5% to 30% depending on the incentive structure of the store. Higher incentive rates for part time staff was justified by paying a lower fixed wage as an incentive to sell more within fewer allocated hours.

The majority of casual CSRs at Telstra were not paid incentives, but some were. No Optus casual respondents were paid an incentive. All staff members at Vodafone had at least part of their pay incentive-based, regardless of their job title, whether full time, part time or casual.

Monetary incentives were received:

- For products sold
- For targets achieved overall
- For exceeding targets – additional bonus
- For selling the most in a month
- For achieving store or team targets
- Upselling and cross-selling

Other aspects of incentive structures included:

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- Higher monetary value products attracted higher incentive payments, but were subject to lower sales targets
- CSRs that were at the top of the sales ladder would also receive more incentive money in addition to the usual incentive rate
- RSPs would run campaigns on certain products/services and bonuses for sales would be particular to those campaigns

As mentioned earlier, there were cases where no incentives were paid if store targets were not achieved, however this was not always the rule and depended on store management.

The following three figures provide an example of the bonus rates (ranges) and the proportion the bonuses made of the respondent's overall income. We have provided figures where respondents were able to recall rates or amounts. Some respondents were unable to provide specific rates. Other respondents provided an incentive amount they were paid monthly.

Figure 2 - Incentive summary for Optus: Commissions, pay rates and comments on targets by employee type

	Commission (monthly)	Hourly rate	Targets & extra incentives (comments)
CSR, Casual (I8 & I19)	6.5% for 7/8 targets achieved which is \$300. \$300-400 on average, \$600 on a good month.	N/A	On variety of products but focus on high-end plans
CSR, Casual then Full-time (I6)	Commissions received when store target was hit	\$24/hr	Certain amount of internet and phone signups to achieve. Very individual at the start (franchise) then more store driven (when bought out by Optus)
CSR, Part time (I18)	\$500 to \$800	Around \$3,000/month overall	Targets were “not really motivating”, with high pressure, increasing constantly. Missing them often
CSR, Full time (I3 & I9)	25-30% N/A	\$18.50/hr \$22/hr	Would have preferred high fixed pay rates. Also, bonuses concentrating on upgrading existing customers more than signing new people up – viewed positively
Store manager (I17)	2%	n/a	Targets were not impossible to meet. Target for F/T CSR who worked for at least 2 years: about 60 plans and \$6000 to \$7000 in accessory sales for one month.

Figure 3 - Incentive summary for Vodafone: Commissions, pay rates and comments on targets by employee type

	Commission (monthly)	Hourly rate	Targets & extra incentives (comments)
CSR Casual in a franchise (I29)	\$500-600 when target reached, up to \$1000+ when target exceeded	\$23-\$26/hr	Not reaching target resulted in no commission – sometimes 3 months without hitting target, other times overachieved
CSR Part-time (I20)	\$300 to \$650	\$23.80/hr	Got commission off every sale regardless of targets. Best sales person of the month got higher bonus and 10% of all sales
CSR Part-time at airport shop (I12)	\$1200 to \$2000	n/a	Targets were based on hours worked at the store and adjusted to last sales volume achieved
CSR Full-time (I30)	10-20%	\$27/hr	Based on number of sales. Lower targets on higher tier/better optioned (greater monthly charge) plan, higher targets on lower tier (lower monthly charge) plan – usually very high
Store manager (I30)	15-25%	\$30-33/hr	Same as above. Except managers have targets based off the whole store reaching targets

Figure 4 - Incentive summary for Telstra: Commissions, pay rates and comments on targets by employee type

	Commission (monthly)	Hourly rate	Targets & extra incentives (comments)
CSR, Casual selling post-paid mobile only (I1)	None	\$18/hr	Does not know about any extra incentives
CSR, Full time for 8 years (I22)	25% of pay	\$25/hr	Depended on the store manager, in her case very team-work oriented with individual targets but mutual support
CSR, Full-time (I14)	10% of salary, others had up to 30% of their salary on commission	N/A	Extra incentives were offered for reaching targets on: New post-paid mobile connections, new bundles (home phone and internet connections), damage protection insurance, accessory repayment options
Store manager (I13)	\$20 per new contract and \$10 per upgrade beyond target	N/A	Difficult targets mostly because customers prefer to do everything online

The actual rate of incentives varied among respondents and many could not recall exact dollar amounts or provide a detailed structure of the bonus systems. A few reported that they did not fully understand how the incentive system worked, only that they received a monetary reward if they achieved their targets or if they managed to sell anything.

“I aimed for the higher commission, but never had a set number in mind.” - I20 Vodafone, CSR

“Last time I had 7/8 of target achieved, 6.5% commission, equivalent to around \$300” - I8 Optus, CSR

Employees received monetary incentives for achieving their set sales targets and it appears that most stores (across all RSPs) will not pay any incentives to individuals who do not achieve their target.

Store targets

CSRs preferred collective or store targets rather than individual targets. In some instances, individual targets were not achieved but the store target was. In at least two Optus stores, provided the individual had achieved some sales, a smaller incentive was paid to them in recognition of the CSR's contribution to the overall store target.

3. Incentives influence on culture and working environment

Sales targets generated a competitive atmosphere that often exerted a lot of pressure on CSRs and managers. The effect of targets on the staff and sales culture varied, having both positive and negative results.

3. 1. Good intentions of CSRs

Generally, staff were well intended and wanted to provide fair offers and helpful service to customers they spoke to. There were many indications that during the sales process CSRs looked to the customer's requirements and avoided selling a product they wouldn't really need, use or afford.

Awareness of customers' needs and ability to pay formed part of CSR training in formal training sessions and induction. Refer to Section 6 for more details on training aspects.

"For someone who's never had a mobile in their life, I would try and sell them the cheapest one" – I2 Telstra, Sales Consultant

"That's where my ethics come in...If I can see it's a little old granny who's not going to use it, why would I bother? [...] or a young kid that I know is going to get themselves into trouble, why would I take them down that path?" – I5 Vodafone, CSR

"If you think they can't afford it, you should tell them they can't afford it" – I22 Telstra, CSR

"Looking at their account and looking for ways to get business from them, but also keeping in mind what they came in for" – I13 Telstra, Store manager

3. 2. Positive effect of incentives – encouraged teamwork

Store targets could have a positive effect on encouraging CSRs to work together and be more supportive of each other in their target achievement. Hence some very positive views expressed on mutual support among staff encountered in some stores.

“When we don’t reach the store target no one gets any commission, so we have to help each other out” – I26 Optus, Sales Assistant

“Our store culture was that if you’ve reached your personal target, you help others reach their targets” – I26 Optus, Sales Assistant

“We all gather around to help that person and encourage them to reach their target” – I21 Telstra, Sales assistant

3. 3. Negative effect of incentives – over competitiveness

Respondents generally reported a team-spirited and supportive working environment where targets were seen as healthy competition to keep sales going. However, a few also considered this competitive atmosphere to be a negative aspect of their job, creating an overcompetitive environment among the staff.

“The staff wanted to undercut you for sales” – I2 Telstra, CSR

“We wanted to out-do one another” – I5 Vodafone, CSR

“Everyone full time would fight for sales” – I10 Vodafone, Retail Sales Associate

“It became cut throat” – I9 Optus, Sales Associate

Collective store or team targets were recommended by a Vodafone respondent to improve CSR attitudes and remove excessive pressure to achieve sales targets.

“If we had that [a collective] incentive, the team environment would be better and would operate better” – I29 Vodafone, CSR

“The culture on the outside was good with your workmates and managers but culture on the inside that Optus manufactures was all about targets and sales. That’s all that it was about.” – I19 Optus, Sales consultant

4. The effect of targets and incentives on customers

The pressure generated by the incentive system not only had consequences in the way the sales team worked and related to each other, but most importantly in the way customers were dealt with. In some cases, respondents reported a highly competitive sales-oriented environment where the needs of the customer were not always in perfect focus. There were occasions for some CSRs where making the sale and achieving their targets became more important. Note that these are respondents' perceptions and are not necessarily reflective of their employers' policies.

“Because it was such a competitive environment, selling them what they needed went out the window” – I9 Optus, Sales associate

“On a slow day, the customer would feel a little bit of a push” – I3 Optus, CSR

“You either do things the ethical way, or you do things to make your metrics stand up.” - I14 Telstra, Sales and service consultant

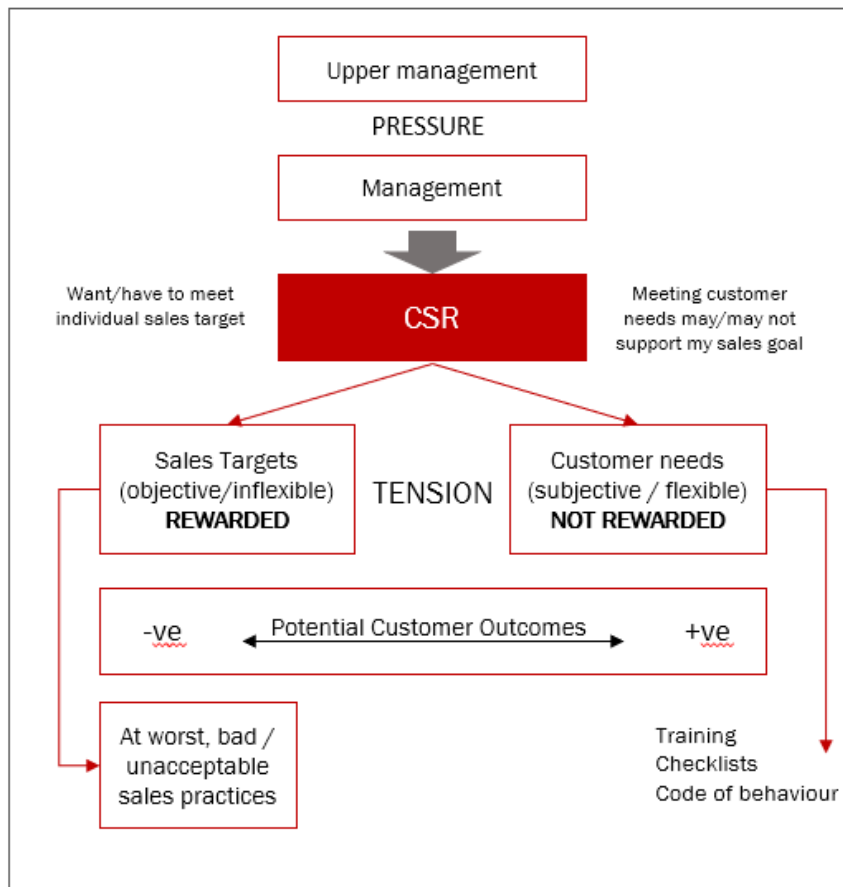
“Quite unreasonable sales targets... competed with the pressure from customers to do the right thing by them” – I14 Telstra, Sales and Service Consultant

Tension between targets and customer needs

The CSR is balancing two potentially conflicting requirements. They have individual sales targets that they need to meet which are hard-set, inflexible and directly impact on their pay, security of their role and career advancement. They need to balance this with meeting customer's needs that they understand are important and need to be considered and delivered. These two objectives can result in some conflicts or tensions and it can be hard for CSRs to navigate this whilst meeting the requirements of both core aspects of their role.

The figure below provides a model of the forces at work that set an environment where conflicting priorities introduce a tension between the interests of the customer and the CSR.

Figure 5 - Model of dynamic forces in CSR sales and service practices



The tension between hard sales targets and more subjectively interpreted customer wants and needs at times affected CSR behaviours with consumers. Positive and negative examples of these behaviours will be provided in the following sections.

Individual CSRs would adapt their own ‘pitch’ and selling technique with a view to balancing empirical sales target objectives at one end of a continuum and the more flexibly and subjective interpretation of customers’ interests at the other end. The result depended on the CSR’s choices when navigating a balance between these two forces; one that is clearly financially incentivised and the other that isn’t.

CSRs’ financial interests were made symbiotic to the incentive and managerial systems which promised higher earnings, employment retention, and career advancement, for certain sales outcomes.

However, incentives to reward customer centred behaviour, were not mentioned during any interviews as being part of the CSR’s or store manager’s KPIs. We assume these

behaviours were not incentivised even though they may be measured via customer satisfaction, service quality or retention measures.

Selling in the best interests of the consumer

Most CSRs and managers interviewed did understand that having the interests of the customer in mind was important. CSRs generally understood that it was against the code to sell customers products that were unsuitable – though this may have been generally understood it was not necessarily followed. However, it was also considered poor business practice to sell products customers didn't need and couldn't afford, as it resulted in customer dissatisfaction and attrition.

"You want to actually do what's right by the customer" – I22 Telstra, CSR

"If I can see someone who isn't going to use a service... why would I take them down that path?" – I5, Vodafone, CSR

"The customer comes first for us ... It's against the law to sell things that the customer doesn't want ... we sold the customer things they could afford" – I23 Optus, CSR

"I don't like to push things like that [upselling plans]. You don't want customers to purchase something, be unhappy and not come back" – I2 Telstra, Sales Consultant

"I would try not to upsell to elderly people, but to help them [...] they didn't need anything that was complicated, they only needed a basic phone" – I20 Vodafone, CSR

"Obviously with elderly people you had to be a little more patient" – I13 Telstra, Store manager

"I would never go back on my ethics just to win [employee of the month]" – I5 Vodafone, CSR

However, it was not always clear and certainly at times there were adverse outcomes of sales target pressure on CSRs. The following section discusses how incentives could motivate behaviour that wasn't in the interests of the consumer.

4. 1. Problems with selling, upselling and cross-selling

CSR's interest vs customer interests

Despite being a major KPI for CSRs, respondents understood that, in some instances, upselling or cross-selling did not align with the customer's needs or requirements. There was no indication that these practices were part of RSP formal policies and procedures; they were however in many cases considered by respondents to be a result of the sales environment in which they worked and the requirement to meet individual and store sales targets.

Upselling and cross-selling sometimes distracted from selling products that were in the best interests of the consumers.

"Upselling was something we had to do" – 15 Vodafone, CSR

"You try to upsell everyone that comes in" – 18 Optus, CSR

"You're under high-pressure to upsell and cross-sell people" – 118 Telstra, CSR

In several cases, respondents indicated that upselling provided more of a benefit to the CSR than the interests of the customer. One respondent suggested there were few CSRs focused solely on the interests of the customer.

"I knew the phone was complicated and I signed them up for it..." – 13 Optus, CSR

"Those people [with best interests of customers at heart] are few and far between" – 19 Optus, Sales Associate

During the process of building rapport with clients, some CSRs would actively assess what they could sell to the customer rather than listening to what the customer's needs were. In some cases, CSRs would try to keep the customer interested in features and not focus on costs. They would sometimes attempt to sell a product that would be of most benefit to themselves rather than the client.

CSRs reported sometimes using customer appearance, (e.g. if they were well dressed) as an indicator of what price point they could comfortably start at. Whether customers had children was also important information for the CSR as this had implications for selling internet packages and other accessories.

"Looking at their account and thinking of ways that we could get business from them" – 113 Telstra, Store manager

“One of the challenges is – You have to make sure to keep their impulse high [...] Don’t make them lose interest and make them think about money or how much it’s going to cost” – I2 Telstra, Sales Consultant

“Listening to everything they’re saying and thinking how it could benefit you” – I10 Vodafone, Retail Sales Associate

“If they come in very well dressed you go in with something more expensive [...] personalise for every customer” – I21 Optus, CSR

“If you hear a child in the background, try and sell them internet and stuff like that” – I27 Stellar Call centre for Telstra customers

Recommending most expensive options first

There were a few reported circumstances where CSRs would begin a sale by showing a customer the most expensive product first, moving to cheaper options if the customer refused the first option. In one case a customer was told to sign up and pay for two plans to cover his requirements, when this was not necessary.

“I give all the advantages of the higher plan and then totally ignore the lesser plan” – I20 Vodafone, CSR

“We always go for the highest plan first [...] We try to confuse them somehow, so they go for a higher plan” – I20 Vodafone, CSR

“Start with the most expensive one first” – I12 Vodafone, Sales assistant

“Tell the highest price first, then you lower down as they refuse” – I8 Optus, CSR

“They told him that the cheapest way to do it would be to sign up for a second plan and pay for both alongside each other” – I14, Telstra, CSR

Making products or plans appear better than they were

Sometimes to achieve a sale, the plans and offers that were presented were made to appear better than they were. This was done by rephrasing the offers or suggesting that they (the CSR) had the product themselves when recommending it.

CSRs would sometimes create a sense of urgency during campaigns saying that they were about to end so the customer was prompted to buy. Consumers that were unfamiliar with product offerings could be sold more than they needed.

“I don't like lying but unfortunately that's the name of the game. “Well I've actually got this phone and it's great”- things like that” – I2 Telstra, CSR

“Rephrasing something that makes it seem like a little bit better than what it is [...] the stuff that we say is more or less correct” – I19 Optus, Sales consultant

“[...] suggest that the campaign is about to end” – I17 Optus, Store manager

“If they don't know much, you're more likely to sell them more” – I21 Optus, CSR

Selling products that were unnecessary to the consumer

It was reported in some cases that CSRs would sign up customers to products they did not really need or were not suited to. There was also the perception that store management applied pressure to sell products that (CSRs believed) consumers might not need.

“The customer wouldn't need what they were getting” - I10 Vodafone, Retail Sales Associate

“They're paying extra for junk” – I18 Telstra, CSR

“They usually left with more than what they anticipated buying” – I26 Optus, Sales assistant

“[Management] try to pressure you into selling things to people that might not be in their best interest in the long-run” – I18 Telstra, CSR

4. 2. Identifying consumers that were easier to upsell and cross-sell to

Respondents reported that an experienced CSR could tell which customers would be more receptive to upselling and cross-selling.

When asked which customers were easier to sell to, respondents identified customers that were generally less informed and more confused or unsure about what to buy. The customer's interests were in the hands of the CSR. This was uncomfortable for CSRs to talk about and there was some suggestion that vulnerable populations might be at risk in some circumstances.

“Older people, people who don't speak English well, people with disability pensions” – I18 Telstra, CSR

“Consumers with non-English speaking background” – I10 Vodafone, Retail Sales Associate

“The older demographics are being taken advantage of – in [inner city suburb NSW – location withheld], many people are elderly and not knowledgeable about what they buy” – I8 Optus, CSR

“The younger generation was easier to upsell” – I20 Vodafone, CSR

“The savvy ones get the discount and the non-savvy ones pay full price” – I10 Vodafone, Retail Sales Associate

“An elderly customer wanted a phone that I knew was too complex... But that was what he wanted so I signed him up for it” – I3 Optus, CSR

“[some would] take advantage of customers who didn’t know exactly what they were dealing with” – I14 Telstra, Sales and service consultant

Despite this however, most CSRs did not take the opportunity when presented with more naive or vulnerable customers and did not approve of such behaviour.

“While we need to achieve our targets, we also need to make sure we are providing elderly customers with the right information” – 16 Optus, Sales assistant

Treating all customers the same

Despite reports of it being easy to profile or identify different customer types many respondents confirmed that it was important that all customers were approached in the same way. This was according to some reports of the training that was provided. The sales approach was sometimes standardised using checklists. CSRs would be required to use a checklist of questions when, regardless of the customer’s demographics. Sometimes standard scripts were also used, and information provided to customers was standardised.

“The information that we give is more or less standardised for every customer” – I19 Optus, Sales Consultant

“The baseline is to treat everyone equally” - I17 Optus, Store Manager

“If the customer didn't want to buy, they were allowed not to buy [...] Approach them like every other customer” - I17 Optus, Store manager

“Each customer as they walk in is exactly the same” - I13 Telstra, Store manager

“We have scripting that we say to every customer” – I27 Telstra, Customer service / sales

4. 3. More serious problems with selling, upselling and cross-selling

Selling products and extras without conveying terms and conditions

There were some reports that optional extras like voicemail services would be added to a plan by the CSR. The CSR would tell the customer that the extras were built in to the cost of the plan, when they weren't part of the terms and conditions. In these cases the optional extra would be free for a fixed period but when that period expired the client would be charged. This would result in charges appearing on their bill later but initially go undetected.

*“They would say optional added extras were actually just included in the plan”
– I9 Optus, Sales Associate*

“Adding on premium voicemail (converts voicemail to text) which is free for the first month but \$5 afterwards – customers are not always told” – I19 Optus, Sales Consultant

“They didn't know what they were signing” – I4 Telstra, CSR

Adding products to an invoice without the consumer being aware

Related to the previous section about terms and conditions, another practice involved CSRs regularly adding the cost of an accessory to a plan and rearranging the items written on the invoice, so the accessory did not appear on it, or not clearly. Customers were not aware that they were paying for this accessory which was counting towards the CSR's target.

A few respondents reported that certain upselling and cross-selling practices were only known to store managers but not upper management, indicating that this was the store manager's initiative and not company policy, however it may be attributable to company culture influenced by incentives.

“It started with a charger or small items like that. Then I heard they added more expensive items on customers' invoices such as Beats headphones” – I8 Optus, CSR

“We always add on [a service called premium voicemail]. Sometimes we tell the customer, sometimes we don't. They don't find out that it has been added on until their phone bill is \$5 extra” – I26 Optus, Sales assistant

“Selling extra accessories without adding them [itemising it] on to the bill. Then the staff was keeping the item” – I8 Optus, CSR

4. 4. Influence of incentives on service and complaints handling

Customer traffic in store was not always driven by new service needs. A significant proportion of traffic related to existing customer complaints. Complaints generally related to sales issues, customer service and product issues and problems with the network including the NBN.

In a few cases, CSRs from different RSPs reported that they didn't always have the authority to solve some common issues but would have to refer the customer back to a call centre or, at best, refer to their team leader or store manager to resolve the matter.

“Generally, if someone's going into an Optus shop, they're complaining” – I9 Optus, Sales Associate

“60% [of customers] were probably coming in with issues” – I18 Telstra, CSR

“There were more complaints than sales [...] It's out of control” – I24 Telstra, CSR

“Delivering customer service was a real challenge [...] I had many more complaints when working for a Telco than in any other industry” – I7 Telstra, Customer Service

Dealing with customer complaints in-store presented a challenge for CSRs as having to deal with complaints provided fewer opportunities for sales and not enough time was allocated to CSRs to handle customer service matters.

“Not enough time allocated to helping customers as it doesn't help with targets” – I10 Vodafone, Retail Sales Associate

“You're constantly under pressure to solve issues from other areas, in addition to trying to cross-sell” – I24 Telstra, CSR

Sales related complaints

Sales related complaints were not uncommon. Customers sometimes complained about the plans they were on, many questioning why they were put on a particular plan. Other complaints included being sold a phone or phone system they didn't need and issues relating to fees and charges they were unaware of. Several respondents mentioned that consumers did not understand the terms and conditions of the plans they had signed up for and they had to clarify this for them.

Most of these problems stemmed from the point of sale where product and plan details, costs etc should have been explained. Respondents believed that these issues were likely the result of sales pressure on the CSRs who originally served the customer to achieve sales targets.

*“He had signed up to a plan and gone out to a rural area that had no service” –
I3 Optus, CSR*

*“[He] wasn't happy about the [international roaming] charges” – I4 Telstra,
CSR*

*“They had been sent an NBN modem, yet they didn't have the NBN service” –
I22 Telstra, CSR*

*“You guys have put me on this plan... I don't understand why I've been put on
it” – I22 Telstra, CSR*

*“People being sold a phone system that is beyond their needs” – I25 Telstra,
Customer Service*

*“Someone may try to sell a fish-shop owner a phone that is more suited to a
hospital switchboard” – I25 Telstra, Customer Service*

*“Some people were set up on the wrong plans. They misunderstood what they
had signed up for.” – I7 Telstra, Customer Service*

CSRs had to deal with extremely frustrated customers that were subject to the range of issues outlined above.

“A lot of people were very disgruntled” – I24 Telstra, CSR

*“They'd bring that aggression with them into the store... you could see their
frustration” – I22 Telstra, CSR*

“I got assaulted by a customer” – I6 Optus, Sales Assistant

“He came in and abused everyone” – I4 Telstra, CSR

“You're just getting screamed at all day... sometimes you take it home with you” – I27 Telstra, Customer Service

This is not forgetting that at least one CSR mentioned that a number of customers come in store to “try” the staff to get items or extras for free. This respondent considered some complaints were not legitimate.

“Sometimes the claims are valid, most of the time they're not” – I19 Optus, Part-time Sales consultant

A gap in after sales service

Overall, CSRs saw a gap in the RSPs’ ability to provide effective support to existing customers in after sales service. Existing customers often had to use a different channel for support than they did at point of sale. Many CSRs believed this was not the best way to deliver customer service and only added to the volume of complaints and poor customer service outcomes.

“The targets they were expecting us to achieve while providing quality customer service was not possible” – I9 Optus, Sales Associate

“I would have preferred just helping those people rather than just selling stuff” – I10 Vodafone, Retail Sales Associate

“Just doing the sale, then looking after the customer meant pretty much nothing” – I14 Telstra, Sales & Service Consultant

“Their [Telstra's] customer focus was very poor” – I22 Telstra, CSR

5. Management

Respondents’ view of management was mixed. Several respondents had positive experiences with their managers. Managers also reported having positive interactions with the CSRs they managed.

Most of the negative experiences with managers were associated with targets and sales pressure.

Store and call centre managers were under pressure from upper management to achieve sales and try to deal with the sales team in achieving those sales. CSRs, at the bottom of the hierarchy, sometimes felt pushed to perform by their managers.

5. 1. Management pressure on CSRs to achieve sales

Some managers were characterised as ‘pushy’ when it came to sales targets. CSRs were at times critical of the sales focus perceived as being their main objective, as explored in Section 4. Respondents were also conscious that they were being closely supervised by their managers and a few reported being questioned about their sales approach shortly after serving a customer. For example, the manager would ask why the CSR didn’t ask a particular question.

Another CSR reported that their manager would advise CSRs to only accept a “No” from a customer on the third attempt to sell a product to them.

“I got pushed to upsell heaps!” – I8 Optus, CSR

*“They would ask you why you didn’t ask this and that question” – I10
Vodafone, Retail Sales Associate*

*“Their idea is sales, sales, sales [...] if I have two No’s then I have to get a Yes
this time” – I2 Telstra, Sales Consultant*

*“Their attitude is push push push [...] They’re sort of watching you” – I24 Telstra,
CSR*

“They keep a very close eye on what goes on” – I18 Telstra, CSR

*“The store manager was the most pushy with customers and pushing CSRs to do
the same.” – I2 Telstra, Sales Consultant*

Several CSRs reported that their managers were displeased if a CSR allowed a customer to leave the store without being sold something. Poor sales performance was not regarded favourably.

*“If you’re not pushing [the customer] and they don’t leave with a new product
it’s bad” – I24 Telstra, CSR*

*“Because it was a daily target it was important, I met it, otherwise he wouldn’t be
happy” - I3 Optus, CSR*

“If you didn’t try to sell it... you could get frowned upon” – I5 Vodafone, CSR

*“We had a team leader who’d be constantly pushing you and taking you aside
if your stats were lower than everybody else’s” – I27 Telstra, Stellar call centre*

5. 2. Sales pressure on managers

Some store managers were highly focussed on their sales and stock targets which some CSRs perceived limited the priority of managers encouraging staff to meet customer service objectives.

“[Their role was to] take notice of targets, motivate people and train new people [...] on a slow day they would suggest ways to achieve the goal by pushing it a bit more” – I3 Optus, CSR

Upper management sales pressure on store managers at least in one instance reported by a CSR led to high store manager turnover.

“I saw four store managers over the course of a year and a half at Telstra” – I8 Optus, CSR

Store managers themselves were also frustrated by being restricted in their flexibility to fix customer issues. This was due to sometimes rigid system structures and rules.

“There are lots of stuff that we can't do [...] lack of leeway” [...] [As manager] I didn't have that much independence [...] there wasn't really a choice for me” – I17 Optus, Store manager

CSRs could clearly see the pressure their managers were under and this reflected on the perceived attitude of upper management as being ‘all about sales’.

“The pressure came from a long way above [from upper management to the store managers]. Trying to juggle what's been pushed on them from above and what they can see on the ground” - I18 Telstra, CSR

“The upper management has a different culture [related to being purely sales focussed]” – I5 Vodafone, CSR

“Supervisors have a difficult job, they are flat out and look after everyone. And at the end of the day it's all about profit” – I7 Telstra, Inbound call centre for Customer service

“Upper management set KPI's and targets. They're the ones we are supposed to impress and who we get in trouble from and get our bonuses from” – I5 Vodafone, CSR

“Managers were definitely there to support sales and make sure you don't lose an opportunity to make one” – I10 Vodafone, Retail Sales Associate

5.3. Disciplinary actions for non-performance

Most respondents had not experienced serious disciplinary action for not achieving their targets, mainly because they were filling their quotas most of the time and they accepted that sales formed a key part of their role.

The main reason for disciplinary action, if any was taken, would be when CSRs missed their targets repeatedly.

Participants were asked by their managers to explain why their targets were not achieved. The normal course of action in all RSPs was a 'chat' or review with the store manager to identify the CSR's weak points in their sales technique and organise remedial training for the CSR accordingly.

Several respondents that had this interaction with their manager were mostly positive about it. CSRs regarded this process as fair because the aim of further training was to support the personal development of the CSR rather than being punitive. However, respondents did not necessarily see the usefulness of the additional (repeat) training, nevertheless they appreciated the approach.

[If you don't reach your target] manager sits down with you and personalises some training – I26 Optus, Sales assistant

“As a store manager you would hold staff responsible [for not achieving targets] but we would take training measures and take action accordingly” – I15 Telstra, Store manager

In several other cases it was well understood and accepted that a CSR's job was in jeopardy unless they achieve their targets. For casuals who were not on commission, the incentive pushing them to hit their target was not monetary but simply to keep their positions.

Several former employees mentioned that a CSR would be spoken to about their job being at risk if they did not make their targets. This added significant pressure in cases where targets were difficult to reach. Ultimately, those who were not suited to a sales environment eventually weren't rostered for work or left the company of their own accord.

“My manager at the time would stress that if you didn't hit your target for the month you were gone.” – I6 Optus, Full-time Sales assistant

I was told I could lose my job if I didn't hit targets. – I9 Optus, Full-time Sales associate

The first 2 [meetings] are friendly, but then the ones after are serious... - I4 Telstra, Part-time CSR

A respondent who worked at Vodafone reported that they knew of a staff member who had missed his targets 4 to 5 months in a row and was fired because of it. The same employee mentioned targets were easy to meet.

“A guy I worked with didn’t hit targets for 4 or 5 months, was told he wasn’t cut out for it and was fired. But it wasn’t very stressful because it was a pretty high-volume store” – I10 Vodafone, Part-time retail sales associate in a busy city store

5. 4. Management viewed as supportive

The view of management was not all negative. Many respondents referred to their managers as supportive and not all placed extreme pressure on their CSRs to sell. They also assisted CSRs in dealing with difficult customers and were helpful and approachable.

“No one actually put pressure on you to the point where you were uncomfortable” – I20 Vodafone, CSR

“The leadership team in store was really great” – I12 Vodafone, Sales assistant

“I felt the store manager was very supportive [...] They’re approachable” – I21 Telstra, CSR

“My supervisors were good... friendly, approachable and helpful” – I7 Telstra, Customer service

“My manager was awesome” – I14 Telstra, CSR

Not all managers were pushy and recognised that being overtly sales focussed could reflect negatively on the RSP’s reputation.

“[The store manager said] not to be pushy. It gives the company a bad name” – I2 Telstra, CSR

“He wanted us to sell because he would also get bonuses, but he didn’t push us to a point where we would get in trouble” – I5 Vodafone, CSR

Managers would also support CSRs in achieving their targets by organising additional training or adjust the target to a more realistic level.

“They’ll drop the target if you don’t reach it. The commission gets calculated monthly” – I12 Vodafone, Part-time sales assistant at airport shop

6. Training

6. 1. Induction

All RSP employees underwent some basic induction training. However, this was not always formal training in a classroom or seminar setting. Sometimes training was held in-store and conducted by the store manager or a training representative from the RSP. In other cases, CSRs received no initial training and learned ‘on the job’.

Training was designed to help new employees integrate into the company and their new working environment quickly and efficiently; it set the rules and the tone.

The induction process was also there to train new staff in systems and products and to deal with everyday tasks in-store or in a call centre.

*“... get to know the systems and what they want to achieve from you” – I24
Telstra, CSR*

“How the system works, billing, info...” – I8 Optus, CSR

*“We covered the basics of store layout, devices we had to offer” – I3 Optus,
CSR*

Some induction training involved customer service and sales training, but this was not always the case. This is discussed later in this Section.

*“You learn about the company, how to sell, how to talk to customers” – I10
Vodafone, Retail Sales Associate*

*“What to do, how to interact, pitching, what to do on a general day, upselling,
cross-selling sales principles” – I2 Telstra, Sales Consultant*

The table overleaf provides a brief summary of training content and duration for each of the main RSPs. Note that this is not a comprehensive itemisation as it is based on respondent recollection.

Induction training ranged from three to four weeks in 2015 to three days in 2017-2018. Former Optus and Vodafone employees report induction duration of 8 and 3 days respectively.

Online modules appear to be a common form of training delivery perhaps because of cost effectiveness, while face-to-face training was generally for sales and customer service techniques. This training was either conducted in-store or at another training location (e.g. head office). Online training was also used widely for TCP code training (discussed in the next section).

Shadowing, a practice where new or inexperienced CSRs follow (shadow) more experienced CSRs to learn sales and service techniques, is common in-store for Telstra and Optus and was mentioned by one former Vodafone employee.

Figure 6 - Induction training summary (hours reported where known)

	Telstra	Optus	Vodafone
Induction training duration	<ul style="list-style-type: none"> • 3 to 4 weeks induction reported for 2015 • 3 days induction reported for 2017-2018 	<ul style="list-style-type: none"> • 60 hours reported in 2016 • 8 days induction reported for 2017-2018 	<ul style="list-style-type: none"> • 3 days induction reported, no year cited
Online modules	<ul style="list-style-type: none"> • 3 to 5 days online training covering sales techniques and systems 	<ul style="list-style-type: none"> • 3 days general online training including compliance 	<ul style="list-style-type: none"> • 3 to 4 online assessments followed by scenario testing – duration not specified
Face-to-face	<ul style="list-style-type: none"> • Included sales and customer training • Role play • Negotiation and sales training 	<ul style="list-style-type: none"> • Generally, product training with representatives from HPC or Apple 	<ul style="list-style-type: none"> • In store, product and plan training • 5 days training at head office
Shadowing	<ul style="list-style-type: none"> • Sales and service. 	<ul style="list-style-type: none"> • Mainly for sales only. 	<ul style="list-style-type: none"> • 1 full-day shadow as an introduction
Training effect on job readiness	<p>“The first induction was very helpful in providing what we needed to know to deal with clients” – I22</p> <p>“You have a basic grasp of how things are done” – I24</p>	<p>“Helped understand devices and plans we were selling. [...] They taught me to handle potentially difficult customers.” – I3, CSR</p>	<p>“I gained lots more experience through my actual customer interactions [...] The training was very basic” – I20</p>

6. 2. Informal sales training

Some respondents stated that they did not receive any formal sales training in a uniform and structured way. In these cases, training was conducted on the job. However, as will be discussed in the next section on formal sales training, there were also reports that sales training and negotiation techniques were in fact being taught as part of overall CSR training.

These differing recollections may indicate a problem of training consistency within some RSPs.

“...how to interact with customers, customer service skills, but nothing about sales at all” – I4 Telstra, CSR

“There was no formal structure for how to approach sales – I26 Optus, Sales Assistant

There were also differing recollections of being taught customer profiling and who to target for particular products and services. According to some respondents specific customer targeting by segmentation or profiling was not taught formally as part of CSR sales training. There was no evidence of structured targeting methodologies being employed or sanctioned by RSPs. However, as discussed in the next section, identifying customer types was reported to have been taught in a few cases.

“There wasn't really any specific segmentation that I was taught” – I14 Telstra, Sales & Service Consultant

Informally trained CSRs developed their own sales techniques. CSRs regarded on-the-job training as the most critical part of learning how to become a good sales person, regardless of any formal sales training.

“You can't teach somebody to be personable” – I13 Telstra, Store Manager

“It is all on the job training” – I14 Telstra, Sales & Service Consultant

“I gained lots more experience through my actual customer interactions” – I20 Vodafone, CSR

“It's about the people they recruit. If they don't have the knowledge or build the knowledge for themselves, they won't make anything happen.” – I2 Telstra, CSR in store, extensive sales experience

“Most of our training is on-the-job training... shadowing someone. [...] The sales techniques, I learnt on the job” – I19 Optus, Sales Consultant

“I essentially learnt everything on the floor” – I9 Optus, CSR

Shadowing was the closest thing to sales training for some respondents and no specific documentation, guidelines or instructions were provided on shadowing. Managers generally had little to do with any formal training processes (other than shadowing).

*“As managers we don't even see the [formal] training side of things” – I13
Telstra, Manager in Telstra call centre*

6.3. Formal sales training

There were some respondents who referred to formal sales processes and training. For example, in some cases, checklists were in place to ensure CSRs asked all the questions that would most likely lead to upselling or cross-selling a product. These checklists applied to everyone but did not constrain CSRs in the way they communicated to the customer, they were generally unscripted but acted as a guide for what to say or ask when.

In a formal setting, scenario training, particularly one-on-one scenarios, was the main technique used to teach CSRs how to deal with different customer types. Scenarios specifically touched on types of behaviour and how to approach a sale.

Some training modules specifically addressed selling techniques and ways to engage with the customer in a way that maximises sales. This was based on customer profiling.

“They had four different types of customers [...] [They told us] you have to adjust your plan of attack to each type of customer” – I12 Vodafone, Sales Assistant

Building a good rapport was also considered good customer service practice among RSPs.

“We get told to spend that extra time with older customers to make sure they understand what they're buying” – I15 Vodafone, CSR

“Training on being able to recognise communication barriers [...] Acknowledging what type of customer you have” – I22 Telstra, CSR

“You need to know their budget” – I20 Vodafone, CSR

“You have to try and accommodate different options” – I21 Optus, Sales Assistant

“They taught us that building rapport was the key component to customer service” – I27 Telstra, Customer Service

6. 4. Ongoing training

Ongoing training was the most common form of training for CSRs. Ongoing training focussed mainly on keeping product knowledge up to date as new products were continually being introduced to the market.

“There's always ongoing training” – I1 Telstra, Customer Service

“It was more about ongoing training” – I19 Optus, Sales Consultant

“There are modules that come out every so often about new phones and new products” – I10 Vodafone, Retail Sales Associate

CSRs also received training that updated them on RSP policies and procedures as well as changes to product contracts that would occur from time to time.

“There was ongoing online training about latest changes to company policy, safety procedures, changes to product contracts...” – I26 Optus, Sales Assistant

“They'll give us training in anticipation of a product coming out” – I19 Optus, Sales Consultant

Customer service training also occurred, generally on a less frequent basis (e.g. yearly) as a refresher course.

“Usually once a year [you get] an updated version of customer service training”
– I22 Telstra, CSR

6. 5. TCP Code training

The TCP code includes rules designed to make providers accountable for dealing appropriately with consumers. Below is a section from the code:

Figure 7 - Extract from the TCP Code

3.3.1 A Supplier must ensure that its staff interact with Consumers courteously and in a fair and accurate manner.

A Supplier must take the following actions to enable this outcome:

(a) **Culture:** promote a culture within the Supplier's organisation where rudeness to Consumers, and/or non-compliance with this Code, are not acceptable and make staff aware that they will face disciplinary action for such behaviours; and

(b) **Disciplinary action:** ensure appropriate action is taken against its staff who are rude or harassing to, or engage in misleading conduct with, Consumers.

Respondents' recollection of going through the TCP code during their training modules was mixed. At least a quarter of the respondents did not recall receiving TCP code training and around another quarter were unsure, meaning half of all respondents could not recall receiving TCP code training. However, this does not necessarily mean that TCP code training was not provided. Some recalled being taught their obligations to the customer but the TCP code was not necessarily referred to by name. For those who recalled having any training in this area they reported that it was conducted online. It also appeared the online version was prone to skipping or glossing over the content.

"Yes, I think so, yes there was a module, you did it online" – I23 Optus, CSR

"I think that was one of the trainings we had to do. I think they released a training every year on that. It was one of those ones that we just skipped through" – I9 Optus, Sales Associate

As discussed, respondents might not have recognised the code by its proper name, but when asked whether they were trained in understanding customers' rights there was acknowledgement that they had been. They also knew it was important to their employer (RSP) that they understood consumer rights.

"Yes. We weren't told much about that [Referring to TCP, meaning the acronym was not familiar], it was more for the rights that the customers have" – I21 Optus Sales Assistant

“It’s against the law to sell things that the customer doesn’t want” – I23 Optus, CSR

“I heard of the TCP code during the training and went through most of it. We needed to act accordingly with that if someone had an issue with a service” – I3 Optus, CSR

“Yes... they were getting really strict on that in the last year or two that I was there” – I6 Optus, Sales Assistant

Several respondents reported that training involved a customer service element that aligned with the TCP code. For example, CSRs were encouraged to ensure the customer understood what they were purchasing (e.g. older customers who may not easily understand what they are buying), including making sure that they handled any communication barriers appropriately (e.g. ensuring CALD customers understood what they were buying). They also had to assess a customer’s ability to pay and offer appropriate options accordingly.

Nobody reported disciplinary action by management undertaken with CSRs for breach of the code. This of course does not mean that management did not act, simply none was observed or recalled by respondents.

6. 6. Building rapport

Sales training also taught the importance of engaging the client and building rapport. The aim was to generate trust while keeping the conversation under control, and eventually achieving a sale.

“Building more of a rapport and making that customer feel like you are looking after their account [...] You need to be approachable and you need to be personable” – I13 Telstra, Store manager

“Know your facts and build rapport when necessary” – I12 Vodafone, Sales Assistant

“If the customer is comfortable with you, then they’ll be comfortable with what you’re selling” – I12 Vodafone, Sales Assistant

“[...] come down to their level” – I5 Vodafone, CSR

Building rapport was regarded as a fundamental aspect of sales for all respondents. How this was achieved often came down to personal style rather than a company policy or approach. Often the process would be to build customer confidence and be subtle about

introducing a product. The important thing was to make the customer feel comfortable without being too pushy or too personal.

“People had to learn to be quite subtle... [...] you have to talk to people on their level [...] Make sure that everyone feels comfortable” – I17 Optus, Store manager

“They feel more comfortable... they know they can come back and ask for you” – I21 Optus, CSR

“You have to be careful about not being too personal” – I2 Telstra, Sales Consultant

6. 7. Feedback on training

Opinions on the quality of training and the extent to which it prepared people for the role of CSR varied among respondents. Respondents with less customer service or sales experience appeared to value the training process more than those with prior experience (though this was not always the case). In particular, CSRs valued training that focussed on how to deal with clients, product training, handling sensitive situations and training that kept CSRs up to date on changes to products or contracts.

“The first induction was very helpful in providing what we needed to know to deal with clients” – I22 Telstra, CSR

“[The online training] was really helpful... it kept us informed about any changes” – I26 Optus, Sales Assistant

“We were trained about the products, how to talk to customers, sensitive situations, how to deal with customers who weren't showing interest” – I21 Optus, Sales Assistant

CSRs with prior sales and customer services experience thought that new CSRs did not receive enough training to make them sales-ready. Those with prior experience in the industry (or similar) believed they would have found performing their role very difficult based on the training they went through, or that it was too superficial to be relevant to them.

“If I hadn't had the call centre background I would have struggled” – I18 Telstra, CSR

“It was quite redundant to me [prior experience]” – I12 Vodafone, Sales Assistant

A mix of respondents believed there wasn't enough training enabling them to learn how to perform in their role properly. Some felt the training wasn't comprehensive enough or were overwhelmed by the volume of information they had to absorb in a short period of time before they faced a customer. This would put additional responsibility on store staff to bring new employees up to speed on aspects like systems training. This could also test the patience of other staff and management.

*"If I was a fresh new face, I would have preferred a bit more training" – I3
Optus, CSR*

*"We had classroom training... it wasn't very comprehensive" – I25 Telstra,
Customer Service*

*"You were given all this information in one day and then expected to know how
to use it" – I9 Optus, Sales Associate*

*"I think more time learning the systems might be needed [...] When they come
out on the floor, you're still doing a lot of training with them" – I13 Telstra,
Store Manager*

"They were not patient with me" – I23 Optus, Sales Representative

Regardless of experience, some CSRs felt training modules seemed to lack context to their work environment. For example, training might not have provided examples that a store-based CSR could relate to. Systems training could be intensive, and online courses did not always appear to be training CSRs in an appropriate way as trainees would be tempted to skim through to the end without learning the content.

"It was never from the stores point of view" – I9 Optus, Sales Associate

*"I had to learn 12 different software systems [...] It was just us on the
computer everyday" – I27 Telstra, Customer Service*

*"You had an online course you had to do... Everyone just skimmed through
them [...] You just hit next a bunch of times" – I9 Optus, Sales Associate*

Conclusion

Incentive structures play a critical role in influencing the attitude and behaviour of sales representatives in telecommunications companies. Along with store and company culture, it emphasizes the end goal of all RSPs which is to sell, upsell and cross-sell products and services.

There is sometimes tension between the interests and rights of consumers and sales priorities. This tension is dealt with in different ways depending on individual interpretation and perceived organisational culture. The following summarises 8 concluding points:

1. **Incentive structures tend to vary from store to store**, even within the same company. However, they had in common to be heavily target-based. Several metrics were key in the incentive structures we have come across. They include the number of products to sell and the overall store target in number of products and dollar value. These targets were broken down individually by CSR. These targets were often considered high, sometimes unrealistic. Cases where targets were easy achieved were in stores with high customer traffic (e.g. airport and city stores).
2. **Depending on the structure, CSRs were paid a certain amount of incentives indexed to the number of sales they achieved overall**, they may also get additional incentives when they exceed their individual sales targets. The proportion of incentives in full- and part-time CSRs' pay varied from 2% to 30%, whereas it was as low as 0% for some casual staff. The incentive structure was broadly accepted by respondents. Some CSRs would have liked to see more collective targets which would have encouraged more collaborative behaviour in the team, or more customer service-oriented targets.
3. **CSRs felt more pressure to meet sales targets than deliver quality customer service**. This pressure was felt top to bottom, from upper management on to store managers and down to CSRs. Staff were monitored daily against targets using various media. Pressure to achieve targets was generally intense.
4. **The tension between achieving sales targets and serving the customer's interests** lead to adverse outcomes. Some respondents felt personally rewarded by providing good customer service and selling products they perceived appropriate to the customer's needs. In other cases, CSRs perceived the company priority as sales because it was measured, emphasised, and incentivised. This, at times, detracted from CSRs being customer focused.

5. These elements play an important role in balancing the tensions between the incentivised requirement to achieve high targets with delivering products and services that have the customer interests at the centre of customer interactions.
6. Adverse behaviours motivated by sales pressure and incentives would include:
 - CSRs looking for opportunities to cross-sell by identifying needs and wants beyond the initial customer request.
 - CSRs upselling by presenting more expensive options first that are not necessarily required or requested.
 - In more extreme cases, CSRs hid or disguised products and services on to customers' bills.
 - There was some evidence that CSRs would cross-sell or upsell to certain customers perceived as easier to sell to.
7. Future research should explore the extent to which these practices are used.
8. **Customer needs can be fairly subjective and not accurately interpreted by CSRs**, especially when the decisions by CSRs to sell certain products is influenced or clouded by the need to achieve sales and the associated incentives. This can result in customer needs being met in a sub-optimal way leading to customer complaints. Complaints are common in the industry, and if presented in-store, often handled by referring customers to call centres or manufacturers. CSRs cannot do much in the way of complaint resolution as they are mainly equipped to selling and upgrading plans. Therefore, the quality of customer service is sometimes limited. This increases customer frustration and adds pressure on CSRs who are trying to sell products, not focused on complaint resolution.
9. **Attitudes of managers to target achievement were varied – going from abrasive to very supportive** – this was an indication that the tension between sales targets and customer needs also applied to store managers. It was part of their responsibility to keep the staff performing from a sales perspective, and in many instances, it seems they chose to take the supportive side, working on strengths and weaknesses of each staff member and implementing training modules accordingly. However, in some cases managers were intolerant of poor performance. At times this resulted in management turnover as well as staff turnover.
10. **In terms of training, respondents' experiences were relatively inconsistent.** Online modules, face to face sessions and shadowing were the most common processes

and generally formed part of induction training at the start of each CSR's employment. However, the duration of the training varied widely, and the value and attention paid to these sessions was inconsistent. The training content was also inconsistent. Induction training included system and product knowledge, but TCP code principles were not always recalled as part of it, or little engagement was built around TCP code training. Sales techniques were either making up most of the CSR's training or, as some reported, were not necessarily addressed at all. These inconsistencies may indicate a reason as to why some sales approaches presented in this report may not align with TCP code provisions. Inconsistent training may be adding to the tension between sales targets and customer service, contributing to consumer detriment.