

ACCAN shines a light on telco sales practices in new report

A new report released today by Australia's peak communications consumer organisation, the Australian Communications Consumer Action Network (ACCAN), shows that telco customer service representatives are being encouraged to focus on selling over service, potentially exposing consumers to questionable selling practices.

The *Spotlight on Telco Commissions and Targets* exploratory report was commissioned following a number of troubling stories that ACCAN had received from consumers who were sold plans or products that were more expensive than they had expected or that were beyond their means.

Interviews with 30 ex-staff from the three major telco companies (Telstra, Optus and Vodafone) revealed financial incentive systems that are built around sales targets, at times at the expense of customer service and satisfaction.

"This research tells the story of team members who were under intense pressure to meet sales targets. This has the potential to create an overly-competitive culture where the sale comes first and consumers' needs are an afterthought," said ACCAN CEO, Teresa Corbin.

The report suggests there is a broad industry push to focus on selling, up-selling and cross-selling (i.e. selling related products or services, like handsets or accessories). This sometimes resulted in consumers being exposed to questionable tactics from customer service representatives, according to those interviewed for *Spotlight on Telco Commissions and Targets*. This was done by rephrasing the offers or suggesting that staff used the product themselves when recommending it.

When asked which customers were easier to sell to, customer service representatives identified customers that were generally less informed and more confused or unsure about what to buy, claiming that those who were unfamiliar with plans or products could be sold more than they necessarily needed. This was uncomfortable for customer service representatives to talk about and there was some suggestion that some people may be taken advantage of in these situations.

While many customers prefer to head into their local store to resolve issues with their telco¹, *Spotlight on Telco Commissions and Targets* showed that there is a tension between the desire of some staff to help, and the time they have to do so. For many interviewees, the pressure to hit sales targets meant that they weren't able to take the time to handle customer service issues, such as fees and charges that were not properly communicated at the time of sale, or complaints of being put on inappropriate plans.

Spotlight on Telco Commissions and Targets also unveiled that some customer service representatives may be inadequately trained in the consumer protections available for telco customers. According to the report, half of all respondents could not recall receiving training on the Telecommunications Consumer Protections (TCP) Code. The Code is designed to make telco providers accountable for dealing appropriately with consumers.

"This research raises questions about not only the effectiveness of these consumer safeguards but whether the ACMA has sufficient tools to intervene when systemic issues do arise," said Ms Corbin.

¹ [CAN YOU HEAR ME? Ranking the customer service of Australia's phone and internet companies, ACCAN 2018](#)

ACCAN would like to see the ACMA launch an investigation into the issue of selling practices and its impact on consumers.

“As we’ve seen this week with the formal warnings issued to telcos who violated their responsibilities to provide information to consumers with disability, investigations by the ACMA can have a tangible impact on consumer safeguards.”

ACCAN has actively reached out to the telco industry regarding the findings of *Telco Commissions and Targets*, and the weaknesses it has exposed in the current consumer protections for consumers.

“We hope that this report will create the opportunity for us to have a constructive dialogue with the telco industry, so that we can ensure that consumers are protected against questionable selling practices,” Ms Corbin added.

ACCAN has been asking the telco industry to adopt changes to better consumer outcomes, including:

- An ACMA investigation into telco selling practices and their impact on consumers
- Restructuring of sales incentives so that they take into account the best interests of the customer
- Requiring sales staff to ask the customer what they need and to identify a range of alternatives that will suit, including low cost options
- A ban on unsolicited upselling
- The introduction of responsible credit assessments at point of sale to ensure that all post-paid customers can afford the deal they’re signing up to

[Notes to the Editor](#)

Spotlight on Telco Commissions and Targets Key Findings

- Suggested that there is a broad industry push to focus on selling, up-selling and cross-selling (i.e. selling related products or services, like handsets or accessories).
- The incentive systems are built around sales targets and did not appear to incorporate customer service quality or satisfaction measures
- Stores can receive a high volume of post-sale complaints which increases pressure on staff as tending to these complaints reduces time that can be spent on sales. This tension results in reduced quality of customer service and sales interactions
- Aspects of the TCP Code (Telecommunications Consumer Protections Code) are included in training, but this also appears to be inconsistent. Some customer service representatives 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 telcos studied. We therefore make no comparisons between them in this work.

**ACCAN
MEDIA
CONTACT**

Melyssa Troy
Mobile: 0409 966 931
Melyssa.troy@accan.org.au

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