What are the effects of changes in the delivery of essential services – how do providers relate to consumers?

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Working Paper
January 2010
## Contents

1. Introduction ........................................... 3
2. How providers interact with consumers ............... 6
3. Relating to consumers’ needs? ........................ 12
4. Equality and exclusion ................................ 17
5. Possible areas for future exploration ................. 21
References ................................................. 22
1. Introduction

Rapid and far-reaching changes are taking place that affect how consumers are expected to engage and deal with provider organisations in both the private and public spheres. These developments may be beneficial for many consumers in a number of respects but, as this paper sets out to discuss, they can also give rise to consumer detriment and contribute to social and economic exclusion. There are also important questions that need to be explored about the implications of the equality and human rights agenda for these developments, including any potentially discriminatory effects.

Broadly speaking these changes arise from three inter-linked developments. First, technology-driven innovation has helped to introduce many new products and services. Although this may be beneficial for consumers in a number of ways, there can be downsides - for example, in terms of the increasing complexity of markets which can make it very difficult to make an informed choice, and because of the sheer rapidity of change.

But this technological narrative does not in itself adequately capture the extent of change in consumers’ experiences. There is a second dimension to these developments which results from changes in how consumers are expected to communicate and inter-act with providers. For example, in many situations it is now commonplace for consumers to have to navigate through automated telephone tree systems in order to communicate with providers in both the private and public sectors. This is often accompanied by the need to use passwords and security codes and by an increasing reliance on Internet contact and transactions.

Thirdly, marketing methods have become much more sophisticated, frequently aided by technological innovations. This is exemplified for instance by the targeting of individuals and groups of consumers through personalised message, offers and deals. Whilst this may be to consumers’ advantage in some situations, it may be unwelcome in some circumstances or exclusionary (for example, when poorer consumers are excluded from cheaper deals).

These kinds of developments apply to a large extent to most sectors, including public services. Consequently, they also have implications for a number of sectors that provide what might be commonly regarded as essential services.

In many respects ‘the consumer experience’ has been enhanced by the availability of a wider range of products and services and by the new features they offer. To this extent the ‘Tomorrow’s World’(1) vision of technology-based products can be considered to have brought a range of benefits. Similarly technological changes have given many consumers different ways of finding out about and accessing products and services than were available hitherto. A related feature of modern marketing and business methods (including those used in the public sector) is the widespread employment of systems that capture and use consumer data. Consequently provider
organisations have more means at their disposal to gain a better understanding of consumer needs.

But at the same time it can be argued that many features of modern markets and business methods can effectively lead to the social and economic exclusion of some consumers, to the imposition of possibly unwelcome tasks and responsibilities, and to intrusive and sometimes distressing pressures. Recent research by Professor Ian Robertson at Trinity College, Dublin, estimated that the average person in the UK is expected to be able to remember and use 5 passwords, 5 pin numbers, 2 number plates, 3 security ID numbers and 3 bank account numbers just to get through day to day life. (2)

More widely, we need to examine to what extent the customer relationship systems that are employed by many private and public sector organisations meet consumers’ needs, for example, through the employment of ‘modern interfaces’ that consumers have to use as a means of communication and contact. These include the call-centre model, other semi or completely automated phone interface systems, and the ever-increasing range of ICT-based interactions and functions.

Such systems can provide tangible benefits, for instance, if consumer needs are speedily identified and met more efficiently. However, it is also clear that many consumers can find these kinds of interfaces stressful and time-consuming. For instance, how are the 700,000-plus people with a speech impairment expected to cope with phone systems employing voice recognition interfaces, which may also be a barrier for some consumers who do not have English as their first language. Similar concerns are likely to apply to consumers on low incomes for whom the costs of ‘hanging on the telephone’ waiting to get through might be punitive, especially if they are using pay-as-you-go mobiles.

A member complains that their local authority has introduced a new system for paying for parking tickets. You must call on a mobile phone from the parking bay and the first time you do this you have to go through a complicated registration process. They can’t follow it. They are fined for parking without a ticket. (from RNID)

Although provider organisations have more opportunities than ever before to analyse consumers’ profiles and needs, paradoxically it does not appear that there is sufficient understanding of the position of consumers who are in vulnerable circumstances, or of how almost any consumer may be disadvantaged by some current communication and marketing practices.

(Some of the key factors that can place consumers at risk of disadvantage are discussed in section 4.)

Consequently, the purpose of this discussion paper is to act as a stimulus to debate regarding the implications of these developments, which can have profound implications for access to essential services such as communications services and technologies, energy, financial services, and
health and social care amongst others. The paper does not seek to set out a comprehensive overview of all developments and possible implications but to provide a flavour of some of the main changes and issues that appear to merit further exploration. We also hope that debate on these topics will help in identifying good practice in providers’ marketing and business methods that can be shared more widely, and in highlighting possible changes that may be required. The importance of consumer protection laws and associated enforcement structures and measures cannot be denied, but their adequacy needs to be examined in the context of these rapid and far-reaching developments.

The aims of this discussion paper are:

1. To explore some of the manifestations of the changes that have taken place in modern marketing and business methods, which shape how consumers are required to inter-act with provider organisations and which affect the delivery of essential services.

2. To highlight some of the potential consequences of these developments for consumers, particularly those in vulnerable circumstances.

3. To look at a range of key factors that can place consumers at risk of disadvantage.

(Sources in the text are numbered and the references are listed at the end of this paper.)
2. How providers interact with consumers

2.1 The changed landscape

The landscape of many sectors and markets has changed dramatically over the last few decades and opportunities for face-to-face communication with providers have declined. The decreasing likelihood of face-to-face contact with providers of essential services is in part a reflection of Britain’s changing ‘High Streets’. For example, consumers used to be able to speak to someone in their local gas or electricity showroom about their bills and payments, but no longer. Between 1997 and 2007 over 2,500 local bank branches were closed according to the Campaign for Community Banking Services (3), and nearly 6,000 since 1990, according to Citizens Advice. (4) There are now just 170 bank branches per million people in the UK as opposed to Germany’s 520 and France’s 960 branches per million, according to the New Economics Foundation. (5)

In certain deprived areas as the Financial Inclusion Centre has pointed out, there are free ATM/bank branch deserts. Access to cash is frequently very important for people who are trying to budget on low incomes; they are also more likely than those on higher incomes to withdraw small amounts of cash frequently – which means they can incur effective charges of 10% to 15% if they only have access to fee paying ATMs. (6) For people with mobility problems, who do not drive or cannot afford a car, who live in areas with poor public transport, who do not have a free ATM in their area, this withdrawal of direct access to what most regard as an essential service might only be overcome by switching to phone, or e-banking (assuming that consumers have access to and can use the Internet). Similarly, the closure of many local post offices might effectively push some people to find other ways of dealing with essential services and products, such as paying utility bills, rent and Council Tax, and using basic banking services.

Where direct physical access is difficult some consumers may prefer, or feel forced to, interface and communicate with providers via the phone or the Internet. Alongside the increasingly pervasive reliance on electronic means of communications, the use of customer relationship management (CRM) strategies and marketing tools has fundamentally changed the ways in which consumers are required to inter-act with providers and how services and products are marketed.

2.2 Customer relationship management

It is often impossible in practice to separate modern marketing activities and tools from other modern business methods and operations. Though not always referred to explicitly as such, customer relationship management (CRM) strategies and tools are frequently integral to modern marketing. A trawl through CRM literature reveals a multitude of uses for which CRM products and systems are employed. These include:

- mining customer data for trends;
• identifying which customers will respond to an offer before it gets sent out to them (for instance, through direct mailshots);
• making it easier to concentrate a company’s efforts on their ‘best’ customers;
• enabling marketing and customer service staffs to jointly interpret a customer’s relationship with the company;
• reducing the cost of servicing customer complaints;
• automating customer feedback handling processes in general:
• having a centralised database which facilitates the organisation of data, and automates business processes and common tasks;
• designing and executing targeted marketing campaigns;
• assessing risks and protecting against fraud;
• improving customer retention; and
• maintaining information on the channels, or business units, through which customers buy the company’s products.

The impact of these sorts of strategies, methods and tools has been varied and profound:

- For example, the concept of what used to be known and understood as ‘customer loyalty’ has changed, certainly from the standpoint of many providers. In some sectors and in some situations customer loyalty is sought actively through the use, for instance, of loyalty cards which enable providers to track consumers’ behaviour and to keep them coming back. Paradoxically in other circumstances, new customers are sought out and given better deals than existing customers (this is exemplified by suppliers’ use of retention agents who are authorised to offer ‘special’ prices to existing consumers who threaten to leave).

- The purchase of a particular financial product by a consumer makes it far more likely that they will receive, through online, post or phone routes, offers for other financial products, or even for other unrelated products and services that are ‘deemed’ to be of interest. These may – or may not be – in the consumers’ best interest, for example if they involve offers of loans or credit cards. Other consumers may well be excluded from such offers (even though they may be to their advantage).

- Access to an increasing number of products or services is being channelled through the Internet, some are only accessible in this way, so putting the current 30% of households without internet access at risk of being disadvantaged. (7)

Some common features of CRM-style systems, tools and techniques, and suppliers’ reasons for using them can put a much wider range of consumers at potential risk of disadvantage. Much of the literature on CRM suggests, or overtly states, that it is introduced and developed primarily with the aim of reducing the cost of carrying out many customer-facing tasks: hence for example the automated telephone tree systems that put the onus on the consumer to navigate the menus to try to find the right department or agent. Such systems may oblige the consumer to use premium rate phone numbers.
CRM systems can also encompass PIN, password and related automated checking and identification processes, again with much of the onus being put on the consumer.

Some older people have difficulties in remembering PIN numbers and as a result give them to friends, relatives or carers or write them down and keep them with their card. These actions mean that they are in breach of their terms & conditions and therefore may risk losing certain protections should they become a victim of financial crime/abuse. One particular case involved a lady who had £5,000 fraudulently taken from her account but the bank was unwilling to refund the amount as it came to light that she had given her PIN number to her son in the past. (from Age Concern)

By contrast, consumers – often despite their best efforts to ‘opt out’ – are subjected to telephone cold calling at home or at work by providers or their agents, and receive unsolicited ‘personalised’ sales materials through their doors. Meanwhile on their laptops, desktops and 3G mobile phones they encounter spam email; ‘pop-ups’ and other sales materials in or piggybacking on websites (including social networks). Moreover, the increasing emphasis on internet-based transactions has increased the risk for consumers of falling victim to spyware, trojans, and malware in general. The onus is on the consumer to research and purchase sufficient protection, and to remember all their passwords and security numbers.

2.3 Modern marketing and business methods

It is perhaps useful to start to look at what is meant by ‘modern marketing and business methods’ by distinguishing between the two, although in practice there is much overlap. Compared with the fairly recent past, retailers and other organisations can now employ a very wide range of marketing methods and media, multi-channel and multi-modal PR and brand promotion messages and forms, and numerous marketing tools based on mixtures of ‘theoretical’ target groups and consumer data based on their previous consumption records and patterns.

Vast sums are spent on ‘brand awareness’ and loyalty campaigns, on ‘special’ offers including time-limited introductory offers, and tie-ins between different services and products often through bundling. ‘Personalised’ mailings by post, email, SMS/text messaging and phone calls have become central to marketing and sales, usually delivered via automated systems. Marketing via Facebook and other social networking sites and systems in the ‘Web 2.0’ era have become mainstream – see boxes below for a ‘flavour’ of this phenomenon.

Facebook Marketing

‘A large and growing portion of some of the most valuable demographics (sic) are spending more of their time and attention on Facebook and less on other channels and media.’
‘For the aggressive guerilla marketer, Facebook offers a bevy of viral channels to get the word out to your friends and creatively reach your target audience. The best part about these guerilla tactics is their cost: $free. Everyone on Facebook can use these strategies to recruit and evangelize their causes.’

‘The starting point for your presence on Facebook is your profile page. Your profile page is basically a landing page that you design in order to convert your friends to engage with certain parts of your identity.’

‘Not only is your profile the page that you have the most control over, it’s the place where you can most deeply and authentically express your passion for the brand, company, or product you want to promote. Your profile page is an opportunity to craft a credible real-world story around the reasons your products or services are so valuable.’

Quotes from the main advertising site for ‘The Facebook Marketing Bible: 24 Ways to Market your Brand, Company, Product, or Service Inside Facebook’

**SMS Marketing**

‘Flexta enables companies to use SMS text messages to generate incremental revenues, capture sales leads, and increase brand awareness. Our award winning products provide instant access to 62 million mobile consumers.’

From Flexta’s main page [http://www.flexta.co.uk/](http://www.flexta.co.uk/)

**BEBO Marketing**

‘Can you believe that Tesco unofficial fan club page on Bebo has more than 62,000 members and more than 10,000 members subscribe to the blog updates? Believe it or not, it’s true. And this is just one of dozens of Tesco unofficial fan clubs - to just a social network.’

‘Marketing on Bebo or other social networking is not for every company and the success rates will vary wildly. But there are definitely opportunities, and I think it is a very intelligent move to existing social networks than to try to build your own.’


**Marketing Tweets**

‘Since Twitter has a more open platform than Facebook, this increasing adoption opens up significant opportunities for businesses to tap into the online conversations of their customers and initiate micro-interactions with them.

‘Monitoring when customers express their negative experiences with a brand and initiating proactive customer service can restore customer satisfaction.’

Sophisticated marketing methods such as these may indeed help deliver to consumers information and other messages about particular products or services which might otherwise be ‘swamped’ by other marketing messages. Similarly, marketing targeted material to specific groups (even individuals) may bring consumers benefits by way of discounts or other special offers. For example, as explained by the Rocket Marketing Group: ‘Discounts on the brand are only available to a closed group of people meaning the value you are giving them feels exclusive. It’s an excellent way to pass on an exclusive discount and encourage customers to create spending habits with your business, become regulars and eventually brand loyal. Loyalty and membership programmes or discount clubs are generally a free marketing tool for businesses’. (8)

The consequent data mining and targeted marketing activities are often ‘twinned’ with or enabled by loyalty schemes, for example. Some of these arrangements may be used directly in targeted marketing activities. While these modern marketing methods may have up-sides for some consumers there is a danger of manipulation, leading perhaps to an effective reduction in choice and control, and possibly to other disadvantages. This is a vast and rapidly-changing area of business, and one which is in particular tracked by the Center for Digital Democracy, and the U.S. Public Interest Research Group in the States. For example, in a recent report the Center noted that: ‘Behavioral targeting (BT), with which advertisers direct particular commercial messages to specific individuals based on a range of observed online behaviors (including sites visited, content examined, and searches made), is quickly becoming a dominant form of Internet advertising’ (including mobiles and other handhelds). (9)

It added: ‘Marketers are now aggregating data from a variety of sources, online and off, to produce increasingly complex profiles of individual consumers. Such data, moreover, are continuously analyzed and assessed for insights into consumer tastes, preferences, and vulnerabilities.’ This review also noted that: ‘Simple tracking and targeting techniques are now giving way to even more invasive artificial intelligence tools that allow marketers to anticipate consumer actions online and actually predict user behavior.’ An example cited in the report shows how such information can be used in call centre operations by instantly scoring or characterising a caller so that operators can immediately offer them customised deals.

Thus the ‘interface’ between supplier and consumer can become ‘loaded’, with the former having a substantial amount of prior information (including a consumer’s financial situation). This may be an unalloyed good for consumers when interfacing with suppliers of some essential services such as health services or housing services but in other sectors, such as financial products, there is a danger that these ‘artificial intelligence tools’ might lead to consumer detriment. At the very least consumers may be subject to confusion about what is or not available to them and at what price, thereby undermining their ability to exercise fully informed choice.
In this working paper it is not possible to interrogate and describe anything but some of the most obvious manifestations of modern markets and business methods. But it would not be right to conclude this brief account without a reference to confusion marketing and ‘bundling’ of services and products, which have been discussed by Sitzia and Zizzo (original references retained):

‘A recent report by the U.K. Office of Fair Trading notes that the complexity of decisions may affect consumer choices and that as a result “firms may have an incentive to make consumer tasks more difficult” (Garrod et al., 2008, p. 56). This consumer exploitation effect is an example of what marketing research calls ‘confusion marketing’ (Dacko, 2008, p.113) and has been modeled by Spiegler (2006). It may lead to higher prices and higher quantities being bought than those that the consumers would buy were they able to exactly identify the value of each product in advance. It can be considered connected to other potential forms of consumer exploitation, such as engaging in complicated descriptions of products (Ellison and Ellison, 2004) or in complicated tariff structures, such as those observed in the U.K. retail electricity market (Wilson and Waddams Price, 2007).’ (10)

The impetus for the growth in service/product bundling rests in part on the relatively common corporate emphasis on ‘brand identity’ and brand loyalty through which a wide variety of products and services are sold by one corporate entity. It also rests in part on the consequences of mergers, acquisitions, and a multitude of commercial arrangements, and on somewhat less savoury marketing and associated business methods used to create confusion among consumers – or at the least to reduce consumers’ ability to make informed comparisons, and therefore choices.
3. Relating to consumers’ needs?

3.1 Barriers and choices

Some types of events or circumstances can make many aspects of people’s lives challenging and/or restricting. On the other hand there is ample evidence to show that people even in the most difficult of circumstances can and do employ effective coping strategies and mechanisms. How well or badly consumers at risk of disadvantage manage to cope depends in part on the size and nature of the ‘hurdles’ that society places across their path; this is exemplified for example in the social model of disability which underpins anti-discrimination laws.

For all practical purposes what we have described as modern marketing and business methods are an integral, and important, aspect of society and one which has the potential of putting consumers at risk of disadvantage but also the potential of removing hurdles. The impact of what providers - in the private and public sectors alike - offer consumers and service users, on what terms and in what ways, is likely to be even more profound for consumers already at risk of disadvantage. As explained section 4 of this paper, there needs to be much greater recognition of the size, scale and nature of the factors that cause and contribute to consumer vulnerability.

The roles of providers in general do not necessarily include a specific duty to promote and secure greater equality, less social and economic exclusion, or better outcomes in terms of economic and social justice. Many providers would justifiably argue that such duties fall to State authorities and organisations, regulatory bodies and the like, and that there are already legal mechanisms in place to deal with unfair and undue discrimination, for instance. But providers (including those in the public sector and others performing a ‘public function’) can in many ways place consumers at risk of disadvantage through their actions or omissions in the ways that they conduct their business.

A CAB in Rutland reported a case in which a pensioner was paying gas bills at a rate of £38 each month. Despite being £102 in credit she was asked by her gas supplier to increase payments to £47 per month. The client could not afford this. She could not contact her gas supplier as the only contact details given on her bill were a telephone number and the client did not have a telephone. (from Citizens Advice ‘Are you being served?’, 2008)

The importance of this subject is underlined by the argument put forward earlier in this paper that many modern marketing and business methods have and continue to require consumers to accept new forms of interfaces, for example, and consequently to alter the ways in which they behave and interact. There is a dimension of disadvantage which can derive solely or mainly from consumers’ difficulties in keeping up and coping with these changes. The mantra, ‘the only constant is change’ (a doctrine dating back at least to Heraclitus), is everywhere used, and abused and the rate of change per se can be problematic in some circumstances.
For example, not having a local post office any more, not being able to use cash or even a cheque in some places any more, not being able to properly see an essential product in advance because its physical representation is restricted to a web page or catalogue: all of these types of changes can be troublesome, and potentially exclusionary, for some consumers.

The effects are not simply or narrowly instrumentalist in nature. Although the research evidence base needs to be further interrogated, it is reasonable to contend that some - especially but not solely older people – might feel that they are being ‘left behind’ or otherwise excluded from aspects of modern life. This is acknowledged in one way, for example, by those involved in programmes to reduce digital exclusion among older people, though the emphasis is usually placed on helping consumers to use the software and hardware, and not on the actions of designers, producers and retailers.

Also, as Professor Peter Townsend and others have argued, age-related exclusion and dependence can be shaped by society. For example it has often been pointed out that the active exclusion of older people from paid (and unpaid) work and work situations can effectively remove people from a wide range of social, technical and economic interactions and concerns. (11)

There can also be a, remarkably-persistent, mindset within society about older people, for example, which basically assumes that they are likely to be nostalgic for earlier times and are generally less willing or able to be interested in what is happening today or tomorrow. This may be true for some people, some or all of the time. They may for example, with some justification perhaps, hanker after the days when there could be a proper relationship with their local bank, or be able to sort out their neighbour’s water bills in a local office.

However, there is a danger that such attitudes and feelings are effectively dismissed, and sometimes even pathologised – for example the term ‘digiphobia’ is sometimes used to describe people who struggle to remember PIN numbers or who do not wish to use the Internet or a mobile phone. These kinds of terminology and characterisations are not only distancing and discriminatory but also fail to take proper account of the validity of people’s responses. In addition, there has been considerable research relating to ‘media literacy’ matters, particularly with respect to older people. However, far too often the focus hinges on what is required of older people to be able to access ‘the digital world’, without the same degree of attention being paid to why modern product and service design often fails to meet many consumers’ needs and may have an exclusionary effect.

People’s ability (and sometimes willingness) to ‘adapt’ to modern markets and business methods is likely to be very variable and may not be correlated with formal educational levels or any other single ‘indicator’. As Michael Polanyi has argued, people’s tacit knowledge and skills may be considerable but are frequently devalued and overlooked, often because they can be difficult to codify. For instance, someone may have considerable abilities across a wide range of physical and intellectual tasks but experience problems in interfacing
with providers’ automated telephone tree systems. Sometimes such problems may well be caused or exacerbated by resentment at having to conform with what is perceived as an inefficient or de-humanising interface.

Not being interested in some aspects of modern marketing or providers’ business practices should not necessarily be regarded as some sort of ‘failure’ on the part of consumers. For example there is a breathtaking array of different mobile phones, phone applications and network tariff packages and contract terms. The sheer amount of choice and complication is daunting for many consumers, and being able to make fully informed decisions can be tough or near-impossible. Consumers with some sight or hearing impairment or poor fine motor control, for instance, may face a further level of difficulty in making the right choice, not least because it may not be possible to try out models before purchase.

Decisions like these can also require of consumers a level of research effort, and a priori knowledge, which may be beyond some people’s abilities or experience, perhaps leading to making poor choices, or turning them off altogether. Decision-making in complex product and services markets is also likely to be particularly difficult for consumers with little time available, for example full-time carers. In addition, there may not be easy access to sources of properly informed and independent guidance. This can be particularly important in markets, such as financial products, where providers’ claims and counter-claims are legion, and where ‘special’ (often time-limited) prices and deals are commonly employed.

Making the right decisions on pricing packages and forms of payment can also be difficult, especially for consumers with low numeracy skill levels and for those on low and/or fluctuating incomes, for example. For instance providers of services in particular often offer lower prices only to those signing up to long term contracts – here consumers have to balance the risk of being ‘locked in’ with the price benefits (including the costs of penalty clauses if they depart before the end of the contract). Many providers charge lower prices to consumers paying by direct debit, and here too people are expected to be able to balance the price benefits against the possible consequences for them of a loss of control over their finances.

3.2 No choice or Hobson’s choice

In parallel, some consumers are simply denied the opportunity to make such choices and decisions. Some consumers in the most vulnerable of situations cannot access or use ‘normal’ banking services, and they are usually denied the opportunity to access cheaper prices (for instance, via direct debit). So these (usually poor) consumers can suffer the ‘double whammy’ of being excluded by banks, and then being discriminated against by other providers.

Some consumers cannot shop around for home insurances because providers either won’t offer them cover or lock them into a particular contract because their property is deemed to be subject to flooding or subsidence –
whether or not these are actual, provable, facts. In these sorts of situations providers can and do simply assert force majeure.

Having real choices about access to affordable credit facilities is denied to many poorer households and to consumers living in isolated or multiply deprived areas. For example, according to a Competition Commission investigation, 2.3 million people were using home credit in 2005 with APRs that varied from around 150 per cent to nearly 500 per cent. Some providers use CRM-style systems to help identify those consumers they deem ‘worthy’ of being offered particular products or deals, and thereby deny some consumers the opportunity to access these.

There are, of course, many other such examples of how modern marketing and business methods deny or restrict effective choice. Providers may well be foregoing business opportunities through their employment of ‘risk averse’ categorisation methods. For instance, consumers known or deemed to be in the lowest income quintile may well be denied access to certain services, products or deals because it is assumed that they will not be able to meet the costs. In reality some low income consumers may be extremely adept at managing their financial resources, but providers do not employ methods which would enable them to understand this and to take necessary action.

3.3 Risky decisions

As outlined previously in this paper providers may, for their own technical, marketing or financial reasons, unilaterally change ‘bundles’ of services and products. This is particularly, but not solely, noticeable in the ICT/home entertainment sector. It may well be advantageous for consumers to purchase services and/or products in a ‘bundled’ package but this practice can make matters less transparent. It can also be a daunting task for consumers to be able to compare prices/outputs of different providers’ bundled packages due to their sheer complexity. In addition, these practices are particularly likely to disadvantage consumers who have numeracy or literacy problems, for example.

Even within bundles, such as those employed by subscription television services, what is in each bundle or package is determined by the provider, which means that some consumers are ‘forced’ into buying a more expensive package simply in order to be able to access a particular channel. Also, providers can unilaterally decide to change the composition of packages, which could at a stroke reduce their relevance and value to consumers.

Another ostensible ‘poor decision’, as alluded to previously, can be made by consumers either deciding to stay ‘loyal’ to some providers, or for lack of time or other reasons failing to switch to become a new customer, as cheaper or better deals are often used as inducements by providers to recruit new consumers.

The risk of making the wrong choice is heightened when providers employ confusing and/or unclear terms. In 2007, for example, Which? filed a Super
Complaint with the Office of Fair Trading about credit card companies after it found the top 20 providers used 12 different methods to calculate interest, which made it enormously difficult to compare cards.

Information overload can also lead to wrong choices. For example a survey of over 1,000 consumers for retailer Network Q revealed that most people felt sales staff push extra information to get extra sales or to try and ‘bamboozle’ them and take advantage of them. Seven out of ten claimed they were left clueless about purchases after being overloaded with information by shop and showroom staff and made the wrong buying decision. (13)

One indicator of the importance of how providers treat consumers is provided by the English and Welsh Civil and Social Justice Survey. (14) 36% of those surveyed reported having experienced one or more civil justice problems over the previous year. Consumer problems were the most frequently cited, with money/debt problems in third place. The incidence of problems was highest among people ‘vulnerable to social exclusion’ (for example, lone parents, those on benefits, those with a long-term illness or disability, and victims of crime). Over half who had experienced one or more problems said that it had led to adverse consequences, including stress and stress related illnesses, loss of income, and loss of confidence.

It is not possible to estimate the extent to which ‘modern marketing and business methods’, as such, have contributed to these reported problems. The above Survey results suggest that across the UK some 17.7 million consumers aged over sixteen each year encounter a problem involving a civil and/or social justice problem, over 19% involve consumer or money/debt problems – or 3.4 million consumers. Nor is it possible to estimate the number of consumers who might not, in such a survey, report service or product difficulties arising from modern markets and business methods in terms of a ‘problem’. However, both are potentially interesting research questions.
4. Equality and exclusion

Whilst recognising their potential benefits, modern marketing and business methods can prove to be problematic or even distressing for almost any consumer at any particular time. The effects can be particularly significant for people who are in vulnerable circumstances and who may already be at risk of disadvantage. The developments raise serious questions about whether these marketing and business practices, including communication systems, are leading to discrimination and unequal treatment.

As outlined below, the ‘risk factors’ for consumer vulnerability are many and varied, and can affect very large numbers of people. However, there is frequently poor understanding of this amongst provider organisations. This lack of understanding is highlighted by the fact that it has become commonplace among many business sectors to employ marketing-based models and tools which seek to characterise consumers through matrices of indicators – these may have little or no relationship with the reality of people’s circumstances and needs.

For example in August 2009, Experian launched its latest ‘Mosaic UK’ consumer classification tool. According to Experian this: ‘draws on more than 440 separate pieces of compliant public and proprietary sourced information for each of the UK’s 48 million adults – a total of 21 billion individual data items. It now incorporates 15 lifestyle groups, 67 lifestyle types and 141 person types. It will be updated every six months.’ (15)

(It is worth noting a comment made about this tool in the article cited above: ‘These groupings shouldn’t be wholly relied upon in isolation, particularly within direct marketing, because the targeting is not sharp enough,’ argues Richard Webster, director of communications at DLG. ‘They are most effective when used in conjunction with transactional and lifestyle data to try and understand customers better.’)

It could be argued that one consequence of this type of approach is that consumers who have problems with customer interfaces, communications systems and marketing practices are often portrayed as ‘vulnerable consumers’. The inference is that such consumers form a static group that is somehow separate to others in the population. However, evidence about the factors that cause and contribute to consumer vulnerability shows that this is an artificial concept that is not borne out by reality.

For example, almost anyone can be placed in a ‘vulnerable situation’ because of sudden changes in circumstances, such as the loss of employment, the onset of illness, disability or mental health problems, or through having to assume major caring responsibilities, for example. Also, many factors can determine how resilient someone is in dealing with such events, including their financial and emotional resources, and the availability of good advice or support. Some may be ‘just about’ coping but an unexpected change in their circumstances can lead to serious problems or even a crisis, others may be able to draw upon previous experiences to find new coping strategies.
A CAB in Hampshire reported that after her husband passed away, their client decided to disconnect one of her phone lines. Over the course of three days, she spent three hours 30 minutes hanging on the telephone trying to get through to the correct department. When she finally got through, both of her telephone lines were cut off. She then had no way of contacting the phone company and it took eight days and another five or six hours of hanging on the telephone to be reconnected. Each time the client or a friend tried to ring the phone company, it would take a long time to get through and then she was always transferred. The client’s call was then either cut off or put through to a number that was not recognised. The client, already distressed following the death of her husband, was left living all alone in a rural location with no means of summoning help if she had needed it. (from Citizens Advice, ‘Are you being served?’)

It is, of course, the case that there are consumers who have needs for services or products that are very specific and may be long-term or permanent. For some, the ‘risk factors’ (such as a very disabling condition) mean they are in a highly vulnerable situation much or all of the time but, for others, the effects of conditions or circumstances may be short-term, episodic, or fluctuating. Elsewhere we have discussed key factors that can contribute to consumer vulnerability, and their possible relationship to the likelihood of consumers being put at a disadvantage. (16) Some of the key factors include the following (the statistics have been derived from a range of sources):

Many consumers are at a higher risk of vulnerability if they are living on a low income (especially if they have little or no savings): 48% of households are estimated to have negligible savings – defined as less than £1,500 – and 28% have no savings at all. (17) In 2007/8, 13½ million people in the UK were living in low income households, or around a fifth of the population.

It should be noted that the extent and nature of poverty can be difficult to assess because of the ways in which it is measured: poverty rates are frequently analysed at particular points in time, rather than tracking the experiences of the same households over a period. People may move in and out of poverty or low income over time, depending on changes in circumstances, others may spend all or most of their lives in poverty.

As a consequence choices may be limited, and they may be paying more than other consumers for products or services, for example, because of having to use energy pre-payment meters, or being unable or unwilling to pay for services by direct debit.

- Carers are more than twice as likely to suffer from poor health compared to people without caring responsibilities. Around 72% of carers have become worse off since they started caring, and currently half are cutting back on food just to make ends meet. (18) Over 6 million people have major caring responsibilities for a partner, friend or relative.
One consequence is that many carers neither have the money, nor the time, to engage in the research which is often necessary to find cheaper deals for essential services.

- Risk factors such as poor health, disability, or other potential forms of vulnerability are correlated with being older: a third of people aged 65 to 74 and almost half of those aged 75 or over report a long-standing illness or disability. Older people form the majority of those who are registered as blind or partially sighted and of those with hearing impairments. Almost 1 in 5 of the total population are of state pension age, and the proportion is forecast to increase to over 22% by 2031.

A wide variety of consequences can result, including being excluded from access to certain services or products (such as some financial products).

- Physical disabilities, including sensory impairments and learning disabilities, are often correlated with low disposable incomes (for instance, as a result of discrimination in labour markets, and the additional costs of disability). Disabled people face extra costs that are, on average, around an extra quarter above normal expenditure compared to non-disabled people. Estimates of the total number of adults and children with a disability range from 11 million to 13 million.

Around nine million people have arthritis, and a similar number are estimated to have bowel and/or bladder problems. Just under 9 million people have a significant degree of hearing loss. Around 2 million people have sight problems and it is estimated that the number is likely to double over the next 25 years because of demographic changes, and due to increases in sight-related conditions such as Type 2 diabetes.

A wide variety of consequences can result, beyond the difficulties generally faced by consumers with low incomes and few financial resources. Trying to key in numbers on a phone in order to access and use an automated phone system, often within an externally-allotted timeframe, may be difficult or impossible. Trying to read important contract terms and conditions online or on paper may be difficult or impossible, and so on.

- About one million-plus people each year attend hospital as a result of an acquired brain injury, of which 100,000 every year are left with a significant disability. Some 1.5 million children and adults have a learning disability and the number is increasing over time. There are also a number of, often-overlooked, conditions: for example, at least 400,000 people have significant disfigurements or scars, which may cause them to feel uncomfortable in social situations. 10% of people have some degree of dyslexia of which around 2% are affected seriously.

Consequences are many and varied, ranging from signing up to inappropriate deals on the doorstep or on the phone, to not being able to access voice-recognition systems (for example nearly half a million adults stammer).
- Every year about one in four people experience some form of mental health problem. Depression and anxiety states are the most common and affect over 2.5 million people. The effects may be long term, episodic, or short term.

Consequences can include financial disadvantage and the social-economic exclusions which follow (e.g. 40% to 50% of long-term unemployed people are estimated to have a mental health problem), further stress, and distress, arising from complex/impersonal interactions with providers and their automated interfaces, to the emotional and psychological challenges experienced as a result of call centre staffs’ adherence to closely scripted questions and answers.

- Having poor literacy or numeracy skills can make it harder for people to access and use products. It could also place them at greater risk of becoming disadvantaged, for instance, if they are subject to scams or mis-selling, or because of difficulties in comparing prices, filling out forms and reading sales literature and contracts. People who do not have English as their first language may similarly be placed at a disadvantage.

This outline list of many of the main types of risk factor does not, of course, mean that it is appropriate to place consumers into stereotypical ‘groups’. For another danger of an artificial categorisation approach to consumer vulnerability is that it frequently fails to capture the fact that many people have a number or cluster of risk factors. Research by the then Department for Constitutional Affairs in 2006 concluded that: ‘Over four million people each year have at least one serious problem, but the people most at risk of developing clusters of problems are: victims of assault; lone parents; unemployed people; those living in high density housing; those on benefits; people with disabilities, and people who are physically and mentally ill.’ (19)

The report added: ‘Not only are these people most at risk of developing a number of problems, but they are also the least likely to be able to deal with them. This is often a result of their inability to cope, combined with a poor support network, making them unable to interact effectively with people and services’.

However, in practice providers still tend to categorise consumers into groups, for example it is often used as a way of ‘targeting’ assistance. As well as being questionable with respect to their adequacy and effectiveness, targeted help schemes tend to treat those who meet the eligibility criteria as if they have identical needs, which is not necessarily the case. The narrowness of qualifying criteria may also lead to the exclusion of others who are also experiencing serious difficulties, for example, in affording an essential service.
5. **Possible areas for future exploration**

A number of issues arise as a result of the developments outlined in this paper:

- What are the implications of the equality and human rights agenda for the changes that have taken place in modern marketing and business methods, particularly in terms of consumers’ interactions with providers and access to essential services?

- To what extent do current marketing and communications strategies and practices contribute to consumer detriment and disadvantage?

- How can current marketing and communications practices be made more reflective of consumers’ needs, particularly of those in vulnerable circumstances?

- Does it make sense to examine the implications of these changes on a case-by-case basis or is a cross-sectoral approach feasible?

- Does the adequacy of existing consumer protection and regulatory frameworks need to be reviewed in the context of these developments?
References

1. The popular BBC TV programme which commenced in 1965 that showcased (and predicted) new science and technology-based products and services, and suggested how they might change people’s lives.
2. Unpublished survey, Professor Ian H Robertson, School of Psychology and Institute of Neuroscience, Trinity College Dublin (2009).
7. ‘Internet Access: Households and Individuals’, Office for National Statistics, 2009: see also ‘Annual Survey on Digital Participation’, National Institute for Continuing Education, 2009 (which found that 37% of adults do not have regular access to the Internet and 32% lack access to a computer)
17. The Financial Inclusion Centre at www.inclusioncentre.org.uk/3.html
18. CarersUK, see www.carersuk.org/Newsandcampaigns/News/1228315249