

Wednesday, May 4, 2016, 11:07

Merchants of misery

By Wang Yuke

Every year, hundreds of unwitting, honest people fall prey to unscrupulous sales representatives whose hard sell objective is to bleed consumers for all they have. Now HK is fighting back. Wang Yuke reports.



Who's that knocking at my door? Better watch out! It could be one among the legions of salesmen, responsible for cheating hundreds of Hong Kong residents out of their life savings. These people are running amok, says Tang Ka-piu who represents the Labour constituency in Legislative Council.

The Consumer Council delivered a stinging blow to the local fitness chain, California Fitness, while issuing sweeping condemnation of high-pressure sales tactics which have left consumers fleeced and dismayed. Among 296 complaints lodged against California Fitness in 2015, entailing HK\$8.5 million, 22 involved sums of more than HK\$100,000.

Tang says the remedy to stop the plague of unscrupulous sales people is to provide a mandatory "cooling-off period" for consumer contracts, acknowledging that buyers pressured into signing contracts, sometimes experience "buyer remorse".

He notes many customers will reach into their pockets on impulse, only to come to their senses about their misguided purchases later. A cooling-off period could protect consumers from rash spending, and at the very least, will give them time to reflect and reconsider the wisdom of their choice, said Tang.

The increasing prevalence of high pressure sales crooks in Hong Kong has dampened customers' confidence in retail markets. Figures from the Consumer Council show that customers' complaints against fitness centers have soared 397 percent, from 116 in 1996 to 577 in 2015. A large proportion of those complaints have to do with hard sells and unreasonable charges.

Since the general public has become more aware of just how rotten some businesses can be, companies have targeted victims who are intellectually challenged people and patients taking psychoactive medications. They prey upon the weak and the sick who are unable to say no, notes Tang.

An 18-year-old with autistic spectrum disorder was goaded into signing a HK\$60,000 membership to a Thai boxing course at California Fitness in 2015. Later, he had to borrow another HK\$30,000 from a bank. Police and the Customs and Excise Department are continuing their investigation into the case.

Another mildly intellectually disabled man was allegedly coerced into signing up for fitness classes at California Fitness that resulted in his falling HK\$700,000 dollars into debt over two years since 2013.

Ambitious sales pitch

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Two months ago, two young women walked into a branch of California Fitness and got the standard warm reception. Karen Zhang, 26, and her friend wanted to check out an offer of a free, introductory personal training course.

Sales staff engaged them in casual chat about their motivations and expectations. They were asked to stand on a machine to measure their body mass index. The sales staff jotted down the readings and printed out a sheet filled with detailed information for each of them. "I was told my muscle was insufficient and I was a little overweight," says Zhang. Zhang's friend had a prior appointment, and left, without taking the class.

During the training session, the trainer asked Zhang to do planks, an isometric core exercise that requires much of the body weight to rest on the arms. He assumed it would be hard for her.

Then the trainer began his ambitious sales pitch. "He tried to persuade me to buy a private training package, asserting I needed a custom training program that would bring fast, tangible results."

Zhang was already braced for pushy sales tactics and refused to give in, despite the trainer's persistence. "He kept asking me 'Why not?'" Each time Zhang brought up a different objection, the trainer would try to overcome the objection, then, he would switch to different angles, all bent on "reasons to buy".

This is standard practice in sales. All salespersons are trained to have ready answers to contradict every conceivable objection that their targets might advance, said Jiang Lan, assistant professor of City University of Hong Kong. She has done extensive research on consumer psychology and behavior. The aim she said is to overcome all resistance by the target to paying up. "They commonly ask you to sit through a sales presentation or chat with you incessantly for hours. After the drawn-out preaching, you find yourself dizzy and bewildered. That's the time you are mostly likely to buy," observed Jiang.

"When people agree to a small request offered by another person, they are more likely to give the nod to the second bigger request. This is a proven theory in marketing called 'the foot-in-the-door effect'," says Assistant Professor Lisa Wan of Chinese University of Hong Kong whose expertise is in consumer behavior. The logic is that accepting a favor from someone makes us feel guilty and creates a feeling that we owe that person a favor in return. To put the theory in context, accepting a present increases the likelihood of taking the sales rep's further request, such as signing up membership or forking out for a costly package. "They might even bemoan to you, that they haven't met their sales goal or quota, expecting you to help them out."

Zhang's friend, Leslie He, says she was beset by the trainer throughout the following week. He kept asking when she would come for the free class, until finally, she consented.

"When I ran on the treadmill, the trainer came over and surveyed me from head to toe as if he was trying to find flaws on my body shape and movement," said He, "Then he told me my shoulders were uneven and my legs bowed inwards when I ran. He said that could result in worn-out muscles."

The original price of the package heavily recommended by the trainer was HK\$60,000 for 50 classes. Next, came the standard, "special offer". For HK\$60,000 she would be entitled to 100 classes. She said no. It was too expensive. The trainer offered HK\$19,000 for 50 classes. Still, She declined. Then, the trainer called in another trainer to help to sell He. Often this person will be introduced as "my boss, the one who can really get you the best deal."

The overcrowded retail industry spawns heated competition in both corporate and consumer sales, says Jiang. Sales people may get a meager basic salary. The "real money" comes from cash rewards based on sales. Sales people who can't sell are fired. Under this duress, sales people unload all their stress on their customers, she reckons.

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Face matters

Consumers in Asia are more likely to fall for a sales pitch because they are more vulnerable to social influences, like personal reputation: status, as viewed from the perspective of social standing and wealth. There is peer pressure and a sense of obligation to allow others to save face, says Jiang.

Some high pressure salesmen, when they see the pitch is failing, often resort to verbal abuse to wear down the target, notes professor Wan. For example, a blunt question "Are you poor?", Wan says, is often all it takes for the target to lay the money on the table. Physical intimidation is a tactic often seen in fitness centers, adds Wan, as heavily-built male trainers are deployed to sell personal services to overawed consumers.

Direct confrontation and rejection is frowned upon in Asian culture, adds Wan, and every citizen is told to behave for the sake of social harmony. "Customers get agitated when they see the salesperson turn angry, impatient or get tougher. In our culture we're discouraged from rendering others upset, therefore the only way to ease the tension is to comply."

The "good today only" gimmick is a popular strategy used by Hong Kong retailers, to persuade consumers, notes lawmaker Tang. The "only today" tactic is effective because it creates a sense of scarcity and crisis, says Jiang.

Some customers are easy prey for a sales pitch, because they are unskilled at processing and digesting information. People who are strong-willed, however, tend to be swayed by peer pressure. Sales people instinctively recognize the customer's mindset. A salesperson may tell a potential customer the product is popular among his age group, creating a peer consensus or social norm, remarks Jiang.

"More often than not both the 'good only today' and 'peer consensus' sales pitches are spurious but the false information is hard for customers to recognize."

It is virtually impossible to eliminate high-pressure sales under law, concluded Jiang. Most hard sell tactics are not illegal in essence, they are just unethical, but they don't constitute a crime, she remarked.

The amended Trade Descriptions (Unfair Trade Practices) (Amendment) Ordinance that came into effect in 2013 defines unfair trade practices such as false descriptions of services, misleading omissions, aggressive commercial practices and bait and switch advertising, as criminal offenses. There is however, no clear line between legitimate and criminal behavior, says Tang. There's a lot of controversy and disputes involving hard sell complaints. It is tricky to determine whether the advertising practice was overly aggressive or within acceptable bounds, Tang notes.

Tang also pointed out that while the Unconscionable Contracts Ordinance has been in place for decades to encourage victims to turn to the courts. Most he said, don't know how to avail it, because there is a lack of clear guidelines to help people through the legal procedures.

"The judicial procedure in Hong Kong is lengthy and cumbersome. Victims cannot make an appeal against the company unless they present enough solid evidence that there has been a hard sell," notes professor Wan. She referred to a case where a local victim of a timeshare scam waited for eight years before the case was finally decided in her favor. People do not think it is worthwhile to invest both time and energy on it, so they tend to tolerate this.

Insufficient public education also contributes to low awareness of customer rights in Hong Kong, stresses Wan. She says most people assume that the Consumer Council is responsible for submitting victims' appeals to the court, but that is not case. Victims of abusive sales tactics should go to the Customs and Excise Department if they feel they have grounds to appeal a transaction.

Wan suggests customers leave their identity and credit cards at home, when they walk into a gym or salon. Take along a friend, she adds. These are strategies that can help any consumer to remain clear headed when the big push begins.

Social media platforms also serve as a guard against potential sales scams, Jiang points out. "Browse through customer testimonials posted online, carefully read their reviews and weigh each brand's strength and weakness before making your decision."

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