

NEWS ARTICLES

New FTC regulations put limits on robocalls

Dianna Dilworth August 31, 2009

A new FTC rule goes into effect on September 1 prohibiting prerecorded commercial telemarketing calls to consumers, also known as robocalls, without written permission from the consumer.

The requirement is part of amendments to the agency's Telemarketing Sales Rule (TSR) that were announced a year ago. This new rule is the second phase in a two-phase ruling. The first, which went into effect December 2008, requires marketers to include an opt-out option in all prerecorded calls.

"It resulted from a large outcry from consumers that they really dislike prerecorded calls," said Lois Greisman, associate director of the division of marketing practices at the FTC. "Some people find them harassing and others complained that it was difficult to opt-out.

"The first part of the ruling addressed the opt-out concerns," Greisman explained. "Now we are addressing the further concern that consumers simply dislike these calls, so we are requiring the additional permission to be added."

After September 1, the penalty for prerecorded calls sent without written permission from the recipient will be a charge of up to \$16,000 per call. Despite such harsh penalties, the industry feels ready for the new rule.

"At this point it is a little anticlimactic, since legitimate companies have already been working to cut prerecorded calls from their acquisition strategy," said Tim Searcy, president of the American Teleservices Association (ATA). "Most of these calls are now coming from fraudulent sources."

Using prerecorded calls has not traditionally worked well for customer acquisition.

"Generally, the public does not like automated messages. We prefer to speak to live human beings," said Steve Brubaker, SVP of corporate affairs at InfoCision, a telemarketing services company. "It is probably better to take the personal approach. Reach out to customers with a live person on the other end and develop a solid relationship first."

However, it can work as a retention tool in some cases, according to industry experts. For marketers that do wish to send prerecorded calls to customers with whom they already have a relationship, one of the big challenges will be getting that permission in writing.

"It has to be part of an existing marketing campaign or CRM program," said Brubaker. "When a customer renews the relationship – signs a new contract or there is a sale of a product or service, where a signature occurs – that might be the time to ask for this consent, online or in-person."

There are products in the marketplace designed to help brands get this permission. Vontoo, a telemarketing services company, offers six such services for opt-in, including a Web opt-in page, a toll free phone number opt-in, an in-call opt-in, an e-mail opt-in, as well as a video opt-in and a Text2Voice opt-in. All of these can be used as a first step to initiate written permission.

"It is more complex than it used to be and a little bit more stringent, so it is helpful to use technology to manage this opt-in process," said Nolan Vowels, director of campaign management at Vontoo.

Now that the new TSR rules have gone into effect, Greisman said that she doesn't expect any further legislation in this area.

"I am optimistic that the legitimate industry will fully comply," she said. "I encourage all marketers to comply with the law."

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