Opinion

Outbound calling — Discredited or misunderstood?

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Telemarketing is an industry that has grown up so quickly — and some might say irresponsibly — that it could now be facing an early demise. Bad and, in some cases, illegal practices have driven the public's tolerance of cold calls to an all-time low. In order to survive, the industry needs to up its game and behave more responsibly. Most of the problems associated with telemarketing and other cold calls stems from the technology used to make them. This paper reviews the technology in use, places it in some historical context, examines the regulatory environment and finally makes recommendations as to the responsible future use of outbound calling systems.

Business to consumer (B2C) outbound calling is a laborious process to carry out manually. Consider the experience of the call centre agent making the calls. During the day, a fairly typical list will have a 15 per cent contact success rate. That means that the agent is making more than five fruitless calls before the sixth call finally delivers them a live human. This process is further complicated in a manual system by deciding who to call and when, determining a strategy for re-attempting previously failed call attempts and managing misdials. Three different types of technology have been developed to maximise the agent's productivity in

terms of improving the proportion of working time that an agent would actually spend talking to a contact. This is often referred to as talk time and is expressed as a proportion of minutes in an hour. An agent making calls from a list manually is likely to achieve a talk-time of around 15 minutes in each hour.

In order to improve agent productivity three technologies have been developed to automate parts of the process. Progressive dialling automates the management of the calling list and launches the call automatically. Thus as soon as one call is over and any resulting administrative work has been completed, the system will immediately select the next record to be dialled and launch the next call. It will also determine if the call has been successful and if it has not, will automatically reschedule the call to be made at a later time. This gives considerable additional benefit to the agent who, although having to listen to ringing tone and other telephony signals, is freed from the process of dialling, record selection and other operational administrative functions.

A slight variation on the theme of progressive dialling is preview dialling where the call centre agent is given the details of the call about to be dialled for a few seconds for review, before hitting a button to initiate the call. In environments where the agent needs a

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few seconds to prepare for the call by examining the contact's circumstances, this is a more appropriate technology than progressive.

Both the above approaches, however, still require the agent to witness all the failed call attempts. Although they can push the talk-time up to around 30–35 minutes in an hour, much time is still spent listening to phones ringing or the engaged tone.

To counteract this, a technology called predictive dialling was developed during the early 1990s where a software algorithm predicts the outcome of calls and launches more calls than there are agents in an attempt to improve the agent productivity. On the positive side, this can push agent talk-times to in excess of 50 minutes. There is, however, a by-product of these predictive calls — nuisance calls. The predictions are never 100 per cent accurate and occasionally a consumer will answer the phone and there will be no agent available to receive the call.

Achieving an acceptable balance of agent productivity to nuisance call rate is generally left to the call centre manager — although the quality of the predictive pacing algorithm obviously plays a key part in the performance.

The origins of mass telephone calling stem from debt collection in the USA and it was in this environment that predictive dialling was developed. The upshot of this is that less attention was paid to the experience of the call recipient and all activity was concentrated on maximising agent productivity. Thus high levels of nuisance calls were deemed acceptable and so were practices such as keeping call recipients in a 'hold queue' — in effect making them wait after they had answered a phone for an agent to become available. Very little attention was applied to producing algorithms

that were capable of producing agent productivity at very low rates of nuisance calls because when dialling debtors, it was simply not considered important.

The technology was then rather liberally redeployed in telemarketing. The mechanics of telemarketing are almost identical to debt collection: there is a list of contacts to be made, a target penetration rate for that list and then the desire to convert the contact once you get through. In the debt collection world the target is to elicit a payment, in the telemarketing world the target is to make a sale, or agree a sales appointment or some other kind of commitment step. Thus redeploying the same technology for telemarketing as had been so successful in the debt collection industry looked like a good idea.

The trouble was the experience of the consumer. The advent of predictive dialling brought the cost of telemarketing down and therefore widened its appeal to business with products to sell, and so consumers, first in the USA and then in the UK and the rest of Europe, experienced a rapid increase in the number of calls they were receiving.

Along with the increase in calls also came the advent of the silent call. The phone rings, the householder answers the phone, only to hear silence, followed by a click and the line going dead. This has an alarming effect on householders who complain of fears of being stalked, of their homes being cased for potential burglary, of concerns that their partners are having affairs, among other, highly understandable, fears.

In the USA there is now some legislation to cover the management of predictive diallers, but in the UK there is simply a code of practice administered by the Direct Marketing Association (DMA). In extreme circumstances, Ofcom are able to fine companies for

persistent misuse of such equipment, but this is an extremely rare event.

There are four main components of the UK code affecting predictive dialling:

- a maximum of 5 per cent of all live calls should be nuisance calls;
- if a call can not be connected to an agent it should be disconnected within one second;
- if a nuisance call has been generated, that recipient should not be dialled by the predictive dialler for a further 74 hours;
- a call should ring a householder's phone for at least 15 seconds before hanging up, or be considered a nuisance call.

Many organisations operating call centres, even call centre equipment vendors, fail to understand the full implications of these rules and they are flagrantly disregarded. Take as an example the stipulation as to the level of nuisance calls. This is defined as being the percentage of nuisance calls generated as a proportion of all live calls. Walking the maths, if this is misinterpreted it has a significant implication on the number of actual nuisance calls generated. Take a simple campaign where a call centre contacts 100 consumers. The list on which those consumers were found had a 20 per cent connect rate, so in order to get to those 100 consumers 500 calls had to be made. Under DMA guidelines the maximum number of nuisance calls that can be generated is 5 per cent of the live call rate, or five calls. A sloppy interpretation favoured by many in the industry gives an overall nuisance call rate — or 5 per cent of 500 calls, which results in 25 nuisance calls or five times the permitted rate.

Let us also examine what is known as the 'one second rule' — that if a call can not be transferred it must be

disconnected within one second. As anybody has experienced in their home for a few evenings this is blatantly ignored. One picks up the phone to silence and eventually gives up — only for the call centre to consider that as the consumer has hung up, it was not a nuisance call.

There are countless ways that the rules are misinterpreted and misapplied and while there is no statutory body with power to fine and/or confiscate equipment, it is likely that the abuses will continue. It is no surprise that the Telemarketing Preference Service (or the TPS) — the national database to which consumers can subscribe in order not to receive telemarketing calls — has seen spectacular growth over the last few months, to the extent that almost 25 per cent of UK households have now signed up. This is having the effect of making the telemarketers demand greater list penetration from the households that they can dial, which in turn is driving up the number of nuisance calls — which becomes a vicious circle.

There is a new and more insidious aspect to this debate — the rise in the number of fully automated calls made in the UK, that is, calls that play recorded messages to those who answer the phone. This is not allowed in the UK — unless a consumer has expressly granted permission to be called by an automated system — and many of the calls are generated outside the UK. Often the calls are simply a scam — luring unsuspecting members of the public to call expensive premium rate numbers to hear of a holiday that they might have won. Although not part of the telemarketing industry, this latest trend is only further alienating the reputable telemarketers and driving the public to a wider lack of acceptance of unsolicited telephone calls.

So what can be done? There are plenty of businesses in the UK which have products and services to sell. Many of these are of benefit to consumers. The alternative energy and telecoms companies got themselves off the ground using direct marketing techniques — particularly the telephone — and many consumers have enjoyed the lower bills that have come about as a result of the switch. Fundamentally, if telemarketing did not work, business would not engage in telemarketing! Thus, if the industry is to save itself, it needs to take a hard look at its practices and put its house in order. The experience with the USA, where there has been poor telemarketing practice for longer than in the UK — is that so many people are now on the national 'do-not-call' list that telemarketing is almost a no-go activity. Many of the call centre vendors are now positioning their products towards account management activity rather than the traditional field of new customer acquisition. In the UK it is not too late to reverse the slide. An increased push from vendors and call centre operators to comply fully with the regulations would be a strong start. People's acceptance of nuisance calls would be quickly improved if the system were to immediately ring them back (this time with a reserved agent to eliminate any possibility of a nuisance call) with an apology and then get onto the business

of the call. If contact centres were prepared to dial at even lower rates of nuisance calls (eg 1 to 2 per cent) they would still get considerable performance improvements yet alienate their customers and prospects far less.

A significant boost to this effort could come from regulation. A voluntary code of practice has proved unsuccessful — despite the best efforts of those who produced the code. Ofcom should incorporate the code of practice and enforce it. The same should apply to UK companies which outsource their outbound telemarketing activity off-shore. If the UK trading companies could be fined for the misbehaviour of their overseas outsourcers, that would force an improvement in consumer experience — wherever the call was originated and under whatever jurisdiction.

In short, the industry has the means to reform itself and should take the opportunity to do so before the market becomes saturated with high volume, low value calls, all made from abroad to avoid TPS restrictions. Public awareness of the illegality of automated calling with pre-recorded messages needs to be raised so that the public are encouraged to complain and get such practices stopped by having those telephone lines disconnected. A responsible move from a young industry could just let it survive into adulthood.