Today's changing call centre: An overview

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is a recognised leading authority on call and contact centres — her wealth of experience has been developed over the past 18 years. During this time she has set up and developed a vast range of customer communication and management centres, trained and handled her own extensive teams and spearheaded initiatives in the outsource environment.

An impressive range of organisations in the UK, Europe and Asia have benefited from her pragmatic, result-orientated solutions which integrate people, technology and processes to deliver business strategy and objectives.

In 1992 Natalie established Calcom Group which is an independent provider of call and contact centre consultancy and training services. A highly respected and award-winning company, Calcom Group specialises in transforming in-house call centres — including customer services, marketing and sales centres. Clients include Xerox, Compaq, Cisco, Open University, London Electricity and NatWest.

Natalie chairs London's Call Centre Taskforce. Natalie is often asked to lecture at major industry events throughout Europe and frequently publishes articles. She is also the UK Ambassador for the European Union/FEDMA project to harmonise contact centre qualifications across Europe for representatives, team leaders and managers. Additionally, she is currently writing a book on contact centre management.

Abstract Are today's call centres dying? After the alarmists that claim that all call centres are 'sweatshops' we now have the assassins that claim that call centres are no longer necessary as the world wide web has taken over. The author examines the growth of the call centre sector and how it is evolving into Customer Contact Centres — a central point of communication to truly manage customer relationships — which is here to stay.

MARKET TRENDS FOR CALL AND CONTACT CENTRES

The UK call centre market has grown phenomenally over the past decade. This is demonstrated in the graph in Figure 1.¹ The UK is also the leading European country for call and contact centre activity, as shown in Figure 2.²

This phenomenal rise in the use of the telephone as a contact medium has been due to four main factors:

- customers: rise in consumer expectations
- technology: availability and development of new technologies
- competition: globalisation of markets
- financial: drive for efficiency, increased productivity and greater accountability for return on investment (ROI).

In 1980, *The Times* commented that 'the most powerful marketing tool ever invented lies unused on desks up and down the country' and to a large extent this remained true for most of the subsequent decade.

In the mid-1980s there was a noticeable trend among companies who had tested the telephone successfully through agencies to set up their own operations. The driving factor in these early developments was cost saving — finding cost-effective channels to support the ever more expensive salesforce.

In 1985 toll free and local rate services were launched in the UK, from then on the use of the telephone increased rapidly. In 1994, the Henley Centre produced its landmark piece of research 'Teleculture 2000' which

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Figure 1

Figure 2 Call and contact centre European market share

clearly stated that 'against a background of proliferating telesales activity to consumers, particularly from the insurance and home improvement sectors, the new approach was readily grasped and tested by the more go-ahead direct marketers. These were often subsidiaries of US companies — IBM, Xerox and American Express — and were principally involved in business-to-business campaigns'.

Generally, during the 1990s, there was an increasing emphasis on providing

customer satisfaction and the use of the telephone has been central to answering consumers' rising expectations, (see Figure 3).³

Henley also clearly stated that changing consumers would have:

- time pressures: the growth of the 'cash rich time poor' society which would see people searching for ways to save time, that the telephone would have a role in helping
- rising service demands: Henley found

Figure 3

evidence for consumers demanding better service, which consumers defined as speed, knowledge, helpful staff and longer opening hours. The call centre could 'play a role in developing and enriching the relationship with the consumer both at the point of sale and in after-sales care' — increasing consumer confidence: Henley identified that consumers were more confident about buying or seeking information via the phone and that they were happiest complaining via the phone. Henley also used the Tom Peters quote: 'A well handled complaint usually breeds more loyalty than you had before the negative incident'.

So, as all these consumer and business requirements became more sophisticated, so companies developed call centres for the first time or expanded the size and role of their existing telephone centres. A benchmarking survey published by

Collinson Grant Consultants every year for the last three years provides a useful snapshot of how the roles of call centres are slowly changing (see Table 1).

The figures in Table 1 are lent more weight by the results of the recent Merchants International Call Centre Benchmarking report. This report asked 'What are the main commercial drivers for the call centre?' The answers that were ranked number 1 most often (in order of most mentions) were:

- improve service and retain customers
- increase sales/revenue
- reduce costs/improve efficiency
- create direct customer relationships
- grow the value of existing customers
- extend the service offering
- acquire new customers
- substitute face-to-face activity
- serve a new market.

The Merchants' report received responses from 24 countries and 269 call centres,

Table 1

Typical tasks	1997 %	1998 %	1999 %
Supply information to customers	92	95	95
Take orders	46	55	59
'Sell' to customers	49	51	58
Process complaints	62	67	74
Respond to technical queries	57	56	58

however, over half these call centres are UK based. In addition, within the Collinson Grant Consultants' survey the number of call centres open 24 hours a day increased from 17 per cent in 1998 to 21 per cent in 1999. In the UK in 2000, major call centre operators consist of major organisations such as:

- First Direct
- Next
- Great Universal Stores
- British Gas
- the AA
- Thomas Cook
- Sitel
- Royal Mail
- BT
- Orange
- One 2 One
- NatWest
- Royal Bank of Scotland.

THE FUTURE — WHAT'S NEXT?

The massive growth in companies adopting a customercentric approach through customer services and ultimately customer relationship marketing (CRM) will continue to fuel the growth of call centres and their importance within a company's channel strategy. Additionally, as Internet usage rises call centres are transforming into **contact centres**.

The arrival of the Internet as a communication channel for both business and consumers was seen, in the early days, as a considerable threat to the continued

growth of call centres. Indeed, some commentators predicted a reduction in the number and size of them. While there has been a slowing of growth in the call centre sector this seems, however, to have been caused more by a maturing of the market than any threat posed by the world wide web. Most experts now believe that the Internet's impact will be to change and develop the role of the call centre — hence the growth of the use of the term 'contact centre' — rather than threaten it.

This is borne out by a report, 'The emerging contact centre technology survey', conducted in 2000 by Datamonitor. The authors conducted interviews with 300 call centres across Europe (29 per cent were in the UK) and they were asked, 'By 2003 how many customer contact representative positions do you think you will have?' The average growth expected was 99 per cent.

Technology is also advancing rapidly within the call centre sector, and transforming from telephone-only operations into web-enabled multimedia sites.

A FUNDAMENTAL SHIFT IN CUSTOMER CARE

The telephone has, for the past 20 years, been the primary customer interface. The Internet has now graduated from an *ad hoc* to a *bona fide* core communications channel (see Figure 4).⁴

Figure 4

Figure 5

As penetration of UK Internet users is also rapidly increasing, this, in turn, will lead to a greater use of call centres as the graph in Figure 5 demonstrates.⁵

Generally, within call centres, technology is seen as the biggest challenge, this will be followed with coping with the speed of change and increased competition within organisations. Figure 6 shows responses to the question 'What do you think will

be the single biggest challenge facing your business in the future?'⁶

A significant number of call centres see that over the five years to 2005 a variety of multimedia will be used. Responses to the question 'What percentage of communications through your call centre will be made using e-mail/Internet/interactive TV in five years' time?' are given in Figure 7.

So, what is developing is a contact centre, which undertakes a variety of

Figure 6

Figure 7

Figure 8

functions in one main or virtual centre, its activities will include:

- sales
- customer service
- marketing
- accounts/credit control.

And, the contact centre will utilise all 'modern' channels including:

- telephone
- digital television
- Internet
- e-mail
- WAP technologies
- video.

Most organisations are working on developing their technologies and would expect to transform over the next 12 months. According to Datamonitor, however, only 6 per cent of UK call centres are actually web enabled. Call centres were asked 'When do you think

your company will introduce a contact centre?' Their replies are shown in Figure 8.⁸

The University of the West of England conducted a survey which looked at the time expectancy of technologies. They found that when respondents were asked how technology was going to develop in the future they often received replies that certain elements were 'here now'. When this was the case, they were asked how long they believed it would take for that element to be accepted to such an extent that it would be in general use. These technologies are detailed in Table 2 alongside other technological elements that are still developing.

SUMMARY

Call centres in the UK are predicted to employ 2.2 per cent of the working population by 2001 (higher than in any other European country). They face a challenging future but reports of their

Table 2⁹

'Here now'	Timescale (years)	Still developing
CTI	3	One-to-one technology
Predictive dialling	3	Voice-natural speech
Customer interaction centre	3	Intelligent networks
Call me button	3-4	Dispersed call centre
One message box (e-mail, voicemail, fax)	5	Software to develop interaction
Digital television	5-10	
Videolink	5-10

Figure 9 The characteristics of the contact centre will be very different to those of the call centre

demise have, in the author's opinion been greatly exaggerated.

The call and contact centre sector is one of the most exciting and demanding sectors. Companies and people entering this sector for the very first time often underestimate the amount of time, effort and investment it takes to develop a highly successful operation. The contact centres of tomorrow will be very different from the call centres of today. A summary of this is shown in Figure 9.

Fundamentally, the shift from call to contact centre will affect all organisations' strategy, processes, technologies and, most importantly, people. For those organisations that get it right, however,

the rewards are limitless delivering increased customer satisfaction, better job satisfaction and improved business performance.

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