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TURNOVER AND OUTPUT MEASUREMENT FOR CALL CENTRES IN NORWAY

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1. Definition of the service being measured

The industry of Call Centres is classified in NACE 82.2. According to Eurostats classification of products (CPA 2008) 82.2 has only one 6. digit category.

- 82.20.10 Call center services
  This subcategory includes:
  - taking orders for clients by telephone
  - soliciting contribution or providing information for clients by telephone
  - telemarketing

Call center activities do not cover sales promotion services (if no orders are received), market research services or public opinion polling services. These activities belong to NACE 73.1 and 73.2.

2. Unit of measure to be collected

Statistics Norway (SSB) is obliged to provide Eurostat with yearly data at enterprise level concerning turnover, through the SBS-regulation, from 1. to 4. digit level. NACE group 82.2 is included.

*In the SBS turnover is defined as the sum of remuneration for rendering of services to customers and sales of merchandise, and gross income from other activities. Rental income, commissions and special taxes are included, while subsidies and profits from sales of business assets are not. VAT is not included in the statistics.*

Source: Business activities, structural business statistics - annually - SSB

SSB collects also bimonthly data through the VAT register. These data are published on a quarterly basis at 2. digit level. Data at 3. to 5. digit level is edited and available for internal use.

It is not relevant to collect CPA data for this industry, as only one 6.digit group exists, but Norway operates with two national 5.digit level NACE codes:

- **82.201 Inbound call centers.** Includes activities as taking orders for clients by telephone, providing information for clients by telephone, customer service in general, and interactive answering systems

- **82.202 Outbound call centers.** Includes sales activities by telephone
3. Market conditions and constraints

3.1 Size of industry

Call centres belong to division 82, Business support activities, which is a part of section N, Administrative and support service activities. In 2012, Section N had a total turnover of NOK 165 billion, equal to approximately 20 billion Euros. The turnover within section N was in 2012 divided between divisions 77-82, as shown in figure 3.1.

Figure 3.1.1 Distribution of turnover, Section N. Enterprises. 2012.

Sources: SBS 2012. Statistics Norway

In 2012, division 82 had a turnover of NOK 24.8 billion, equal to a share of 15 per cent of the total turnover in section N. Division 79, Travel agencies and tour operators was the largest one, with a total turnover of NOK. 39.4 billion.
Divion 82 is divided into 4 groups, one having the majority of the turnover.

**Figure 3.1.2 Distribution of turnover, division 82. Enterprises. 2012.**

![Distribution of turnover, division 82. MNOK](image)

**Source: SBS 2012. Statistics Norway**

NACE group 82.2 had a 9 per cent share of the total turnover within division 82, equal to NOK 2.3 billion (or approximately 0.3 billion Euro). Compared to section N, the group covered 1.4 per cent of the total turnover. NACE group 82.9 was the largest group, having 70 per cent of the total turnover, equal to NOK 17.1 billion.

In 2012, NACE 82.2 included 3 423 enterprises, employing 4 214 persons enterprises.

**3.2 Business structure**

Table 3.2.1 shows how activity is structured, by size groups.

**Table 3.2.1. Share of number of enterprises, employment and turnover in different size groups. NACE 82.2. 2012**

<table>
<thead>
<tr>
<th>Employment groups</th>
<th>No. Enterprises</th>
<th>Employment</th>
<th>Turnover</th>
</tr>
</thead>
<tbody>
<tr>
<td>0-1</td>
<td>59 %</td>
<td>2 %</td>
<td>4 %</td>
</tr>
<tr>
<td>2-9</td>
<td>16 %</td>
<td>4 %</td>
<td>5 %</td>
</tr>
<tr>
<td>10-49</td>
<td>18 %</td>
<td>25 %</td>
<td>26 %</td>
</tr>
<tr>
<td>50+</td>
<td>8 %</td>
<td>70 %</td>
<td>65 %</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100 %</strong></td>
<td><strong>100 %</strong></td>
<td><strong>100 %</strong></td>
</tr>
</tbody>
</table>

**Source: SBS 2012. Statistics Norway**

26 per cent of the enterprises had more than 9 people employed, and covered 95 per cent of the total employment and 91 per cent of the total turnover. There are many small players, measured by number of units (75 per cent), but they cover less than 10 per cent of the total employment and turnover.
The development from 2010-2012 is shown in figure 3.2.1

Figure 3.2.1. Number of enterprises, employment and turnover. NACE 82.2. 2010-2012.

Number of enterprises, people employed and turnover decreased from 2010-2012. Turnover decreased by 15 per cent and the employment by 17 per cent. SSB operates with two national 5-digit NACE groups:

- **82.201. Inbound call centers**
- **82.202. Outbound call centers.**

At 5-digit level, turnover and employment have developed like this:

Table 3.2.2. Employment and turnover. NACE 82.201 and 82.202. 2010-2012

<table>
<thead>
<tr>
<th></th>
<th>82.201 Inbound call centres</th>
<th>82.202 Outbound call centres</th>
</tr>
</thead>
<tbody>
<tr>
<td>Turnover (MNOK)</td>
<td>1 338</td>
<td>1 075</td>
</tr>
<tr>
<td>Employees</td>
<td>1 911</td>
<td>1 659</td>
</tr>
</tbody>
</table>

*Source: SBS 2010-2012*
82.201 Inbound call centers. This subclass has experienced a significant decrease in both turnover and employment from 2010-2012. Two main activities exist within this group:

1. Manual or automatic generated information, concerning phone numbers for mobiles and fixed lines and addresses. Due to alternative channels and new technological solutions which have been established, the market for this service has been decreasing during the recent years. Payment for the services is done through the customer’s telecommunication-operator. The operator charges the user for the service and the call center then charges the operator. Services are provided to both the business and household sector. Limited degree of export based in information from annual reports.

2. Outsourcing of call center activities to other businesses. The services can include general customer service and relationship marketing. Activities are outsourced to several kinds of industries. Services are only provided to the business market. Degree of export is low, based on information from annual reports.

82.202. Outbound call centers. The units within this group operate with telemarketing on behalf of a third party (the customer). Market consists of BtoB transactions, but the customer can operate in both the profit and the non-profit market (ideal organizations). The telemarketing enterprises are paid by the customer for the services. The customer then charges the buyers achieved, through the telemarketing. Based on the annual accounts export, degree of export is very low.

Production structure within enterprises in both subclasses is homogenous, including no significant secondary production.

3.3 Special conditions or restrictions
In Norway it is possible to make reservations against telemarketing. In 2013, more than two million persons had made such a reservation due to the Norwegian user commission (Forbrukerombudet i Norge). This accounts for approximately 50 per cent of the population from age 16 and up (and 40 percent of the total population). Reservation may cover both profit and non-profit organizations, but one has to make specific reservation against the non-profit units (90 per cent of the 2 million persons have done so in 2013). It limits naturally the expansion possibilities of the telemarketing companies.

The possibility of reservation does not cover market research activities (NACE 73.2)

4. Standard classification structure
The Norwegian Industrial Classification (SN2007) is identical to NACE Rev 2. at 4. Digit level. ISIC Rev.4 is identical to NACE Rev.2 for this industry. Statistics Norway has national 5.digit subclasses, within different divisions, e.g. NACE 82.

5. Evaluation of standard vs. definition and market conditions
There exists only one 6.digit CPA group. As mentioned, SSB has established two 5. digit NACE groups, distinguishing between inbound and outbound activities. Common for both groups is that there is activity on behalf of a third party (not all inbound Call Centres) Differences are that in-bound activities are directed toward service activities, whereas outbound activities typically have the purpose of selling. This distinction fits the Norwegian market good. Inbound and outbound activities covering respectively 41 percent and 59 per cent of the market, measured by turnover. Among the largest units, it has not been localized significant activities beyond this.
6. National accounts concepts and measurement issues for the area

NA uses the same classification as SN2007, including two subgroups within NACE 82.2

NA uses the SBS at establishment level as a source for calculating the yearly national account and the STS for the quarterly national account. For both SBS and STS, Statics Norway collects turnover data for 82.201 and 82.202.

The NA defines output as the value of goods and services from domestic production activities, i.e. from market activities, i.e. from market production, production for own final use and non-market production in general government and in NPSIHS. Output is not the same as sale of goods and services. Output is published in basic prices, i.e. subsidies on products are included, but not VAT or other taxes on products.

Source: Concepts and definitions in national accounts - SSB

In the SBS turnover is defined as the sum of remuneration for rendering of services to customers and sales of merchandise, and gross income from other activities. Rental income, commissions and special taxes are included, while subsidies and profits from sales of business assets are not. VAT is not included in the statistics.

Source: Business activities, structural business statistics - annually - SSB

Within NACE 82.2 subsidies and taxes on products/services are almost zero (influences output < 0.1 per cent based on SBS 2012). The same accounts for cost products/services for resale. Output in basic prices and turnover is therefore in practice identical terms when it comes to call center activities.

7. Turnover methods and criteria for choosing various output methods

7.1 Annual data

7.1.1. Sources and data collection

SSB produces absolute yearly data concerning turnover, gross value added and other economic variables. A sample is drafted (PPS), statistical unit is enterprise. From these units SSB receives annual accounts and a questionnaire. The questionnaire includes questions concerning data, we cannot estimate from the yearly account.

The questionnaire also includes a breakdown of turnover, wages and salaries, total operational costs and gross investments at establishment level.

From the tax authorities, SSB receives all other annual accounts which have been reported electronically. All detailed information concerning operational income and costs are used. If information is still missing for any units in the population, turnover data are collected from the VAT-register or Brønøysundregisteret. In practice, the turnover variable has a coverage rate of 100 per cent in the population.

For NACE 82.2 the distribution of turnover between the different sources in the SBS 2012 can be viewed in table 7.1.1:
Table 7.1.1 Distribution of turnover in NACE 82.2 by sources. SBS 2012

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual accounts, sample</td>
<td>64 %</td>
</tr>
<tr>
<td>Annual accounts, outside sample</td>
<td>32 %</td>
</tr>
<tr>
<td>VAT-register</td>
<td>4 %</td>
</tr>
<tr>
<td>Joint-stock company register</td>
<td>0 %</td>
</tr>
</tbody>
</table>

*Source: SBS survey 2012, Statistics Norway*

Annual accounts cover 96 percent of the total turnover in the population. SSB has therefore almost a census survey for detailed income and cost components in the yearly account. Only 4 per cent of the turnover is collected through the VAT register. For these units income and cost components must be estimated based on keys from the units having annual accounts.

As mentioned in chapter 6, for NACE 82.2 output and turnover do not differ significant from each other. A few comments concerning the methodological changes which have been made within the SBS-survey in Norway and have influenced the quality of the output variable will anyway be added in the next section.

7.1.2. Methodological changes in the SBS in general, influencing output

One methodological challenge, which influences the level of output at industry and establishment level has been how to treat multi establishment enterprises (MEEs), having a heterogeneous production, where distributive trade is one of the activities. For estimation of output it is especially important to distinguish between sale and cost of goods for resale (found typically within distributive trade) – and other sale and cost of goods at establishment level. In the SBS questionnaire all enterprises give information concerning:

1. Turnover from goods for resale
2. Cost of goods for resale.

The annual account includes information concerning the total turnover and the total costs of goods. Total turnover is broken down at establishment level by the enterprises themselves (but not total costs of goods).

Through the estimation procedures, turnover and costs of goods for resale in MEEs are now primarily directed towards establishments within distributive trade (with a few exceptions). Earlier, data at enterprise level were divided among establishments, without taking the activity of these units into account. Consequences were that e.g. establishments within distributive trade could have only a small share of it is turnover from resale. The same could be the case for cost of goods for resale. On the other hand, establishments within service activities could have a relatively large share of its turnover within resale of goods. In addition they were given a part of the costs of goods for resale, although in practice, the sum should be zero.

The changes in methodology have increased the quality of the output data, giving a better consistency between turnover and cost components and activity at establishment level. The largest improvement is found within distributive trade, but has naturally also influenced other areas as well.

Regarding 82.2 specifically, the change of methodology have not influenced the quality of output significantly, as resale of goods (and costs of these goods) are zero (SBS 2012)
7.1.3. Formalized cooperation between NA and SBS producers
Another more general factor which have increased input from SBS to NA is the formalizing of the cooperation between the units, through written internal contract in SSB.

The contract includes:

- A description of which data should be included in the delivery and in which format
- Deadline of delivery
- Required controls of dataset before delivery
- Documentation of dataset (description of data, challenges during the production process, significant changes in the population (fictive, non-fictive)
- Communication between the divisions – at least 3 annual meetings.

NA gets access to all data at macro and micro level. The macro level data includes all detailed data at 5-digit level. This includes e.g. information of every single variable, contributing to the total output/turnover/operational income and total operational costs. From this dataset the NA can estimate the aggregated variables needed for the yearly national account.

NA is obliged to provide the producers of the SBS with written feed-back on how data are used in the NA and other general comments concerning the dataset.

NA is not to use the micro files for any other purposes than explaining development at macro level, if this explanation is not found in the documentation.

7.2 Quarterly data
SSB produces a quarterly turnover index, based on bi-monthly data from the VAT register. Data are collected and edited at 3.-5 digit level, but are only published at 2-digit level. The NA uses this information for the quarterly national account.

8. Evaluation and comparability with price measures.
SSB has not developed a SPPI for NACE 82.2 and there is no plan for this at short-term. The industry is small and it is outside the scope of the STS-regulation. The NA uses the wage-cost index as a proxy.
9. Summary

- SSB collects yearly data of absolute turnover, using annual accounts and VAT register as sources. Bimonthly data from the VAT register are collected and used as a source for the quarterly NA and the quarterly turnover index.

- 26 per cent of the enterprises have than 9 persons employed and cover more than 90 per cent of the total employment and turnover

- The inbound call centers, having manual or automatic generated information have experienced a decrease in turnover the recent years, due to alternative channels and technical solutions established in this market. Enterprises within both subclasses have operates on behalf of a third party. In-bound activities is in addition characterized by outsourcing activities

- Output in basic prices and turnover is in practice equal. Subsidies, taxes on services/products and resale or almost zero

- SSB has no price index for this industry