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Sector Paper: 

*Call Centres*

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Overview

• Introduction
• Classifications
• Status
• Turnover
• Services Producer Price Indices (SPPI)
• Summary
Introduction

• Output of Call Centres presents few challenges
• The sector is well defined and reasonably homogeneous
• Production of indices measuring price development is less straightforward, and only a few countries where progress has been made

• Summary of experiences of Australia, France, Norway, Sweden and USA

• Outline areas for further discussion
Classifications

• Not significant differences in the classification of the sector across countries

• Call Centre covers a reasonably narrow spectrum of services provided almost exclusively to business customers
Classifications - Industry

<table>
<thead>
<tr>
<th>Classification</th>
<th>Section</th>
<th>Division</th>
<th>Sub-division</th>
</tr>
</thead>
<tbody>
<tr>
<td>ISIC Rev. 4 / NACE Rev.2</td>
<td><strong>N</strong> – Admin &amp; support service activities</td>
<td><strong>82</strong> – Office administrative, office support and other business support activities</td>
<td><strong>82.1</strong> (office admin support activities) <strong>82.2</strong> (activities of call centres)</td>
</tr>
<tr>
<td>NAICS US 2012</td>
<td><strong>56</strong> – Admin &amp; Support and Waste Management &amp; Remediation Services</td>
<td><strong>561</strong> – Admin &amp; Support Services</td>
<td><strong>5614</strong> (business support services) <strong>56142</strong> (telephone Call Centres) <strong>561421</strong> (telephone answer services) <strong>561422</strong> (telemarketing Bureaus &amp; other contact centres)</td>
</tr>
<tr>
<td>ANZIC 2006</td>
<td><strong>N</strong> – Administrative and support services</td>
<td><strong>72</strong> – Admin services</td>
<td><strong>729</strong> (other admin services) <strong>7294</strong> (call centre operation)</td>
</tr>
</tbody>
</table>
Classifications - Products

- Central Product Classification (CPC) v.2
- Classification of Products by Activity (CPA 2008)
- North American Product Classification System (NAPCS) v.1

- Distinction made between inbound and outbound call centres and the different services they provide
- NAPCS is more detailed than the other 2, with regional differences evident – Canadian variant has 5 products, USA has 6 and Mexico 9
- Norway division 82 has a dominant group 82.9 (business support service activities not elsewhere classified) – maybe a classification issue
## Status – ISIC 3312

<table>
<thead>
<tr>
<th>ISIC 3312</th>
<th>Survey Categories</th>
<th>Number of Countries</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>a. PPI details &gt;= CPC</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>b. PPI details &gt;= CPC soon</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>c. Turnover details &gt;= CPC</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>d. Turnover details &gt;= CPC soon</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>e. Industry prices calculated</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>f. Industry turnover collected</td>
<td>19</td>
</tr>
<tr>
<td></td>
<td>1. Detailed turnover and prices well aligned</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>2. Detailed turnover and prices well aligned soon</td>
<td>0</td>
</tr>
<tr>
<td></td>
<td>3. Industry level turnover and prices aligned</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>4. Industry level turnover and prices aligned soon</td>
<td>2</td>
</tr>
<tr>
<td></td>
<td>5. Other - no industry coverage for prices and/or turnover, etc.</td>
<td>22</td>
</tr>
</tbody>
</table>
Turnover – Data availability

- Good availability – 19 countries compile industry level turnover
- Call centre sector accounts for a small proportion of total national output
- The industry has a high level of fragmentation – with a large number of small firms for the countries included
- However, a small number of large firms companies typically dominate the market
Turnover – Data collection

- Variety of sources used – sample surveys, censuses and administrative data
- Annual surveys to compile turnover data, which also provide additional characteristics data
- Sub-annual mostly from surveys, although administrative records being explored more for compliance burden reasons.
- Sub-annual results are generally published as indices
Turnover – Data issues

• Wide range of turnover data available collected on quarterly/annual basis

• Less collected on a monthly basis, and detail required for National Accounts met by ‘keys’ derived from more detailed annual surveys

• US – quarterly data benchmarked to annual data, for consistent results over time
## Options for developing turnover statistics for Call Centre Services

<table>
<thead>
<tr>
<th>Category</th>
<th>Data Source</th>
<th>Level of Detail Collected</th>
<th>Frequency</th>
<th>Cost</th>
<th>Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Best</td>
<td>Survey/Census</td>
<td>Industry turnover and product turnover detail</td>
<td>Annual and/or sub-annual collection</td>
<td>Most expensive</td>
<td>Allows greatest flexibility to identify specific revenue streams</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Largest response burden</td>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Timely data</td>
</tr>
<tr>
<td>Good</td>
<td>Survey/Census</td>
<td>Industry detail only</td>
<td>Annual and/or sub-annual collection</td>
<td>Expensive</td>
<td>Industry level detail may not be sufficient due to secondary activity issues.</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>High response burden</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Less timely data for Census</td>
</tr>
<tr>
<td>Minimum</td>
<td>Administrative data</td>
<td>Industry detail only</td>
<td>Annual</td>
<td>Least expensive</td>
<td>Least timely</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Little or no respondent burden</td>
<td></td>
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<tr>
<td></td>
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<td></td>
<td></td>
<td></td>
<td>Units may be misclassified to incorrect industry</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Requires interventions to match to register</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>May be problems around access</td>
</tr>
</tbody>
</table>
SPPI Data (1)

Data availability
- Good availability, although unlikely to be a standard pricing mechanism for the whole sector
- Only 3 countries calculate industry level prices

Sources of SPPI data
- Dedicated SPPI surveys
- CPIs cannot be used as a proxy, as call centres confined to commercial sector

Target coverage
- All of the services that the sector provides – inc. inbound and outbound traffic & on- and off-shore services
Pricing methods used and main issues

- Unit price measurement is most common with prices based on a minute, hour or productive time.
- Unlikely to be a single, standard pricing mechanism used
- Price depends on length of call, worked time, productive time, in/out bound call, type of query, time of call, qualification level of employee
- Key to distinguish between in-house, outsource & on- and off-shore services
- Geographical factors – location of a product affects price
SPPI Data (3)

Pricing methods used and main issues

• Pros & cons of outsourcing -
  : price versus quality
  : double counting ?
  : are off-shore services considered as imports ?

• Quality adjustments are a challenge –
  : France says off-shore 80% of on-shore
  : standardised service should be identified which is representative – may need updating or replacing periodically
Weights

- Type of weights will vary according to the type of approach taken to compile the PPI
- ‘Product’ level prices indices recommended over industry level indices
- But, so few countries are producing a price index, that cannot assess the impact of different approaches
# Options for developing SPPIs for Call Centre Services

<table>
<thead>
<tr>
<th>Service Type</th>
<th>Pricing Mechanism</th>
<th>Pricing Method</th>
<th>Data Type in Survey</th>
<th>Quality and Accuracy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Routine, repeatable</td>
<td>Price per minute/hour of phone time for different levels of employee expertise</td>
<td>Contract price</td>
<td>Real transaction prices</td>
<td>High if transactions remain representative and at constant quality, possibly need to control for time of day</td>
</tr>
<tr>
<td>Unique and non-recurring</td>
<td>Total price charged for a set contract</td>
<td>Contract price</td>
<td>Real transaction price</td>
<td>High at the beginning but measures of change difficult to capture without an attempt at quality adjustment; this is difficult to achieve. So quality will diminish</td>
</tr>
</tbody>
</table>
Summary

- Measurements of output development of Call Centres are well developed, but not so prices.
- International classifications are well harmonised.
- Call centres as a sector are well defined and NACE and ANZSIC only include one four-digit class.
- Mainly, the market is dominated by a few large firms – with units normally homogeneous.
- Wide range of turnover data available – but only a few countries produce SPPIs.
- Overlaps between this sector and telecoms – highlighting interdependence within the service sector.
- Outsourcing a big issue, and quality adjustments an aspect for this.