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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

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

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

ISIC 3312	Survey Categories	Number of Countries
	a. PPI details >= CPC	0
	b. PPI details >= CPC soon	0
	c. Turnover details >= CPC	2
	d. Turnover details >= CPC soon	0
	e. Industry prices calculated	3
	f. Industry turnover collected	19
	1. Detailed turnover and prices well aligned	0
	2. Detailed turnover and prices well aligned soon	0
	3. Industry level turnover and prices aligned	2
	4. Industry level turnover and prices aligned soon	2
	5. Other - no industry coverage for prices and/or turnover, etc.	22

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

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

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

SPPI Data (2)

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

Service Type	Pricing Mechanism	Pricing Method	Data type in survey	Quality and accuracy
Routine, repeatable	Price per minute/hour of phone time for different levels of employee expertise	Contract price	Real transaction prices	High if transactions remain representative and at constant quality, possibly need to control for time of day
Unique and non-recurring	Total price charged for a set contract	Contract price	Real transaction price	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

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