

Speedometer: Measuring the rate of growth of call centers in Poland

Estimation of the size of the call center market in Poland resembles an auction. The auctioneer starts: “The number of positions in call centers in Poland. Let’s start from 40 000 positions. Any advance? The gentleman in the third row says 50 000 positions in service and internal call centers. The lady wearing a grey suit goes up to 75 000. Any more, anyone? 75 000 for the first time. 75 000 for the second time. Well, the gentleman wearing a red tie takes us up to 150 000.”

In 2001 there were supposed to be over **100** call centers in Poland (according to ITTI), just over **200** (according to Electronic Market Institute), over **400** (according to Datamonitor) or about **500** (according to Telemarketing working group of the Direct Marketing Association). [1]

None of the authors of these estimates gives the basis for their numbers. Discrepancies in estimations of the size of the call center market continue ...

Is it worth arguing about the number of call centers and the number of positions in call centers

Why is the matter of the number of call centers important? It is at least in part because, unnoticeably, there has grown to be quite a numerous group of people for whom part of their professional life is devoted to servicing the telephone contacts of their employers.

These people are part of the marketing revolution that has been taking place in Poland for a dozen or so years. It is thanks to them that we order

goods and services on the phone, carry out bank transactions, and make complaints. It is thanks to them that research companies can obtain our opinions immediately. It is thanks to them that we do not have to queue. It is thanks to them that a teacher from a small town is as close to the textbook editor as a teacher from the city, living a few streets away from the publishing house. As near as you can reach out your hand.

It is the customer, or the company that employs the telemarketer, that pays for his mistakes. During a 3-5 minute conversation there is not much time to think. A telemarketer might be prepared for it, or not, and the information given by the telemarketer might be true or not. And the telemarketer is the company as far as the client is concerned. The customer, after getting the information, has reasons to be convinced that it is not Joanna Krabik or Leszek Janczarek that he received the reply from, but that “the company says so”.

100, 200,
400, 500...
Who cares?

The telemarketer might know how to behave in the case of an emotionally excited customer or not. He might know and be able to use the knowledge or just know. He might look for someone who is guilty of making mistakes or seek for a solution. If in such a conversation he carries on according to “the rules of the art”, then, most likely, he might help the company to keep the customer. If he doesn’t know or cannot do that, he will discourage the customer from sticking with the company. In a short telephone conversation there is usually no time to correct any mistakes that are made.

The more people work in call centers (as CSRs, supervisors, shift managers and department managers), the greater the consequences for all of us, whether employers or customers. And today there are many thousands of them.

The number of call centers is also important from the point of view of knowledge about what might

and might not be achieved on the phone. The more companies there are that have at least a 3-4 person department for telephone contacts with customers, the wider the experience.

And, of course, it is important for the producers of technology used in call centers: call center systems, IVRs, ACDs, voice recorders, and specialized software, although the possibility of sales is present only after the call center gets big enough.

The number of positions is of special importance for those suppliers who charge their clients for the number of licences.

Physical inventory

Stocktaking as a research method includes contacting by mail or telephone (usually both) the representatives of call centers, who are asked questions about the number of positions in their call centers.

Before asking questions about the size of their call center, we explained what we understand by a call center. This is because opinions might be heard such as: "What we have been doing until now is telemarketing. Currently, we want to create a call center" (a manager of a pharmaceutical company, which has for over 9 years over 30 workstations in 3 locations) or "We do not have a call center and we are not going to create anything like that" (a manager of a 15-person telephone service office of a financial institution), or "We do not have a call center. There are plans for creating one" (a manager of a 12-person service desk), or "Our institute does the market research, e.g. with the help of telephone interviews which are computer supported, so we are not carrying a typical call center activity" (PR manager of one research company, having a big CATI studio).

In order not to have any misunderstandings over the number of positions in call centers and contact centers, we informed them that, for us, these include all organizational units charged with telephone contacts with customers, regardless of the term that is used for them (hotline, help desk, IT help desk, service desk, IT service desk, (telephone) complaints department, (telephone) vindication department, transfer agent, Customer's Service Office, Customer's Service Center, Investors' Service Team, telesales department, telemarketing department, Consumer's Service, service call center, outsourcing contact center, emergency center or CATI studio). We explain that a call center is a group of people who contact

internal and external customers intensively by phone, regardless of the subjects of conversations.

Data received by mail or during the telephone conversation were compared with other sources in order to eliminate mistakes and incoherence in the information received.

Physical inventory seems to be a more direct way of ascertaining how changes are taking place in the call center market. It does not use estimations, and does not ask who assumes what, but obtains hard, verifiable data.

call center,
emergency center,
customer care
department,
contact center,
telemarketing unit,
telesales,
help desk,
infoline,
IT help desk,
service desk,
consumer servis,
CATI studio

Initial results

During the first phase of research, that is at the end of 2005 and the beginning of 2006, data concerning 113 call centers were collected. In the second phase, that is at the end of 2007 and the beginning of 2008 — 82 call centers. The data do not allow for any estimates of call center numbers or the number of workstations. However, they do allow us to publish initial information about the speed of increase of the positions.

The number of call centers, about which information was collected, is large enough. Adding additional data changes the ratio of the speed of increase slightly. The results should be treated as being preliminary. The ratio of the increase of positions between the years 2007 and 2006 might change. The changes will be given in subsequent reports.

The speed of increase of workstations

The increase of workstations in 2006, in relation to 2005, was 23.2% and in 2007 in relation to 2006 – 35.7%. Is this a lot or a little?

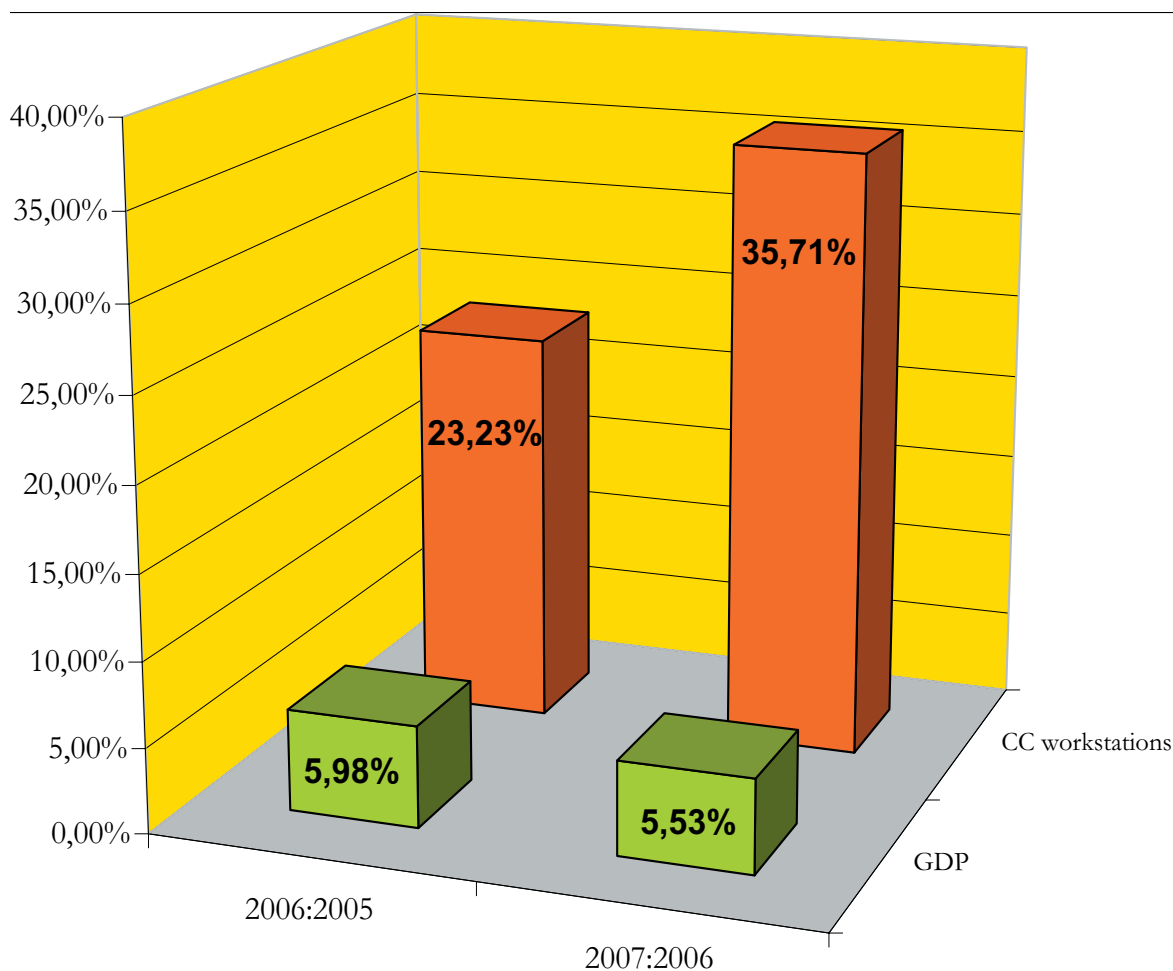
Definitely more than Datamonitor claims. According to Datamonitor, the speed of growth of workstations between 2006 and 2007 was at the level of 13,8%, or 2,58 times slower that we have discovered in our study.[2] An anonymous 2006 report estimated the annual growth rate at the level of 11.5%.[3]

Can we learn anything from international comparisons? Let's see. Data Monitor forecast that the speed of increase of the number of call centers in the Asia-Pacific region between 2003 and 2006 would be equal to 15%, and described the increase as radical.[4] The Philippines Call Center Association announced that between 2000 and 2006 the number of positions in call centers increased from 1500 to 70000. This would mean that the average annual rate of increase was 38%. [5] The Department of Trade and Industry of the Philippines government announced that in 2001 there were 3500 positions, while in 2004 – 40000, that is an annual increase of 100%. [6] This looks like being similar to estimates concerning Poland, in other national or regional information sources, and everyone estimates what seems comfortable to him, not taking reality into account.

We have then to search for a different basis for comparison.

15%, 38%,
or maybe
100%?
Does it
really
matter?

Diagram. The speed of growth of workstation in Polish call centers and the speed of growth of GDP in Poland (compared to previous year); N 2006 = 113 call centers, N 2007 = 82 call centers.



Source: MasterPlan www.masterplan.pl

The comparison of the speed of increase of GDP and increase of positions in internal and outsourcing call centers shows that, in 2006, the call center market was increasing 3.89 times faster than GDP, and a year later even as much as 6.46 times faster.

I realize that I am comparing a financial ratio (speed of increase of GDP) with the change of number of workstations, which is data of a different character. However, such juxtaposition might be justified, as we are comparing the speed of increase and not absolute values.

An almost 4- and over 6-times increase in the number of workstations above the GDP's speed of increase means that call center industry in Poland is developing fast, despite the moderate level of foreign investment. The favorable factors must surely include: dynamic development of e-business (Internet travel agencies, Internet shops), sales development in direct systems (communication,

insurance); development of services directed at people suffering from continuous lack of time, and young people for whom dealing with their business by telephone and the internet is something natural; as well as the continual decrease of the cost of telephone connections.

What next?

The data currently collected allows for a determination of the speed of increase of positions. We still need to wait, however, for "hard" data concerning the number of call centers...

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The report is being sponsored by Algotech – provider of advanced call center technology (www.algotech.pl), Altar – producer of modern call center software (www.altar.com.pl), and Jabra – manufacturer of high quality headphones (www.jabra.pl).



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