INTERNATIONAL 2016

CUSTOMER CONTACT BENCHMARK

Executive Summary

SCORES | INSIGHTS | TRENDS

PREMISES

The dramatic growth of the Contact Center industry is a world-wide phenomenon, fueled by advances in information technologies and the precipitous decline in the costs of voice and data transmission over the last two decades. As part of this global industry, Contact Centers in Europe have experienced spectacular growth in the last ten years.

Therefore and since 2012, we have launched the concept of a European Contact Center Benchmark with the ambition to purvey the European Contact Center market with its first comprehensive overview.

The different reports published since then have to be considered as a first large scale European study of Contact Center market structure/organization across the different countries in Europe. Covering 30 countries in Europe, this survey provides a detailed account of the similarities and differences in structure and practices across widely diverse national contexts and cultures

Our findings suggested that the Contact Center sector has emerged with a fairly common growth path, mainly different in time, but with much similarities in evolution process and steps. We do observe a substantial convergence of the more mature markets over roughly the last 5 years, and strong growth for countries and sectors catching up.

Our clear objective is and will be to help companies to define the right location for their future development in Europe, to provide them with detailed information about the situation of the different markets in Europe, and finally to deliver a complete analysis of the situation of this growing market.

This study covers both in house and outsourced activities and all vertical industries.

In order to guarantee a permanent improvement and continuous development of this survey, we will bring for the next edition some modifications at different levels such as the name (International Customer Contact Benchmark), the website, the logo, the lay out and the parameters of analysis.

Another optimization step which will be visible within the 2016 edition of the study is reshaping the content structure; the strategic information and insights will be highlighted in a more clear and concise format. This qualitative change aims to support the reader in data interpretation and manipulation.

Finally, we will extend the cover of this survey by completing our analysis with some more other countries like the ones of the Balkans but also some African countries for the next year edition.

This will allow us to be able to deliver still better verified information and to share it with you and all our partners.

Vincent Vanden Bossche

Managing Director Call Communications.eu

INSIGHTS

The **objective of the study** is to create value to the Contact Center Industry by compiling existing datasets into a general, normalized framework, analyzing the evolution of this market and identifying medium and long term trends.

The study uses real data rather than to rely on extrapolations of data based on population or GDP.

ACTIVITIES, CHANNELS AND VERTICALS

We do cover both in house and outsourced activities, for as far as the location of "production" is in one of the countries in scope for this white book; see below for sourcing definitions and further for country range and clustering. This choice implies that from the European sphere other areas can be serviced and supported, even outside our geographical scope; on the other hand, countries outside our scope can provide contact center activities, as per below, in the area, but their production will not be included in our reference base.

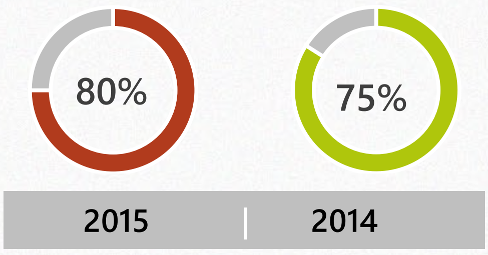
All vertical industries are covered, and detailed below per ISICv4 code. As for the activities and channels in scope for this white book, all activities and channels are included:

- Customer Service & complaint handling (non-technical and/or post-sales)
- Technical support (helpdesk levels 1-2-3 & intervention scheduling)
- Dispatching & event registration
- Order taking (incl. ticketing)
- Pre-Sales activities (Lead generation, appointments)
- Surveys (satisfaction, qualification, market research)
- Loyalty & Retention
- Sales (selling, X- & Up-selling)
- Credit Collection

VALIDITY

The validity of every data used in the study was scored based on the following **5 criteria**, using different weights:

40%	Primary Data
20%	Multiple Sources
20%	Actual Data
10%	Data Consistency
10%	In Country Validation



INSIGHTS

COUNTRIES / CLUSTERS

The following **30 countries** are fully in scope and presented here in the white book: Austria, Belgium, Bulgaria, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, Iceland, Ireland, Italy, Latvia, Lithuania, Luxemburg, Netherlands, Norway, Poland, Portugal, Romania, Russia, Slovakia, Spain, Sweden, Switzerland, Turkey, Ukraine and United Kingdom.

Countries are different in many aspects, such as geological location, climate, natural resources, etc. Among these various differences, social scientists are more interested in the institutional difference. Comparative studies on countries are usually qualitative, because collecting data across countries and applying quantitative methods are challenging.

Countries in Europe can be divided in many ways and on different bases. Establishment of the European Union has introduced the new quality elements into the international economic relations not only on this continent, but also all over the world. The influence of these large, geographically spacious units has important effects to the Member Countries, as well as to many other countries with which the former are maintaining very strong trade, economic and political relations

For this survey we have decided "to cluster" countries in an intuitive way, mainly geographically, but with the overall purpose of allowing a comparison to neighbors and peers.

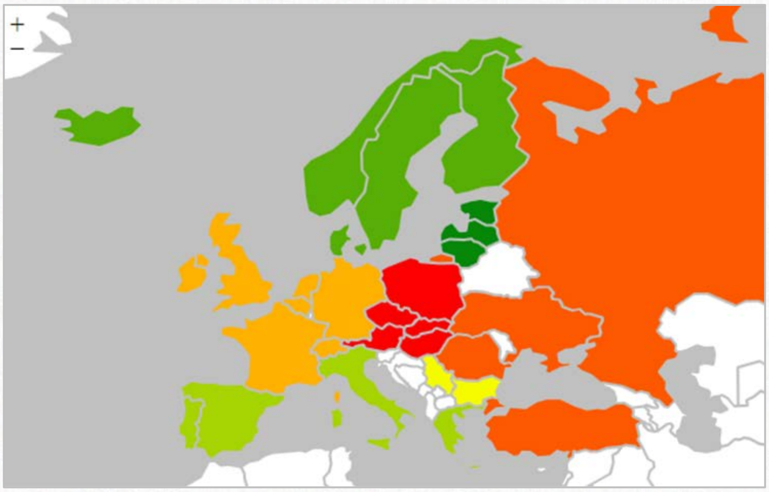
For the present edition of this International Customer Contact Benchmark Survey and in order to take into account the emergence of attractive new potential locations within and outside of Europe, we have decided to modify our former clustering approach and to define 7 different clusters instead of four. This meant a new and more realistic approach of the different markets.

NORTHERN EUROPE
Denmark
Finland
Iceland
Norway
Sweden

SOUTHERN EUROPE
Cyprus
Greece
Italy
Portugal
Spain

CENTRAL EUROPE
Austria
Czech Republic
Hungary
Poland
Slovakia
Slovenia

WESTERN EUROPE
Belgium
France
Germany
Ireland
Luxemburg
Netherlands
Switzerland
United Kingdom



EASTERN EUROPE
Belarus
Moldova
Romania
Russia
Turkey
Ukraine

BALKANS
Bulgaria
Serbia

BALTICS
Estonia
Latvia
Lithuania

2016 EUROPEAN OVERVIEW

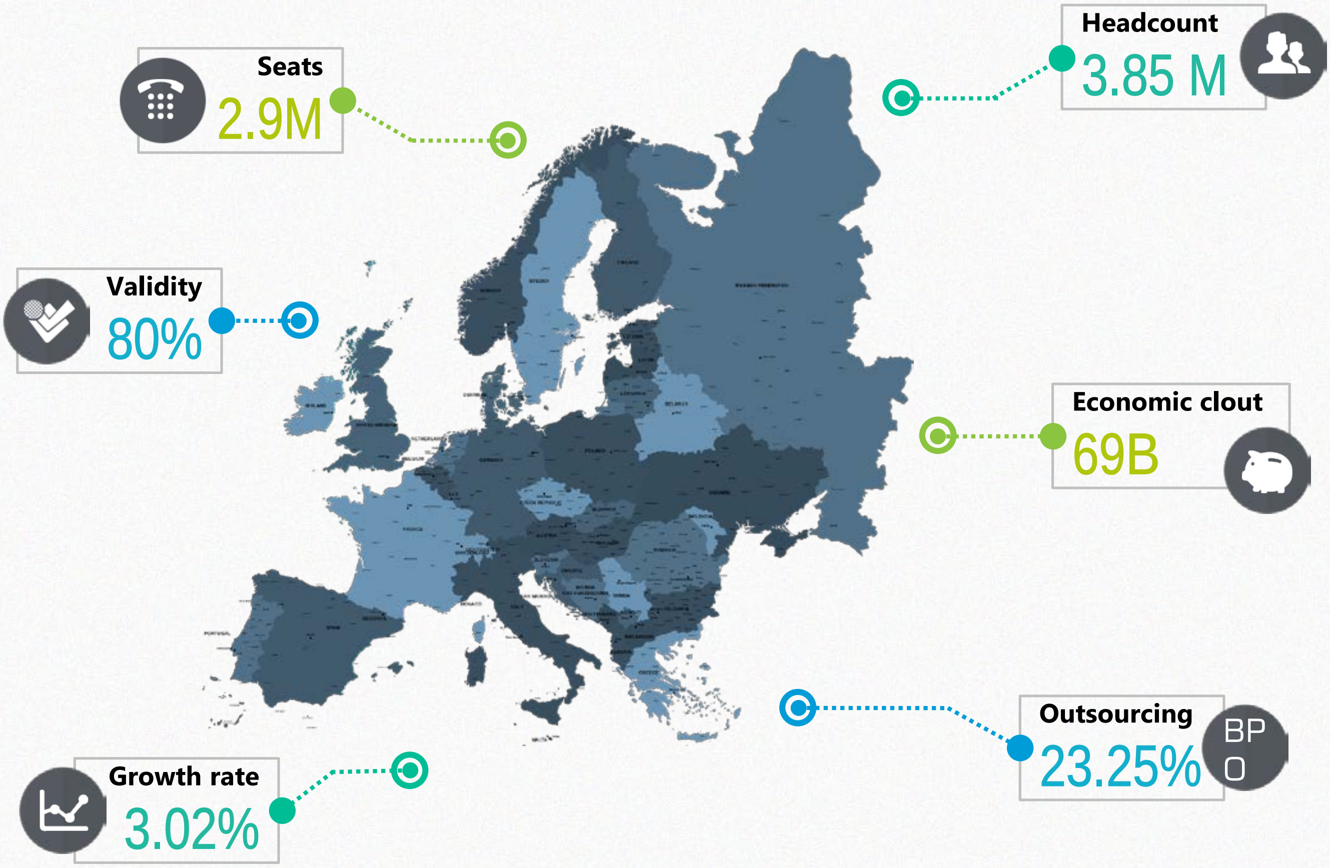


Chart: Key Figures Infographic

- 3.85 mil. jobs, 1.15% of active population in Europe
- 2.9 mil. positions (seats)
- Close to 40.000 contact centers
- Market Growth – 3.02% per annum
- Outsourcing – 23.25%
- 80% Validity

2016 EUROPEAN OVERVIEW

MARKET SIZE 2015 VS 2014

Topic	2015	2014	Evolution
No. of Contact Centers	37,722	35,429	6.5%
Seats	2,892,688	2,880,743	0.4%
Headcount	3,848,860	3,828,837	0.5%
Avg. Contact Center size	79	81	-3.2%
% Outsourcing	23.25%	19.30%	20.5%
% Inbound	74.53%	75.00%	-0.6%
Market Growth (%)	3.02%	3.60%	-16.0%

The values confirms an **overall growth** of the Contact Center Market, generated especially by the employment.

When we refer to the market and its size, different definitions abound.

The traditional **technical** definition, whereby a contact center is defined by its distinctive technical characteristics, still holds strong in mainly newer CC-countries. This more restrictive identification, historically privileged by (this industry) outfit-suppliers, gives a combined total of at least 2.8 million seats or positions. The increase year on year, +0.1 mil., is for the largest part due to real growth as opposed to last year, where a better coverage of countries and improved primary data quality made visible additional seats.

The **organizational** definition, requiring a clearly identified organizational entity to qualify as a contact center, covers the mid-field of the definitions, whereas the most mature, **functional** CC definition with its focus on the services delivered rather than the technical or organizational underpinnings is at the vanguard of this field.

ECONOMIC AND DEMOGRAPHIC INFORMATION

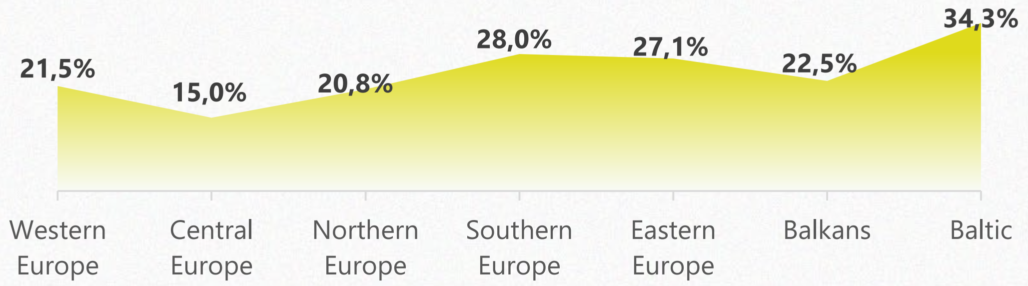
	2015	2014	Evolution
Economic clout (b€)	69 b€	67.7 b€	1.9%
% CC employment form active population	1.15%	0.93%	24.1%
Worldbank annual GDP growth (%)	1.71%	1.40%	22.4%
Market growth (%)	3.02%	3.60%	-16.0%

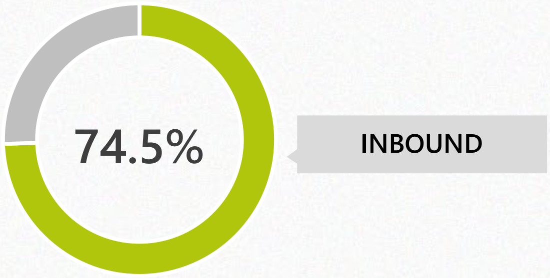
The economic weight of the sector is estimated as being at least 69 billion Euro (last year 67.7 b€). The importance of the sector in the labor market on the other hand is easier to substantiate: the **3.85 mil jobs** in the sector account 1.15% of the active population.

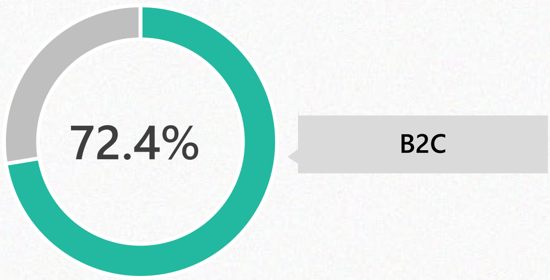
2016 EUROPEAN OVERVIEW

MARKET SIZE – # CONTACT CENTERS - 37,722

OUTSOURCING
23.3%







2016 EUROPEAN OVERVIEW

TOP 10 COUNTRIES

	Market Size Seats/Positions		Market Share/Seats	Evolution
	2015	2014		
United Kingdom	758,000	734,000	26%	3.27%
Germany	347,200	345,700	12%	0.43%
France	241,842	263,067	8%	-8.07%
Netherlands	188,332	183,901	7%	2.41%
Russia	128,500	100,000	4%	28.50%
Spain	127,772	124,051	4%	3.00%
Poland	126,080	132,835	4%	-5.09%
Italy	124,000	111,100	4%	11.61%
Sweden	113,700	110,000	4%	3.36%
Hungary	91,500	90,000	3%	1.67%

Table Country Ranking by Seats; Evolution

United Kingdom remains by far the biggest CC market in Europe, followed by the other big countries. The top four remains unchanged with France showing for the second year a significant loss in term of employment (-8,07%)

The growth in the UK has even reinforced that lead. The Netherlands and Sweden punch above their relative economic weight as they maintain a bigger CC penetration.

2016 EUROPEAN OVERVIEW

The Italian and Spanish markets get their place in the top ten ranking, even though they do not have the weight corresponding to their overall economic size, as they have a lower penetration rate than most of western and central European counterparts, but the image is similar to last year as we did not have reliable updates for the macro-view for these two countries.

Globally, we do observe a relative flat growth for Western Europe, with a decent growth in the UK.

Eastern Europe and Balkans show an interesting potential which confirms the economic trends announced by the most well- known analysts that they are the most demanded location for the next five years.

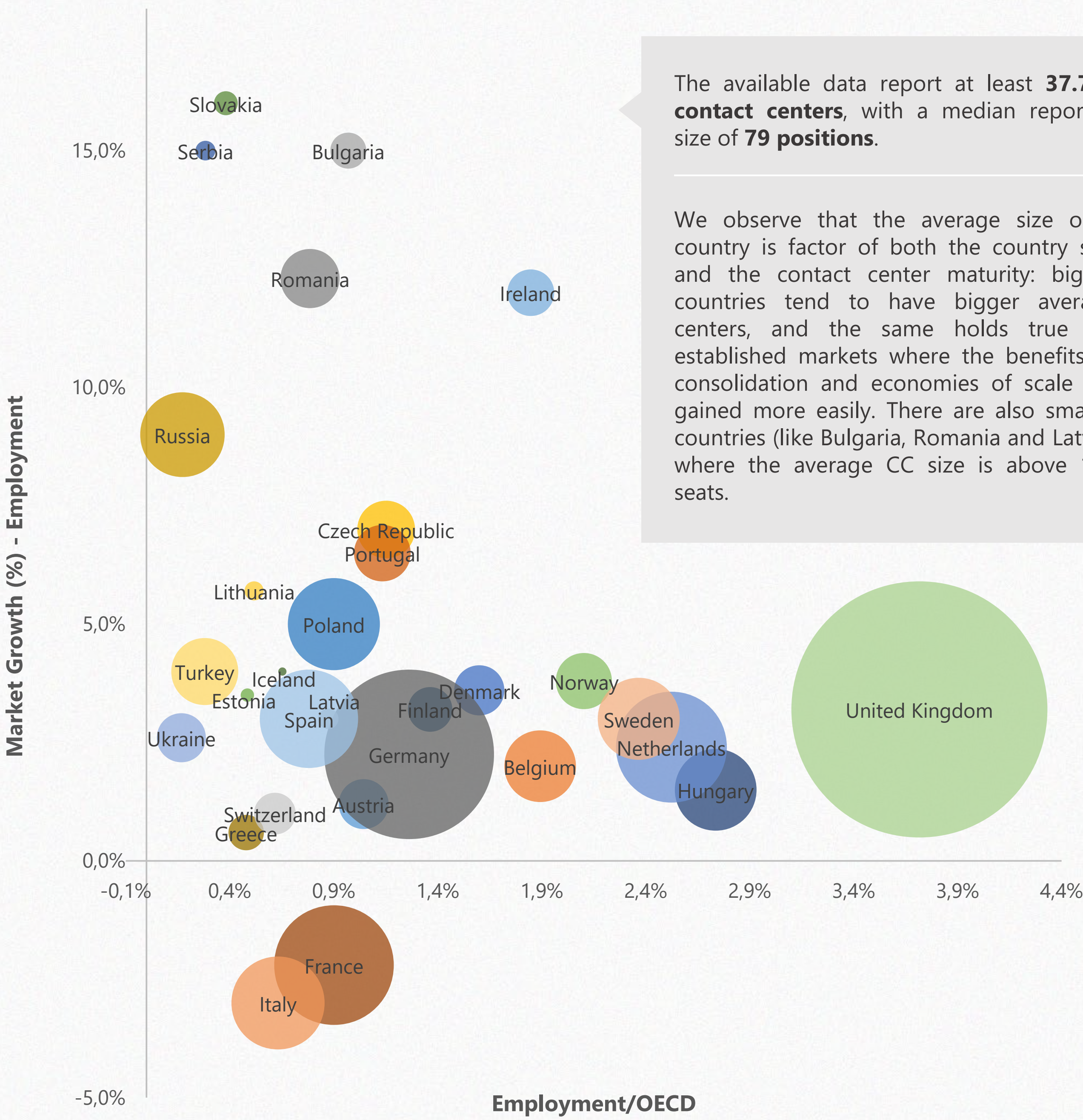
Countries part of the Balkans cluster like Romania and Bulgaria are, in that respect, interesting for the analysis and offer interesting perspectives for the investors. The multilingual offer combined with a high rate of people availability made them attractive

The sector keeps growing structurally at an annual pace of 3.02 % in employment. This European average, albeit weight adjusted, masks the huge difference between countries and growth perspectives. Whereas the newer CC countries, mainly in Eastern Europe, continue to report double digit growth, the DACH-area keeps flat-lining, France is losing ground.

The growth rate in the UK keeps hovering around 3,27 %, in sync with the overall economic performance of the island. The upheaval in the French telecoms market combined with the emergence of some offshore location like Madagascar seems to be more permanent and spreading to other sectors of contact center activity. This confirming, again, our overall thesis that the more mature markets, with up to 4 % of the active population employed in our industry (like UK), are more subject to conjuncture influences taking into consideration that contact center activities have been implemented in nearly every sector and business line, the overall momentum slows down and gets in line with the general economic indicators of the (home) country).

2016 EUROPEAN OVERVIEW

MARKET SIZE - EMPLOYMENT



The available data report at least **37.700 contact centers**, with a median reported size of **79 positions**.

We observe that the average size of a country is factor of both the country size and the contact center maturity: bigger countries tend to have bigger average centers, and the same holds true for established markets where the benefits of consolidation and economies of scale are gained more easily. There are also smaller countries (like Bulgaria, Romania and Latvia) where the average CC size is above 100 seats.

Chart: European Market Overview 2015

2016 EUROPEAN OVERVIEW

SECTOR PRESENCE – based on CC ISIC 4 Industries

Industry is classified into different sectors - secondary, tertiary and quaternary. The employment structure of a country shows how the labor force is divided into the different sectors.

The tertiary sector is also called the service sector and involves the selling of services and skills. They can also involve selling goods and products from primary and secondary industries. Examples of tertiary employment include the health service, transportation, education, entertainment, tourism, finance, sales and retail.

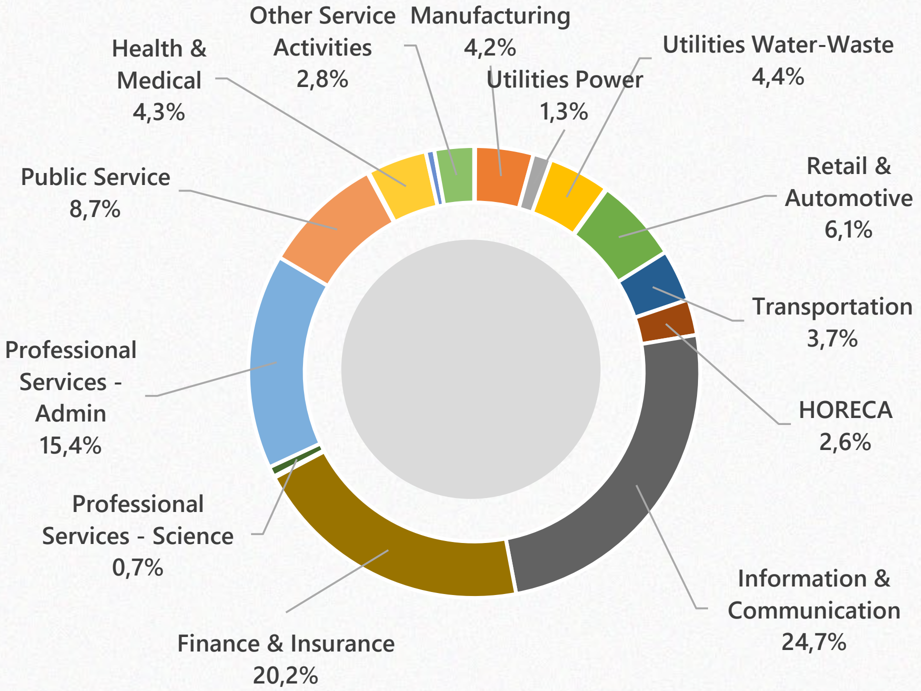
The quaternary sector consists of those industries providing information services, such as computing, ICT (information and communication technologies), consultancy (offering advice to businesses) and R&D (research, particularly in scientific fields).

The quaternary sector is sometimes included with the tertiary sector, as they are both service sectors. The tertiary and quaternary sectors make up the largest part of the European economy, employing 66 per cent of the workforce.

The biggest area of expansion in the tertiary sector in the world has been, during the last ten years in financial and business services.

The employment structure of a country shows how the labor force is divided between the primary, secondary and tertiary sectors. Different countries have different employment structures. The employment structure of a given country can tell you quite a lot about its economy.

In the richest countries, for example, there will usually be more people working in the tertiary/quaternary sector than in the primary and secondary sectors.



ACKNOWLEDGMENTS

The overall contribution of this vibrant sector, both in activity and in employment, calls for a more reliable set of data, be it for policy making or for business decisions on investment or localization. The ongoing effort is managed and supported by:

CALL COMMUNICATIONS.EU

Call Communications.eu, as a 360° Customer Contact Center Management web-portal community, provides information where customer contact center companies, divisions, departments and individual professionals across all sectors can interact having a common goal of customer / contact service excellence and continual improvement to enhance industry outcomes, with their colleagues locally, nationally and as part of an international network of like-minded industry professionals.

Moreover, through Call Communications leading industry experts from around the world share their skills and contribute to our user's learning experiences, by presenting content-rich sessions, invaluable handouts and resources.

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