

# Call Centre Market Analysis

## Welsh Development Agency

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### 1. Introduction

- Call centres are arguably the single most important current source of new job opportunities in the UK. They cover a relatively broad range of functions – from simple customer response services to sophisticated client handling activities.
- To gain an understanding of the current importance of call centres to the Welsh economy and to provide a basis for the development of future call centre strategy, the National Assembly of Wales, in association with the Welsh Development Agency (WDA), commissioned PricewaterhouseCoopers (PwC) to undertake a review of the call centre market with a particular emphasis on the following issues:
  - What contribution are call centres making to the Welsh economy;
    - How well are they placed to meet emerging technologies;
    - How well has Wales performed in relation to other regions and countries such as the Republic of Ireland;
    - What are the future prospects for call centre investment;
    - Are there segments of the call centre market that Wales has not attracted, if so why and what are those segments;
    - The role of public sector agencies and private sector partners in encouraging new call centre investment;
    - The robustness of the Wales product in meeting new requirements of emerging call centres, particularly in terms of technology and skills, and how Objective 1 can be used to reinforce the call centre strategy.

### 1. Introduction

- The report represents PwC's response to the brief. It focuses on two key themes:-
  - an overview of the call centre market and on the call centre activities currently being undertaken in Wales; and
  - an outline of product development initiatives which could be pursued to achieve a stronger contribution by call centre operations to the Welsh economy.

### 2. The Call Centre Market

- A call centre is typically defined as a separate business unit, usually consisting of 20 or more people whose primary role is to make or receive telephone calls for customer relationship management, account handling, billing enquiries, technical support or telemarketing. The staff tend to work to pre-set measurable objectives. A call centre operation is usually dependent upon the use of sophisticated IT and telecommunications hardware and software.

- Key sectors currently using call centres include financial services, telecoms, leisure, and travel; more generically, outsourcing is becoming increasingly important.
- When first conceived, call centre technology was unsophisticated - primarily telephone or fax based call centres were restricted to:
  - answering centralised telephone calls about such matters as invoices, hotel reservations, airline reservations and credit cards.
- Rapid development of call centre technology has facilitated the growth of call centres, help raise skills levels and provide businesses with new opportunities to service customer needs.

## 2. The Call Centre Market

- Today's call centre will normally have the following technological features:
  - Automatic Call Distribution (ACD)
    - answers calls quickly & efficiently.
  - Interactive Voice Response (IVR)
    - reduces agent costs by 'screening' incoming calls and allows customers to interact with a computer using a telephone.
  - Natural Speech Applications (NSA)
    - allows callers to interact with the system in a natural manner, stating their requirements in the way they wish.
  - Computer Telephone Integration (CTI)
    - collects information from the caller and relays it to the agent answering.
  - Internet and e-commerce as complementary channels
    - blends voice, email & internet access in a single 'virtual' contact centre requiring multi-media skills from the agents in a call centre.

## 2. The Call Centre Market

- The establishment and growth of CCs is being driven by four key forces:
  - Customer sales and services;
  - Profitability;
  - Technological improvements;
  - Culture shift.
- National boundaries are beginning to disappear in the European Union and the introduction of the Euro will allow single currency invoicing, tax harmonisation, and further political and social integration. Thus, companies will be able to accelerate the development of pan-uniform, pan-European marketing and support activities.
- **Customers**
- Market-centred and service-centred business approaches are crucial as competition intensifies.
- European integration is leading to the removal of tax and legal obstacles and increased customer expectations. Customers demand increasingly high standards of both products and services, especially in business-to-business.

## 2. The Call Centre Market

- CCs create value through key customer focus in core product and service markets. They allow a one-stop service and facilitate:
  - strong customer relationships;
  - direct access to buyers;
  - customer segmentation;
  - strong data links to customers;
  - customer support.
- Customers are increasingly demanding better service and several industries are starting to operate on a pan-European basis as:
  - globalisation increases the advantages of establishing pan-regional CCs;
  - CCs are increasingly viewed as essential support for companies expanding into global markets.

## 2. The Call Centre Market

- The horizontal applications of CCs can be defined by 4 major functions:
  - Care of existing customers (inbound and outbound) - providing a service and responding to enquiries;
  - Outbound telemarketing - covering the whole selling process including database management, telesales and appointment arranging;
  - Inbound customer support - from raising product awareness to sales order processing;
  - Other (inbound and outbound) - debt collection, consolidated receptions, co-ordination centres, etc.

### Profitability

- Intensifying global competition is heightening the need to reduce costs and focus on core competencies.
- CCs (either in-house or outsourced) streamline company organisation and make it more agile.
- Through centralising functions and simplifying and standardising processes across countries, CCs drastically reduce costs.
- As CCs become widespread across sectors, there is no longer a comparative advantage of in-house CCs and outsourcing becomes more attractive.
- CCs are an efficient and cost-effective way of gathering and processing information. By centralising functions, economies of scale can be realised on utility and telecommunication costs.

## 2. The Call Centre Market

### Technology

- Technology is facilitating the growth of CCs through:
  - reducing telecommunication costs and obstacles to rapid, secure data transfer;
  - enabling IT integration between the CC unit and the subsidiaries and HQ.
- More fundamentally, e-technologies are changing the way firms do business:
  - increasingly customer support and sales must integrate traditional telephone and engineer back-up with Internet help and sales;
  - this involves the combination of technologies - e-mail, fax, Internet, digital television and telephone - and functions - pre- and after-sales services and technical support.
  - E-technologies have been most rapidly adopted in the finance and technology sectors.
- The integration of the Internet and CC combines two of the most potent customer contact channels available today into a single customer-centric operation. In 1998, only 1% of CCs in Europe were web-enabled. Growth will be driven by expansion in:
  - on-line PC penetration;
    - interactive TV;
    - Internet bandwidth provisions.

## 2. The Call Centre Market

- Financial services and technology will lead in adoption of web-enabled CCs.
- Integrating web and CC for business-business operations has advantages in centralisation of information e.g. an order could be placed for components and then tracked through manufacturing and distribution.
- **Culture Shift**
  - A pre-requisite for the growth in CCs has been a culture shift in firms, with the telephone identified as a key business tool.
  - As CCs become more complex and electronically integrated with the Internet and with the firm's subsidiaries, at the heart of the cultural shift is the identification of e-business as vital to competitiveness.
  - The exponential growth of e-business and its advantages in linking and building relationships with customers creates two new cultural challenges:
    - Access and Control of Data;
      - Customer Needs.
  - In the first instance, firms establishing CCs are passing access to data from the control of subsidiaries to an independent in-house centre or often to an outsourced specialist provider. An important cultural (and technological) challenge is therefore control over data.
  - More significantly, the centralisation and integration of customer sales and services in CCs is based on a fundamental cultural change as companies take a longer term view of customers' needs.

## 2. The Call Centre Market

### In-house Versus Outsourcing

- There are a number of generic factors which will influence companies considering outsourcing to third-party providers:
  - Cost: the initial investment to set-up an in-house operation is high;
  - Company focus: outsourcing allows a company to focus on its core capabilities;
  - Bureau expertise: avoids a steep learning curve and therefore cost and time;
  - Personnel: more flexibility and availability of language skills when required.
- Factors which may lead to dedicated, in-house operations being established include:
  - Project control: if information is too sensitive and authority over the project is desired.
- Latest trends in outsourcing in UK include:
  - Emphasis on projects run in partnership with clients (e.g. GM's consolidated Tampa CC in the US has 700 Sitel and 100 GM employees);
  - Customer care and investment in technology as a differentiating factor;
  - Shift towards long term contracts.

## 2. The Call Centre Market

- Key UK service bureaux include: Sitel Europe, Subscription Services Ltd, The Merchants Group, InTelMark, The Call Centre Service, Thus, BPS Teleperformance, and Teledynamics.

### • Key Location Factors

- There are three crucial requirements for CC location:

- Labour;
- Telecommunications;
- Property.

## 2. The Call Centre Market

- Labour accounts for 60-70% of costs and appropriate cost, availability and skills are crucial. The 'natural' labour pool is increasingly important. Success depends on staff. The labour cost component may fall as with the Internet and e-procurement less people are needed. Workforce flexibility, adaptability, loyalty and willingness are essential as CCs often operate on a 24-7-52 basis.

- The reliability and speed of the telecommunications infrastructure is also crucial, with broad band data communications essential, especially as CCs become 'web-enabled.' IT and e-business support is also important.

- Most call centre business is both highly competitive and contract-led. The nature of call centre demand often tends to be immediate. Many companies, having made the initial decision to establish a call centre, are aiming to be operational in less than 6 months. This tends to rule out the design and build options unless there is a bank of temporary property available.

- Property costs, based on the total running costs of a call centre over 15 years, typically account for less than 8% of costs. However, the availability of a suitable building - capable of meeting the technical and operating requirements of a call centre - is frequently one of the major factors in the final choice of location.

## 2. The Call Centre Market

### Key Location Factors

- Other important location factors include:

- grants and tax incentives lower project costs;
- proximity (30-45 minutes) to an international airport;
- domestic business potential and market access;
- closeness to core activities of a company;
- multilingual workers are important for pan-European CCs and technical skills for others;
- a high quality of life attracts skilled /multilingual workers.

## 2. The Call Centre Market

### The Inward Investment Market for Call Centres

- Key sources are the US and EU and at a regional level, the UK. Key locations are UK, Netherlands and Ireland. Emerging growth locations are Denmark, Sweden, Belgium, France and Germany.

- While consolidation (especially in financial services) will increase the size of some CCs, the average size of CCs may fall due to:

- the advent of technology enabling virtual CCs to operate;

- 'soft' automated call distributors being less expensive and being used in smaller CCs, suited to manufacturing, distribution and consumer products.

- In the last few years, there have been around 70-75 mobile CC projects in Europe each year. The number of mobile CC projects is being sustained by the growth in CCs offering new products and services and new ways to market.

- Pan-European CCs are set up in 3 ways:

- Greenfield establishments to start European operations;

- Add-on pan-European CC to existing European HQ or marketing and sales operation; and

- CCs as an extra service operation within a European distribution centre to capitalise on existing pan-European know-how.

## The international call centre market

- The IDS (2000) estimates there to be 4000-5000 call centres in UK employing up to 420,000 people, compared to 70,000 in 1993.

- The UK accounts for one-third of all European CCs.

- The European CC market has been growing at 30% p.a. The US CC industry was already a \$54 billion business by 1998.

- The introduction of the Euro and further European integration makes it more efficient to operate CCs, either as pan-European call centres or, increasingly, as national call centres linked virtually.

- A study of 269 call centres in 24 countries by Merchants International (2000) found that over 30% of call centres are growing at over 50% per annum. Future growth is most likely from call centres with up to 250 seats with financial services and telecoms continuing to be key growth sectors.

## Trends in UK call centres

- Employment is set to rise by more than 57% over the next 8 years - most of this growth will come in the next few years.
- Staff numbers in UK call centres could rise from 420,000 (1.8% of UK workforce) to 665,000 by 2008.
- Growth will come from untapped demand in some mass markets, demand in niche markets, increased third party business from SMEs, and rise in call centres by most businesses.
- Growth will be especially evident in financial services, followed by leisure, travel, outsourcing and telecommunications. Examples of call centre investment projects from these sectors in the UK include:
  - Financial Services - Capital One Bank - 1,200 jobs - Nottingham;
    - Travel - Lunn Poly - 200 jobs - Scotland;
    - Outsourcing - IBM - 600 jobs - Sale;
    - Telecoms - One2One - 800 jobs - Merthyr Tydfil.
- Call centres are also expanding in the public sector e.g. the ONS will soon establish a call centre as all of its products become web-based early next year.

## **Call centre announcements in 1998 and 1999 - projects and jobs**

### **Call centre announcements 1999 - foreign and indigenous**

### **Call centre market sectors in the UK**

### **Call centre announcements 1999 - sectors**

#### **Trends in new technology**

- The volume of business carried out by internet and telephony will rise by up to 50% in next 5 years.
- Call centres will evolve into multi-media centres, using digital TV, telephone, internet, fax and video.
- This is unlikely to reduce call volumes in the short to medium term.
- Future changes will require customer service representatives to be able to draw on wider skill sets when dealing with customers, and these enhanced skills may provide greater variety in the tasks performed, higher job satisfaction and lower staff turnover.

#### **Call centre pay and conditions in the UK**

- 90% of call centres employ permanent staff.

• Salaries	- Customer Service Advisors tend to be in the range	£11,100 - £14,800
	- Team Leaders are typically paid	£15,000 - £19,500

Highest salaries are in public and voluntary sector, utilities and telecoms.

- Benefits - 70% of call centres pay bonuses and 90% offer pensions.
- Hours - 37% of centres are always open for business.
- Training - typical length is 2-4 weeks, usually in-house; most training is provided by financial services and utilities.

Source: IDS 2000

### **Skills and training of call centres in the UK**

- Most call centres look for skills which include:
  - numeracy;
  - literacy;
  - keyboard skills;
  - pleasant telephone manner;
  - customer service experience.
- In the medium term there will be increasing demand for
  - keyboard and numeracy skills;
  - communication and interpersonal skills.

### **Required competencies of call centre staff compared with other sectors**

#### **3. The Call Centre Industry in Wales**

- According to a recent Call Centre Association study, there are:
  - 79 call centres in Wales (see Appendix 1);
  - Some 20,000 people employed in these call centres.
- Financial services, telecommunications and utilities are the key sectors investing in call centres.
- South East Wales is the key call centre cluster in Wales.
- 50% use the internet and e-mails for handling consumer calls.

- Average size of call centre employment in Wales is 250 people.
- In addition to the existing base of some 20,000 jobs, a substantial number of new jobs are in the pipeline, including:
  - Lloyds TSB - Bridgend - new greenfield project
  - NTL - Swansea - ongoing expansion
  - Manpower/7C - Pembroke - ongoing expansion

## **Regional Breakdown of Call Centres in Wales**

### **Call Centres in Wales By Jobs**

### **Inbound and Outbound Agents and language Skills**

### **Benchmarking Wales - call centre announcements in 1999 by region**

### **Benchmarking Wales - call centre pay in UK regions**

### **Benchmarking Wales - Communication Channels in UK and Welsh Call Centres**

### **Survey sample**

- To gain a deeper insight into the call centre market in Wales, PwC sent a detailed questionnaire to all call centre operators based in Wales asking questions on their operating performance.
- The key features of the survey responses (which may be biased towards the larger call centres), can be summarised:
  - The average seat capacity is 161;
  - The average number of full time employees is 161;
  - 71% of employees are full time;
  - 27% of call centres operate 24 hours;
  - Only 9% of call centres are outsourcers;
  - Almost 70% of call centres handle inbound and outbound calls.

### **Technology and Business Support**

### **Skills and Qualifications**

### **Training**

### **Wages**

### **Earnings in call centres in Wales compared with other occupations in Wales**

### **Non-Wage Benefits**

### **Future Growth**

### **Attractiveness of Wales as a Location**

### **Key Threats for Call Centres in Wales**

### **Outlook**

## **4. Competitor Practice and Initiatives**

- The attraction of call centres and the pursuit of call centre marketing and product improvement initiatives have been a major priority over the past five years or so for many of the leading development and promotion agencies in Europe. The initiatives have covered a wide range of objectives from attempts to build significant employment clusters, trying to generate job opportunities for less favoured market areas and securing high value added activities. Also, the geographical sphere of the call centre operations – from local markets through to pan-European coverage – has ranged widely.
- Compared to the leading call centre regions in the UK and Europe, Wales - with some 20,000 currently employed in call centre activities - has a lower dependence on the call centre market than some other regions.

- Those call centre locations which are experiencing labour market pressures have call centre densities of more than 2%. Dublin, on the other hand, is experiencing similar pressures and this is due to the concentration of higher value call centres and the demand for staff with more specialist technology and/or language skills.
- Given the overall strength of the market and the success that Wales has already achieved, there are good prospects for securing more call centre jobs and investments for Wales - if policy and resource commitment is made.
- The market leaders in CCs in Europe are considered to be:
  - Dublin, Ireland;
  - Glasgow, Scotland;
  - Randstadt, Holland;
 together with strongly emerging areas of:
  - Manchester, England;
  - West and the North of Ireland;
  - Barcelona, Spain.
 This reflects the level and diversity of call centre investment in each region.

- The reasons for the call centre success of these areas are varied but they include:
  - An explicit long-standing call centre strategy to promote the advantages of these areas as call centre locations. Ireland has been targeting and attracting call centres for 20 years!
  - An emphasis on particular business sectors and activities in which the areas are considered to have a competitive advantage. The Randstadt has focused on Pan European call centres and shared service projects because of the city region's focal location at the heart of Europe and the language proficiency of the working population;
  - Specific 'catalysts' to attract call centre investments and to act as focal points in economic development and regeneration. Glasgow has developed an innovative labour market awareness campaign entitled 'talking telephones' which has helped raise the profile of call centres in the city region and encourage more people to take up job opportunities;
  - The use of innovative marketing campaigns to raise awareness and to promote their call centre 'offer'. Glasgow has been particularly innovative in this area;
  - The development of special product improvement measures, especially on upgrading labour skills. One recent initiative in Dublin focused on a £50 million training scheme supported by IBM and Intel to retrain some of the city's long term unemployed. This 'initiative' received considerable international coverage.

## 5. Future Prospects and Growth Opportunities

- Despite the recent and current importance of CCs as a significant source of employment opportunities in the UK, the view has been expressed that the phenomenon will be short-lived as a result of two major forces:
  - Low cost locations, such as India, will quickly take over the more routine and basic types of CCs;
    - The emergence of e-business technology will drive out many of the existing jobs.
- In contrast, a number of important new trends will impact positively on the development of the call centre market, including:
  - Technology - particularly the emergence of the internet, voice and data convergence and voice recognition software, will improve levels of customer service;
  - Customer service performance – customers are demanding improved service levels and CCs and SSCs are seen to be key elements;

- Cost reduction – one of the clear objectives is to take cost out of business systems through reductions in transaction and property costs and making more effective use of labour. With technology costs tumbling, more opportunities are created for new companies and players to enter the call centre market;
- Social trends – people are now more accustomed to using services such as the phone, internet, and the fax to conduct business and this trend will continue.

- The overall implication is that the factors behind the growth of the call centre market are irreversible but major differences can be expected in the prospects and growth opportunities for CCs in different business sectors. In turn, public sector agencies must consider carefully how their call centre strategies should be formulated, especially in respect of targeted sectors, types of business activity, and efforts to make their areas attractive for efficient operations.
- Wales is well placed in having a sizeable call centre presence in sectors which are expected to create more call centre investment opportunities, such as telecoms, financial services and outsourcing. However, while each of these sectors anticipates a growth in call sector activity, there will still be significant pressures on existing investors to reduce headcount through investment in technology such as 'e-business'. In addition, sectors such as financial services will continue to consolidate through mergers and acquisitions and call centre capacity within newly merged organisations will come under review with the consequent removal of unwanted capacity.
- In developing future strategy, a distinction should be made between:
  - 'traditional' types of call centre activities; and
  - 'newer' types such as e-business based and higher added value such as shared service centres.
- The short-term prospects for traditional types of call centre activities are encouraging but cost and efficiency pressures will impact inevitably on job recruitment and retention. This could apply particularly to the 'overheated' geographical areas and to the lower skilled jobs.

- The newer types of call centre activities and related activities like SSCs tend to require higher calibre labour skills and may prove to be more resilient to market forces. Wales has not to date achieved significant success in attracting such added value activities.
- A call centre strategy for Wales should embrace both the traditional and the newer types of call centre and related activities in recognition of the different market requirements and implications for promoting and developing the Welsh "offer" to call centre investors.

## 6. Future Considerations for Wales

- Wales has performed relatively well in terms of attracting call centre and related investments. The performance - which is due in no small part to the WDA's project response capabilities - demonstrates the inherent strength and attractiveness of Wales in the call centre market. This ability to convert project enquiries within a short timescale is particularly attractive to CC investors who tend to have tight implementation timescales.
- There are now real opportunities for Wales to build on this success by:
  - enhancing the call centre market momentum in Wales to create more jobs;
  - moving up the value-chain to focus on higher quality, better-paid jobs;
  - bringing jobs to the less favoured parts of Wales (especially in the Objective 1 area).
- A similar approach has worked well in Ireland where Dublin has been used as the centrepiece of Ireland's 'offer' to investors. The IDA often uses a differential financial and support package to try to persuade investors to locate their projects in the less attractive areas rather than Dublin, whilst continuing to build up critical mass and expertise in Dublin itself in developments like the International Financial Services Centre.

### Product improvement

- Product improvement is a key component of call centre strategy, especially in the key areas of labour, telecoms and property. There is currently no all-Wales approach to product development. However, where property initiatives have been taken in parts of Wales like Pembroke Dock (and in Swansea with Matrix Court), tangible and early success in capturing good quality investment projects has been achieved. It is encouraging news that one of the first projects to receive Objective 1 funding support will be a new advanced call centre building in Pembroke Dock. However, what is needed now is the development of an integrated programme of labour, telecoms and property improvements designed to enhance the Wales' capability for helping existing call centre operators to become more efficient and to expand their operations, whilst strengthening the competitiveness of Wales in bidding for new, mobile projects - especially at the higher value added end of the market. As revealed by the survey of call centre operators in Wales, over 45% see skills availability as a major threat and this issue should get priority attention.
- In essence, the aim should be to identify a range of locations (including specific sites) throughout Wales considered to be current or potential focal points for call centre investments and to develop:-
- a limited, rolling programme of advance and fast track buildings by partnership action between the private and public sector;
  - special education and training courses in the labour catchment areas to provide core and specialist competences to reflect the requirements of call centre operators;
  - selective advance provision (subject to commercial considerations) on nominated call centre sites of the necessary telecoms infrastructure, particularly service ducting to improve a site's attractiveness and resilience.
  
- This process will also lead to the identification of locations where CC investment should not be actively encouraged because of the areas' dependency on high levels of call centre employment or where the focus of investment should move to higher value added activities.
- A call centre ranking system could also be developed so that the Wales 'offer' for a particular project (especially in relation to public sector practical and financial support) could be tailored to reflect its potential contribution to the economy of Wales and therefore its priority in terms of resource allocation. This could feature a relatively simple classification of projects into two main parts:-
- the intrinsic economic benefits of the project;
  - the location or locations being considered in Wales.
- The intrinsic benefits could be assessed by a broad analysis of:-
  - the type of call centre project (ranging from basic to high value added in 4-5 categories);
  - level of technology investment;
  - the number and types of jobs and the associated remuneration packages;
  - the status of the company.
- The locational aspect could be primarily a reflection of an area's designation under the UK and EU regional policies.
- In developing the ranking system, particular consideration should be given to ensuring that it is kept under regular review to assess its effectiveness and its continuing relevance to the international, national, regional and local market opportunities available to Wales.

- A number of these product improvement initiatives could be packaged and supported under Objective 1, while outside the Objective 1 region a combination of WDA, local authority and private sector resources could be deployed.
- It will also be important for the public sector organisations like the WDA to continue work closely with the Call Centre Associations, which can have an influential role to play in the development of Wales' call centre business.

## 7. Conclusions

- Call centres represent one of the best sources of employment and investment opportunities to Wales. They cover a wide spectrum of business activities, ranging from simple low-skilled to sophisticated high value added operations. The call centre market can therefore provide opportunities to match the widely -ranging economic needs and potential of the different areas of Wales, from Cardiff to small market and valley towns.
- **What contribution are call centres making to the Welsh economy?**
  - Call centre experience in Wales has been generally favourable to the economy. Some 20,000 people are already directly employed in the call centre business in Wales and their remuneration packages compare well with other employment opportunities in Wales. A key feature has been the attraction of call centre projects to some of the areas in Wales where it has proved difficult in recent years to attract new investments.
  - **How well are they placed to meet emerging technologies?**
    - 50% of call centres in Wales already use the internet and e-mails for handling some consumer calls and this is a relatively high percentage by UK standards. Over 80% of call centres in Wales are web-enabled, indicating that they are well positioned in terms of new technology. In a special survey for this assignment, only 12% of respondents considered new technology to be a threat to their business.
  - **How well has Wales performed in relation to other regions and countries such as the Republic of Ireland?**
    - Wales has been relatively successful in attracting call centres. In 1999, Wales was the sixth favoured region in the UK and Ireland in terms of secured projects. Low costs and the quality of the workforce are seen as the key advantages of Wales.
  - **What are the future prospects for call centres investment?**
    - Although the future pace of new call centre investments may be somewhat slower than in the recent past, the call centre market will still remain an important source of mobile projects. Employment in UK call centres is set to rise from its current level of some 420,000 (1.8% of the workforce) to 665,000 by 2008. Almost 70% of the call centres already based in Wales expect future growth.

## Conclusions

- **Are these segments of the call centre market that Wales has not attracted, if so why and what are those segments?**
  - Generally, Wales has attracted projects from most of the dynamic sectors of the call centre market but this has been in the main due to the WDA's project management response capability.
  - For the future, Wales should focus on call centres in expanding sectors of telecoms, financial services and outsourcing which have demonstrated significant growth potential and a willingness to invest in new technology. In addition shared services (both financial and human resources) should be the subject of a focused targeting exercise, with the Principality's existing manufacturing companies at the centre of such an initiative.
  - **The role of public sector agencies and private sector partners in encouraging new call centre investment**
    - The WDA and its local partners have taken selective initiatives - often based on the provision of a new speculative building to meet the requirements of the call centre market - and the response has been encouraging. The attraction of the Manpower project to Cleddau Bridge is perhaps the most vivid example of how targeted initiatives can bring substantial employment rewards. The special survey revealed that over 60% of call centre operators in Wales believe that the public sector agencies do not do enough to support call centres.
    - **The robustness of the Wales product in meeting new requirements of emerging call centres, particularly in terms of technology and skills, and how Objective 1 can be used to reinforce the call centre strategy.**
      - The survey demonstrated that the penetration of electronic communication channels is higher in call centres in Wales, reflecting the recent success of the region in capturing call centre investors.
      - Wales needs an integrated programme of labour, telecoms and property improvements to enhance its capability for helping existing call centre operations to become more efficient and to strengthen the competitiveness of Wales in bidding for new mobile projects. Objective 1 could be at the heart of these product initiatives. It is relevant to note that nearly 50% of call centre operations in Wales see skills availability as a major threat.

## Conclusions

- Product improvement initiatives are vital if the competitive position of Wales is to be strengthened. At the same time, a call centre ranking system could be introduced to reflect the priority and support which should be given by the public sector to particular call centre projects

## Appendix 1

### Appendix 1