

# THE BUSINESS TIMES



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## **Growth in local contact centres lagging**

Report notes that several problems plague industry, reports AMIT ROY CHOUDHURY

THE Singapore contact, or 'call', centre industry is expected to grow by only a modest five per cent this year, according to an Asia-Pacific study. Catriona Wallace, president of callcentres.net, noted that last year, while centre managers here had predicted a 32 per cent growth, in reality the Singapore industry grew by just 8 per cent, with the average number of seats per centre growing from 60 to 83. This year, the average size of contact centres here is expected to grow to 84 seats.

Dr Wallace: Notes that these results are a call to action for the Singaporean call centre industry as there is currently a global trend towards such contact centres becoming profit centres

The findings are from the 2008 Asian Contact Centre Industry Benchmarking report brought out by callcentres.net. The report details results from centres in Singapore, China, India, the Philippines, Malaysia and Thailand.

Contact centres, loosely termed 'call centres', typically provide service to customers through a variety of ways, from Web self-service, interactive voice response, Web chat and e-mail, to the traditional live phone call interaction with a customer service representative.

According to Dr Wallace, with the 5 per cent growth, the Singapore industry will grow from 19,000 seats to 20,500 seats.

The study points out that the industry here is primarily set up to provide customer service (57 per cent) and technical support (17 per cent).

'A considerably smaller proportion (18 per cent) is dedicated to inbound sales (11 per cent) and outbound sales (7 per cent),' Dr Wallace noted.

This percentage of sales-focused contact centres is considerably smaller than in other regional markets including Malaysia (20 per cent), the Philippines (27 per cent), China (40 per cent) and India (50 per cent).

The callcentres.net research, sponsored by Autonomy etalk and Genesys, involved interviewing 539 contact centre executives representing 2,488 contact centres and 259,699 contact centre seats across Asia.

Dr Wallace noted that the study assessed contact centre strategy, revenue generation, operations, human resource management, technology, customer service, channel management, outsourcing, key performance indicators and management challenges.

A total of 59 Singapore-based organisations were involved in the study.

She added that the strongest indication that Singapore is lagging in its focus on revenue generation compared to the rest of the region is that only 32 per cent of Singapore contact centres are measured as profit centres with 68 per cent measured as cost centres, Dr Wallace said.

According to her, this percentage of profit centres is considerably lower than in other markets like the Philippines (72 per cent), China (79 per cent) and India (91 per cent) and is comparable to the developing markets of Malaysia (29 per cent) and Thailand (12 per cent).

The study notes that less than half (49 per cent) of Singapore contact centre executives believe that their centres have an opportunity to sell to a customer who has called in.

'Another 49 per cent of Singaporean respondents stated their centres had no opportunity at all to up-sell or cross-sell to customers on inbound or outbound calls,' Dr Wallace added.

Of the up-sell and cross-sell offers made by Singapore contact centre agents, the conversion rate of sales or offers to customers is 30 per cent for inbound calls and 27 per cent for outbound calls, she noted.

'Again, the inbound conversion rate is lower in Singapore than other markets such as the Philippines (56 per cent), India (56 per cent) and Thailand (57 per cent), but higher than China (9 per cent).

'Similarly the outbound conversion rate is lower than the Philippines (56 per cent), Malaysia (37 per cent) and India (37 per cent) but higher than China (13 per cent) and Thailand (11 per cent).'

When asked about revenue generation strategies in the contact centre, 30 per cent of centre executives here stated that they do not have a strategy at all.

Dr Wallace noted that these results are a call to action for the Singaporean call centre industry as there is currently a global trend towards such contact centres becoming profit centres and being the primary channel for sales and revenue generation.

'Excellent service should entail fulfilling a customer's initial requirement, then through natural conversation identifying additional needs and offering solutions to meet those needs. Singapore already has a good standard of service in its contact centres that should now perhaps extend to service and sales,' she added.

Another key concern identified for the Singaporean industry in the study is the significant increase in contact centre employee attrition.

The current report notes that the average turnover rate for contact centre agents in Singapore is 24 per cent, up from 16 per cent one year ago.

Most other countries in the region have seen a slight reduction in attrition rates, Malaysia is 17 per cent, the Philippines 15 per cent and China 9 per cent.

Dr Wallace noted that this high turnover in Singapore can restrict growth. 'We know that three-fourths of those who leave choose not to come back to the industry,' she added.

'This is a very critical challenge for contact centre managers. It costs about \$9,000 to replace an agent. So it's very hard to grow a business when about 64 per cent of the budget is dedicated to labour costs.'

When manpower is continually being churned, it is very difficult for the industry to focus on growth, Dr Wallace added.

She noted that there are other industries offering better salaries, career paths, and better training which make them very attractive to younger employees, the so-called generation Y. 'And 75 per cent of Singapore call centre employees are made up of under 34-year-olds.'

Dr Wallace added: 'So these are a difficult group to manage as they have very high expectations. We believe that probably the contact centre industry in Singapore isn't doing a good job in meeting the contact centre employees' expectations.'