Executive Summary

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Graph 1 Key Figures Infographic

- 3.7 mio jobs, 0.9 % of active population in Europe
- 2.7 mio positions
- Over 35.000 contact centers
- Growth at 4.4 % per annum, recession free
- 20% outsourcing
- 75% inbound activity

The 2013 European Contact Center Benchmark maintains its ambition to purvey the European Contact Center **market** with this second annual **comprehensive** overview.

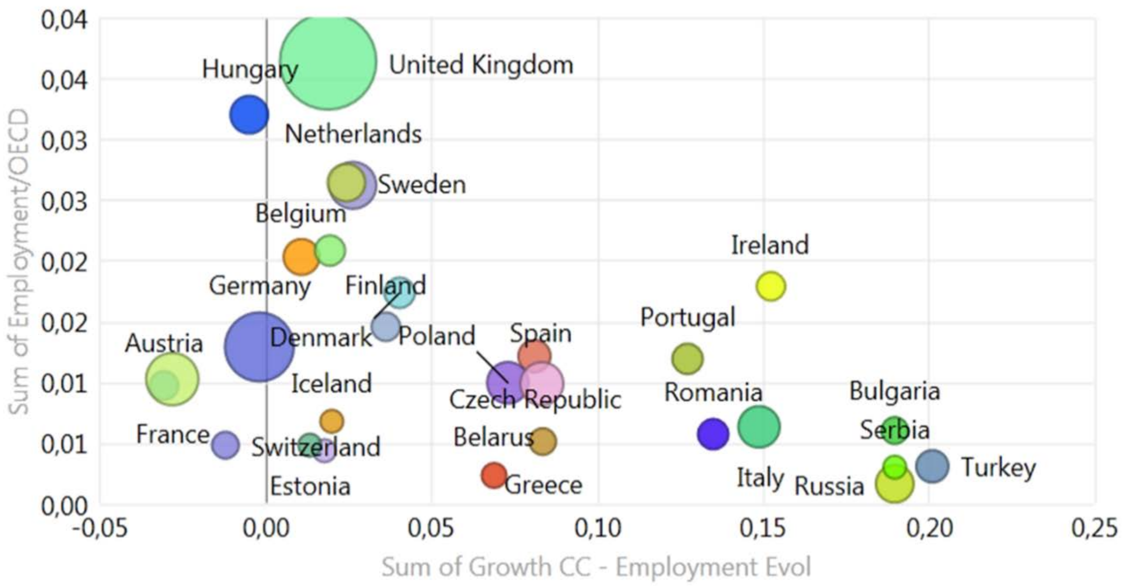
For this edition, the number of countries covered has been widened to 50 countries, to include the Southern Mediterranean and the Black Sea areas. This whitebook, see below for scope, covers the 30 countries that pass our validity threshold (10 countries do not yet) and are not on the perimeter (10 more countries) of the (wide) European economic sphere. For the "core" countries, this second wave of '*normalisation'* provides a substantial increase in data validity and stability. For the largest part of the market, the data receives an overall, weighted score of 84.1 %, based on quality of primary data, multiple sources, actuality, consistency and in-country validation.

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 2.7 million seats** or positions. The increase over last year, +0.2 mio, is for the largest part due to a better coverage of countries and improved primary data quality; the growth in itself is rather limited on a year to year basis.

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.

For this benchmark we do favour the employment as the yardstick for market prevalence and growth. The economic weight of the sector is estimated, for the first time, as being at least 65 billion €uro; this estimate, based on conservative estimates of added value per employment, is crosschecked against the hard figures for outsourcing activities, providing this lower end valuation. The importance of the sector in the labour market on the other hand is easier to substantiate: the **3.7 mio jobs** in the sector account for nearly 0.9% of the active population.



Graph 2 European Market Overview 2013

United Kingdom remains by far the biggest CC market in Europe, followed by the other big countries. The Netherlands and Sweden punch above their relative economic weight as they have a bigger CC penetration. As opposed to last year's data, 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. In general, we do observe a relative loss for Western Europe, due to sluggish growth compared to progress in the eastern half of our economic sphere.

Country	2012	2013	2012_%	2013_%	Evolution
United Kingdom	631250	650000	25,9%	23,9% ⇩	-2,1%
Germany	345700	345700	14,2%	12,7% ⇩	-1,5%
France	254000	263067	10,4%	9,7% ⇩	-0,8%
Netherlands	183901	183901	7,6%	6,8% ⇩	-0,8%
Spain	124051	124051	5,1%	4,6% ⇨	-0,5%
Italy	61500	110000	2,5%	4,0% ⇧	1,5%
Russia	77600	100000	3,2%	3,7% ⇨	0,5%
Sweden	87900	99000	3,6%	3,6% ⇨	0,0%
Hungary	22500	90000	0,9%	3,3% ⇧	2,4%
Poland	78000	78000	3,2%	2,9% ⇨	-0,3%
Top 10	1866402	2043719	76,6%	75,0%	-1,6%
Other countries	568879	680719	23,4%	25,0%	1,6%
Grand Total	2435281	2724438	100,0%	100,0%	

Table 1 Country Ranking by Seats; Evolution

For this year's edition, we also included information at a level below the country level, using the NUTS codes (Nomenclature d'unités territorials statistiques – Nomenclature of Territorial Units for Statistics), identifying 78 regions across Europe. Not surprisingly, both in absolute figures as in % of the active population, the United Kingdom provides 7 of the top 10 regions. In absolute figures, NordRhein Westphalen (DE), Region Centralny (PL-Warsawa), Bayern (DE) complete this ranking. In relative figures, the Brussels (B, 4.2%), Hamburg (DE, 4%), Noord-Holland (NL, 4%) regions fit in at 6,7 and 9th place respectively.

Top10_Regions	Employment(1000')
South East (UK)	188,7
North West (UK)	183,2
Scotland	138,2
Yorkshire and The Humber	126,2
West	102,4
Nordrhein	97,2
West Midlands (UK)	96,9
Region Centralny	74,0
Bayern	70,7
North East (UK)	66,4

Table 2 Regional Hotspots, Top 10, by Employment

The sector keeps **growing** structurally **at an annual pace of 4.4 %** 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, report double digit growth, the DACH-area, Austria -2%, CH -0.2%, Germany +0.9%, is flat-lining, and the growth in UK, 2.9%, is offset by a decrease of -2.8% in France. The upheaval in the French telecoms market explains this figure, thereby confirming our overall thesis that the more mature markets, with up to 3.6% of the active population employed in our industry, are more subject to conjuncture influences; as 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).

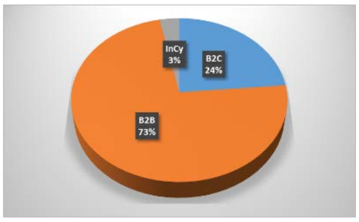
The available data report at least 35.000 contact centers, with a median reported size of 78 positions. We observe that the average size of a country is factor of both the country size and the contact center maturity: bigger countries tend to have bigger average centers, and the same holds true for established markets where the benefits of consolidation and economies of scale are gained more easily.

1/5 Contact center activities are reported to be **outsourced**, with an outsourcing employment pool of 685.000. We do see a relative decrease of outsourcing, not so much due to a recession of the activities, but mainly as the consequence of better identification of in-house activities in the newer markets. As these markets grow in maturity, they get a better grip on the contact center activities within other organisations, as opposed to the pure outsourcers which are easier to identity, both by size and activity codes.

	Share 2013	Share 2014
Western Europe	16,9%	1,3%
Central Europe	13,0%	-3,0%
Scandinavia	17,9%	-0,9%
Eastern Europe Total	23,2%	4,3%
Southern Europe	48,6%	-10,3%
Europe Grand Total	19,8%	-0,9%

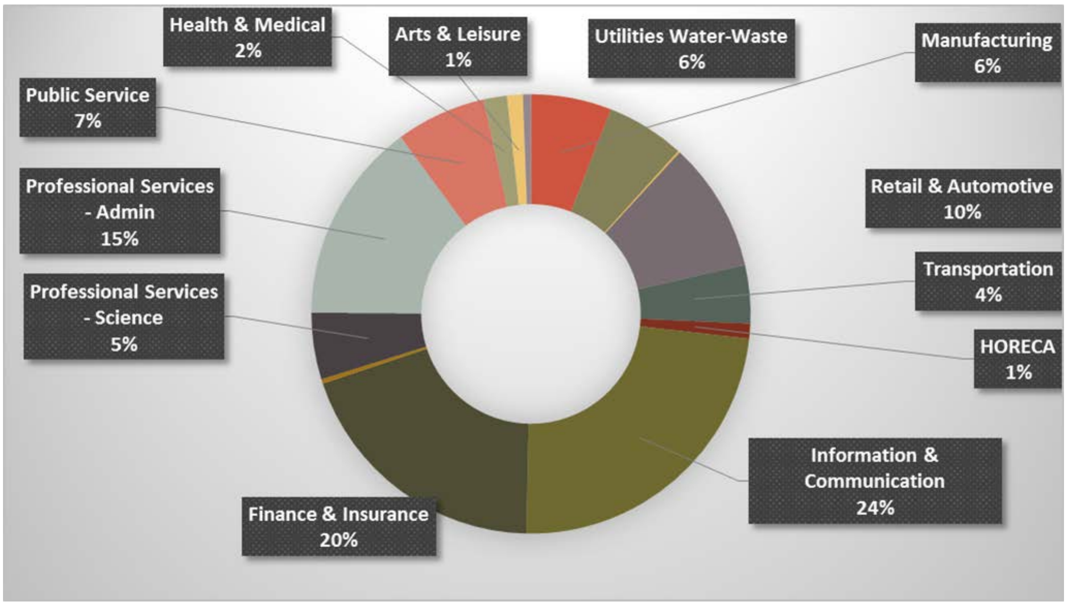
Table 3 Outsourcing Ratio per Cluser; Evolution

<u>Inbound</u> activities are reported to account for **<u>75.1%</u>** of activities, weight adjusted, -0.8% vs. 2012.



Graph 3 Inbound Ratio

Not surprisingly, 75.3% of the business is in B2C activities. This fits well with the overall weight of the different sectors, grouped by ISICv4 nomenclature (International Standard Industrial Classification of all Economic Activities). The main sector is the sector of Information and Communication, grouping telecommunication, ICT and media activities; close second comes the Finance and Insurance sector, at 20% of all reported CC activity, followed by professional services (at 15% and 5%). As the professional services include the outsourcing activities, it will be clear that a substantial part of these activities can be attributed to the other sectors. A second tier of sectors is formed by Retail (10%), Public Service (7%), Utilities and Manufacturing (6%).



Graph 4 Sector Presence Europe2013

On the right track

The increased range and validity of our data sets and the growing interest of local country representatives for our normalised framework, are sufficient proof of the value of this European Contact Center Benchmark.

The overall contribution of this vibrant sector, both in activity and in employment, calls for a more reliable set of data, either for policy making purpose or for business decisions on investment or localisation. The outcome of these efforts for 2013 will be published in the ECCBP 2013 white book, available as from April 2014 via our sponsors and members of the steering committee.

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:

Endorsement by :

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