

The European market potential for contact centre services

European Contact Centres are increasingly web based, which makes outsourcing to developing countries easier. The rise of artificial intelligence (AI) in contact centres has led to less need of direct human interaction with customers. This offers opportunities for contact centre service providers in developing countries, since fluently speaking the customers' language has become less important. However, language skills remain important as well as being able to offer a multichannel approach. The growing market and the increasing acceptance of outsourcing among European companies make Europe an interesting market for contact centre providers from developing countries.

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1. Product description

A contact centre is a facility that manages customer contact through a range of activities and channels. These may include: customer service and non-technical complaint handling, technical support, dispatching and event registration; pre-sale activities, such as lead generation and appointments; satisfaction, qualification and market research surveys, loyalty and retention activities, telemarketing sales, credit collection, and others.

What kind of contact centre services exist?

Contact centres operate via various channels, most offering multichannel services through telephone, email, voice portal services, interactive voice response (IVR) self-service, live chat by humans or chatbots, social media and cloud-based self-service channels, SMS and regular mail.

Contact centre activities can be divided into inbound and outbound activities. Inbound activities include managing all incoming contacts, which make up the majority of all contacts that go through a contact centre. Incoming contacts can enter the contact centre through different channels, such as telephone, email, web chat and regular mail.

Outbound activities manage all outgoing contacts, such as cold calling, actively contacting people and companies and following up on previous contact requests through various channels, including telephone, email and regular mail.

2. What makes Europe an interesting market for contact centre outsourcing?

The market value of contact centre services is growing significantly every year in Europe, where companies of all sizes outsource their contact centre operations. This makes the contact centre market in Europe a very promising market for contact centre service providers from developing countries.

Growth of the European market for contact centre services

The European market for contact centre outsourcing had an estimated [value of €20.19 billion in 2018](#). The global market for contact centre outsourcing is expected to grow at an average annual rate of almost 5.8% between 2018 and 2025. If the European market follows this trend, the market value for contact centre outsourcing in Europe will reach €33 billion in 2025.

European companies of all sizes outsource their contact centre operations. Start-ups and small companies may

choose to outsource instead of investing in equipment and staff themselves. Medium and large companies need various contact centre services and want to offer a whole range of customer contact options. They often prefer to outsource most of these services.

Sometimes European companies choose to keep the customer contact services in-house, and only outsource specialised services such as interactive voice response (IVR), telemarketing and debt collection.

Table 1: Change in number of contact centre agents 2017 and 2018

European region	Average change in agent positions in 2017	Planned average change in agent positions in 2018
Central and Eastern Europe	+22%	+28%
Nordics	+14%	+15%
Western Europe	+12%	+16%
United Kingdom	+16%	+7%

Source: [The European Contact Centre Decision-Makers' Guide](#)

Table 1 shows a large increase in the number of contact centre agents in all four European sub-regions. For example, the number of agents working in contact centres in the Nordic countries increased by 22% from 2016 to 2017. The expected mean change for 2018 is even higher at 28%. These increases have two direct causes. Number one is the increasing demand for contact centre employees in general. The second cause is the shift in European companies from having in-house contact centres towards outsourcing their contact centre services.

Focus on core business functions

The major reason for European companies to consider outsourcing their contact centre activities is their intention to focus on core business functions. Outsourcing contact centre services means companies do not have to spend their time and money on hiring and training contact centre staff nor on providing the necessary infrastructure.

Cost reduction

Cost reduction also remains an important reason for European companies to outsource contact centre activities. [New outsourced contact centre agents](#) in Nordic countries (Norway, Sweden, Finland and Denmark) cost approximately €22,200 per agent per year. New outsourced contact centre employees hired in Central and Eastern Europe cost €6,436 per year. Iceland was not included in this study, but costs in Iceland are comparable to those in the included Nordic countries.

The large wage gap between the Nordic European countries on one side and the Central and Eastern European countries on the other side has two principal causes. Wages in Nordic European countries are generally much higher than those in Central and Eastern European countries. Secondly, contact centre jobs are not very popular among the workforce in the Nordic countries, where they are simply not a desirable job. In Central and Eastern European countries, contact centre jobs are among the better paid jobs and even provide good social status.

Contact centre activities are very labour intensive. Since labour costs in European countries are much higher than in developing countries, outsourcing can offer significant cost advantages. To attract European buyers, your pricing should be competitive, clear and transparent.

Tips:

Emphasise how outsourcing contact centre services will improve your customers' business processes.

Offer competitive pricing, but do not compromise on the quality of your services.

Clearly communicate that outsourcing contact centre services does not only save money on labour costs, but also reduces expenses with equipment, such as communication and computer systems, and IT expenditures with development, deployment and maintenance of systems and networks.

Be transparent in your pricing. Clearly show what service clients get for what price. Make sure you include everything they might need in your offer to avoid hidden costs, such as costs they have to pay for extra services that were not mentioned beforehand.

3. Which European countries offer most opportunities for contact centre outsourcing?

When looking for European countries that offer opportunities, it is important to consider the language spoken in the country, what inbound channels are common, what preferences there are for nearshoring and offshoring, and what are promising vertical markets.

The Nordic countries are the most open to outsourcing contact centre services

The Nordic countries (Norway, Sweden, Finland and Denmark) individually are smaller than other European markets, but they are very open to outsourcing and their economies are doing well.

Businesses in the Nordic countries find first-call resolution and customer satisfaction rates, followed by speed to answer, the most important metrics in contact centre services. Being very punctual and service oriented is particularly important for companies in Nordic countries looking for contact centre service providers.

Germany

Germany is a very interesting market due to its large market size, but German businesses remains risk averse and less open to offshore outsourcing compared to other European countries, such as the Nordics, the United Kingdom and the Netherlands. This attitude is changing as German business face skilled worker shortages and gain experience with offshore outsourcing.

German companies prefer to do business in German, which is why they prefer nearshoring when they do outsource. You can increase your chances of success in Germany by collaborating with a German-speaking partner rather than approaching end users directly.

The Netherlands

The Netherlands is the European country with the highest use of non-telephone channels in contact centre services. If you want to focus on the Netherlands as a target country, make sure you offer an omnichannel approach, particularly email and web chat, which are the most popular channels in the country.

The United Kingdom remains attractive despite the Brexit

The total revenue of the call centre industry in the United Kingdom in 2019 was €2.4 million, growing at a compound annual growth rate of 0.5% since 2014. Offering omnichannel services has become increasingly important in the British market.

Our study on the demand for IT outsourcing in Europe shows that the United Kingdom's withdrawal from the European Union (Brexit) has made UK companies more cautious in their outsourcing decisions, partially contributing to the decline in outsourcing numbers after 2016.

Among European countries, the United Kingdom is the most open to offshore outsourcing and the least sceptical about doing business with developing countries. This openness is influenced by a cost-saving business culture and traditional business relations with many countries.

Tip:

For more information on the contact centre market in the United Kingdom, see [this report by Contact Babel](#).

France: Language matters

France is an interesting market because of its size. Having multiple languages available in your talent pool is important for any contact centre outsourcing company, but it is even more important if you want to target the French market.

On language

European consumers and business customers expect customer service to be available in their native language. One important aspect for selecting a contact centre outsourcing destination for European companies is the availability of people who can speak different languages in your country and in your company.

However, AI has recently changed the contact centre industry. The growth of AI has reduced the need for contact centre employees or agents to speak the language of their target country.

Analysts expect fewer person-to-person contact moments, so contact centres of the future might need less staff with multiple language capabilities. Nevertheless, staff will need to be more technically skilled technical, which can be even more difficult to find. For more information, see the trends section in this product factsheet.

Tips:

Focus on European countries whose languages your agents speak fluently.

If you are interested in a particular European country, first see if you can recruit agents that are fluent in the language or languages spoken in that country.

Focus on the types of services that require human interaction with the customer.

If you have sufficient people with the right language skills in your company, consider adding value to your services with advanced automated tools, cloud-based and social channel interactions, which may give you a competitive advantage.

Inbound channels

Not every inbound channel enjoys the same popularity in each European country. According to research by Contact Babel, for instance, when it comes to inbound contact centre activities, the Nordic countries (Norway, Sweden, Finland and Denmark) are more likely to use social media and web chat than customers in Western Europe, the United Kingdom, and Central and Eastern Europe. But people from the Nordics are the least likely to use email for customer contact, also according to Contact Babel research.

Different regions in Europe are expected to go through different changes in terms of inbound channels. Generally, the use of live telephone agents is expected to go down in most regions, while self-service interactions are expected to become more common. Web chat and social media inbound interactions, which also require live interaction, are also expected to increase in most European countries. The amount of inbound email interactions is also expected to decline in Europe, although email should remain an important customer contact channel.

Tips:

Select your target country based on the kind of inbound channels you can provide.

If you can, try to offer a variety of inbound channels. This is very important for European companies.

Check the [European Contact Centre Decision-Makers' Guide](#) for more information.

Nearshoring more popular than offshoring

European companies prefer to outsource services to providers within the same country. When outsourcing abroad they prefer nearshore locations because of proximity, language, cultural similarities and minimal time difference. However, in contact centre services, time difference can also be an advantage, because Europeans increasingly expect contact centres to be available and responsive 24/7.

Nearshoring locations for Western European companies traditionally include Eastern European countries, such as Poland, Bulgaria and Romania, due to their low wages in comparison with those in Western Europe. However, prices in nearshore countries are rising, especially within the European Union. This development makes service providers in these countries less price competitive compared to offshore service providers, and it also makes European companies more open to outsourcing to destinations farther away. You can choose to form subcontracting partnerships with these nearshoring providers, or compete with them.

[Global Phoning Group](#) is an example of a company that specialises in offshore outsourcing. Besides contact centre services, they also offer business process outsourcing (BPO) and knowledge process outsourcing (KPO) solutions. They operate in 25 countries, offer more than 10 languages and are mainly located in Southern Europe and the Balkan region. [Conectys](#) and [Cortex](#) are other examples of nearshoring contact centre service providers.

Tips:

Mitigate the possible disadvantages of being offshore. Provide excellent communication, availability in the required time zone, and good security and privacy measures.

Differentiate yourself from domestic and nearshore providers to remain competitive. Emphasise how you are different in your marketing message. Do not compete only on price, but also analyse what other advantages you can offer. For example access to skills or specialised industry expertise.

Research what your [competitors](#) are doing right and wrong, which can help you differentiate yourself from them.

Partner with nearshore service providers, as Eastern European [companies](#) look for cheaper destinations and deal with a growing shortage of available workforce. Many service providers in developing countries have not yet recognised this opportunity.

Promising vertical industries

The most promising vertical industries for contact centre outsourcing services are banking, financial services and insurance (BFSI), telecommunications, healthcare, restaurants and food services, travel and transportation, utilities and energy, and high technology and airlines. They are the front runners in offshoring contact centre operations. Retail, travel and hospitality are also interesting vertical industries for contact centre outsourcing.

All these industries require a high volume of agents, diversity and scalability of service and multilingual capabilities. What makes a vertical industry interesting is whether there are more business-to-consumer rather than business-to-business companies, the former obviously having more end customers who use the contact centre.

Tips:

Provide contact centre services for specific industries or niche markets. Focus on industries you are experienced in, or in which you could easily develop expertise. That may create a competitive advantage for you.

Clearly promote your specialisations.

Offer high-quality contact centre services for business critical applications.

4. What trends offer opportunities in the European market for contact centre outsourcing?

The main trends that offer opportunities in the European market for contact centre outsourcing are the switches from multi to omnichannel services, and from cost centres to opportunity centres, as well as the integration of artificial intelligence (AI), cloud services, self-service and social media support into customer service.

From multichannel to omnichannel services

European companies prefer service providers that offer multichannel services. Their customers expect customer support to be available anytime, anywhere and from any device.

Although telephone remains the main communication channel for contact centre services, digital channels are rapidly gaining ground. According to [Contact Babel](#), approximately two-third of inbound interactions took place by phone in 2018. Email is the second-most used channel (between 12% and 27%), followed at some distance by telephone self-service (between 3.8% and 9.2%) and web chat (between 2.2% and 8.8%).

The next step in multichannel services is unifying customer communications. In multichannel customer service, customers can choose between various channels, but can only use one channel at a time.

Omnichannel environments integrate channels. This allows customers to switch, for example, between phone and tablet support, while completing an enquiry. Omnichannel self-service, for example, allows the customer to start a customer support activity in one channel, then seamlessly transition to another. A conversation that begins on Twitter can be continued via text message or phone call with the entire relevant context preserved across channels.

Omnichannel helps customers resolve issues more quickly and helps sales agents in outbound contact centres identify better opportunities for future sales. It also helps businesses give customers a more personal feel to resolutions.

Tips:

Integrate your customer service channels into an omnichannel environment.

Check your readiness to deliver omnichannel services using [this omnichannel customer service assessment quiz](#).

For more information, read [these omnichannel customer service best practice tips](#) by Acquire.

Look up [Vivetic](#), which is a good example of a former SME that has become very [successful in the contact centre industry](#). They offer an omnichannel approach and can provide contact centre agents with multilanguage skills.

Shifting from cost to opportunity

European companies traditionally perceived their contact centre as a necessity that only costs money. They have recently started to understand the possibilities contact centres can offer, including in generating business. Some industry experts suggest that the [contact centre will transform into an experience hub](#) which will evolve into an entity responsible for underpinning and driving the customer experience as well as the interactions with current and prospective customers.

The rise of social media lies at the source of this shift in mindset. European businesses see the benefits of not just being available for customer contact directed at resolving negative issues, such as service failures, billing problems, disappointing quality, etc., but also for truly interacting with their customers and focusing on more positive experiences.

Tip:

Consider turning your contact centre into an opportunity centre. Read about how your contact centre can become an opportunity centre or experience hub, for example, by reading [this article by Premier Contact Point](#).

AI integrates into customer service

AI is increasingly used in contact centres. Chatbots, for example, can initiate conversation with a customer before passing it on to an agent, who then handles the call further. The bot can acquire some relevant information about the customer, making wait times shorter and making the customer feel valued and important. When the requests are simple, bots can solve them better and quicker than humans.

Chatbot use is growing exponentially thanks to growing internet penetration, booming demand for smart customer engagement, the need for understanding consumer behaviour and the adoption of cloud-based technology. Gartner predicts that [25% of customer service operations will use virtual customer assistants by 2020](#).

At the moment, AI is most used to help streamline contact centre experiences by predictive analytics, which can benefit both agents and customers. AI is not yet capable of managing all customer contact, but even when natural language processing (NLP) can be incorporated, it will continue to be essential to continue to have both bots and humans for customer interaction.

Although the use of AI in customer service is expected to grow significantly over the upcoming years, agents will still be very important in the customer centre industry.

Tips:

Read more about how companies are using chatbots in their contact centre services. For example, [read this article](#) about how human agents and chatbots are set to enhance customer experience in future contact centres.

Stay up to date on emerging technology trends and developments by regularly checking relevant industry specific websites and, if possible, subscribing to their mailing lists. Examples of such sites are [Contact Babel](#), [Mitel](#), [Contact Centres](#), [Call Centre Management Association](#), and [Content Guru](#).

Make sure you have the skills to work with these technologies.

Cloud computing

Cloud computing has become a vital part of contact centre outsourcing partly due to the steady increase in remote call agents. Cloud computing is an important tool for seamless team communication, integration and collaboration. Moving to the cloud does not have to happen at once, as there are hybrid cloud options to do so partially or gradually.

Moving your contact centre services to the cloud has several benefits: it is likely to give you cost benefits, make your company more flexible and agile and help improve functionality. However, there are some security issues that come with moving to the cloud.

Data breaches are the biggest security concern for contact centres. Data security and privacy control are critical issues for contact centres, particularly those that handle private health information and credit card purchases. If one small part of a cloud service database is not designed properly, a single flaw in one client's application could allow an attacker to get not just that client's data, but all other clients' data as well.

Tips:

Check the [European Contact Centre Decision-Makers' Guide](#) to find more information about how cloud computing can benefit your contact centre services.

Consider moving your organisation to the cloud. Demonstrate your capabilities in working with cloud environments and with remote teams of call centre agents.

If your potential new business partner does not yet have a cloud solution in place, suggest implementing a cloud-based web chat system or offer to handle customer inquiries via social media channels. This way, they do not need to completely reinvest in infrastructure upfront.

Self-service

Self-service in customer contact encourages customers to obtain information or process transactions through the web or IVR applications, rather than through branches of contact centre agents.

European companies increasingly emphasise on self-service problem solving information on their websites, which reduces call volume and other direct customer contact, thus reducing costs. However, it also has advantages for customers, who benefit emotionally from a 'DIY fix high', meaning a positive feeling from solving a problem by themselves. However, cost saving is a major factor in this trend to move customers to self-service systems.

The emergence of self-service in customer contact is both a threat and an opportunity for contact centre service providers. While fewer contact centre agents are needed to solve customer issues, most European companies find IVR hosting to be a cost-effective method, but are not able to do it themselves.

Tip:

Consider offering IVR hosting for European companies.

Social media more important for customer contact

[Gartner](#) predicts that many European companies will abandon their mobile applications in favour of customer contact through social media. European companies are investing to build presence in consumer messaging apps, such as Facebook Messenger and WeChat, to reach customers where they spend a lot of their time.

Effective social media presence is important to European companies. Customers want a place they can go to give quick feedback. Since Europeans spend a lot of time on social media, customer contact via that medium is perceived as easily accessible. Customers expect two-way interaction, personalised and immediate.

Tips:

Consider investing in offering social media contact centre services.


Unify communications across social media channels in one stream. This way, customers are connected to one agent who knows their purchase and service history. It provides context and it can be public, so other customers can see how the company solved the problem.

Look into our study about trends in the European IT outsourcing market to see which trends are shaping IT outsourcing in Europe.


This study has been carried out on behalf of CBI by Globally Cool.

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