Outsourcing In-bound Call Centers: Impact on Customers’ Service Experience

Krishna Govender*1, Essop F2

1University of KwaZulu-Natal, South Africa
2Regenesys Business School, South Africa

Abstract
The paper explores the impact that the outsourcing of In-bound Call Centers have on customer service experience at a major mobile telecommunications company in South Africa. A quantitative approach was used to obtain data from a convenience sample of customers, using a special on-line questionnaire, namely, Net Promoter Score (NPS) which was distributed to all customers who contacted the In- and Out-bound Call Centers over a 5-month period, by providing participants with them with a link via SMS. The data was analysed using “in Quba Voice of the Customer (VoC),” which is a customer experience software that allows for capturing of every layer of the customer’s journey, including experiences, transactions and touch points across all customer dimensions and media types. The findings reveal that customers responded favourably to the outsourced Call Center with regard to their overall experience, the quality of the agents and loyalty towards the company.

Keywords: Call center; Outsourcing; Telecommunications; Customer service experience

Introduction
Call Centers have been regarded as an enabling resource for enhanced customer service and experience, and this is even more so in the dynamic mobile telecommunications industry, where technology evolution is rapid and customer loyalty extends only as far as their last 'bad' experience [1]. Since Call Centers are the customer's first point of contact with an organization, their experience with the Call Center staff contributes to their perception of the quality of service provided. Some researchers, for example, Dean [2] argue that service-based competition and the opportunity for high-volume, low-cost service delivery via telephone-based technology have resulted in the massive growth of Call Centers. Customers’ expectations are increasingly growing and Call Center staff needs to meet or exceed these expectations in order to ensure that the organisations they represent have a competitive advantage. Thus, managing the customer experience resulting from Call Center encounters is likely to have major impact on an organization's success. Afrika [3] highlighted that Call Centers failed to "personalise their service, resulting in customers going back to the stores to get assistance," and this leads to a negative customer experience.

There is a wealth of research on Call Centers, and most focus on the reasons for outsourcing, as well as the benefits and risks associated with this strategy. However, there is limited research on what impact the outsourcing of the Call Center would have on the customers’ experience in the mobile telecommunications industry in South Africa. It is against the aforementioned background, that this study was undertaken.

Literature review
Reynolds defines a Call Center as "a place where contact is made and received" and a single point of contact for customers to get help and solve queries, complaints and concerns. Furthermore, Call Centers do not only deal with customers’ complaints, but with the sales aspects of the organisation [4]. Since it is often the face of the business and a 'place' where customer interactions take place, the Call Center's effective and efficient operation is a key element for the success of any organisation.

Generally, a Call Center's functions could be either in- or outsourced, and there are advantages of both strategies. McLvor [5] argues that outsourcing a function should be carried out from a strategic perspective and integrated into the overall strategy of the organization. Several researchers [6,7] postulate that the main reasons why companies outsource, is because they can focus their resources on core activities and competencies, convert fixed costs into variable, and benefit from the supplier's investment and innovation [4]. Thus, it is very important to understand the objectives that the company wants to achieve, which will inform the direction the company should follow, as this will in turn inform whether outsourcing will benefit it.

Service is an activity process which involves the treatment of a customer or something belonging to them [8] while experience is a customer's personal interpretation of the service process and the customer's interaction and involvement or flow through a series of touch points [9]. Some researchers, inter-alia, Meyer and Schwager [10] have stressed that customer experience will provide a new means of competition, and a good experience is important because it affects customer satisfaction, delivers customer loyalty, influences expectations, and also creates emotional bonds with customers.

Customer experience can be defined from two perspectives namely, operational service quality and customer perceived quality [11]. Operational service quality is the operations' assessment of how well the service was delivered, for example speed of answer, first call resolution (FCR), and abandonment rate. This includes input resources such as labour, technology, processes, people and information which directly impact customer experience [9], which means that all the customer service performance measurements contribute directly to the customer experience.

While a service is the activity or process, the customer experience is their personal interpretation of the service and quality provided by the

*Corresponding author: Krishna Govender, University of KwaZulu-Natal, South Africa, Tel: +27 31 260 1111; E-mail: govenderkrishna@gmail.com

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organisation and the knowledge of agents, professionalism, friendliness and First Call Resolution (FCR), were ranked as the top factors that influenced customer experience in contact centers.

The literature inter-alia, Bain [12] indicates that the operating (outsourced or in-sourced) model of a company within the Call Center is closely linked to customer service and customer experience. The aforementioned researcher describes the benefits and challenges which creates the optimum operating model within the Call Center which will contribute to improved customer service and experience.

In light of the brief literature review, this study was conducted among customers of a major mobile telecommunications company in South Africa, using the methodology described below.

Research Methodology

An exploratory research design was deemed relevant, since this type of research is conducted to investigate a problem that has not been clearly defined, and the mobile telecommunications company does not have much information on what their customers’ experience levels are. A quantitative approach was selected, as it provides statistical data which can be represented graphically for easier snap-shot understanding, as well as interpretation.

All elements of the population were surveyed since it was possible to communicate with all customers who contacted the Call Center during the research period. The participants were customers of a major mobile telecommunications company in South Africa, who received services from the in-bound Call Center from November 2014 to May 2015, the period during which an outsourced in-bound Call Center was established by the telecommunications provider.

Research instrument

Bain [12] argues that customer experience can be linked directly to the Net Promoter Score (NPS) method of measuring customer experience, loyalty and satisfaction. Bain [12] asserts that the NPS method is ideal to measure customers’ perception and experience of the service and quality of an organization, such as a Call Center. Although traditionally a brand/company level measurement methodology, the NPS is commonly adapted to provide a ‘satisfaction-gear measurement’ based on a transactional survey. This allows for alignment to the NPS methodology, whilst still providing a satisfaction metric for gauging respondent’s experience and satisfaction. The NPS is measured on a 10-point Likert scale, and an example to illustrate the aforementioned would be: on a scale of 0 to 10, how likely are you to recommend this organisation (or this product) to friends and colleagues? Ratings of 9 or 10 indicate Promoters; 7 and 8=Passives; and 0 through 6=Detractors, and the NPS is basically the percentage of promoters minus the percentage of detractors. Hayes [13] reported that the NPS “recommend” is likely to be the best predictor of business growth and success.

The on-line questionnaire was divided into three sections; Section A consisted of two questions based on the Net Promoter Score (NPS) methodology which provided a single measure for businesses to assess and manage their customer relationships. An example of a question is reflected below.

“Good day, according to our records you recently phoned the Company XYZ Call Center. Based on this interaction, how likely are you to recommend Company XYZ to a friend or family member? Please respond with a number from 0 (Definitely won’t) to 10 (Definitely will). SMS responses are free.”

The respondent would type the appropriate rating and reply to the SMS, and if any response fell outside of the predefined response format parameters, then the respondent would be presented with the same question again, to ensure that only valid responses were analysed. As a follow-up to the response to question 1, question 2 required an explanation. “Thank you for your response. What is the reason for the rating of 8?”

Section B consisted of a measurement question that assessed the Call Center’s performance based on its most important performance metric, and the primary driver for having a Call Center, namely, the First Call Resolution (FCR). By measuring the FCR rate, the Call Center’s performance could be evaluated, thereby adopting the most objective measure to judge and manage service delivery. The FCR measures whether the customer’s need was addressed the first time they called, which by definition eliminates the need to follow up with the customer, or whether the customer had to make contact with the Call Center again on the same matter. The FCR question was presented as follows: “Thanks, we appreciate your feedback. Was your issue resolved? Please reply with a 1 (Yes), 2 (No) or 3 (Too early to tell).”

Section C comprised of ‘Quality Dimension’ questions which are attributes that describe how well a service is delivered and the various distinguishable aspects related to that service [13]. The ‘Quality Dimension’ describes the characteristics of the service and is often translated from the behavioral outcome a customer would expect whilst receiving a service or product [14]. For example, when contacting a Call Center, a customer would want it to be easy, and effective, and expect that the agent assisting listens carefully, is knowledgeable, and makes the customer feel valued throughout the entire experience/encounter. Customers would use the aforementioned to base their opinions on how the service was delivered. Each quality dimension is measured using a Likert scale and the question wording alludes to the dimension that is being measured, an on which the respondent (customer) should base his/her opinion [15,16]. The Quality Dimension questions that were presented to the respondents were based on listening, confidence, product knowledge, feeling valued, and convenience. An example of the ‘listening’ attribute question follows: “How well did the agent listen to you (Rate with a number 1 to 5)? 5=Very Good; 4=Good; 3=Acceptable; 2=Poor; 1=Very Poor” (Figure 1).

Data analysis

The response attribution and pass-through to a data repository were completely automated through software known as “inQuba Voice of the Customer (VoC),” which is one of the most advanced customer experience software. The aforementioned software helps companies achieve engagement, loyalty, and retention through one simple principle: ‘Listen to the voice of your customer and engage in their story’. By providing a powerful set of CX orchestration tools, the software ensures proactive customer-facing initiatives and processes across all industries, sectors, and operating environments. This allows for the capturing of every layer of the customer’s journey, including experiences, transactions and touchpoints across all customer dimensions and media types.

The Call Center and the agent were touch points through which a customer ‘touches’ the organisation, which ultimately impacts their customer experience and satisfaction. These touch points have the greatest impact on the customer’s perception of a company, and come into play across many different experiences. The inQuba CX model (Figure 2) reflects the customer journey or customer lifecycle within an organisation, beginning with Enquiry and Sales, through to Account/
Relationship and Termination. These experiences are further broken down into their underlying transactions, and each node in the CX map is associated with a specific event, quality and customer dimension.

Findings

Response rate

Notification of the survey was sent out via text (SMS) messages containing a series of sequential questions, and response rates were calculated as a percentage of completed surveys, as a function of delivered text messages (SMS). Of the 530,108 records submitted, 401,501 texts were delivered. The difference between these two (submitted and delivered) is the delivery rate, and is based on a customer that had interacted with the Call Center and who had been directed to the inQuba VoC tool to complete the survey. Some respondents (customers) did not have updated mobile numbers, and this resulted in an ‘undeliverable’ survey. Of the surveys ‘delivered’, 46,463 questionnaires were completed.

Net promoter scores

The outsourced Call Center was introduced in January 2015, and the performance measure using the NPS scores reflects an improvement from January 2015 until May 2015 (Tables 1 and 2).

The divisions within the external and internal Call Centers were different, and the external Call Center expanded over a greater number of lines of business than the internal Call Center. The external Call Center operated across five divisions, namely,

- Assurance – deals with customer issues with regards to services, where issues are resolved or escalated
- Billing – deals with customer billing and invoice related queries
- Fulfillment - deals with telephonic sales
- SMBS – Small and Medium Business Services (SMBS) with business issues with regard to services
- Call Center SMBS Retentions – deals with retaining possible SMBS customers who would like to cancel their current services or are approaching the end of their contract term.

The internal Call Centre only operated across three divisions, namely,

- Assurance – deals with customer issues with regards to services; the issues are resolved or escalated
- Billing – deals with customer billing and invoice related queries
- Fulfillment - deals with telephonic sales.

The NPS for all lines of business was measured to understand the performance across the different departments within and between the in-house and external Call Centers. As reflected in Figure 3, the SMBS department within the external Call Center proved to be the best performing department, followed by the Assurance and Billing, Fulfilment and SMBS Retentions divisions, respectively. The Billing department within the in-house Call Center performed the

<table>
<thead>
<tr>
<th>Month</th>
<th>NPS Score</th>
<th>N</th>
</tr>
</thead>
<tbody>
<tr>
<td>November 2015</td>
<td>-11</td>
<td>3146</td>
</tr>
<tr>
<td>December 2015</td>
<td>-25</td>
<td>3739</td>
</tr>
<tr>
<td>January 2015</td>
<td>-47</td>
<td>4010</td>
</tr>
<tr>
<td>February 2015</td>
<td>-40</td>
<td>7361</td>
</tr>
<tr>
<td>March 2015</td>
<td>-40</td>
<td>13036</td>
</tr>
<tr>
<td>April 2015</td>
<td>-15</td>
<td>8426</td>
</tr>
<tr>
<td>May 2015</td>
<td>17</td>
<td>6686</td>
</tr>
</tbody>
</table>

Table 1: NPS with various sample size. It became evident that the external Call Center’s performance over the research period in terms of NPS was 14 points better than that of the in-house Call Center.

<table>
<thead>
<tr>
<th>Call Center</th>
<th>Score</th>
<th>N</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internal</td>
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<td>29689</td>
<td>01/11/2014-31/05/2015</td>
</tr>
<tr>
<td>External</td>
<td>-12</td>
<td>16774</td>
<td>01/11/2014-31/05/2015</td>
</tr>
</tbody>
</table>

Table 2: NPS the Internal and External Call Centers. Table summarises the NPS scores for the internal Call Center and the External Call Center for the period between November 2014 and May 2015.
best, followed by the Fulfilment and Assurance divisions. The Billing department of the external Call Center performed better than the in-house Call Center by seven points (7) on the NPS scoring system. The same trend of performance is visible for the Fulfilment and Assurance departments. The difference in performance between the Fulfilment and Assurance divisions is six (6) and 23 points respectively.

The SMBS division only operates in the external Call Center and Figure 4 shows that since February, when the external Call Center was established, the NPS scores for this division shows a positive trend from -24 points in February 2015 to 29 points in May 2015 (Figures 3-9, Tables 3 and 4).

The FCR score between the internal and external Call Centres weren't very different, however, the external Call Center showed a five percentage point difference on FCR, compared to the internal Call Center, and this was a 13 percent improvement on the performance of the internal Call Center.

Table 5 summarises the FCR measures of the internal and the external Call Centers, per division. The “Billing” department within the external Call center proved to be the best performing department, followed by SMBS, SMBS Retentions, Assurance and Fulfilment respectively. The “Billing” department within the in-house Call Center performed the best, followed by the Fulfilment and Assurance divisions. The “Billing” department of the external Call Center performed the same as the in-house Center in terms of the FCR scores. The same trend of performance is visible for the “Fulfillment” division. There was a significant difference between the external and internal Call Centres on “Assurance,” and the external Call Center performed 9% better than the internal Call Center, which is a 28% performance improvement (Figures 10-15, Tables 6 and 7).

Discussion and Conclusion

The purpose of this study was to explore whether outsourcing the inbound Call Center provides a better customer experience, and determine the difference in customers experience between the in-house and outsourced Call Center. The following quality attributes were measured through the survey:

- The agent's listening skills to determine whether the Call
The convenience for the customer to call the Call Center, since

- The agent's confidence in liaising with the customer, since confidence will place the customer at ease that the Call Center agent fully understands the customer's requirement and will be able to resolve it or assist with the query.
- The agent's knowledge and competence with regards to the product being queried, since if the agent has sound knowledge of the product and understands its working, the agent will be able to guide the customer in the correct manner.
- The agent's ability to make the customer feel valued, since this is important in a service delivery experience as well as an after sales function.
- The convenience for the customer to call the Call Center, since the effort of the customer to call the Call Center should be minimal for the customer experience to improve.

It became evident that the external Call Center performed significantly better than the Internal Call Centre, and the biggest improvement was with regard to Convenience, which showed an 18% improvement. With the External Call Center still being relatively new, it is understandable that customer confidence in the External Call Center will improve over time.

The FCR had increased from 42% in November 2014 to 54% at the end of May 2015 and, by almost 100% from 28% in January 2015 to 54% in May 2015. For all cities except Pretoria, the FCR scores showed an improvement, however, Johannesburg, Durban and Bloemfontein showed a decline in the FCR score, until the implementation of the external Call Center in January 2015, where after, considerable steady increases in the FCR were observed.

The NPS was aggregated for the period of 01 November 2014 to 31 October 2015 for each Call Center, which resulted in an overall NPS score of -12 and -28 for the Internal and External Call Centres respectively. It became evident that the NPS of the external Call Center had increased by 16 points. Overall, the NPS across all cities started improving since the implementation of the external Call Center in January 2015. The biggest improvement was seen in Cape Town; however, this Call Center only started operating in February 2015.

While the internal Call Centre only operated across three divisions, namely, Assurance, Billing and Fulfillment, the external Call Center's NPS was better than that of the internal Call Centre across the common divisions. The biggest improvement was by the 'Assurance' division whose NPS scores moved from -34 to -11. The 'SMBS' division only operates in the external Call Centre, and the NPS score had seen a marked improvement over time, having moved from -24 to a positive

![Figure 5: Net promoter scores of the fulfilment division. This figure summarises the NPS for the 'Fulfilment' division indicates that the performance of the ‘Fulfilment’ department increased between February 2015 and May 2015. There was a decline between February and March 2015, but since March 2015 the trend has been positive, showing a 49 point improvement from March to May 2015.](image-url)
29. Having introduced the external Call Center in January 2015, there was a positive spike in the NPS within the 'Billings' division, although this returned to a negative NPS score of -37 in Feb, but continued to increase to a much improved “12” by May. The Fulfilment division’s NPS managed to move from a low of -33 in Feb to a positive score of 13 within the research period.

**Recommendations**

In order to increase and maintain a positive customer experience, executive management within customer experience departments, must involve line management when drawing up their customer experience strategies. Executive management will always need to ensure that any initiatives decided on are implemented within the allocated budgets for those departments. However, partnering with the operational management team will ensure that funds are spent on the right things, such as analytics to better assess customer behaviour patterns or smarter tools to ensure a seamless customer experience.

Customer experience is influenced by certain factors which include product knowledge, listening skills and feeling valued. Thus, the company should look at introducing a soft skill courses in the training curriculum to emphasise the impact that these have on the perception of the customer.

In addition to the operational metrics within the Call Center, namely, average speed of answer (ASA) and average handling time (AHT), FCR and NPS must be incorporated in the contract with an outsourced company. These metrics will add a dimension of the customer experience and perception of the service rendered. Within the Call Center, a dedicated service management team must be created to manage service level and contractual agreements with the outsourced company.

**Research Limitations and Future Research**

The main limitation was that the focus of the study was within a single company and this limits the ability to generalize across other companies. Furthermore, not all the surveys sent to the customers that contacted the internal and external Call Centers were responded to.
Figure 8: Net promoter score by call center city. Figure summarizes the NPS by Call Center by city reflects that since the introduction of the outsourced Call Centers, there has been an increase in the NPS across all cities, except for Pretoria. Thee most improved performance was for CPT, followed by PE, JHB, DBN and BFN, and the worst performing city was Pretoria.

Figure 9: First call resolution over time. Figure reflects the Frist Call Resolution (FCR) trends over the time period when the outsourced (external Call Centre) was introduced for inbound customer calls. It is evident that since the introduction of the outsourced Call Center, there has been a 26 point improvement in FCR from January 2015 to May 2015.
Figure 10: First call resolution by division – SMBS. The SMBS FCR was only measured for the external Call Center as the measure did not exist prior to the outsourcing. This figure summarises the FCR measure for SMBS between February 2015 and May 2015. Since the introduction of the external Call Center to this new line of business, a significant (39%) improvement of FCR was observed.

Figure 11: First call resolution of the billing division. Figure summarises the FCR measures for the ‘Billing’ division, reflects that the ‘Billing’ department showed a drop between January 2015 to February 2015, and thereafter a positive trend was observed whereby the performance in May 2015 reached the same level as January 2015.

<table>
<thead>
<tr>
<th>Division</th>
<th>Internal</th>
<th>External</th>
<th>Period</th>
</tr>
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<tbody>
<tr>
<td></td>
<td>Score</td>
<td>N</td>
<td>Score</td>
</tr>
<tr>
<td>SMBS</td>
<td>-</td>
<td>-</td>
<td>41%</td>
</tr>
<tr>
<td>SMBS Retentions</td>
<td>-</td>
<td>-</td>
<td>45%</td>
</tr>
<tr>
<td>Billing</td>
<td>48%</td>
<td>4325</td>
<td>48%</td>
</tr>
<tr>
<td>Fulfilment</td>
<td>40%</td>
<td>2798</td>
<td>37%</td>
</tr>
<tr>
<td>Assurance</td>
<td>32%</td>
<td>9793</td>
<td>41%</td>
</tr>
</tbody>
</table>

Table 6: FCR by call center division.
The findings pointed to further areas of academic research which would to add to the understanding of outsourcing and its impact on customer experience. These are understanding the financial implications of outsourcing and performing a full financial comparison between outsourcing and an in-house Call Center; understanding the implication of consolidation of facilities on the operations of the
business and the contribution consolidation would have on customer service and customer experience.

**References**


**Figure 15:** First call resolution by call center city. Figure reveals that since the introduction of the outsourced Call Centers, there has been an increase in the FCR score across all cities, except for Pretoria and PE.

**Table 7:** Quality dimension. Table summarises the ‘Quality’ measures, sample sizes as well as period, based on the various quality dimensions.