CUSTOMERS' PERCEPTION OF AN OUTSOURCED TELECOMMUNICATIONS CALL CENTER- A SOUTH AFRICAN CASE STUDY

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Abstract - The purpose of this article is to understand customer perceptions of the outsourcing of the inbound Call Centers at a major telecommunications company. The findings indicate a structured approach towards an outsourcing model needs to be followed if the company's customer experience is to be improved. Such an approach must be based on the company's overall strategy, its core competence and both qualitative and quantitative performance measures with sound risk analysis. This research will be useful to the telecommunications company which made the decision to outsource its Call Center and the effects that such a decision could have on customer satisfaction.

Key words - Customer service; service experience; call center; first-call response; tele-communications.

I. INTRODUCTION

The telecommunications industry in South Africa (SA) is highly competitive, consisting of four mobile and two fix line operators. Customer experience based on their service experience has become the differentiating factor among the above companies, as they strive to maintain and increase market share. Telkom[1] is a key player in the telecommunications industry in SA, but it faces many challenges specifically related to its customers' experience and service. Although the Call Centers are one of the crucial interfaces for its customers, reports reveal that the operational costs are increasing year on year and service ratings are deteriorating (Telkom 2014).

The experience of customers with Call Center staff contributes to their perception of the service provided, and since customers' expectations are increasingly growing, it only logical to expect Call Centers to meet or exceed these expectations, in order to ensure that the organisation they represent has a competitive advantage. Schmitt (2003) as cited by Govender and Essop (2016) states that customer service has been identified as the single most important differentiator between the best and worst companies in the industry. Taking into account the importance of customer service and how the company can stay ahead of its competition, this paper focuses on Call Centers, which is one of the most important strategic focus areas for the telecommunications company (Armstrong, 2014). A survey by Ask Afrika (2012), highlighted that Call Centers failed to "personalise their service, resulting in customers going back to stores to get assistance," and this leads to negative customer experience. Bearing in mind the importance of managing customer experience and the ever increasing need to strategize to stay competitive, the focus of this research (on which this paper is written), is on improving the customer service of the Call Centre. In light of the aforementioned, the primary aim of this article is to determine the impact of outsourcing the Call Center function on the customer experience. More specifically, the objective is to determine customer experience levels of insourced and outsourced Call Centers.

[1] Telkom is the South African fixed line and mobile operator which is partially state owned.

II. LITERATURE REVIEW

Rouse (2007) states that Call Centres are regarded as a centre where customers call for some type of assistance, and they are also referred to as "a single point of contact for customers to get help, solve customer queries, complaints and concerns in a way that meets the customer needs," (Badler, 2004). Prosci (2004) states that the first step towards delivering world-class is to separate the different elements that contribute to a successful Call Centre, and that outsourcing should be carried out from a strategic perspective and integrated into the overall strategy of the organisation.

Lonsdale and Cox (1998), cited by Govender and Essop (2016) identify five main reasons why companies outsource, namely, to focus resources on core activities and competencies, cost reduction, convert fixed costs to variable, benefit from supplier's investment and innovation, flexibility to change and improve time to market. Walsh and Deery (2006) argue that one of the reasons why firms decide to outsource is to benchmark internal performance against market competitors and to determine the relative cost and benefits of different approaches. This also allows the organisation to assess the performance of their in-house capability against external market players. Govender and Essop (2016) cite Abraham (1996) who states that companies decide to outsource to seek access to specialised skills for capabilities that may be lacking in the organisation.

Call Centres that are outsourced are those that are is managed and supervised by a third party, whereas an in-house Call Centre is operated internally by the organisation (Benner, Lewis, Omar, 2007).There are benefits and challenges with each of the aforementioned models, and every organsisation has to decide whether it should perform this business activity in-house or outsource[2], and in an increasingly competitive global marketplace, many organisations are looking for an advantage over their competition (Favreau, 2007). The rapid growth of outsourcing suggests that both public and private organisations perceive this as a better model; and although it is impossible to exhaustively list every benefit, many of the desired benefits are general enough and shared across organisations (Vitasek & Manrodt, 2012). These include the reduction and control of operating costs, improving company focus on strategy and core functions, gaining access to world-class capabilities, freeing internal resources for other purposes, the lack of resources available internally, accelerate the re-engineering of benefits, difficult to manage/out of control functions, making capital funds available, sharing risks, cash infusion, to avoid being swamped with extra administration in a period of growth, accelerating a learning curve in a new business area or, conversely, cutting the need for investment, and improving the quality and efficiency of an existing outsourced service. The bottom line is that both the outsourced and insourced models do impact customer service and experience.

III. CUSTOMER SERVICE AND EXPERIENCE

Service is an activity or process which involves the treatment of a customer or something belonging to them (Sampson and Froehle 2006, as cited by Govender and Essop, 2016), 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 (Ding et al. 2010, as cited by Govender and Essop, 2016). Govender and Essop (2016) cite several researchers, inter-alia, Flanagan et al. (2005; Meyer and Schwager (2007), who have stressed that customer experience will provide a new means of competition, and a good experience is also important because it affects customer satisfaction, delivers customer loyalty, influences expectations and also creates emotional bonds with customers. The operations of customer services inputs directly to the customer experience that the customer receives (Ding et al. 2010); which implies that all the customer service performance measurements contribute directly to customer experience. Some researchers argue that customer experience can be defined from two perspectives, namely operational service quality and customer perceived quality (Pinto and Johnston 2004, as cited by Govender and Essop, 2016). Operational service quality is the assessment of how well the service was delivered for example speed of answer, first call resolution (FCR) and abandonment rate, and includes input resources such as labour, technology, processes, people and information. While a service is the activity or process, the customer experience is their personal interpretation of the service and quality provided by the organisation. It is against the above background that this study was conducted to determine the how the customer experience was impacted upon as a result of the telecommunications company introducing an outsourced Call Center model.

IV. RESEARCH METHODOLOGY

An exploratory quantitative approach was used to conduct a survey among a purposive sample comprising all respondents who contacted the Call Center during the research period. Bain and Company (2011; 2012) assert that the Net Promoter Scores (NPS) is a method to measure customer experience of service and quality of an organization such as a Call Center. The NPS begins with scores from customer surveys on a scale of 0 to 10, which describe "how likely they would be to recommend this company (or this product) to friends and colleagues/" and ratings of 9 or 10 indicate Promoters; 7 and 8, indicates Passives; and 0 through 6 indicates Detractors. The NPS is simply the percentage of promoters minus the percentage of detractors. The NPS question is typically worded as follows:How likely are you to recommend Company XYZ to friends and colleagues? Thequestions are divided into three main sections, namely, context, NPS and incentive, where the context is created to ensure that the customer is placed in the correct and relevant frame of mind to increase the probability of an accurate and reliable score selection. The NPS question is asked in light of the context created thereby allowing the response format to be indicative of the respondent's satisfaction with the service that was delivered by the Call Center.

According to Liu (2010), the knowledge of agents, professionalism, friendliness and First Call Resolution (FCR) influence the customer experience, and FCR has a statistically significant effect on customer satisfaction. The FCR question which measures whether the customer's need was addressed the 'first time' they called the Center, was phrased 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)."
Quality dimension questions which refer to attributes that describe how well a service is delivered were also included, since when contacting a Call Center,

[2] This paper will not delve into the details as it would increase the length unnecessarily. Suffice to state that issues of organizational culture are paramount.

the customer would want it to be easy, and the agent should listen carefully, be knowledgeable, and make the customer feel valued throughout the entire experience. Each quality dimension was measured using a Likert scale question which was worded to allude to the dimension that is being measured and which the respondent should base his/her opinion on.

The combination of the quality attributes, NPS and FCR highlighted the customers' experience and ultimate satisfaction with the service offered by the Call Center. The survey was conducted via SMS (short message service) and the research company absorbed the costs associated with the survey response (Hayes, 2008). The survey was conducted over a 5-month period (November 2014 – March 2015), when customers interacted with the telecommunications Call Center. The recording of the interactions with the Call Center by respondents and the response attribution and pass-through to a data repository were completely automated through use of a special software namely "inQuba voice of the customer (VOC)', which was integrated at the tele-communications company.The customer experience (CX) software helps companies achieve engagement, loyalty, and retention through one simple principle: 'Listen to the voice of your customer and engage in their story'. The data was consolidated in a structured fashion using a reporting and analytics tool by Tibco Spotfire which is completely integrated with 'inQuba VoC' and allows for the accessing of data through various sources. The researcher collected the data from each respondent through the "inQuba VoC" tool, so that the validity and reliability of the questionnaire was ensured at all times. In terms of validity and reliability, the SMS based tool presents the actual data as per the input by each participant, and there was therefore no room for the researcher's subjective inputs and manipulations.

V. RESULTS

Of the 401501 sms's sent, 46 463 customers completed the survey, representing a response rate of almost 11% which is acceptable for an electronic survey. From the aggregated NPS scores for the period November 2014 – May 2015, it was evident that the external Call Center's performance over this period was 14 points better than the in-house Call Center's. Figure 1 represents the NPS trends over the period when the outsourced (external Call Center) was introduced. The external Call Center was introduced in January 2015.

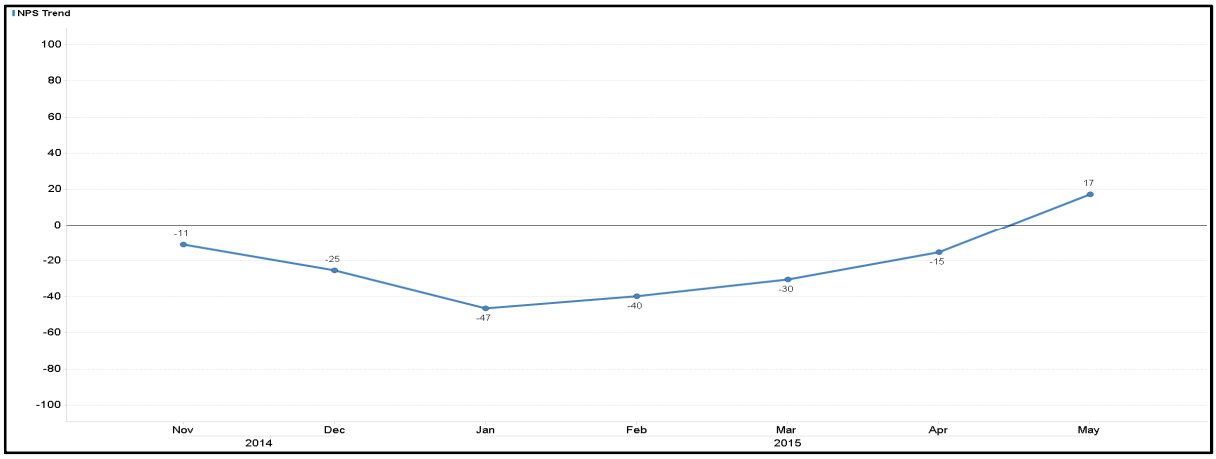


Figure 1: Net Promoter Scores – November 2014-May 2015

Table 1 which summarises the FCR score, indicates that there was a 26 point improvement in FCR from Novemnber 2014 to May 2015.It was also ascertained that the FCR score between the internal and external Call Centres aren't very different, with the external Call Center showing a five percentage point diffrence,compared to the internal Call Center. This is a 13 percent improvement on the performance of the internal Call Center.

Month	Score	N
November 2014	42%	1806
December 2014	35%	2230
January 2015	28%	2477
February 2015	35%	4470
March 2015	39%	7645
April 2015	43%	4509
May 2015	54%	2976

Table 1: First Call Resolution

It is also evident from Figure 2 FCR had increased from 42% in November 2014 to 54% at the end of May 2015.The FCR score then increased almost 100% from 28% in January 2015 to 54% in May 2015.

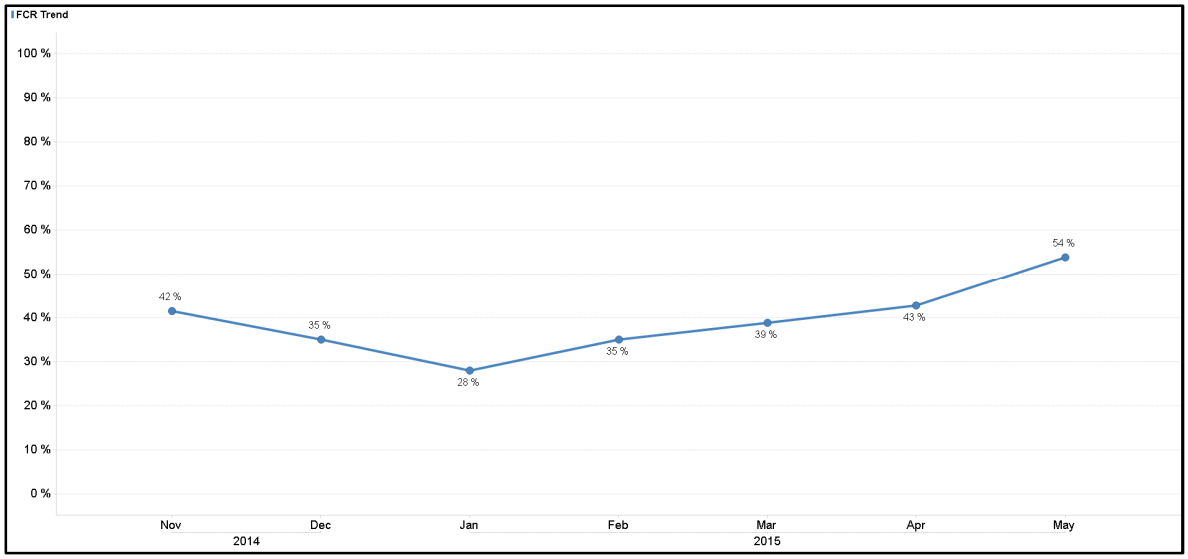


Figure 5.2: FCR over Time

As reflected in Figure 3 the FCR score between the internal and external Call Centres aren't very different, however the external score of 43% is slightly better.

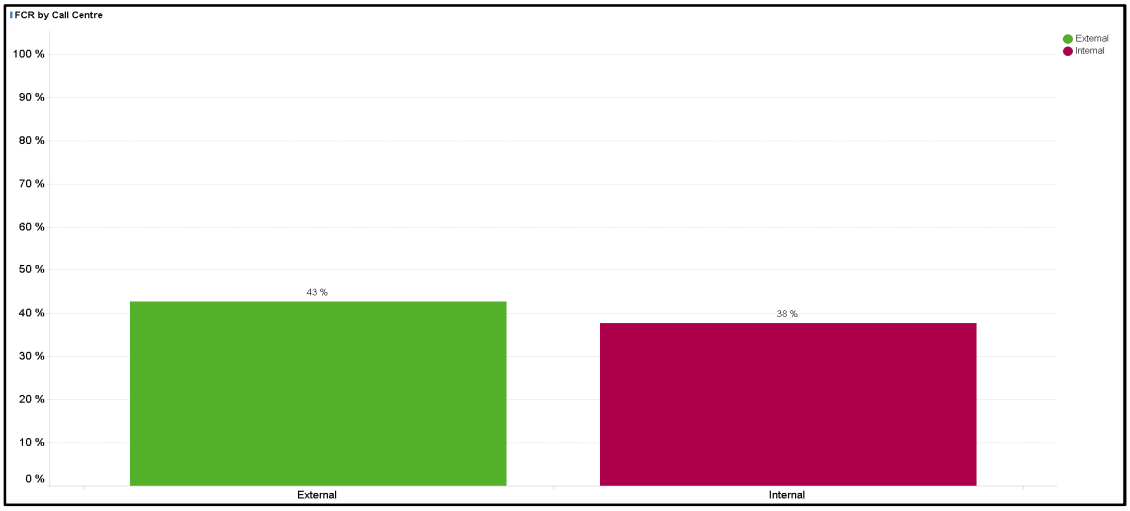


Figure 5.3: FCR - Internal and External Call Centre

It is evident from Table 2 that generally, there is little change/difference between the customers' perceptions of the quality attributes of the internal and external Call Centers. However, the external Call Center performed significantly better than the internal Call Centre, with the biggest improvement being with regard to Convenience, which showed an 18% improvement from 44% to 52%. With the external Call Center still being relatively new, it is understandable that the confidence of the external Call Center will improve over time.

Quality Dimension	Internal		External	
	Score	N	Score	N
Confidence	67%	28689	69%	16774
Convenience	44%	28689	52%	16774
Feel valued	68%	28689	71%	16774
Listening	76%	28689	77%	16774
Product Knowledge	70%	28689	72%	16774

Table 2: Quality Dimensions

DISCUSSION, CONCLUSIONS AND RECOMMENDATIONS

It became evident that over the reearch period, the FCR had increased from 42% in November 2014 to 54% at the end of May 2015, and almost 100% from 28% in January 2015 to 54% in May 2015. The NPS which was aggregated for the period of 01 November

2014 to 31 October 2015 for each Call Center resulted in an overall NPS score of -12 and -28 for the internal and external Call Centres respectively, which implies that the external Call Center increased the NPS by 16 points. The improvement of customer experience is dependedent on the customer lifecycle, which entails the sales, support, billing and loyalty aspects of serving a customer, and the impact of a positive customer experience and NPS score is dependent on the operational services and metrics of the customer lifecycle journey (Spiess; Joens, Dragnea, Spencer, & Phillipart, 2014). A positive customer experience is a result of the interactions and relations between the customer and their service provider, and the interactions spread across all departments within an organisation that ensure a positive customer experience (Dean, 2007).Although outsourcing is great opportunity for an organisation to improve customer experience, in order to capitalize on this opportunity several recommendations should be considered. Executive management within customer experience departments must involve line management when drawing up their customer experience strategies, as this will ensure alignment between the executive and operations and that any initiatives decided on are implemented within the allocated budgets. Furthermore, 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 to customer management including the Call Center.

When entering into agreements with an outsourcing company, service level agreements (SLAs) must be aligned to the customer experience and customer service metrics. 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 within the agreement with the outsourced company. Since the Call Center is a complex system, made of a large number of subsystems and components, including call center agents, customers, infrastructure and technology, when deciding to outsource the Call Center, an understanding of the entire system and its components must be reviewed in order to make a fully informed decision.

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