Contact centre in peripheral areas:
Experience from the NW Region of England

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Contact centre industry in UK:
DTI data taken from ContactBabel

- At the end of 2003, number of contact centre in UK was about 4,825
- The industry directly employed around 800,000 people as customer service agents, telesales staff, management and in support function.
- 55% of staff are employed in large contact centres (with over 250 seats)
- Spending on contact centre technology was around £220m in 2003
- Finance, retail & distribution, and travel & transport are the sectors showing a very significant presence of contact centre businesses

Source: DTI 2004

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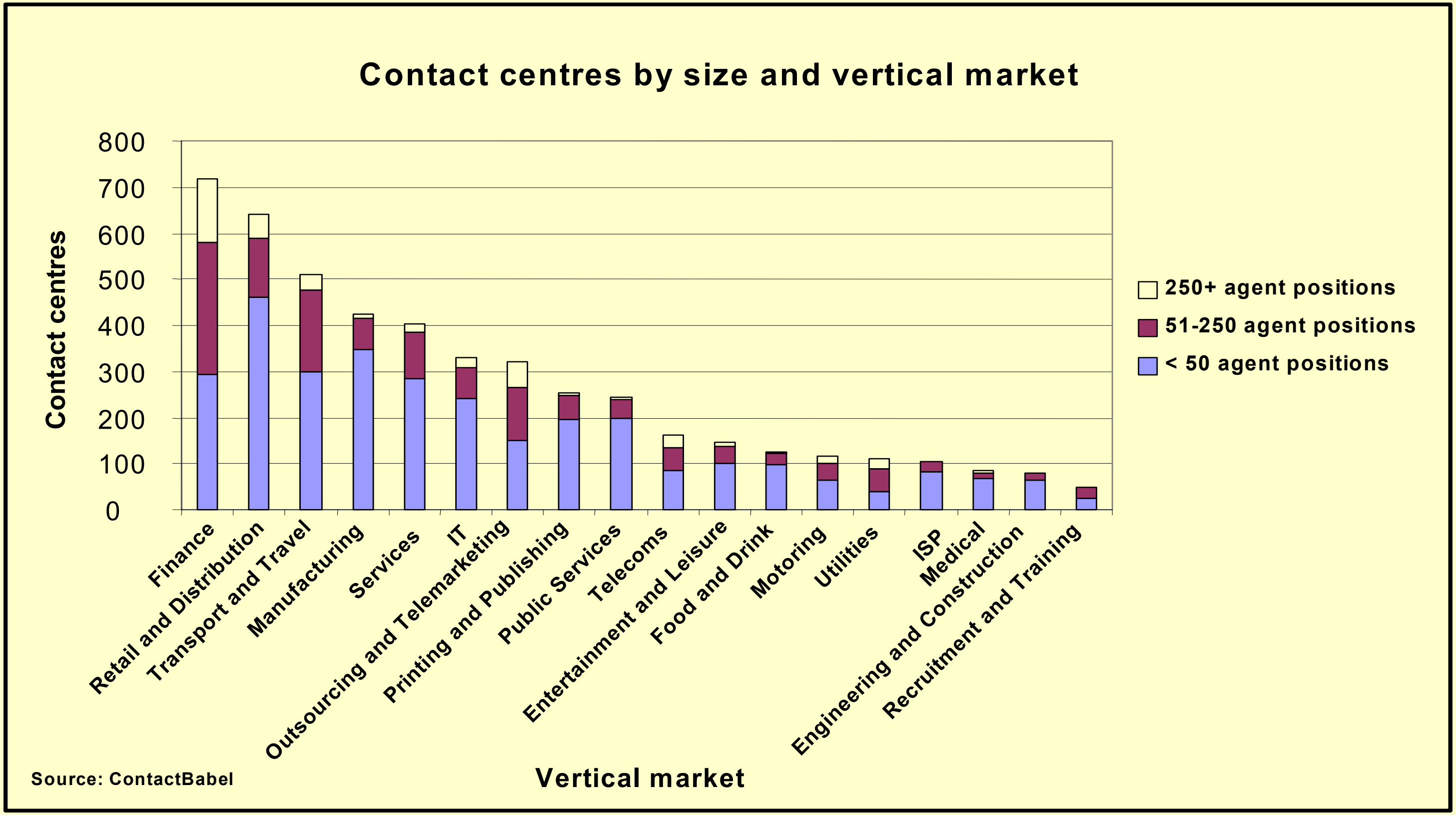
Contact centre product markets

Vertical market	Sub-sectors	Company examples
Finance	Banking, insurance, credit, debt	Lloyds TSB, Barclaycard
Retail and Distribution	Home shopping, catalogue, carriers	Little woods, Cotton Traders
Transport and Travel	Transport information, travel agents	Stagecoach, Thomas Cook
Manufacturing	Manufacturers product support	Gillette, Kodak, Britax
Services	Safety, security	ADT Fire, Chubb Security
Internet Service Providers	ISPs	Newnet, AOL
IT	Technology sales, helpdesks	IBM, Dell, Microsoft
Telemarketing	Full-service outsourcers	Merchants, SITEL
Printing and Publishing	Newspaper advertisements	The Times, VNU
Telecoms	Mobile sales and support	BT, O2, T-Mobile
Public Services	Government Departments	Child Benefit Agency, Police
Leisure	Hotels, football clubs, ticket booking	Liverpool FC, Hilton Group
Utilities	Gas, electricity, water	Northern Electric, British Gas
Food and Drink	Brewers, food suppliers	Carlsberg Tetley, Guinness
Motoring	Manufacturers, rental, assistance	Vauxhall, Avis, Green Card
Construction	Building suppliers, builders	Tarmac, McAlpine
Medical	Pharmaceuticals, healthcare	BUPA, GlaxoWellcome
Recruitment and Training	Employment agencies	Pertemps, Manpower

UK contact centres and product markets



Source: ContactBabel 2004

Centre for Regional Economic Development
CallTM, Braganca City, October 2/3 2006

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Table 4.A: Contact centres employment by region

Region	*Actual workers employed in contact centre*	*Total in employment (000s)*	*Staff as % of employed population*
East Anglia	32,624	1,784	1.83%
East Midlands	50,577	2,062	2.45%
London	51,337	3,611	1.42%
North-East	50,456	1,090	4.63%
Northern Ireland	14,439	712	2.03%
North-West	**138,980**	**3,101**	**4.48%**
Scotland	99,151	2,411	4.11%
South-East	162,946	5,023	3.24%
South-West (excluding Channel Islands)	43,060	2,432	1.77%
Wales	28,956	1,280	2.26%
West Midlands	74,599	2,460	3.03%
Yorkshire	99,614	2,335	4.27%

Source: ContactBabel, (2004)

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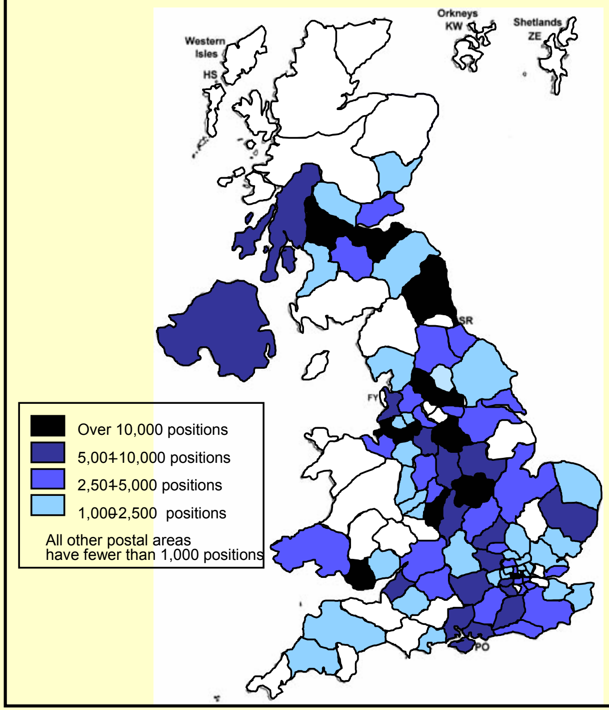
Contact centre industry in UK

UK agent positions by postal area



Source: ContactBabel 2004

Table 2: The contact centre sector selected data for sub-regions 2004.

(10+ seats)	Cheshire	Cumbria	Gr.Man.	Lancs.	Gr.Mer.	NW	UK
N contact centres	90	25	240	85	100	540	4,825
10-50 seats	53%	58%	48%	52%	46%	49%	60%
51-100 seats	23%	19%	15%	15%	12%	15%	15%
101-250 seats	12%	13%	21%	12%	20%	19%	14%
>250 seats	12%	10%	16%	21%	22%	17%	11%
Agent "seats"	10,850	3,380	34,985	14,900	18,455	82,570	529,211
Contact centre staff	17,360	5,408	55,976	23,480	29,528	132,112	846,737

Source: ContactBabel 2005

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Table 3: Distribution of contact centre employment by sector in the NW Region

(Column percent)

Vertical Market	Cheshire	Cumbria	Gr.Man.	Lan.	Gr.Mer.	NW	UK
Entert & Leisure	**3%**	**0%**	**4%**	**4%**	**8%**	4%	3%
Finance	**15%**	**13%**	**14%**	**24%**	**19%**	16%	15%
Healthcare	**3%**	**0%**	**2%**	**0%**	**1%**	2%	2%
Info Technologies	**3%**	**7%**	**8%**	**6%**	**7%**	7%	10%
Manufacturing	**16%**	**18%**	**14%**	**16%**	**8%**	14%	9%
Motoring, tran/trav	**13%**	**7%**	**20%**	**2%**	**7%**	14%	12%
Outsourcing	**4%**	**7%**	**3%**	**4%**	**7%**	5%	6%
Printing, publishing	**6%**	**7%**	**3%**	**8%**	**4%**	4%	5%
Public Services	**3%**	**13%**	**1%**	**8%**	**6%**	4%	5%
Retailing and Distrib	**13%**	**22%**	**13%**	**18%**	**15%**	15%	14%
Services	**12%**	**2%**	**12%**	**6%**	**10%**	10%	8%
Telecommunications	**3%**	**4%**	**2%**	**2%**	**3%**	2%	3%
Utilities	**1%**	**0%**	**2%**	**0%**	**1%**	1%	2%
Others	**3%**	**1%**	**2%**	**4%**	**3%**	2%	4%

Source: ContactBabel 2005

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Table 7: Contact centre industry - Rates of Growth for 2003-2004

	Contact Centres	Agent Position	No. Staff Position
Cheshire	11.11%	10.72%	10.73%
Cumbria	4.16%	4.46%	7.40%
Lancashire	4.80%	5.66%	9.05%
Gr. Manch.	1.01%	4.38%	7.02%
Gr. Mers.	-3.41%	5.71%	9.14%
North West	3.53%	6.22%	8.67%

Author's calculations from data in ContactBabel (2005)

Table 6: 2003-2004 Sub Regional Growth in Contact Centres

	Cheshire		Cumbria		Gr Manch		Gr Mersey		Lancs	
Year	**03**	**04**	**03**	**04**	**03**	**04**	**03**	**04**	**03**	**04**
N of Contact Centres	**81**	**90**	**24**	**25**	**229**	**240**	**99**	**100**	**88**	**85**
% reporting significant growth	**38**	**26**	**29**	**20**	**29**	**27**	**42**	**33**	**41**	**24**
% reporting significant decline	**2**	**3**	**0**	**0**	**6**	**2**	**5**	**2**	**6**	**6**

Source: ContactBabel 2005

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Contact centres – agglomerative processes?

- Up to 2002/3, concentrated in larger conurbations
  - Bishop et al 2003 – continued concentration in London, Greater Manchester, Tyneside, West Midlands etc.
  - Richardson et al 2000 – contact centre businesses prepared to carry cost of agglomeration in order to reduce risk of labour shortage
  - Schulz et al 2004 –regional clustering of service-based economy building on pool of local knowledge and linked institutions

- Contact centres and service firms may not be as spatially mobile as some commentators believe them to be
- Contact centres not necessarily seeking to move to low labour costs locations
- Perhaps seeking to address labour market difficulties in their present location *in order to retain other advantages of agglomeration*

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Research design

- Survey of contact centres in NW region (65 responses) to record three groups of variables:
- Measures of labour market stress (attrition, absenteeism, recruitment difficulty, quality of recruits)
- Business characteristics (sector, size, growth, types of calls, age, job types)
- Locational variables (urban size in particular)
- Key question – significance of location in influencing levels of labour market stress

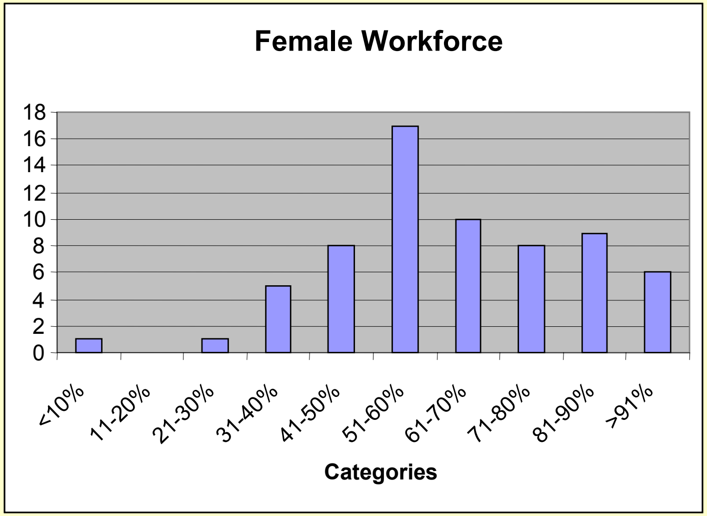
Sector and size distribution of respondent contact centres

Sector	10-50	51-150	151-250	251-500	>500	Total
Finance	3	4	1	1	1	**10**
Public Sector	8	6	2	0	1	**17**
Outsourcing	7	4	1	0	0	**12**
Printing/Publishing	2	2	0	1	0	**5**
IT	1	1	2	0	0	**4**
Motoring/Finance	0	0	1	1	0	**2**
Other services	2	0	2	0	0	**4**
Education	1	1	0	0	0	**2**
Manufacturing	5	0	0	0	0	**5**
Entertainment	2	0	0	0	0	**2**
Retail/Distribution	1	1	0	0	0	**2**
Total	31	19	9	3	2	**65**

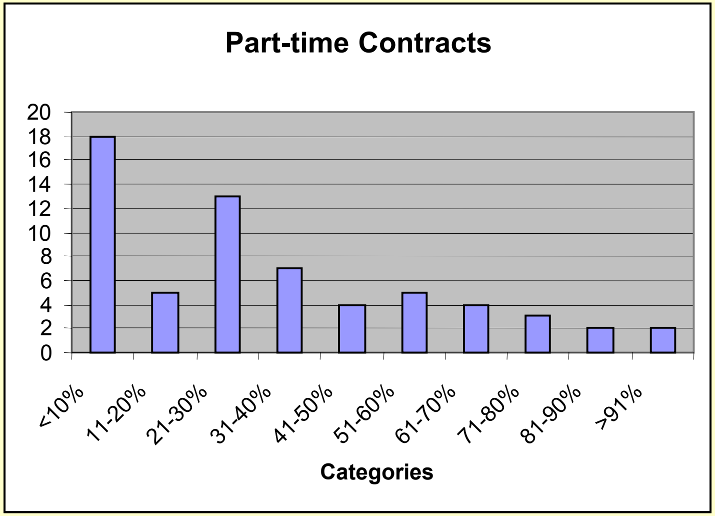
Source: Survey Data

Employment characteristics

Female workforce in respondent contact centres



Part-time workforce in respondent contact centres



Source: Survey Data

Predictors of labour market stress

• Business growth	Sig RDiff (+) / absent (-)
• Part time work	Sig RDiff (-) / absent (+)
• Fixed term contract	ns
• In-bound calls	ns
• Employment size	Sig** Attrition (+)
• Age	ns
• Sector	ns
• Population size	Sig** RDiff (+) / absent (+)
• Employment size	Sig** RDiff (+)

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Relocation considerations by type of premises

		No move considered	Move considered	Total
Premises	Custom-made structure for CC	10	1	11
	Structure converted to CC	25	7	32
	Area within larger organisation	14	2	16
	Other	1	1	2
		50	11	61

Source: Survey Data

Conclusion

- Locational variables generally better predictors of labour market stress than business characteristics
- Very little evidence of relocation intentions (driven by labour considerations)
- Seems to confirm strong preference for urban cores in spite of labour difficulties
- Poses further questions – what are these agglomerative forces (local knowledge, institutional ties, linkages to specialist knowledge providers)? How long will they sustain? Will there be a “tipping point” at some stage to induce locational instability?
- Wider questions concerning sustainability of service-based growth in old industrial regions
- Implications for UK / EU regional policy

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