Performance Customer Interactions 2010

Netherlands

Drs. Annemiek van Moorst
Drs. Yorick Letterie

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Preface

This is the second research report in which TOTE-M publishes the results of its yearly performance benchmark of customer interactions. This year the study also includes the ratings of in house customer interactions.

The goal of the research is to increase the level of professionalism of customer interactions and its sourcing by making performance transparent to the market. This research gives you a clear insight in the decision making around customer management, specifically inbound and outbound customer interactions and focuses on the performance of internal service providers (contact centers) and external vendors. Next to this the sourcing organization, developments in strategy, contracts and KPI usage will be addressed. The study is based on a representative sample of the largest organizations based in the Netherlands, both Dutch and international.

We like to give special thanks to our research partners: MarketResponse (dr. Harold de Bock) and ICSB (prof. dr. Ed Peelen) for their assistance in the research set up. Also we would like to thank our recommendation partners, the Dutch CRM Association, CCMA, PIM, VCN and WGCC for promoting the study to their members.

As this is a yearly research, we aim to improve it each year. If you have any suggestions for improvement, please contact TOTE-M at nl.info@tote-m.com.

With our kindest regards,

TOTE-M

Drs. Annemiek van Moorst
Founding Partner

Drs. Yorick Letterie
Consultant

Management Summary

This yearly performance study aims to increase the level of professionalism of customer interactions by benchmarking customer interactions handling - in house and outsourced.

The average performance of customer interactions is still an unsatisfactory 7,0 on a 10 point scale. Although most respondents indicate that they are not dissatisfied, the overall ratings are too low to generate promoters. In house customer interactions have an average performance score of 7,3, with a relatively higher rating on partnership, implementation and customer centricity. Vendors with an average score of 6,9 have higher ratings on reaching KPI's.

Best scoring vendors are Teleperformance and Cendris, while SNT is rated lowest. Overall NPS is -19,5%. Teleperformance and Cendris are the only vendors with a positive NPS of 25% and 14,3% respectively. SNT has a rating of -71,4% which is the lowest. Teleperformance is considered as a partner by the major part of its clients, followed by Unamic/HCN and Cendris. Problem solving, customer focus and implementation management have a strong correlation with NPS. Teleperformance and Unamic/HCN are most promising in respect of increase of business with their current clients.

Customer interactions are still distributed over multiple silo's. Mostly these are Sales, Marketing and Service. The responsibility for the customer is not clearly secured, sometimes being one of the roles of the CEO or shared among multiple directors. The current sourcing strategy for customer interactions in 35% of cases has been developed from middle management initiatives. Professionalism and experience with outsourcing in other disciplines are important contributing factors. Goals that companies try to achieve with outsourcing are strongly focused on core competences, quality improvement and cost reductions. Only in 10% of the cases targets are not met. Of the companies interviewed 52% use a flexible workforce for their customer interactions, while 56% have their flexible workforce managed by a (contact center) vendor.

The average period for outsourcing customer interactions is 6 years. The average yearly cost for outsourcing is € 2,8 million. Of all contracts 41% are made per single silo or channel. For in house customer interactions a great share of internal service deals are not formalized into contracts or SLA's. Pricing and measurement (KPI) are increasingly aimed at satisfaction and retention. In house, the emphasis lies on efficiency and time-based price models and KPI's, while externally the emphasis is more on price models and KPI's that generate loyalty and sales. We expect a shift towards customer satisfaction, customer experience and first contact resolution rate the coming years.

Over 75% of the respondents want to reconsider their sourcing conditions in the near future. Mainly sales, retention and win back will be contracted out and customer service will be brought in house. Professionalism and track record are the most important criteria when choosing for a new vendor.

1. About the research

Goals

The central goal of this yearly performance study is to increase the level of professionalism of customer interactions and its sourcing in the market thereby enhancing customer experience by:

- Increasing transparancy of the performance of customer interactions handling - in house and outsourced –and offering a benchmark
- Gaining additional insight in:
  - The market: strategies, players, services and size
  - The decision making process around customer management and its sourcing
  - The development of partnerships between suppliers and customers, both internal and external.

Structure

Questionnaire

This research has been done using an online questionnaire containing 68 questions.

Sample

The study has been done in The Netherlands and Belgium. This report covers the Dutch market.

The research sample is selected from business relations of TOTE-M, research and recommendations partners and customer interactions vendors. The companies, participating in this research represent a vendor revenue of € 257 million and an in house customer interactions budget of € 336 million, totaling € 593 million.

This study covers 41% of the outsourced market estimated at € 625 million and 61% of the estimated market size of the 15 largest Dutch vendors of € 419 million[1]). It covers 7% of the Dutch in house market size which is estimated at € 4,5 billion[2] (excluding government).

After the questionnaire phase was closed, the data was cleaned for double or incorrect responses.

The sample size may differ per question due to routing. A total of N=143 respondents participated in the survey

[1] Source: Ernst Kruize, Marketing Tribune, April 2009
[2] Source: EIM report “Economische en maatschappelijke betekenis van callcenters in Nederland” 2007

Companies included in the research

Reviewing companies on the demand side (the respondents) are:

ABN AMRO	De Bijenkorf	Levi's	Samsung	Wehkamp
AEGON	Delta	NS	Sanoma	Wegener
Airmiles	ECI	Nuon	Rabobank	UVIT
APG	Eneco	Online	Tele2	XS4ALL
BOL.com	E.ON	Otto	Telegraaf	Ziggo
Cisco	ING	Philips	T-Mobile	
Daimler	KPN	UPC	VBI	

Table 1. Reviewing companies

Customers and companies use various channels. Among others these are face-to-face, telephone, e-mail, self-service and other electronic channels e.g. chat. Based on the customer lifecycle, the following customer processes are used in the study:

- Acquisition of new customers
- Sales to existing customers
- Delivery of product or service
- Customer service
- Retention and win-back
- Customer research

Respondents positions

Respondents have been selected based on their role being accountable, key influential or contributor in judging in house and/or outsourced vendors. The survey was partly distributed to a closed group of respondents and partly published as an open link to the specific target groups.

Two groups of respondents can be identified. Firstly, respondents on the client side, who mainly have a commercial responsibility and review customer interactions performance regardless of the fact whether these are executed in house or contracted out. This group is referred to as '**Demand**'. The second group reviews their own performance and consists of vendors and contact center managers. This group is referred to as '**Supply**'. We included the supply group in order to compare their *perception* of their own performance with the actual opinion on performance of the demand group. The table below provides an overview of the respondents responsibilities. Columns add up to more than 100% due to multiple response question type.

	Demand	Supply
Responsible	74%	83%
Key-influential	65%	43%
Total	**103**	**40**

Table 2: Division demand side / supply side. Base: all respondents.

Only respondents who act in the customer interactions evaluation process are included. As shown in the table above, the majority of respondents indicated that they either are responsible for customer interactions or are authorized to judge customer interactions. This provides the study a solid ground for performance reviews.

Reviewed vendors

The reviewed vendors represent more than 50% of the market size of outsourcing parties in the Netherlands.

Accenture	Cendris	Sitel	Teleperformance
Arvato	L&H incl. ISS	SNT	Unamic/HCN
Bosch	Mycall	Spangenberg	Vanad

Table 3. Reviewed vendors

Reviewed vendors for flexible workforce cover more than 80% of the market:

Adecco	Manpower	Tempo Team	Creyf's
Content	Randstad	Timing	Startpeople

Table 4. Reviewed vendors for flexible workforce

Definitions

Customer interactions
Interactions between an organization and its customers through face-to-face, telephone, e-mail, self-service and other electronic channels (e.g. chat). In this study the emphasis lies on inbound and outbound contacts handled by contact centers.

Sourcing
A procurement strategy in which a business seeks to find the most preferable allocation of resources in order to optimally suit the company strategy and/or business goals.

Vendor
An (independent) organization that performs customer interactions as a service for other organizations (clients), using various outsourcing models such as managed insourcing, outsourcing and workforce outsourcing.

In house service provider
A call center or contact center that performs customer interactions as a service to departments in their own organization.

In house
Customer interactions that are performed by a company itself on its own site.

Outsourcing
Customer interactions that are outsourced to an external vendor **on- or off-site**. In this study the term ‘outsourced’ is also used to include the following sourcing variants:
Cosourcing:
Customer interactions that are performed by a combination of in house and outsourced resources off- and on-site.
Managed insourcing:
Customer interactions that are outsourced to an external vendor on site of the client company, but are managed by the vendor.
Rightsourcing:
Customer interactions are dynamically outsourced, performed in house or set up as a shared service center, depending on the specific process or situation.

Flexible workforce sourcing
A procurement strategy in which a business contracts out (part of) its workforce to a flexible workforce vendor.

Generalist
An outsourcing vendor that is specialized in a (very) limited set of services e.g. inbound call center services.

Specialist
An outsourcing vendor that offers a broad array of services, e.g. customer interactions, HR and IT services.

2. Sourcing scenarios

2.1. Customer interactions responsibilities

Service and Sales are most responsible for customer interactions

Figure 1 shows the division of responsibility for customer interactions over the business silo's.

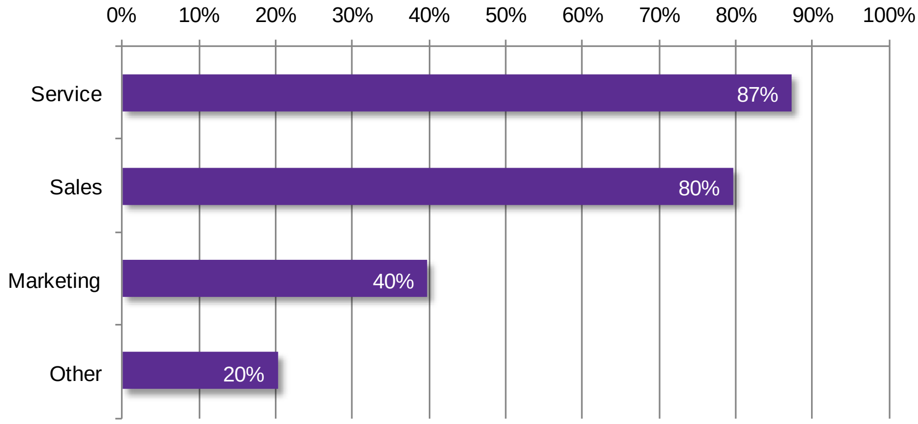

Figure 1. Which departments have direct customer interactions? base=all

Service is the most frequently mentioned department (87%), followed by Sales (80%). Marketing has significantly less direct involvement. Communication between Sales and Service to Marketing therefore is vital in creating valuable propositions.

Other departments that have been mentioned include:

- Operations
- Front office service personnel
- Credit management
- Field engineers
- PR & media
- Back office
- Product management

A trend is visible that product management departments are creating their own decentralized customer interactions for new product introductions. This is caused by the reluctancy of the Customer Contact Center to handle these ('too small to handle efficiently').

Directors share responsibilities for customer interactions

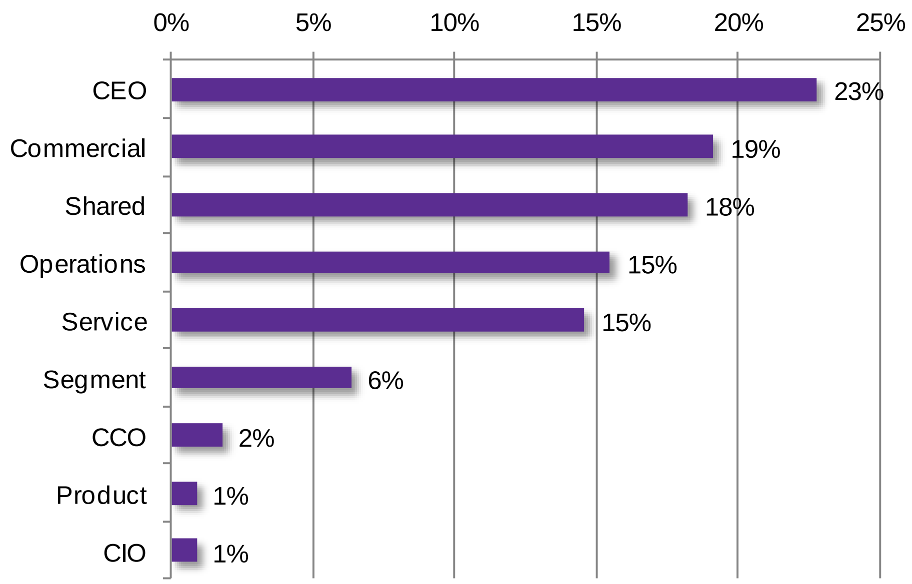

Figure 2. Responsible directors for customer interactions, base=all

In most cases the CEO is mentioned as being responsible for customer interactions. Lack of time may be a driver to delegate. Therefore customer interactions responsibilities are allocated to several individual board members like Retail, Commercial and Service or shared among them.

The role of Chief Customer Officer (CCO) is still underrepresented (2%). The results show that when the responsibility for customer interactions is distributed across silo's, it will be increasingly harder to deliver a consistent service.

2.2. Sourcing strategy and goals

Service prime decision making entity

Respondents were asked to rate the three most important departments influencing sourcing decisions by giving a score from one to three. If all respondents put for example 'Service' on 1, that item would score 100%.

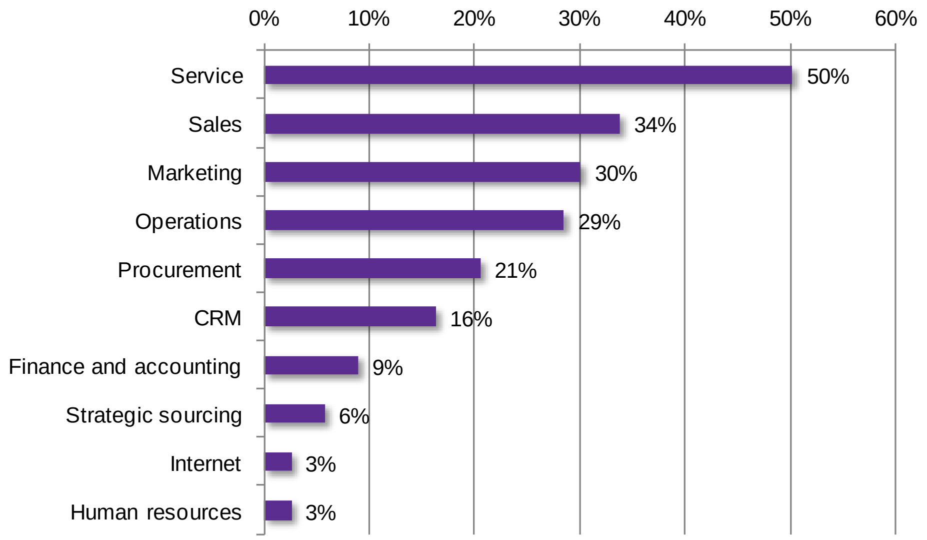

Figure 3. Decision making entities in customer interactions, base=demand

Figure 3 shows that Service is considered to be most frequently involved in the sourcing decision for customer interactions. Our interpretation is that Service and Operations decide for inbound contacts, Sales for outbound and Marketing for Consumer Research and some outbound activities. Although less mentioned, in most cases Procurement is the final gatekeeper in sourcing decisions. They decide for the price which in the end leads to quality issues as all players are well aware of. Furthermore the HR department is left out in the sourcing decision, despite the fact that deployment of (the right) people plays an important role in customer interactions. We see a trend for an increasing importance of CRM. Furthermore Strategic Sourcing is running-up.

Sourcing strategy develops from middle management

Most of the companies are involved in outsourcing for several years.

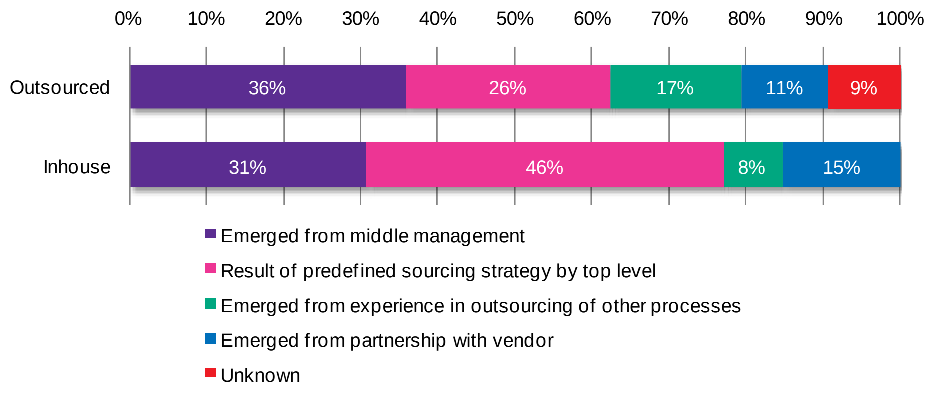

Figure 4. Development of sourcing strategy, base=demand

If we take a closer look at the difference between in house and outsourced customer contacts, it appears that the in house sourcing strategy is based more on a predefined strategy and less on experience acquired in other business processes. The 15% ‘emerged from partnership with vendor’ may be interpreted as forced choice.

It is remarkable that 9% of outsourcing clients indicate that they do not know from which source the current strategy originates. A probable explanation is that those respondents may be relatively new to the organization. Current sourcing strategy most often emerged from middle management and is more influenced by other outsourcing experiences.

Professionality of vendors most important factor in decision making

Professionalism and experience are considered the most influencing factors. Next are product tangibility - the level in which a company delivers a tangible physical product or an intangible service – and competitor sourcing moves; imitation is an important factor.

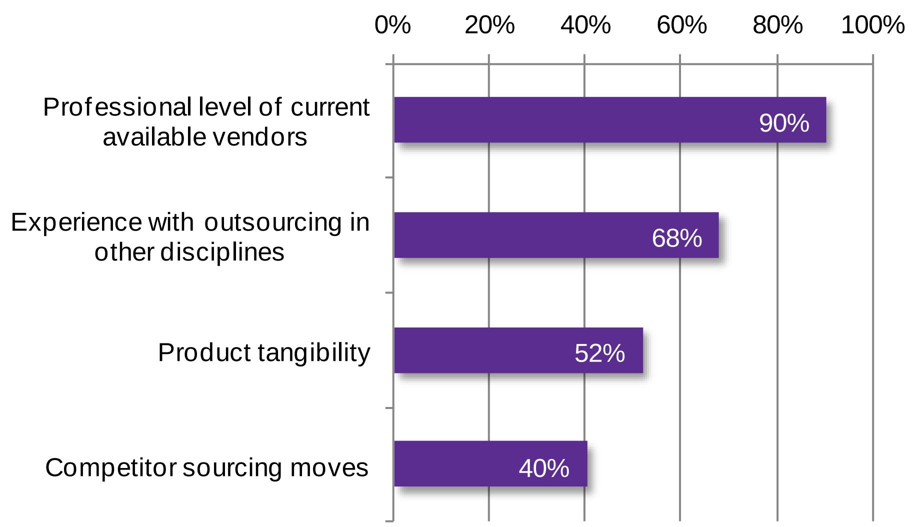

Figure 5. Factors influencing the sourcing strategy, base=demand

Core competencies, quality and cost most important outsourcing goals

The sourcing strategy is designed to meet the following predefined goals:

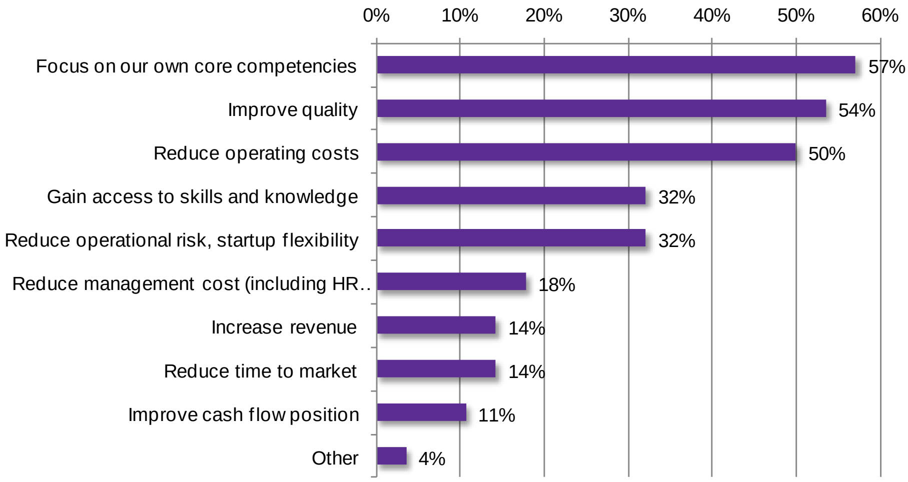

Figure 6. Goals of sourcing strategy, base=demand

Core competence focus, quality improvement and operating cost reduction are the most important goals for outsourcing. Reduction of management cost and time-to-market, revenue increase and cash flow improvement play a minor role.

Most goals on target

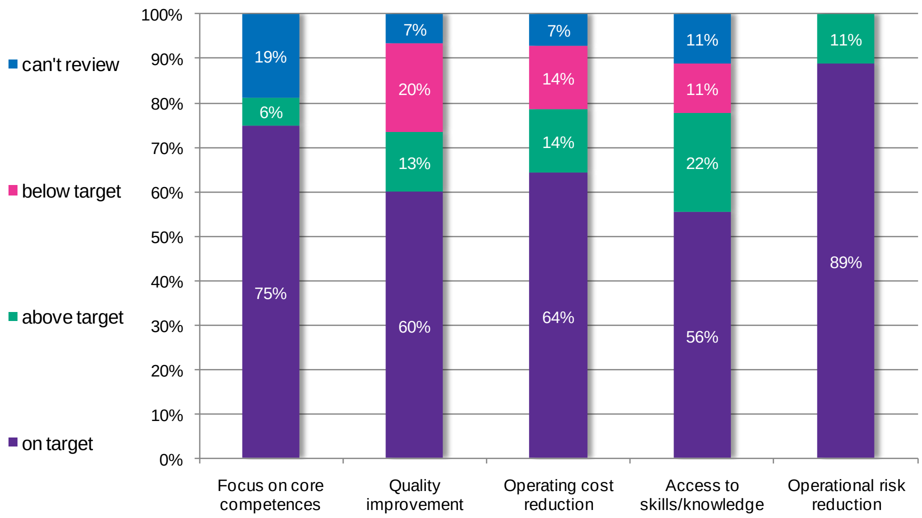

Figure 7. Achieving sourcing goals, base=demand

Most goals are achieved on target. However, Quality improvement, Cost reduction and Access to skills and knowledge are below target in 20%, 14% and 11% of cases respectively. For Access to skills and knowledge the majority of observations are above target.

Professionality and track record determine partner choice

The following reasons for contracting customer interactions out to a vendor were given:

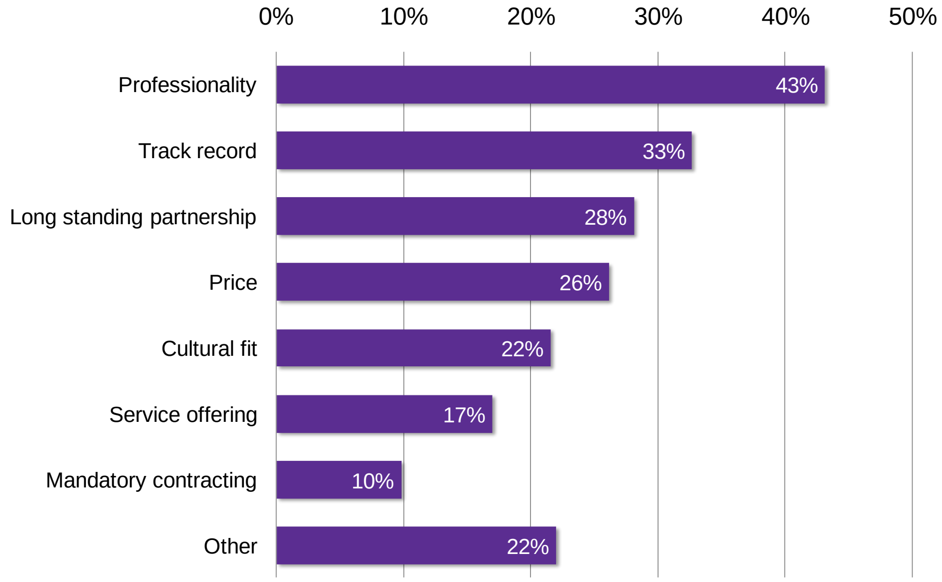

Figure 8. Criteria to choose outsourcing partners, base=demand

Professionality and track record are the criteria most frequently mentioned to determine the choice for an outsourcing partner. Price is mentioned less (fourth place), just ahead of cultural fit and service offering. 'Other' consists of implementation time, sourcing strategy and size.

We also asked for the importance of certification like COPC, but the results show that it plays no role at all in supplier choice.

The market prefers specialists

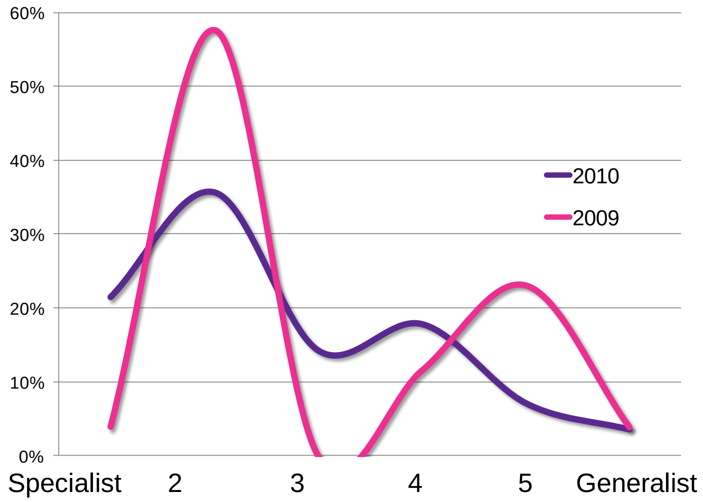

Figure 9. Generalist or specialist, base=demand

Clients prefer specialists to generalists. Sourcing is organized by client silo and leads to a preference for a specialism like inbound, outbound or research. This preference leads to clients working with several vendors. It also shows that smaller, specialist facilitary contact centers are still preferred to large international organizations like Accenture or HP. Compared to the 2009 study the preference to specialists has even increased from 62% to 71%.

Change to in house

A transition to in house the last 2 years or setting up in house customer interaction processes was reported by 22% percent of respondents.

In 38% processes were redesigned before transition to in house. In many cases there was no actual transition process but processes have just been set up from scratch.

Change to outsourced

Contracting out during the last 2 years was a process 46% of respondents have gone through.

In 67% of the cases processes were redesigned before for transition. Lift and shift occurred in 20% of cases. Redesign after transition was not mentioned.

2.3. Flexible workforce usage

Internal service providers and vendors may choose for a fixed workforce (on the payroll) or use a flexible workforce for their customer interactions, or both.

The flexible workforce is mostly managed by the vendor

Remarkable fact: 48% do not use a flexible workforce in any of the combinations mentioned. Of the 52% of respondents indicating that they use a flexible workforce for their customer interactions, the distribution is as follows:

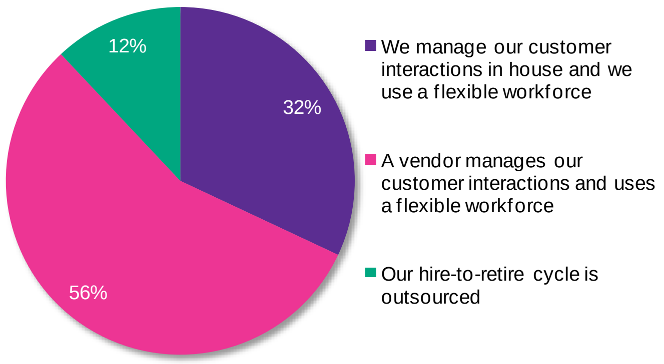

Figure 10. Use of flexible workforce, base=respondents that indicate they use a flexible workforce (52% of all).

In 56% of the cases workforce sourcing is managed by the vendor. In 12% HR is outsourced. This means that demand for flexible and fixed must go through this channel. The goal may be to minimize costs, but it often results in longer waiting times and reduced quality and flexibility.

Randstad is mentioned mostly as the provider for flexible workforce (see Figure 11 below).

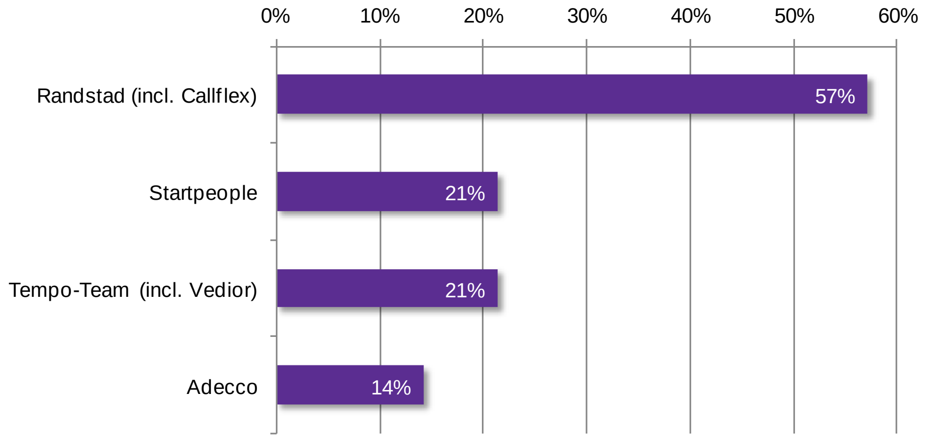

Figure 11. Flexible workforce providers, base=demand

Vendors for flexible workforce are selected for partnership, price and professionality

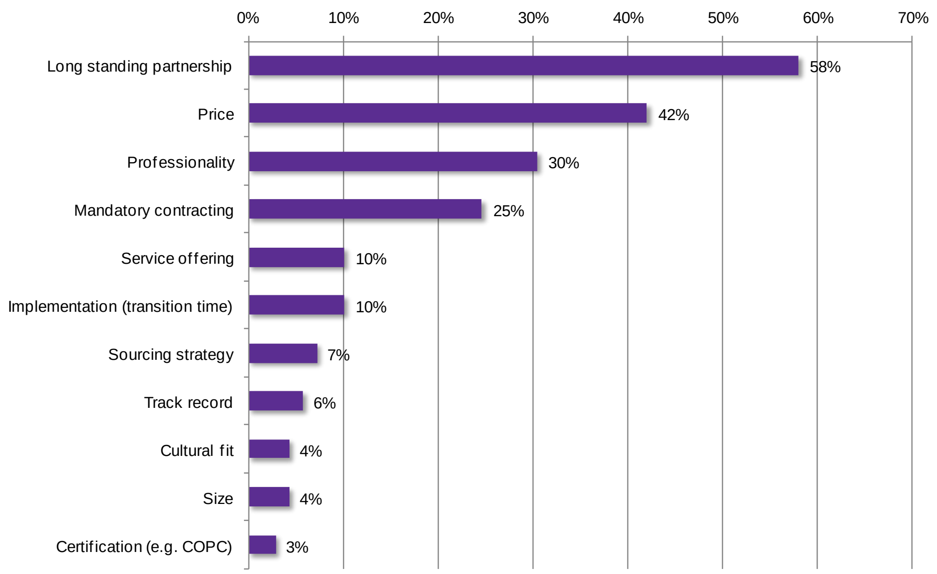

Figure 12. Reasons to select a partner, base=demand

A long standing partnership is rated as the most important factor to select (or to prolong a relationship with) a supplier of flexible labor. Price, Professionality and Mandatory contracting also play an important role. The latter probably because the use of workforce sourcing is more frequently linked with a corporate supplier choice. An upcoming development is that HR Outsourcing vendors like Accenture determine the source of the flexible workforce. Certification plays a minor role in selecting a flexible workforce partner.

2.4. Outsourcing period and budget

Average outsourcing period is six years

Companies have been involved in outsourcing for almost six years on average. The segmentation in length is shown in the figure below:

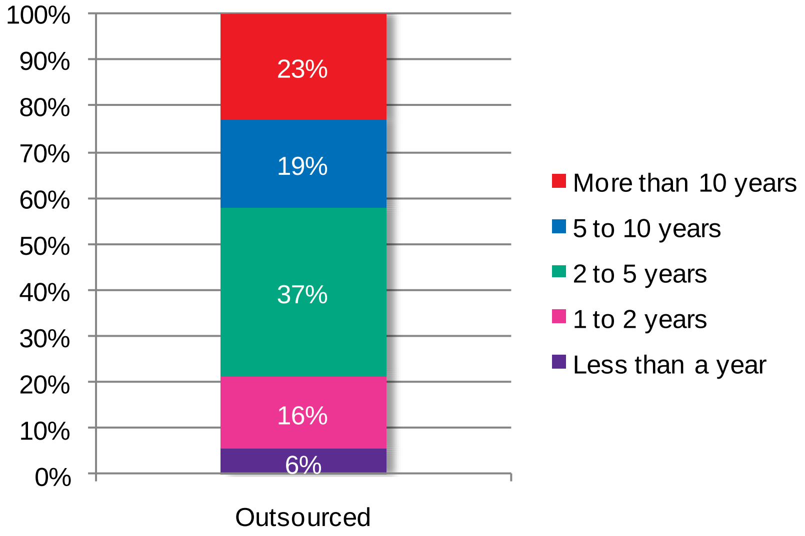

Figure 13. Period that customer interactions are outsourced, base=demand

Outsourced customer interactions most of the time are contracted out for two to five years. Only 22% have been outsourcing for less than two years.

If we look at the relation between outsourcing period and reasons to select a partner, some interesting trends show up when companies become more experienced in outsourcing:

- Company sourcing strategy, vendor size, price and partnership become more important
- Cultural fit becomes less important

The conclusion is justified that the longer companies have been involved in outsourcing the more a business approach prevails.

Delivery and customer service have the longest sourcing history

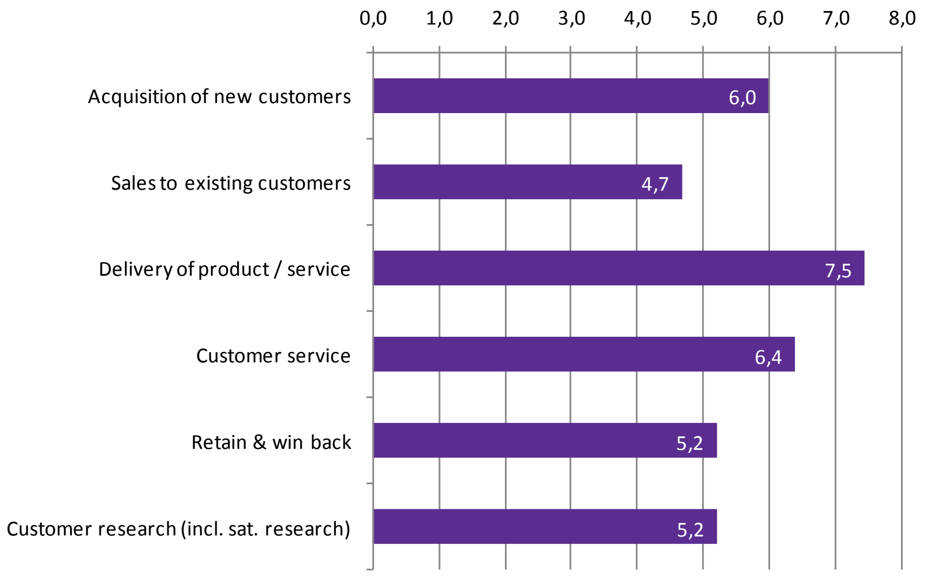

Figure 14. Period that customer interactions are outsourced per service type, base=demand

Delivery, customer service and acquisition are outsourced for the longest period.

The average contract period for customer service is 2.4 years

Most outsourced customer interactions contracts last for 1 to 2 years.

The average contract period per service type are:

Customer service	2.4 year
Delivery of product / service	2.2 year
Retain & win back	2.0 year
Customer research (incl. sat. research)	1.9 year
Sales to existing customers	1.8 year
Acquisition of new customers	1.5 year

Table 5. Average contract length, base=demand

Customer service and delivery contracts have the longest contracting period. Acquisition contracts are generally the shortest. No contract lengths above 5 years have been mentioned.

Average yearly budget for customer interactions is €2.7 to €2.8 million

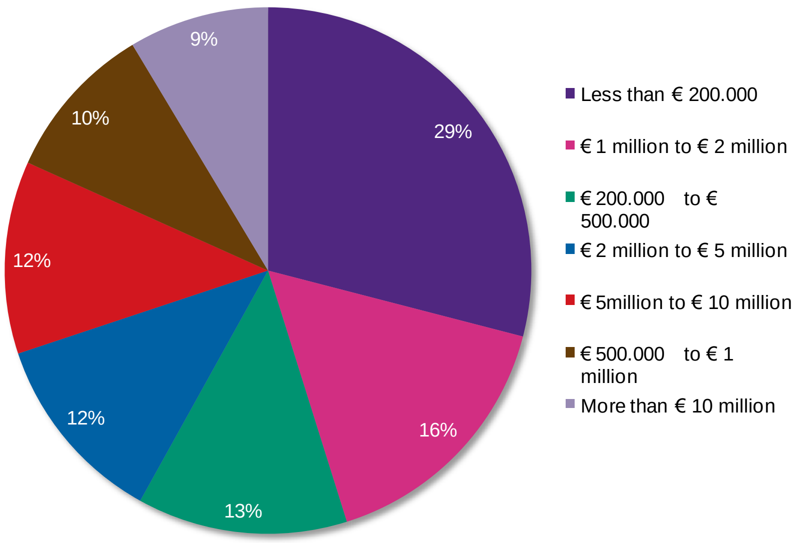

Figure 15. Yearly customer interactions budget, base = demand

Average yearly budget for in house customer interactions is € 2,7 million (median = >€ 10 million) and for outsourced customer interactions is € 2,8 million (median = € 200.000 - € 500.000). The division between service types is as follows:

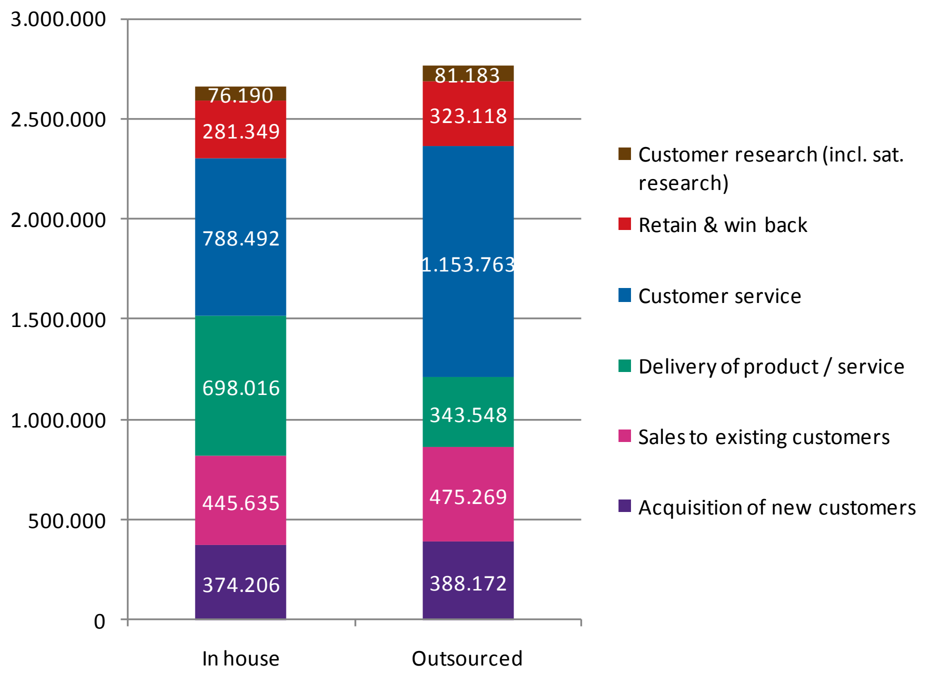

Figure 16. Budget per service type in €, base=demand

Note: Approximately 60% of the companies that perform their customer interactions in house do not have housing, administration and management included in the budget.

3. Contracting, Pricing and KPI's

3.1. Contracting

Many (in house) agreements are still not contracted

In internal business relationships, SLA's are in most cases preferred to either formal contracts or no contractual formalization at all: 36% of in house executing customer interaction companies state that they do not use SLA's, which is also concluded from the yearly Dutch NCCBP research.

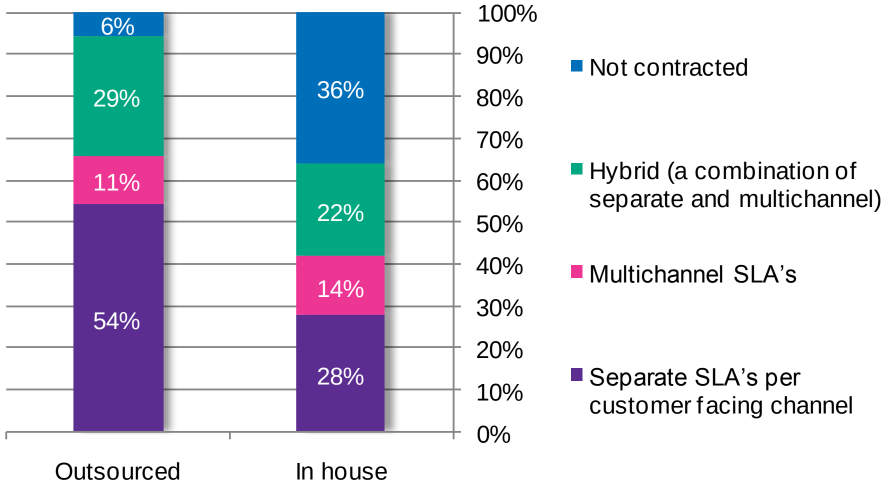

Figure 17. Used contract types, base=demand

Outsourced customer interactions have more separate SLA's than in house. However it is remarkable that 6% of outsourcing deals are not subject to contract. Although there are multichannel SLA's and hybrids, the 54% separate SLA's per customer facing channel is an indication of the distributed way (i.e. per silo) customer interactions are managed. The 6% outsourced but not contracted, remains a puzzle.

3.2. Pricing

In house price models develop towards customer based

Budget per year by far plays the most important role. The use of pricing models is developing towards an increasing emphasis on price per customer, per sale and per seat. Budget is expected to stay the most frequently used model. In house pricing models become more mature and are more customer focused.

Figure 18 shows the in house price models used and the models respondents are planning to use in the coming two years.

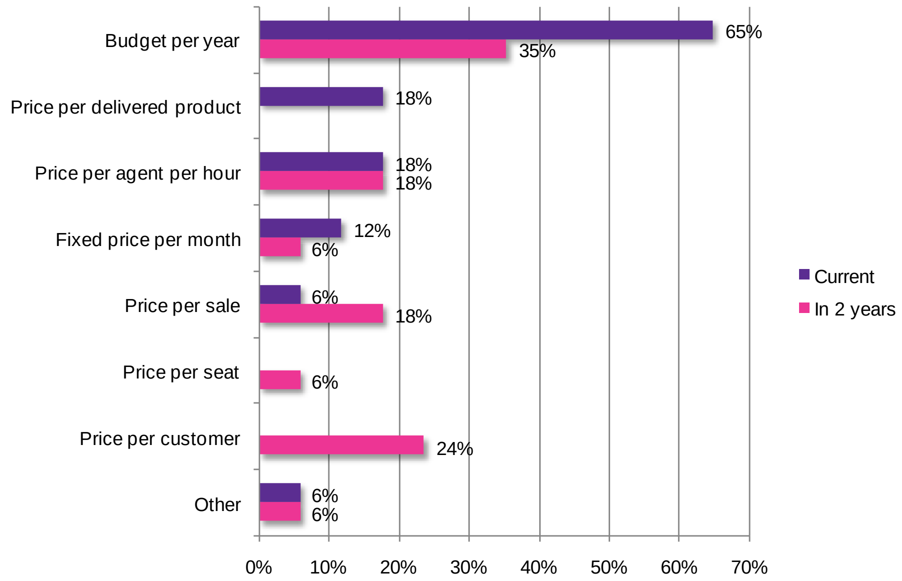

Figure 18. In house price models, base=demand

Outsourcing price models develop towards customer and sale

Figure 19 illustrates the price models used in outsourced relations and the ones expected being used in the near future.

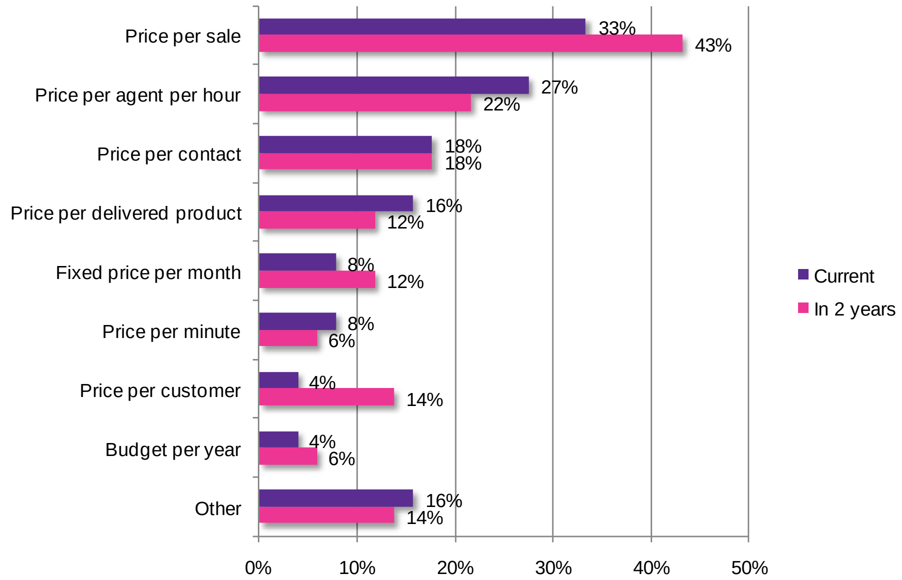

Figure 19. Outsourced price models, base=demand

Price per sale is the model mentioned most, now and even more so in the future. It is the preferred model for outbound customer interactions. The strongest future growth can be seen towards price per customer. Other pricing models mentioned include: Price per net hour, Combination between fixed and variable elements and Standby tariff.

3.3. KPI's

C-sat and Service level most frequently used KPI's

Figure 20 describes the distribution between used KPI's. The higher the percentage of a KPI, the more important the KPI is for the population.

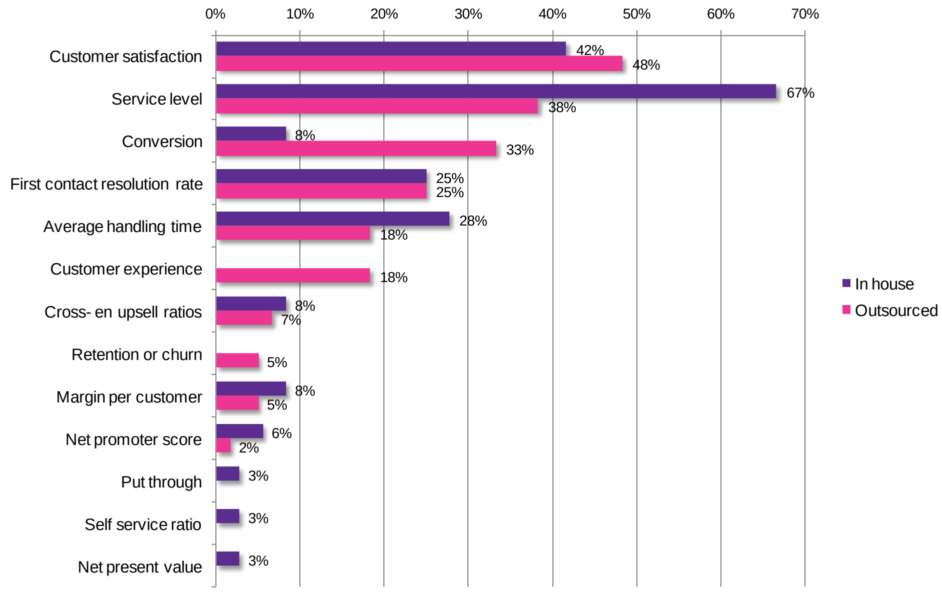

Figure 20. Most used KPI's, base=demand

Overall KPI usage does not show differences compared to 2009. First contact resolution rate has gone up one place on the ranking at the cost of Average Handling Time (AHT). The usage of both KPI's illustrates the 'double bind' contact centers are facing. Obviously FCR is the KPI to choose for impact on customer experience at the expense of AHT that should be used only for monitoring (PI). We see a slight movement towards more customer based KPI usage. It is remarkable that employee satisfaction went off the list.

Based on choices that respondents made in previous questions, we made a cross tabulation of sourcing type (in house, outsourced) and KPI usage. This shows that Service level and AHT have relatively high scores for in house while conversion, customer experience and customer satisfaction score higher in outsourced customer interactions. It indicates that outsourced customer interactions are managed with the more important KPI's.

If we look at the relation between outsourcing period (how long a company is involved in outsourcing) and KPI usage, some interesting trends show up. Companies that are more experienced in outsourcing use less FCR and Conversion and more Employee Satisfaction, AHT and SL.

So the longer the outsourcing period, the more conventional KPI's like AHT and SL are used at he expense of FCR and Conversion with the exception of Employee Satisfaction.

FCR, Customer experience and Employee satisfaction are running up

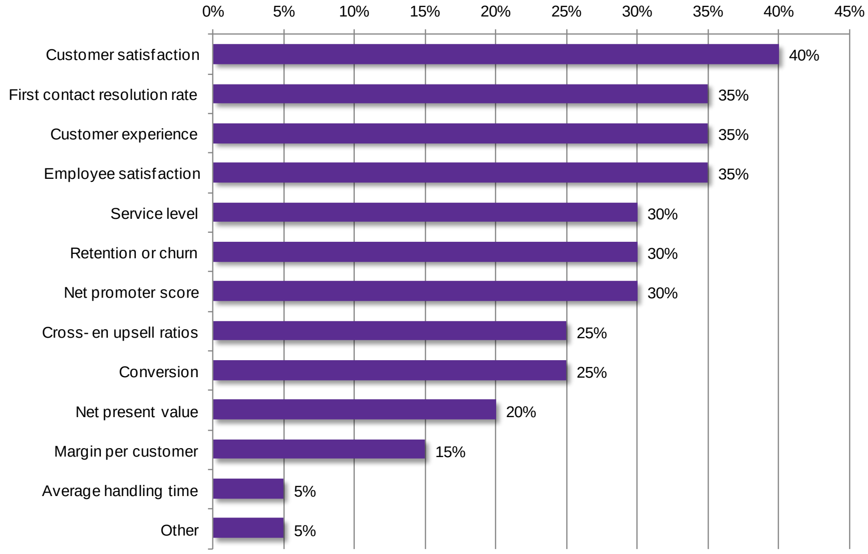

Figure 21. Outsourced desired KPI's, base=demand

We see a clear trend towards more customer focused KPI's. FCR, Customer satisfaction and Customer experience will play an increasingly important role in the coming two years. Also Net Promoter Score, Retention and Employee Satisfaction are mentioned as future KPI's. Employee satisfaction is gaining importance. It is remarkable that respondents that are outsourcing do not emphasize call avoidance, while vendors, in general, put a lot of emphasis on that KPI.

Price and KPI setting

In house customer interaction providers are more involved in price and KPI setting (26 vs. 17%) and in the realization of the partnership structure (42 versus 25%). There is a trend towards more involvement of vendors.

KPI benchmarking

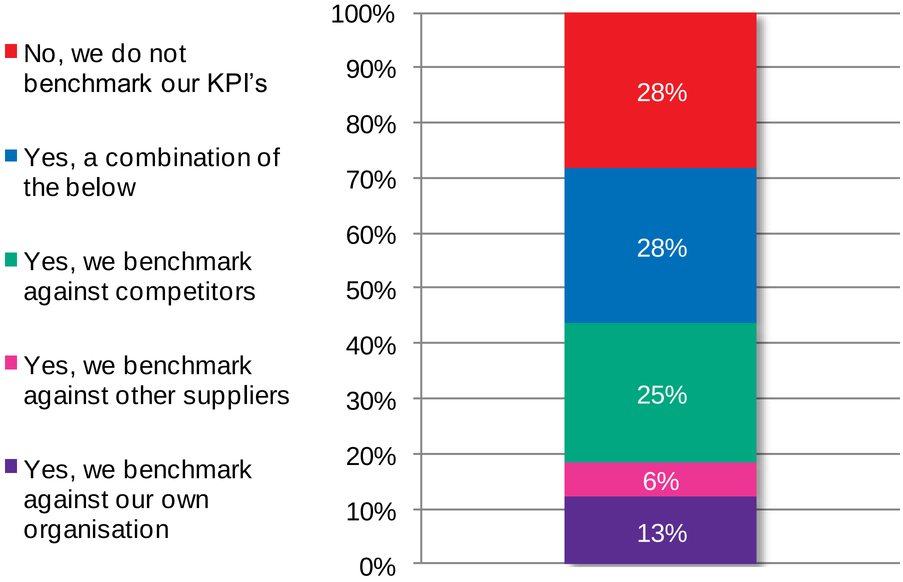

Figure 22. KPI benchmarking, base=demand

Benchmarking is still not common practice for 28% of respondents.

4. Performance

4.1. Performance scores and dashboards

The next pages show a detailed description of the performance of in house and outsourced customer interactions. Per individual performance item or per vendor, several charts are displayed. The performance ratings have been divided into the main vendors in the Dutch market and in house versus outsourced. We have included the performance ratings of Cendris, L&H including ISS, SNT, Unamic/HCN, and Teleperformance. Next to these ratings those of vendors and contactcenter managers (the supply side) are given.

In the dashboard charts (per vendor) a weighted average score on a 10-point scale is used. This score displays the average score on the item, where 0 stands for 'all strongly disagree' and 10 stands for 'all strongly agree'. See the example below:

'Company X' manages the implementation project well

All strongly disagree	1	2	3	4	5	6	7	8	9	All strongly agree
o	o	o	o	o	o	o	o	o	o	o

Total accumulated performance

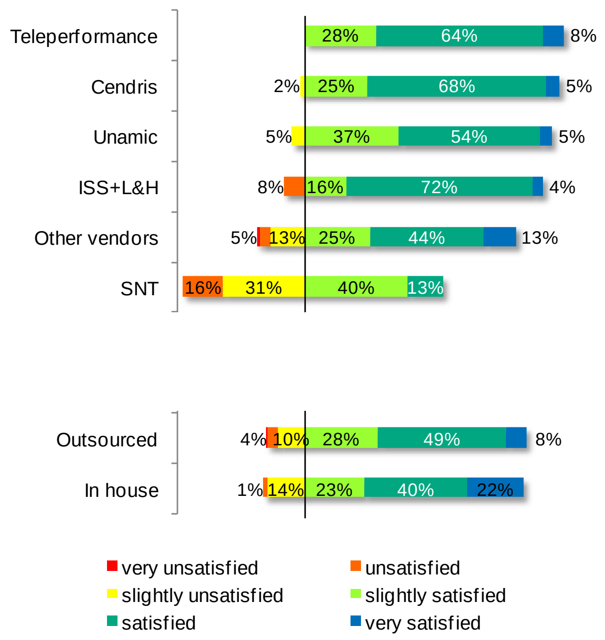

Figure 23. Overall performance, base=demand

The graphs on the next pages show the weighted average scores of the vendors with significant response on the individual performance items. Also the results of the vendors and contact center managers rating their own performance are shown.

Dashboard Supply (contactcenter managers and vendors rating their own performance, N=11) compared to Demand (N=59).

Overall score of Supply and Demand = 7,0.

Figure 24. Dashboard Supply

The vendors and contact center managers rating their own performance are realistic in their ratings. The overall performance rating for the demand side is identical to that of the vendors and contact center managers themselves (7,0). Differences can be seen at KPI achievement (here the vendors and contact center managers are undervaluating themselves) and Innovation (here the vendors and contact center managers are overvaluating themselves).

Dashboard Cendris (N=7)

Overall score is 7,5.

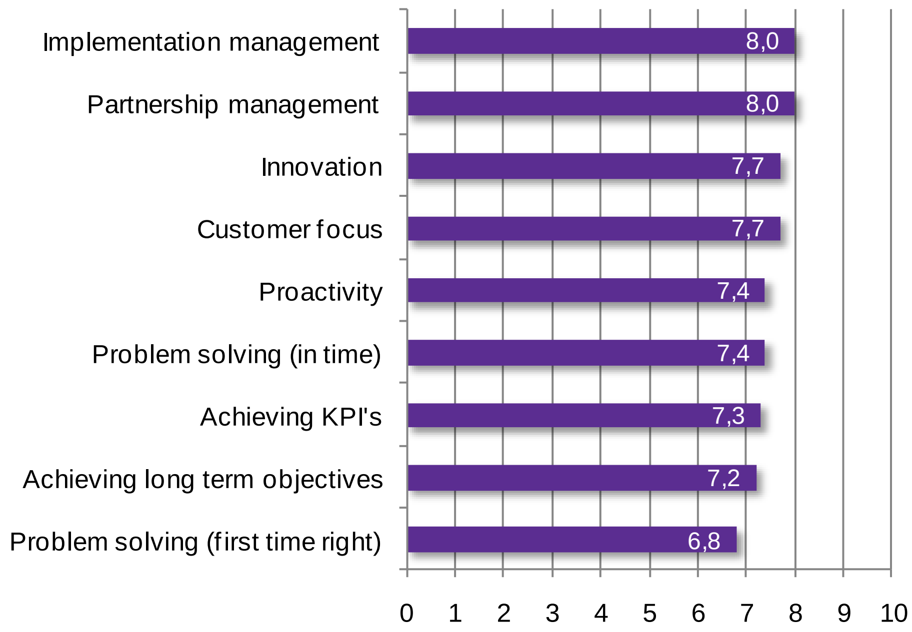

Figure 25. Dashboard Cendris

Dashboard SNT (N=7)

Overall score is 5,0.

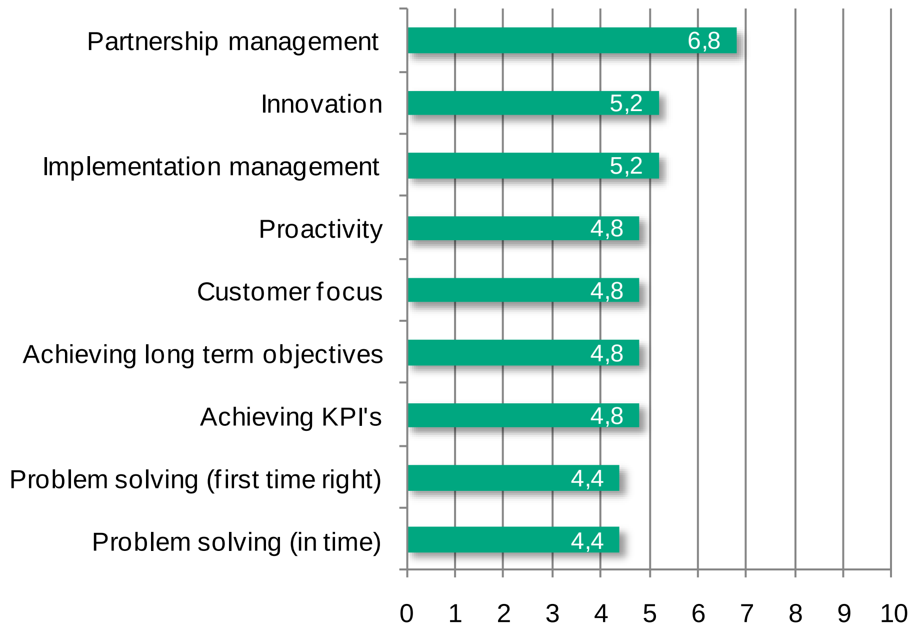

Figure 26. Dashboard SNT

Dashboard Teleperformance (N=4)

Overall score is 7,6.

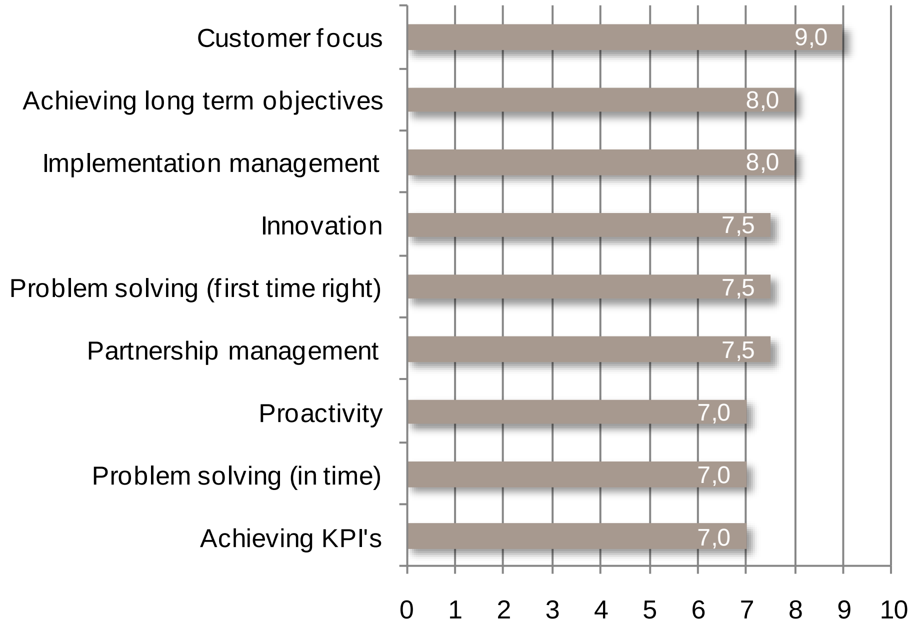

Figure 27. Dashboard Teleperformance

Dashboard Unamic/HCN (N=7)

Overall score is 7,2.

Figure 28. Dashboard Unamic/HCN

Dashboard L&H including ISS (N=5)

Overall score is 7,3.

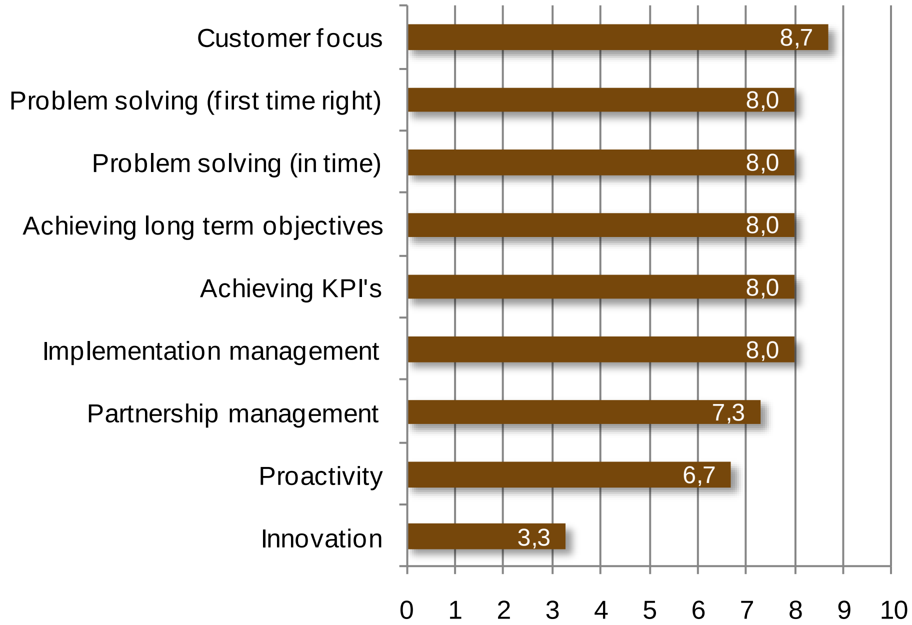

Figure 29. Dashboard L&H (including ISS)

4.2. Net Promoter Score

About NPS

The Net Promoter Score is more and more used to measure loyalty and advocacy. Based on the response to the question: "How likely is it that you would recommend company (vendor) X to colleagues and relations?" clients can be categorized into one of three groups: Promoters, Passives, and Detractors. Promoters are viewed as valuable assets that drive profitable growth because of their repeat/increased purchases, longevity and referrals, while Detractors are seen as liabilities that destroy profitable growth because of their complaints, reduced purchases/defection and negative word-of-mouth. Net Promoter Score is calculated by subtracting the Detractors % from the Promoters %.

NPS

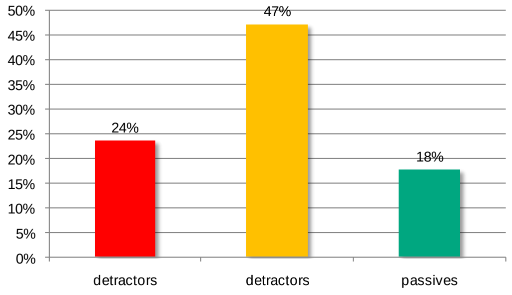

Figure 30. In house NPS = -5,9%

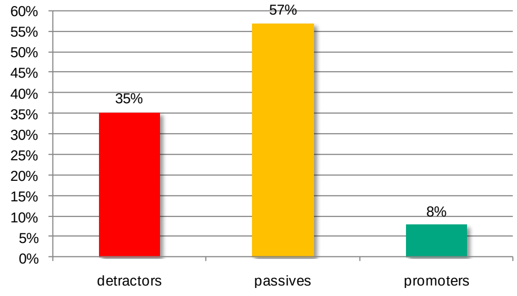

Figure 31. Outsourced NPS = -27,5%

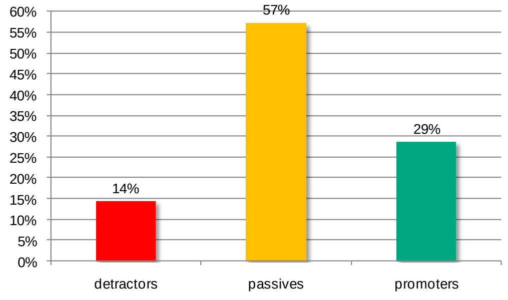

Figure 32. Cendris NPS = +14,3%

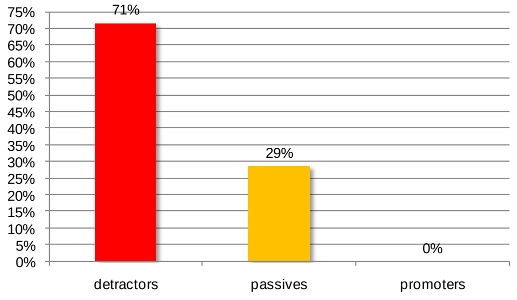

Figure 33. SNT NPS = -71,4%

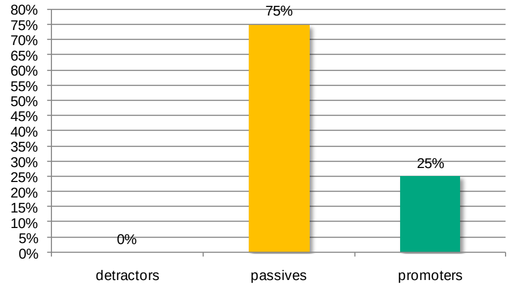

Figure 34. Teleperformance NPS = +25%

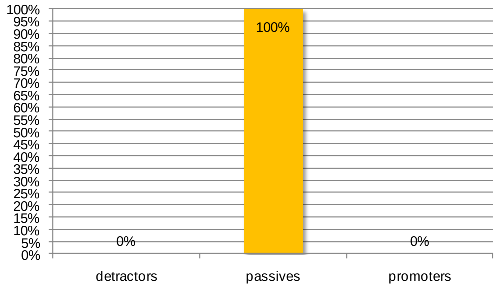

Figure 35. Unamic/HCN NPS = 0%

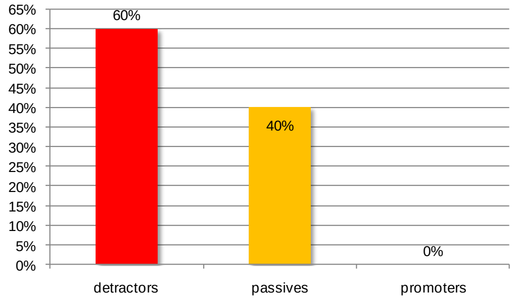

Figure 36. L&H incl. ISS NPS = -60%

Overview of NPS scores per group / company

Figure 37. Overview of NPS per group/company

Correlations with NPS

NPS has the strongest correlation with ‘Problem solving in time’ (0,70) and ‘Customer focus’ (0,67). The weakest correlation is found with ‘Achieving KPI’s’ (0,54) and ‘Innovation’ (0,47). It can be concluded that with Problem solving and Customer focus a vendor can differentiate most and achieve a higher NPS. Achieving KPI’s is a so called hygiene factor. It is necessary, but does marginally contribute to a higher NPS.

The figure below shows the correlations of NPS with the individual performance items:

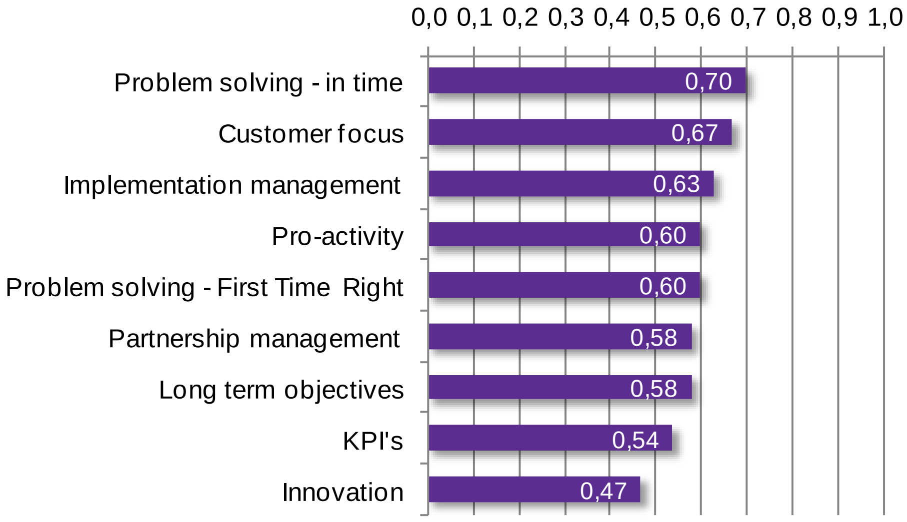

Figure 38. NPS correlating with performance items

We have cross tabulated the NPS with the reasons for selecting a vendor. Companies that chose their partners for their Long standing partnership score the highest average score on the NPS scale (7,5) followed by Track record (7,0) and Price (6,89). The lowest average scores are for partners that were selected as a result of Mandatory contracting (4,83).

4.3. Supplier or partner?

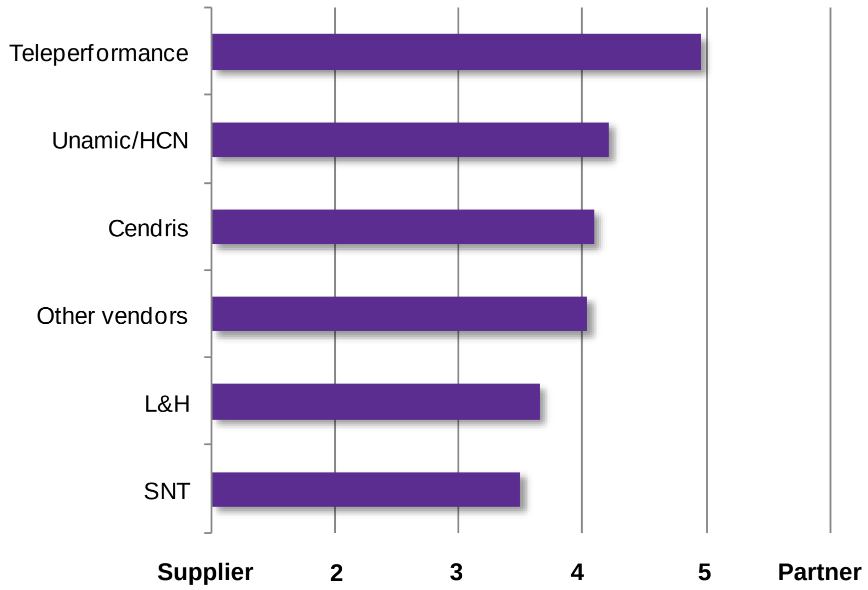

Figure 39. Is the vendor a supplier or a partner base=demand

The graph shows that Teleperformance is seen more as a partner than the other vendors. In house partners are seen as much more partner oriented than vendors.

4.4. Business expansion at current providers

We asked the respondents whether they were considering to expand the business with their current partners. The graph shows that considerations hover around the middle. Vendors have a slightly more optimistic view about their chances for expansion than the demand side of the market.

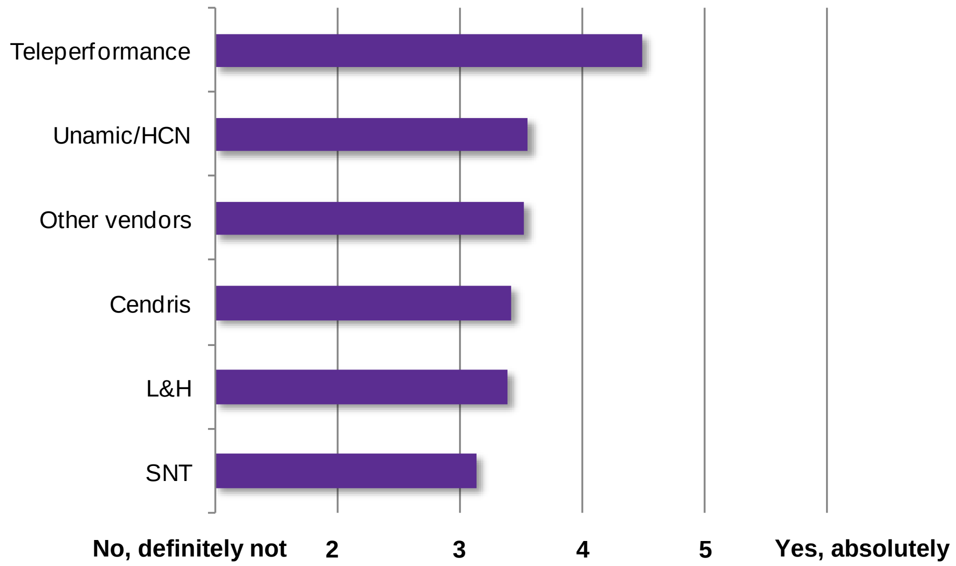

Figure 40. Do we want to expand the business with a vendor?, base=demand

The correlation between NPS and business expansion at current vendors is 0,40

There is a relation between the NPS and the intention to expand the business at the current vendor. On a 10 point scale, where 0 means: “I am definitely not expanding my business at my current vendor” and 1 means: “I am definity going to expand my business at the current provider”, we see the following score:

Promoters:	7,07
Passives:	5,01
Neutrals:	4,98

The correlation value is 0,40. This is not very high, due to the fact that business expansion does not only result from NPS but is also related to expansion opportunities or the array of services offered by a vendor.

4.5. Suggestions for improvement

The following items are rated being most important for improvement:
- **In house**: customer focus, followed by achieving objectives
- **Outsourced**: proactivity, followed by innovation and partnership management

Vendors:
- **Cendris**: partnership management, followed by innovation
- **SNT**: proactivity, followed by achieving objectives
- **Teleperformance**: problem solving, followed by partnership management
- **Unamic/HCN**: proactivity, followed by innovation
- **L&H incl. ISS**: partnership, followed by innovation
- **Other vendors**: price, followed by innovation and pro activity

5. Future change

5.1. Future changes

The indication of 77 % of the respondents (base=demand) is that they are not planning to change their sourcing situation the coming two years. The situation that the remaining 23% of respondents are about to implement is in two out of three cases related to outsourcing.

The services subject to change are displayed in Figure 41. Vendors mentioned spontaneously when considering change are Unamic/HCN, SNT and L&H. These vendors are on the respondents top of mind.

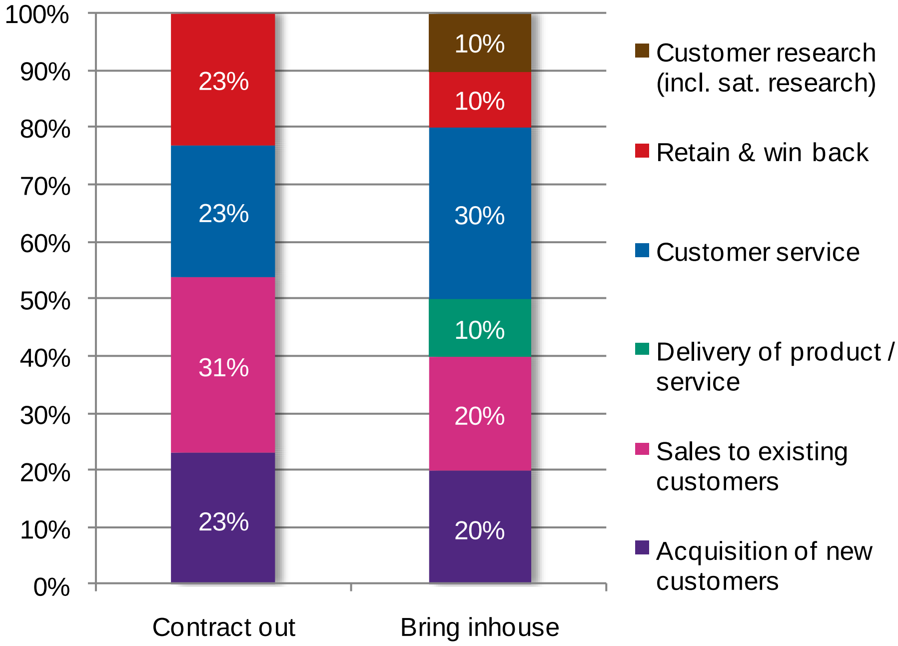

Figure 41. What is contracted out or brought in house?, base=demand

Sales including win back is more likely to be outsourced than brought in house. Customer service is more likely to be brought (back) in house. This is a remarkable finding as service and sales become more and more entangled and inbound sales, up- and cross-selling and inbound campaigns are much more important due not only to 'do not call me registers' but much more so because of higher revenues and better customer experience.

5.2. Selecting new partners

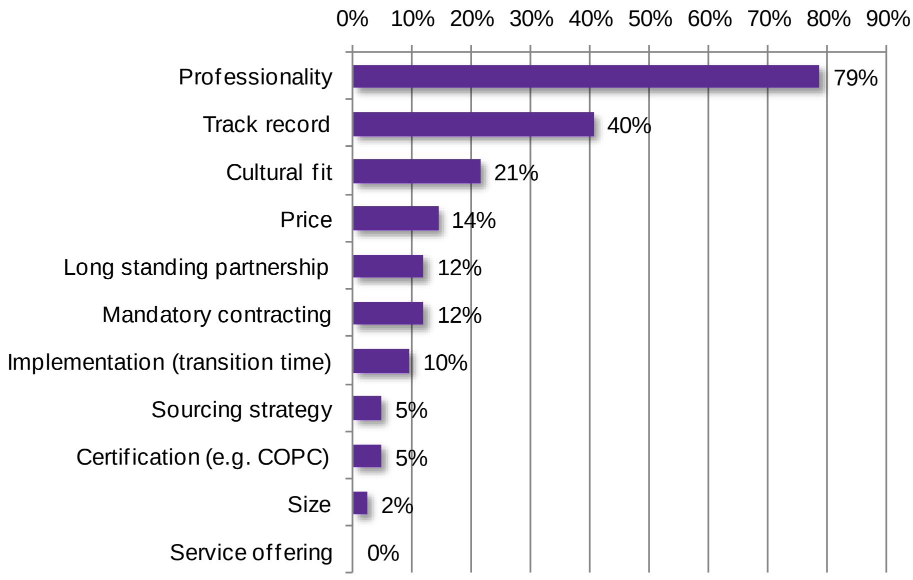

Figure 42. Why are partners chosen?, base=demand

Professionalism is by far rated the most important factor to choose a relationship with a partner. Also track record plays an important role, certification, transition time, sourcing strategy and price play a minor role.

In selecting new partners, more objective reasons are considered than were used for the current vendor.