

The European market potential for contact centre services

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The demand for contact centre services in Europe is growing. The popularity of e-commerce has led to an increase in customer contact. Changing demographics have led to a talent shortage in Europe. And IT-enabled customer contact services are in high demand.

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1. Product description

A contact centre is a facility that manages customer contact through a range of activities and channels. Examples are:

- Customer service and non-technical complaint handling;
- Technical support;
- Dispatching and event registration;
- Pre-sale activities, such as lead generation and appointments;
- Satisfaction, qualification, and market research surveys;
- Loyalty and retention activities;
- Telemarketing sales;
- Credit collection.

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

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

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

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

The market value of contact centre services grows significantly every year in Europe. The focus is shifting from native language services only, to the acceptance of English services and the adoption of non-voice contact

centre services. Europe is also a continent where companies of all sizes outsource their contact centre operations. The biggest growth opportunities can be found in the retail sector and the IT and Telecom services industry.

Growth of the European market for contact centre services

The [contact centre outsourcing market share in Europe is expected to increase by €2.79* billion from 2020 to 2025](#). The market shows a compound annual growth rate (CAGR) of 3.13%.

The market in general has not been impacted very much by COVID-19. However, the impact did vary from sector to sector. Some sectors were hit pretty hard (like tourism), while others thrived (e-commerce and many IT sectors). In general, COVID-19 increased the demand for contact centre services. This is mainly due to the [increase in online shopping](#).

European companies of all sizes outsource their contact centre operations. Start-ups and small companies may choose to outsource instead of investing in equipment and staff themselves. Medium and large companies need various contact centre services and want to offer a whole range of customer contact options. They often prefer to outsource most of these services.

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

* converted from USD

Promising vertical industries

The [European contact centre services market is very fragmented, because there are many vendors that hold a significant market share](#). The most promising vertical industries for contact centre outsourcing services are IT service providers, telecom services providers, the banking, financial services and insurance (BFSI) sector, healthcare, restaurants and food services, travel and transportation, and the utilities and energy sector. They are the front runners in offshoring contact centre operations.

The retail sector is among the fastest growing contact centre services buyers. The increase in online shopping has led to enormous growth in the demand for customer service. Examples of contact centre requests in the retail segment are: questions about lost packages and returns.

[In 2022, the European IT and telecom services providers are strongly increasing their contact centre outsourcing](#). These two vertical industries are mentioned as being among the biggest drivers for the strong increase in contact centre outsourcing in Europe for the next four years (2022 to 2024).

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

Tips:

- Provide contact centre services for specific industries or niche markets. Focus on industries you are experienced in, or in which you could easily develop expertise. That may create a competitive advantage for you.
- Clearly promote your specialisations.
- Offer high-quality contact centre services for business-critical applications.

European companies want to focus on their core business

Companies want to focus on their core business, that is the main reason for outsourcing their contact centre services. You can offer your business partners benefits in four key areas:

1. Staffing and recruiting;
2. Consistent, quick, and efficient responses;
3. Successful balanced technology (helping your partners with customer contact technology);
4. Proven Customer Experience (CX) expertise that will take the customer experience to the next level and that will optimise business outcomes. This shift from cost to opportunity is also mentioned in the trend section.

Cost reduction

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

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

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

Tips:

- Emphasise how outsourcing contact centre services will improve your customers' business processes.
- Offer competitive pricing, but do not compromise on the quality of your services.
- Clearly communicate that outsourcing contact centre services does not only save money on labour costs, but also reduces expenses with equipment, such as communication and computer systems, and IT expenditures with development, deployment and maintenance of systems and networks.
- Be transparent in your pricing. Clearly show what service clients get for what price. Make sure you include everything they might need in your offer to avoid hidden costs, such as costs they have to pay for extra services that were not mentioned beforehand.

English-speaking and non-voice contact centre services are increasingly an acceptable option for European companies

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

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

Also, the increasing knowledge of English as a second language makes Europe more open towards contact centre interaction in English. When Europeans are confronted with a waiting time that is much longer, if they want to speak someone in their native language, and they can be in contact with someone in English almost right away, an increasing number of Europeans are able to, and will choose the second option.

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

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

Most opportunities can be found in Germany, the Netherlands, the United Kingdom, France, Ireland and the Nordic countries (Norway, Sweden, Finland and Denmark).

The United Kingdom: fastest growing market with a high demand for skilled workers

The United Kingdom is the key country for the call centre outsourcing market in Europe. Of the total growth of the contact centre market in Europe, 33% can be attributed to the United Kingdom.

Brexit resulted in a large number of people with a working visa leaving the United Kingdom. This left the United Kingdom with a shortage of skilled people in various industries, including the contact centre industry. This makes the United Kingdom an extra interesting market for contact centre services outsourcing.

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

Tip:

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

Germany: large market where language matters

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

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

The Netherlands: the country that has moved beyond telephone channels

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

France: large market where working independently and language matters

France is an interesting market because of its size. France has the third largest Gross Domestic Product (GDP) in Europe and also the third largest population. Having multiple languages available in your talent pool is important for any contact centre outsourcing company, but it is even more important if you want to target the French market. For French decision makers, the ability to trust the outsourcing service provider to work independently is the most important selling point.

Almost [two-third of the French contact centre industry is concentrated in four administrative regions](#), namely Hauts-de-France, Grand Est, Ile-de-France and Nouvelle Aquitaine.

Ireland: home to many contact centres that are also looking for outsourcing partners

Ireland has a long history (from 1980) with contact centres, it has the position of a global technology hub and is home to a thriving BPO sector. In 2022, the country employs over 60,000 people in over 250 BPO providers. The industry excels in complex, high value services, including multilingual customer support, insurance claim handling, pre-sales and sales functions, social media monitoring, technical support and healthcare management.

Irish contact centres are increasingly looking to outsource parts of their services.

Tip:

[Read more about the Irish BPO sector](#) on the Irish Advantage.

The Nordics: customer satisfaction rates are very important

Businesses in the Nordic countries find first-call resolution and customer satisfaction rates the most important metrics in contact centre services, followed by speed to answer. Being very punctual and service oriented is particularly important if you want to find business partners in the Nordic countries.

The Nordic countries (Norway, Sweden, Finland, and Denmark) individually are smaller than other European markets, but they are very open to outsourcing and their economies are doing well. Experts believe that the competition in Nordic markets will be less strong than in the United Kingdom, making them easier targets to consider.

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

The main trends are the growing shortage of skilled workers, the switch from multi to omnichannel services, the switch from cost centres to opportunity centres and automation.

Skills shortage leads to a higher demand for outsourcing services

There is a significant skills shortage in good contact centre employees. If you have enough and good employees, there is a huge opportunity for you.

Here is what skills shortage means for the market and for your company:

The market

In most European countries there is a significant shortage of good contact centre employees. This is due to demography issues (labour force is getting smaller), the increase in demand and the relatively low reputation of contact centre jobs. One result of the skills shortage is the average time to respond, this [average time to respond has increased by 563% from 2004 to 2021](#) in the UK.

Skills shortage in Europe leads to an increase in the demand for outsourcing.

Within your company

The value of a contact centre is directly related to the quality of its employees. Research by Cisco in 2021 revealed that 70% of contact centre executives say poor communication is a significant problem within their contact centre and between their contact centre and its clients. The same research by Cisco revealed that agent experience has a significant impact on customer experience (74%) and customer experience has a significant impact on business results like revenue or sales (79%).

Contact centres in developing countries are also having trouble finding and keeping the right employees. Just how important good employees are, can be read above. It means you must invest in training your employees.

Tip:

- Recognise the importance of having, keeping and educating your employees. Investing in your employees is investing in the quality and value of your company.

Omnichannel services are becoming the new standard in contact centre services

In multichannel environments, customers can choose between various channels, but can only use one channel at a time. Omnichannel environments integrate channels. It allows the customer to start a customer support activity in one channel, then seamlessly transition to another. A conversation that begins on Twitter can be continued via text message or phone call with the entire relevant context preserved across channels.

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

Although telephone is still the main communication channel for contact centre services, digital channels are rapidly gaining ground. Digital channels are for example email, (telephone) self-service, social media, and web chat. This means you should start moving towards omnichannel services.

Tips:

- Offering multichannel solutions has become standard. Consider moving forward to omnichannel services.
- Check your readiness to deliver omnichannel services using [this omnichannel customer service assessment quiz](#).
- For more information, read [these omnichannel customer service best practice tips](#) by Acquire.
- Look up [Vivetic](#), which is a good example of a former SME that has become very [successful in the contact centre industry](#). They offer an omnichannel approach and can provide contact centre agents with multilingual skills.

Shifting from cost to opportunity

European companies are increasingly looking for contact centre service providers that have adopted customer-centric processes. Many industry experts think contact centres will transform into experience hubs. This hub will not only enhance customer experience but can also lead to generating more business.

Good customer care can generate extra sales

European companies traditionally perceived their contact centre to be a necessity that only costs money. They now recognise its potential in generating more business from both existing and new customers. Data analytics are a very popular way to generate more business from customer interaction.

2021 Research by Cisco revealed that 90% of contact centre executives worldwide consider customer journey data analytics an important function of the contact centre. The same research revealed that 70% say that the inability to track customer journey/history of interactions is a significant problem for the contact centre.

Data can also be combined with AI to become a very powerful tool in enhancing customer experience.

Customer experience as a strategic priority

The focus on the customer experience is at an all-time high. CCS experts increasingly agree that how a company delivers goods and services to its customers is as important, or more important than what it delivers.

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

Tips:

- Adopt a customer-centric approach in your contact centre and show this on your promotional channels.
- Read more about [embedding the power of data in contact centres](#).
- Consider turning your contact centre into an opportunity centre. Read more about this subject on blogs like [‘promoting a “sales through service” culture in your contact center’](#), or [‘how outbound contact centers can seize opportunities and increase revenue’](#).

Automation in customer service both a threat and an opportunity

The emergence of automation in customer contact is both a threat and an opportunity. Automation will replace certain contact centre jobs, but it also generates new jobs. There are good opportunities to expand your market, if you invest in offering more IT supported services in good time. IVR hosting might be an interesting service to offer on the European market.

Automation is growing in contact centres

An increasing number of contact centre activities is being automated. For example, computers can handle calls, chatbots are available and self-service applications are increasingly integrated in the websites of European companies. Gartner predicts that [by 2023, only 25% of customer interactions will be via voice](#). In the UK, between 2015 and 2020, [the level of automation used in web chat increased from 5% to 22%](#). This percentage is expected to keep growing.

For many European companies, automation is a way to reduce costs. Research by Cisco in 2021 revealed that

there are fewer calls when chatbots are available, says 70% of contact centre executives. Because man hours are relatively expensive in Europe, automating parts of their contact centre can lead to significant cost savings.

The use of Artificial Intelligence

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

AI is also used to help streamline contact centre experiences with predictive analytics, which can benefit both agents and customers. Predictive analyses make the customer journey run more smoothly, it reduces waiting time and resolves the issues more quickly.

Benefits for the agent include getting connected to the right customer (instead of getting reconnected customers who had to tell their story multiple times before being connected to the right operator) and an overall smoother process.

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

Self-service solutions

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

European companies increasingly emphasise self-service problem solving information on their websites, which reduces call volume and other direct customer contact, thus reducing costs. This also has advantages for customers, who get a positive feeling from solving a problem by themselves.

IVR hosting

There are many European companies that are interested in IVR hosting, but they are not able to or willing to do it themselves.

Hosted IVR (Interactive Voice Response) is a telephone menu and routing system that provides interactive responses to callers. It helps businesses segregate and sort through the incoming calls. It is said to reduce communication errors, make call transfers more efficient, increase employee productivity, and make it easier to analyse data from callers. However, most customers still prefer live agents, the menus can be confusing, and you have to constantly invest in the system to make it work.

Tips:

- Consider offering IVR hosting services.
- Lower the threat of substitution by offering constant, high-quality products/services, compliance, and reliability. You should follow developments in new technologies and models. Build capabilities in these areas to avoid being replaced by providers with newer technologies.
- Stay up to date on emerging technology trends and developments by regularly checking relevant industry specific websites and, if possible, subscribing to their mailing lists. Examples of such sites are [Contact Babel](#), [Mitel](#), [Contact Centres](#), [Call Centre Management Association](#), and [Content Guru](#).
- Look into [our study about trends in the European BPO market](#) to see which trends are shaping the general BPO sector in Europe.

This study was carried out on behalf of CBI by [Globally Cool B.V.](#) in collaboration with Peter Vogelaar and Laszlo Klucs.

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