

Is SA marketing itself effectively in the global contact centre market?

Vanda Dickson, global marketing executive, Merchants SA

Johannesburg, South Africa, 2 November 2006 - Offshore outsourcing to places such as India and the Philippines is quickly becoming a sensitive topic internationally, especially in the UK and the USA, due to various cultural and language issues.

Given South Africa's cultural affinity to places like the UK and America, rather than India and the Philippines, SA has huge potential in its ability to attract and win offshore business process outsourcing (BPO) business in the future. However, a new challenge is arising.

This challenge asks whether South Africa is able to leverage these advantages in the offshore BPO and contact centre hosting arena by effectively marketing itself against the rest of the world's offshore outsource destinations?

There is a renewed push for multi-national operations to bring offshore contact centres back on-shore, many of them often using this as a strategic and tool with labels such as "UK-based call centre" in their marketing collateral.

Reasons for this renewed push vary. On one hand many people in the UK are citing "extremely accented English" as the reason for not wanting to do business with a company.

On the other hand, frustration due to difficulty in understanding the advisor on the other side of the telephone line appears to be on the increase and individuals can tend to lose patience with the amount of time it takes to explain an issue and/or to get an appropriate response.

In light of these trends, SA needs to carefully consider its position and its strategy in developing itself as an off-shore destination of choice.

The reality is that commercial imperatives will continue to drive some companies to offshore and it is to those entities that the South African proposition needs to appeal.

Whilst cultural and product affinity with the likes of the UK market are, in many cases, self evident, it is not sufficient to ensure that South Africa remains top of mind if and when offshore contracts become available.

SA as a competitor

Therefore, the question of whether local companies and organisations are being aggressive enough at selling South Africa's value proposition to the global market requires some debate, especially if some overseas companies are pulling offshore operations back on-shore.

Based on costs alone, a top-notch operation in SA offering level 2 support as well as general call fielding could cost between £10 – £12 per seat per hour while a “cheap as chips” operation in the UK could still cost £14 - £16.

Comparatively, an Indian contact centre outsourcer can operate an offshore contact centre at around £6 - £9 per seat per hour – a huge discount.

From a marketing perspective, many of the large Indian outsourcers have sales and marketing operations in the UK and the US which actively promote the country as an offshore contact centre destination.

This active presence in these regions assists in keeping India top of mind as a potential offshore destination. In many instances, their sales and marketing divisions are resourced with local European and American professionals who are able to achieve higher levels of awareness with their peers about the benefits of India.

Certain local organisations such as CallingtheCape, ContactinGauteng and Business Process enabling South Africa (BPeSA – previously SACCCOM) have made some headway to market South Africa in countries such as the UK and US. However, it is now time for a much more concerted effort that includes local outsourcers and strong support from government supported by a consolidated, integrated and consistent marketing strategy and plan.

Already, President Thabo Mbeki, announced in his state-of-the-nation speech that steps are being taken to make South Africa more competitive in the international BPO market.

Important to government’s accelerated and shared growth initiative, which aims to increase economic growth to 6% and halve unemployment by 2014, investment in the local contact centre markets is one key initiative to realise this growth.

Other initiatives include delegations to overseas countries to promote investment in the South African contact centre market as well as around R1bn set aside over the next five years as investment incentives for foreign companies.

In addition, government’s activities between the Department of Trade and Industry and BPeSA, has seen the coming together of a strategy to develop the local industry and to offer various financial grants for developing and retaining quality staff – a critical component of the service industry.

BPeSA, in particular, has breathed some new life into the industry with its involvement in the Department of Trade & Industry’s recent launch of the Government Assistance and Support Programme (GAS) , which hopes to create some 100 000 sustainable direct and indirect jobs by 2009.

This is achieved through various incentives and grants, related to staff training and development, which aim to improve SA’s international standing as a market that has easy entry for both existing and new BPO operations – with the aim of boosting foreign investment.

Businesses are getting into the habit of looking further than pure cost comparisons which means that South Africa emerges way ahead of its Indian

and Philippine competitors based on value differentiation – that is “how much bang do you get for your buck in each market?”

South Africa is very well positioned to offer a compelling value proposition to any business wanting to offshore outsource a contact centre operation, or even bring captive operations into SA, based on the skills of the people being employed into the sector, level of innovative training offered by contact centre organisations, the country’s location in relation to time zones, the stable political environment and the quality that is being delivered in these centres.

Call to action

New offshore business from overseas organisations may become more difficult to win for Indian and Philippine contact centre markets if UK and European businesses remain critical of the value that these types of operations offer their companies – despite clear cost benefits. But that is not enough.

In customer satisfaction surveys conducted by credible organisations such as InsightNow, there are never negative differences between SA and the UK. In fact, SA is often being referred to as a “nearshore” destination, because of the cultural affinity between Europe, the UK and itself.

The time is right for South Africa to capitalise on the shift in business from the Far East and to place more emphasis on the value that differentiates the country from any other offshore destination in the world. The service that SA offers is far from commodity status, a position which we need to market strongly.

Innovation is critical to ensure that the industry creates solutions that give the local market a better chance to extend the opportunity for SA to compete internationally more effectively.

Merchants itself has an operation in the UK and is extremely active in the in the UK and European markets in marketing SA. We are also able to deliver high levels of customer service to these other markets through our Customer Interactive Solutions line of business in Dimension Data – the LOB which Merchants operates within.

For further information please contact:

Vanda Dickson, Marketing & Strategy Development, Merchants

Tel: +27 11 575 2479

Email: vanda.dickson@za.didata.com

Lee-Anne Poon, Tribeca Public Relations

Tel: +27 11 208 5500

Email: lee-annep@tribecapr.co.za