



China Call Center Industry Development Research Report

CTI论坛
www.ctiforum.com

About CTIforum

CTI Forum (www.ctiforum.com) was founded in China in Mar, 2000 and is the exclusive organization in call center & CRM industry till now. We are a neutral third-party media company and is not owned or subsidized by any industry supplier.

Our core business is the web site - CTI Forum, and the other business include consulting, training, exhibition, publishing and benchmarking etc. All of them is concerning CTI, Call Center & CRM. We have a professional web site that providing a independent platform for both vendors and users. We have a successful running in the past three years and brought our readers the latest, most valuable information across all industries. The content of CTI Forum includes industry's news, article, trend, vendors, application, technology etc. You can find anything case happening in China's call center & CRM on our web site.

About CTIforum customer relationship management college

This college was set up by CTI forum, it is a training organization that geared to the needs of the society in the qualified person of customer service.

About China Federation of IT Promotion

This college was set up by CTI forum, it is a training organization that geared to the needs of the society in the qualified person of customer service.

The aim of CFIP is:

Unite the department concerned with information construction and expert of the governments at all levels, enterprises and institutions extensively; Strengthen the communication and cooperation of member's unit; Exchange the information-based trends in time; Do a good job of every service; Accelerate the development of the information industry; Advance the informationization progress; Improve the information technology application level.

About The professional committee of China customer relationship management

This college was set up by CTI forum, it is a training organization that geared to the needs of the society in the qualified person of customer service.

The professional committee of China customer relationship management (CRM) was initiated by China Telecom, China Mobile, China Netcom, China Unicom, Harer Group, Lenovo Group, Motorola, Microsoft and CTIforum...and more than 30 units. It is a professional organization that approved by China Federation of IT Promotion (CFIP).

The aims of committee are service, guiding, supervising and coordinating. Embodied in: Carry the policy decrees of the party and country out; Unite the customer service department and industry experts and scholars of the governments at all levels, enterprises and institutions extensively; Face customer service, phone and service (call) center and CRM field; Play the role of bridge and tie between the government and enterprise, enterprise and consumer; Strengthen the communication and cooperation of member's unit; Exchange the information-based trends of customer service in time; Pay attention to making investigations; Improve the information technology application level of customer service; Guide and help the enterprise to do a good job of every service, Protect the masses of consumers' vital interests; Accelerate the development of the industry of customer service; Promote the improvement of the service level of customer of the whole society.

China Call Center Industry Development Research Report

Annual Research Report

Content :

The annual research report about the current status and development trend of products、 market、 technology and application in CTI、 Call Center and CRM field.

China Call Center Industry Development Research Report

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Several Hot Questions in the Present China Call Center Market

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Several Hot Questions in the Present China Call Center Market

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Several Hot Questions in the Present China Call Center Market

III. Call in or dial out?

Several Hot Questions in the Present China Call Center Market

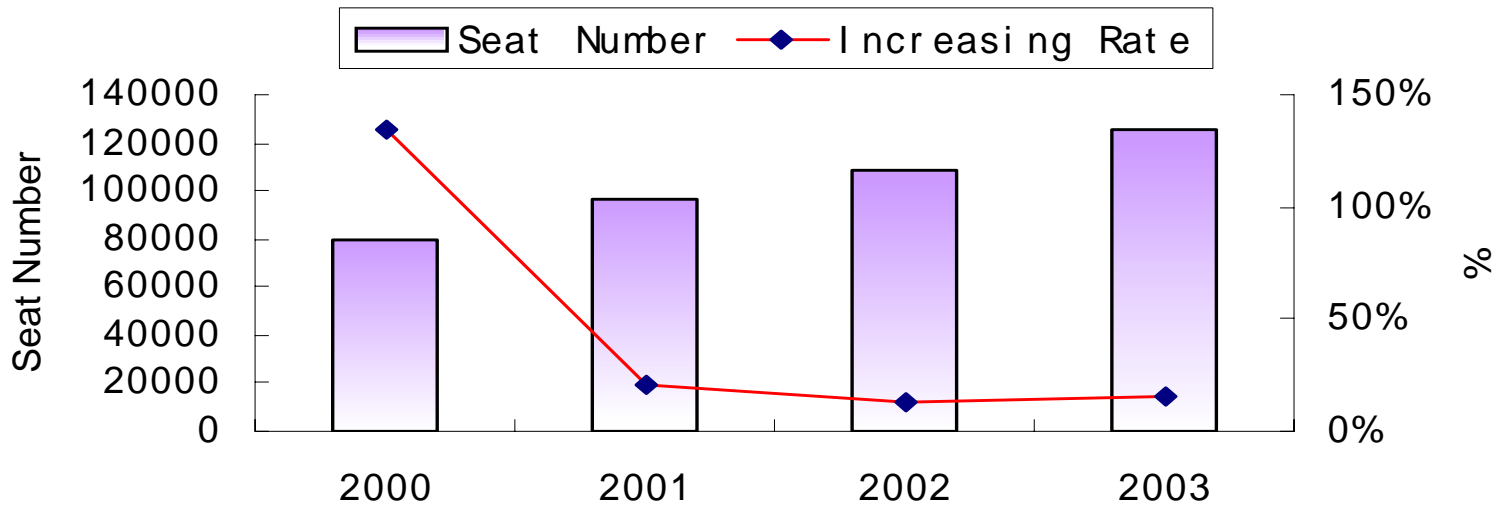
IV. Outsourcing or self-constructed?

Several Hot Questions in the Present China Call Center Market

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Current Status of China Call Center Market

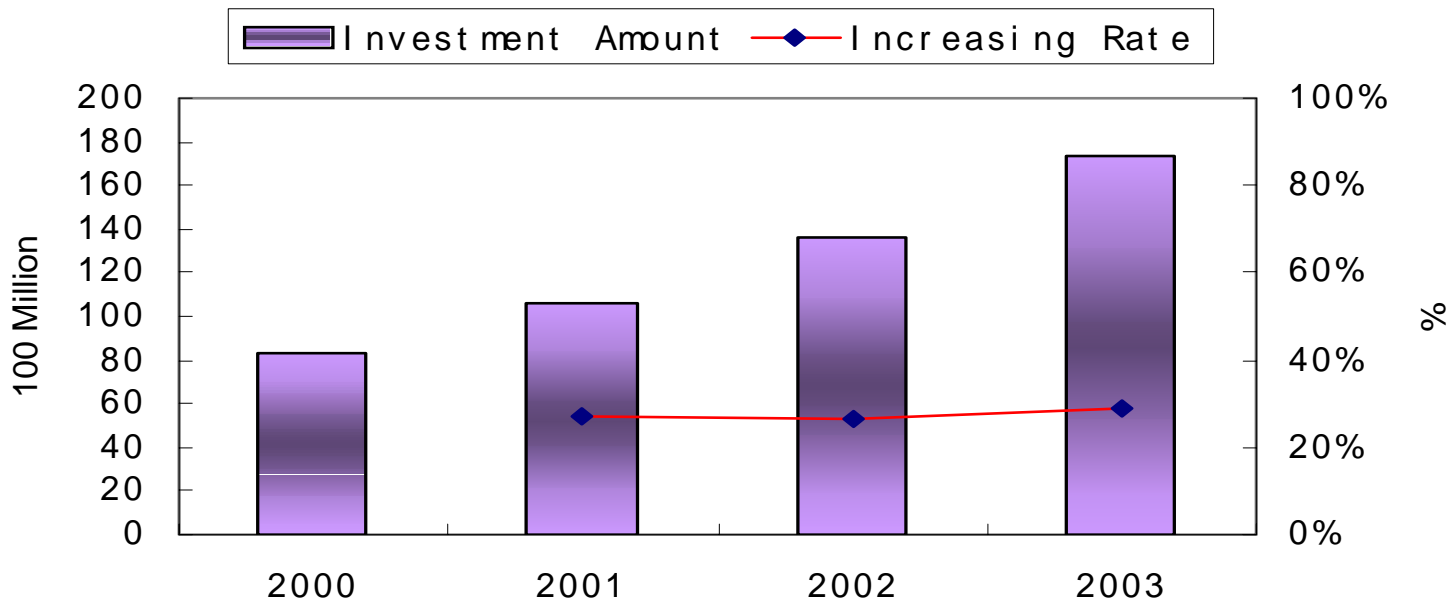
Figure 1.1 2000-2003 Market Scale of China's Call Center (Seat Number)



Data from : CTIforum

Current Status of China Call Center Market

Figure 1.2 2000-2003 Market Scale of China's Call Center
(Investment Amount)



Data from : CTIforum

Current Status of China Call Center Market

- By the end of 2003, China has own more than 125,900 call center seats. The accumulative market scale has reached 17.367 billion Yuan, with an increase of 16.1% and 27.2% respectively compared with those of the previous year.
- The compound annual increase rates of seat number and investment amount are 16.7% and 27.6% respectively. The difference between the two figures is nearly 10 per cent, which indicates that the main fields of China's call center, such as telecommunication and finance, have entered into system upgrade and reconstruction, and function expansion period. The increase of seat number is slower than the increase of investment amount.
- Although China encountered SARS in 2003, the negative influence of SARS to the development of China's call center is little due to the strong increasing trends of China's national economy and the start-up of social emergency system.

2003 Overall Status of China's Call Center Market (Vertical Market)

Trade	Seat Number	Increasing Rate	%	Investment Amount (100 million)	Increasing Rate	%
Telecom	76300	10.26%	60.60%	74.39	25.03%	42.83%
Bank	7600	15.15%	6.04%	39.91	19.74%	22.98%
Insurance	3000	11.94%	2.38%	5.26	10.04%	3.03%
Security	650	30.00%	0.52%	0.98	11.36%	0.56%
Post	2420	10.00%	1.92%	1.3	8.33%	0.75%
Electric Power	1660	27.69%	1.32%	5.01	21.90%	2.88%
Enterprise	8355	22.17%	6.64%	6.67	26.81%	3.84%
Government	5361	41.53%	4.26%	6.64	50.57%	3.82%
Outsourcing	14300	48.03%	11.36%	21.95	50.86%	12.64%
Consulting Service			0.00%	3.01	88.13%	1.73%
Other	6254	11.02%	4.97%	8.55	23.20%	4.92%
Total :	125900		100.00%	173.67		100.00%

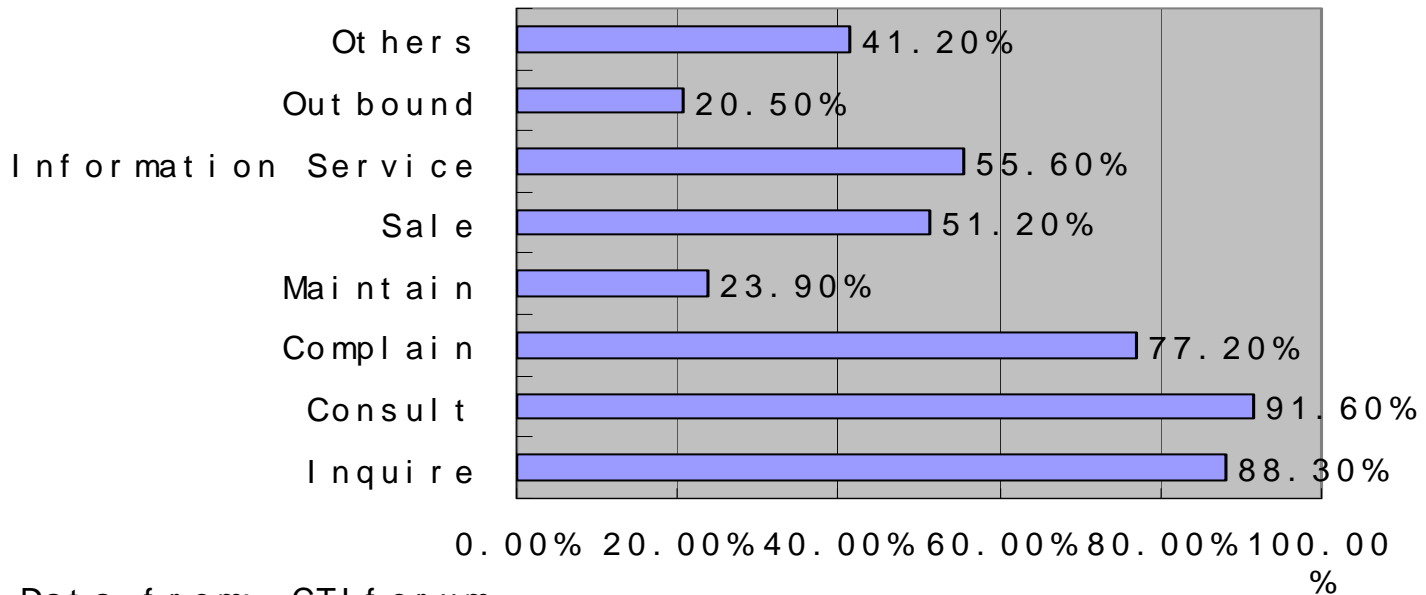
Data from : CTIForum.com April, 2004

Current Status of China Call Center Market

- The proportion of finance and telecommunication industries in the overall market of China's call center increases stably, and still accounts for above 70% of the total market share.
- Government and enterprise become new increase points, and their proportion in China's call center industry has enhanced dramatically.
- The market share of outsourcing has also increased from 7.55% in 2001 to the present 12.64%.
- Although the consulting service still has no significant influence in the industry, while since China's call center has already transformed from the construction phase to operation phase, it's easily predicted that the consulting service market, especially the call center operation consulting market will enjoy a tremendous development in the future.

Function Overview of China's Call Center Business (Horizontal Market)

Figure 1.3 Function Overview of China's Call Center Business (Horizontal Market)

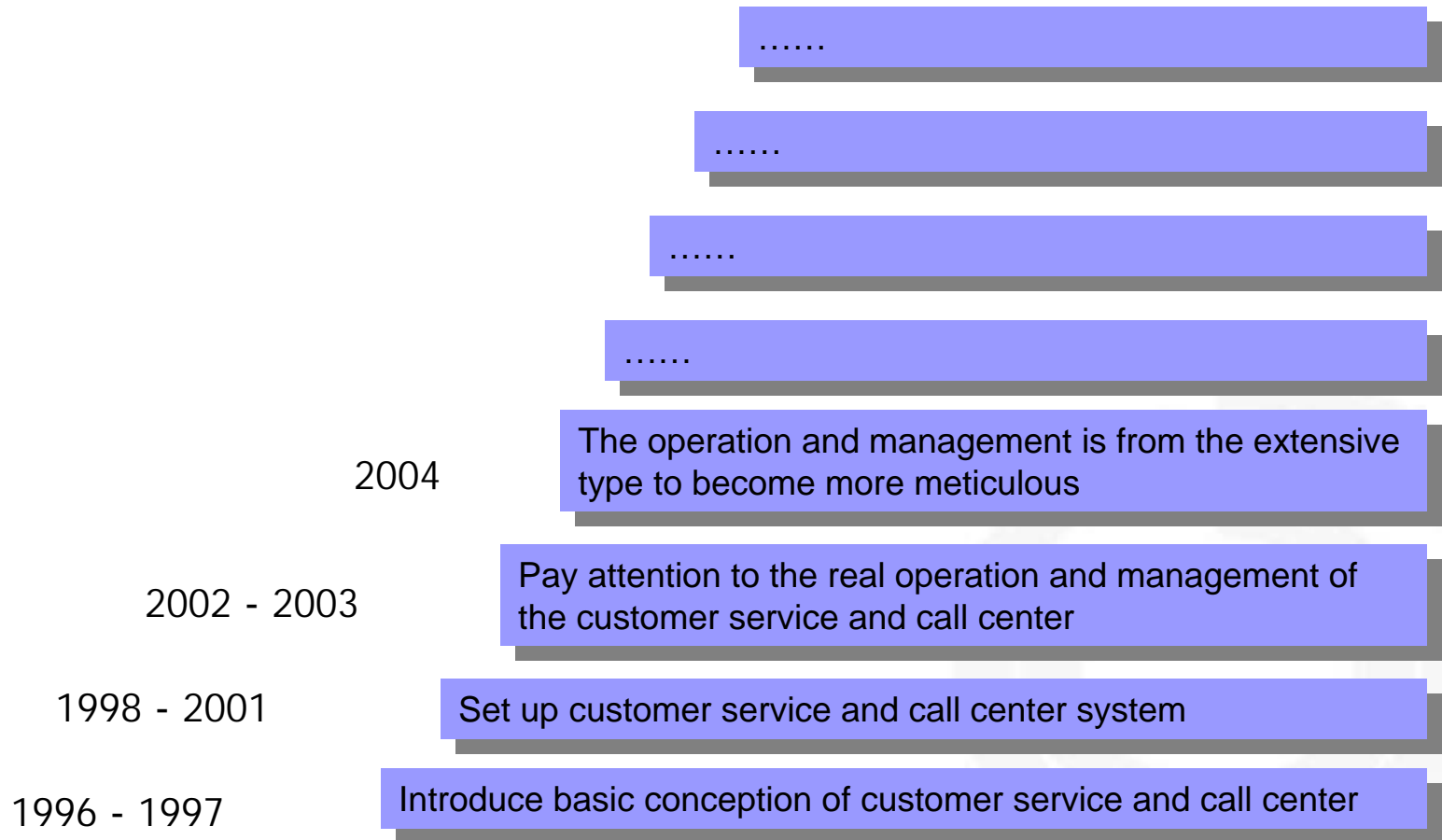


Data from: CTI forum

Function Overview of China's Call Center Business (Horizontal Market)

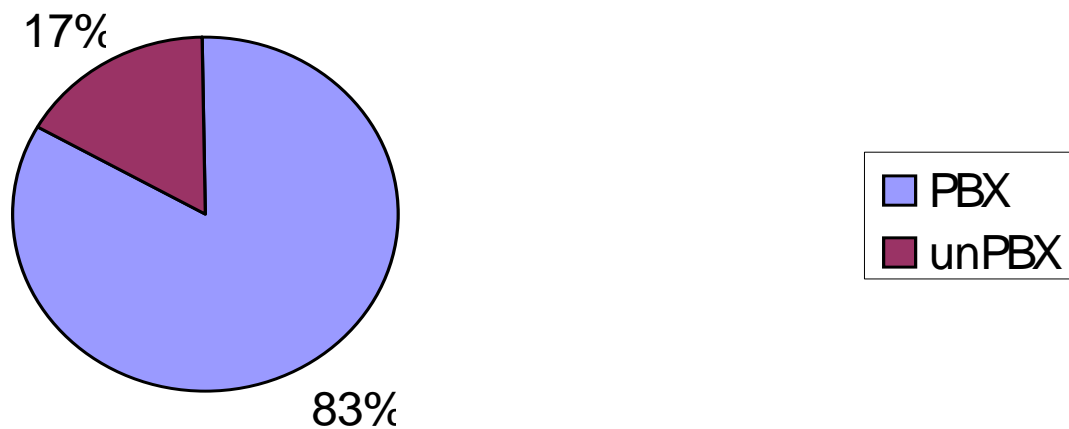
- In terms of application, there is no large change in China's call center industry, which is mainly service oriented.
- What needs our caution is that the information service and out-dialing function has been enhanced, which indicates the initiative businesses, such as telephone marketing, market research, client care and calling up of payment are developing gradually.

Development Stage analysis of China call center industry



Distribution of China's call center market by accessing method

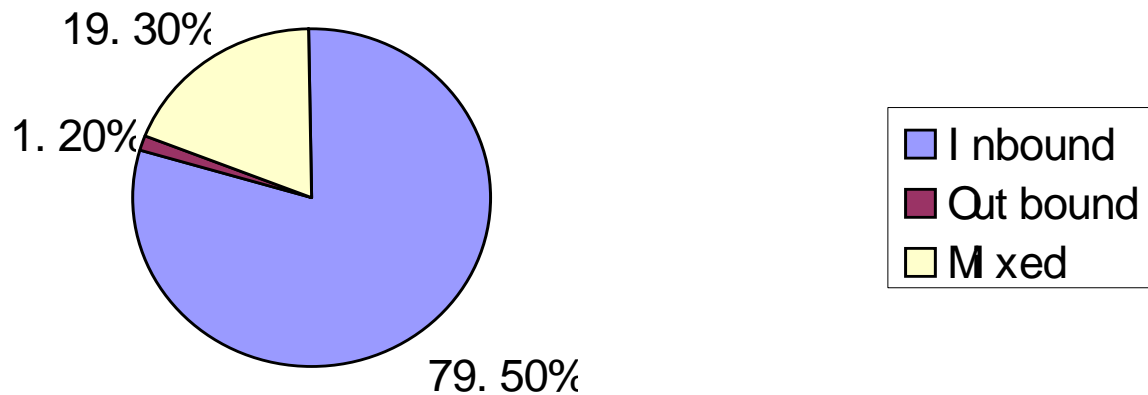
Figure 1.4 Distribution of China's call center market by accessing method



Data from : CTIforum

Distribution of China's call center market by category

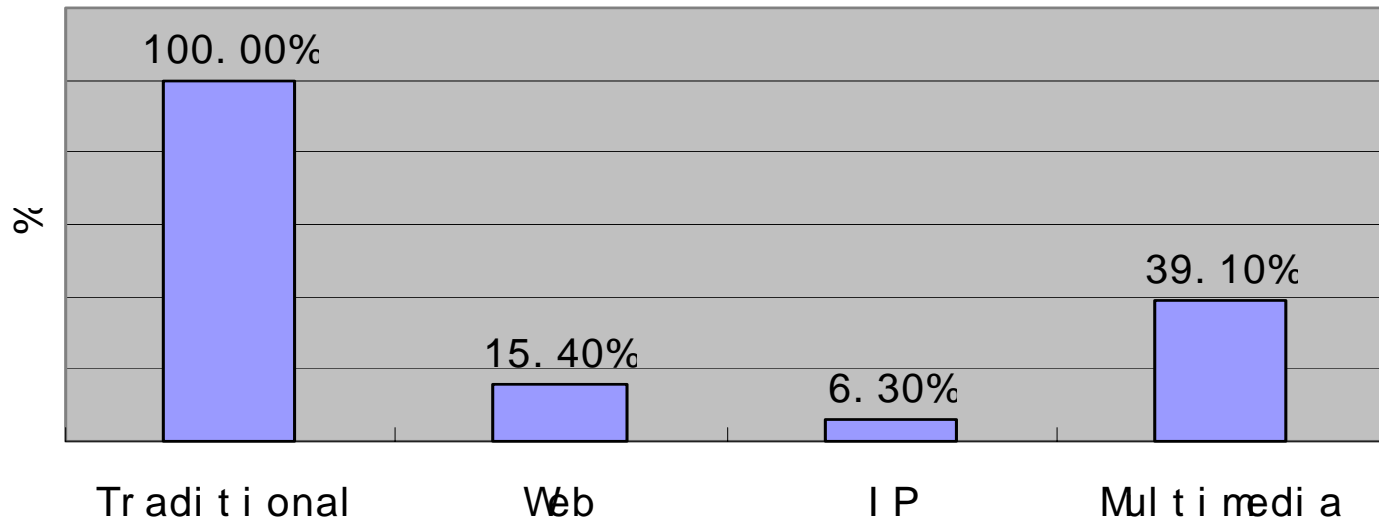
Figure 1.5 Distribution of China's call center market by category



Data from : CTIforum

Distribution of China's call center market by function

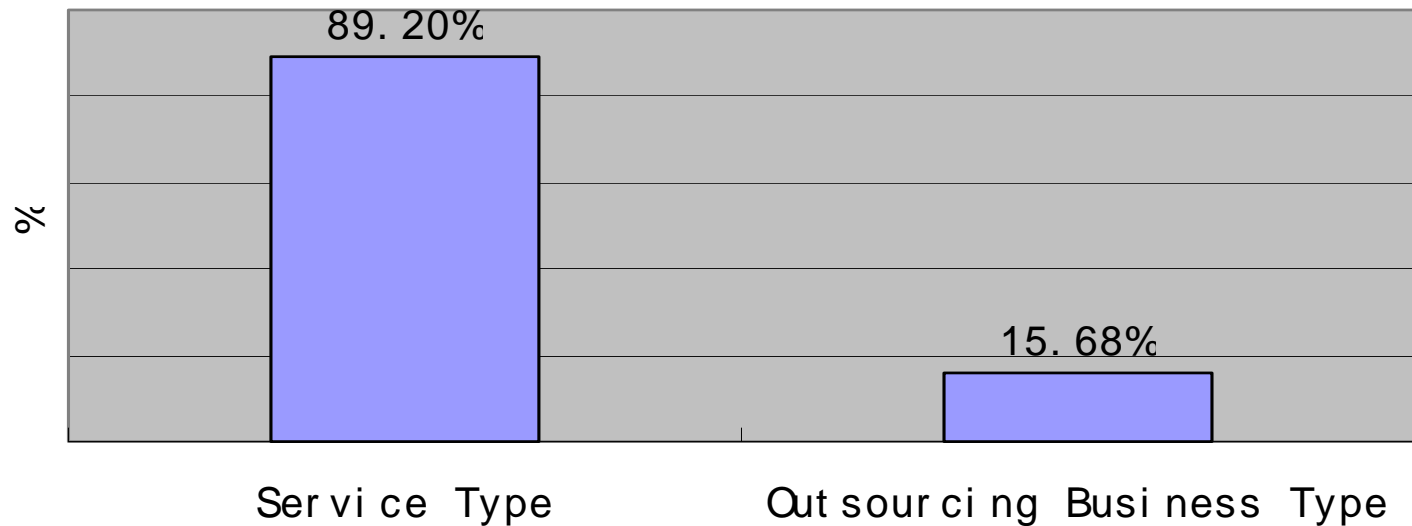
Figure 1.6 Distribution of China's call center market by function



Data from CTI forum

Distribution of China's Call Center by Service Characteristic

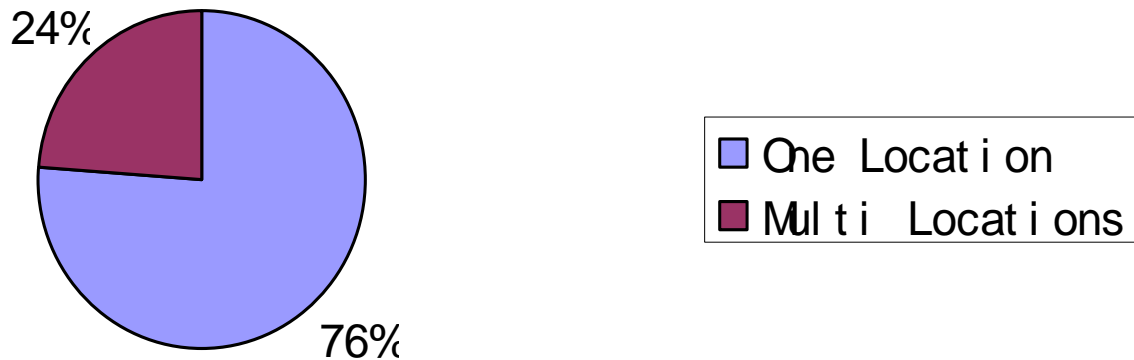
Figure 1.7 Distribution of China's Call Center by Service Characteristic



Data from CTI forum

Distribution of China's Call Center by Seat Distribution

Figure 1.8 Distribution of China's Call Center by Seat Distribution



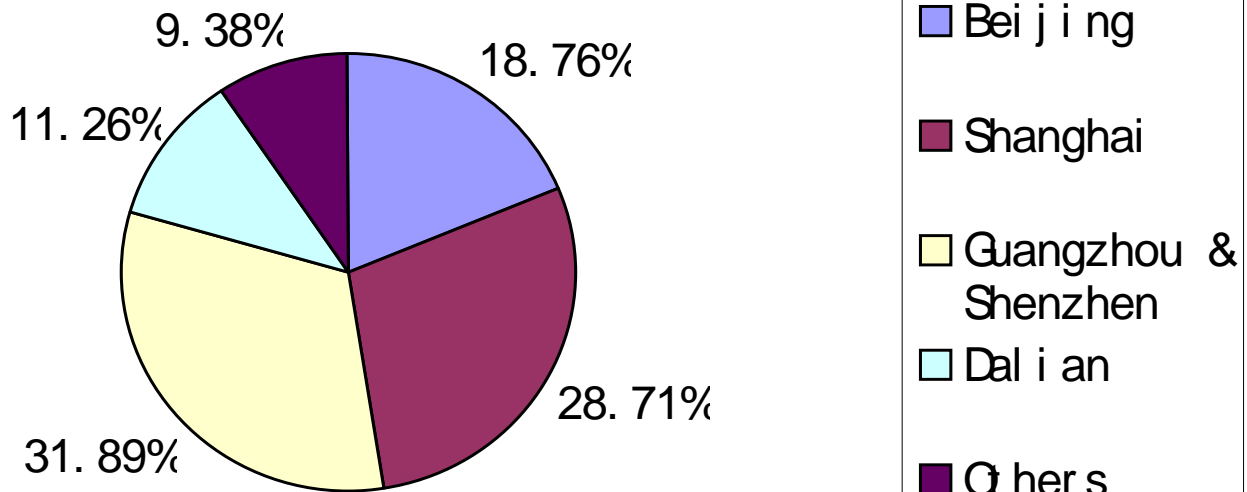
Data from : CTIforum

Geographical Analysis

- The service-style call center is wide spread in the whole country, such as the customer service center of telecommunication and finance industries. However, because of different population and consumption level, the geographical distribution of service-style call center is basically the same with that of China's economy.
- The commercial outsourcing call center has an apparent geographical distribution. The call centers mainly distribute in Shanghai, Beijing, Guangzhou, Shenzhen and other developed districts. In addition, in the recent years, the outsourcing call center business to Japan and Korea has developed fast in Dalian because of its special location. That is also beneficial from the geographical position and language talents resources of Dalian.

Distribution of China's Outsourcing Call Center by Geographical location

Figure 1.9 Distribution of China's Outsourcing Call Center by Geographical Location

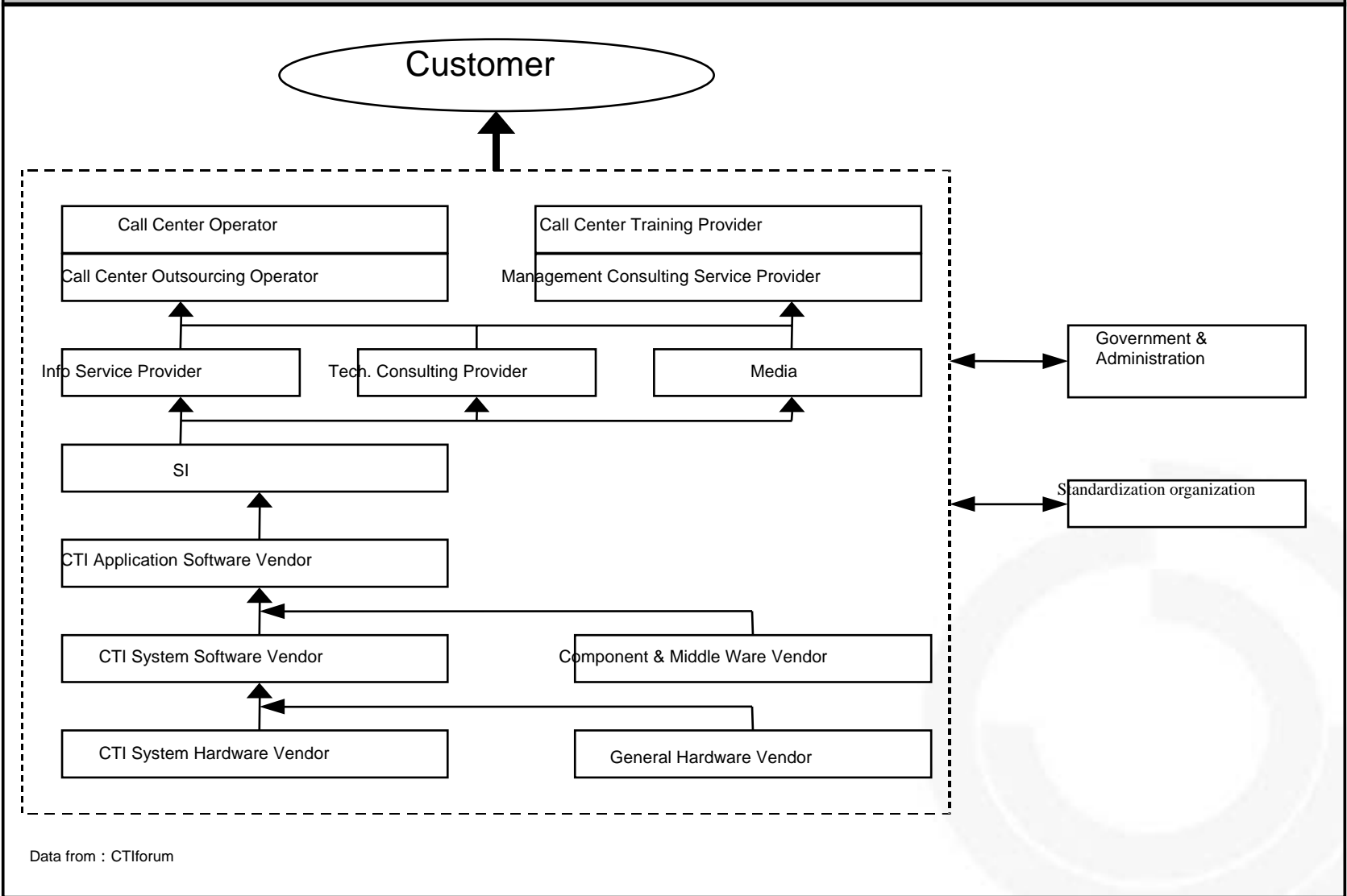


Data from : CTIForum

Analysis of Manufacturer

- By the end of 2000, the number of manufacturers of call center related products, service and operation is about 620. By the end of 2003, this number decreased to 465, and the elimination rate has reached 25%. Among these existing manufacturers, only 30% are really active in the market. The influence of the rest 70% manufacturers is small.
- Generally speaking, the convergence degree of China's call center construction is about 30%, i.e. 30% of call center manufacturers hold above 95% of the market share.

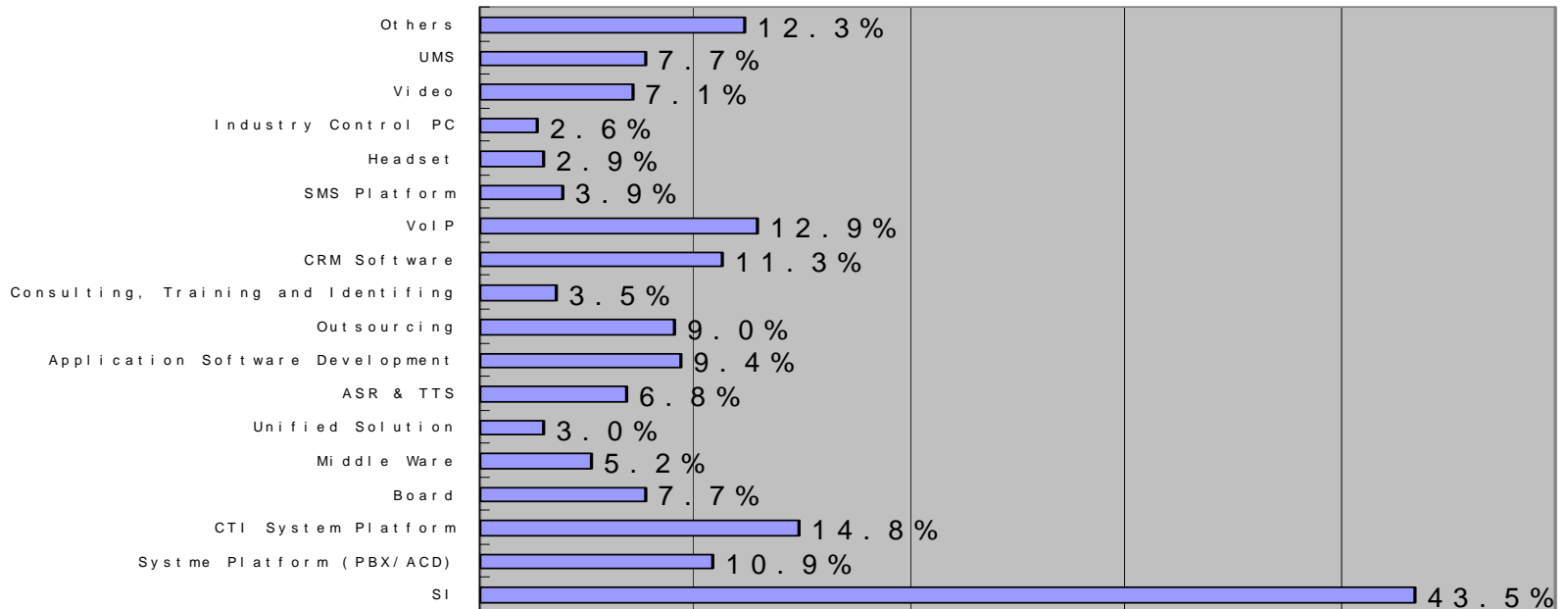
Figure 1.11 Industry Chain Structure of China's Call Center Industry



Data from : CTIforum

Analysis of construction percentage of China's call center industry

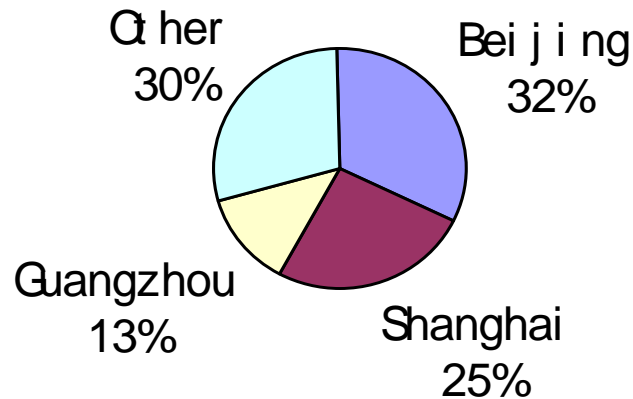
Figure 1.12 Analysis of construction percentage of China's call center industry



Data from : C T I f o r u m

Analysis of Manufacturer

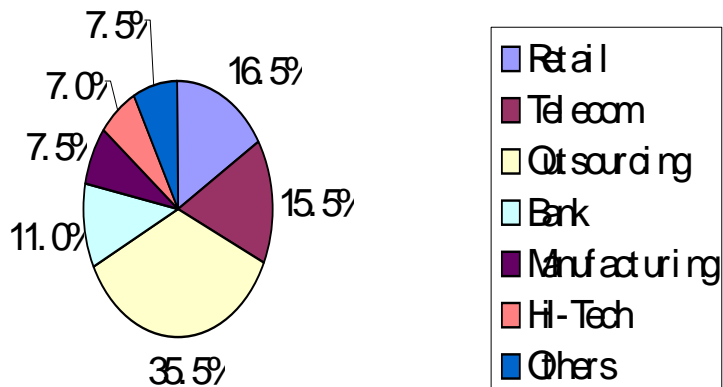
Figure 1.13 Location Distribution of China's call center manufacturers



Data from: CTIforum

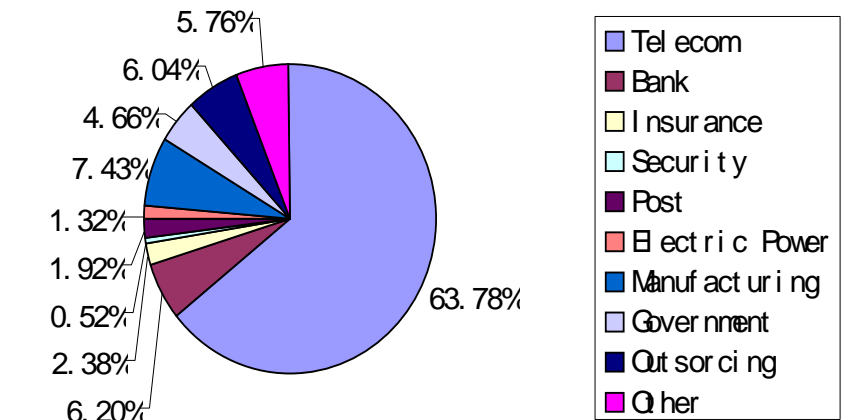
Vertical Comparison between Domestic and Foreign Call Center Industry Market

Figure 1.15 Distribution picture of North America Call Center Vertical Market (by seat number)



Data from : Datanomitor

Figure 1.16 2002 Vertical Market Distribution of China's Call Center (by seat number)

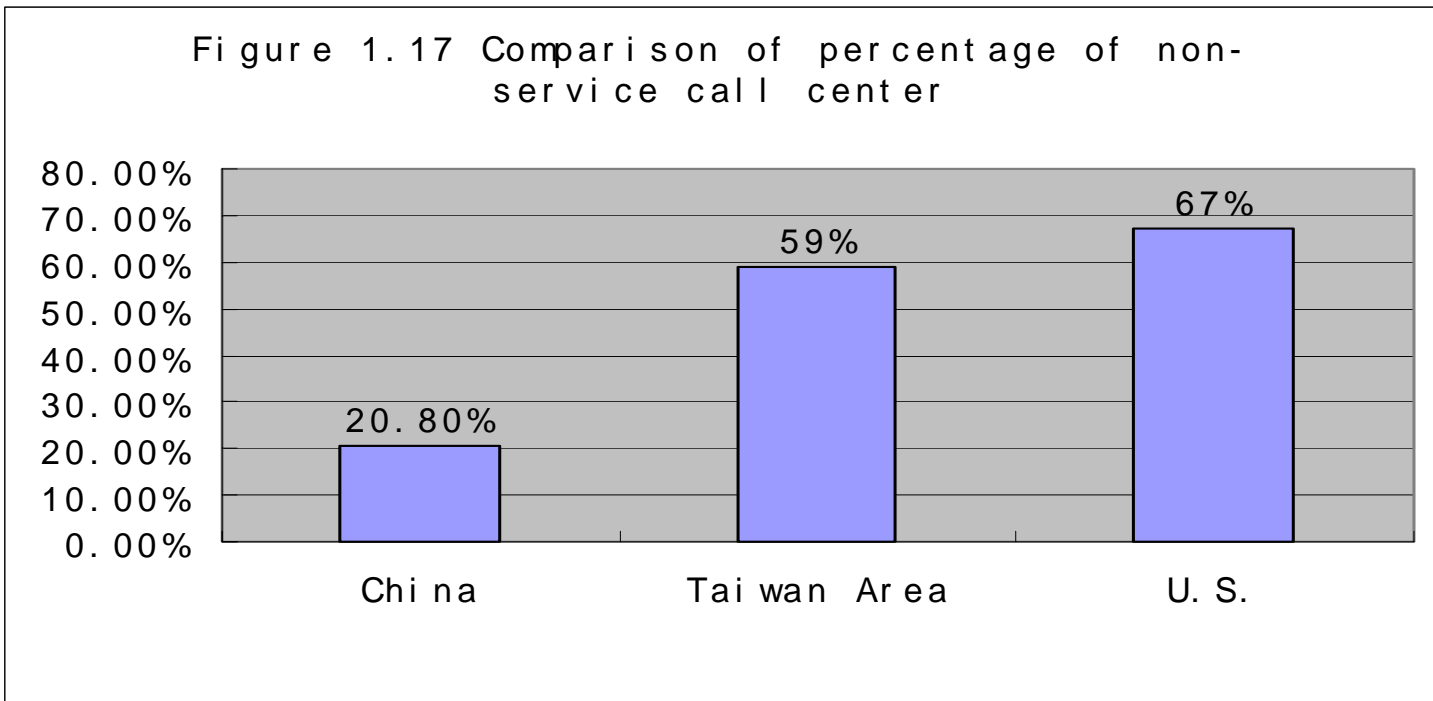


Data from : CTIforum

Vertical Comparison between Domestic and Foreign Call Center Industry Market

- The seat number of North American Telecommunication Industry call center accounts for about 15.5 % of the whole market, while that of China's accounts for nearly 64% of the whole market. Such large difference shows that telecommunication industry has a significant status in China's call center market. It also reflects that the market of North America is comparatively mature, so the development of each industry and their attention to service is comparatively balanced. China still has a long way to go before it can reach the similar market structure with that of North America, and this is also the hope of China's call center industry.
- The seat number of outsourcing call center in North America accounts for about 35.5%, but that of China's outsourcing call center accounts for only 11.36%. It manifests that outsourcing business should have large development space in China, and the profitability of call center is very promising.
- There is nearly no call center in China's retail industry, but the percentage of call center in retail industry in North America accounts for 16.5%. This is because the consumption group of China is huge and the retail competition is not as fierce as that of North America.

Horizontal Comparison between domestic and foreign call center markets



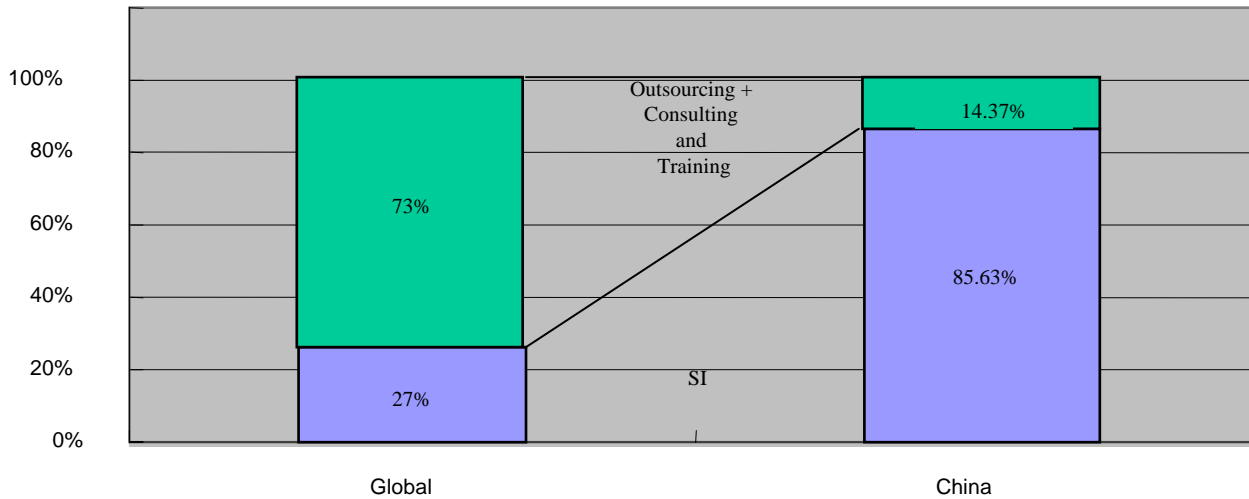
Data from : CTIForum.com

Horizontal Comparison between domestic and foreign call center markets

- From the horizontal application market of call center, 67% of call centers in US are applied for telephone marketing, market survey, etc. and only 33% call centers are applied for service. The “Do not call me” Act passed by the Federal Court of U.S. last years had some influence to the business of telephone marketing.
- At present, only 20.8% of call centers are applied for telephone marketing and market survey in China. The rest 79.2% call centers are still applied in service businesses of inquiry, consulting, after-sales, complaints, etc. This reflects that the call center of China is still in the phase with service at the main purpose.

Comparison between domestic and foreign call center industry structures

Figure 1.18 Comparison between domestic and foreign call center industry structure



Data from : CTIforum

Comparison between domestic and foreign call center industry structures

- According to the research of relevant institutes, the biggest part of global call center market is outsourcing service, and the income from outsourcing and consulting services accounts for 73% of the whole market, and the rest 27% is income from system integration.
- The current construction percentage of China's call center market is: system integration 85.62%, outsourcing service 12.64% and consulting business 1.73%.
- From the above comparison, we can infer that in the call center market of China, most call centers are self-constructed. The outsourcing service, since its emergence in China in 1998, is under the market development phase now.

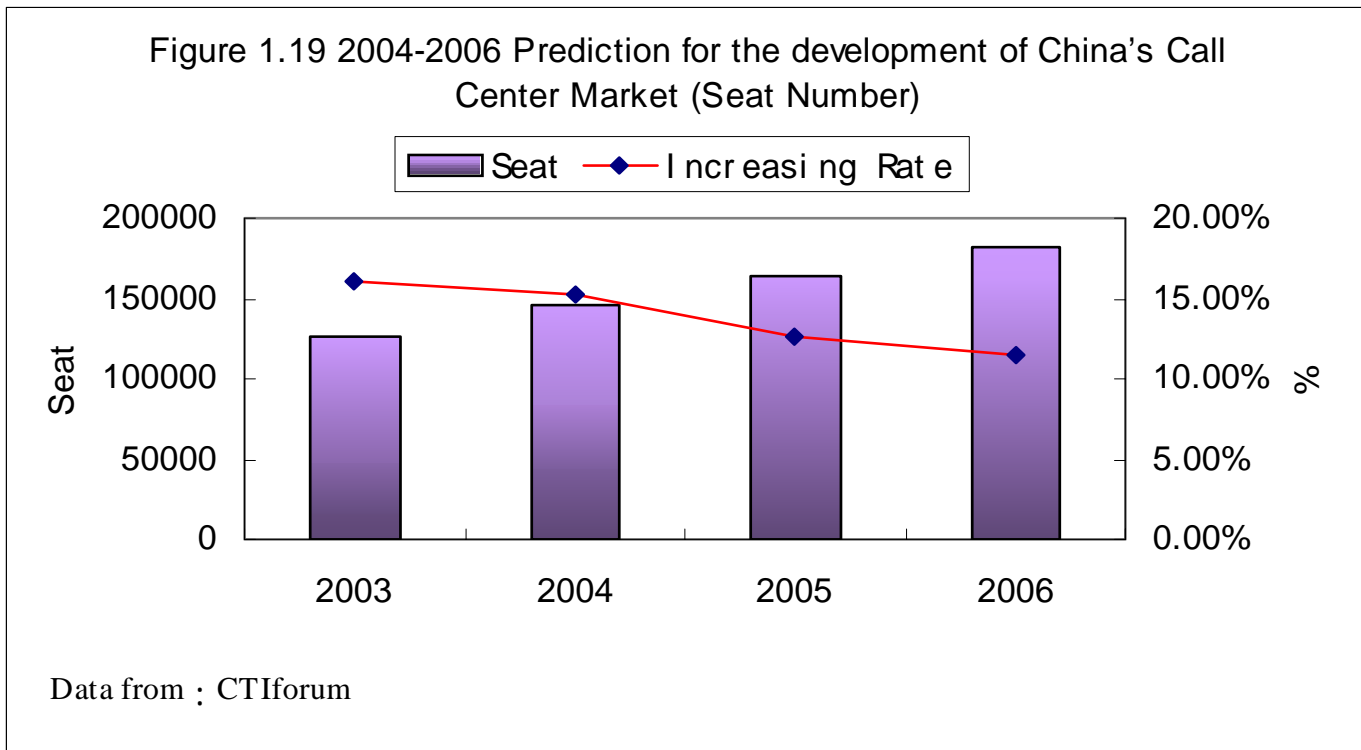
Prospect of the scale of the call center market

2004-2006 Prediction for the development of China's Call Center Market

Year	Accumulative Seat Number	Seat Number Increasing Rate (%)	Accumulative Investment (100 million)	Investment Increasing Rate (%)
2003	125900	16. 14%	173. 67	27. 17%
2004	145092	15. 24%	210. 89	21. 43%
2005	163346	12. 58%	249. 01	18. 08%
2006	182143	11. 51%	293. 20	17. 75%

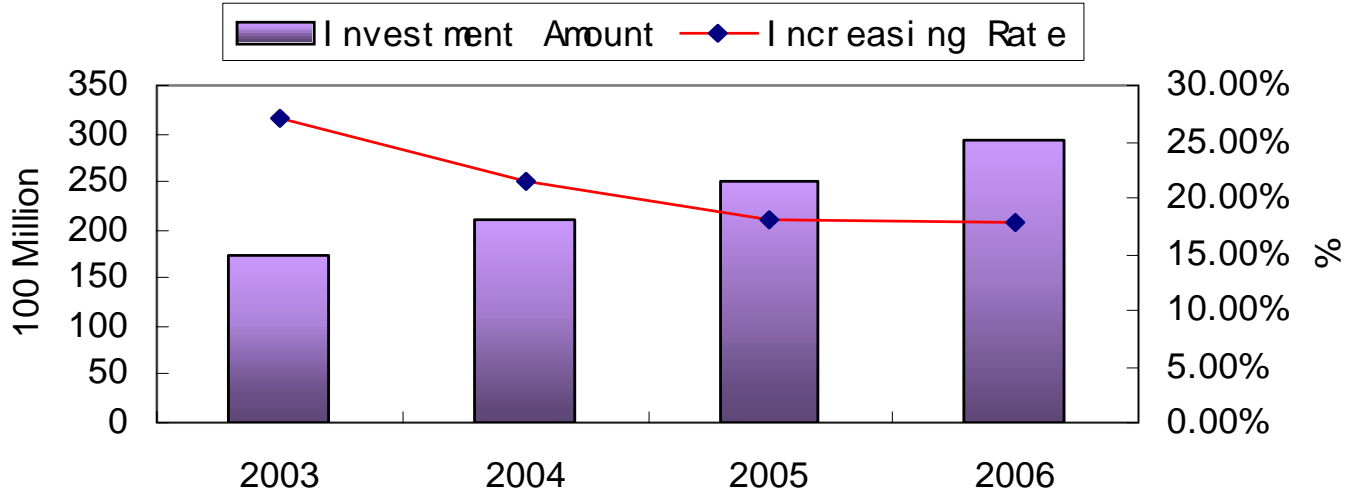
Data from : CTIForum.com

2004-2006 Prediction for the development of China's Call Center Market (Seat Number)



2004-2006 Prediction for the development of China's Call Center Market (Investment Amount)

Figure 1.20 2004-2006 Prediction for the development of China's Call Center Market (Investment Amount)



Data from : CTIforum

Market Tendency of the Call Center

- The emphasis of call center construction transfers gradually from large-scale to middle and small-scale application system.
- The reconstruction of old system and the construction of new system co-exist.
- New market needs penetrate into each industry
- Business driven takes place of technology push
- The value of call center will gradually enhance, and the operating and management will attract more attention than technology construction.
- The internationalization of call center is very remarkable. First, the call center manufactures of China began to sell their products with Intellectual Property right to abroad. Second, the service subject of call center operators will expand gradually with the influence of Chinese enterprises in the world increases, and the internalized call center still needs development.

Technology Development Tendency of the Call Center

- With the prevalence of Internet, the call center will more likely inclines to combination with the Internet.
- With the enhancement of the increase of enterprise call center market, unPBX based or enterprise exchanger based middle- and small-sized call center solution will receive more attention, and its application will be more extensive.
- With the initiation of initiative service like telephone marketing in China, professional out-dialing solution will win a place in the overall investment market of call center.
- With the operating and management of call center brought into the agenda, professional operating, management and HR management software that suits China's situation are in great demand.

The Current Status and Development of the Consulting, Training, Operating and Management Market of the Call Center

- In the overall construction of China's call center market, the market share of consulting, training business is very small, only about 1.73%.
- With the transfer of China's call center industry from construction-first to operation-first and with the development of management consulting and service market, the huge gap between demand and supply will induce larger and more professional companies into the competition.
- The main rhythm of the development of call center industry has developed to establish regulations for the application and management from the former technology research, discussion and plan argumentation.
- The huge demand of operating enterprises will bring unprecedented prosperity to the consulting and training business.
- The market will be further segmented, and features start to form. The operating enterprises will no longer satisfy with the shallow and uniform training. What they need emergently is custom service specially tailored for them.

The Current Status and Development of the Consulting, Training, Operating and Management Market of the Call Center

- The national industry administration organizations begin to enter the training market. Regulated and pervasive professional technology education is the radical outlet of the comprehensive enhancement of the overall call center market of China.
- In November 2003, CRM Professional Council of China Union of Inforamtionization Promotion issued and implemented China Contact Center Standard 2003, called CCCS-2003 for short after comprehensive survey, research and development to the application market of domestic call center. The standard mainly consists of two sub-standards: China Contact Center Standard for Operation Performance and China Contact Center Standard of Professional Qualification.

The Current Status and Development of the Consulting, Training, Operating and Management Market of the Call Center

- China Contact Center Standard for Operation Performance, called CCCS-OP-2003 Standard, is planned and drafted under the lead of CTI forum CRM Institute with the cooperation of representative customer service provider, operator in the field. This standard is a standard commonly established for the call center operation and customer service encompassing the most frontier development of the industry. This standard is issued and implemented by CRM Professional Council of China Union of Inforamtionization Promotion of the Ministry of Information. This standard has filled up the blank of this field, and will drive the continuous development of the whole industry.
- China Contact Center Standard of Professional Qualification, called CCCS-PQ-2003 Standard, is a new-style professional training and qualification attestation system for various practitioners, especially senior and middle managers.

Thank You !

