



# The Impact of COVID-19 on the Australian Contact Centre Outsourcing Industry

---

Written By  
**Paul Crummy**  
Managing Director  
CPM Direct Sales

**CPM**

---

**Over the last two decades, factors such as cost savings led many Australian businesses to offshore their contact centres. Unsurprisingly, COVID-19 has had a significant impact on this offshoring model, with the pandemic presenting both threats and opportunities to Australian businesses as they are prompted to reassess their external dependencies and risks.**

The sudden closure of offshore contact centres presents an opportunity for local call centre providers here in Australia, with many organisations recognising that onshore contact centres offer a range of significant benefits around business continuity when events beyond their control happen.

More broadly, Australian businesses increasingly understand that customer satisfaction is a financial driver. Swinburne CXI Research Group has reported that speaking with someone in an Australian call centre is by far the channel of choice for reaching out to companies for both simple and complex enquiries (Figure 1)<sup>1</sup>, a finding supported by Commonwealth Bank research<sup>2</sup> showing that nine in ten Australians prefer dealing with local customer call centres. Cost containment is no longer the primary consideration around contact centre operations, with local call centres becoming an important factor in strategic decisions around improving customer satisfaction.

## **Crisis. Impact.**

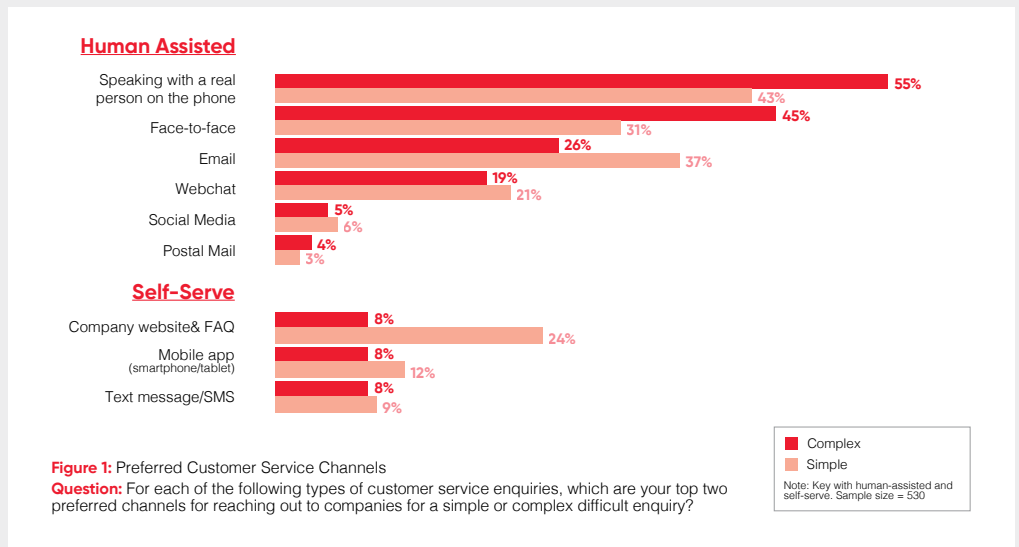
Four months ago, in an effort to slow the spread of COVID-19, India and the Philippines, two of the world's major call centre hubs, announced total lockdowns. These measures forced call centres to close indefinitely, leaving Australian companies reliant on offshore contact centres stranded.

As a result of these offshore call centre closures, Australian businesses struggled to meet the massive customer demand that coincided with the COVID-19 crisis. In many cases, businesses had to quickly decide whether to replace now-defunct South-East Asian contact centre operations with another offshore provider or provide additional resources to over-stretched Australian contact centre teams while concurrently migrating agents to a working-from-home (WFH) scenario, or urgently find a new local contact centre partner to move customer conversations onshore.

**“Speaking with someone in an Australian call centre is by far the channel of choice for reaching out to companies for both simple and complex enquiries<sup>1</sup>.”**

Telcos were among the worst hit by the offshore lockdowns. By way of example, in March, Optus, Vodafone and Telstra all had to quickly expand their local operations to cover shortfalls in agent capacity<sup>3</sup>. At the same time, these businesses used their online channels to let customers know they were committed to keeping connected, even though their customer care teams' ability to respond was impacted.

Australian banks were less hard-hit than the Telcos. NAB's customer-facing call centre staff are based in Australia, so their response to the significant increase in customer queries was to work extended hours from the office with social distancing measures in place. In addition to this, NAB introduced a WFH arrangement that moved over 70% of their contact centre bankers to WFH for voice calls and chat, something that wasn't occurring pre-COVID-19<sup>3</sup>.



In a bid to deal with the pandemic-driven demand for information from customer relations centres, some Australian banks have had to employ up to 1,500 new staff and redeploy more than 2,200 employees<sup>4</sup>. Westpac, after acknowledging its overseas operations have been “too slow” during the coronavirus pandemic, has announced it will be returning all dedicated voice roles to Australia in order to enhance the capacity of their existing call centres: “This will mean when a customer calls us, it will be answered by someone in Australia”<sup>5</sup>.

### Offshore Challenges

One of the most common actions taken by both onshore and offshore call centres in response to the COVID-19 crisis has been the migration of staff to remote working or working from home. However, the WFH model presents some risks, particularly for offshore contact centres, as some large outsourcers are not set up for home working at scale. For instance, in countries like India and the Philippines, many consultants live in locations with unreliable internet connections and unstable electricity supplies<sup>6</sup>, which can impact their ability to work uninterrupted. Rules governing the handling of sensitive material, such as financial transactions for bank customers, can also create barriers to staff WFH. All of these factors can impact the smooth delivery of customer services to Australian companies.

In terms of contact centre providers, CPM has observed first hand a number of clients seeking our business’ support after being inundated with inbound call traffic as a result of their offshore business process outsourcing (BPO) partnerships suspending activities. In some cases, these companies have had to urgently redeploy their onshore sales teams to managing inbound customer service-related queries, resulting in their sales function being significantly impacted.

### CPM’s Response to the Crisis

At CPM, we had the resources, know how and technology to quickly shift our team to a WFH environment. A WFH model was determined to be the best solution to meet our clients’ requirements in their COVID response.

#### To execute this, we focused on our four pillars:

**Customer** – they were at the centre of our thinking; we needed to ensure their experience dealing with CPM during uncertain times was a good one. Our WFH solution continued the personalised and responsive customer service that we excel at.

**Client** – we developed joint plans in conjunction with our clients to ensure their specific campaign activities were delivered via a WFH model, including service levels, sales KPIs and compliance requirements.

**Staff** – the welfare and well-being of our teams was a critical consideration; their safety and job satisfaction during uncertain times was a key focus.

**Technology** – our WFH contact centre platform and speed of delivery needed to be equal to, or better than, that of the ‘at work’ environment. Our client information security could never be compromised.

The way we seamlessly continued to interact and communicate with customers was key to our success in transitioning to a WFH scenario. We believe a continued high level of customer engagement during uncertain times will have a pivotal effect on customers’ sense of trust, loyalty, and satisfaction with our client’s brands. Financial institutions and telco call centres were not the only ones unable to keep up with the large surge in customer assistance; other industries experienced this too.

For example, CPM's customer care teams for FMCG and cosmetics clients were inundated with inbound customer queries driven solely by COVID-19 factors.

For our client L'Oréal Australia & NZ, COVID-19 contributed to a 140% rise in online sales for the June half<sup>7</sup>, which in turn drove more inbound customer enquiries through phone, chat, email and social. To ensure that a great customer experience and service levels were consistently delivered, we had to make some adjustments to support the team through resources and knowledge. Our business continuity plan drove our ability to meet these increased demands through having the resourcing, processes, and technological and training resources in place to efficiently and effectively facilitate consultants to work remotely and handle increased volumes.

"CPM has shown that they have the ability to rapidly adapt to a new way of working through the successful transition to an "agent at home" working model during the COVID-19 crisis.

For L'Oréal Australia & NZ, we've seen how important it is for our contact centre partner to remain agile to ensure our valued consumers still have access to our customer care agents during an extremely busy time. The role of a traditional contact centre model doesn't work in an isolation setting and CPM were quick to ensure that the team of 25 L'Oréal Care agents had the ability to work offsite with full access to all required systems.

**Having a local Melbourne based call centre has also offered great comfort to us as a business in two distinct ways:**

1. the ability to service AU and NZ consumers within our time zone with staff who have the ability to safely work from home following local government restrictions; and,
2. knowing that we have assisted in offering continued and new employment for local customer service experts who may have otherwise been faced with a stand down scenario should the team not be able to transform their ways of working"

Emma Williamson, Director CX - L'Oréal Australia & NZ.

**Mitigating the Impact of the Unexpected**

The current pandemic crisis has demonstrated the remarkable capacity of Australia's onshore contact centres to respond to the business challenges presented by COVID-19.

**As businesses everywhere adapt to new ways of operating within this new environment, CPM has identified two important learnings that we believe can assist companies as they move forward into the future:**

- + **Having a disaster recovery and business continuity plan (BCP) in place that included remote working or work-from-home was critical.**

Our BCP caters for different areas of the business and incorporates a WFH contact centre. We had tested the plan prior to the COVID-19 crisis, so we were prepared to respond quickly and safely. In a matter of days we migrated our contact centre agents to a WFH scenario, with no impact on the high-quality support we provide our clients.

Several actions taken to support a WFH contact centre included: testing remote access well prior to the COVID event; assessing each agent's WFH set-up to ensure OH&S compliance; enabling Microsoft Teams as a chat/meeting platform for personal one-on-one interactions; and, ensuring knowledge management tools were in place to cater for real time decision making.

In the event of an incident, businesses need to ensure that their contact centre partners have a robust BCP in place. This is vital to ensuring that service levels, quality metrics and resourcing are maintained with minimum disruption.

**"A working-from-home model was determined to be the best solution to meet these requirements."**



### + Having an in-house Training, Coaching & Quality Assurance Team

Regardless of whether contact centre agents work from home or the office, quality of service must be consistent. Having an in-house Training, Coaching & Quality Assurance team allowed us to achieve this.

To facilitate a remote working scenario while maintaining quality and service levels, our in-house training team developed and delivered WFH modules and program-specific training via eLearning tools such as video learning and webinars. As a result, the health, safety, and productivity of our staff were maintained, and the delivery of excellent customer service was not compromised.

In terms of quality assurance, call coaching, remote listening and a quality management system have allowed us to continue to monitor, manage and maintain compliance and quality levels of the customer experience, ensuring that productivity remains high, and that agents continued to maintain high levels of customer satisfaction.

**At CPM we have also identified several trends that have been accelerated by COVID-19, which we believe will continue beyond the duration of the pandemic:**

### + Contact centres can now offer flexible work arrangements

COVID-19 has forced contact centres to adjust to new ways of working. Introducing flexible work arrangements that allow agents to work remotely can provide call centre staff with a work/life balance which has never before been realised.

**“We were able to offer flexible rostering that helped our staff to both WFH and care for their families.”**

At CPM we directly experienced this as the pandemic opened the door to greater work flexibility for our teams. For example, we were able to offer flexible rostering that helped our staff to both WFH and care for their families. This in turn supported better hours of operation for our clients, which has delivered improved C-SAT (customer satisfaction) scores. This has also driven improved employee satisfaction through the realisation of work-life balance, something rarely considered in the contact centre industry. As a result of the increasingly flexible working environment, employee attrition has fallen, employee satisfaction and scheduled adherence to shift have improved, occupancy has increased to 99.6% in 2020, and consistent service levels have been maintained.

Consequently, flexible work arrangements such as WFH may become a longer-term strategy to retain staff in contact centres.

### + The onshoring trend in contact centre outsourcing is expected to grow

[The 2018 Australian Contact Centre Benchmark Report<sup>8</sup>](#) reported that contact centre outsourcing continues to grow. Of note, a majority of organisations (78%) prefer onshore locations for contact centre outsourcing and over three-quarters of organisations utilise onshore outsourcing. Prior to COVID-19, reshoring was already happening, with this trend appearing to accelerate during the pandemic.

### Final Thoughts

Does this mean that the offshore contact centre model is obsolete? Questions like this around the future of the contact centre outsourcing environment are arising in both Australia and around the world.

The long-term view leans towards a 'balanced shoring' model, with providers balancing onshore and offshore delivery as appropriate, in order to simultaneously balance costs and mitigate risk. This type of model can offset the costs of a purely onshore model, while at the same time reducing the risks of an 'all of your eggs in the one basket' strategy.

It is critical that Australian businesses remain at the forefront of longer-term shifts in consumer behaviour arising from the coronavirus pandemic. While COVID-19 has been a deeply damaging experience for the Australian economy, it has prompted companies to rethink the customer experience and transform at a much faster pace. By rethinking the customer experience and offering customers what they value during this pandemic, businesses and their call centre partners will be better placed to anticipate and prepare for unexpected situations into the future.

#### CPM Australia

Level 2, 2 Capital City Blvd  
Wantirna South VIC 3152

T +61 3 9211 2300

W [www.cpm-aus.com.au](http://www.cpm-aus.com.au)

**CPM**

#### References

1. [The Customer Service Experience: Aligning Channels with Evolving Consumer Expectations, Preferences & Behaviour](#), The CXI Research Group Swinburne University & CPM Australia
2. [Research Shows Nine in Ten Australians Prefer Local Call Centres](#), Commonwealth Bank
3. [Telcos rush to fill gap as Indian call centres close](#), Financial Review
4. [Overseas call-centre shutdowns due to COVID-19 may create jobs in Australia](#), SBS
5. [Westpac moves jobs back to Australia from COVID-stricken countries impacting its operations](#), news.com.au
6. [Call Centers Discover WFH Doesn't Work for Them](#), Bloomberg Businessweek
7. [Pandemic accelerates innovation: L'Oreal marketing chief](#), AFR
8. [2018 Contact Centre Report Reveals Majority Of Industry Is Striving To Improve CX](#), Fifth Quadrant