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Presented to:

JAMPRO

A PROFILE OF THE TELEMARKETING INDUSTRY

DELIVERABLE 6

November 1991

Prepared By:

**International Technology Exchange Group
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Alexandria, VA 22310
U.S.A.**

intex ↗

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David Janner

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*Jim C. Parker
18101 Jamrock*

Telemarketing - Deliverable 6

Information Processing Market Segment Study

This report was prepared by Intex primarily to address the issues of Task 1, and also to analyze the main objectives of Tasks 2 and 3 of the information processing industry segment study. This is the last report in a series of six market overviews and analysis prepared for JAMPRO. This report examines the entire Telemarketing industry. It provides an analytical evaluation of the industry, measuring the size and trends in the industry according to several criterion. The report examines present and future forces in the telemarketing industry, and how these forces affect the direction of the industry and the users of Telemarketing services. Over twenty-five comprehensive interviews were conducted with providers of telemarketing services, managers of in-house telemarketing operations, managers of international telemarketing operations, recognized authorities in the telemarketing industry, publishers of telemarketing trade magazines and manufacturers of telemarketing equipment. The suitability of various segments of the telemarketing industry for the Jamaican economy are then examined, with a particular focus on the nature of the Jamaican economy. Conclusions and projections are then presented regarding the Jamaican telemarketing industry. Lastly, recommendations are presented for steps to move the Jamaican telemarketing industry from the concept stage to implementation.

Overview

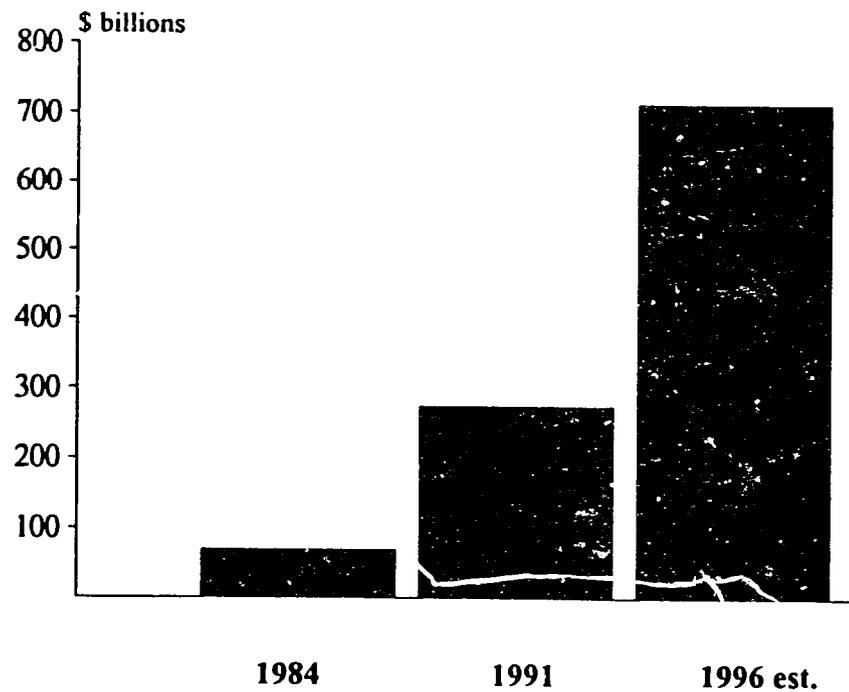
TELEMARKETING IS THE USE OF THE TELEPHONE AS A PLANNED ELEMENT OF A MARKETING STRATEGY. TELEMARKETING CAN REPLACE OR SUPPLEMENT OTHER MARKETING TECHNIQUES AT ANY STAGE OF THE MARKETING STRATEGY, FROM INITIAL CONTACTS TO CUSTOMER SUPPORT.

- Telemarketing operations are used both as a means of selling products and a means of retaining existing customers.
- Telemarketing operations are highly flexible and can meet the varied needs of businesses. Telemarketing is used to:
 - Perform surveys of potential customers
 - Sell products to populations already identified as potential customers
 - Support catalog sales operations through order taking and fulfillment
 - Answer questions about products and retail distribution points
 - Enroll consumers in various credit card, travel and buyer protection programs
 - Sell various insurance programs, and renew policies near expiration.

Telemarketing Overview...History

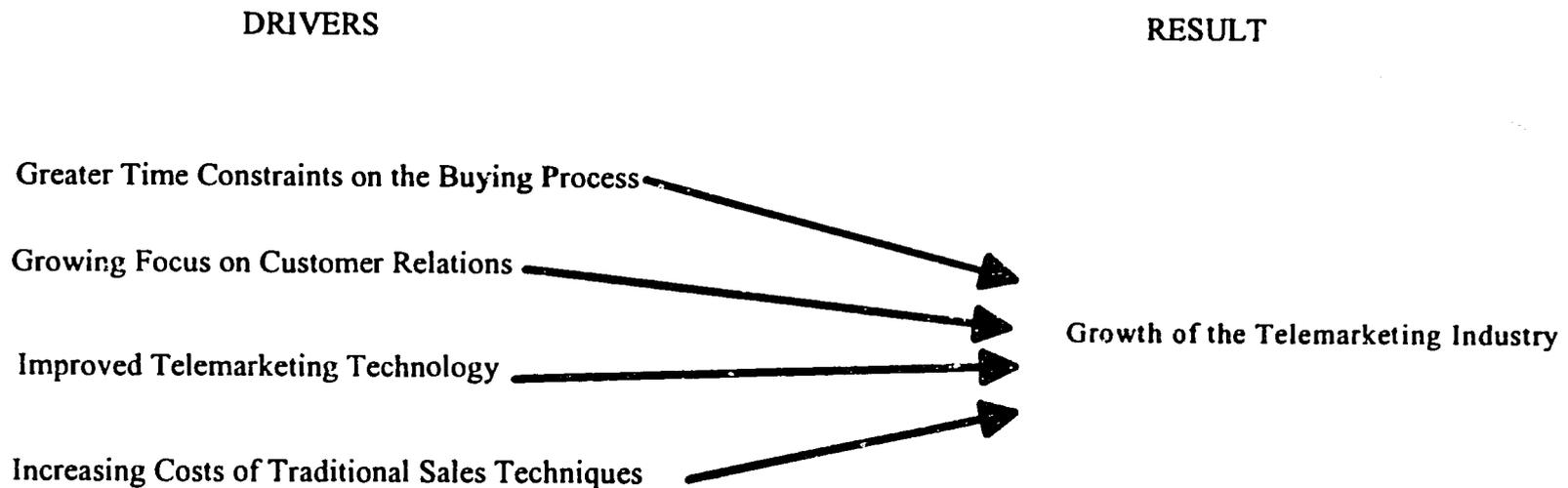
TELEMARKETING WAS FIRST USED IN THE 1960'S AS A METHOD OF CONTACTING EXISTING CLIENTS. THE HISTORY OF TELEMARKETING AS AN INDUSTRY CAN BE TRACED TO THE LATE 1970'S, WHEN IT WAS MAINLY USED AS A DIRECT SALES TOOL. IT PROVIDED USERS WITH A METHOD OF MAKING LARGE NUMBERS OF SALES CONTACTS IN A SHORT PERIOD OF TIME WITH MINIMAL CAPITAL INVESTMENT.

TOTAL SALES REVENUE RESULTING FROM TELEMARKETING OPERATIONS



Telemarketing Overview

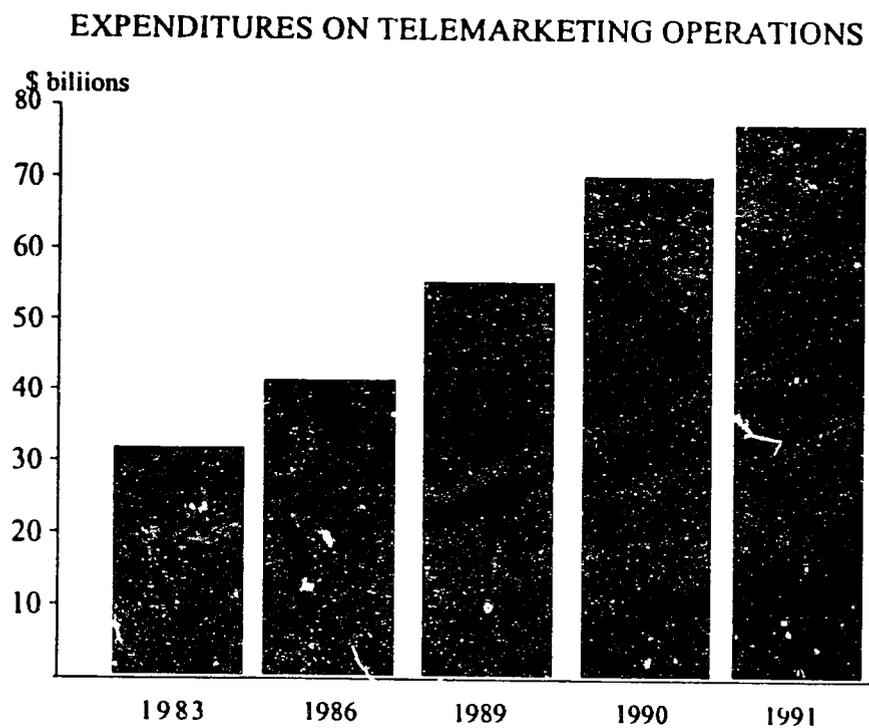
MAJOR DRIVERS FOR THE GROWTH OF THE TELEMARKETING INDUSTRY INCLUDE INCREASING COSTS OF TRADITIONAL SALES TECHNIQUES, IMPROVED TELEMARKETING TECHNOLOGY, GREATER TIME CONSTRAINTS IN THE BUYING PROCESS AND THE GROWING FOCUS ON CUSTOMER RELATIONS BY MOST COMPANIES.



THESE MARKET DRIVERS WILL BE DISCUSSED IN GREATER DETAIL ON THE FOLLOWING PAGES

Telemarketing Overview...History

EXPENDITURES ON TELEMARKETING OPERATIONS HAVE RISEN ALMOST FIVE FOLD SINCE 1980 AS TELEMARKETING HAS COME TO BE UTILIZED FOR ALL ASPECTS OF MARKETING. RECENT GROWTH HAS AVERAGED 20% ANNUALLY AND IS EXPECTED TO CONTINUE.

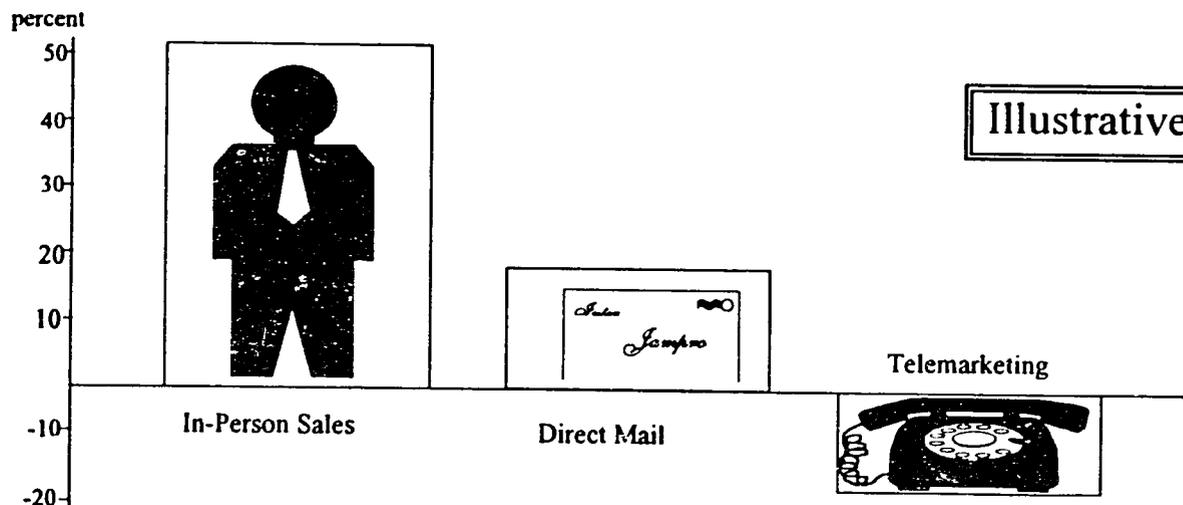


Telemarketing Drivers...Improved Cost/Effectiveness

TELEMARKETING OPERATIONS HAVE BECOME INCREASINGLY COST EFFECTIVE AS THE RELATIVE COST OF OTHER METHODS OF MARKETING HAVE BECOME MORE EXPENSIVE. IT HAS BECOME THE LEAST EXPENSIVE METHOD FOR COMPANIES TO MAINTAIN CONTACT WITH INDIVIDUAL CUSTOMERS.

- As the cost of live, in-person contact with existing customers continues to rise, telemarketing will become the method of choice for many companies to maintain relations with existing clients and establish relationships with potential customers.
- Postal costs have risen 25% in the past five years, while long distance costs, a key factor in telemarketing costs, have dropped by 35%.
- The cost of an in-person sale call has risen by 50% in the past 10 years.

Average Change in Costs for Types of Sales Methods, 1980-90

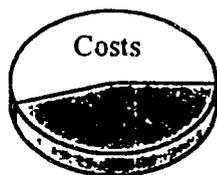


Telemarketing Drivers...Improved Cost Effectiveness

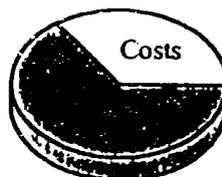
IN ADDITION, THE APPLICATION OF TECHNOLOGY TO TELEMARKETING HAS DECREASED THE COST-REVENUE RATIO FROM 55% TO 25%

Telemarketing Costs as a Portion of Sales Revenue

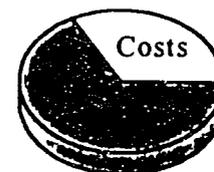
1983 SALES REVENUE



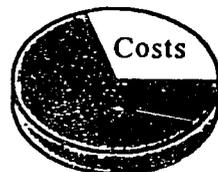
1986 SALES REVENUE



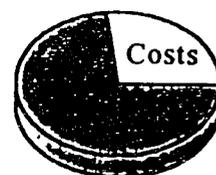
1989 SALES REVENUE



1990 SALES REVENUE



1991 SALES REVENUE



Telemarketing Drivers... Improved technology

IMPROVED TECHNOLOGY HAS GREATLY INCREASED THE EFFICIENCY OF TELEMARKETING OPERATIONS, PRODUCING GREATER SATISFACTION AMONG USERS.

- Access to computer databases now provides agents with up-to-date information on product availability, customer information and promotional programs. Customers handled with a higher degree of competency have higher satisfaction levels.
- Automatic Call Distribution technology allows several operators to answer calls made to a single number. Consumer wait time is reduced, and fewer calls are lost.
- Predictive Dialing technology allows computers to dial outgoing telemarketing calls so less time is used calling busy numbers. Operators are then more productive.
- Computerized databases of demographic information now allow for highly accurate targeting of sales prospects, increases in customer service capabilities, and can increase the efficiency of telemarketing operations by up to 50%
- Computerized monitoring of telemarketing operations allows companies to gain important market information from telemarketing operations such as the concentration of potential consumers, income levels, and other information relevant to marketing programs. Technology also allows for very fast feedback on consumer reaction to the introduction of a new product or marketing program.

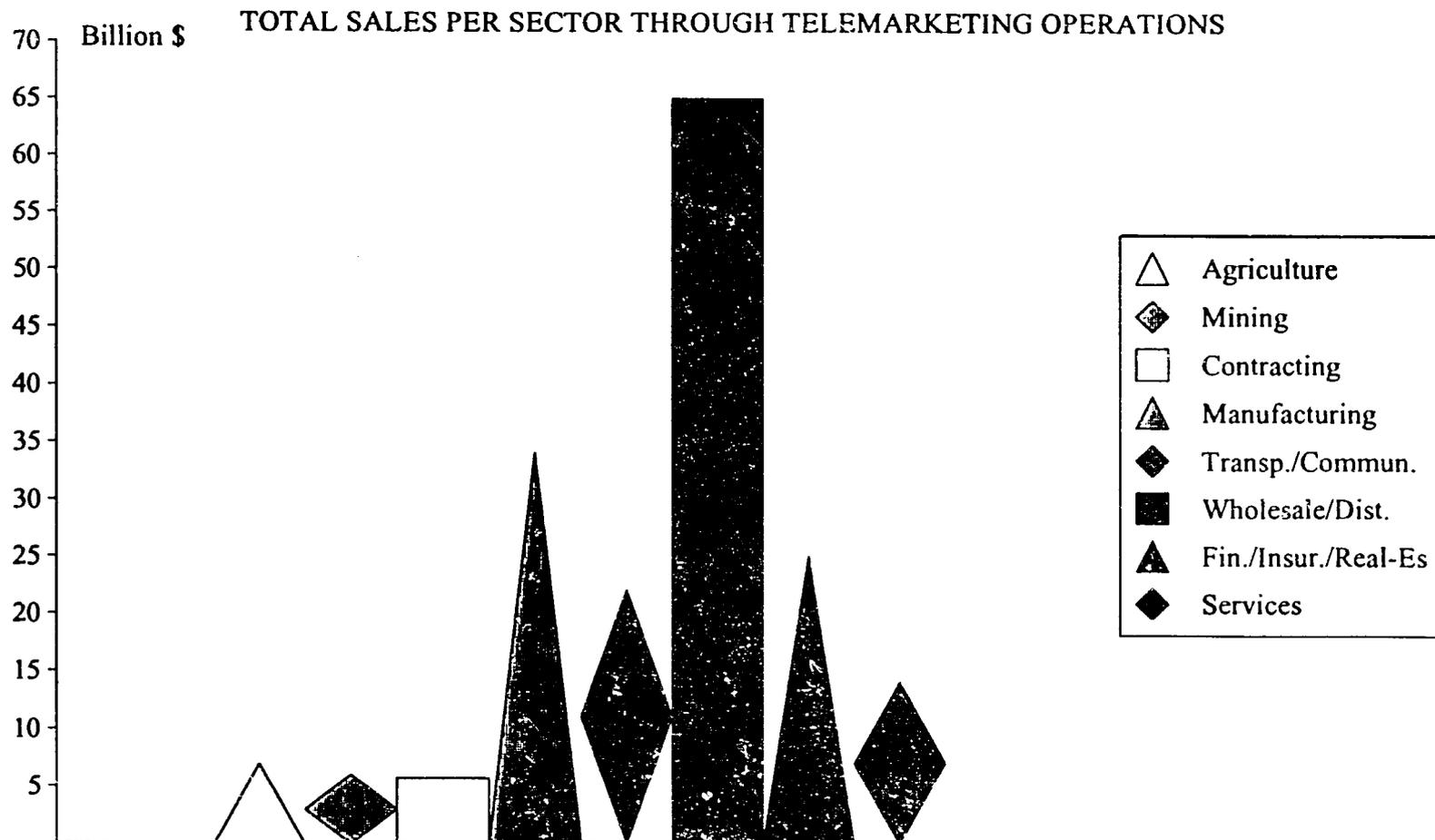
Telemarketing Drivers... Focus on Customer Retention and Expansion

CUSTOMER RETENTION HAS EMERGED AS AN IMPORTANT FOCUS IN THE MARKETING PLANS FOR MANY MAJOR COMPANIES, IMPORTANT NOT ONLY IN BUSINESS -TO-BUSINESS MARKETING, BUT ALSO IN RETAIL MARKETING.

- Most companies will not experience the significant growth in the coming decade which was possible over the past decade due to relatively slower growth of the economy.
- Many companies are seeking to deepen relationships with existing customers and expand sales through introducing customers to different product lines. For example, Smith and Hawken clothing catalogs also market home furnishings, or Chase Visa card offering disability insurance.

Telemarketing Customers... Overview

TELEMARKETING IS USED BY ALL INDUSTRIES AND ITS USE IS EXPANDING. AS THE POSITIVE RESULTS PRODUCED BY TELEMARKETING OPERATIONS CONTINUES TO INCREASE, MORE AND MORE FIRMS ARE INTEGRATING TELEMARKETING INTO THEIR MARKETING STRATEGIES.



Telemarketing Customers... Overview

INDUSTRY SEGMENTS UTILIZE DIFFERENT TELMARKETING TECHNOLOGIES TO SUIT THEIR MARKETING NEEDS

		RETAIL	AGRICUL- TURE	MINING	CONTRAC- TING	MA JUFAC- TURING	TRANSP/ COMM.	WHOLE/ DIST.	FIN/INS/ REAL ESTATE	SERVICES
BUSINESS-TO- BUSINESS	INBOUND	●	●	●	●	●	●	●	◐	●
	OUTBOUND	●	●	◐	◐	●	●	●	●	●
BUSINESS-TO CONSUMER	INBOUND	●	○	○	○	◐	●	○	●	○
	OUTBOUND	●	○	○	○	○	●	○	●	◐



HIGH



MEDIUM



LOW

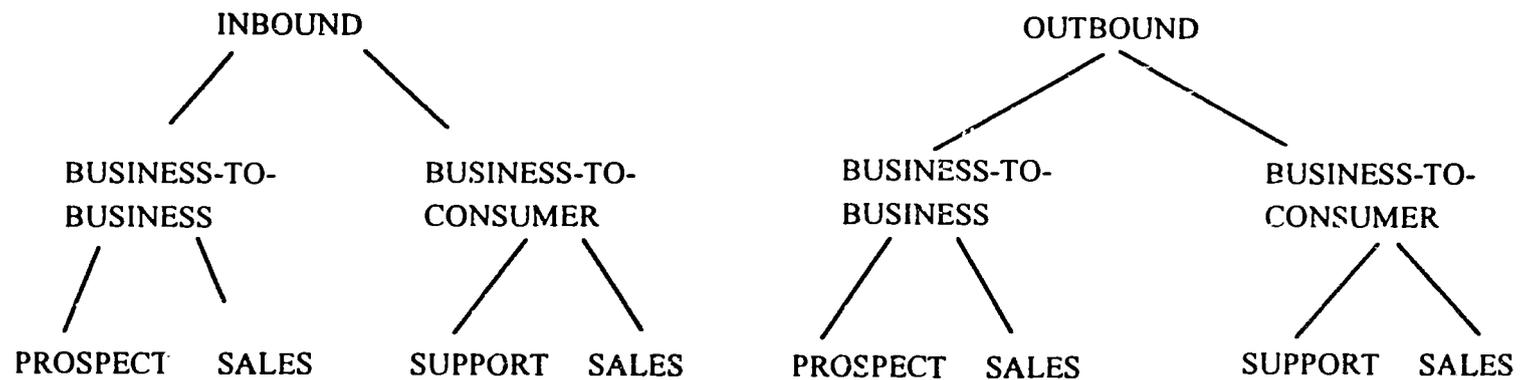
Telemarketing Customers... Overview

THE INDUSTRY CAN BE SEGMENTED INTO INBOUND AND OUTBOUND TELEMARKETING OPERATIONS

- Inbound operations receive phone calls
 - Inbound telemarketing is generally less complex since the prospect is already interested in the product.
 - Inbound operations include:
 - ◆ Dealer locators
 - ◆ Warranty service
 - ◆ Catalog orders
 - ◆ Banking/brokerage services
- Outbound operations make phone calls
 - Outbound operations require higher skill levels because the prospect is not necessarily expecting the call, and probably has less interest in the product.
 - Outbound operations include:
 - ◆ Product surveys
 - ◆ direct marketing
 - ◆ credit card services
 - ◆ travel services
 - ◆ product recalls

Telemarketing Customers... Overview

THE SEGMENTS OF INBOUND AND OUTBOUND TELEMARKEETING ARE DESCRIBED BELOW

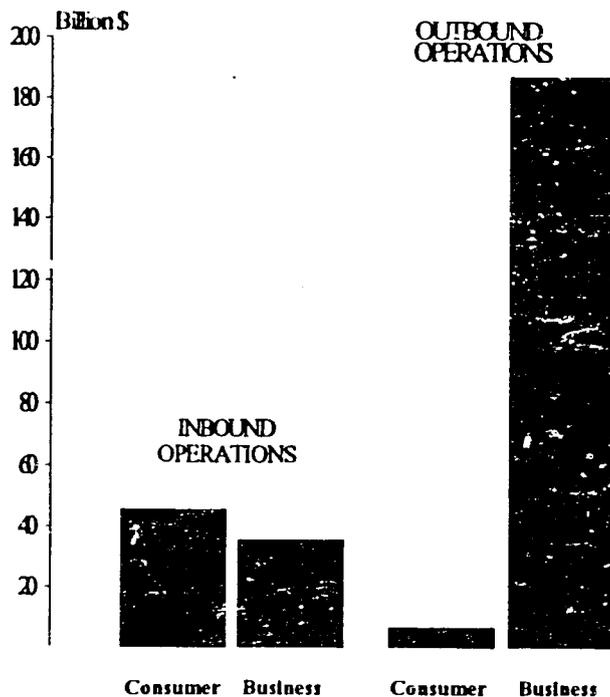


Telemarketing Customers... Overview

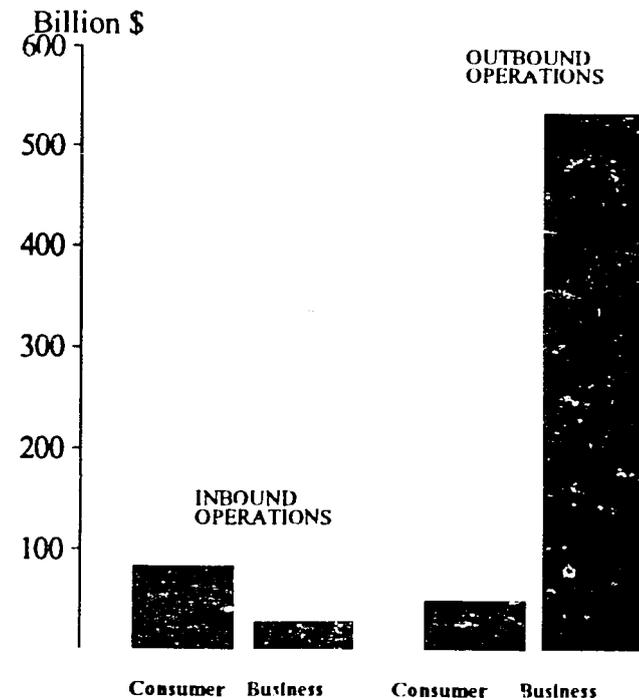
ANOTHER WAY TO EXAMINE THE TELEMARKETING INDUSTRY IS TO LOOK AT THE FUNCTION OF THE TELEMARKETING OPERATION. THE TWO FUNCTIONS OF TELEMARKETING OPERATIONS INVOLVE BUSINESS-TO-BUSINESS AND BUSINESS -TO- CONSUMER OPERATIONS.

- Since telemarketing operations are a form of marketing, it is more effective to examine the market through the type of service provided than the type of industry which purchases the service.
- Both inbound and outbound operations consist of business-to-business and business-to-consumer operations

TOTAL 1991 SALES REVENUE FOR TELEMARKETING INDUSTRY

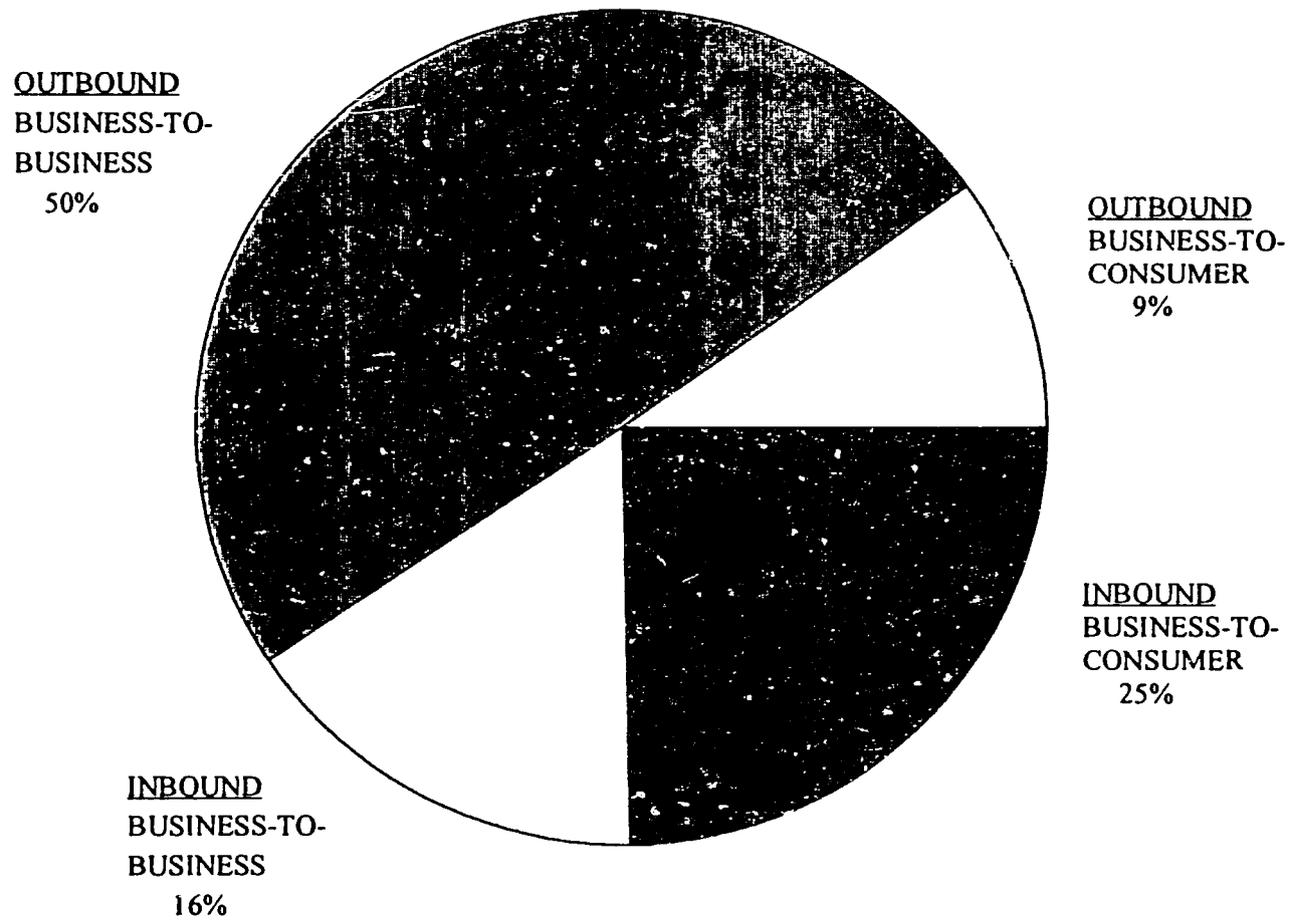


PROJECTED 1996 SALES REVENUE FOR TELEMARKETING INDUSTRY



Telemarketing Overview...Structure

TELEMARKETING EXPENDITURES ARE HEAVILY WEIGHTED TOWARDS OUTBOUND OPERATIONS



Telemarketing Overview...Structure

BUSINESS-TO-BUSINESS OPERATIONS CONSISTS OF TELEMARKETING OPERATIONS WHERE ONE BUSINESS DIRECTLY MARKETS ITS PRODUCTS TO ANOTHER BUSINESS

Examples of firms using business-to-business telemarketing include:

- American Express
- 3M
- IBM
- Digital Computer
- DuPont
- Federal Express
- U.S. Government
- Wharton Econometrics
- Valvoline - 90% of orders by phone
- Digital - order processing

Telemarketing Overview...Structure

BUSINESS-TO-CONSUMER OPERATIONS CONSIST OF TELEMARKETING WHERE A BUSINESS MARKETS ITS PRODUCTS DIRECTLY TO END CONSUMERS

Examples of firms using business-to-consumer telemarketing include:

- Sears, Roebuck
- Spiegel
- J.C. Penney
- L.L. Bean
- Sharper Image
- Garden Way
- Harvard University
- Republican National Committee
- Clairol - Product Use
- B.F. Goodrich - Marketing
- Quaker Oats - Sweepstakes promotions
- Whirlpool - Support, warranty
- GE - premier inbound service

Telemarketing Market Potential for Jamaica... Analysis of First Level Critical Factors

FIRST LEVEL CRITICAL FACTORS ARE THOSE FACTORS THAT DETERMINE WHETHER A PARTICULAR SERVICE CAN BE EXPORTED IN AN OFF-SHORE MANNER. THOSE SERVICES WHICH MEET THE FIRST LEVEL CRITICAL FACTORS WILL BE EXAMINED IN MORE DETAIL AS A TARGET MARKET FOR JAMAICA

IN THE CASE OF THE TELEMARKETING MARKET, FIRST LEVEL CRITICAL FACTORS ARE:

- **PORTABILITY:** Services which can be completed remotely from the user site.
- **EASE OF DISTRIBUTION:** Services which can be divided into independent work segments, completed in Jamaica, and later integrated with the rest of the system, without causing disruptions to the customer activities and the operation of the larger marketing activities of the company.

Telemarketing Market...Potential for Jamaica...Analysis of First Level Critical Factors

SENSITIVITY TO CULTURAL DIFFERENTIALS AND LEVEL OF SKILLS REQUIRED FOR THE PROCESS WILL DETERMINE WHETHER A MARKET SEGMENT CAN BE SERVICED FROM AN OFF-SHORE FACILITY.

TELEMARKETING MARKET SECTORS	PORTABILITY	EASE OF DISTRIBUTION	OFF SHORE POTENTIAL
OUTBOUND	+	+	YES
INBOUND	+	+	YES

Legend:

- + Passes first level critical factor test
- Fails first level critical factor test
- Potential market for Jamaica

Telemarketing Market...Analysis of First Level Critical Factors

OUR FIRST LEVEL CRITERIA INDICATE THAT BOTH INBOUND AND OUTBOUND TELEMARKETING ARE SUITABLE MARKETS FOR JAMAICA.

PORTABILITY TEST:

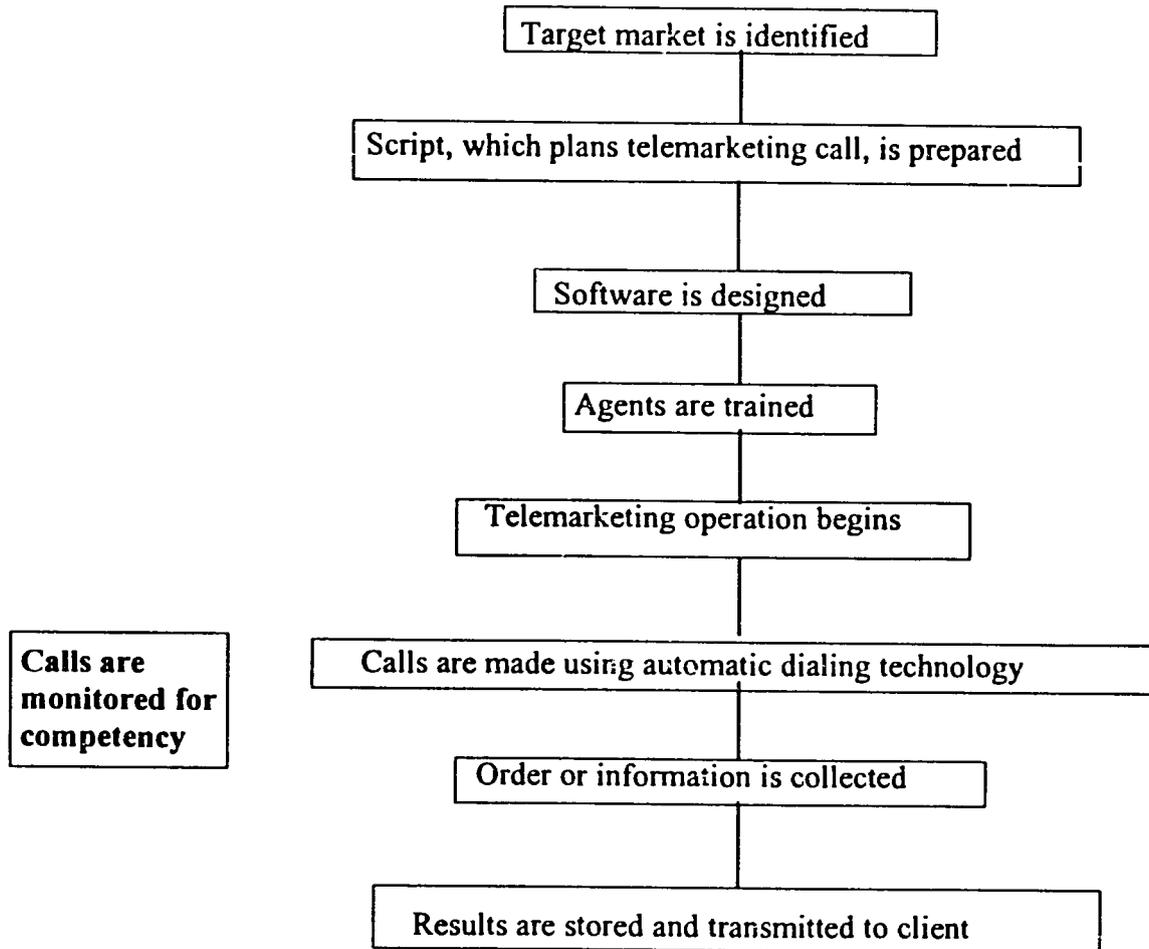
- Inbound and outbound telemarketing can be completed remotely from the user sight without disruption to the customers marketing strategy
- Inbound and outbound telemarketing do not require on-site client presence and can be monitored via long distance voice and data links

EASE OF DISTRIBUTION TEST

- Inbound and outbound telemarketing can both be completed independently, with results integrated into the complete marketing strategy of the customer

Outbound Telemarketing...Overview of the Process

THE PROCESS OF OUTBOUND TELEMARKETING INVOLVES SEVERAL STEPS



outbound Telemarketing...Overview

WE IDENTIFIED 2 MAJOR MARKET SEGMENTS IN OUTBOUND TELEMARKETING. OUTBOUND TELEMARKETING CAN BE DIFFERENTIATED INTO THE FOLLOWING FUNCTIONS.

- **Prospecting includes the following activities:**
 - **Lead Generation :** telemarketing agents determine potential interest for a product among targeted populations
 - **Surveys:** agents call targeted populations to determine receptivity to a particular product
 - **Sales support:** agents make appointments and follow up for sales calls
 - **Customer service:** agents call existing customers to ensure satisfaction with existing products and potential interest in other products
- **Sales includes the following activities:**
 - **Direct Sales:** agents utilize telemarketing with the intention of closing a sale
 - **Renewals:** agents speak with existing customers to resupply product which may have been exhausted
 - **Lead qualification:** consumers who have expressed interest in a product are contacted to determine if they would like more information

Outbound Telemarketing Prospecting

THE PROCESS OF TELEMARKETING OPERATIONS CALLING PEOPLE FOR PURPOSES OTHER THAN TO CLOSE A SALE OF A PARTICULAR PRODUCT IS REFERRED TO AS OUTBOUND TELEMARKETING PROSPECTING

- Information gathering is necessary to the productivity of sales operations
- Prospecting pre-screen sales contacts assures that all sales efforts are directed towards interested parties
- Prospecting establishes contact times for the sales staff to meet pre-screened contacts, further increasing the efficiency of the sales staff
- Response rates to other forms of market research tend to be relatively low compared to telemarketing

Outbound Telemarketing Prospecting

OUTBOUND TELEMARKETING PROSPECTING IS A COST EFFECTIVE METHOD FOR IDENTIFYING POTENTIAL CUSTOMERS AND WILL BECOME A LARGER PROPORTION OF DIRECT MARKETING BUDGETS IN THE FUTURE

- Information gathering is labor intensive
- Information gathering is necessary to the productivity of many different sales operations.
- Information gathering, by its nature, provides a low return on investment-thus, it is highly sensitive to costs.
- The cost of in person sales calls has risen by 150% in the past 15 years
- Modern cost control strategies require increased effectiveness from sales forces

Outbound Telemarketing...Sales

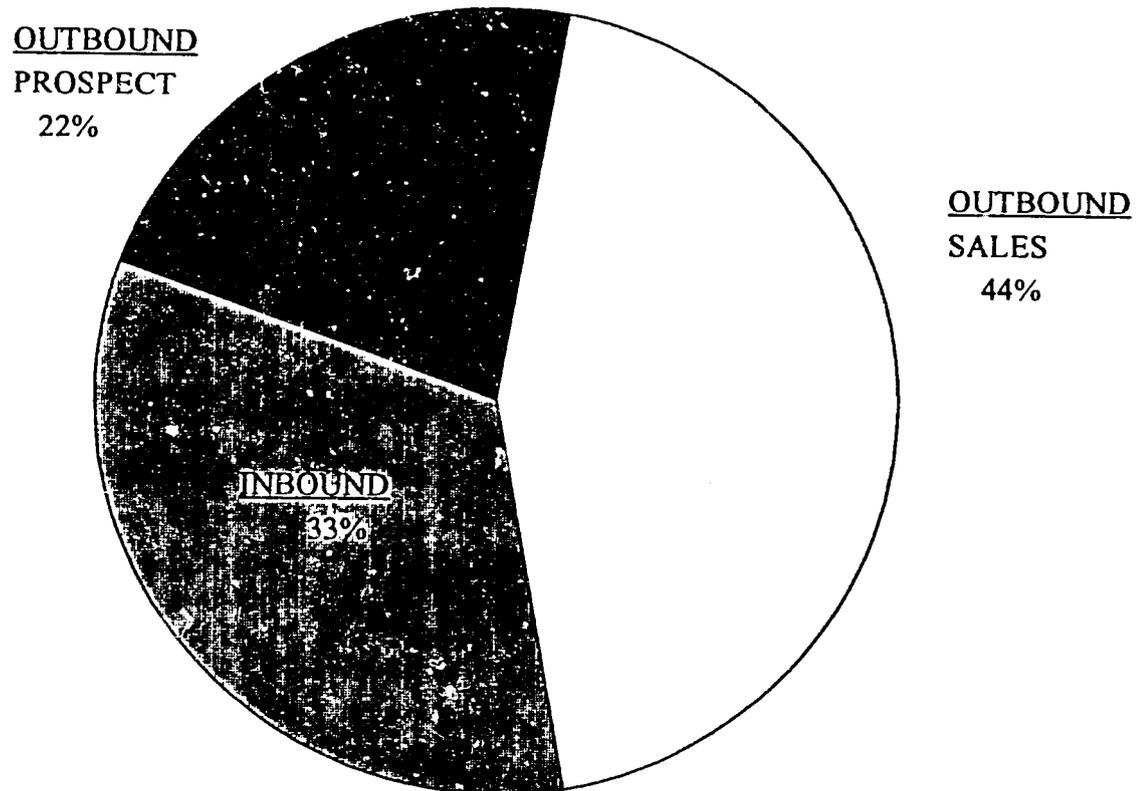
THE PROCESS OF TELEMARKETING OPERATIONS CALLING CONTACTS WITH THE PURPOSE OF SELLING A PRODUCT IS KNOWN AS OUTBOUND TELEMARKETING SALES

- Outbound sales is one form of direct sales
- Direct sales is labor intensive
- Direct sales is very costly; many contacts must be made for a single sale
- Direct sales is an important element in the marketing strategy of many firms. Some large firms market exclusively through direct sales, such as Deli Computer and Lands End clothing.

Outbound Telemarketing...Overview

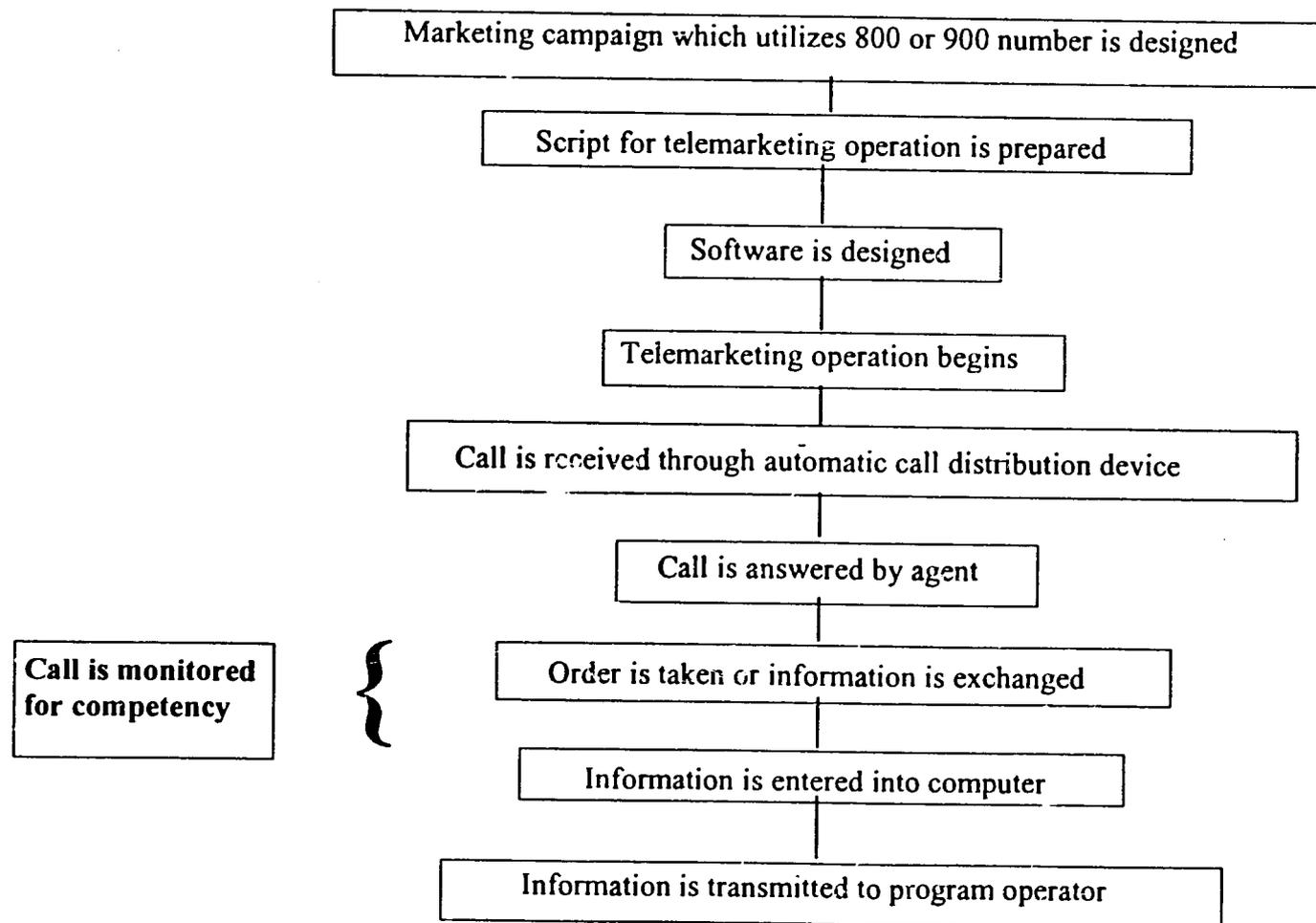
THE OUTBOUND TELEMARKEITING MARKET IS CURRENTLY ESTIMATED TO BE \$50 BILLION, WHICH IS TWO-THIRDS OF THE TOTAL TELEMARKEITING MARKET

TOTAL TELEMARKEITING EXPENDITURES



Inbound Telemarketing...Overview of the Process

THE PROCESS OF INBOUND TELEMARKETING INVOLVES SEVERAL STEPS



Inbound Telemarketing...Overview

WE IDENTIFIED 2 MAJOR MARKET SEGMENTS IN INBOUND TELEMARKETING. INBOUND TELEMARKETING CAN BE DIFFERENTIATED INTO THE FOLLOWING FUNCTIONS:

- Customer Support includes the following activities:
 - Dealer locators
 - Warranty information
 - Product information and directions (help lines)
 - Distributor and wholesale support

- Sales includes the following activities:
 - Catalog order taking
 - Hotel and travel reservations
 - Response to direct mail, T.V. and newspaper advertising campaigns

Inbound Telemarketing...Customer Support

THE PROCESS OF TELEMARKETING OPERATIONS RECEIVING CALLS FROM POTENTIAL OR EXISTING CUSTOMERS IS KNOWN AS INBOUND CUSTOMER SUPPORT

- Customer support includes the use of the telephone to provide information both to prospective and existing customers
- Customer support is necessary for maintaining an acceptable level of customer satisfaction
- Customer support is an important element in the transmission of information between the manufacturer and consumer

Inbound Telemarketing... Customer Support

WITH THE INCREASING PERCEPTION THAT CUSTOMER SERVICE IS AN IMPORTANT ELEMENT IN THE RETENTION OF THE CUSTOMER BASE, INBOUND TELEMARKETING CUSTOMER SUPPORT WILL BECOME A LARGER PART OF THE TELEMARKETING MARKET

- Customers are demanding greater levels of service from suppliers
- Manufacturers increasingly use telemarketing operations to advise potential customers of product availability and locations
- Manufacturers use telemarketing operations to answer questions for existing customers
- Manufacturers use telemarketing operations to disseminate information about complementary product lines

Inbound Telemarketing...Sales

THE PROCESS OF TELEMARKETING OPERATIONS RECEIVING CALLS FROM ACTUAL CUSTOMERS WHO INTEND TO PURCHASE GOODS IS KNOWN AS INBOUND SALES

- Inbound sales includes orders through 800 numbers for items from catalog, television, and print advertisements
- Distributors and wholesalers use inbound telemarketing to replace portions of the in-person sales staff
- Manufacturers use inbound sales to allow in-person sales forces to attend to larger and more profitable clients

Inbound Telemarketing...Sales

INBOUND SALES WILL BECOME AN INCREASINGLY IMPORTANT STRATEGY FOR BUSINESS.

- Consumer confidence in catalog operations has increased greatly over the past ten years.
- Consumers have less and less time to devote to selecting goods.
- Catalog goods are frequently perceived as having higher quality.
- Businesses prefer ordering by phone to time consuming visits by sales reps.
- Businesses selling goods are no longer willing to bear the high cost of selling face-to face.

Inbound Telemarketing Market

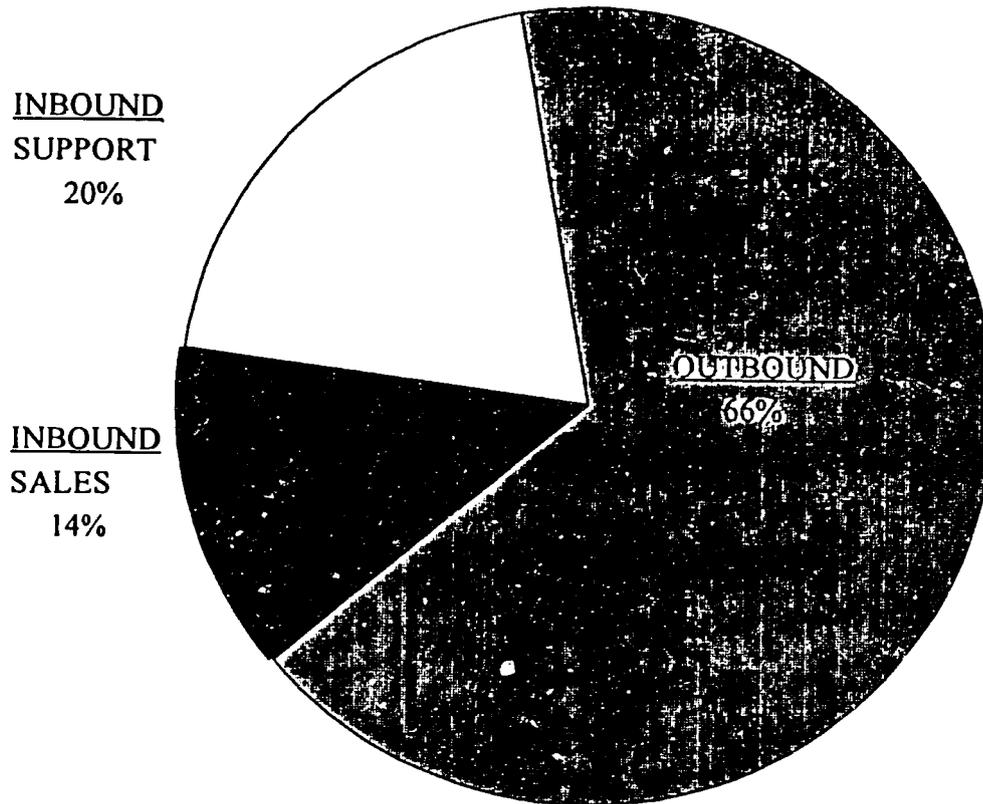
INBOUND TELEMARKEING IS LABOR INTENSIVE BECAUSE ALL INCOMING CALLS ARE ANSWERED BY LIVE OPERATORS.

- Customer support and sales are oriented towards provision of fast and effective service to customers. No other medium can provide the response rate of the telephone.
- Telemarketing is a vital link between the company and its customer base.
- Operators gather strategic information about the caller for the client

Inbound Telemarketing...Overview

THE INBOUND TELEMARKETING MARKET IS CURRENTLY ESTIMATED TO BE \$25 BILLION WHICH IS ONE-THIRD OF THE TOTAL TELEMARKETING MARKET

TOTAL TELEMARKETING EXPENDITURES



Business-to-Business...Second Level Critical Factors

AS A NEXT STEP, WE RANKED PROSPECT AND SALES TELEMARKETING FOR THE BUSINESS-TO-BUSINESS SEGMENT AGAINST SECOND LEVEL CRITICAL FACTORS THAT DETERMINE WHETHER MARKET REQUIREMENTS ARE FAVORABLE FOR JAMAICA.

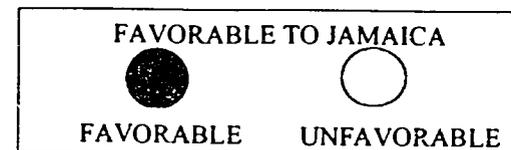
Critical Factor	Cultural Affinity	Training	Labor Intensity	Agent Education	Knowledge of American Business		Total impact to entry barriers
INBOUND							
Support							
Sales							
OUTBOUND							
Prospect							
Sales							

FAVORABLE TO JAMAICA	
FAVORABLE	UNFAVORABLE

Business-to-Consumer...Second Level Critical Factors

AS A NEXT STEP, WE RANKED PROSPECT AND SALES TELEMARKETING FOR THE BUSINESS-TO-CONSUMER SEGMENT AGAINST SECOND LEVEL CRITICAL FACTORS THAT DETERMINE WHETHER MARKET REQUIREMENTS ARE FAVORABLE FOR JAMAICA.

Critical Factor Segment	Cultural Affinity	Training	Labor Intensity	Agent Education	Knowledge of American Business		Total impact to entry barrier
INBOUND							
Support							
Sales							
OUTBOUND							
Prospect							
Sales							



Telemarketing Industry...Analysis of Suitable Sectors

ALMOST ALL BUSINESS WHICH IS OUTSOURCED IN THE UNITED STATES TODAY GOES TO AGENCIES CALLED TELEMARKETING SERVICE BUREAUS. TOTAL EXPENDITURES ON OUTSOURCING ARE ESTIMATED TO BE \$600 MILLION, DIVIDED EVENLY BETWEEN INBOUND AND OUTBOUND

- Outsourced telemarketing is expected to grow at the same rate as the industry as a whole, 12 to 15% annually
- Telemarketing service bureaus are engaged in all aspects of inbound and outbound telemarketing
- Telemarketing service bureaus provide a cost effective answer to firms unwilling or unable to invest in an in-house telemarketing operation
- Service bureaus provide a package of expertise that would not otherwise be available to firms seeking to use telemarketing.
- Service bureaus provide flexibility in hours of operation, volume of calls and range of services provided.

Telemarketing Industry...Analysis of Suitable Sectors

THE CURRENT LEVEL OF OUTSOURCED TELEMARKETING IS A GOOD BASELINE FOR ESTIMATES OF THE POTENTIAL TELEMARKETING INDUSTRY IN JAMAICA

- Telemarketing business will come from three distinct markets
 - Telemarketing business which is already outsourced
 - Telemarketing which is currently performed in-house
 - Businesses which do not currently utilize telemarketing as a part of their marketing mix
 - The current Telemarketing Service Bureau industry is small compared to the entire telemarketing industry, but it is useful to determine the potential for the Jamaican telemarketing industry

Telemarketing Industry...Analysis of Suitable Sectors

TELEMARKETING IN JAMAICA IS MOST SUITED FOR THE BUSINESS-TO-BUSINESS INBOUND SUPPORT AND SALES, AND BUSINESS-TO-CONSUMER INBOUND SALES SECTORS OF THE AMERICAN TELEMARKETING INDUSTRY.

SEGMENT	1991 OUTSOURCED EXPENDITURES	POTENTIAL JAMAICAN MARKET SHARE	PROJECTIONS FOR GROWTH - 5 YEARS (per year)
BUSINESS TO BUSINESS			
INBOUND SUPPORT	\$15 Million	\$100 Million	15%
INBOUND SALES	\$20 Million	\$100 Million	12%
BUSINESS TO CONSUMER			
INBOUND SALES	\$75 Million	\$250 Million	15%

Telemarketing Market...Market Forces

THERE ARE SEVERAL FACTORS WHICH WILL FAVOR JAMAICA IN THE TELEMARKETING INDUSTRY

- Large educated work force available.
- Low labor costs.
- The recent Jamaican currency devaluation signifies that the Jamaican telemarketing industry can be competitive even at the highest per minute line rates.
- English speaking population provides an advantage not found in most developing countries close to the U.S.
- Modern 20,000 line digital switched telecommunication facility.
- Located close enough to the United States to ensure reasonable telecommunication line charges.
- Communication infrastructure between Jamaica and the United States allow for active linkages between businesses in the U.S. and telemarketing operations in Jamaica.
- Modern telecommunications systems allow the remote monitoring of telemarketing operations. Quality controls no longer requires a geographically proximate telemarketing operation.
- Data uplinks allow for free movement of information to clients.
- Located in same time zone as many U.S. telemarketing service agencies.

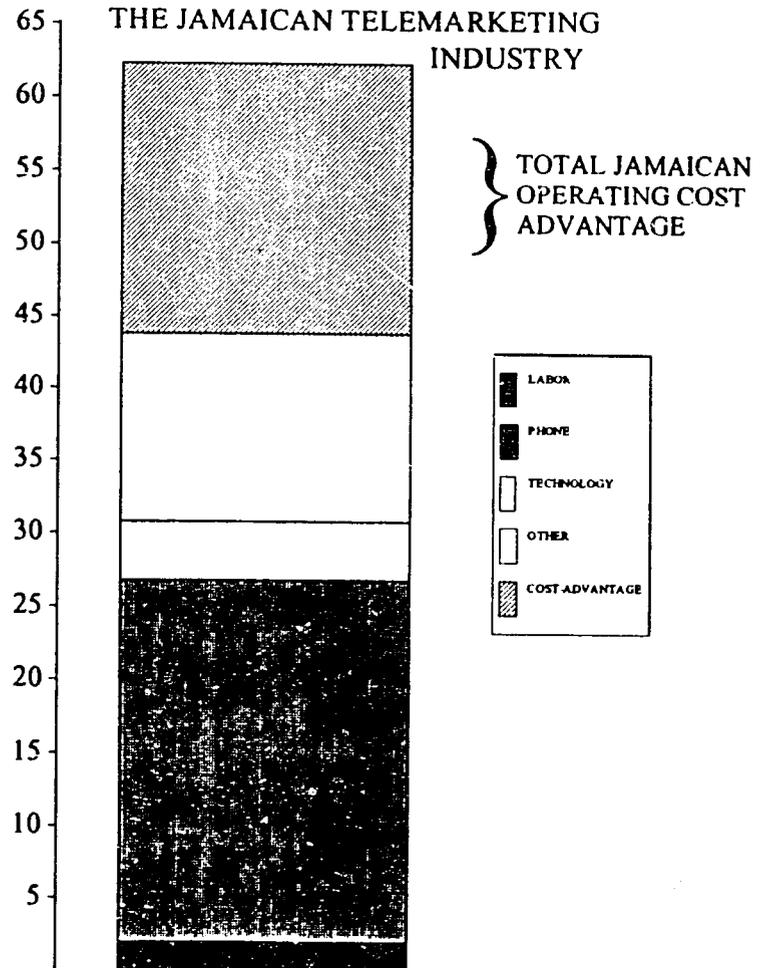
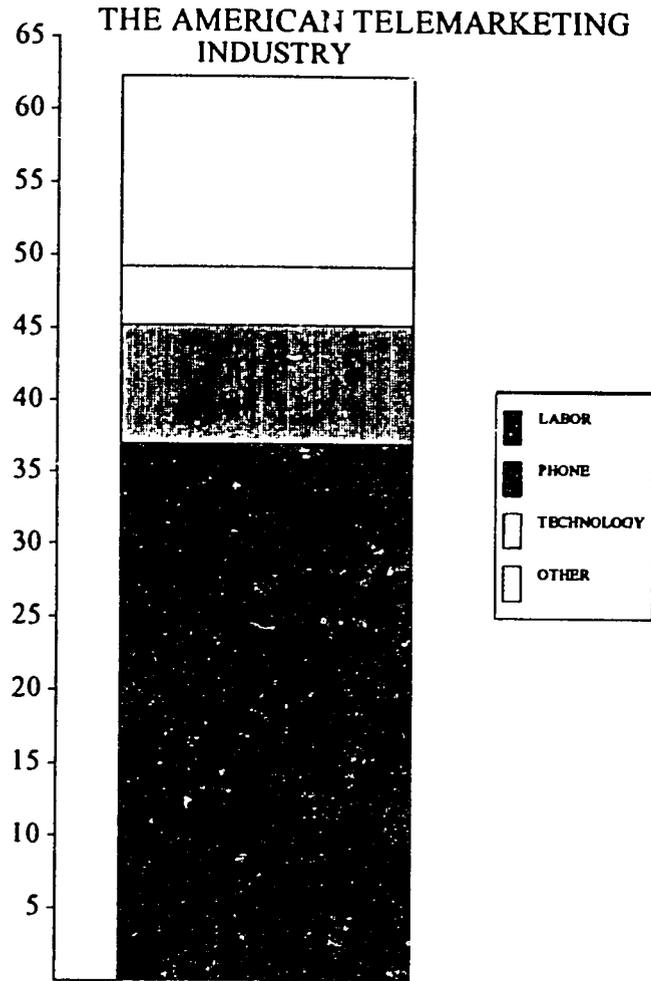
Telemarketing Market...Jamaican Experience

THE JAMAICAN TELEMARKETING INDUSTRY HAS SHOWN EXCELLENT RESULTS FROM ITS INITIAL FORAY INTO THE INDUSTRY

- Despite little investment in marketing, the industry already has close to \$1 million in billings
- Current clients include;
 - Hotel reservation systems
 - Customer service centers, including some high tech clients
 - Order fulfillment, particularly for television advertisements
- Jamaican telemarketing operations have scored high for productivity and closing sales. Both are important elements in determining market potential of a regions telemarketing industry.
- The Jamaican telemarketing industry is also servicing local industries such as crafts, foodstuffs and wholesale flower manufacturers.
- The Jamaican telemarketing industry is still nascent. A marketing campaign is necessary to educate the American telemarketing industry about the potential for locaticn in Jamaica.

Telemarketing Market...Jamaican Experience

THE COST ADVANTAGE OF THE JAMAICAN TELEMARKETING INDUSTRY LIES PRIMARILY IN LOWER LABOR COSTS



Telemarketing Market...Summary

A SUMMARY OF THE TELEMARKETING MARKET IN THE UNITED STATES IS AS FOLLOWS:

- **Current Market Size:**
 - **Total Telemarketing Market: :\$76 B**
 - ◆ **The Inbound Market : \$26 B**
 - ◆ **The Inbound Service Bureau Market \$300 M**
 - ◆ **The Outbound Market: \$50 B**
 - ◆ **The Outbound Service Bureau Market \$300 M**
- **Market Growth:**
 - **Market growth is projected at an annual rate of 12 to 15% through the year 2000**
- **Education Requirements:**
 - **Minimal education required is completion of secondary schooling**
 - **Additional training in telemarketing techniques and the particular application is required**
- **Geographic Proximity**
 - **Geographic proximity is not a major factor**
 - **Most telemarketing operations tend to be located in rural regions of the United States which high quality telecommunications infrastructure**

- **Major Customers:**
 - Telemarketing is used by all industries. Manufacturing, banking and retail will be most likely to outsource telemarketing activities
- **Quality Control**
 - Quality of the interaction is highly important for telemarketing since it involves direct contact with current or potential customers of a firm.
- **Technology**
 - The use of technology is very important in that it allows for better customer service, as well as more accurate summary of information gathered by the telemarketing operation.
 - Technology will make the most basic of inbound telemarketing obsolete in the next ten years, however, most of these operations are currently run in-house and will not have as great an effect on the outsourcing market.
- **Distribution/Marketing Channels**
 - Major clients require assurances of quality and the ability to monitor both individual interactions as well as total activity through computerized reports.
- **Labor Intensity Cost:**
 - Labor costs are 50% of total telemarketing costs
- **Average Return on Sales:**
 - Average return on sales ranges between 20 and 27%

Telemarketing Market...Summary

A BASIC TELEMARKETING OPERATION STAFFED BY 100 TELEMARKETING AGENTS AND EQUIPPED WITH TECHNOLOGY FOR BOTH INBOUND AND OUTBOUND OPERATIONS WILL COST AT LEAST \$900,000

- An automated switching system which can route incoming calls to available agents and ensure efficient use of outbound telecommunication lines will cost \$140,000.
- Each agent station will cost between \$1,000 and \$1,500.
- Supervisory stations to monitor agents and operation will cost \$25,000.
- The CPU for the entire telemarketing operation will cost \$20,000
- Wiring and fit-out of the facility will cost \$35,000.
- Software and setup for the operation will cost \$50,000.
- Predictive dialing, which will permit outbound dialing in advance of agents being available to take calls, will cost \$500,000. Predictive dialing is necessary for an efficient, high volume outbound operation.

Telemarketing Market Trend

THE TELEMARKETING INDUSTRY IS SUBJECT TO THE FOLLOWING TRENDS

■ SHIFT IN THE CUSTOMER BASE

- The telemarketing customer base is not likely to shift drastically. What is likely is that smaller firms which do not currently utilize telemarketing services will enter the market seeking low cost alternatives to expanded marketing efforts. The overall increase in telemarketing by the more cost conscious elements of each sector will place Jamaica in a more competitive market position vis-a-vis telemarketing service bureaus located in the United States.

■ TECHNOLOGICAL ADVANCES

- Technological innovation will effect telemarketing in two ways:
 - ♦ Products sold and managed through telemarketing will become increasingly sophisticated. This change will require greater and greater levels of training telemarketing service agents.
 - ♦ Technology used in the telemarketing process will become more sophisticated. This will require higher levels of investment in the telemarketing operation itself. Clients will require more sophisticated levels of back end reporting, as well as more sophisticated scripting for the telemarketing service agents.
 - ♦ However, the labor cost component will probably not fall significantly, since the price of technology has traditionally dropped in real terms. Jamaican low cost labor will continue to be a competitive advantage, since labor costs in the United States continues to rise in real terms.

■ COMPETITION

- Competition may emerge from other English speaking Caribbean countries, particularly Barbados. The time difference between the United States and English speaking countries in other parts of the world will limit competition. Other limits on competition will be the lack of high capacity telecommunications facilities.

Telemarketing Industry...Market Forces

THERE ARE SEVERAL CAVEATS TO LOCATING THE TELEMARKETING INDUSTRY IN JAMAICA.

- Many high value telemarketing operations deal with the existing customer base of companies. The more risk there is that cultural affinity issues could effect customer retention, the less willing the company would be to outsource the business to Jamaica. This is particularly true for the largest catalog operations in the United States.
- Where customers are highly valued, or the operation is highly technical, telemarketing users normally perform the operation in-house. This not only allows strict monitoring of quality of interaction, but also allows for faster response to inquiries and links with in-house information systems
- Some marketing managers interviewed would be reluctant to outsource because of their perception of consumer reaction to Jamaican telemarketing agents. Recent success with pilot projects in Jamaica should alleviate many concerns about this issue.
- Sectors of the telemarketing industry which deal with highly technical matters, especially in the business-to-business sectors, will be more difficult to outsource until the Jamaican industry has developed a more sophisticated telemarketing skill level.
- Telemarketing service agencies in the United States already handle a large amount of the outsourced telemarketing work. They are a likely market for outsourcing work to Jamaica, in that their work has already proven to be transferable.

Telemarketing Industry...Recommendations for Jamaica

THE NEXT STEPS WILL DETERMINE THE SUCCESS OF THE JAMAICAN TELEMARKETING INDUSTRY

- It is important that the Jamaican telemarketing industry be perceived as having high standards and productivity.
 - Experienced telemarketers should be utilized to manage the start-up of the Jamaican telemarketing industry, and train agents.
 - Professional training for all levels of telemarketing staff will become an even greater priority in the future as competition in the industry intensifies and telemarketing operations become more sophisticated.
 - Initial projects should be less complex. Business outsourced from existing telemarketing service bureaus would be most likely to be successful.
 - An initial investment in technology will be costly, but will be worthwhile.
 - Jamaica should focus on strategic marketing in the U.S. to educate the market and form joint-venture alliances with system integrators and major telemarketing players in the United States.

APPENDIX

SELECTED SOURCES OF TELEMARKETING TECHNOLOGY

Telemarketing Industry...Technology Sources

SELECTED SOURCES OF AUTOMATIC CALL DISTRIBUTION TECHNOLOGY

Aspect Telecommunications
1730 Fox Drive
San Jose, CA 95131
(408) 441-2200

AT&T
55 Corporate Drive
Room 23C62
Bridgewater, NJ 08807
(908) 658-6000

AT&T General Business Systems
99 Jefferson Road
Parsippany, NJ 07954
(800) 368-3747

Digital Transmission
889 Bendix Drive
Jackson TN 38301
(901)423-0655

Executone Information Systems
6 Thorndal Circle
Darien, CT 06820
(203) 655-6500

Fujitsu Business Communication Systems
4605 E. Elmwood Street
Phoenix AZ 92806
(602) 921-5900

Harris Digital Telephone
Digital Telephone Systems Div.
300 Bel Marin Keys Boulevard
Novato, CA 94948
(415) 382-5000

Mitel, Inc.
5400 Broken Sound Boulevard
Boca Raton, FL 33487
(407) 994-8500

Telemarketing Industry...Technology Sources

SELECTED SOURCES OF AUTOMATIC CALL DISTRIBUTION TECHNOLOGY

NEC America, Inc.
8 Old Sod Farm Road
Meville, NY 11747
(516) 753-7000

Northern Telecom, Inc.
Data Networks Division
2525 Meridian Parkway
Research Triangle park, NC 27709
(919) 992-2000

Rolm Co.
501 Merritt 7
P.O. Box 5017
Norwalk, CT 06586
(203)849-6000

Telcom Technologies
761 Corporate Center Drive
Pomona CA 97168
(714) 620-7711

Telephonic Equipment Inc.
17401 Armstrong Avenue
Irvine. CA 92714
(714) 250-9400

Telemarketing Industry...Technology Sources

SELECTED SOURCES OF HARDWARE AND SOFTWARE FOR TELEMARKETING OPERATIONS

Brock Control Systems
Atlanta GA
(404) 431-1200

Comjunicator Asystance Systems
Chelsea, MA
(617) 884-3510

Coffman Systems
Cerritos, CA
(800) 232-EDGE

CRC Information Systems
New York, NY (212) 620-5678

Database Systems Corp.
Phoenix AZ
(602) 265-5968

Early, Cloud & Co.
Newport, RI
(401) 849-0500

Information Management Associates
Trumbull, CT
(203) 261-4777

Marketing Information Systems
Evanston IL
(708)491-3885

Marktrieve Company
Londonberry, NH
(603) 434-0442

NPRI
Alexandria, VA
(703) 683-9090

- These manufacturers offer integrated hardware and software packages. There are also many firms which offer software packages which will function on IBM PC compatible as well as other computing environments.

Telemarketing Industry...Technology Sources

SELECTED SOURCES OF PREDICTIVE DIALING SYSTEMS

AT&T (OCM Systems)
100 Southgate Parkway
Room 2H-31
Morristown, NJ 07960
(201) 898-8460

Davox Corp.
3 Federal Street
Billerica, MA 01821
(508) 667-4455

Digital Systems Interantional
Redmond Science Park
7659 178th Place
Redmond WA 98052
(206) 881-7544

Electronic Information Systems
1 Barry Place
Stamford CT 06902
(800) 289-ATMS

International Telesystems Corp.
600 Herndon Parkway
Herndon VA 22070
(703) 478-9808

NPRI
602 Cameron Street
Alexandria, VA 22314
(703) 683-9090

Spectrum Systems
10100 Reunion Place
San Antonio, TX 78216
(512) 349-9933

Telesystems Source Inc.
65 Jackson Drive
Cranford, NJ 07016
(201) 709-3400

Rockwell International
1431 Opus Place
Downers Grove, IL 60515
(312) 985-9000