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Predictive Dialling – A Shockwave from the US

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Abstract

The telemarketing guidelines for predictive diallers announced by the US Direct Marketing Association (DMA) in January 1999 represent a major step forward for outbound activities in the US, and indeed the world, by sending a clear signal that high levels of nuisance calls will no longer be tolerated.

Introduction

Two years ago with my marketing hat jammed firmly over my ears I wrote in another call centre publication “...new outbound bureaux are popping up everywhere, and, in the corporate sector it’s not just the banks and building societies, there’s hardly a company worth its name, that is not seriously looking at how to leverage its customer assets via outbound campaigns. Everyone seems to be talking predictive dialling...”

Well it’s still true, but the explosion in outbound that some have expected hasn’t come. In part this is because of EC legislation. The relevant EC directive issued in December 1997 provides that member countries should either ban outbound calls, unless consumers ‘opt in’, or allow it provided that proper ‘don’t call’ systems are in place, allowing consumers to ‘opt out’. In most of continental Europe, governments have gone for ‘opt in’; the UK is a notable exception in going for ‘opt out’.

What is good about the EC directive on this, is that it gives consumers control of who calls them, and if they don’t want to be called then the means are at hand to enforce this. In the case of ‘opt out’ this means having a well-understood and accessible national ‘don’t call’ scheme, that call centres comply with. The Telephone Preference Service was a start in this direction, and once the successor scheme to this, being promoted through Oftel, comes into operation later this year, expect ‘opt out’ to be easily available for those consumers who want it.

These developments are necessary to help create a healthy market for outbound calling, but are they sufficient? No, since the right to talk to someone in their home depends on how they are communicated with. This is not just about telephone manners on the part of the agent, which in most countries are covered by a range of rules, some voluntary, others in statute.

It is also about how technology behaves and how we allow it to be used. Telephone manners are much debated and understood; technology is also much debated, but in the case of predictive dialling still poorly understood.

A recent event in the US is set to change all that. In quite the most momentous event in outbound circles in years, the US Direct Marketing Association (DMA) in January of this year issued a set of guidelines for predictive diallers. In the face of very high levels of nuisance calls there, pressure to do this has been building for some time. The guidelines are not the first to be issued by a national DMA, but they are comprehensive in their scope, and can be expected to serve as a guide for other countries where there are concerns about nuisance calls. This could include 'opt out' countries such as the UK and also 'opt in' countries such as most other EC members.

The guidelines are not just important in helping to eliminate the vast bulk of nuisance calls that occur in the US, but just as important, by illuminating all the ways that nuisance calls can occur, they help to educate users in their selection of one dialler versus another. The rest of this article considers the main provisions of the guidelines and draws some lessons for a European context.

1. Vendor v. User Responsibility

Perhaps the most significant aspect of the guidelines is that the responsibility for implementing them falls almost entirely on users, as opposed to vendors. This is not totally unexpected since, given the current lack of agreed dialling standards, the alternative would be to oblige vendors to ship different versions of their software, depending on what dialling guidelines a user was expected to observe. For example, it is not just an issue of DMA members v. non-DMA members in the US, but of different practices among countries that vendors ship to. Well that's the argument for now.

2. Nuisance Calls and Abandoned Calls

The heart of the guidelines are the stringent limits the DMA has set on nuisance calls. Vendors and users alike talk about both nuisance calls and abandoned calls as the things diallers do, in seeking performance improvements.

They are not the same; abandoned calls being just a subset of nuisance calls. What the guidelines, set out to do primarily, and admirably, is not just to limit abandoned calls, but to curtail nuisance practices that diallers have resorted to in the past, specifically what we refer to in the table below as 'predictive hangups' and 'call delays'. These are practices that diallers have indulged in to gain extra productivity, whilst avoiding having to hang up on a live party and declare an abandoned call.

In the first column of Table 1 we describe dialler practices that generate nuisance calls. We then look at the guideline aimed at restricting or banning this behaviour.

3. Impact on Nuisance Calls and Productivity?

Effective implementation of the US guidelines in the US will see a huge reduction in nuisance calls there. Given that predictive performance and the level of nuisance calls are clearly linked, how can it be that a huge reduction in nuisance calls would leave much room at all for achieving performance gains, from predictive dialling? The response is...

1. There is a law of diminishing returns at work in predictive dialling, in that the more nuisance calls that are made (of all kinds), the less the additional benefit, in terms of higher agent talk time per hour, or lower wait times between calls.
2. And it is quite likely that the way some diallers are being used means that nuisance calls do little for productivity, meaning that a reduction in them may not be noticed. Although probably unintended, the guidelines make dialler efficiency

Table 1: Predictive Dialler Behaviour

Predictive Dialler Behaviour	Guideline	Comment
Predictive hangups (The dialler hangs up on a ringing call, before a reasonable time has been allowed for a person to answer)	Allow the predictive dialling system to ring at least four times or for 12 seconds before disconnecting.	Putting this dialling rule into a set of guidelines is a world first, and represents a major step forward in eliminating this practice. If a person's intent is to answer the phone, rather than let an answering machine click in after say 12 seconds, then this time is probably on the short side. There is no real debate required here, since independent tests can easily be run to determine exactly how people do answer the phone. The DMA will be doing an annual review of the guidelines and it is hoped that they will do such tests. This guideline is a major omission from the UK code of practice, but probably not for long.
Call delays (Once a person has answered and the dialler is ready to transfer the call to an agent (after call progress analysis has been completed), the dialler keeps the line open hoping that an agent may become free to take the call, to save it being abandoned)	"If an agent is unavailable to take any call generated by the dialler, abandon the call and release the line after not more than two seconds."	Many diallers have allowed very long call delays in the past, keeping called parties waiting in the hope that an agent might become free to talk. Although the wording may seem open to interpretation, the DMA have confirmed that the intention of this rule is that it should be measured from when the phone goes offhook, and not from any later point; for example from when call progress analysis has been completed. The DMA accepts that this rule may be tough for some dialler vendors and users to comply with when call progress analysis is being undertaken. Diallers often use specialist cards for this purpose (OK for faxes, modems and non connects but answering machine detection can take time). Our expectation is that the limit may not be too rigorously enforced in the short term, for those who have difficulty in complying. But the real issue being addressed is one of shifting focus to the consumer away from dialler efficiency. So the two second maximum may be there to stay and enforcement may get tougher, with perhaps a reduction even occurring in a future version of the guidelines. This could spell the death knell of answering machine detection on telemarketing campaigns, which might be no bad thing.
Abandoned calls (A live call is abandoned by the dialler because no agent is free to take the call)	"Abandoned or 'hang up' calls should be kept as close to 0% as possible, and in no case should exceed 5% of answered calls per day in any campaign."	Given adherence to the other three guidelines described in this table, most diallers will have extreme difficulty coaxing material productivity benefits (i.e. beyond doing auto preview dialling – one trunk per agent) at anywhere close to 0%. Fact not opinion! For campaigns with large numbers of agents and high call throughput there shouldn't be so much of a problem, but for campaigns at say the 5 - 20 agent level, "close to 0%" is a very tall order, if users are looking for significant gains from going predictive.
Measurement of abandoned calls (Live calls abandoned by the dialler may be measured in several ways. The DMA guidelines set a standard)	Abandoned calls are measured as a percentage of... "Answered Calls – calls which are answered by a live consumer (not an answering machine)."	Historically, different measurements have been used by vendors. In addition to the basis defined by the DMA, a measure based on 'all calls' has often been used. The difference between the two measurements is illustrated as follows: Example: Assume for every 100 calls <ul style="list-style-type: none"> • 50% are live • 50% are busies, no answers, answering machines etc. An abandoned call target of 2% is set. If the measurement basis is 'live calls' then one abandoned call is allowed per 100 calls launched by the dialler. If the measurement basis is 'all calls' then two abandoned calls are allowed per 100 calls launched by the dialler.

Figure 1: Call Delays and ‘The Answering Machine Detection Dilemma’

There will be some concern about the limit put on call delays on account of the time required to do answering machine detection. Forget the claims you hear for high detection levels in several hundreds of milliseconds only. The fact is that two seconds from the time that the line goes offhook will be tough for some vendors wishing to do answering machine, as opposed to other kinds of call progress detection. But here are four reasons why users may want to forgo answering machine detection anyway.

- (i) Predictive diallers are increasingly used for marketing campaigns, away from their traditional homebase of debt collection, where concern for caller reaction was not always high. Today many consumers simply hang up when they know that a dialler is doing call progress analysis on them to determine whether or not they are an answering machine. Or their blood pressure rises if the answering machine detection is slow, and the agent is then in for a difficult call.
- (ii) The agent misses the first ‘hello’ and maybe the second as well.
- (iii) If the speed of detection is increased to avoid these problems, then it is pretty certain that some live calls will be dropped in mistake for answering machines.
- (iv) And if the agent does the detection, then there is the scope to leave a personalised message on the machine.

For users worried about the impact on productivity measured as minutes of talk time per agent hour, it is probably a lot less than you think.

a real issue. Expect to see a lot more serious discussion in the future on what’s good (and bad!) in predictive dialler design.

4. Relevance for Europe?

The US DMA is the US’s premier national marketing body and their goal is to gain acceptance for these guidelines from other national marketing associations in the US, such as the American Teleservices Association.

Outside the US, the UK led the way with its code of practice five years ago, and several other countries have followed suit since then e.g. South Africa. Many countries have yet to address these issues, but don’t be surprised now to see the US guidelines providing a model for widespread adoption internationally, including Europe.

If and when that happens, expect the onus of compliance to begin moving to the vendors. Otherwise if users are free to make their own

choices, then some, unwittingly or otherwise, may choose less rigorous standards than those recommended in the guidelines.

The DMA has made a bold move and the outbound markets in the US and Europe (whether ‘opt in’ or ‘opt out’) can only benefit if the beachhead of these guidelines is both sustained and in due course extended.

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Biography

Michael McKinlay is the Managing Director of Sytel Limited, a UK company which specializes in outbound software and supplies its soft predictive algorithms to some of the world’s leading call center vendors. Sytel has campaigned consistently in all major markets for self-regulation of diallers and was a key adviser to the US DMA in the formulation of its guidelines.