



The Elimination of Silent Calls Caused by Predictive Dialers

A Case Study Based on the UK

1. Management Summary This paper examines the phenomenon of silent calls caused by the use of predictive dialers, looking primarily at the UK, but drawing on experience from the US, and suggests ways of eliminating such calls. Silent calls have not just been a problem in these countries but are a feature of predictive dialer usage in all countries where this technology is deployed. Although the analysis as well as the prescription offered in this paper is largely UK-focused, because of the widespread usage of predictive dialers, this paper is offered up as a discussion document for all countries seeking a solution to problems of silent calls. Interested parties will include marketing associations, call centers and their customers, regulators, dialer vendors and consumer bodies.

2. The Key Issues Recent years have seen a significant expansion of predictive dialing activities in the UK. This has been accompanied by rising complaints from consumers, as they experience the high levels of silent calls that are sometimes associated with the use of this technology. For example, Steve Hadabora of the BT Nuisance Call Bureau said recently that

“ the volume of complaints (on silent calls) has gone up tremendously in the past three years.” ¹

Consumers are responding by joining the UK’s national ‘do not call’ list, the Telephone Preference Service (TPS) and putting themselves beyond the reach of such calls. This provides two challenges:

- i) Can silent calls be reduced to manageable levels if not eliminated, so as to protect consumers?
- ii) Can this be done sufficiently and quickly enough to secure the interests of the outbound calling industry (e.g. telemarketers, market researchers) who currently see their market base being steadily eroded as consumers, upset by the volume of silent calls, join the TPS?

This paper is primarily about the first of these challenges.

¹ Conferences on Silent Calls held in Birmingham and London in 2003.

3. The US Experience as an Example The US is the birthplace of predictive dialing and, until Federal action in 2003, the extent of silent calls had reached epidemic proportions there. It was not uncommon for a household to receive seven or eight outbound calls a day, of which perhaps only two at most would involve a live agent on the line when the phone was picked up, the others all being silent calls. Eventually the US Federal Government took action and in October 2003, regulations were introduced which not only brought into existence a national 'do not call' list, but at the same time, set very strict rules for how predictive dialers may be used. Because of tremendous consumer resentment following years of unrestrained dialing, in excess of 50 million US households joined the new 'do not call' list in just a few months; representing about 1/3 of all households. Many forecasts suggest that within a year or so, the number of households subscribed could rise above 50%.

4. Self-Regulation as a Solution? National marketing associations have developed codes of practice for dialers in a number of countries, including both the US and the UK, but these have not had a significant impact on the way dialers have been used. In the UK, the Direct Marketing Association (DMA) took a lead some 8-9 years ago in publishing a code of practice for dialers. To Sytel's knowledge it remains the only self-regulatory dialing code in the UK. In 2002 an updated code was issued - see the appendix for details. Sytel played a major role in developing this new code and believes it provides an excellent starting point for developing a compulsory code in the UK.

The UK DMA self-regulatory code has been well publicized. Nevertheless, full compliance with the code is not high, and it is Sytel's view, based on substantial experience and monitoring of the UK outbound market, that the majority of call centers fall short, often far short of the provisions of the code. Sytel has done its own survey of the extent of silent calls in the UK in 2003, and although it was limited in number, it suggests that these calls are running at over the 100% mark - see the appendix for definitions - just as they did in the US before legislation was introduced. In other words for every call where an agent is ready to speak to you when you pick up the phone, there is at least one other call where this is not the case.

Some market participants and observers will find this hard to accept. There is a belief too in some quarters that because adherence to the DMA code of practice is mandatory for DMA members, those responsible for the high levels of silent calls must lie elsewhere, for example amongst the 15% of outsourced call centers who are not members of the DMA. Such companies may well be non-compliant, but just as was the case in the US and despite the excellent work done by the UK DMA, non-compliance with the DMA guidelines is widespread.

5. Why Are Levels Of Silent Calls So High? Some of this may be due to ignorance. For example many call centers think that they should be able to deploy answering machine detection (see point 3(i) in the appendix), taking a number of seconds in the process. And many call centers use the wrong measure for recording abandoned calls, often vastly understating the incidence of this kind of silent call (see point 3(iii) in the appendix).

Another reason for high levels of silent calls is simply that in a competitive market, the prizes go to the fleetest of foot. Following practices first established in the US (and responsible for much of the dialing excesses that have occurred there) companies outsourcing their lists in the UK often split them among a number of out-sourced call centers who are then invited to compete, on a regular basis, as to which of them gets future business. This can mean....

- **high** levels of silent calls leading to...
- **higher** talk time for agents which leads to...
- **higher** sales per hour, which means...
- **better** chances of retaining existing, or winning additional business.

In an unregulated environment, the stark choice sometimes facing UK call centers is either to lose business or operate outside the DMA code.

6. Can/ Should Dialer Vendors Regulate? Sytel has been closely involved with the DMAs in both the US and the UK at times when they have attempted to persuade dialer vendors that they should regulate their dialers so that their users are obliged to operate within DMA rules.

Dialer vendors have often appeared to be very supportive of compliance, but have also often taken the view that in an unregulated market, it is not their role to tell their customers how they should operate.

We expect dialer vendors to continue to be very supportive of compliant dialing, but just as motor car manufacturers do not limit their vehicles to national motorway limits and yet deplore drivers who speed, in Sytel's view some dialer vendors would have real problems in forcing any substantive compliance with the UK DMA code upon their users, unless it were backed by regulation. For example, in some cases, users will have bought their dialers knowing that they are unregulated, and may resist any change unless it is imposed by government.

7. Does Government Regulation Offer a Solution? In 2003 the UK Government set up a new communications organization, Ofcom, which has been given considerable powers to regulate dialing activity. Oftel, whose powers have now been taken over by Ofcom, made the following statements in 2003:

“ It [i.e. Ofcom] can take action against the ‘persistent misuse’ of a network or service and impose a penalty of up to £5000 as well as ordering compensation. ‘Persistent misuse’ is any use of a network or service that causes annoyance, inconvenience or anxiety to another person. This applies to any type of activity where the end-result is likely to be a nuisance call. Silent calls ... are the most widespread type of nuisance call.” ²

² Conferences on Silent Calls held in Birmingham and London in 2003.

“ Where a large call centre generates, say, 200 short duration calls a day, it will not be a mitigating factor that these calls represent only three per cent of the call center’s output. From the standpoint of an individual who has received such a call, there is little comfort to be drawn from the knowledge that 97 other people did not.” ³

These strong public statements make it very clear that Ofcom has little tolerance for high levels of silent calls, or indeed any level of silent calls. This position is a very welcome one for consumers. It is also good news for call centers since it indicates a willingness on the part of government to ensure that an orderly market is achieved.

Note: Other bodies with an interest in this subject in the UK include the Office of the Information Commissioner and the Department of Trade and Industry.

But if call centers are to take the necessary steps to reduce and hopefully eliminate silent calls they will need specific and clear rules with, as in the US, the imposition of penalties for those who disregard them. In terms of rules, a start might be by proxy, by requiring call centers to conform to the excellent code of practice of the UK DMA. This would be a major step forward.

Even better would be some rules that by building on the DMA code, and learning from the US experience, allowed the UK to ban all silent calls. We have suggested how this might be achieved in the appendix to this paper.

8. The Impact on Call Centres and Their Customers Most dialer vendors now have extensive experience of working with their customers so that they can stay within the new limits for dialers set in the US by the FTC and the FCC in October 2003. UK users may require product upgrades in order to benefit from such changes, but in virtually all cases the technology changes by their suppliers to support dialing with low or zero silent calls should be in place now.

In Section 3(ii) in the appendix we have recommended the use of Calling Line Identity (CLI) so that consumers can find out who called them. As in the US, if this happens then we would expect telcom service providers would be given a period of grace, where necessary, to upgrade their offerings so that their call center customers can be compliant.

9. Time for Change The UK market for outbound calls is at a crossroads. Lack of compliance with DMA rules and ‘persistent misuse’ of dialers is widespread. The current prospect is that the UK market will move towards what can only be described as a de facto ‘opt in’ status, as the consumers targeted by call centers making outbound calls all sign up for the TPS.

³ Statement of policy on the persistent misuse of an electronic communications network or electronic communications service. Ofcom 28 August 2003.

There is no longer any reason why consumers should be asked to tolerate silent calls. As the US experience shows, the means exists to eliminate them, whilst preserving the business benefits that well-designed dialers can bring.

Sytel believes that the UK government should build on this work and mandate similar regulations to those in the US. This would have two main consequences:-

- i) No more silent calls to consumers.
- ii) A much healthier outbound market in which call centers can operate, since the major reason for joining the TPS - namely silent calls - would have been eliminated.

Sytel looks forward to working with all interested parties in the UK to achieve these goals. It will also continue to play its part in the debates and discussions on silent calls in other countries around the world where there is significant use of predictive dialing technology.

Sytel Limited
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Appendix

This appendix considers the different kinds of silent calls and makes recommendations as to what actions should be taken to curtail them. These recommendations are intended for discussion by a UK audience, but are also relevant to other countries, where there is a problem with silent calls.

1. Eliminating Silent Calls

Dialers use a number of kinds of calls, sometimes called nuisance calls, also silent calls, to boost their performance. Such performance is typically measured as improvements in either

- i) the amount of time call center agents spend talking to people who have answered calls generated by dialers (the higher the talk time per hour, the better the performance), or
- ii) the wait times experienced by agents between calls (the lower the average wait time, again the better the performance)

All types of silent calls need to be considered in deciding how to regulate dialer behavior. For example, some predictive dialers may record very low levels (if not zero) abandoned calls; see 3(iii) below. This might be because they generate all their productivity gains from another class of silent call, e.g. 'dead air' calls in 3(i) below.

Most definitions of silent calls encompass just three categories of calls: those described in 3(i) to 3(iii) below. But there is another class of nuisance call that should be included as well, namely 'Early Hangups', described in 3(iv) below. Our use of the term 'silent calls' in this paper includes all these classes of calls.

2. Abandoned Calls and Silent Calls

Before we look in detail at the full range of silent calls, some explanation is called for on the definition of abandoned calls. In 2003 the FTC and the FCC in the US decided that dialers could no longer abandon calls immediately (as opposed to, for example, placing the call in a hold queue and hoping that an agent might become available to take the call, before the called party hung up). Under existing Federal laws this was actually forbidden, even though the practice had been widespread for years!

The FTC and the FCC recognized that the use of predictive dialers can lead to more answered calls than agents can manage, so what to do with any excess calls? They decided that such calls should still be abandoned, but only after a short message had been played.

The limit on such abandoned calls in the US has been set at 3% of all calls answered by a person. Calls abandoned in this way are no longer silent because of the message that is played, which gives brief details of the company who placed the call, and no more. Calls are deemed to be abandoned two seconds after the called party's greeting, e.g. "Hello", has finished. Even if an agent becomes available to take a call, whilst the message is being played, the call is still deemed to be abandoned, and counts to the 3% maximum allowed for such calls. So the message

completes and the call is terminated without an agent being connected.

Abandoned calls without messages are clearly silent calls; those with messages are not deemed to be silent since the called party hears a voice and knows who has called, taking away the fear factor that arises when a called party has no idea who has tried to call them. Sytel believes that this way of abandoning calls strikes a fair balance between consumer interests and those of industry seeking to boost agent productivity in their calling campaigns.⁴

3. Types of Silent Calls

In this section we look at the four classes of silent call and recommend what can be done to eliminate them.

i) Dead Air Calls *You answer the phone, and there is no one there to respond to you, so you wait for seconds, often many, and may hang up before an agent comes on the line.*

Call delays like this can work for a short while in new markets, when called parties may be willing to hang on, out of curiosity. In an established market, this practice leads to a poor quality of call, because the called party realizes that they are being called by a predictive dialer and do not (not unreasonably!) want to be kept waiting, before an agent comes on the phone to sell them something. So, often the called party will hang up before an agent becomes available. When this happens, no one can be sure exactly why the hang-up occurred - for example, maybe there was a fault on the line - and so the call will not be recorded as an abandoned call.

The practice arises from two reasons, either or both of which can be responsible for a delay.

- The first is because the call center is analyzing answered calls using digital signal processing (DSP) techniques, and only putting the call through to an agent if it appears that the call is a live one. In the days of tape-based answering machines, such answering machine detection could be done very quickly with a high degree of accuracy. But the switch to digital answering machines in recent years means that many dialers struggle to achieve high accuracy within 3-4 seconds. The UK DMA makes it explicit that when no agent is available to handle an answered call, the call should be abandoned in no more than one second. Many call centers

⁴ In Section 6 of the main paper, Ofcom are quoted as saying that even an abandoned call rate of 3% may be too much for some consumers, and in all countries there will be those who will hold this view even if a message is played. For this reason any controls on dialers that allow any kind of silent call, or abandoned calls with messages as described here, should be accompanied by effective do not call legislation, allowing consumers to opt out of any calls. This now exists in both the UK and the US.

deploy answering machine detection, often unaware of the conflict with the UK DMA rule.⁵

- The second reason, which is more serious in consequence, is because the dialer has more answered calls than it can deal with (whether or not a call has been through answering machine detection). Many dialers place such calls into a 'hold' queue, in the hope that an agent will become available, before the called party hangs up.

In the US, the FTC/FCC bowed to industry pressure in respect of answering machine detection, and decided to allow 'dead air' calls for up to two seconds beyond the end of the called party's greeting before declaring a call 'abandoned' in the absence of any agent, and obliging the caller to play a brief message. Sytel's firm view is that the US regulators did not fully appreciate the delays that can still ensue, under its two second rule. For example in practice, consumers will often extend their greeting saying "Hello...hello...hello" with less than two seconds between each hello, meaning that the allowable call delay can stretch to as much as 7 or 8 seconds. Keeping consumers waiting before connecting them to an agent is the biggest cause of nuisance in all markets, and we would not be surprised if the FCC/FTC reconsidered their ruling in due course.

Recommendation: We believe that the UK should follow the standard of the UK DMA and set a maximum delay of one second from the time that a consumer is detected as having answered the phone, before a call is classified as abandoned. See 3(ii) below for discussion on how calls are actually abandoned following the playing of a message.

(ii) Playing of Messages. *There is no agent available so the dialer plays a message to avoid silence on the line, or having to abandon the call.*

We understand that the playing of messages generally to consumers who have answered their phone, without their agreement, is banned in the UK under an existing Ofcom provision.

As described in Section 2 above, in the US messages are not only allowed but required in the case of calls which are going to be abandoned. We believe that this approach is the right one to avoid silent calls, but that the US timeout point for abandoned calls (see 3(i) above) is too long.

Recommendation: In order to eliminate all silent calls, we believe that Ofcom should relax its

⁵ Because of the high incidence of answering machines that are encountered on some telemarketing campaigns, there is a view in some quarters that predictive dialing is not viable unless DSP techniques are used to detect them. This is not so. The call delays that detection entail usually undermine the quality of the call and is a reason why in the UK many call centers choose not to use such detection, regardless of the DMA code.

policy on the playing of messages, in line with the decision taken by Federal government in the US. Rather than abandon a call when no agent is available, we suggest that a message be played one second only after a call has been answered (the suggested timeout of one second only follows the UK DMA rules, and not the US Federal position described in 3(i) above). The message should be brief and contain details of the call center that made the call, and no more. Call centers should also be required to provide Calling Line Identity (CLI) so that consumers may call back. And, provided that a callback is not received asking that no further calls be made to that number, call centers should also be required to call abandoned numbers again within 24 hours, and ensure that an agent is standing by and ready to take the call if it is answered.

(iii) **Abandoned calls.** *The dialer has no agent available to connect an answered call to and abandons the call.*

We are suggesting that abandoned calls should still be allowed but with strict limits, and only after a message has been played, removing the silent aspect of the call. See Section 2. above.

Abuse of definition has been widespread in the UK marketplace. Historically most dialers have calculated and displayed abandoned calls as a percentage of 'all calls', rather than as a percentage of calls answered by a person. The differences in definition are important. Consider Figure 1 below.

(i) Total Calls Made	(ii) Calls Answered by a Person	(iii) Calls in Col (ii) 'Abandoned' by a Dialer	(iv) 'Abandoned' Rate (All Calls Measure)	(v) 'Abandoned' Rate (Answered/ Live Calls Measure)
100	35	1	1/100 = 1%	1/35 = 2.9%
100	25	1	1/100 = 1%	1/25 = 4.0%
100	15	1	1/100 = 1%	1/15 = 6.3%
100	35	5	5/100 = 5%	5/35 = 14.3%
100	25	5	5/100 = 5%	5/25 = 20.0%
100	15	5	5/100 = 5%	5/15 = 33.3%

Figure 1

Many outbound campaigns in the UK experience quite low answer rates, and the range of 15-35% shown in Col (ii) is not untypical. The All Calls measure shown in Col (iv) understates the real levels of abandoned calls which are shown in Col (v). The lower the answer rates in Col (ii), the greater the understatement. The Answered/ Live Calls measure has now not only been adopted by DMAs in their codes of practice, but is also the one mandated by the US regulators. If we consider the UK DMA standard for abandoned calls of 5%, only the first two of the six measures shown in Col (v) are compliant, i.e. at **2.9%** and **4.0%**.

Faced with quite exceptional levels of consumer complaints about silent calls in the US, the Federal authorities were in a quandary when it appeared from industry submissions made to them in 2002 and 2003, which came predominantly from responsible industry leaders, that the telemarketing industry was operating at rates of around just 5% abandoned calls. Actual rates of abandoned calls (and other kinds of silent calls; e.g. see 3(i) and 3(ii) above) across the industry were many times that level. Hence, it was hardly surprising that, in order to assuage the consumer lobby, the FTC and the FCC then felt obliged to set a maximum level for abandoned calls at less than 5%, which had been the US DMA standard.

From an industry perspective there is a risk that the same scenario could unfold in the UK. However, unlike what happened in the US, if the DMA and industry leaders can face up to the huge scale of the problem then Sytel believes that a reasonable case can be made for setting a maximum level for abandoned calls at the current UK DMA guideline, namely a maximum of 5%, rather than at the 3% level now mandated in the US.

Recommendation: We believe that the UK should follow the standard of the UK DMA and set the maximum rate for abandoned calls at 5% of answered calls.

(iv) Early Hang-ups. *The phone rings a few times and then stops before you have a chance to reach it.*

Historically a number of dialer vendors have enabled users to launch many calls as soon as an agent is free; more than are reasonably required to get a live call. As soon as the first live call comes in, the dialer hangs up on remaining calls, not recording them as abandoned calls, because a live person was not hung up on. This has meant many calls being terminated after only several seconds of ringing. Following the lead of the UK DMA, the Federal Trade Commission (FTC) and the Federal Communications Commission (FCC) in the US have set a minimum ring time of 15 seconds.

Recommendation: We believe that the UK should follow the example set by both the UK DMA and the US Federal regulators.

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