CONTACTBABEL

US Contact Center Verticals:

Outsourcing

Sponsored By

CallMiner

US Contact Center Vertical Markets: Outsourcing & Telemarketing

CallMiner

CallMiner drives contact center efficiencies and revenue for the world's largest Business Process Outsourcers.

Your daily contact center interactions are a goldmine of operational and customer experience insights just waiting to be unearthed. CallMiner's Eureka platform brings these to the surface for you with the help of AI and machine learning. Gain an unparalleled view into both voice and text-based conversations, measure and optimize your inbound and outbound KPIs through not only the words spoken, but the manner in which they are spoken. Discover the answers to mission-critical questions you and your customer brands would have never thought to ask!

Download with our Compliments
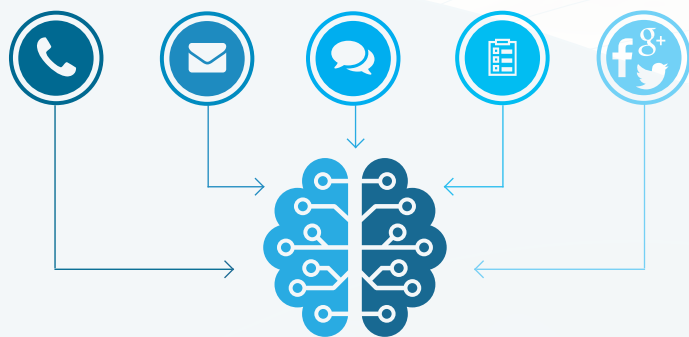
Improve customer satisfaction and retention as well as upsell/cross-sell performance while improving efficiency.

- Analyze 100% of your interactions across channels
- Identify, classify, measure & analyze VoC and CX
- Uncover root causes of silence, AHT, FCR and more
- Turn those insights into actions to improve performance

Measuring Voice of the Customer
Data-Driven Strategies & Tools to Unlock Voice of the Customer Insights

Take a FREE CallMiner analytics test drive starting with your own phone calls!

Visit us at: http://callminer.com/free-speech-analytics/

CONTENTS

LIST OF TABLES

CallMiner is a speech analytics platform that drives business improvement by connecting insight to tangible action. We use the power of A.I. to scale human understanding, analyze interactions at the deepest levels, identify patterns and root causes, and reveal opportunities.

We believe that business improvement starts with a deep interest and curiosity in people. How do we detect a customer's true emotion, and how do we act on it to shift a business's culture and steer it on the most successful path? We aim to close these gaps through innovation, but the heart of our work lies in humanity: understanding, followed by action. We apply this same principle within our culture, promoting an attitude of kindness, compassion, genuine interest, and respect for one another.

Highlighted by multiple customer achievement awards, including six Speech Technology Magazine's Reader's Choice Awards, CallMiner has consistently ranked number one in customer satisfaction.

Learn more about our customer engagement and speech analytics solutions to help your business:

Web: www.callminer.com

Social Media: LinkedIn, Twitter, Facebook, YouTube, Blog

User Community: EngagementOptimization.com

Email: marketing@callminer.com

The outsourcing and telemarketing vertical market consists of telemarketing companies, full-service contact center outsourcers and BPOs, both inbound and outbound. It is one of the big success stories of recent years, and is still expected to add significantly to its agent position figures as its flexible nature means that it has a particular role in times of uncertainty and risk. Outsourcing survey respondents saw very significant growth in 2020 and expectation across the sector for 2021 is very bullish.

The outsourcing sector is predicted to grow over the next four years as other sectors reduce their expenditure on non-core activities, look to improve multichannel operations and offer complex functionality to customers without making the associated capital expenditure or providing ongoing technical support. The in-house retail sector is likely to provide a significant number of new outsourcing jobs.

The outsourcing and telemarketing sector is a key part of the US's outbound activity and is the largest exponent of outbound calling. It also does a significant amount of customer satisfaction checking and market research, which are outbound activities. While outbound is still an important sub-segment within this vertical market, we expect to see much more growth in existing operations that focus upon large-scale inbound customer care. As the requirements for effective omnichannel handling continue to increase with customer demand and familiarity, this will provide further opportunities for outsourcers to display their capabilities and value to new customers.

Outsourcers' use of live telephony has dropped significantly since 2016 (from 81% to 61% in 2020), with a big jump in email and web chat handling taking a large chunk out of the live telephony proportion. Telephony self-service is lower than in most in-house vertical markets.

Outsourcing agents are paid around 15-20% less than the industry average, which may be a reason for the relatively high attrition rates which tend to be two or even three times higher than the US contact center industry as a whole. Of course, the temporary contract-based nature of outsourcing also impacts upon this.

The sector invests heavily in technology, with the use of web chat, analytics and AI very much higher than average.

As might be expected for a sector that focuses upon managing costs and is rewarded for results, the first-contact resolution rate is higher then average, and the average speed to answer is usually lower. However, average call durations tend to be a little higher than average.

INTRODUCTION

"US Contact Center Verticals: Outsourcing" looks at the structure, growth, technology, HR and commercial issues found in contact centers within the US contact center outsourcing, BPO and telemarketing sector. It does **not** include any data or analysis from offshore contact center operations.

It contains data from multiple large-scale surveys of hundreds of US contact centers, and is the definitive study of this vertical market's customer contact operations.

The "US Contact Center Verticals" series of reports are free of charge to readers. Research and analysis costs are borne by sponsors – contact center and customer experience solution providers – whose advertisements, case studies and thought leadership pieces are included within these reports.

Sponsors have not had influence over editorial content or analyst opinion, and readers can be assured of objectivity throughout. Any vendor views are clearly marked as such within the report.

Please note that statistics within this report refer to the US industry, unless stated otherwise. There is a version of this report available for download from www.contactbabel.com with equivalent UK statistics.

To comply with the usual protocol of market analysis, years are reported as year-end (i.e. the 2020 figures refer to the end of 2020) unless stated otherwise.

STRUCTURE

The outsourcing and telemarketing sector has grown significantly in terms of agent positions over the past five years, although the number of physical contact centers has declined, probably due to consolidation, cost-cutting and especially the rise of at-home agents which is very popular with some companies in this sector, even pre-pandemic.

Figure 1: Outsourcing & telemarketing contact centers and agent positions, 2016-2020

Outsourcing & telemarketing contact centers and agent positions, 2016-2020
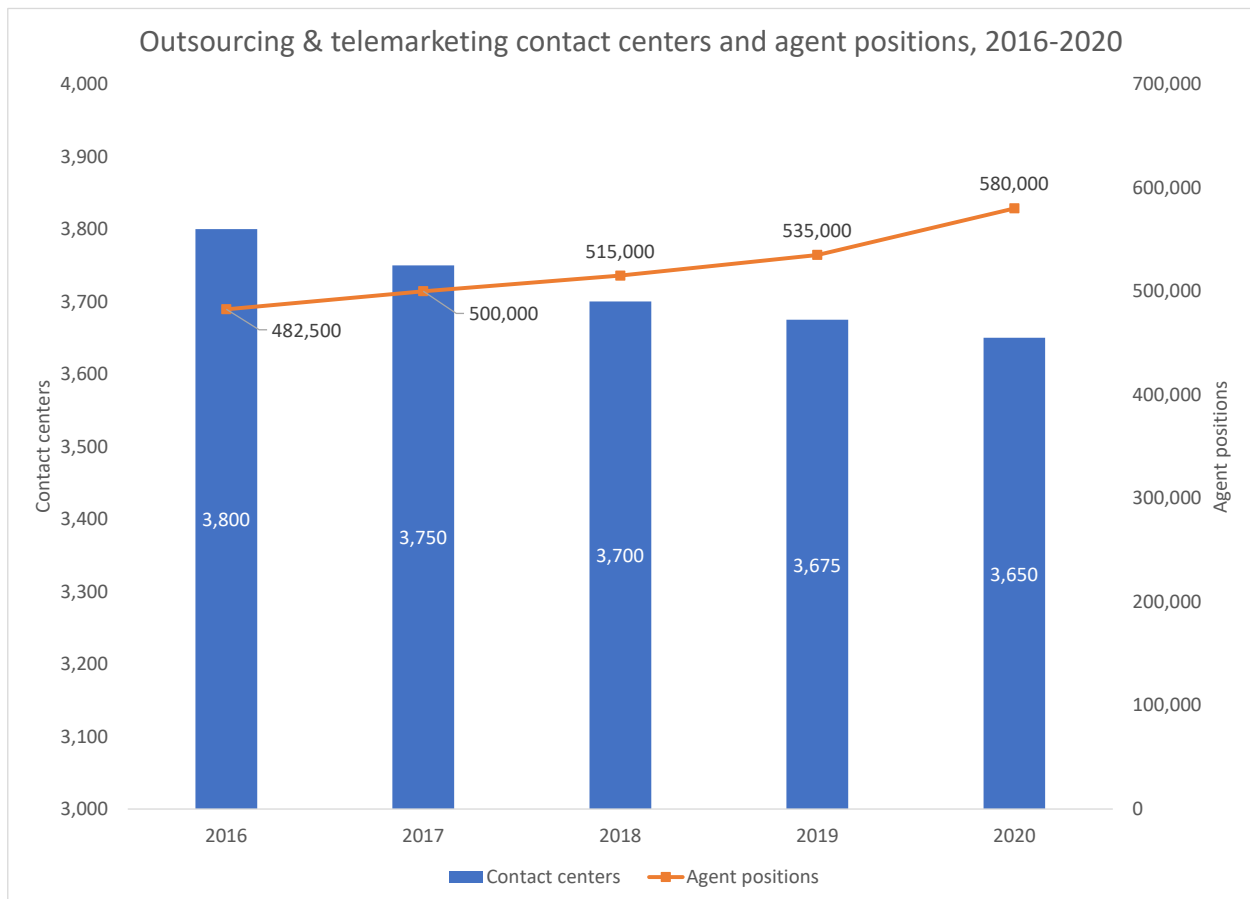
Outsourcing & telemarketing contact centers tend to be larger than the US average, and have grown significantly in the past few years.

Figure 2: Average outsourcing & telemarketing contact center size, 2016-2020

Average outsourcing & telemarketing contact center size, 2017-2021

Year	Average size (outsourcing)	Average size (all)
2016	127	85
2017	133	88
2018	139	90
2019	146	92
2020	159	95
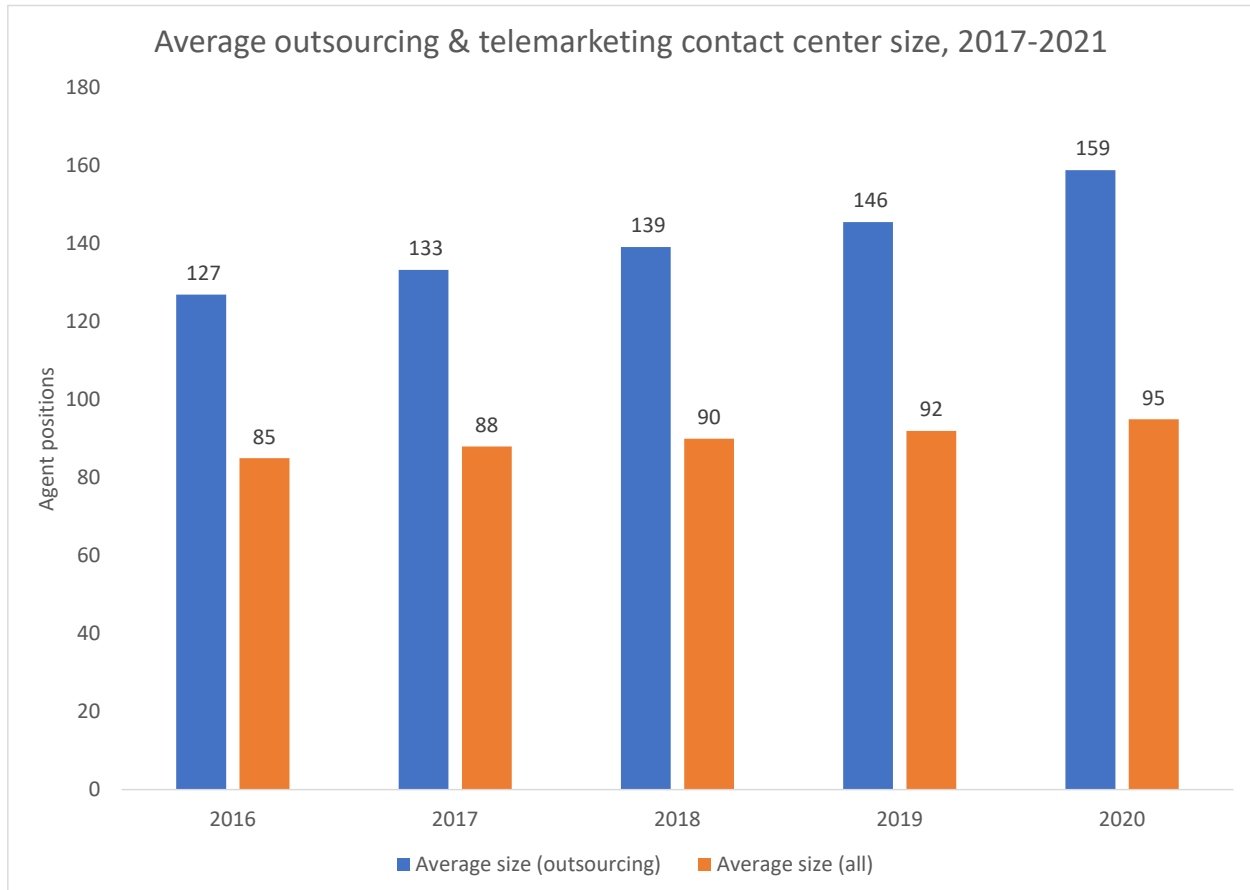
Unlike many in-house sectors, the outsourcing and telemarketing contact center industry has been less heavily weighted towards smaller operations, with some very large operations working in this sector.

As online service has increased, more successful operations have grown their digital contact center support offering, with a large number of local / regional small outsourcers and telemarketing agencies still present, often carrying out voice-focused activity.

Figure 3: Outsourcing & telemarketing contact centers by size, 2016-20

Outsourcing & telemarketing contact centers by size, 2016-20

Year	<50 APs	50-100 APs	101-250 APs	250+ APs
2016	2,200	600	600	425
2017	2,350	525	500	375
2018	2,375	490	480	355
2019	2,350	490	480	355
2020	2,350	475	480	355
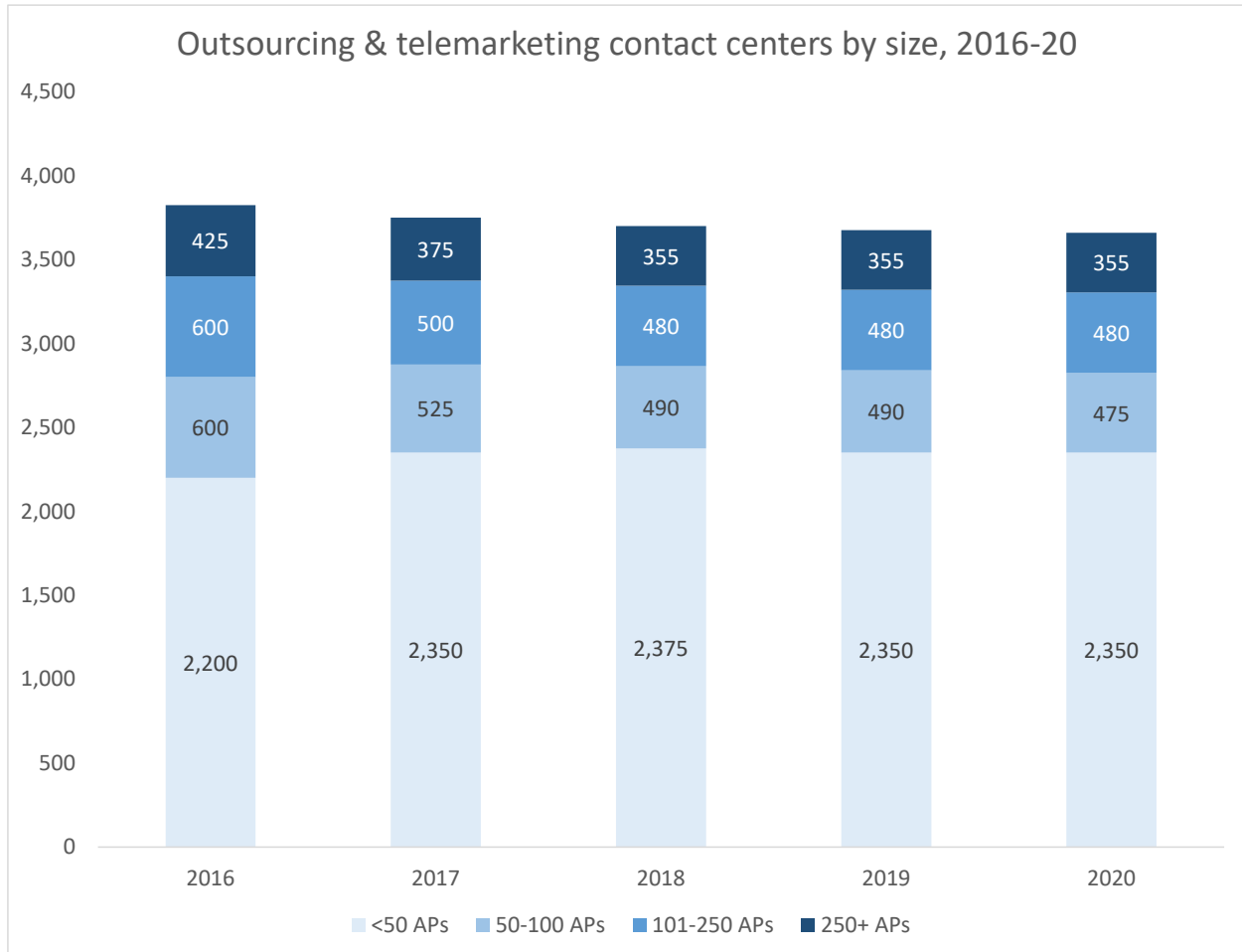
The general success of US outsourcing can be seen by the fact that the overall number of agent positions in the sector is around 580,000, which is the largest sector in the US contact center industry and accounts for over 15% of US agent positions.

Employment is focused in large operations, unlike many vertical markets which are more heavily weighted towards the smaller contact centers.

Figure 4: Outsourcing & telemarketing agent positions by size, 2016-20

Outsourcing & telemarketing agent positions by size, 2016-20

	2016	2017	2018	2019	2020
250+ APs	255,000	287,500	300,000	319,000	361,500
101-250 APs	125,000	115,000	112,500	112,000	111,000
50-100 APs	52,500	45,000	45,000	44,000	42,500
<50 APs	50,000	52,500	57,500	60,000	65,000
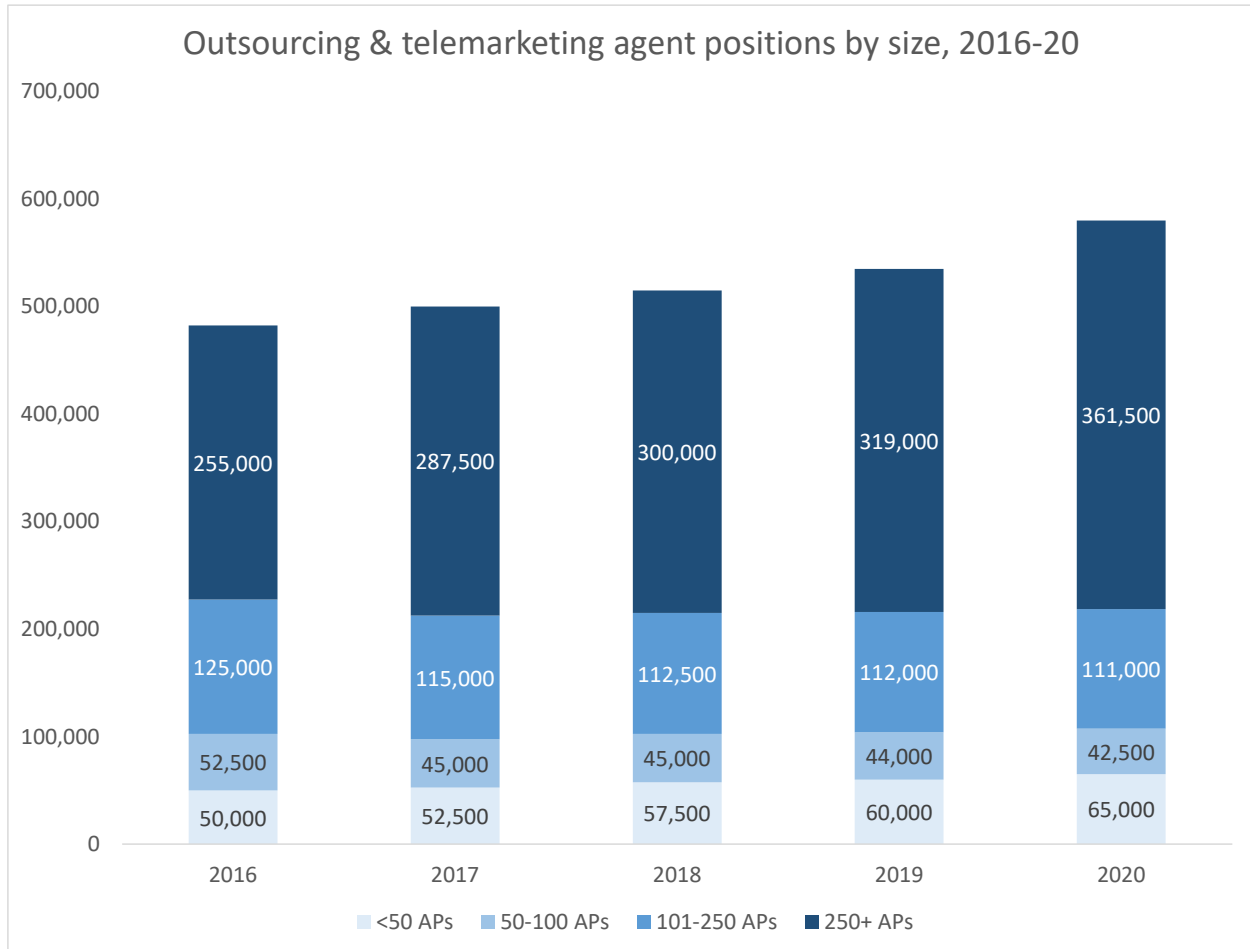
There has been significant growth in jobs associated with outsourcing and telemarketing contact centers in recent years.

Much of the new work has been driven by the desire by other sectors to offer out-of-hours and digital support through web chat and email without having to make additional capital investments, as well as the reaction to the pandemic which meant that some in-house operations required extra support.

The sector currently employs around 57,000 more people than it did in 2016.

Figure 5: Outsourcing & telemarketing contact center jobs by size, 2016-20

Outsourcing & telemarketing contact center jobs by size, 2016-20

Year	Jobs
2016	813,252
2017	833,000
2018	850,000
2019	855,000
2020	870,000
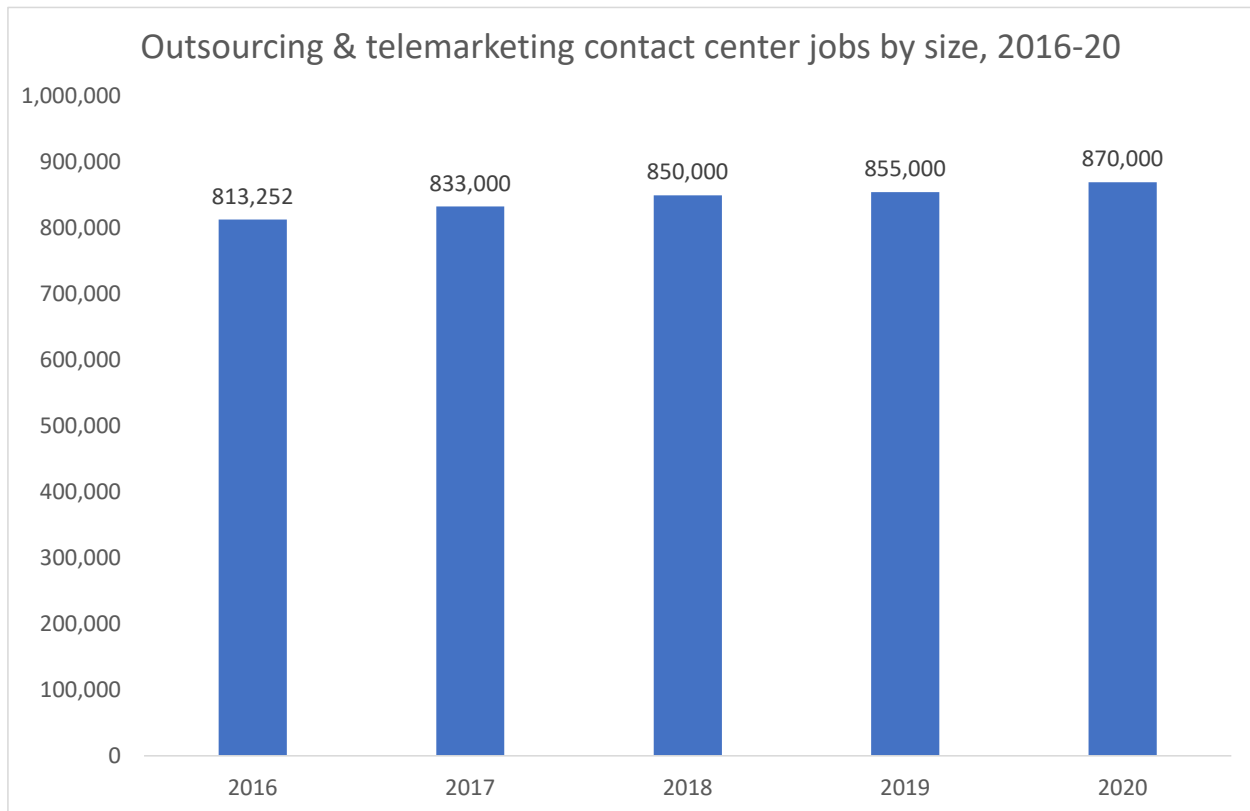
GROWTH

Outsourcing and telemarketing contact centers have seen a growth in agent positions recently, although the number of operations has declined.

While we expect the increased uptake of self-service and automated digital service to have a negative effect on agent positions, we believe this will be more than offset by the demand from in-house contact centers to offer digital support in particular without having to invest heavily in what some see as non-core activities.

Figure 6: Outsourcing & telemarketing – agent positions and contact center forecasts, 2020-24

	2020	2024	Outsourcing & telemarketing CAGR	Average CAGR
Agent positions	580,000	590,000	0.4%	-0.4%
Contact centers	3,650	3,550	-0.7%	-1.4%

The outsourcing sector is predicted to grow by 10,000 agent positions over the next four years as other sectors reduce their expenditure on non-core activities, and look to improve multichannel operations and offer complex functionality to customers without making the associated capital expenditure or providing ongoing technical support.

There has been significant movement back onshore across the contact center industry, including the outsourcing sector, both from US-owned businesses and also from offshore operations that are looking to add onshore capabilities (including the increasingly popular homeshoring option) to their portfolio.

This sector is also at the forefront of home-based agents, and has benefited greatly from the significant numbers of businesses who have had to use an outsourcer in the pandemic as they could not transition to work-at-home quickly or effectively. This sector's expected growth seems quite modest, but is in part a reflection of the recent growth experienced, some of which was driven by emergencies and which will dissipate after the short-term contracts come to an end.

The outsourcing sector has traditionally had a high level of live telephony and low self-service. Recent years have seen a rapidly growing use of web chat and email, as their clients' customers now expect excellent digital support options, which can benefit the profitability of the outsourcer.

Figure 7: Contact center inbound interactions by channel, 2016-2020 – Outsourcing & Telemarketing

Inbound channels, 2016-20, Outsourcing & Telemarketing vertical market
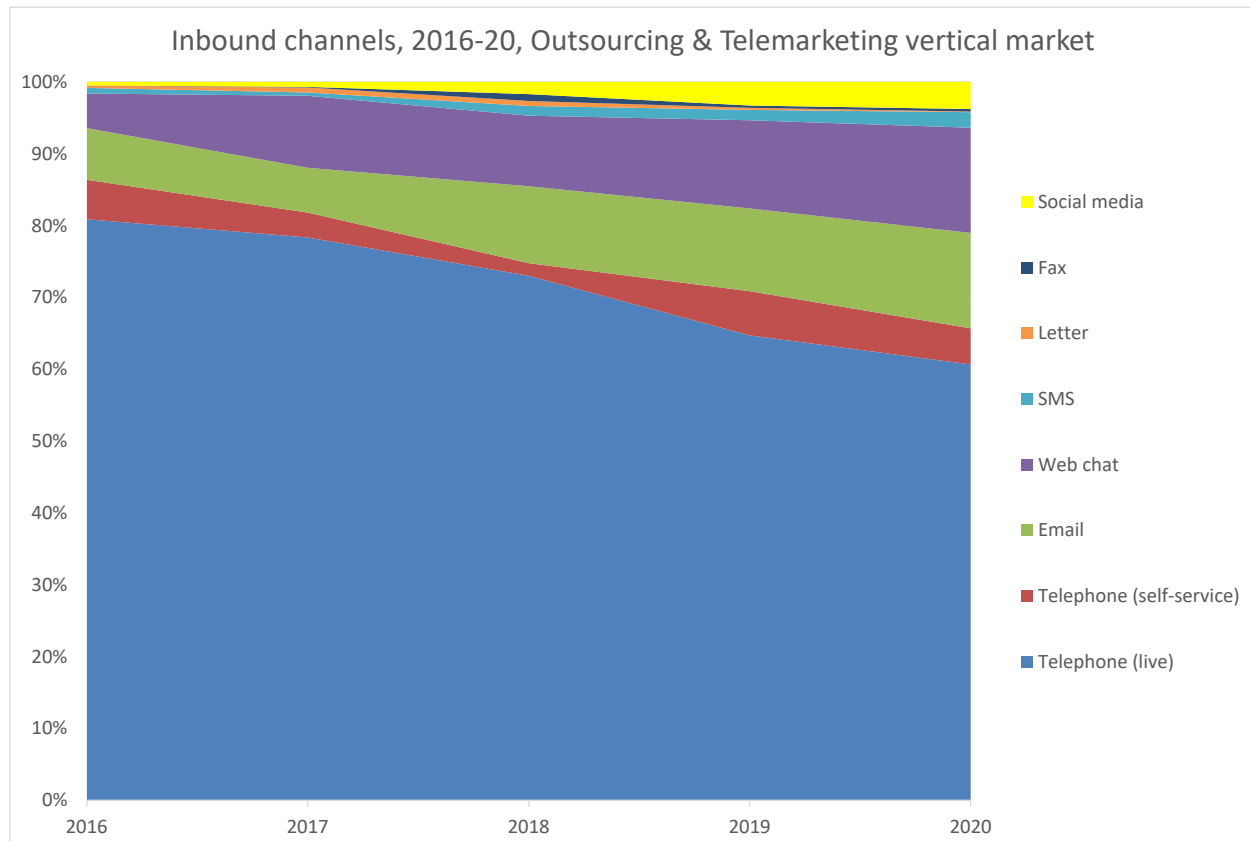
Channel	2016	2017	2018	2019	2020
Telephone (live)	81%	78%	73%	65%	61%
Telephone (self-service)	5%	3%	2%	6%	5%
Email	7%	6%	11%	12%	13%
Web chat	5%	10%	10%	12%	15%
SMS	1%	0%	1%	1%	2%
Letter	0%	1%	1%	0%	0%
Fax	0%	0%	1%	0%	0%
Social media	0%	1%	2%	3%	4%

CallMiner

Best Practices for Omnichannel Customer Engagement

We know your customers expect personalized and integrated customer service across multiple channels. The following best practices will help create strong omnichannel experiences that satisfy customer expectations.

1. Meet Customers in Their Channel of Choice

The easiest way to ensure you are providing top notch customer service is to meet your users where they already are. Look at your history of customer contact – and in particular, look at where the longest response times exist. It may be that you need to change your team structure to place a deeper emphasis on chat rather than calls. Alternatively, you may need to scale up your social media team. Making these changes is a quick way to improve customer experience.

2. Offer Robust Self-**Help with an "Out"**

Providing customers with an opportunity to answer their own questions is a "no-brainer." Moving toward self-service can be as easy as expanding your FAQ section. But remember to make it easy to offer a path forward when self-help fails. For more complicated requests, video tutorials or the ability to schedule online meetings with experts can go a long way – and can keep call centers reserved for the most complex issues or customers who best communicate via phone.

3. Creatively Mitigate Your Technology Siloes

If customers call the support center after asking a question on chat and are then transferred between departments only to repeat the same story, you may have lost a customer entirely. Brands understand this but are handcuffed by legacy systems that in many cases make what seems like common sense integration a monumental task. To get around challenges, consider improved knowledge management such as rigorous dispositioning coding. This intelligence can ensure that the customer service team can easily see past customer communication when given a reference (like their name) is provided. This will make the process much smoother.

4. Address Every Channel

Consider process changes, instructional guidance, and agent coaching to help reduce gaps experienced by channel-hopping customers, especially when technology barriers exist. Manually tracking disposition codes or preparing agent **with scripts specifically designed for emotionally "hot" customers who failed to self**-serve in a digital channel can resolve challenges created by legacy communication channel silos.

5. Correlate Analytics Without Channel Boundaries

Ensure that scored meaning and presentation is not limited by channel boundaries. A best practice is to ensure text and speech analytics are consistently scored and presented, even when the channel from which they are derived are not integrated.

6. Apply Continuous Improvement

Before you implement these steps, test certain metrics. After you have implemented everything you have learned, test them all again. Make sure that everything is working as intended by checking the following:

- Average response time by platform
- Shared knowledge between channels
- Ease of navigation
- Satisfaction regarding the response

Beyond adopting the communication channels your customers prefer, many best practices for omnichannel customer **experience require capturing a unified view of each customer's interaction with your business regardless of channel.** Achieving this single view starts with mapping the customer journey across each touchpoint and capturing relevant data **within each interaction. In addition, understanding your customers' needs requires a robust conversation analytics** platform capable of capturing each channel.

INBOUND & OUTBOUND ACTIVITY

The outsourcing and telemarketing sector has in the past been focused on outbound activity, although the proportion of outbound work has dropped significantly in recent years.

However, the sector still accounts for over 120,000 outbound equivalent agent positions.

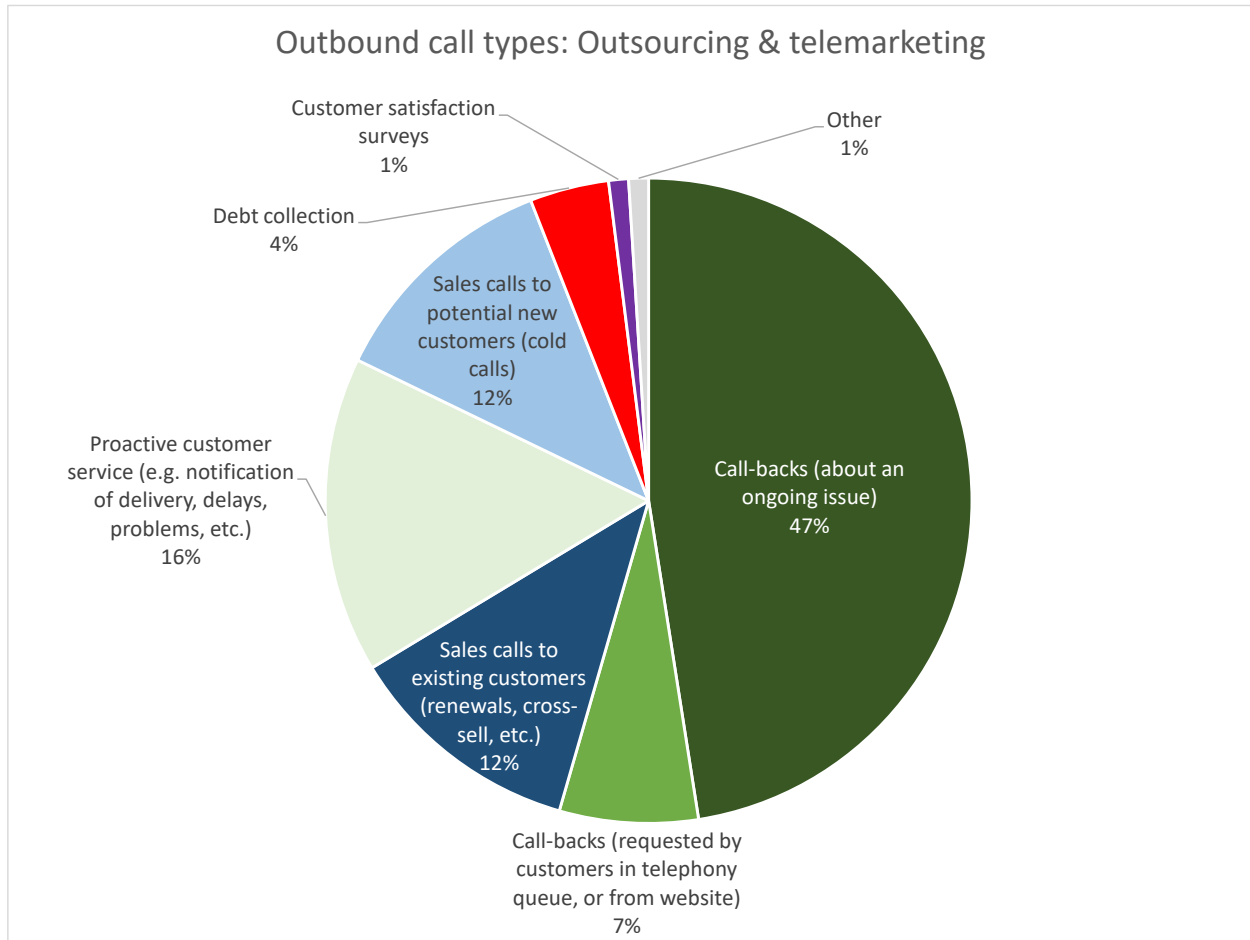**Figure 8: Outsourcing & telemarketing - number and proportion of outbound agent positions, 2016-20**

Outsourcing & telemarketing - number and proportion of outbound agent positions, 2016-20
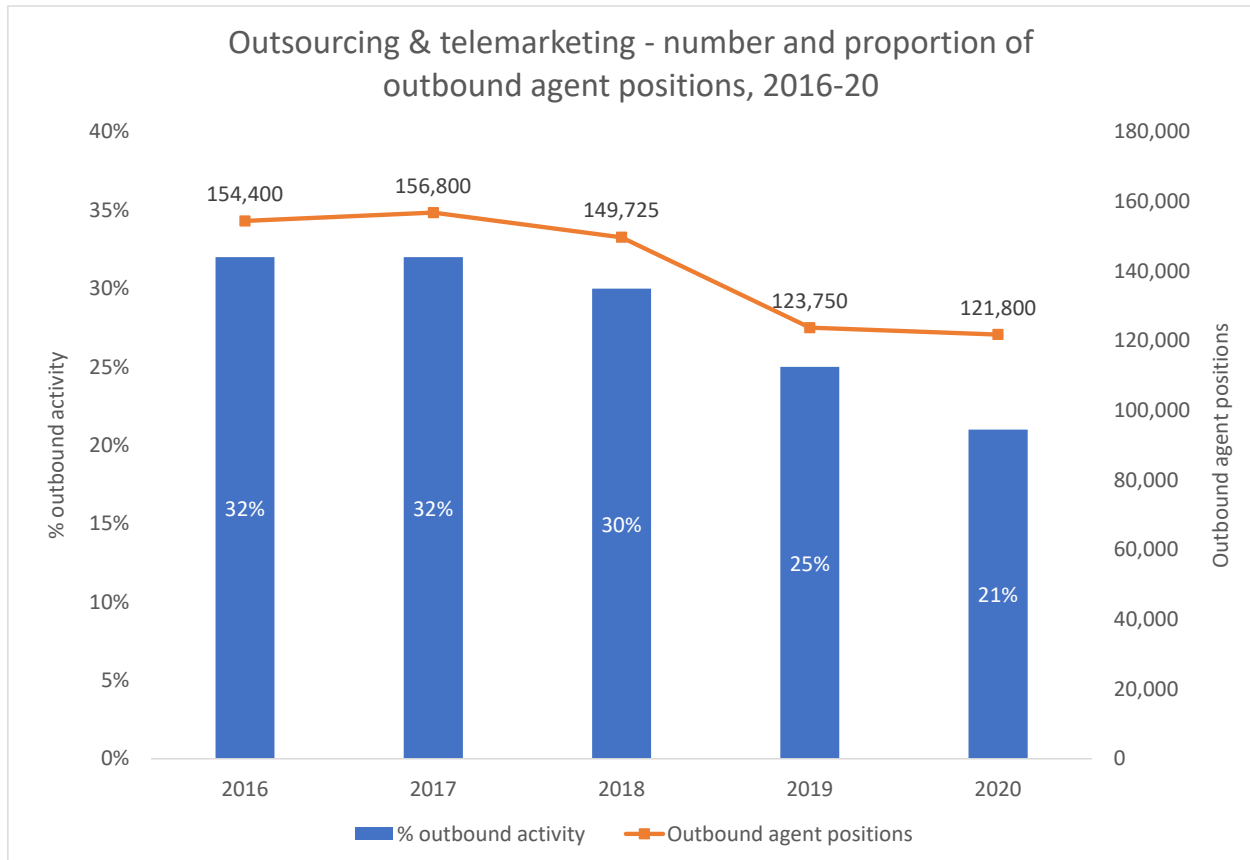
There has been a definite movement away from sales-focused calls, towards proactive outbound service notifications about ongoing issues, and call-backs related to these.

The outsourcing and telemarketing industry has traditionally had a significant amount of outbound cold calling, but this has become much less in recent years.

Figure 9: Outbound call types: outsourcing & telemarketing

Outbound call types: Outsourcing & telemarketing

- Customer satisfaction surveys 1%
- Other 1%
- Debt collection 4%
- Sales calls to potential new customers (cold calls) 12%
- Proactive customer service (e.g. notification of delivery, delays, problems, etc.) 16%
- Sales calls to existing customers (renewals, cross-sell, etc.) 12%
- Call-backs (about an ongoing issue) 47%
- Call-backs (requested by customers in telephony queue, or from website) 7%
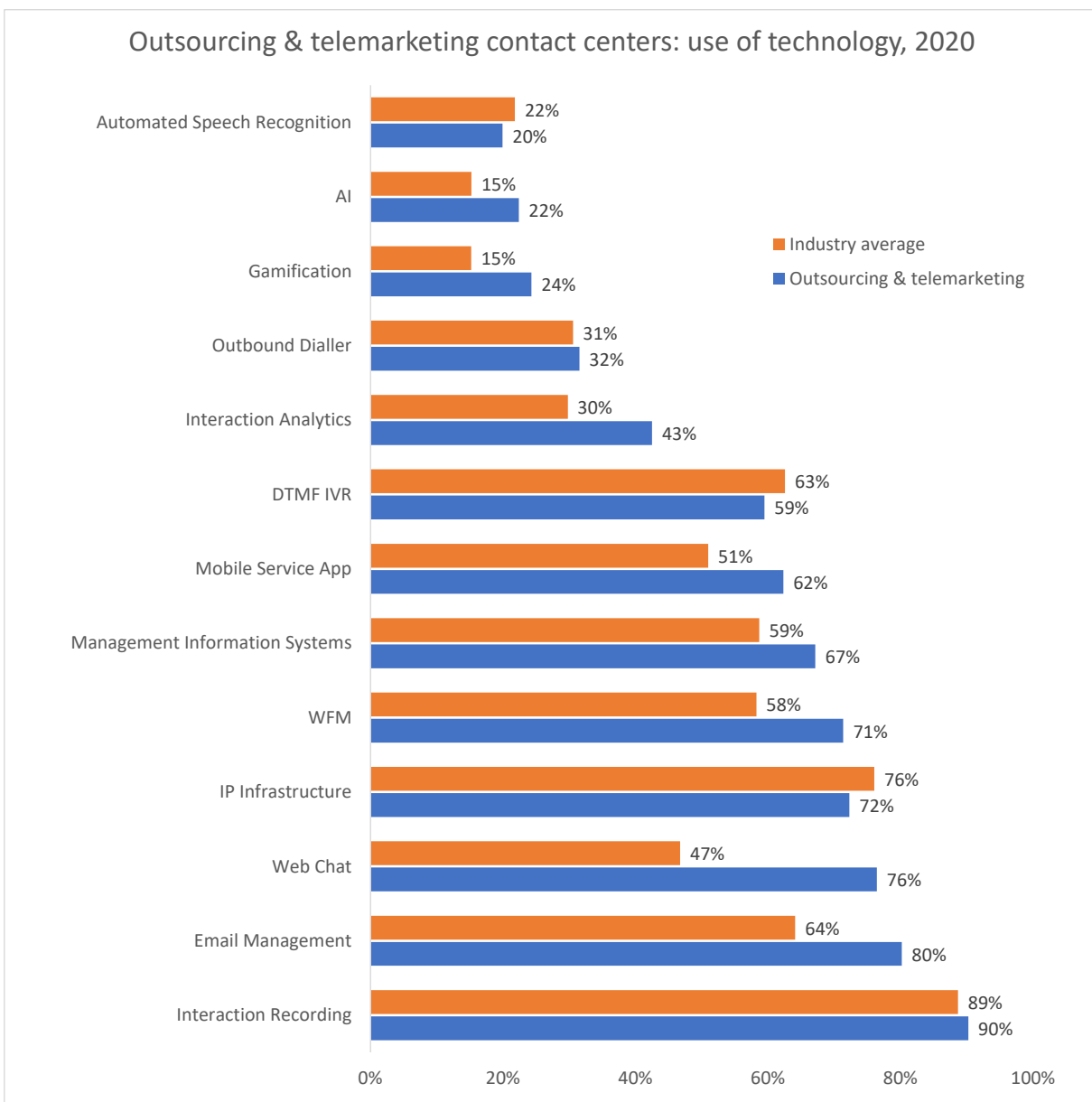
TECHNOLOGY

Interaction recording is very popular with outsourcing and telemarketing contact centers, with email management and web chat also used by a large majority of survey respondents. AI is also almost 50% more popular in this sector than the industry as a whole, as is analytics, which supports the theory that that outsourcers are looking for competitive advantage in newer solutions.

Outsourcing and telemarketing contact centers are a little behind the industry average with their use of DTMF IVR and automated speech recognition, due to the relatively low use of inbound self-service.
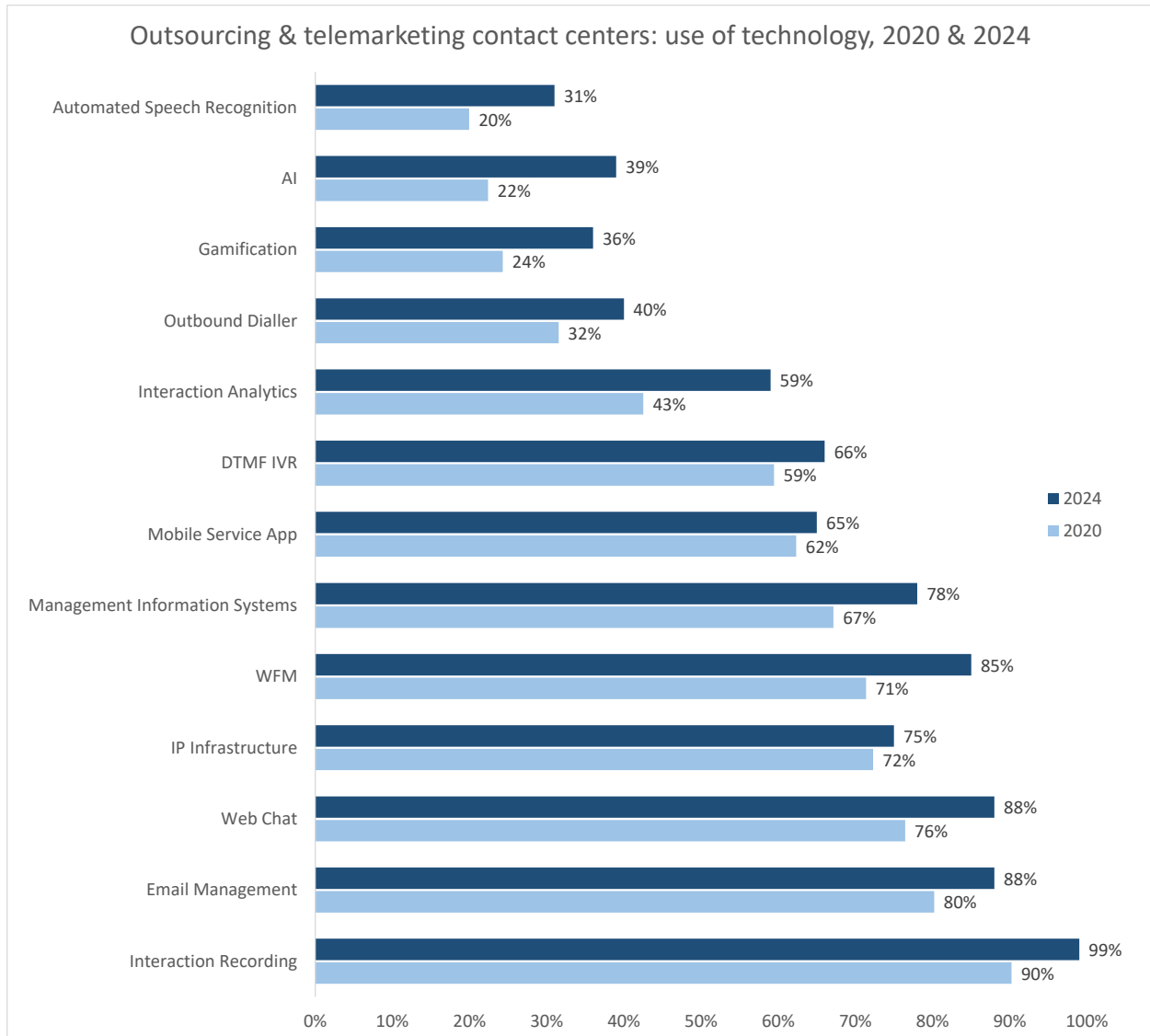
Figure 10: Outsourcing & telemarketing contact centers: use of technology, 2020

Outsourcing & telemarketing contact centers: use of technology, 2020

Legend:
- Industry average (orange)
- Outsourcing & telemarketing (blue)

Category	Industry average	Outsourcing & telemarketing
Automated Speech Recognition	22%	20%
AI	15%	22%
Gamification	15%	24%
Outbound Dialler	31%	32%
Interaction Analytics	30%	43%
DTMF IVR	63%	59%
Mobile Service App	51%	62%
Management Information Systems	59%	67%
WFM	58%	71%
IP Infrastructure	76%	72%
Web Chat	47%	76%
Email Management	64%	80%
Interaction Recording	89%	90%

The greatest expectation of technology growth – and expectation should not be confused with what the reality is likely to be – comes from AI, speech recognition and interaction analytics which work together to assist agents as well as provide better self-service options.

As the average size of outsourcing contact centers continues to grow, the sector also shows interest in implementing gamification and increasing its workforce management capabilities.

**Figure 11: Outsourcing & telemarketing contact centers: use of technology, 2020 & 2024**

Outsourcing & telemarketing contact centers: use of technology, 2020 & 2024

Technology	2024	2020
Automated Speech Recognition	31%	20%
AI	39%	22%
Gamification	36%	24%
Outbound Dialler	40%	32%
Interaction Analytics	59%	43%
DTMF IVR	66%	59%
Mobile Service App	65%	62%
Management Information Systems	78%	67%
WFM	85%	71%
IP Infrastructure	75%	72%
Web Chat	88%	76%
Email Management	88%	80%
Interaction Recording	99%	90%

The salary figures below are calculated by adding together the average salary paid to new agents and to experienced agents, and dividing by two.

Outsourcing and telemarketing agents were reported to be paid basic salaries that were significantly less than the average contact center agent in all of the years studied. However, as many outsourcing agents are involved in sales, they may be more likely to receive a performance-related bonus.
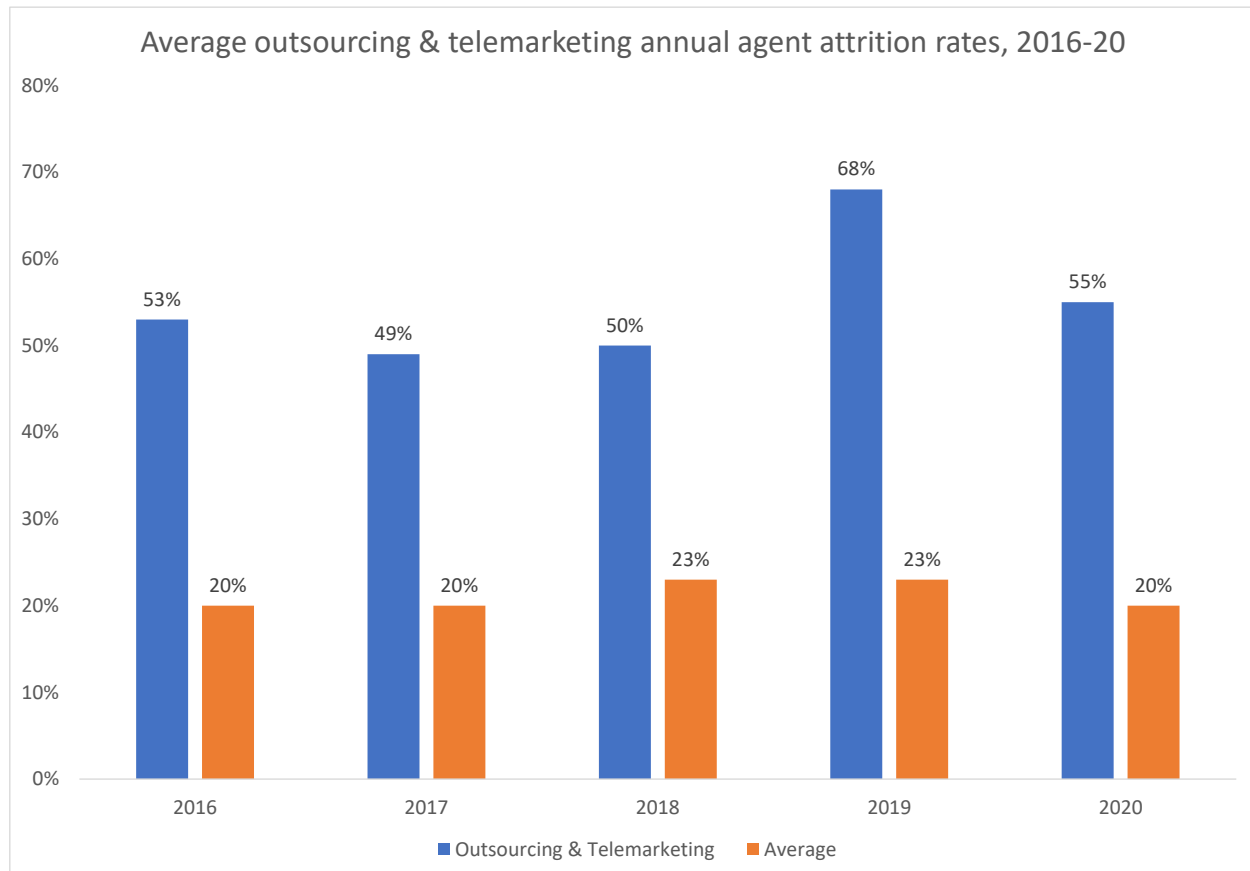
Figure 12: Average outsourcing & telemarketing agent salaries, 2016-20

Average outsourcing & telemarketing agent salaries, 2016-20
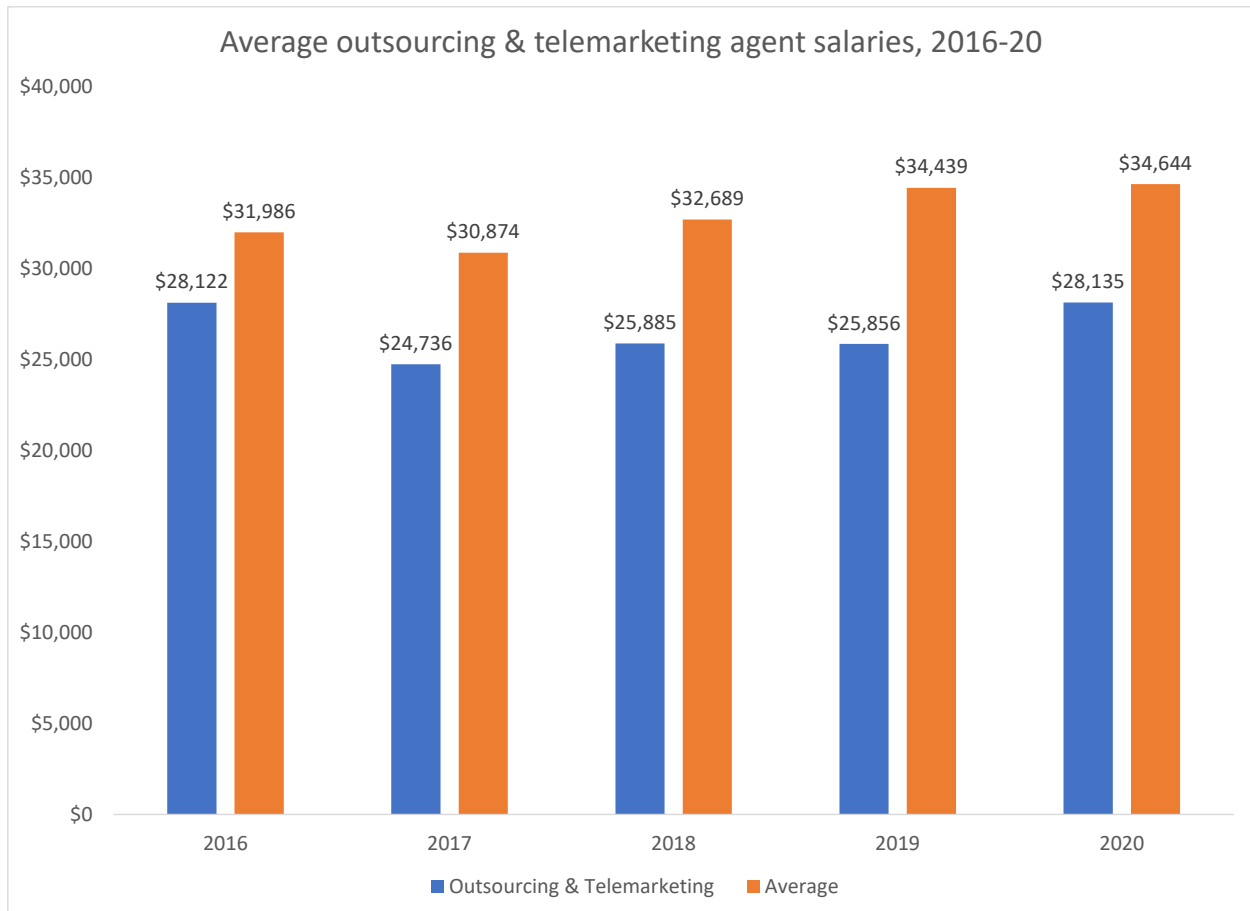
AGENT ATTRITION

Outsourcing and telemarketing agent attrition rates have stayed significantly higher than the industry average over the past five years. This may be as a result of relatively low salaries, a correlation which has also been witnessed in other low-paying sectors, as well as the contract-based nature of the work.
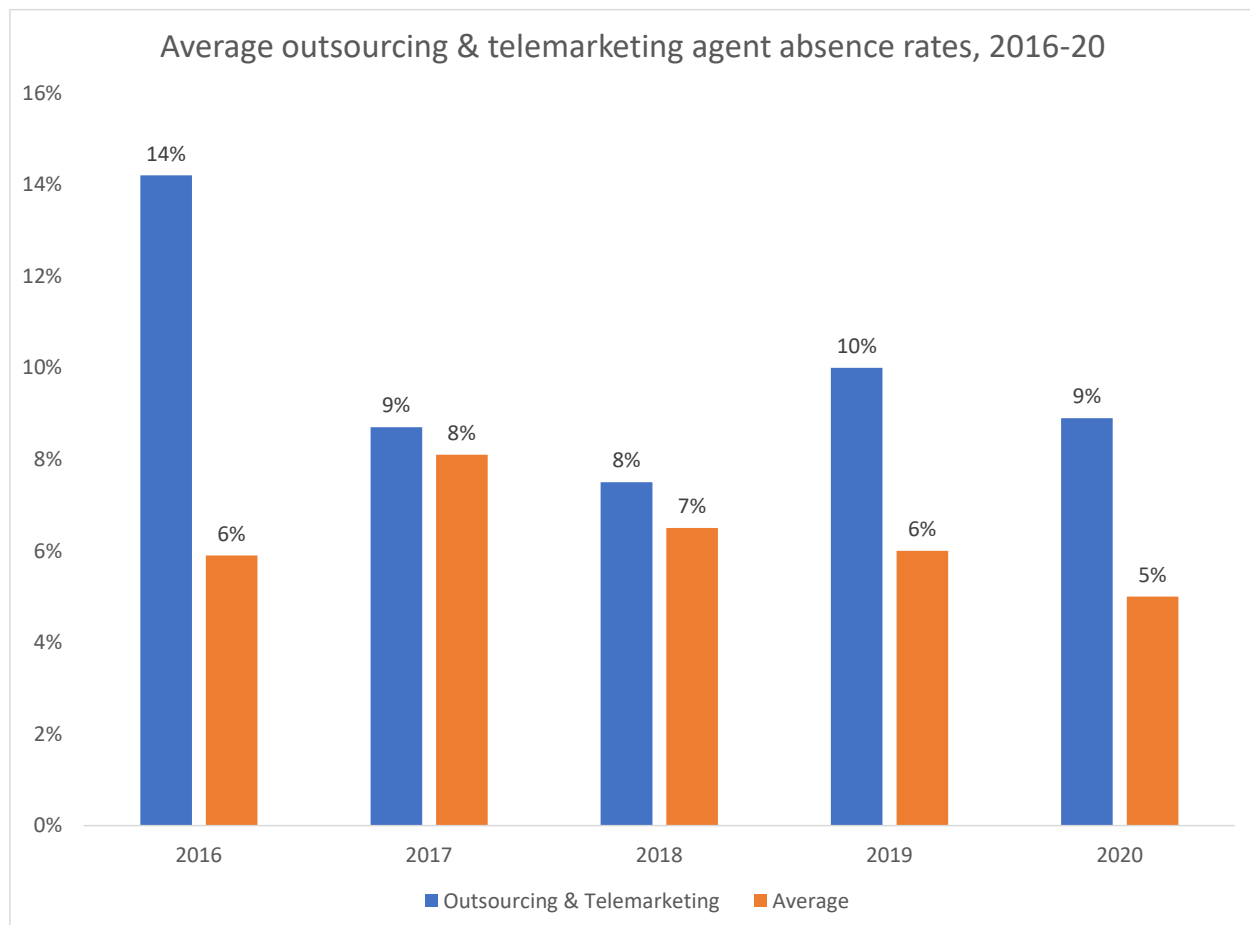
Figure 13: Average outsourcing & telemarketing annual agent attrition rates, 2016-20

Average outsourcing & telemarketing annual agent attrition rates, 2016-20

- Outsourcing & Telemarketing
- Average

AGENT ABSENCE

For all of the five years studied, outsourcing and telemarketing agent absence rates have been higher than the contact center average.

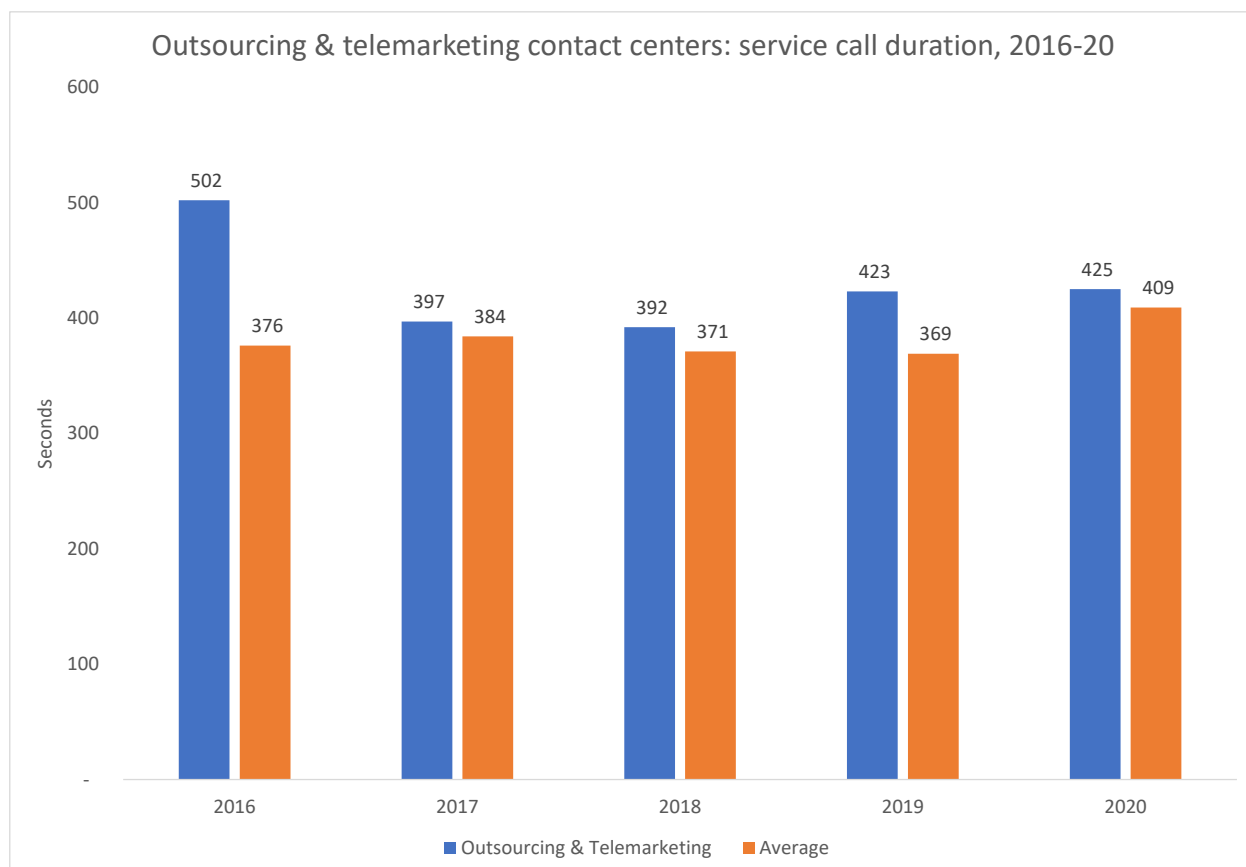**Figure 14: Average outsourcing & telemarketing agent absence rates, 2016-20**

Average outsourcing & telemarketing agent absence rates, 2016-20

CALL DURATION

Average outsourcing and telemarketing service call lengths have been a little higher than the US average recently, perhaps suggesting that the types of call being handled are more complex than they used to be.

Figure 15: Outsourcing & telemarketing contact centers: service call duration, 2016-20

Outsourcing & telemarketing contact centers: service call duration, 2016-20

This is a pattern also seen in sales calls, where the average call duration is over a minute higher in outsourced contact centers than in sales-related roles in the overall contact center industry.

Figure 16: Outsourcing & telemarketing contact centers: sales call duration, 2016-20
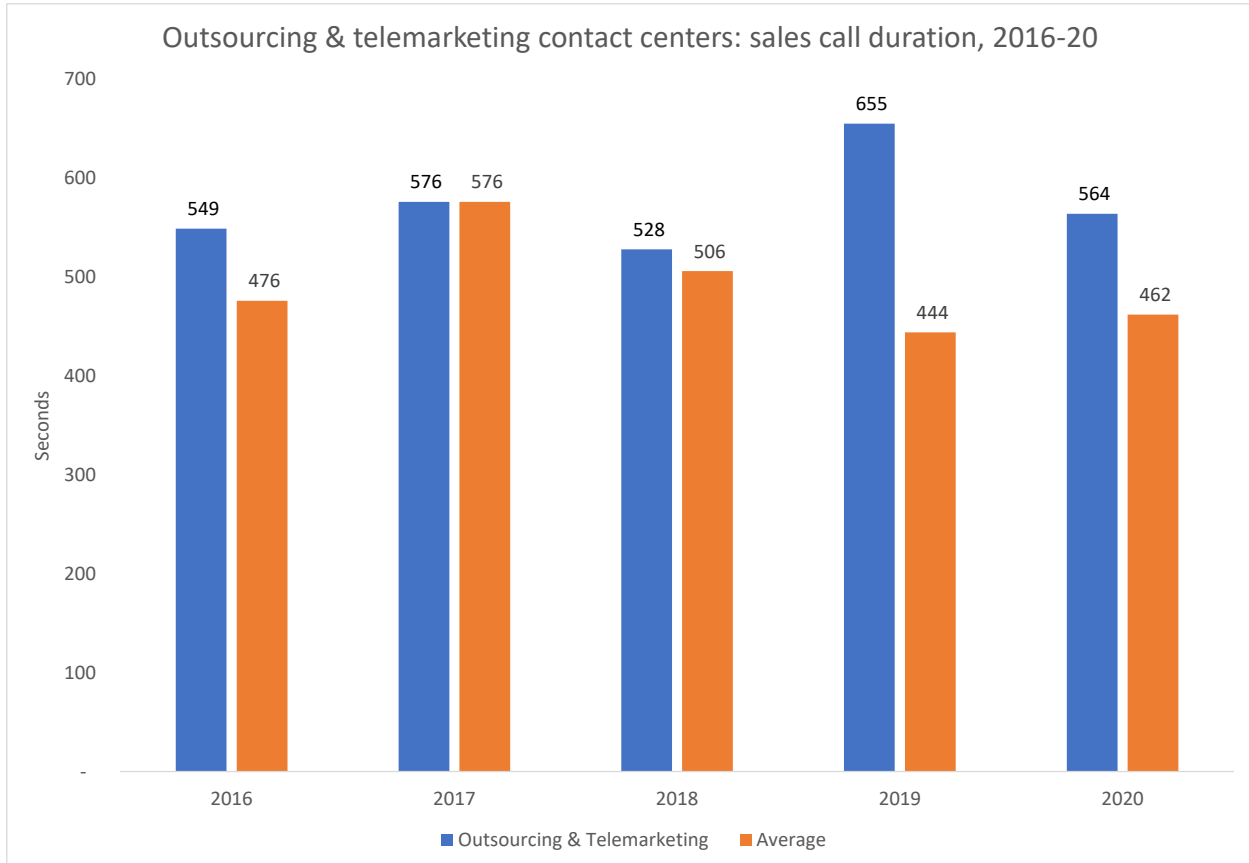
SPEED TO ANSWER

Outsourcing and telemarketing contact centers place strong emphasis on avoiding call abandonment and thus losing a sale or damaging their client service levels, and for all of the years studied within this report, the sector's speed to answer is lower than the US average.

Speed to answer is still one of the most important factors to customers calling a contact center, so a quick answer is beneficial to the customer experience as a whole.

Figure 17: Outsourcing & telemarketing contact centers: average speed to answer, 2016-20
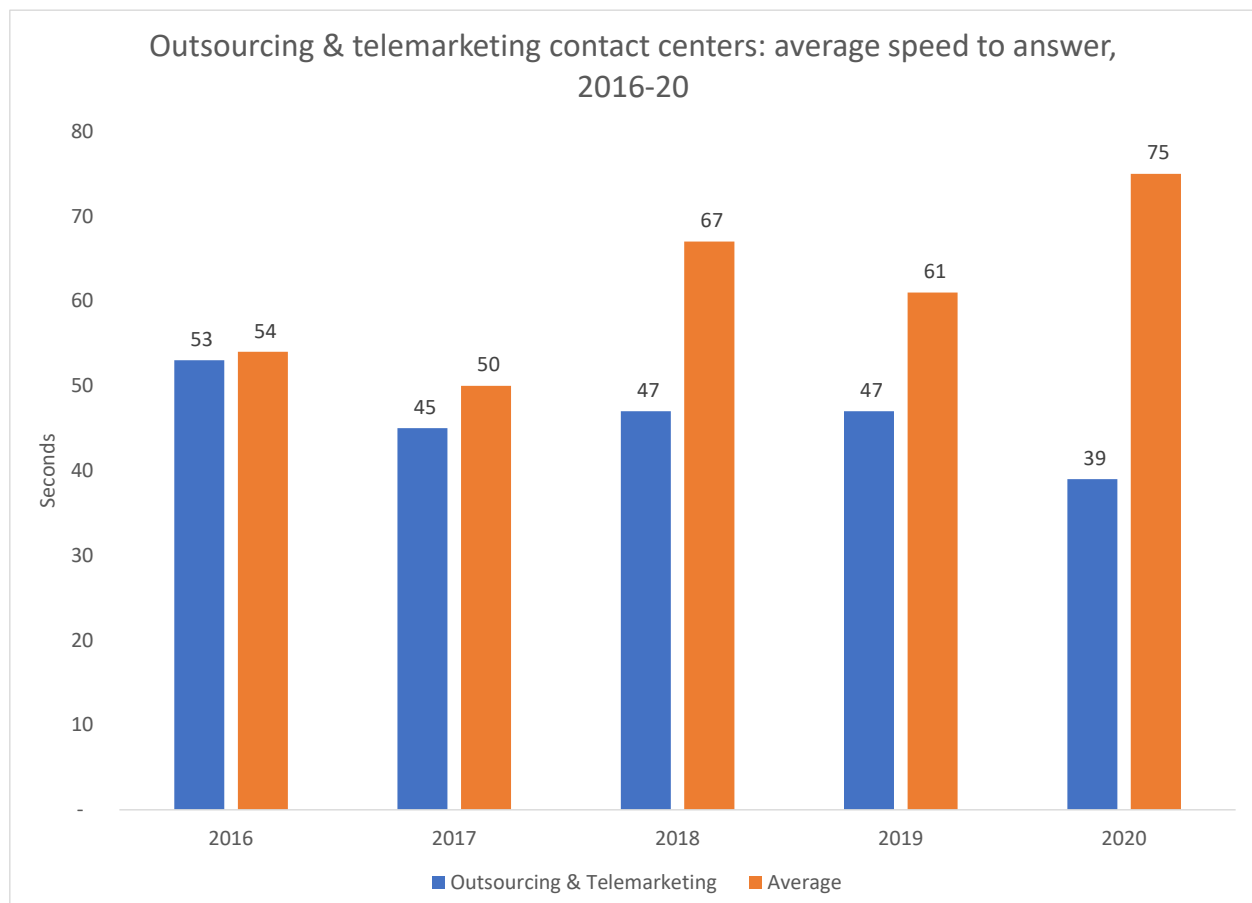
FIRST-CONTACT RESOLUTION

The sector also consistently manages to resolve more calls first-time than the industry average: calls may tend to take longer, but there are fewer call-backs as a result.

Figure 18: Outsourcing & telemarketing contact centers: first-contact resolution, 2016-20

Outsourcing & telemarketing contact centers: first-contact resolution, 2016-20

Year	Outsourcing & Telemarketing	Average
2016	75%	72%
2017	77%	74%
2018	76%	75%
2019	79%	76%
2020	80%	75%
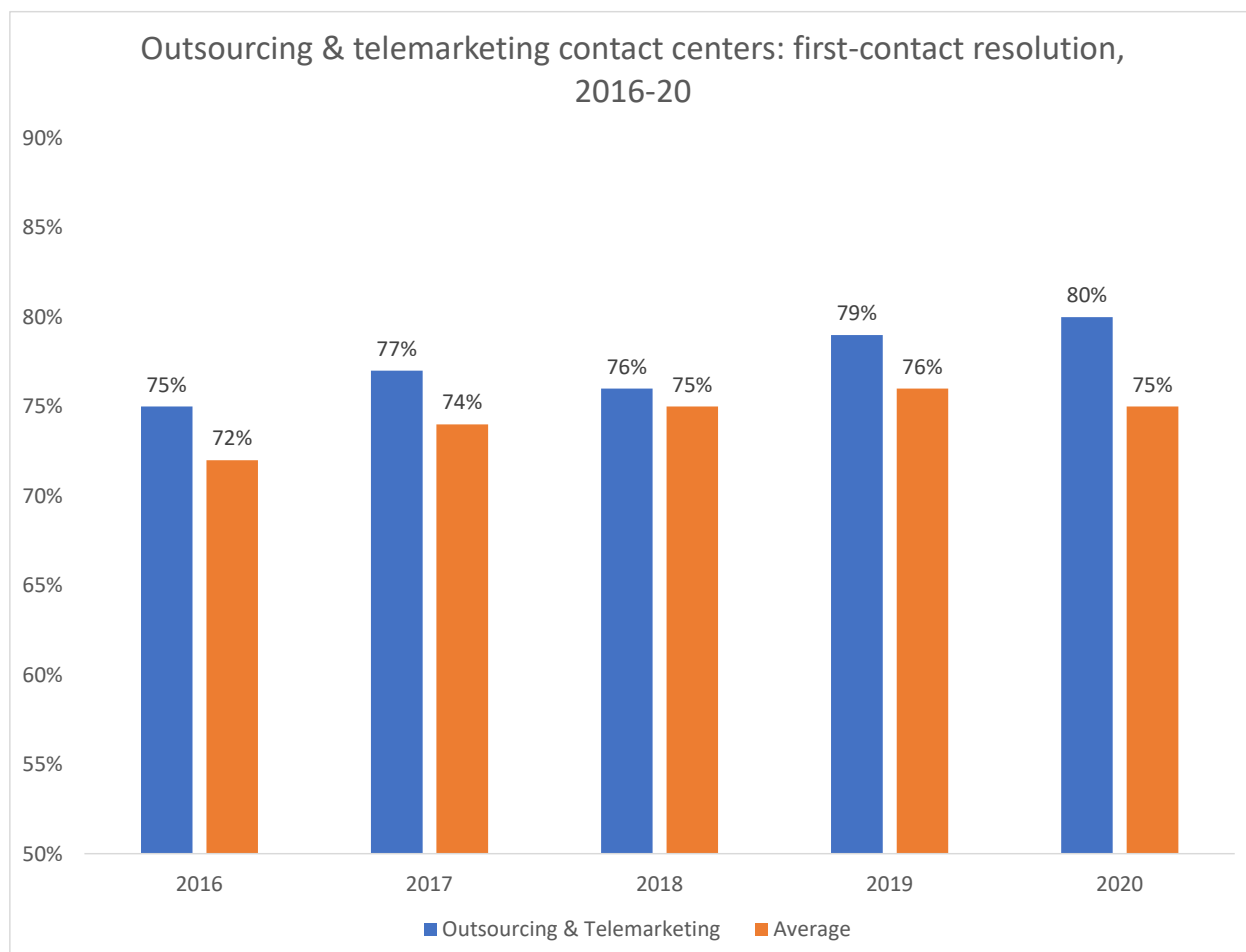
ContactBabel is the contact center industry expert. If you have a question about how the industry works, or where it's heading, the chances are we have the answer.

The coverage provided by our massive and ongoing primary research projects is matched by our experience analyzing the contact center industry. We understand how technology, people and process best fit together, and how they will work collectively in the future.

We help the biggest and most successful vendors develop their contact center strategies and talk to the right prospects. We have shown the UK government how the global contact center industry will develop and change. We help contact centers compare themselves to their closest competitors so they can understand what they are doing well and what needs to improve.

If you have a question about your company's place in the contact center industry, perhaps we can help you.

Email: info@contactbabel.com

Website: www.contactbabel.com

Telephone: +44 (0)191 271 5269

Sources:

- The US Contact Center Decision-Makers' Guides
- US Contact Centers: The State of the Industry
- The US Contact Center HR & Operational Benchmarking Reports