Global CX Outsourcing Market: Analysis By Deployment Type (On Premise and Cloud), By Industry Vertical (Retail, BFSI, IT & Telecom, Healthcare, Government, Energy & Utilities and Other), By Region, Size and Trends with Impact of COVID-19 and Forecast up to 2028

Abstracts

The global CX outsourcing market was valued at US$98.57 billion in 2023, and is expected to be worth US$152.13 billion in 2028. CX outsourcing, also known as Customer Experience outsourcing, refers to the practice of partnering with external service providers or third-party companies to handle various aspects of a company's customer service and support functions. Outsourcing within the customer experience (CX) management sector has grown at unprecedented rates in the past few years, and it is predicted that a strong growth environment would continue to benefit the market, due to the increasing complexity of implementing new technology. Evolving customer behavior, accelerated by the global pandemic, digital-first business models, and the influence of social media, has created a demand for a consistent, personalized, and omnichannel customer experience. The evolution of CX outsourcing is being significantly influenced by shifts in client demographics, particularly with the increasing presence of start-up and emerging brand companies deeply ingrained in the 'new economy.'

As digitalization continues to gain prominence, enterprises are actively seeking CX outsourcing solutions that encompass multi-channel customer support, adept social media management, and seamless chatbot integration. To meet these demands, CX outsourcing service providers are harnessing cutting-edge technologies like artificial intelligence (AI), cloud computing, and automation, enabling them to deliver highly

efficient and effective services to their clientele. This technological progression is poised to be a significant catalyst for the expansion of the CX outsourcing market in the forthcoming years. The CX outsourcing market is determined to grow at a CAGR of 5.80% over the forecasted period of 2023-2028.

Market Segmentation Analysis:

By Deployment Type: The report identifies two segments on the basis of deployment type: On Premise and Cloud. The adoption of cloud-based consumer experience solutions is fueled by SMEs' growing use of cloud computing. Similar to this, the increasing use of cloud-based consumer experience solutions across a variety of industry verticals, including BFSI, healthcare, retail, government, and others, is anticipated to increase demand, and the segment is predicted to grow at the highest CAGR over the course of the forecast period.

By Indutsry Vertical: The report identifies six segments on the basis of industry vertical: Retail, BFSI, IT & Telecom, Healthcare, Government, Energy & Utilities and Other. Retail segment held the highest share in the market in 2022. In an era of rapidly evolving customer behavior, driven by the rise of e-commerce accelerated by the global pandemic, retail companies are increasingly turning to outsourcing for customer support. This demand is fueled by the need to provide consistent, personalized, and omnichannel experiences to customers. With seasonal fluctuations and high expectations for personalized support, retail companies see outsourcing as a cost-effective means to manage customer inquiries effectively during peak shopping seasons.

By Region: In the report, the global CX outsourcing market is divided into four regions: North America, Europe, Asia Pacific, and ROW. The North American region has emerged as a dominant player in the CX outsourcing market. North America is a prominent region in the global CX outsourcing market. It is characterized by a highly developed business landscape, advanced technological infrastructure, and a mature outsourcing industry. North America is at the forefront of technological innovation, making it a hub for companies seeking cutting-edge CX solutions. The integration of AI, automation, and advanced analytics in customer service is a significant driver.

Asia Pacific is expected to grow at a highest rate during the forecasted period. Asia Pacific offers cost-effective labor and operational expenses, making it an ideal destination for businesses seeking to reduce costs while maintaining service quality. The region boasts a vast pool of skilled and educated talent, particularly in countries like

India, making it a hub for customer support outsourcing. Moreover, the growing middle-class population in Asia Pacific countries increases the demand for products and services, driving the need for CX outsourcing to manage customer interactions effectively. The region has witnessed an explosion in e-commerce and online retail, making efficient customer support essential for e-commerce companies.

The Latin America region would also continue to offer the best opportunity for growth in CX outsourcing, due to its labor arbitrage and outsourcing maturity. Outsourcing has traditionally favored local operators in the Latin America region, where competition is fragmented compared with the more developed economies of Europe and North America.

Market Dynamics:

Growth Drivers: The market has been growing over the past few years, due to factors such as increasing focus on customer centricity, cost optimization, globalization and multilingual support, data analytics and insights, compliance and regulatory expertise and uninterrupted 24/7 availability. Increasing focus on customer centricity has emerged as a significant growth driver for the Customer Experience (CX) outsourcing market. As businesses recognize the pivotal role of exceptional customer experiences in retaining and attracting customers, they are increasingly outsourcing their CX operations to specialized service providers. CX outsourcing providers leverage advanced technologies, data analytics, and skilled personnel to enhance customer interactions, streamline support, and gather actionable insights. This shift allows companies to stay competitive in a rapidly evolving market while efficiently managing costs.

Challenges: However, some challenges are impeding the growth of the market such as data security and privacy concerns, navigating dynamic consumer preferences and complex data realities, etc. Data security and privacy concerns pose a significant challenge to the Customer Experience (CX) outsourcing market. In an age where data breaches and stringent privacy regulations are prevalent, businesses entrust sensitive customer information to third-party service providers, raising apprehensions about safeguarding data integrity. Ensuring compliance with regulations like GDPR, CCPA, or HIPAA demands meticulous oversight, potentially increasing operational costs. Moreover, the risk of data mishandling or breaches during transmission or storage by outsourcing partners can undermine customer trust and result in severe reputational damage.

Trends: The market is projected to grow at a fast pace during the forecast period, due to

AI-powered customer support, hyper-personalization, multichannel and omnichannel support, predictive analytics for customer insights, integration of augmented reality (AR) and virtual reality (VR), rise of gig-enabled support models, etc. AI-Powered Customer Support is a transformative trend in the CX outsourcing market. It involves integrating artificial intelligence and machine learning technologies into customer service operations to enhance efficiency and customer satisfaction. AI-powered chatbots, virtual assistants, and predictive analytics are being increasingly employed to handle routine inquiries, freeing human agents to focus on more complex issues. This trend not only improves response times but also offers 24/7 availability. Additionally, AI-driven sentiment analysis can gauge customer emotions and help address issues before they escalate.

Impact Analysis of COVID-19 and Way Forward:

The COVID-19 pandemic had a dual impact on the CX outsourcing market. Initially, it caused disruptions as many outsourcing centers closed or reduced operations due to lockdowns and safety concerns, affecting service quality for businesses. However, it also accelerated trends in CX outsourcing. The need for remote work pushed providers to adopt digital technologies, helping companies adapt to changing customer demands and reduce costs. Additionally, the pandemic highlighted the importance of CX, driving demand for specialized outsourcing services like digital support, chatbots, and AI-powered solutions.

In the post-COVID era, CX outsourcing is likely to remain a vital strategy for businesses looking to streamline costs, access specialized skills, and adapt to changing customer preferences. Companies now prioritize resilience in their outsourcing partnerships. They seek providers with robust business continuity plans to address potential disruptions, whether from pandemics or other unforeseen events, which would drive the market during the post COVID period.

Competitive Landscape:

The global CX outsourcing market is highly fragmented, with eight major players holding a share around 30% of the global market. Leading companies within the CX outsourcing market are actively engaging in partnerships and investments to leverage innovative technology for augmenting their customer experience offerings. To bolster their market standing, these industry giants are involved in a variety of activities such as acquisitions, strategic alliances, collaborations, and mergers. These companies have a global presence and offer a wide range of services, from customer support to

omnichannel solutions. In addition to global leaders, numerous regional and niche players operate in specific geographic markets. They often cater to local businesses and industries, leveraging their understanding of regional cultures and languages.

The key players in the global CX outsourcing market are:

Genpact

Teleperformance SE

Transcom Holding AB

Infosys Limited

TTEC Holdings, Inc.

Majorel

Concentrix Corporation

Atento S.A.

Alorica Inc.

Foundever

VXI Global Solutions

Intouch CX

The competitive landscape of the CX outsourcing market has witnessed significant shifts in recent years. Leading players such as Teleperformance, Concentrix, TTEC, Sitel, Majorel, and Sykes (acquired by Sitel in 2021) have substantially increased their collective global market share. It is believed there would be significant changes in CX outsourcer operations in the coming years, with new economy, technology-based revenue streams appearing. The top CX management outsourcers would engage in

heavy M&A spend in order to sustain growth and diversify, and it is expected that AI to provide attractive multiples for CX competitors in the mid-term.

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