Everest Group®

Turning Challenges into Growth Opportunities: Customer Experience Management (CXM) State of the Market 2023 – Update

December 2023: Complimentary Abstract / Table of Contents

Our research offerings

This report is included in the following research program(s):
Customer Experience Management Services, CX Excellence, CXM Technology

- Amazon Web Services (AWS)
- Application Services
- Artificial Intelligence (AI)
- Asset and Wealth Management
- Banking and Financial Services Business Process
- Banking and Financial Services Information Technology
- Catalyst™
- Clinical Development Technology
- Cloud and Infrastructure
- Contingent Staffing
- Contingent Workforce Management
- Customer Experience Management Services
- CX Excellence
- CXM Technology
- Cybersecurity
- Data and Analytics
- Digital Adoption Platforms
- Digital Services
- Digital Workplace
- Employee Experience Management (EXM) Platforms
- Employer of Record (EOR)
- Engineering Research and Development
- Enterprise Platform Services
- Exponential Technologies
- Finance and Accounting

- Financial Services Technology (FinTech)
- GBS Talent Excellence
- Global Business Services
- Google Cloud
- HealthTech
- Human Resources
- Insurance Business Process
- Insurance Information Technology
- Insurance Technology (InsurTech)
- Insurance Third-Party Administration (TPA) Services
- Intelligent Document Processing
- Interactive Experience (IX) Services
- IT Services Excellence
- IT Talent Excellence
- Life Sciences Business Process
- Life Sciences Commercial Technologies
- Life Sciences Information Technology
- Locations Insider™
- Marketing Services
- Market Vista™
- Microsoft Azure
- Microsoft Business Application Services
- Modern Application Development (MAD)
- Mortgage Operations
- Multi-country Payroll

- Network Services and 5G
- Oracle Services
- Outsourcing Excellence
- Payer and Provider Business Process
- Payer and Provider Information Technology
- Pricing Analytics as a Service
- Process Intelligence
- Process Orchestration
- Procurement and Supply Chain
- Recruitment
- Retail and CPG Information Technology
- Retirement Technologies
- Revenue Cycle Management
- Rewards and Recognition
- SAP Services
- Service Optimization Technologies
- Software Product Engineering Services
- Supply Chain Management (SCM) Services
- Sustainability Technology and Services
- Talent Genius™
- Technology Skills and Talent
- Trust and Safety
- Value and Quality Assurance (VQA)

If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at **info@everestgrp.com**

Learn more about our
custom research capabilities

Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

Contents

For more information on this and other research published by Everest Group, please contact us:

Shirley Hung, Partner

David Rickard, Partner

Chhandak Biswas, Practice Director

Samreena GC, Senior Analyst

Rishav Kumar, Senior Analyst

Joshua Victor, Senior Analyst

Everest Group®

Contents

Introduction

Global disruptions and challenging macroeconomic conditions have caused economic downturns in various industries and regions leading to organizations prioritizing cost-reduction initiatives. The CXM outsourcing industry has been playing a crucial role in addressing these challenges through cost optimization, continuous improvement, transformation, and innovation efforts. At the same time, evolving enterprise needs are creating an opportunity for service providers to establish themselves as strategic partners.

This report delves into the overall outsourced CXM market, growth drivers in the Americas, EMEA, and APAC regions, outsourcing spend across geographies and industries, service delivery models, emerging locations, and market outlook for 2023 and beyond. It also covers the competitive landscape, key investment trends, and significant mergers and acquisitions that are shaping CXM outsourcing industry. The report addresses how organizations can navigate through uncertainty to become innovation leaders and outlines methodologies to manage the challenging economic environment successfully.

In this research study, we focus on:

- Overview of the outsourced CXM market size and adoption trends across different parameters
- Overview of the outsourcing trends in the three regional CXM markets – Americas, EMEA, and APAC
- CXM service provider landscape
- Future outlook for CXM outsourcing

Scope of this report

Geography
Global

Industry
All

Services
CXM services

Everest Group®

Summary of key messages

Global market view

- The outsourced CXM market experienced robust expansion post the pandemic. However, in 2022, market growth dropped to more moderate levels of 7-9%, reaching US$109-111 billion

- CXM outsourcing penetration has been growing steadily as enterprises are increasingly turning to providers to achieve cost efficiency, benefit from scalability, and the increasing demand for digital CX services

- In 2023, CXM outsourcing in certain segments such as BFSI, Fast Growth Tech (FGT), retail, and energy and utilities, which saw strong growth in 2022, are expected to grow at a slower pace or would even decline, compared to other segments

Regional trends

- In 2022, CXM outsourcing spend in the Americas totaled US$54-56 billion with a strong 7-9% growth, constituting half of the global market. Small and midsized enterprises are the primary drivers of this growth as they seek shared-risk engagements with service providers

- While EMEA accounted for 34% of the global outsourced CXM market growing at a rate of 6-8%, APAC held 16% share of the global outsourced CXM market with a growth rate of 9-11%, which is relatively higher than the overall industry growth

- Africa, Eastern Europe, India, and the Philippines are seeing an increase in demand for CXM delivery from the region as enterprises look for multilingual and cost-effective nearshoring and offshoring options

Provider landscape

- Numerous mergers and acquisitions occurred including the two largest deals ever recorded in the industry being announced in the first half of 2023 (Teleperformance acquiring Majorel and Concentrix merging with Webhelp)

- To help enterprises scale and maintain competitiveness, providers are investing in areas such as advanced technological capabilities, partnership development, and talent management

- CXM service providers are experiencing slower growth of 3-5% in 2023 compared to the last few years due to macroeconomic uncertainties and decreased demand in key sectors, resulting in a relatively flat market outlook

Future outlook

- While sectors such as retail, telecom and media, and technology are more susceptible to economic slowdown, healthcare and CPG usually demonstrates more resilience during forecasted economic downturns

- Future growth of the outsourced CXM market will come through technology innovation, bringing excellence in delivery, and focusing on customer retention while forging strategic partnerships between enterprises and service providers

- Generative AI is forecasted to bring numerous possibilities for various applications within contact centers, enabling CXM providers to drive significant efficiencies and improvements in service delivery by integrating the technology into operations

This study offers five distinct chapters providing a deep dive into key aspects of the CXM market; below are four charts to illustrate the depth of the report
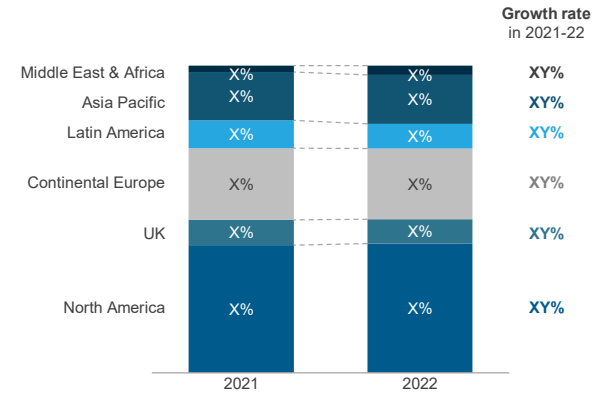
CXM market overview

Outsourced CXM market size and growth
2019-23E; revenue in US$ billion

6-8%

12-14%

3-5%

7-9%

3-5%

2019	2020	2021	2022	2023E
86-88	89-91	101-103	109-111	113-115
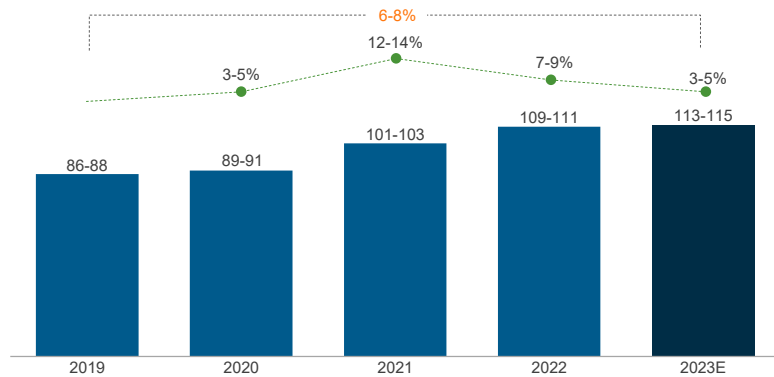
CXM regional market overview

Outsourced CXM adoption by region
2021-22; percentage of revenue

Growth rate
in 2021-22

Region	2021	2022	
Middle East & Africa	X%	X%	XY%
Asia Pacific	X%	X%	XY%
Latin America	X%	X%	XY%
Continental Europe	X%	X%	XY%
UK	X%	X%	XY%
North America	X%	X%	XY%

Provider landscape

	Large CXM providers	IT-BPOs	Industry focused[2]	BPO pure-play	Other CXM providers
Major players	Provider 1	Provider 4	Provider 7	Provider 10	Provider 13
	Provider 2	Provider 5	Provider 8	Provider 11	Provider 14
	Provider 3	Provider 6	Provider 9	Provider 12	Provider 15
Market share	XY%	XY%	XY%	XY%	XY%
Growth rate in 2021-22	XY%	XY%	XY%	XY%	XY%

Future outlook

	What will be impacted?	What will be resilient?
Mild recession	Consumers may cut back on spending for XYZ services, while enterprises in this industry may experience a decline in advertising revenue, budget constraints, and the necessity to align with evolving consumer preferences, which could result in reduced outsourcing volumes	XYZ industry has rebounded after the pandemic with diverse customer base of corporate and leisure travel experiencing huge growth. This is expected to continue unless there is a significant hit on incomes
Severe recession	Severe recession in the XYZ industry can lead to reduced travel, cancellations, and a shift toward budget options among consumers, while enterprises may experience a drop in bookings, necessitating cost-cutting and a focus on value offerings with protracted recovery	Consumer spending on XYZ would maintain on account of them being essential spending and the industry is expected to be recession-resistant

Research calendar
Customer Experience Management (CXM) Services

Reports title	Release date
Healthcare Customer Experience Management (CXM) Services in North America – Provider Compendium 2023	January 2023
Delivering Extraordinary Customer Experiences Using Conversational AI	January 2023
Africa on the Rise: The Next Frontier in Customer Experience Management (CXM)	March 2023
The Business Case for Leveraging Impact Sourcing to Enhance Customer Experience (CX)	April 2023
Engaging with Customers in the Metaverse – Turning Fantasy into Reality	April 2023
Press Play on Player Experience: Level up Beyond Game Design	April 2023
Contact Center-as-a-Service (CCaaS) PEAK Matrix® Assessment 2023	May 2023
Contact Center-as-a-Service (CCaaS) – Provider Compendium 2023	June 2023
Customer Experience Management (CXM) Services PEAK Matrix® Assessment 2023	September 2023
Conversational AI Products PEAK Matrix® Assessment 2023	September 2023
Unleashing the Power of Data and Artificial Intelligence in Customer Experience Management (CXM)	October 2023
Playing to Win: Transforming Agent Experience with Gamification	October 2023
Achieving Digital Customer Experience Management's (CXM) Full Potential with the Generative AI Revolution	December 2023
Turning Challenges into Growth Opportunities: Customer Experience Management (CXM) State of the Market 2023 – Update	**December 2023**
Customer Experience Management (CXM) – Provider Compendium 2023	Q4 2023
Conversational AI (CAI) Technology Service Provider Landscape with Products – Provider Compendium 2023	Q4 2023

Note: Click to see a list of all of our published Customer Experience Management (CXM) Services reports

Everest Group®

With you on the journey

Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at **www.everestgrp.com**.

Stay connected

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto
canada@everestgrp.com
+1-214-451-3000

This document is for informational purposes only, and it is being provided "as is" and "as available" without any warranty of any kind, including any warranties of completeness, adequacy, or fitness for a particular purpose. Everest Group is not a legal or investment adviser; the contents of this document should not be construed as legal, tax, or investment advice. This document should not be used as a substitute for consultation with professional advisors, and Everest Group disclaims liability for any actions or decisions not to act that are taken as a result of any material in this publication.

Website
everestgrp.com

Social Media
X @EverestGroup
in @Everest Group
f @Everest Group
▶ @Everest Group

Blog
everestgrp.com/blog