

Strategic Keys: Unlocking the Potential of Customer Experience Management

February 2024: Complimentary Abstract / Table of Contents



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Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

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Background of the research

In a business landscape that is continuously evolving, enterprises grapple with intricate challenges arising from global economic conditions and technological disruptions. As they strive to adapt to the evolving market demands amid economic uncertainties, the imperative is to navigate a path of innovation, transformation, cost reduction, and revenue expansion. The key solution for surmounting these challenges lies in developing a resilient CXM strategy. This report serves as a comprehensive guide for enterprises, exploring the intricacies of the CXM market, the provider landscape, and channel adoption trends, and providing valuable insights for effective engagement with service providers. It delves into the adoption of emerging technologies such as generative AI (gen AI), the metaverse, language translation solutions, and workforce management tools. The report highlights emerging delivery locations and language availability globally, empowering enterprises to make informed decisions. Additionally, it offers guidance on selecting suitable pricing models and strategic recommendations for effectively leveraging price arbitrage benefits. By providing insights into sourcing and vendor management strategies, it helps enterprises optimize their overall CX portfolio.

In this research study, we focus on:

- Exploring the CXM market and understanding enterprise considerations during service provider engagement
- Analyzing patterns in the enterprise adoption of emerging technologies, pricing models, and delivery locations
- Understanding CX sourcing and vendor management strategies

Scope of this report



Geography
Global



Industry
All



Services
CXM services

Summary of key messages (page 1 of 2)

Understanding the CXM market and enterprise interactions with service providers

- In 2022-23, the outsourced CXM market grew by 7-9%, reaching a total of US\$109-111 billion. This was driven by the widespread adoption of technology, especially gen AI-based solutions, a focus on specialized services, the entry of new outsourcers, and the availability of flexible solutions tailored to meet enterprise needs
- The outsourced CXM market continues to be led by voice channels, but a shift is occurring with the millennials and Gen Z favoring non-voice channels, driving significant growth in digital channels. The integration of gen AI into these channels is poised to amplify their expansion, serving enterprises with benefits such as reduced average handling times, automated support, seamless engagement, and proactive agent interventions
- Enterprises are strategically partnering with service providers to formulate CX strategies, drive demand generation, and facilitate customer acquisition. Commercial engagements prioritize cost optimization, heightened revenue realization, and enriched CX. Concurrently, enterprises are embracing next-generation KPIs to foster revenue growth and monitor the success of digital transformation initiatives



Summary of key messages (page 2 of 2)




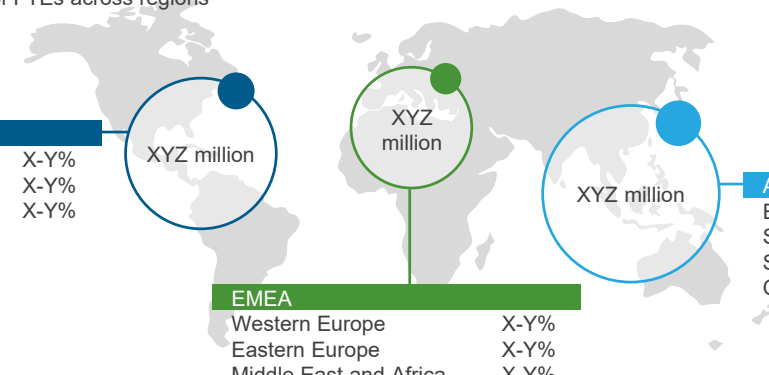



Analyzing trends in technology, pricing, and delivery within CX

- Enterprises are increasingly embracing next-generation technologies including gen AI, the metaverse, language translation solutions, and workforce management tools. This strategic adoption aims to explore potential applications that can streamline internal processes, automate tasks, deliver personalized and human-like responses, create immersive experiences, provide multilingual capabilities, and ultimately enhance both customer and employee experiences
- Enterprise selection of pricing models should be based on the best fit according to its requirements. Observed trends suggest an increasing adoption of hybrid pricing models, integrating value addition and a risk-sharing structure, primarily for processes with measurable outcomes
- There is a notable surge in offshoring and nearshoring, driven by factors such as rising onshore talent costs, technological advancements facilitating increased offshoring, a growing need for geo-diversification, and a strong focus on cost reduction. Simultaneously, emerging delivery locations in Africa, LATAM, and APAC, equipped with the abundant low-cost talent and sufficient infrastructure, are gaining traction among enterprises as alternative investment opportunities to achieve their delivery diversification and Business Continuity Planning (BCP) goals

Exploring CX sourcing and vendor management strategies

- Enterprises must strategically prioritize portfolio design by optimizing the mix of service providers through consolidation, rebalancing, or adding of new suppliers. It is essential to recognize that different strategies have varying impacts on cost, risk, and productivity, necessitating careful consideration of internal factors and external market dynamics during the portfolio optimization process
- Enterprises must strategically manage their service provider portfolio, considering control ratios for balanced exposure, engaging in industry benchmarking for insights, and collaborating with ESG-focused providers for cost efficiency and reliable and sustainable delivery, thereby enhancing brand perception

This study offers a deep dive into key aspects of outsourced CXM market; below are four charts to illustrate the depth of the report

CXM market overview						Expected change in future contact center price movement		
	Large CXM providers	IT-BPOs	Industry focused ²	BPO pure-play	Other CXM providers	Contact Centre Examples: standard voice and non-voice customer service, L1 technical support		
Major players	Provider 1 Provider 2 Provider 3	Provider 4 Provider 5 Provider 6	Provider 7 Provider 8 Provider 9	Provider 10 Provider 11 Provider 12	Provider 13 Provider 14 Provider 15	← Previous 12 months trend (-X) – Y% +X to Y% X to Y%	 Onshore (-X%) to Y%	Next 12 months outlook → (-X%) to Y% (-X%) to Y% (-X%) to (-Y%)
Market share	XY%	XY%	XY%	XY%	XY%		 Nearshore (-X%) to Y%	
Growth rate in 2021-22	XY%	XY%	XY%	XY%	XY%		 Offshore (-X%) to (-Y%)	
CXM outsourced FTE distribution						Portfolio optimization strategies for enterprises		
Outsourced CXM FTEs 2022; distribution of FTEs across regions						Strategies		
						Impact to supply base		
Americas North America X-Y% Central America X-Y% South America X-Y%		EMEA Western Europe X-Y% Eastern Europe X-Y% Middle East and Africa X-Y%		APAC East Asia X-Y% Southeast Asia X-Y% South Asia X-Y% Other regions ² X-Y%		 Portfolio consolidation	Consolidation/Rationalization of the supplier portfolio ↓	
						 Portfolio redistribution	Rebalancing of work across the suppliers ↔	
						 Portfolio diversification	Addition of suppliers to the current portfolio mix ↑	

Research calendar

Customer Experience Management (CXM) Services

Published Planned Current release

Reports title	Release date
Customer Experience Management (CXM) Services PEAK Matrix® Assessment 2023	September 2023
Conversational AI Products PEAK Matrix® Assessment 2023	September 2023
Playing to Win: Transforming Agent Experience with Gamification	October 2023
Turning Challenges into Growth Opportunities: Customer Experience Management (CXM) State of the Market 2023 – Update	December 2023
Achieving Digital Customer Experience Management's (CXM) Full Potential with the Generative AI Revolution	December 2023
Customer Experience Management (CXM) Services – Provider Compendium 2023	December 2023
Impact Sourcing for Sustainable Development and a Brighter Future: Impact Sourcing State of the Market 2023	December 2023
Conversational AI – State of the Market 2023 – Update	December 2023
Conversational AI Technology - Provider Compendium 2023 – Update	December 2023
Strategic Keys: Unlocking the Potential of Customer Experience Management	February 2024
Shaping CXM Strategies: An Enterprise take on Providers Amidst an Ever-changing Economic and Technological Climate	Q1 2024
CXM Transformation with Generative AI: Assessing Enterprise Readiness for the Journey Ahead	Q1 2024
Harnessing the Combined Power of Generative AI and Conversational AI for Superior Customer Experience	Q1 2024
Strategic Horizons: Mapping the Landscape of CXM Outsourcing for English Support in Africa	Q1 2024
Consumer Readiness for Generative AI Adoption in CXM	Q1 2024
The Role of Strategic Partnership Management in Enhancing Client Satisfaction	Q1 2024

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