



2022 BPO AND CUSTOMER CARE DYNAMICS:

SERVING THE CUSTOMER IN AN INCREASINGLY COMPLEX WORLD

TABLE OF CONTENTS

Executive Summary.....	3
How outsourcing plans are changing for 2022.....	4
What barriers exist to outsourcing in 2022?.....	6
Evaluating new business outsourcing partnerships.....	7
Customers want empathetic customer service agents.....	8
Strategic goals respond to market pressures.....	9
Business optimism in the midst of increasing costs.....	11
Business challenges intensify.....	12
Challenges on the horizon for 2022.....	13
Contact center seats are changing.....	14
Where outsourcing drives value.....	15
Technology investments and transformation.....	16
What will 2022 bring?.....	16
Survey/respondent overview.....	19
About CGS.....	21
References.....	22

EXECUTIVE SUMMARY

Does 2022 offer a different landscape than the pivotal years of 2020 and 2021? How are companies navigating the new business landscape given ongoing uncertainties? In the *2022 BPO and Customer Care Dynamics* survey, our participants revealed their top challenges and priorities for the year ahead.

The pandemic taught companies that serving and retaining customers is the strategic core of their business. Despite a changing and volatile environment, both individual and commercial customers have high expectations for prompt, issue-resolving customer service on the channel of their choice. Leaders have taken this to heart and placed it at the top of their strategic goals.

But providing top-level service comes at a cost, especially during a historical labor and skills shortage. During the pandemic, workers learned personal lessons, choosing work-life balance and work-from-home (WFH) options, forcing employers to create new remote and hybrid work models. With unemployment at an all-time low, companies will continue to be challenged by labor issues in 2022.

Rising costs are also on the radar as companies experience increased wages, raw materials, supply chain and transportation fares. Consequently, many organizations are choosing to pass these fees along to their customers. As a result, business leaders face inflationary pressures, product and service demand, labor constraints and rising prices while meeting customer expectations for exceptional service.

Emerging technologies can help fill or mitigate the impact of the financial pressures in 2022. For example, many consumers are now familiar with chatbots, self-service portals and multiple delivery channels to resolve their outstanding issues. But companies cannot forget the human touch, as people still want to talk to an empathetic individual who has the skills and aptitude to solve their problems.

Finally, data and security continue to be an ever-increasing challenge, with malicious attacks far exceeding 2020 levels in 2021 and are expected to continue for 2022. Although not leading the list of priorities, a secure infrastructure is essential for serving customers and keeping the workplace safe.

Choosing a Business Process Outsourcing (BPO) partner can be the answer to providing core competencies of agents, processes and advanced technologies that will support 2022 strategic goals.

HOW OUTSOURCING PLANS ARE CHANGING FOR 2022

New outsourcing considerations for 2022

For 2022, there is a marked shift over the past year in companies considering outsourcing or planning to continue their current outsourcing activities.



Additionally, companies that do not currently outsource and have no plans to outsource showed a significant decrease from 2021 of 39% to 17% expected in 2022. Similarly, those that outsource partially or fully but bring services back in-house dropped from 8% to 4% year over year.

What is driving this reconsideration of outsourcing plans? The increased importance of customer service and labor shortages are significant drivers. In addition, consumers believe customer service to be a critical consideration when deciding to do business with a brand.¹ According to Microsoft, 90% of Americans consider customer service when choosing to do business with a company, and 58% will switch to a competitor if they receive poor customer service. Similarly, according to Salesforce Research, 89% of consumers will make a repeat purchase if they have an excellent customer service experience.



Contact centers **help alleviate customer stressors** that include bouncing from one department to another without resolution². That is why in addition to automated call handling systems, companies are adding AI and Natural Language Processing (NLP) capabilities to offer quick resolution via chatbots and predictive analytics to anticipate customer questions.

WHAT BARRIERS EXIST FOR OUTSOURCING IN 2022?

For the 21% of respondents who won't be considering outsourcing in 2022, the most common reasons haven't changed much over the course of the year. First, if customer care or technical support is a core competency for the company, 40% indicated they would not outsource in 2022, similar to 41% in 2021. Secondly, 26% indicated that cost/benefit did not make sense for their company in 2022, down from 32% for 2021. In the two previous years, the cost/benefit was the top concern, with the call center core competency noted as the second most popular reason.

Customer Care /
Technical support is a core
competency for the company

40%

26%

Cost/Benefit did not make
sense for their company

Finally, some companies are considering bringing the service back in-house to avoid staff layoffs, as indicated by 26% of respondents for 2022, compared with 22% for 2021. This increase may be due to respondents having previous service performance issues with a partner, rising from 7% in 2021 to 20% for 2022.

While some companies are concerned about a potential global recession, only 11% are worried about inflation or rising prices. All sectors of the economy, including consumer goods, fast food, manufacturing and commercial sectors, are feeling the inflationary pinch, raising prices to compensate for higher labor, materials, energy and transportation costs.³

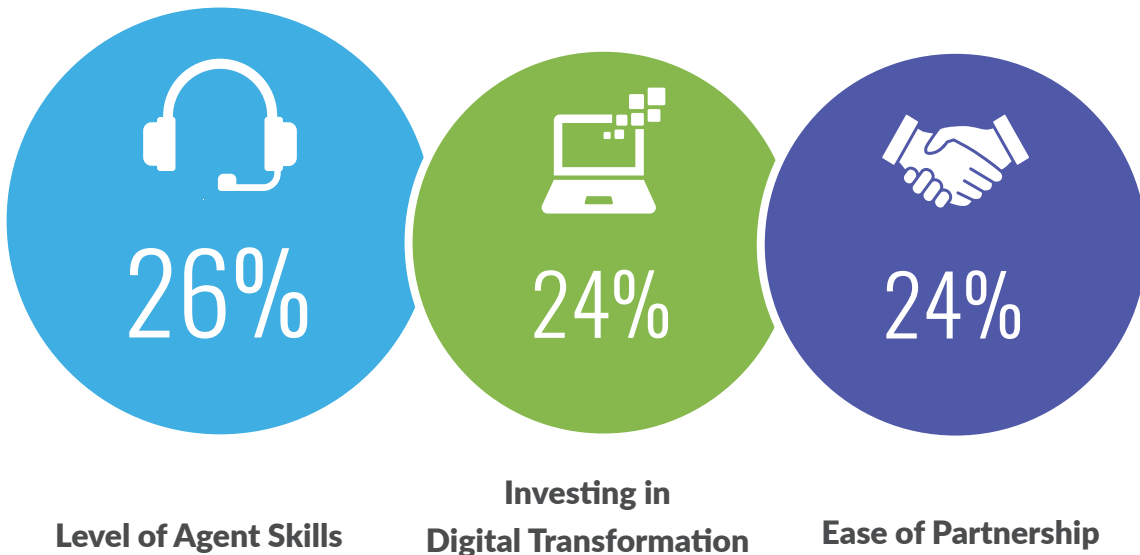
Outsourcing is a strategic decision, based on business objectives, geographic location, customer needs, financial goals and technology assets. Companies will continue to consider outsourcing as part of their long-term strategy while looking for a partner that positively represents their brand while seamlessly serving their customer base.

EVALUATING NEW BUSINESS OUTSOURCING PARTNERSHIPS

Choosing the right outsourcing partner is critical to providing the service that customers demand while aligning with business objectives. Nearly 30% agree that flexibility/willingness for a BPO partner to grow with a company's needs is the most critical factor, followed by 28% that believe the quality of Knowledge Management Systems and the data capture is vital.

However, priorities have changed since 2021 where data privacy/security compliance was the top factor in evaluating partners, with 49% of companies believing their outsourcing partner's security protocols topped other requirements. One year and a pandemic later, data privacy/security compliance is the third most critical concern, with 26% of respondents citing it as a factor, showing the need to exercise secure, flexible workplace operations.

ADDITIONAL PARTNERSHIP CONCERNS FOR 2022



BPO client expectations reflect their customer service and business goals. For instance, Salesforce research notes that business buyers have high expectations, with 84% of these buyers willing to purchase from companies and reps that understand their goals.⁴

CUSTOMERS WANT EMPATHETIC CUSTOMER SERVICE AGENTS

Customers value agents who are knowledgeable about the product or service, kind and helpful and provide prompt customer support responses. Empathy is also a significant factor as customers desire agents who understand their frustrations and offer a personal experience. Nearly half of customers want to speak with an empathetic customer service agent, with 75% of U.S. customers more likely to be loyal when a company delivers a personalized customer service experience.^{5,6}

The message is clear. While cost is an essential factor when choosing an outsourcing partner, the ability to deliver personal, human-centered support is vital to retain customers and protect the brand.

THE WFH DILEMMA

WFH capabilities are still on the radar for evaluating BPO providers, moving up from 14% in 2021 to 23% in 2022. As companies across all sectors monitor their work policies. However, there is a divide between who wants to go back to the office and who wants to work remotely.

WORKERS WHO WANT TO RETURN TO THE OFFICE

Role	Percentage
EXECUTIVES	44%
NON-EXECUTIVES	17%

Employee resignations are at an all-time high, with 4.5 million U.S. workers leaving their jobs in November 2021 and 3 million in October 2021.⁸ In addition, self-employed workers rose by 500,000 since the pandemic's start. As people recalibrate their personal values, many workers now realize they have more leverage with their choice of employers. Remote workers realize they can connect anywhere globally, expanding their previous geographic restrictions. Employers must now create a work environment where employees want to work, doing a job they enjoy while still providing top-quality customer service.

Outsourcing partners must now respond to workforce changes with updated technology, agent training and flexible options for clients and their employees.

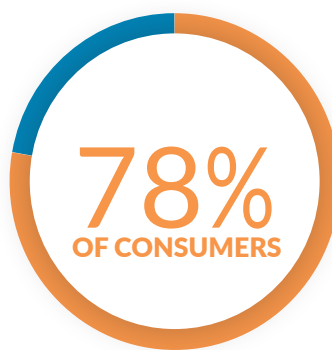
STRATEGIC GOALS RESPOND TO MARKET PRESSURES

Customer service is job #1

The pandemic had a lasting impact that corporate leaders will not soon forget. Consumers are now savvier shoppers and technically proficient. Immediate answers, knowledgeable agents and multichannel responses are just part of today's customer service model. Competition is high, and the consumer experience is essential for ongoing loyalty.



feel more connected to a brand when customer service solves their problems.⁹



will continue to do business with a brand if it rectifies its mistakes.¹⁰



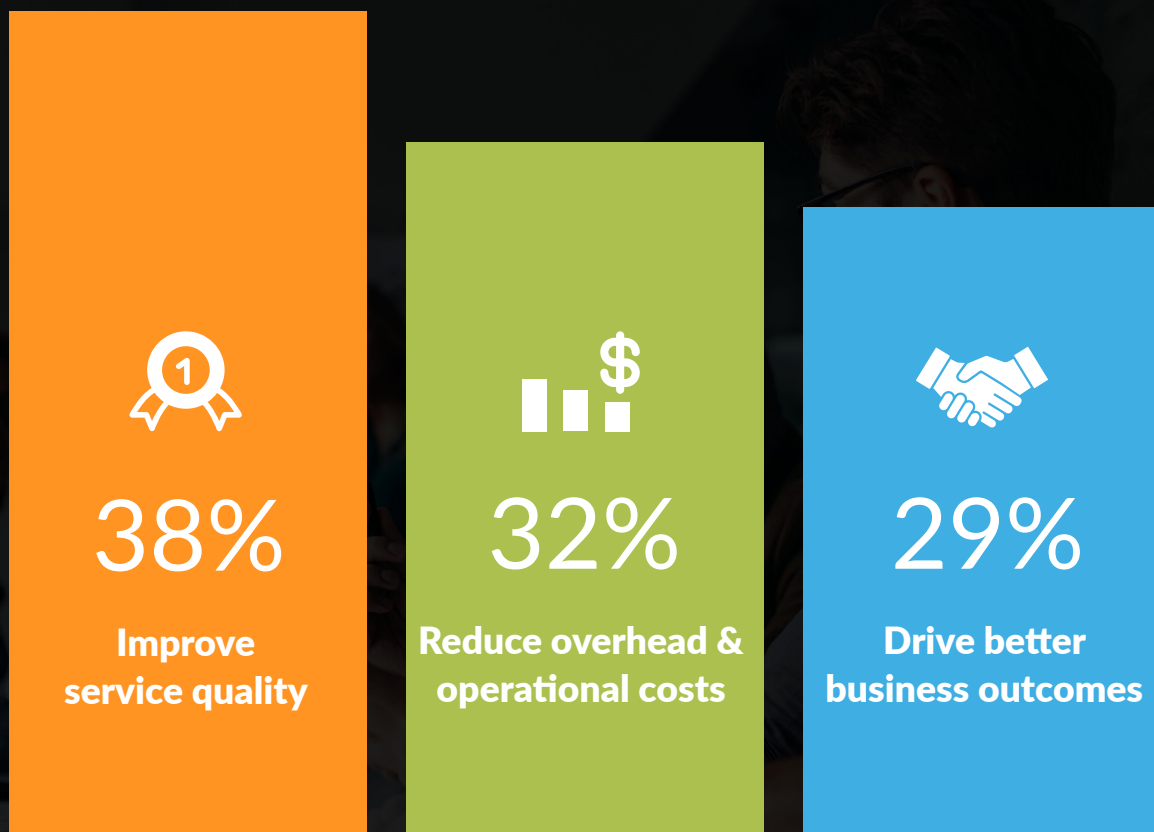
will "forgive" a brand for a mistake.¹¹

Two-thirds of customers, including business partners, expect companies to understand their needs and expectations yet don't want to be treated like a number.¹² Expectations are rising, and customers anticipate their experience with one industry to be the same with other industries, expecting ease with service, transactions and all interactions. In addition, customers expect all to provide an Amazon-like approach that makes inquiries and problem-solving effortless.

As corporate leaders focus on providing a better customer experience and staying competitive, it is no wonder that they rank “improve service quality” as the top strategic goal, with 38% of respondents ranking it at the top of the list. Additional validation comes from data showing that nearly half of people believe small businesses improved customer service during the pandemic, but 71% believe that large organizations worsened during this memorable time.¹³ It is clear that customers have high expectations and anticipate knowledgeable customer support from companies big and small.

Driving better business outcomes/ROI ranked as #3 on the list of strategic concerns, with 29% of respondents noting it as an issue, followed by having standardized processes to improve efficiency as the fourth highest-rated strategic goal. Rounding out the top five is the need to strengthen business continuity and disaster recovery plans, noted by 25% of respondents.

Strategic Goals for 2022



Business optimism in the midst of increasing costs

Coming in second on the list of strategic goals is costs. Nearly one-third (32%) of respondents cited “reducing overhead and operational costs” on their list of strategic goals. Similarly, the sixth top response, “leveraging economies of scale,” was noted by 24% of companies, contributing to strategic cost containment goals.

In the Institute of Economic Affairs 2021 Business Confidence Survey, 43% of companies said they had no change in performance from spring to fall of 2021, but 35% noted worse business performance, given the current business environment, constraints and policies.¹⁴ The increased cost of operations was the primary driver for performance changes, but COVID-19 related expenditures were down. In addition, nearly half of businesses, 48%, are not expecting much change in their business performance for the first part of 2022.

CEOs that are optimistic
going into 2022

61%

13%

CEOs that believe
conditions will worsen

In addition, 69% of CEOs plan to expand their workforce, but 74% said they have problems attracting qualified people. Most companies anticipate a positive year but will continue to monitor costs.¹⁵

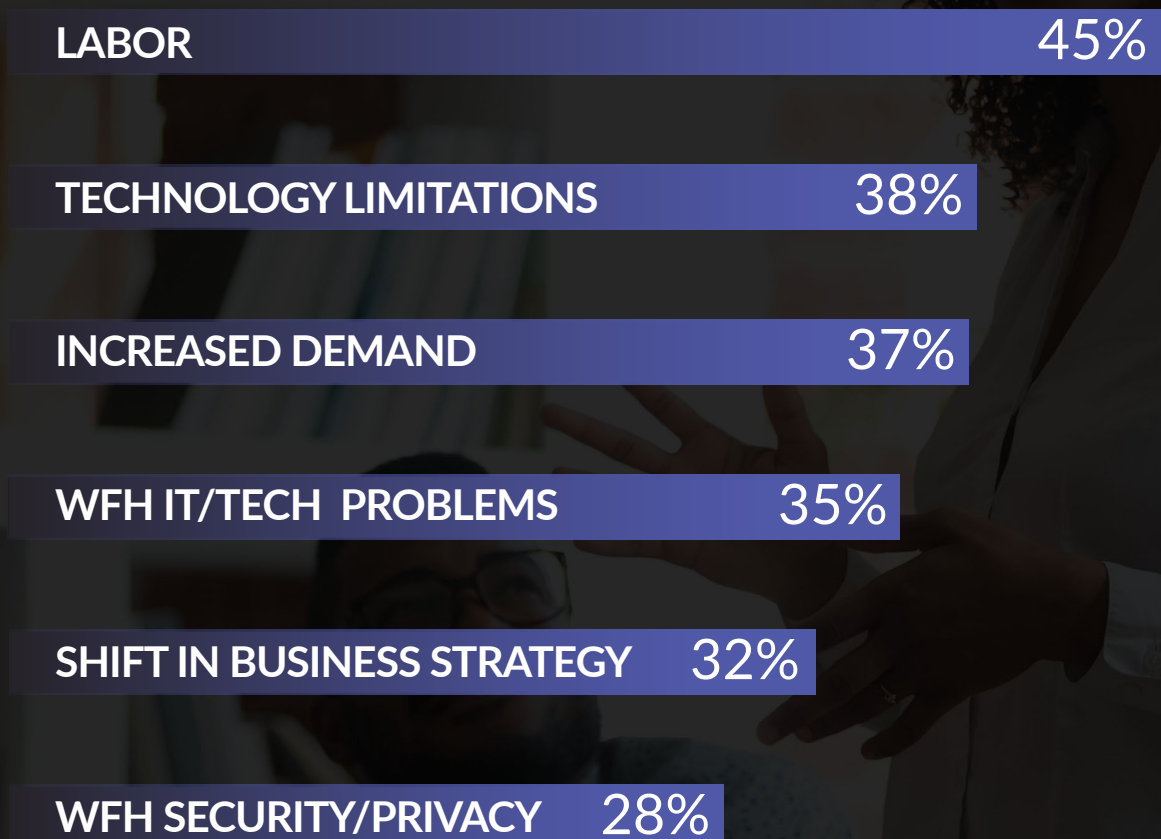
U.S. inflation is now running at twice the annual target of 2%, driven by increased labor and raw materials costs.¹⁶ According to the Federal Reserve, these pressures will not ease up until mid-2022. The Fed’s December 2021 report noted that many companies passed on higher prices to customers with little resistance. Still, some sectors, including services, try to hold prices steady to avoid losing customers.

With widespread labor shortages across the U.S., the Fed also anticipates that wages will continue to increase since the unemployment rate is at a record low of 4.2%¹⁷. Overall, U.S. corporate profits are up by 37%, leading to concern and public government comments that some companies may be raising prices above higher costs to increase their bottom line.¹⁸

BUSINESS CHALLENGES INTENSIFY

Labor, technology limitations and increased demand continue to disrupt operations in the midst of increasing costs.

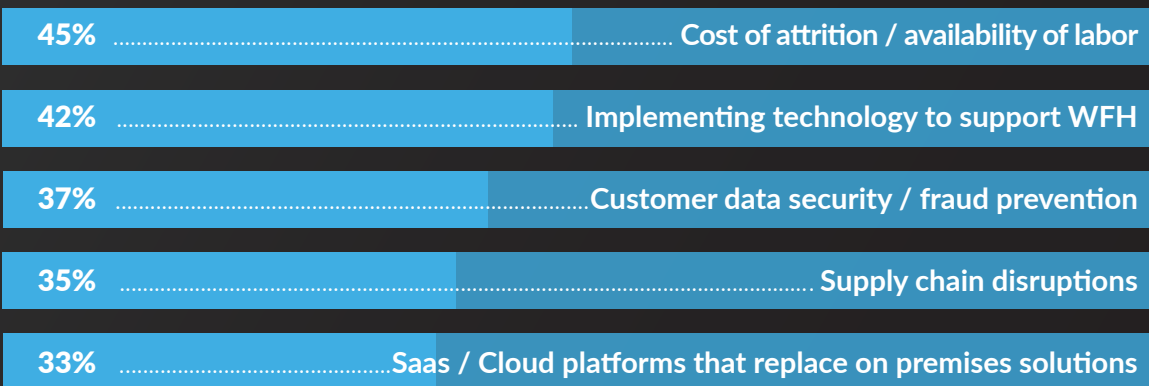
What are the primary challenges and disruptions that companies face as the “new normal” business era unfolds?



CHALLENGES ON THE HORIZON FOR 2022

As businesses emerge from the initial impact of the pandemic, leaders focus on the 2022 business horizon. However, challenges from 2021 will continue into the New Year, as companies are concerned about labor, remote work, security and supply chain issues that prevent them from meeting customer demand.

Business horizon concerns for 2022



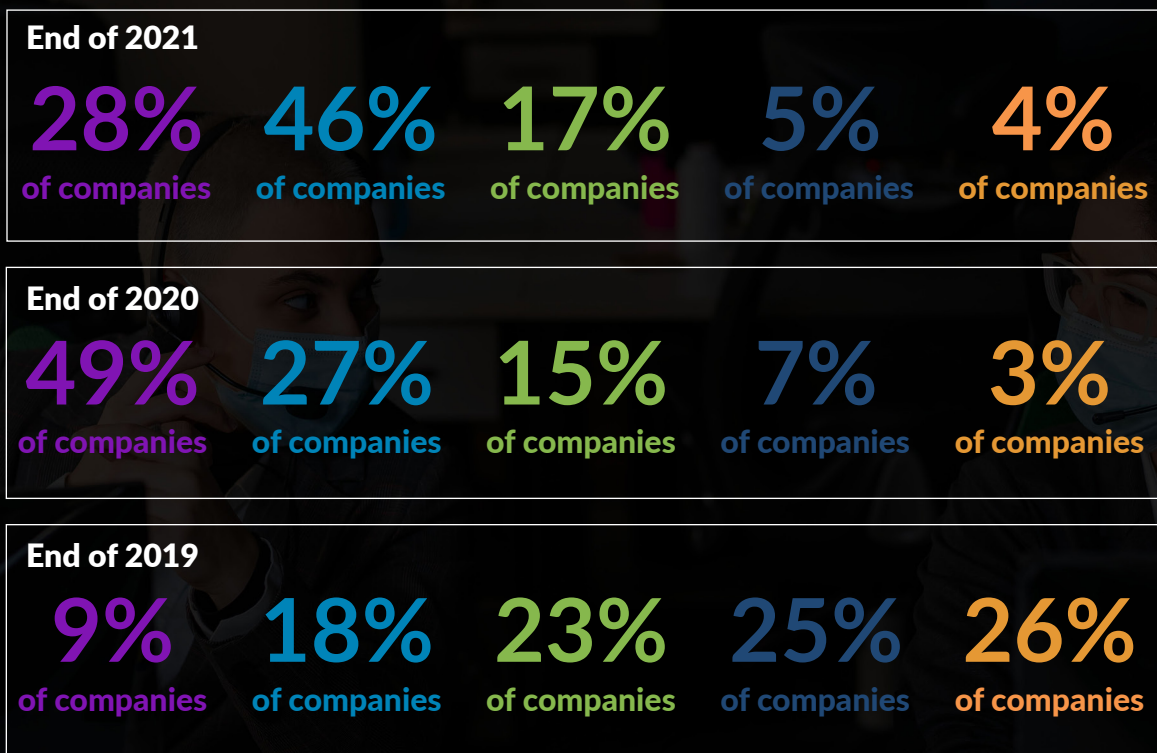
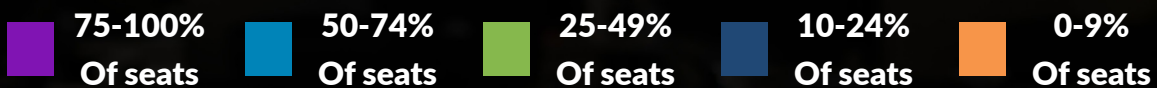
Security is an ongoing challenge as companies deal with increased malicious attacks. By the third quarter of 2021, the total number of data breaches exceeded 2020 annual totals by 17%, with cyber-attack data compromises, including phishing and ransomware, up 27% over 2020. In addition, half of ransomware attacks steal data and ask for a ransom, making it a business continuity and data breach issue for security teams.

Hackers are targeting call centers because of their distributed networks with many employees working onsite and remotely. Targeting large data networks and call centers is a growing problem putting leaders on edge. One employer also attempted to install cameras in agents' homes to monitor their work and enhance cybersecurity but was met with resistance.

CONTACT CENTER SEATS ARE CHANGING

We asked survey respondents what percentage of contact center seats work from home nearly two years since the COVID-19 pandemic shut down businesses globally. A three-year time horizon shows how contact center seats have shifted from on-premises to WFH to a hybrid environment.

Percentage of contact center seats (in-house or outsourced) that are WFH



Overall, 75% of companies had more than half of their contact center seats in a WFH environment for 2020 and 2021. However, office plans appear to be shifting. At the end of 2020, half of firms had 75% or more employees working from home. One year later at the end of 2021, only 28% of companies had 75% or more of their seat working from home. We surmise that most companies must be prepared for an agile workplace that flexes according to the employee, public health and business needs.

WFH flexibility will require companies to have agents who have a mix of locations and the management and technology infrastructure to support them. A Gartner study found that 60% of employees prefer a hybrid work model. However, the term “hybrid” is evolving to include not just a fixed number of days in the office but one that changes in response to work and personal needs¹⁹. Flexibility is essential to support a workforce’s lifestyle needs while balancing collaboration, innovation and workload, making it a win-win for both employees and employers.

Where outsourcing drives value

When asked to rate the effectiveness of current outsourcing programs or in-sourced solutions to achieve cost and capabilities, our respondents noted that they valued the following attributes.

Effectiveness rankings (rated as effective or highly effective)



Outsourcing partners provide value for the less-effective elements because they are not part of their core abilities. For instance, outsourcing partners have expertise with emerging technologies like AI and multichannel customer service options since it is part of their core offerings. Likewise, automating customer service processes and standardizing services are areas where BPO partners excel since it is part of their essential services.

Companies look to BPO outsource partners for value, providing services that they need to serve customers but don’t have in-house. When balanced against cost, labor and strategic goals, companies that recognize this value will get the most from their outsourcing partner.

TECHNOLOGY INVESTMENTS AND TRANSFORMATIONS

Seventy percent (70%) of respondents are looking to their outsourcing service providers for help with transformational technology and integrating innovative solutions. Thirty percent (30%) have an in-house transformation /innovation department.

Analytics is a growing trend for contact centers, with companies using analytics for various needs.

How Companies use analytics





For 2022, companies are planning technology investments that support the goals of security, customer service, and WFH capabilities. Top of the list is cybersecurity tools, with 36% of respondents planning to invest in these assets. CRM tool investments were noted by 32% of companies, followed by 29% investing in tools for quality monitoring and management and WFH technologies (such as VDI).

These investments differed slightly from a year ago when companies focused on supporting the WFH environment and improving agent training. In 2021, companies planned to increase investment in WFH technologies, advanced analytics, immersive/virtual eLearning and training, and chatbots and virtual assistants.

Companies are finding new ways to deliver an enhanced customer experience, and advanced technology is a critical part of delivery. As technology and business models migrate toward the evolving metaverse, they will provide an immersive experience where people connect and collaborate.²⁰ As a result, the need for VR and AR, and other advanced technologies, will increase. Gartner anticipates that metaverse is still eight years in the future, but we will see more companies investing in these technologies that will transform the internet and how we interact.²¹

According to a Deloitte study, outsourcing is an enabler of business transformation.²² Companies look to partners that can deliver digital solutions, lower costs, but also elevate the way they do business. Agility, flexibility and ability to scale are all top of mind, but they need the latest technologies to achieve these goals. Outsourcing partners are critical to strategic outcomes and their ability to grow in their market sector.

WHAT WILL 2022 BRING?

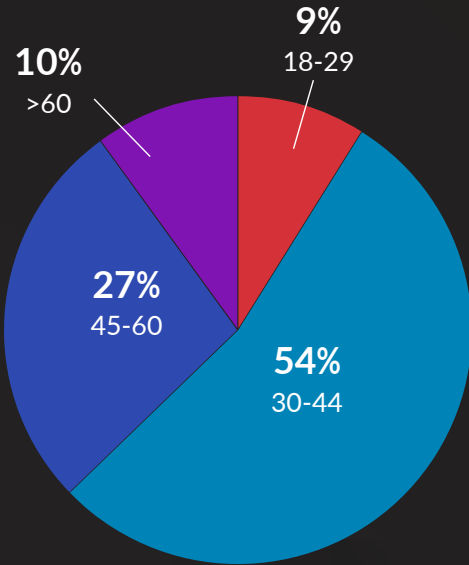
Customers want exceptional service, and companies with the technologies, agent skills and processes to solve customer problems will win the prize of ongoing loyalty. As leaders monitor rising costs, labor and skills gaps, they will continue to put customers at the center of their business model. Having the people, processes, and technology in place to efficiently serve customers is essential for companies to stay competitive and build deeper customer relationships.

Companies can't be everything to everybody. That is why BPO partners deliver expertise and value, providing the technology and agents that help companies meet their #1 goal: providing exceptional customer service.

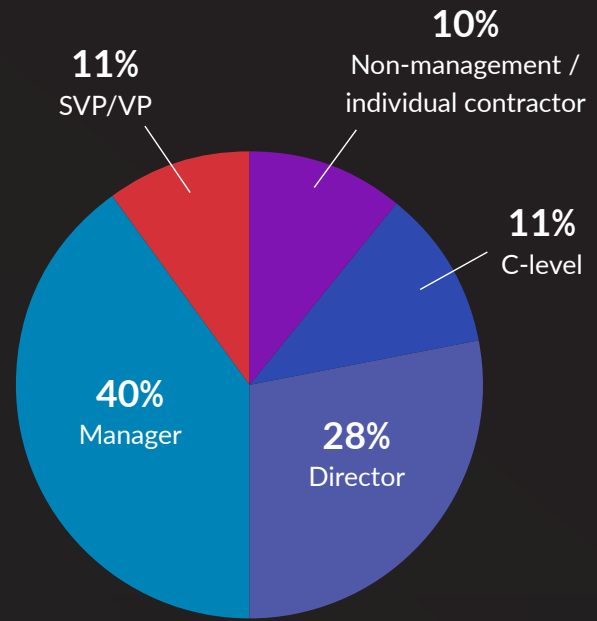


SURVEY/RESPONDENT OVERVIEW

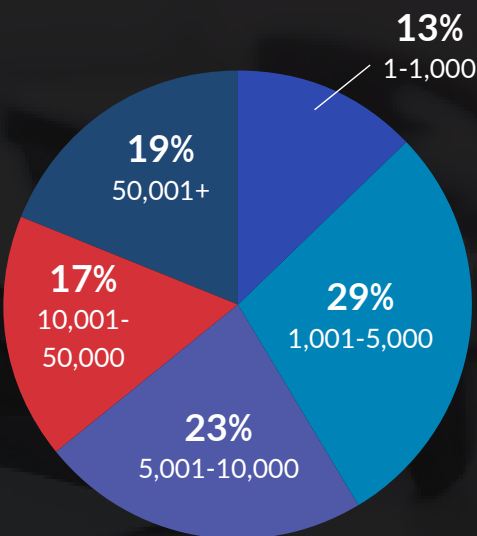
Age



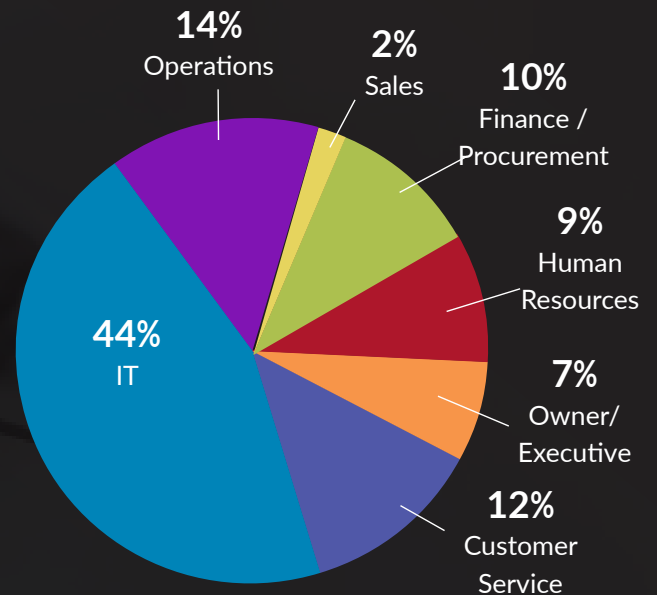
Role



Company Size by Number of Employees



Department

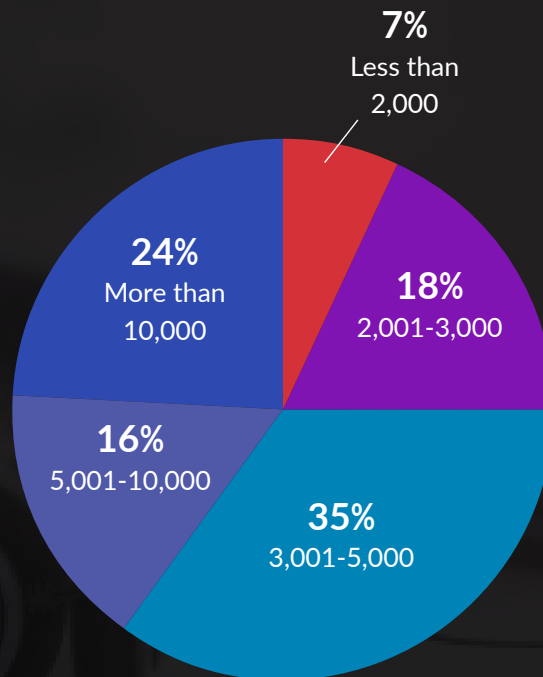


SURVEY/RESPONDENT OVERVIEW CONT.

Industries



Number of calls/contacts per month





ABOUT CGS

As a leading global provider, CGS is proud to offer outsourcing services, business applications and enterprise learning that support your business's fundamental activities.

Our contact center approach uses a hybrid of live agents and automation, creating streamlined solutions for global clients. Multilingual call center agents, combined with RPA technologies and AI-enriched chatbots, provide a full-service approach. CGS has contact centers located in North America, South America, Asia, Europe and the Middle East.

At CGS, we are proud to support some of the leading brands worldwide in the highest demand industries: healthcare, hospitality, retail, technology, financial services and telecommunications. We offer business process outsourcing (BPO) that is flexible, scalable and innovative, with solutions for customer and technical support, as well as back-office support and channel enablement.

Our ongoing innovations make it possible to handle over 65 million customer interactions each year, with an unwavering effort to exceed client goals and enhance ROI at the same time.

If you'd like to learn more about the ways your team can benefit from these services, visit [CGSINC.COM](https://www.cgsinc.com)

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