



RESEARCH UPDATE

Strong 4th Quarter Tops Year of Growth for the 2014 U.S. Contact Center Industry Employment

Summary

The U.S. contact center industry finished 2014 with strong overall employment numbers, topped by fourth quarter numbers that indicate the strength of the industry going into this first quarter of 2015. Employment numbers for the fourth quarter of 2014 were somewhat lower than third quarter 2014 numbers but were positive nonetheless.

Through our association with the National Association of Call Centers (NACC) at The University of Southern Mississippi, Saddletree Research is able to obtain industry employment numbers for each quarter of the calendar year. The numbers are tracked by the Call Center Lab at the University and compiled by students. The data contained in this research note is used with permission of the Call Center Lab at The University of Southern Mississippi.

During the fourth quarter of 2014, employment in the U.S. contact center industry grew by a total of 11,014 net new jobs. Not surprisingly, much of the growth came from the business process outsourcer (BPO) or third-party outsourcer market segment. Six of the top ten companies gaining net new jobs during the fourth quarter of 2014 were BPOs. While not specifically noted in the raw data, Saddletree Research believes that a significant percentage of the growth among BPOs can be attributed to contact centers that were ramping up to provide customer service in support the Affordable Care Act (ACA).

The View From The Saddle

The first quarter of 2014 saw a dramatic loss of jobs in the U.S. contact center industry. In was, in fact, the first quarter on record with job losses since the fourth quarter of 2008. The overwhelming majority of these job losses were a result of downsizing in the BPO market segment following closure of the enrollment period for the ACA in 2014. Once the contact centers impacted by the ACA were normalized in terms of size, the industry settled into a pattern of consistent quarterly growth for the rest of 2014.

The tables below will detail employment movement in the U.S. contact center industry during the fourth quarter of 2014. As Saddletree Research typically does in these research notes, we will specify the top ten hiring companies during the quarter as well as the ten companies with the greatest number of job losses. It is our hope that this data will be useful in the sales and marketing efforts of Saddletree Research clients.

During the fourth quarter of 2014 the U.S. contact center industry gained 14,521 jobs and lost 3,507 jobs for a net gain of 11,014 jobs. The top ten companies creating jobs during the first quarter are listed in Table 1 below.

Table 1: Top Ten Companies Adding Jobs October - December 2014

Jobs Gained	Company	Location	Vertical Market
1,300	Zenefits	Scottsdale, AZ	HR Management Services
800	Convergys	CO and NC	BPO
700	Unisys	Augusta, GA	IT Services
600	Ibex Global	San Antonio, TX	BPO
600	Teletech	McAllen, TX	BPO
500	Alorica	Tulsa, OK	BPO
430	Harry & David	Eugene, OR	Retail
425	Comcast	Albuquerque, NM	Telecom
400	Asurion	Las Vegas, NV	Data Services
400	Dial America	Erie, PA	BPO

Source: Saddletree Research
March 2015

The surprise entry in the top ten contact centers listed in Table 1 above is, in our opinion, Zenefits. Zenefits is a San Francisco-based company that offers on-line human resources support by helping mid-sized companies buy and organize benefits for their employees. Saddletree Research assumes that their contact center was established in Scottsdale, AZ, and not San Francisco due to the comparative cost of real estate and the scarcity of a potential agent workforce in the San Francisco Bay Area.

Interestingly, low-cost real estate in the Phoenix metropolitan area, historically a hotbed of contact center activity, is becoming scarce. Many existing office parks in the Phoenix metro area are being occupied by State Farm Insurance, which is moving its headquarters to the region. State Farm is also building its own high rise buildings near the campus of Arizona State University, potentially affecting the availability of labor for the customer service industry in the future.

Table 2 below lists the top ten companies downsizing their job counts during the fourth quarter of 2014. While BPOs are represented in the table, the overall composition of vertical markets is more diverse than the top ten contact centers adding jobs. The number of jobs lost at each of the companies below is surprisingly consistent, indicating the probability of job reductions as matter of the normal course of business rather than any specific catastrophic industry event.

Table 2: Top Ten Contact Centers Downsizing October – December 2014

Jobs Lost	Company	Location	Vertical Market
420	AIG	Alpharetta, GA	Financial Services
270	Burke County 911	Morganton, WV	Emergency Management
258	American Medical Response	Salida, CA	Health Services
232	Asurion	Rapid City, SD	IT Services
228	MAGY Staffing	Toledo, OH	BPO
201	Sprint	Overland Park, KS	Telecom
200	Xerox	Dayton, OH	BPO
198	Sykes	Fayette, NC	BPO
188	Netflix	Hillsboro, OR	Entertainment
156	Telerox	Hanover, PA	BPO

Source: Saddletree Research
March 2015

Although the purpose of this research note is to focus on the U.S. market, there were some interesting employment movements in the international market that are also worth paying attention to. In Costa Rica, Amazon added 1,000 jobs to their contact centers in that country. In the U.K., IT Services provider and BPO company CGI added 600 jobs to their contact center in Brigeland County, Wales. On the other end of the employment spectrum, the J.D. Williams Company eliminated 550 jobs in their Manchester, UK contact center.

The U.S. contact center industry remained robust in 2014 with total net employment gain of 35,878 jobs. Although first quarter 2015 employment numbers are not yet available, SaddleTree expects to see employment numbers similar to those we saw at the beginning of 2014. As the temporary contact center jobs that supported the enrollment period for the ACA are once again reduced or terminated, there will likely be a net loss of jobs during the first quarter. As long as the ACA remains law it is likely that this is a trend that the industry will have to become accustomed to.

In the absence of any unforeseen industry or economic catastrophe, SaddleTree Research expects 2015 to be another strong year of growth in the U.S. contact center industry. As the customer service profession continues to evolve along with the customer experience optimization movement, the future remains bright for the U.S. contact center industry.

