

State of the Call Center Industry Report: 1st Quarter 2012 Data

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Table of Contents

<u>Section</u>	<u>Page Number</u>
Title Page.....	i
Copyright.....	ii
Table of Contents.....	iii
Executive Summary.....	1
Methodology.....	2
United States Data.....	3
Figure 1.....	3
Figure 2.....	4
Figure 3.....	5
Table 1.....	7-8
Table 2.....	9-10
Table 3.....	11
Figure 4.....	12
Figure 5.....	13
Analysis.....	14

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Executive Summary

The first quarter of 2012 was marked by mixed results in performance. Third Party Outsourcing had large gains in employment while Telecommunications, more specifically wireless communications companies, lost a large number of jobs. All other verticals showed modest gains in employment.

States benefiting from employment increases during the second quarter include Florida and Texas. California, Washington State, and Pennsylvania showed the most net jobs losses this quarter.

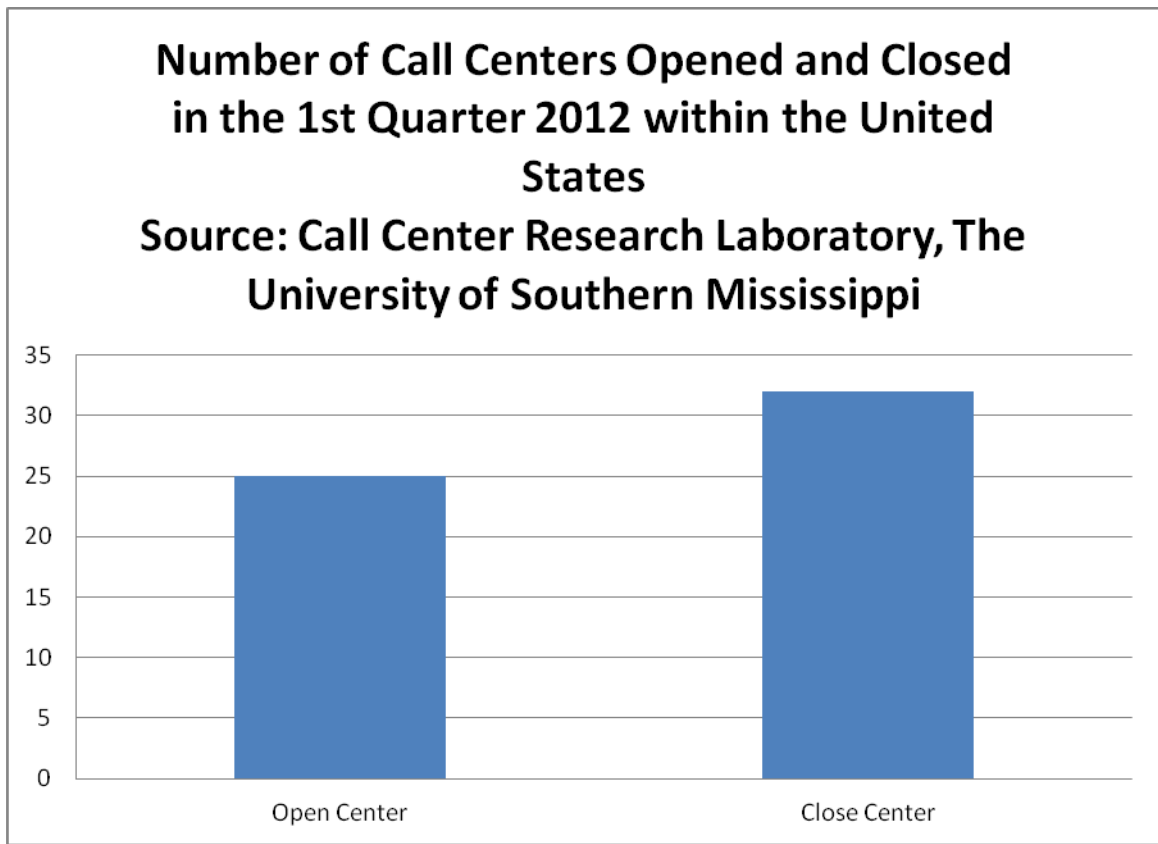
Methodology

The data for this report is compiled by the Call Center Research Laboratory at The University of Southern Mississippi. Starting in 2004, the Call Center Lab has tracked macro industry data such as call center industry openings, closings, expansions, contractions, jobs gained and lost by state. This raw data is supplied to the National Association of Call Centers (NACC) whereby it is turned into charts, figures and tables within reports, and analysis is offered on the trend data. These reports are sent to members of the National Association of Call Centers so that they can remain informed on industry trends in a timely manner thus enabling them to make the best decision possible within their organization. Decision-making based upon solid data improves the call center industry and helps the National Association of Call Centers meet its mission to help advance the call center industry by offering high value-added information, research, and products to its members for effective decision making.

United States Data

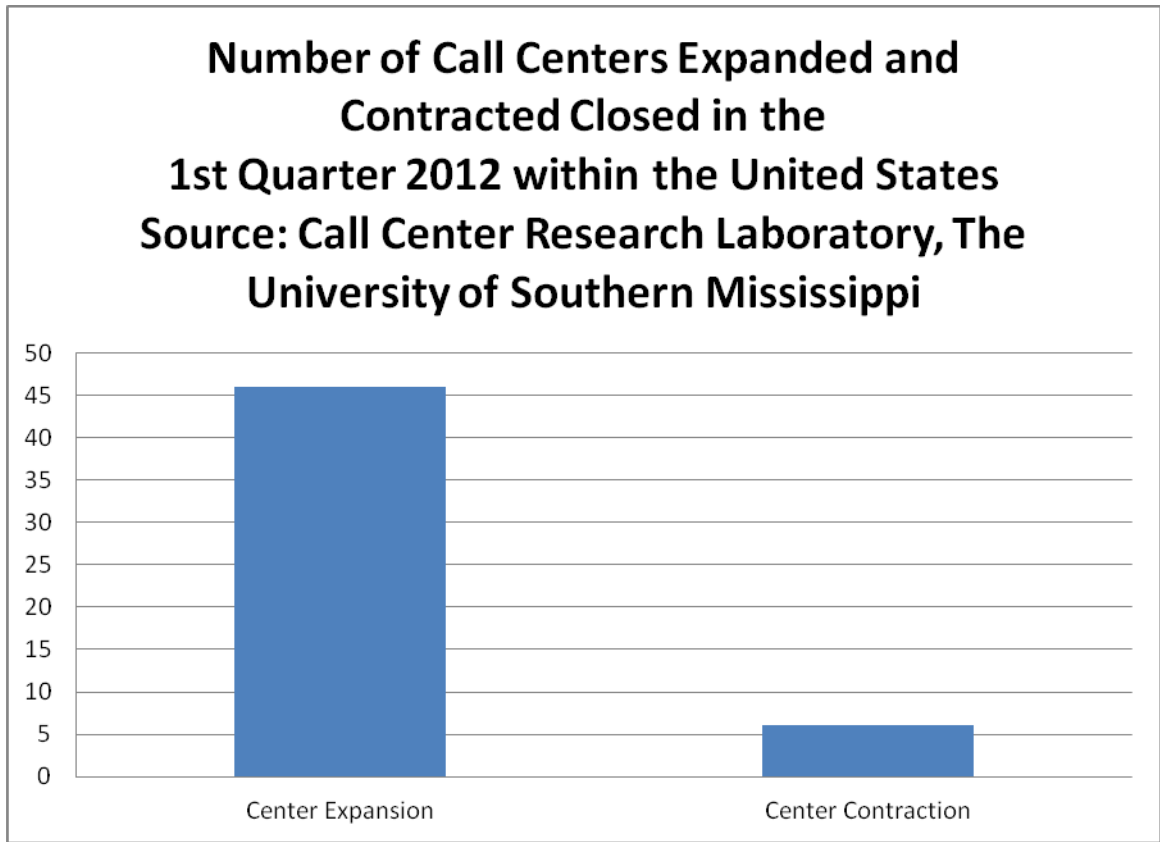
Figure 1 below shows the number of call centers opened (left) and closed (right) for the 1st quarter 2012 within the United States. The number of openings was 25 while the number of closings was 32, a ratio of 1 closing for every .78 openings.

Figure 1



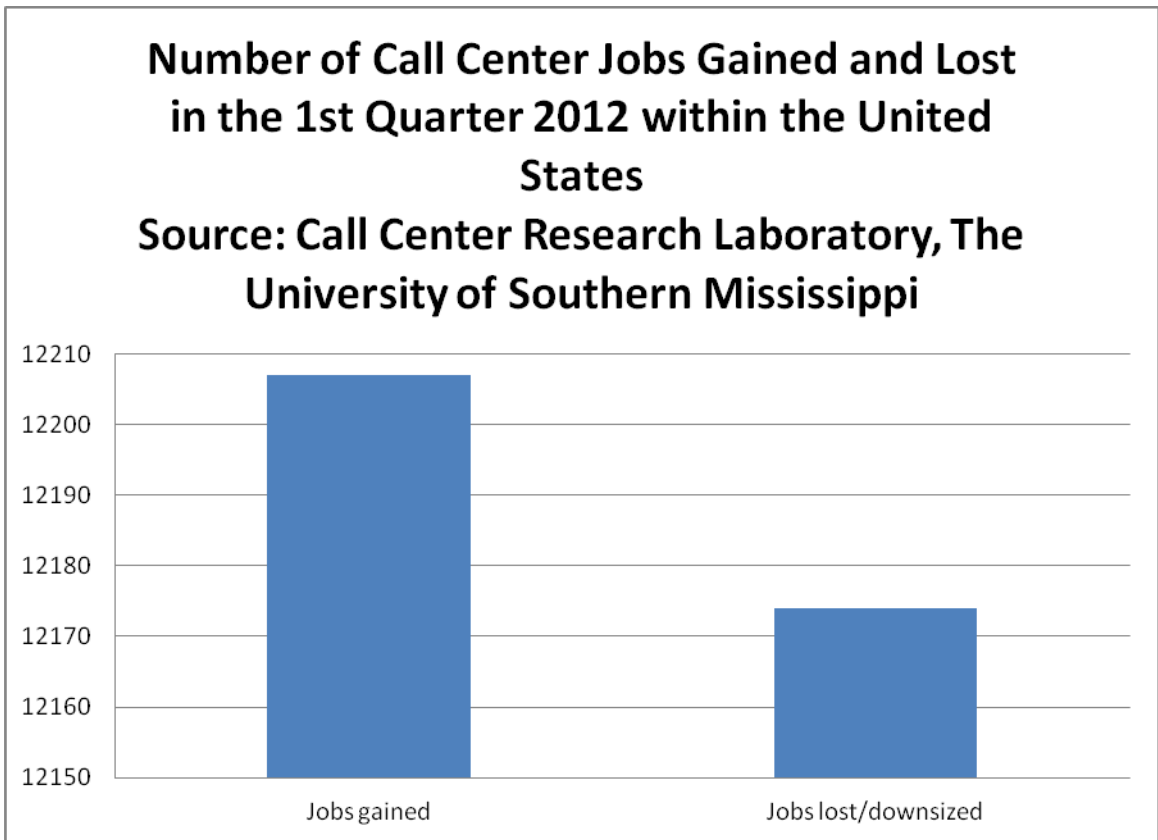
The number of call center expansions; i.e., adding more jobs to existing call centers (left) was more than that of contractions, i.e. removing jobs from existing call centers (right) during the 1st quarter 2012 within the United States as illustrated in Figure 2 below. The number of expansions was 46 while the number of contractions was 6.

Figure 2



Openings, closings, expansions and contractions are surrogate measures for job growth or decline in the call center industry. In Figure 3 below, the number of call center jobs gained was 12,207 while the number of jobs lost during the same period was 12,174, a ratio of 1 job gained for every .99 jobs lost in the call center industry.

Figure 3



The number of call center openings was higher than call center closings in the United States during the 1st quarter of 2012. There are some distinct winners and losers when examined at the individual state level. As indicated by Table 1 below, Florida and Texas performed well this quarter with a net positive 7 and 6 call centers opening or expanding in each state respectively. California and Washington State on the other hand were the states that had the lowest net performance with a loss or contraction of 4 and 3 call centers respectively. The remaining states had mixed growth or break even.

Table 1

State	Open/Expansion	Close/Contraction	Net
Alabama	3	0	3
Arizona	4	1	3
Arkansas	0	1	-1
California	0	4	-4
Colorado	3	1	2
Connecticut	2	4	-2
Florida	8	1	7
Georgia	1	1	0
Idaho	1	0	1
Indiana	3	0	3
Kansas	1	2	-1
Kentucky	2	0	2
Louisiana	1	1	0
Maine	3	1	2
Massachusetts	2	0	2
Michigan	0	2	-2
Minnesota	2	4	-2
Missouri	3	0	3
Montana	2	4	-2
Nebraska	1	0	1
Nevada	2	0	2
New Mexico	1	0	1
New York	4	2	2
North Carolina	3	2	1
North Dakota	2	4	-2
Ohio	1	2	-1
Oklahoma	0	1	-1
Oregon	0	1	-1
Pennsylvania	1	3	-2
South Carolina	2	0	2
South Dakota	1	0	1
Tennessee	1	1	0
Texas	10	4	6
Utah	2	4	-2
Virginia	0	1	-1
Washington	0	3	-3

West Virginia	3	1	2
Wisconsin	1	0	1
Wyoming	2	4	-2

Call center jobs gained and lost were mixed within the states as indicated by Table 2. The highest net gainer of jobs was Florida with 1540 jobs. Other states also had positive gains but under 1000 jobs. The states with the highest net losses of call center jobs were California, Washington State, and Pennsylvania each with a loss of over 1000 jobs. The remaining states experienced various losses and gains.

Table 2

State	Jobs Gained	Jobs Lost	Net
Alabama	650	0	650
Arizona	767	100	667
Arkansas	0	233	-233
California	0	1097	-1097
Colorado	900	441	459
Connecticut	4	5	-1
Florida	2040	500	1540
Georgia	0	450	-450
Idaho	60	0	60
Indiana	275	0	275
Kansas	160	680	-520
Kentucky	90	0	90
Louisiana	600	300	300
Maine	235	200	35
Massachusetts	233	0	233
Michigan	0	894	-894
Minnesota	4	5	-1
Missouri	625	0	625
Montana	4	5	-1
Nebraska	27	0	27

Nevada	300	0	300
New Mexico	150	0	150
New York	685	187	498
North Carolina	560	1370	-810
North Dakota	4	5	-1
Ohio	50	229	-179
Oklahoma	0	175	-175
Oregon	0	359	-359
Pennsylvania	30	1281	-1251
South Carolina	550	0	550
South Dakota	400	0	400
Tennessee	140	30	110
Texas	1757	2243	-486
Utah	4	5	-1
Virginia	0	50	-50
Washington	0	1069	-1069
West Virginia	390	66	324
Wisconsin	60	0	60
Wyoming	4	5	-1

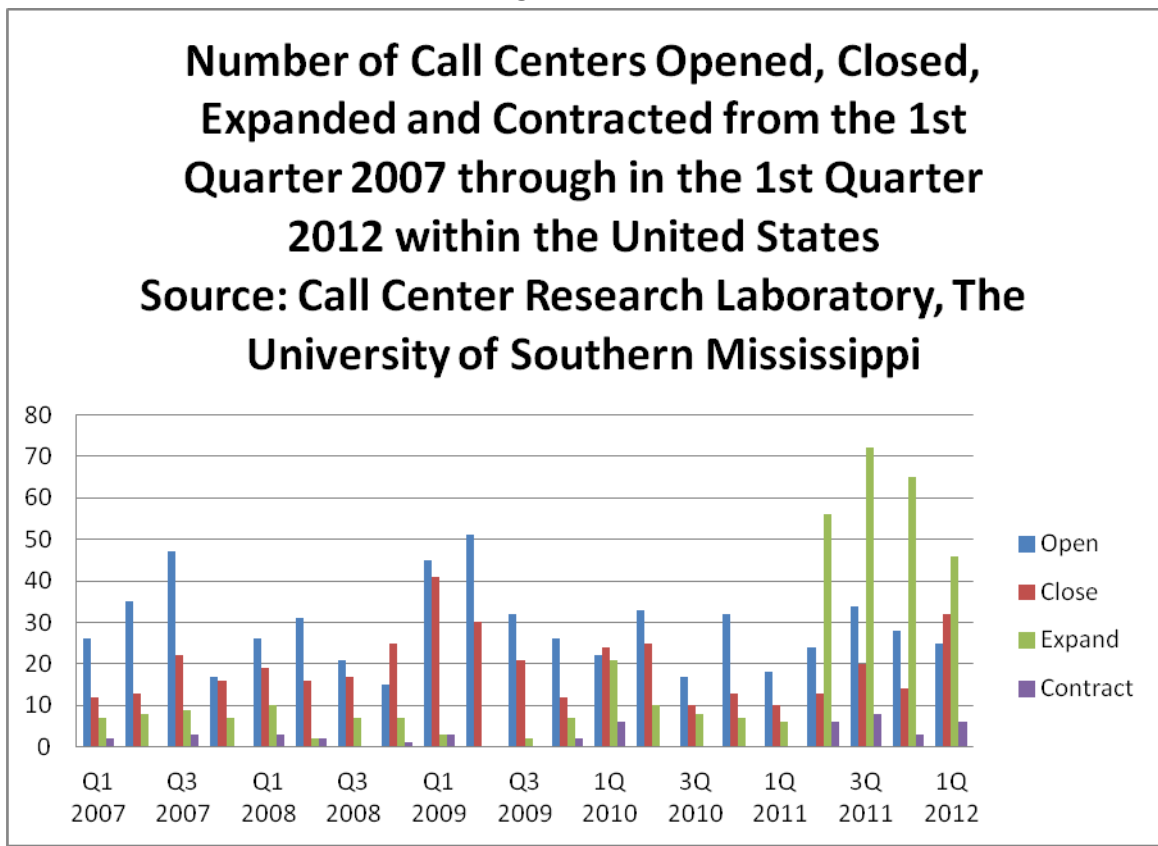
The NACC tracks the call center industry at a macro level as well as at the sector level. Not all sectors fared equally in this quarter as indicated by Table 3. Many sectors had net growth over 1000 jobs. The single largest gain was in Third Party Outsourcing with 3,802 jobs gained. Telecommunications had a huge decline this quarter with loss of 6893 jobs. The remaining industries were mixed with most showing modest positive gains.

Table 3

Industry Classification Number	Open/Expansion	Close/Contraction	Net Jobs
Financial Services/Banking/Insurance	10	5	760
Telemarketing/Collections	7	1	645
Third Party Outsourcing	32	10	3802
Telecommunications	2	16	-6893
Government	2	1	37
Customer Service	4	2	-186
Fulfillment/Distribution/Reservations	6	2	421
IT Services/Data Bank	1	0	300
Directory Services/Job Placement	1	0	170
Other	4	0	627
Medical Services	2	1	350

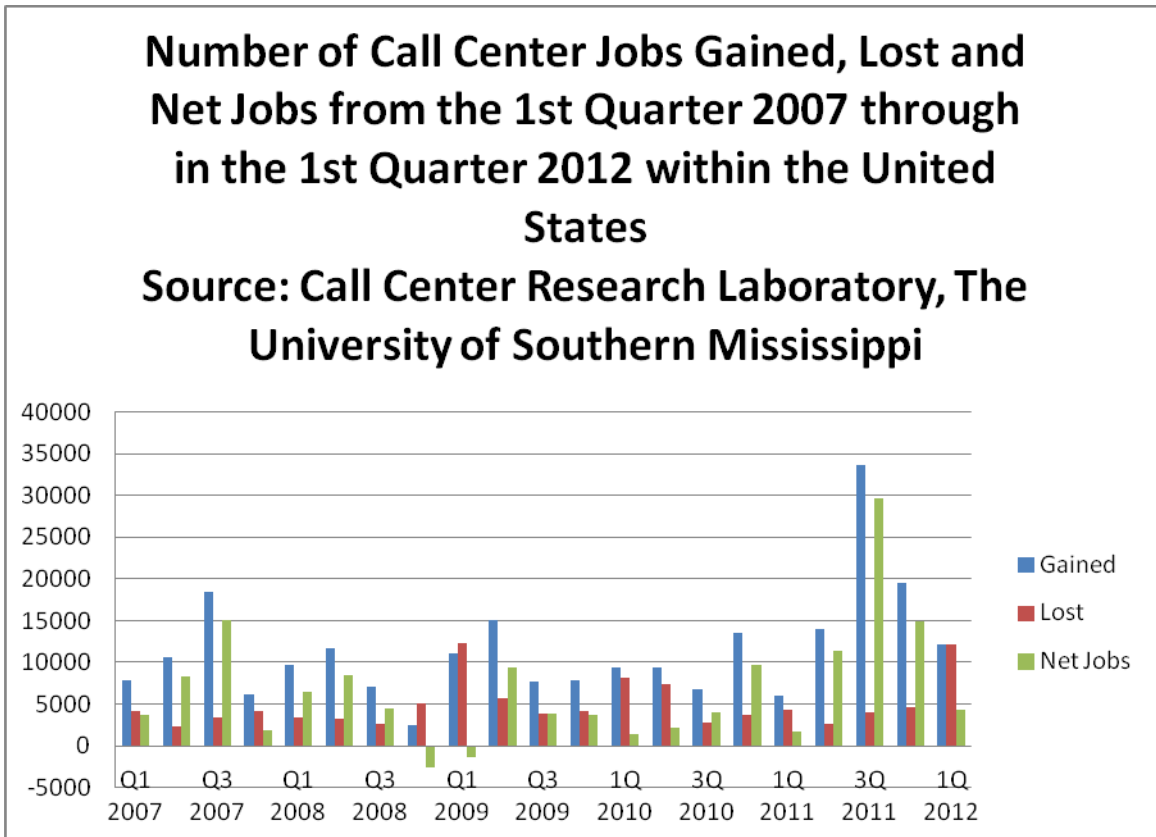
Looking back five plus years to the 1st quarter of 2007 in Figure 4, the number of call center openings within the United States by quarter was positive through all of 2007 and all of 2008 until the 4th quarter of 2008. Starting in the 1st quarter of 2009 and continuing through the fourth quarter of 2009, there was positive net gain in openings. Just as in the first quarter of 2010, this quarter the numbers have reversed and there is a net loss in terms of call centers opening. That said, there was a positive trend in terms of expansions of call centers relative to contractions.

Figure 4



Looking back four years to the 1st quarter of 2007 in Figure 5, the number of call center jobs gained and lost within the United States by quarter was positive through the 4th quarter of 2008. Starting in the 2nd quarter of 2009 and continuing through the period covered in this report, there has been a positive net gain in call center jobs. This quarter the net gain in jobs was small and reflective of the period in 2010 when uncertainty was all around.

Figure 5



Analysis

The call center industry continues on the slow but steady growth cycle that has typified the past several quarters. The exception to this cycle occurred this quarter wherein the number of net new openings was negative and the number of net jobs gained was slight. Most of this, however, was due to the wireless telecommunications industry laying off workers and was not a slowdown across the board.

Industry growth during the first quarter of 2012 was not even across geographies. Some states are doing better than others. Florida and Texas led the growth group this quarter with a gain in call center jobs of over 1000 each while the west coast, namely California and Washington State showed the largest number of job losses with each state losing over 1000.

Not surprisingly, Third Party Outsourcing led growth of jobs this quarter. Telecommunications, which usually does have such a strong showing, led the declines significantly this quarter. Most vertical sectors showed steady employment gains.

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