



Home-shore reversing Off-shore trend: Who Will Clinch the Title in 2011?

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For the past decade, U.S.-based call centers have battled against the perception that outsourcing customer service to offshore facilities was the best business decision. Following the 2001 recession, the odds were definitely in favor of offshore as businesses flocked to find the lowest-cost solution.

Wages in developing countries enabled overseas call centers to offer services at a lower price per minute when compared to onshore brick-and-mortar (B&M) centers. **This trend is now reversing as business leaders increasingly realize that providing high quality customer service is the best way to improve profitability. Today, home-shoring is no longer the underdog.**

Adoption of the home-based model continues to escalate across all industries, and many companies are rethinking prior offshoring decisions. In fact, according to the latest estimates from market research firm Datamonitor, over the next five years, offshore outsourcing of U.S. calls is expected to only grow 5% annually, while the at-home market will grow over 17% each year.

Re-evaluating Offshore

There's no doubt the pendulum is swinging back in favor of outsourcing customer service to vendors located within a business' home country. But why? Because customers are demanding it! **Companies are rethinking their offshoring decision because consumers are frustrated with the level of service provided by select overseas operations.** Consider this example from a Delta Airlines article published in the Atlanta Business Chronicle:

"Delta Air Lines Inc. has stopped routing reservation calls to India, citing complaints from customers...In a message to employees, Delta CEO Richard Anderson noted that, 'customer acceptance of call centers in foreign countries is low, and our customers are not shy about letting us have that feedback.'"

Delta Airlines is not alone in hearing about the frustration of customers who reach an offshore call center. According to a 2010 survey conducted by the CFI Group, customers who perceived their calls were handled offshore were 27% less satisfied than those who believed they reached someone within a domestic call center. Even more shocking, the same survey found that customers were *three times* more likely to defect to a competitor if they were serviced by an offshore contact center.

This customer backlash has forced companies to realize that the cost of customer service involves more than just price per minute. When the expense of managing offshore sites, losing customers, acquiring new customers and regaining loyalty from a dissatisfied customer base are factored into the equation, the inexpensive offshore option actually can be the most costly.

Over the past few years, while many companies would have liked to onshore their call center work to improve quality and customer satisfaction, they couldn't justify the additional expense of bringing the operations back to the U.S. (The fixed overhead of traditional B&M centers prevented them from coming close to the pricing offered overseas). Fortunately for these companies, the virtual call center model now makes it economically feasible to offer high quality service onshore, at a price that is often 25-30% lower than domestic B&M centers.

The Home-shoring Alternative

Stephen Loynd, an analyst at IDC, stated, "I am convinced that when it comes to outsourced customer care, by the time we emerge from a possibly severe global recession, home shoring will have developed into a more formidable sibling to off shoring than many would have expected just a few years ago." As companies investigate alternatives to offshore call centers, more and more executives are realizing the home-based customer care model offers unique benefits that make it a legitimate alternative to off shoring, especially when quality is a top consideration. As the below chart highlights, virtual contact centers are the clear alternative for today's customer-focused companies.

	Call Type	Agent Profile	Agent Training	Security / Risk
Off-shore	Simple Highly scripted	Average age 21-24 First job No college degree	Basic, in-room instruction	Minimal security Not bound by U.S. laws and regulations Difficult to monitor and enforce
Home-shore	Complex Largely off-script	Average age 38-41 15+ years of work & life experience 80% college educated	Comprehensive, best-of-breed eLearning techniques	Secure remote desktop 100% call recording PCI compliant
Home shore Advantage	Ideal for complex customer interactions Best option for sales, technical support, and collections calls	Better agents Higher quality scores and metrics Reduced agent attrition Improved customer satisfaction	More knowledgeable agents Faster speed to competency Improved first call resolution	Industry-leading security Best option for handling sensitive data and customer information

Results that Speak for Themselves

Admittedly, offshore contact centers handle simple calls quickly at a low price per minute. However, consumers feel that offshore agents are hard to understand, have less knowledge about issues and are not able to effectively resolve problems. On the other hand, businesses with customers who believe their calls are handled domestically enjoy higher customer satisfaction rates, resulting in higher revenue and increased profitability.



The results from home-based call centers are even more impressive. Agents working from home consistently outperform foreign and domestic B&M centers across multiple metrics, including higher customer satisfaction scores, better first call resolution, and higher revenue per call.

More companies are now realizing that for anything other than simple, non-interactive calls, off shoring is no longer the top contender in the customer service world. When businesses take a more holistic approach to evaluating their outsourced call center options, home-shoring can't be beat for delivering top quality service at a low overall cost. Industry analysts concur with this conclusion.

Datamonitor analyst, Peter Ryan, reported, "The use of at-home agents continues to grow, due to the proven effectiveness of this business model in providing lower cost and high quality contact center services." In fact, in a November 2009 research report, Datamonitor concluded that the home shore model will grow over three times faster than the B&M industry.

Home-shoring is a viable replacement for both onshore and offshore B&M centers and the growing number of companies using at-home agents proves it is now the preferred model of choice.

Check out [Hurricanes, Tornadoes, Blizzards, No Problem: 4 Cases for Virtual Call Centers in Natural Disasters](#)

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