

UNITED STATES CALL CENTER SATURATION REPORT 2019



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Call center saturation can significantly impact the performance and profitability of call centers due to employee attrition, wage inflation and labor quality decline. Site Selection Group has identified metro areas in, the U.S. with the highest call center saturation.

Few industries have agreed upon a metric that measures overall competitiveness of a labor market. The call center industry is unique because a standard “saturation” rate is applied to measure a market’s overall competition. The impact of call center saturation conditions can greatly alter the performance and profitability of a call center due to employee attrition, wage increases and labor quality decline. To better understand call center saturation, Site Selection Group analyzed more than 930 metro areas to identify metropolitan areas with the greatest call center saturation rate to help companies identify metro areas with greater potential risk of labor market challenges.



Why did site selectors start measuring call center saturation rates?

Site selection firms started using call center saturation rates in the mid-1990s when the call center industry was growing rapidly. Back then, call centers were clustered together in larger metro areas where they had easy access for management, more robust fiber infrastructure and available real estate. Cities like Atlanta, Dallas, Phoenix and Tampa were ground zero for the fast-growing call center industry.

As the industry continued to grow, employee attrition rates began to escalate and wage rates increased as call centers competed for labor. Companies started changing their location strategies as they wanted to reduce employee attrition and minimize wage inflation. Instead of clustering together, companies wanted to avoid other call centers so they could be an employer of choice in the local labor market. As a result, site selectors began measuring the level of competitiveness using the call center saturation rate.

How do you calculate call center saturation?

The call center saturation rate is defined as the percentage of the labor force employed in a call center or related back office operation such as shared service centers, transaction processing and other densely occupied entry-level operations. It is calculated by tallying the total call center employment of a market, and then dividing by the labor force. Saturation rates typically increase as a result of net new jobs created due to the opening of new call centers or internal growth of call centers already in the labor market. Conversely, the saturation rate will decrease as employers close call center sites or lay off employees.



When is a labor market saturated with call centers?

Typically, labor markets will have between 1% and 3% of a labor market employed in call centers. A labor market with less than 2% saturation is considered a desirable labor market to expand due to the market being less competitive. However, when a labor market reaches a 3% or greater saturation rate, they are labeled as "saturated," which often leads to higher employee attrition, wage escalation and labor availability concerns as call center employers begin to compete for talent.

0%

No Saturation

1%

Low Saturation

2%

Moderate Saturation

3%

Saturated

4%+

Highly Saturated



How does a labor market's size impact the longevity of the labor supply?

The size of a labor market will greatly impact the optimal number of employees for a site. Once a saturation level is established, it is possible to estimate the number of jobs remaining in that market before the critical saturation point is reached. This is a good method for forecasting the scalability and longevity of the labor supply. For example, a community with a labor force of 250,000 – with 5,000 workers employed in call centers – has a saturation rate of 2%. This means that when 2,500 more call center jobs are created, the saturation rate will reach the critical rate of 3%. Therefore, you can theoretically have five new call centers, each with 500 employees, enter the market before reaching the higher risk rate of 3%.

The above example is critical, especially when looking at smaller communities with a labor force of less than 50,000 where you can quickly tap out a labor market by one new center entering the market. Due to the higher risk, call centers have been migrating back to larger markets in the last few years. This is a reverse of the trend seen in the late '90s when call centers were going to very small labor markets to take advantage of lower labor costs.



How does call center competition impact labor supply?

Although the saturation rate alone provides valuable insight into the overall competitiveness of a market, it is important to understand the existing call centers and skill sets that comprise that overall saturation rate. For example, a labor market with a high saturation rate comprised of mainly entry-level customer service call centers may not be as worrisome for a call center employer looking to pay above market wages for a technical support or shared service center.

In addition to understanding the current saturation rate and the call center employees comprising that saturation, it is important to understand historical shifts in a market. The call center industry is very dynamic and changes regularly. A market that may have been relatively unsaturated in years past, could be approaching saturation with the addition of only one new center. It can be just as important to not only understand current competition, but recent pressures that may have been placed on a labor force due to new hires.

Top 50 Most Saturated Labor Markets

To help see where some of the most saturated labor markets in the U.S. are located, Site Selection Group has identified the top 10 most saturated labor markets in four categories. The categories are based on the population size of the metro area. Here are the rankings:

Top 10 Most Saturated Call Center Metro Areas Population over 1 Million

Rank	Metro Area	Population	Labor Force	Total Call Center Employment	Call Center Saturation Rate
1	San Antonio-New Braunfels, TX	2,422,370	1,226,570	61,172	4.99%
2	Buffalo-Cheektowaga, NY	1,139,060	575,120	27,564	4.79%
3	Tucson, AZ	1,030,768	490,962	22,999	4.68%
4	Tampa-St. Petersburg-Clearwater, FL	3,051,699	1,518,666	69,460	4.57%
5	Phoenix-Mesa-Chandler, AZ	4,739,795	2,408,055	107,146	4.45%
6	Salt Lake City, UT	1,213,760	708,062	28,693	4.05%
7	Rochester, NY	1,094,382	550,853	21,992	3.99%
8	Charlotte-Concord-Gastonia, NC-SC	2,572,061	1,349,628	50,258	3.72%
9	Columbus, OH	2,053,656	1,107,596	52,957	3.71%
10	Jacksonville, FL	1,505,256	847,388	30,240	3.57%

Top 10 Most Saturated Call Center Metro Areas Population 500,000 to 999,999

Rank	Metro Area	Population	Labor Force	Total Call Center Employment	Call Center Saturation Rate
1	Columbia, SC	832,545	416,294	24,543	5.90%
2	El Paso, TX	869,327	376,998	16,984	4.51%
3	Provo-Orem, UT	630,221	298,109	11,972	4.02%
4	Scranton--Wilkes-Barre, PA	560,033	290,904	10,896	3.75%
5	Albuquerque, NM	921,512	419,531	15,546	3.71%
6	Greensboro-High Point, NC	764,751	410,079	13,735	3.35%
7	Tulsa, OK	999,448	488,210	16,218	3.32%
8	Omaha-Council Bluffs, NE-IA	936,034	525,135	16,199	3.08%
9	Des Moines-West Des Moines, IA	691,478	384,027	11,787	3.07%
10	Lakeland-Winter Haven, FL	663,992	309,524	9,118	2.95%

**Top 10 Most Saturated Call Center Metro Areas
Population 250,000 to 499,000**

Rank	Metro Area	Population	Labor Force	Total Call Center Employment	Call Center Saturation Rate
1	Sioux Falls, SD	264,552	158,877	12,376	7.79%
2	Cedar Rapids, IA	268,806	148,788	8,005	5.38%
3	Hagerstown-Martinsburg, MD-WV	285,962	128,427	6,390	4.98%
4	Utica-Rome, NY	295,318	138,248	6,582	4.76%
5	Springfield, MO	465,100	242,657	8,187	3.37%
6	Waco, TX	269,442	131,158	4,003	3.05%
7	Lincoln, NE	333,681	200,677	5,597	2.79%
8	Duluth, MN-WI	291,244	152,080	4,178	2.75%
9	Lynchburg, VA	262,137	125,399	3,232	2.58%
10	Brownsville-Harlingen, TX	430,449	175,965	4,290	2.44%

**Top 10 Most Saturated Call Center Metro Areas
Population 100,000 to 249,000**

Rank	Metro Area	Population	Labor Force	Total Call Center Employment	Call Center Saturation Rate
1	Macon-Bibb County, GA	232,041	116,414	8,307	7.14%
2	Lewiston-Auburn, ME	108,120	60,391	3,740	6.19%
3	London, KY	149,470	62,915	3,765	5.98%
4	Johnson City, TN	203,221	100,259	5,972	5.96%
5	Muncie, IN	116,202	54,378	2,764	5.08%
6	Bloomington, IL	174,624	88,576	4,315	4.87%
7	Iowa City, IA	173,182	104,508	4,640	4.44%
8	Eau Claire, WI	169,107	91,339	3,815	4.18%
9	Florence, SC	207,786	96,690	4,012	4.15%
10	Fargo, ND-MN	246,434	145,519	5,938	4.08%

How will this impact site selection decisions?

Call center saturation remains a powerful metric in determining overall competition of a market. It is a good indicator of potential risk as it pertains to labor scalability, labor market longevity, employee attrition and wage inflation. Although the saturation rate alone provides valuable insight into the overall competitiveness of a labor market, it is critical to evaluate all location factors such as demographics, labor costs, business climate, labor laws, accessibility, economic incentives and real estate to make an informed site selection decision.

Sources: Site Selection Group, Bureau of Labor & Statistics





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