E-COMMERCE OUTSOURCING · PHILIPPINES

The conversion machine: the executive economics of e-commerce outsourcing to the Philippines.

An analysis of customer-journey operations, peak-season economics, CX and returns benchmarks, and vendor-selection discipline for online retailers, marketplaces, and DTC brands sourcing in the Philippines.

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ABOUT THIS SERIES

Behind every shortlist PITON-Global delivers sits a body of market research a client rarely sees in full: cost models, benchmark databases, provider dossiers, governance records. The Executive White Paper Series opens that research to the public, one service line or vertical at a time — because buyers who arrive informed make better decisions, run better RFPs, and build better programs.

THE PITON-GLOBAL LEADERSHIP TEAM

About the authors

John Maczynski

Chief Executive Officer

Peak seasons, product launches, service meltdowns and their recoveries — John has managed them all from the client's chair, across a thirty-year career directing outsourced operations for some of the largest consumer-facing businesses in the United States. That history is why founders

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Online retail has run through Ralf's career since its dial-up era: he has built and directed Philippine delivery operations for e-commerce and travel brands whose seasonal curves would terrify a workforce planner, and his two-plus decades resident in Manila give him a floor-level read on which

and COOs call him before their first sourcing conversation: he has already seen how the story ends, both ways, and structures every engagement so it ends well.

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providers genuinely handle peak and which merely survive it. The market intelligence underpinning this series — including its flex-staffing models — is maintained under his hand.

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PITON Global

ABOUT PITON-GLOBAL

Twenty-five years of continuous Manila presence have made PITON-Global the reference point for companies buying Philippine outsourcing services — a position built entirely on the buyer's side of the market and recognized with a steady accumulation of industry honors. The firm's method is unglamorous and effective: know the provider landscape better than anyone, hold every candidate to evidence, run genuinely competitive RFPs, and stay engaged until the client's program performs to specification. Tripadvisor, TSYS, Garmin, HealthPartners, Yetipay, Workrise, and Norman Disney & Young are among the companies that have trusted the firm with that work.

SECTION 01

Executive summary

-63%	**91**	**2.4×**	**5.9×**
Fully-loaded cost vs. US onshore, blended program	CSAT at vetted providers (vs. ~82 baseline)	Peak-season seat flex, certified agents, in 6–8 weeks	First-year ROI, reconstructed DTC case (Section 6)

E-commerce margins are built in fractions — a conversion point here, a repeat-purchase point there — and destroyed in whole numbers: a missed peak, a returns backlog, a support queue that turns a delivery question into a chargeback. The operational paradox of online retail is that its cost base must behave like software while its workload behaves like weather: November traffic at 2–3× baseline, launch spikes, carrier failures, viral moments. Staffing for the peak wastes three quarters; staffing for the average forfeits the quarter that funds the year.

The Philippines resolves that paradox better than any alternative — onshore, nearshore, or automated. It offers the CX warmth that made the country the world's customer-service capital, the process discipline for returns, marketplace, and catalog operations, and — decisive for this vertical — an elastic, deep labor market that lets vetted providers add certified brand-trained agents by the hundred in weeks, then release them after the peak without severance exposure. Five findings frame the volume:

1. **Peak elasticity is the real product.** The 63% rate advantage is table stakes; the ability to hold service levels through a 2.3× volume surge — and pay for the surge capacity only while it works — is what an onshore operation cannot buy at any price.

2. **WISMO is a product defect worn as a support cost.** "Where is my order?" contacts are 25–40% of e-commerce volume. Top providers resolve 88% without escalation — and feed the root-cause data back until the contacts themselves decline.

3. **Returns are a retention channel, not a cost center.** A 2-day returns cycle with exchange-first handling converts refunds into kept revenue; vetted teams run returns as a sales function with measurable save rates.

4 **AI has taken the FAQ and left the moment of truth.** Bots absorb order-status pings; what reaches agents is the angry, the complex, and the high-value. E-commerce buyers in 2026 are hiring judgment and brand voice, not script-readers.

5 **Retail fluency is rarer than seat capacity.** Hundreds of providers sell "e-commerce support"; PITON-Global's mapping confirms genuine retail operations depth — peak playbooks, returns economics, marketplace and catalog practices — at roughly thirty-five operators. Selection, as ever, is the control point.

The intended reader runs a DTC brand, online retailer, or marketplace — as founder, COO, CFO, or head of CX — and is either sizing a first Philippine program or repairing one sourced on rate alone. Sections 2–4 supply the evidence; sections 5–7, the method.

SECTION 02

The journey is the operation: where e-commerce work actually lives

E-commerce operations are best mapped not by department but by customer journey — because that is where revenue is won or lost. Figure 1 lays the outsourced work along that journey, with the revenue moment each stage protects.

FIG. 1 — THE OUTSOURCED CUSTOMER JOURNEY

PRE-SALE	ORDER & DELIVERY	RETURNS & RECOVERY	BEHIND THE STORE
Product questions, sizing, availability, cart assists — chat & voice	WISMO, address fixes, carrier exceptions, order edits & cancellations	Exchange-first returns, refunds, disputes, save offers, review recovery	Catalog & content ops, marketplace listings, inventory data, seller support
Protects: conversion	Protects: the promise made at checkout	Protects: repeat purchase	Protects: findability & margin

Composite of PITON-Global e-commerce engagements, 2024–26. Order & delivery work (WISMO) typically carries 25–40% of total contact volume.

Reading operations through the journey changes sourcing decisions in two ways. First, it prices quality correctly: a pre-sale chat agent is a commissioned salesperson in everything but title — top providers staff that queue with their strongest communicators and measure assisted conversion, not handle time. Second, it exposes the feedback loops that pure cost analysis misses: WISMO volume is a logistics-visibility defect, returns reasons are a merchandising signal, and repeated product questions are a PDP content gap. Vetted providers close these loops contractually — weekly root-cause reporting is a deliverable, not a favor.

The "behind the store" column deserves executive attention it rarely gets. Catalog and marketplace operations — attribute-complete listings, image compliance, price parity, seller-side responses — are volume work with direct search-ranking and Buy-Box consequences. They are also the natural second wave of an e-commerce program: same provider, same governance, deeper leverage.

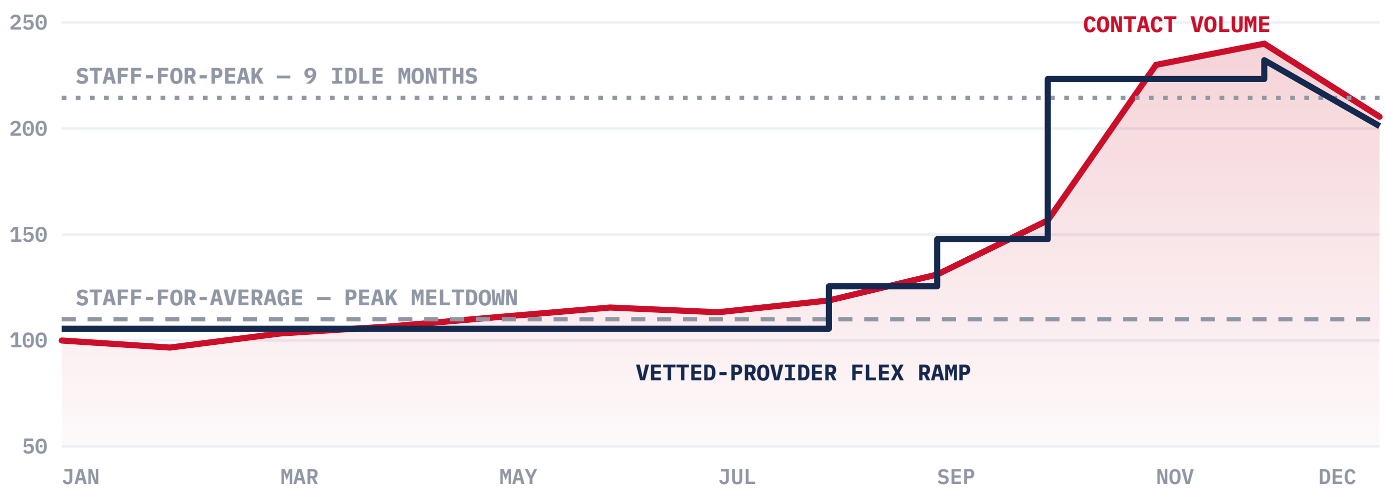
SECTION 03

Peak is the business case: seasonal economics and flex

staffing

Figure 2 shows the shape of the problem: a typical DTC contact-volume curve against the two staffing strategies available onshore — and the flex curve a vetted Philippine provider actually delivers.

FIG. 2 — CONTACT VOLUME VS. STAFFING STRATEGY (INDEXED, JAN = 100)



Composite DTC volume curve, PITON-Global engagement base. Flex ramp: certified-agent waves added from September, released in January.

The economics of the flex curve are what make this vertical's business case unusual: the buyer pays for surge capacity only in the months it produces revenue, and the surge arrives trained — vetted providers run bench programs, cross-training pools, and brand-certification gates so that a wave added in October performs within points of tenured agents by Black Friday. The deep labor market does the rest: a top Manila or Cebu provider can recruit, screen, and certify hundreds of seasonal agents in six to eight weeks, at quality bars an onshore seasonal hire never clears.

Two contractual details determine whether a buyer actually captures this. **Ramp gates in both directions:** waves certify in on quality thresholds and roll off on dated schedules, so January does not arrive with February's payroll. **Peak SLAs priced as SLAs:** service level, first-response time, and CSAT hold through the surge at agreed levels with credits behind them — the provider carries the operational risk of the curve, which is precisely what the buyer is paying a specialist to absorb.

SECTION 04

Cost and performance: role-band economics and top-tier

benchmarks

TABLE 1 — FULLY-LOADED COST PER PRODUCTIVE HOUR BY ROLE BAND (US$, 2026)

Basis: PITON-Global e-commerce engagement pricing 2025–26; fully loaded and net of shrinkage, as defined in Methodology & notes. Seasonal-flex seats price at the same rates, active months only.

TABLE 2 — E-COMMERCE OPERATING BENCHMARKS, VETTED VS. BASELINE (2025–26)

METRIC	VETTED TOP TIER	BASELINE	EXECUTIVE READING
CSAT / first-response time (chat)	91 / 28s	~82 / 90s	Reviews, repeat rate, brand equity
WISMO resolved without escalation	88%	~64%	Your ops team stays out of the queue
Returns cycle (request → resolution)	2.1 days	~5.4 days	Exchange-first saves the revenue
Refund-to-exchange conversion	34%	~15%	Kept revenue per return request
Peak SLA retention (Nov–Dec vs. annual)	−2 pts	−15 to −25 pts	The quarter that funds the year, held
Annual attrition, e-commerce programs	22–30%	45–65%	Brand voice lives in tenured agents

Source: PITON-Global e-commerce engagement data 2025–26; baseline = client pre-engagement and onshore/commodity-offshore averages.

Behind the benchmark column sit the same disciplines this series documents in every vertical — calibrated QA at double market density, certification gates, tenure economics — plus two retail-specific ones: **brand-voice programs** (style guides, tone calibration, product immersion weeks that put agents inside the catalog they support) and **peak playbooks** maintained as living documents from one season to the next — carrier failure scripts, backlog triage protocols, surge scheduling patterns. Neither shows up on a rate card; both show up in December.

SECTION 05

Sourcing discipline: the 7-Step Vendor Vetting Framework, applied to e-commerce

In an e-commerce search the framework's decisive test is peak evidence: any provider can staff June; the shortlist belongs to those who can prove — with client references and interval data — that they held service levels through a November. The funnel below is representative of a mid-market DTC search.

FIG. 3 — THE 7-STEP FRAMEWORK AS AN E-COMMERCE FUNNEL

	STEP	WHAT IT ELIMINATES IN AN E-COMMERCE SEARCH	FIELD REMAINING
1	Requirements definition	Vague scopes: fixes channels, hours, volume curve with peak multiples, platforms (Shopify, Gorgias, Zendesk, marketplace consoles), quality targets	1,000+
2	Market mapping	Providers outside the scale band, hub set, or 24/7 delivery model the volume curve requires	~100
3	Capability screening	No genuine retail practice: peak playbooks, returns economics, marketplace fluency, brand-voice programs — evidenced, not asserted	~35
4	Compliance & security audit	Weak payment-data handling (PCI where card data touches), thin privacy controls, no BCP for peak-critical operations	~18
5	Operational diligence	Peak claims that fail reference checks; attrition cohorts that reset brand voice yearly; QA density below the benchmark bar	6–10
6	Competitive RFP & negotiation	Flat-rate quotes that hide peak premiums; finalists bid the full seasonal curve — core rates, flex rates, ramp gates, SLA credits	2–3
7	Transition & launch governance	Launching into a peak unproven: PITON-Global stays embedded buyer-side through the program's first peak season, then hands over	1

Field-remaining counts represent a mid-market e-commerce search (30–100 core seats), PITON-Global engagements 2024–26.

The practice's two constitutional guarantees complete the picture. **Vendor neutrality:** PITON-Global sells no capacity and accepts no placement economics, so its shortlists answer only to the evidence. **Right-sizing:** a 65-seat DTC brand inside a 20,000-seat generalist gets a B-team and a peak-season prayer; the framework surfaces retail-specialist mid-sizers for whom that brand is a flagship account with executive attention year-round. Six to ten best-qualified providers, delivered within 48–72 hours, free to the buyer, competing through a fully transparent, fair, comprehensive, and highly competitive RFP.

SECTION 06 · ANONYMIZED CASE STUDY

Holding the quarter: a 65-seat DTC program through a 2.3× peak, reconstructed

Engagement EC-048 is a US direct-to-consumer home-goods retailer, roughly $310 million in revenue, earning 41% of it in the fourth quarter. Its previous two peaks had been operational failures: CSAT down 11 points in December, a returns backlog into February, and a seasonal onshore hiring program that missed its recruiting targets two years running. The CFO's framing to the board was candid — "we lose our best quarter to our own service operation." Identifying details are anonymized under NDA.

SELECTION (WEEKS 0–8, COMPLETED IN MARCH)

Requirements fixed a 65-core-seat scope — CX across chat, email, voice, and social; order and returns operations; catalog support — flexing to ~155 seats for October–January, on the client's Shopify/Gorgias stack. The RFP bid the full seasonal curve: core rates, flex rates, ramp gates, peak SLAs with credits. Mapping yielded 96 claimants; capability and compliance screens left 16; peak-evidence diligence produced a shortlist of 7. A Cebu-based retail specialist won at $11.10 per productive hour, 9% below the median bid.

TRANSITION & FIRST PEAK (APRIL–JANUARY)

Core seats transitioned by June behind certification gates; the provider's exchange-first returns playbook replaced refund-by-default handling in July. Peak waves certified in from September on the client's own QA rubric — 90 flex agents by early November. Through a 2.3× December volume surge, service level held at 86% (annual: 88%), CSAT at 90. Flex seats rolled off on dated gates by late January. PITON-Global chaired buyer-side governance through the full peak, then handed over.

TABLE 3 — EC-048 FIRST-YEAR VALUE BUILD-UP (US$)

VALUE COMPONENT	YEAR 1	BASIS
Labor & overhead arbitrage (core + flex)	$2.28M	122k productive hrs × ($29.80 – $11.10)
Peak revenue protected (SLA held through 2.3× surge)	$0.62M	Abandon-rate and conversion deltas vs. prior two Decembers, conservatively factored
Pre-sale chat assisted conversion	$0.38M	Assisted-cart conversion lift on chat-touched sessions, margin basis
Refund-to-exchange conversion (15%→33%)	$0.24M	Kept-revenue margin on converted return requests
Gross value created	**$3.52M**	
Less: engagement & transition costs	($0.60M)	Transition, brand-immersion training build, parallel runs, governance overlay; advisory fee $0 (provider-paid model)
Net value ÷ cost = first-year ROI	5.9×	$3.52M ÷ $0.60M

Figures rounded; revenue effects conservatively factored. Method in Methodology & notes.

The composition tells the vertical's story: 65% arbitrage, 35% revenue effects — and every revenue line traces to a selection criterion. Peak protection came from peak evidence demanded in Step 5; assisted conversion from the brand-voice program screened in Step 3; exchange conversion from a returns playbook most bidders did not have. The client's own summary at handover: "We didn't outsource support. We fixed our fourth quarter."

SECTION 07

The executive playbook: a peak-ready 180 days

E-commerce programs should be sequenced backward from the next peak: everything before it is preparation, everything after it is optimization. The buyer-side governance below assumes a spring start and a Q4 test — the most common and most demanding calendar.

DAYS 0–30

Contract the curve, not the average

Price core and flex seats separately with ramp gates in both directions. Put peak SLAs — service level, first response, CSAT — in the contract with credits that bite in November, not just annually. Lock the named leadership roster and the brand-immersion training plan before signature.

DAYS 30–90

Transition core, build the loops

Certify core waves on your own QA rubric; install exchange-first returns handling early — it pays for the transition by itself. Stand up the weekly root-cause loop (WISMO reasons, return reasons, contact drivers) as a contractual deliverable feeding your ops and product teams.

DAYS 90–180

Rehearse the peak before the peak

Run the surge as a drill: flex-wave certification from September, a simulated carrier-failure day, backlog triage protocols tested at volume. Freeze process changes by late October. Govern the peak from a daily interval dashboard — then do the January roll-off on its dated gates and bank the retro into next year's playbook.

THE FIVE FAILURE MODES WE ARE HIRED TO PREVENT

Signing a flat-rate contract and discovering the peak premium in October · sourcing on rate and inheriting a provider with no peak playbook · launching a transition into Q4 · running returns as refund processing while exchange revenue walks · treating WISMO as a staffing problem instead of a visibility defect. All five are selection- and design-stage decisions.

E-commerce rewards operators who treat the fourth quarter as an engineering problem with a deadline. The Philippine market gives them the instrument: costs cut by nearly two-thirds, service quality above onshore baselines, and — uniquely — elasticity that follows the revenue curve instead of fighting it. The thirty-five providers who can genuinely deliver that are outnumbered thirty-to-one by those who will claim to. Which is, as every volume of this series concludes, why the method matters: define the curve, demand the evidence, run the competition, and govern through the first peak. The quarter that funds your year deserves nothing less.

METHODOLOGY & NOTES

How the numbers were built

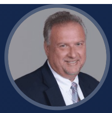
Operating benchmarks (CSAT, first-response time, WISMO self-resolution, returns cycle, refund-to-exchange conversion, peak SLA retention, attrition) derive from PITON-Global e-commerce engagements active 2025–26, measured on provider CX platforms and QA systems and validated in client governance. Baselines combine client pre-engagement data with onshore and commodity-offshore averages.

Cost figures are fully-loaded costs per productive hour by role band — wages, benefits and statutory charges, facilities, technology stack, management and QA overhead, attrition-driven recruiting and ramp — net of shrinkage. Flex-seat pricing reflects active months only, including certification-period costs. US baselines reflect Tier-2 metro CX labor including seasonal-hiring premiums; Manila and Cebu figures reflect 2025–26 engagement pricing.

The case study (EC-048) is anonymized under NDA; revenue, volumes, and platform details are generalized, figures rounded. Revenue effects are conservatively factored: peak protection uses only measured abandon and conversion deltas against the client's own prior-year Decembers, at margin rather than revenue; assisted conversion applies a holdout adjustment for sessions that would have converted unaided; exchange conversion counts margin on kept revenue only. ROI = net first-year value ÷ all engagement-related client costs. PITON-Global's advisory fee is provider-paid and appears at $0 in the client cost base; neutrality safeguards are documented at piton-global.com.

Market context draws on IBPAP reporting and PITON-Global's proprietary provider mapping (1,000+ operations; e-commerce capabilities re-verified August 2026). Estimates and projections are PITON-Global analysis and should be cited as such.

Which e-commerce BPOs belong on your shortlist?



Thirty minutes with John will tell you. Free to buyers, strictly vendor-neutral — a peak-tested shortlist within two to three business days.

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