IDC MarketScape

IDC MarketScape: Worldwide Employee Experience for Rewards, Recognition, and Belongings 2024 Vendor Assessment

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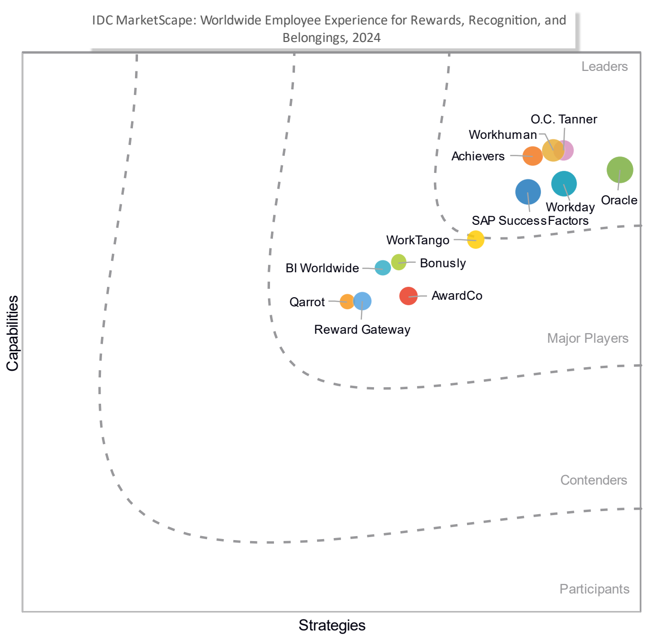
THIS EXCERPT FEATURES O.C. TANNER AS A LEADER

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Employee Experience for Rewards, Recognition, and Belongings Vendor Assessment



Source: IDC, 2024

Please see the Appendix for detailed methodology, market definition, and scoring criteria.

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ABOUT THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Employee Experience for Rewards, Recognition, and Belongings 2024 Vendor Assessment (Doc # US51741424).

IDC OPINION

The rewards, recognition, and belonging (RR+B) markets have expanded and evolved, developing integrated spectrums of offerings, benefits, and extended value cases. Rewards and recognition formerly joined together to define a market centered on calling attention to employee achievements and moments that matter. Furthermore:

- Rewards management centered around fulfilling and provisioning material, fiscal, and digital objects and payouts to recognize events and achievements the organization codifies. Rewards management was often top down, requiring budget approval from whoever was responsible for the rewards campaign.
- Recognition centered on social and peer callouts for contributions, achievements, and mutual provisions, such as when one employee supports and/or enables another. Recognition started as a social engagement resource to facilitate a sense of community within the organization across multiple levels of working groups.

RR+B has come together to form a growing market:

- Links between rewards and recognition grew as companies defined and deployed integrated employee incentive structures that provide layered variable compensation structures and offer payouts at different frequencies. Rewards have more frequent structuring than variable compensation despite being tied to company budgets and approvals. Recognition is most frequent, with more opportunities for peer giving and options for point accruals that can undergo exchange for defined value.
- Recognition participation has grown, with the average assessed recognition vendor reporting above 75% workforce daily participation in client-defined recognition programs. As participation grew, recognition data evolved to be transactional, characterizing employee contributions, achievements, and behaviors closest to the time and conditions they occur.
- The transition of recognition data into behavioral touch point data led to the development of integrated behavioral and performance modeling based on the definitions of individual employee contributions and successes. At the same time, emerging metadata around recognition participation and reception started

to indicate characteristics of employee group engagement, better revealing the role of community belonging in performative success.

The evolution of the RR+B market has created a field of digital competencies that help organizations more quickly and efficiently source the characteristics of employee performative success. The market's roots in crowdsourced markers of success and contribution build a characteristic understanding of employee connections at work, leading to the rapid discovery of best practices, improvements, and areas for further investigation.

The evolution of RR+B has led to a spike in demand for all three components while catalyzing broader employee experience (EX) transformation for organizations alongside the voice of the employee (VoE) tools and resources. IDC has found that 81% of companies are signaling intent to start or expand their use of employee recognition. The same data showed that 64% of companies signal intent to start or expand rewards management programs, with 74% correlating their pursuit of rewards to existing and evolving recognition programs. In the same analysis, IDC found that 89% of companies have built employee resource group (ERG) programs and infrastructure on the heels of behavioral insights from using rewards and recognition tools. ERGs are a foundational component of workforce belonging strategies (source: IDC's *Human Capital Management Survey,* August 2024; n = 512).Across the extended and combined use cases, IDC's data shows that organizations are realizing direct benefits in elevated collaborative productivity, increased engagement-based employee tenure, and improved employee performance. Rewards insights draw attention to variable achievement rates that, when controlled for the magnetism of the reward incentive, reveal insights about productive working groups. Recognition insights characterize individual performative achievements based on how, when, why, and with whom they occur. The combination of resources for individual employees rekindles connection points in the organization while building engagement around them. The combination helps companies readily and quickly identify and codify the characteristics of success and achievement to better replicate them across the current and future workforce. As the organization optimizes based on the direct benefits of RR+B, IDC has realized significant gains in workforce productivity, customer engagement and retention, and resulting revenue.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This IDC study analyzes 12 rewards and recognition vendors, defining their categories spanning recognition, engagement, and performative data collection and insights enablement. IDC's definition of rewards and recognition extends from IDC's Software Tracker and is referenced from *IDC Market Glance: Employee Experience 2Q24* (IDC #US42313024, June 2024) with defined functional submarkets identified within the taxonomy. IDC used the collective criteria to clearly define the scope of the IDC

MarketScape evaluation to reflect core aspects of rewards, recognition, and belonging and the likely elements of business, operations, talent, and transformation. This aimed to tie rewards and recognition enablement and cloud and AI transformation based on the most common model taxonomies that the field of IDC's client and buyer engagements provide.

Selection for participation focused on vendor revenue, scale, cloud deployment, functional approach, functional enablement, and transformative guidance within rewards, recognition, and belonging. IDC evaluated vendors for revenue and market reach thresholds in serving enterprises and small- to medium-sized businesses (SMBs). In balancing the scope of offerings with revenue, scale, and application across market segments, IDC can account for vendors with complete offerings, integrated service programs, and specializations serving specific components within the scope of rewards, recognition, and belonging and their extension to broader workforce performance frameworks.

IDC measured participating providers based on its definition of rewards, recognition, and belonging. For more detailed information on IDC's definition of business consulting services, see *IDC Market Glance: Employee Experience 2Q24* (IDC #US42313024, June 2024). For more information on what is included in rewards, recognition, and belonging, please see Market Definition in the Appendix.

ADVICE FOR TECHNOLOGY BUYERS

Rewards, recognition, and belonging are not the same things but are inherently intertwined as competencies that drive value and adoption in each other while contributing significant gains to the organization. Designing, developing, deploying, and managing successful RR+B programs requires partnering with a vendor that can deliver program sophistication to match the organization's readiness level. For some organizations, readiness may be as basic as deploying a performance incentive program supporting a more diverse variable compensation strategy. For others, sophistication may extend to enhancing performance validation models across each employee's life cycle.

Organizations must establish goals for their RR+B program and the level to which technology enhances those goals and integrates them into the broader set of operational goals using tech-defined data. Not all use cases are the same, and program success and value delivery require not over-promising the vendor partnership. Within the guardrails of performative success, IDC has identified four critical categories of RR+B vendors that buyers should filter for within the IDC MarketScape before evaluating the right vendor for them:

- **Campaign exchange vendors:** This includes vendors with the basic functionality to configure and deploy rewards and recognition campaigns. Campaign exchange vendors may provide a point of exchange as part of their recognition offerings and may support fulfillment services for rewards management with company-branded and/or unique objects and designs.
- **Performative managers:** These vendors collect data through rewards and recognition to model actionable and performance-integrated insights based on markers of effective practices and the employees who manage them.
- **Extended model contributors:** The category encompasses vendors that develop actionable and performative insights for calls to action within native tools, extend collected data, and establish insights to a broader platform ecosystem for deeper behavioral and performative modeling aligned to workforce and business performance analyses.
- **Suite contributors:** These include vendor solutions that are modules enclosed within a broader performative suite or data platform solution. Suite contributors offer the full scope of RR+B as a component of a larger, wider-reaching functional approach to building an internalized, AI-backed employee behavioral profile for personalized engagement and connection management.

VENDOR SUMMARY PROFILES

This section briefly explains IDC's key observations resulting in a vendor's position in the IDC MarketScape. While every vendor is evaluated against each of the criteria outlined in the Appendix, the description here provides a summary of each vendor's strengths and challenges.

O.C. Tanner

O.C. Tanner is positioned in the Leaders category in this 2024 IDC MarketScape on worldwide employee experience for rewards, recognition, and belonging.

O.C. Tanner builds and sustains workplace cultures through recognition, appreciation, and employee engagement. The company's origins in corporate rewards and unique financial operational structure enable it to experiment with more holistic models for building value through organizational culture definition and management. As O.C. Tanner has evolved, it provides various capabilities to its clients, including traditional rewards program management, product fulfillment, and dynamic and performative recognition using AI within the company's Culture Cloud.

O.C. Tanner's end-to-end capabilities provide configurable recognition solutions that combine intuitive software, tangible rewards, and programmable moments and campaigns to bolster the employee experience and resulting performance outcomes.

The company's offerings are split between its digital suite capabilities and its manufacturing and product fulfillment, which insource end-to-end rewards and recognition for its clients.

O.C. Tanner's digital capabilities reside within the O.C. Tanner Culture Cloud and include:

- **Employee recognition:** Companies can configure various recognition programs and options with campaign permissions around who can confer specific varieties of recognition. O.C. Tanner's recognition options include online and offline recognition cards; nominations; team-based recognition; ecards; social, community, and peer recognition; and incentives and campaign-based achievements. Moreover, recognition can come with a points system that allows companies to configure how many points employees can confer within each re-up period. O.C. Tanner provides a native exchange configured and customized to each employer that allows employees to redeem their points and managers and organizational executives to offer specific rewards tied to memorable moments, milestones, or performance achievements.
- **Celebrations:** As the organization transforms, grows, and engages in mergers and acquisitions, the O.C. Tanner Culture Cloud supports communications for large-scale broadcast announcements with feedback to capture the voice of the employee for a broader understanding of the impact of corporate events. Company Celebrations extend to holidays, launches, large-scale broadcast announcements, and performative results.
- **Custom awards:** O.C. Tanner insources corporate rewards management as part of its broader customized client exchange store. O.C. Tanner manufactures and fulfills custom awards in partnership with clients. The catalog of reward options extends to swag boxes, trophies and awards, and branded merchandise. Companies can customize awards at will through traditional orders and fulfillment and stock custom awards as rewards in their recognition points exchanges alongside nonbrand merchandise, gift cards, cash exchange options, experiences, and charitable donations. O.C. Tanner partners with global suppliers to ship awards to 150+ countries to maximize accessibility and adoption across the organization.
- **Anniversaries:** Organizations can standardize recognition for moments that matter to employees and the organization. HR frontrunners can integrate the O.C. Tanner Culture Cloud suite with the HRIS central system of record to automate the recognition of employee life events. Operational heads, people managers, and HR can program metric milestones to automate crucial benchmarks such as employee years of service.

- **Initiatives:** HR and people managers can integrate recognition, rewards, and communications into internal campaigns and objectives. Initiatives help align employees with core values while incentivizing them to collaborate on critical objectives and recognize each other's contributions to collective success.
- **Services:** O.C. Tanner's unique financial operational structure enables the company to preserve and expand the value of its services organization in partnership with its clients, external market research, and experts across the broader company.
  - **Education** delivers O.C. Tanner's proprietary research and culture reports to clients in consumable ways, including publications and events, self-service training materials, and workshops.
  - **Brand and communications** help clients elevate their creative brand and representation by better aligning with their employees' values and branding around characteristics and components that most likely entice the workforce.

O.C. Tanner helps organizations build culture by design, fusing research, services, effective practices, and a proven branding and value partnership with digital delivery spanning rewards, recognition, and adjoining impact insights. As HR and people managers concentrate on performative engagement models, O.C. Tanner flips the script to help build value-aligned engagement, retention, and performance across individual employee experiences.

Strengths

O.C. Tanner's clients found that the vendor partnered deeply with them to design and define goals and strategies for rolling out rewards and recognition across the company. Clients found that O.C. Tanner's partnership scale never rushed them or expected them to meet objectives that were not mutually established. The comprehension of O.C. Tanner's platform benefitted clients by building native insights and automated value models for the impact of rewards and recognition while extending them into performance frameworks outside the core system to contextualize employee relationship management and performance.

Challenges

Clients found that O.C. Tanner's prescriptive guidance for effective practices challenged some of their cultural readiness for change. Despite clients' initial solution scoping, O.C. Tanner guided culture change and transformation beyond rewards and recognition. While the additional guidance did not push customers into alternative timelines for solution deployment and management, it did provide clients with guidance beyond their state of scoping and readiness. Clients noted that O.C. Tanner's ability to handle global variability across cultures has limitations, even as its global compliance capabilities fulfill all relevant requirements.

Consider O.C. Tanner When

O.C. Tanner is an extended model contributor that best serves larger SMBs and enterprise organizations. O.C. Tanner partners deeply with its clients to ensure that rewards and recognition drive deeply into organizational value improvements beyond the solution use case. Organizations looking to deploy integrated, end-to-end rewards and recognition with goals and objectives around culture and performance impact management will benefit from partnering with O.C. Tanner. In addition, companies looking to define the scale and speed of rewards and recognition design, configuration, deployment, and integration can benefit from O.C. Tanner's unique financial ownership structure, which allows them to accommodate more disparate customer fulfillment schedules.

APPENDIX

Reading an IDC MarketScape Graph

For the purposes of this analysis, IDC divided potential key measures for success into two primary categories: capabilities and strategies.

Positioning on the y-axis reflects the vendor's current capabilities and menu of services and how well aligned the vendor is to customer needs. The capabilities category focuses on the capabilities of the company and product today, here and now. Under this category, IDC analysts will look at how well a vendor is building/delivering capabilities that enable it to execute its chosen strategy in the market.

Positioning on the x-axis, or strategies axis, indicates how well the vendor's future strategy aligns with what customers will require in three to five years. The strategies category focuses on high-level decisions and underlying assumptions about offerings, customer segments, and business and go-to-market plans for the next three to five years.

The size of the individual vendor markers in the IDC MarketScape represents the market share of each individual vendor within the specific market segment being assessed.

IDC MarketScape Methodology

IDC MarketScape criteria selection, weightings, and vendor scores represent well-researched IDC judgment about the market and specific vendors. IDC analysts tailor the range of standard characteristics by which vendors are measured through structured discussions, surveys, and interviews with market leaders, participants, and end users. Market weightings are based on user interviews, buyer surveys, and the input of IDC experts in each market. IDC analysts base individual vendor scores, and ultimately vendor positions on the IDC MarketScape, on detailed surveys and interviews with the vendors, publicly available information, and end-user experiences in an effort to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

- **Rewards:** Rewards management incentivizes employees to execute on or advance beyond set or off-cycle goals, tasks, or objectives. Rewards can be institutional or campaign-based, with the former benchmarked to performance expectations and the latter tied to specific objectives or outcomes set at interim times with participation determined by the campaign host. Rewards link to achievement markers and are applicable for all participants passing the key benchmark or staggered based on the order of who passes the benchmark first, second, and third. The rewards themselves are typically fiscal or physical, with associated digital badges to promote the specific benchmark employees have achieved.
- **Recognition and belonging:** Employee recognition lets employees and managers identify where they supported and enabled each other, achieved or exceeded results, and/or engineered new pathways to success on OKRs. Recognition is growing as part of core communications frameworks and metrics for success. In the front office, recognition communicates around critical successes, supporting manager recognition of what personas work well together for team optimization beyond the relevance of individual skills. As a communications tool, recognition builds and supports ERGs and team successes, bolstering mutually driven belonging and inclusion. In the back office, employee recognition refines the performance context gathered from the VoE by calling out key areas of performance success.

LEARN MORE

Related Research

- *Recognition and Belonging Evolve into Business Value Change Agents* (IDC #US52580924, September 2024)
- *IDC's Human Capital Management Survey*, August 2024 (n = 512)
- *From HR Insights to AI Personalization and Data Unity: Channeling EX as Digital Transformation* (IDC #US51770124, June 2024)

- *IDC Market Glance: Employee Experience 2Q24* (IDC #US52313024, June 2024)
- *Mapping the Maturing Employee Experience Stakeholder Journey* (IDC #US51630524, March 2024)

Synopsis

This IDC study assesses the functional scope, delivery, and direction of worldwide rewards, recognition, and belonging vendors. RR+B has evolved from using incentives to drive employee engagement into an efficient source of data and insights for performative best practices and the work environments that sustain them. The infusion of AI into RR+B is rapidly expanding the scope of the functional categories within the space to be more strategic for building workplace communities. Recognition-at-the-center strategies are supplanting rewards-at-the-center approaches. The evolution is simultaneously spurring reward fulfillment for campaign-based participation, recognition adoption, and community and feedback for greater workforce belonging. Recognition at the center generates a community communications loop that helps HR and managers better understand the working characteristics of employee engagement, participation, and achievement, including which personas best support and enable each other. As an elegant augment for VoE tools, RR+B quickly highlights individual successes and the reasons behind them, enabling managers to recreate the characteristics of success while filtering VoE insights for the characteristics of what needs improvement. Selecting the optimal RR+B partner requires companies to look at their current state of engagement, response times, and workforce demographic isolation factors and their impact on workforce performance, productivity, and tenure. Metrics and insights characterize behavioral disengagement challenges to build into program requirements for selecting the type of partner solution approach to RR+B the company should take.

"RR+B is about more than employee engagement," says Zachary Chertok, senior research manager for Employee Experience at IDC. "Modern RR+B programs augment the value of VoE tools and resources by more efficiently and elegantly filtering for employee successes and the characteristics at work that define them. RR+B insights characterize performance growth to better define learning and skilling opportunities, source effective leadership across working groups, and define the upper limits of what the workforce can productively achieve toward organizational objectives and key results. Not all RR+B strategies are born the same, and many concentrate on different aspects of the space as their points of entry. Organizations must evaluate their most strategic gaps and build plans for growth and scale beyond resolving employee disengagement and performance gaps before determining the field of vendors that will best partner with them on their journey."

ABOUT IDC

International Data Corporation (IDC) is the premier global provider of market intelligence, advisory services, and events for the information technology, telecommunications, and consumer technology markets. With more than 1,300 analysts worldwide, IDC offers global, regional, and local expertise on technology, IT benchmarking and sourcing, and industry opportunities and trends in over 110 countries. IDC's analysis and insight helps IT professionals, business executives, and the investment community to make fact-based technology decisions and to achieve their key business objectives. Founded in 1964, IDC is a wholly owned subsidiary of International Data Group (IDG, Inc.).

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