IDC MarketScape

IDC MarketScape: Worldwide Experience Build Services 2023–2024 Vendor Assessment

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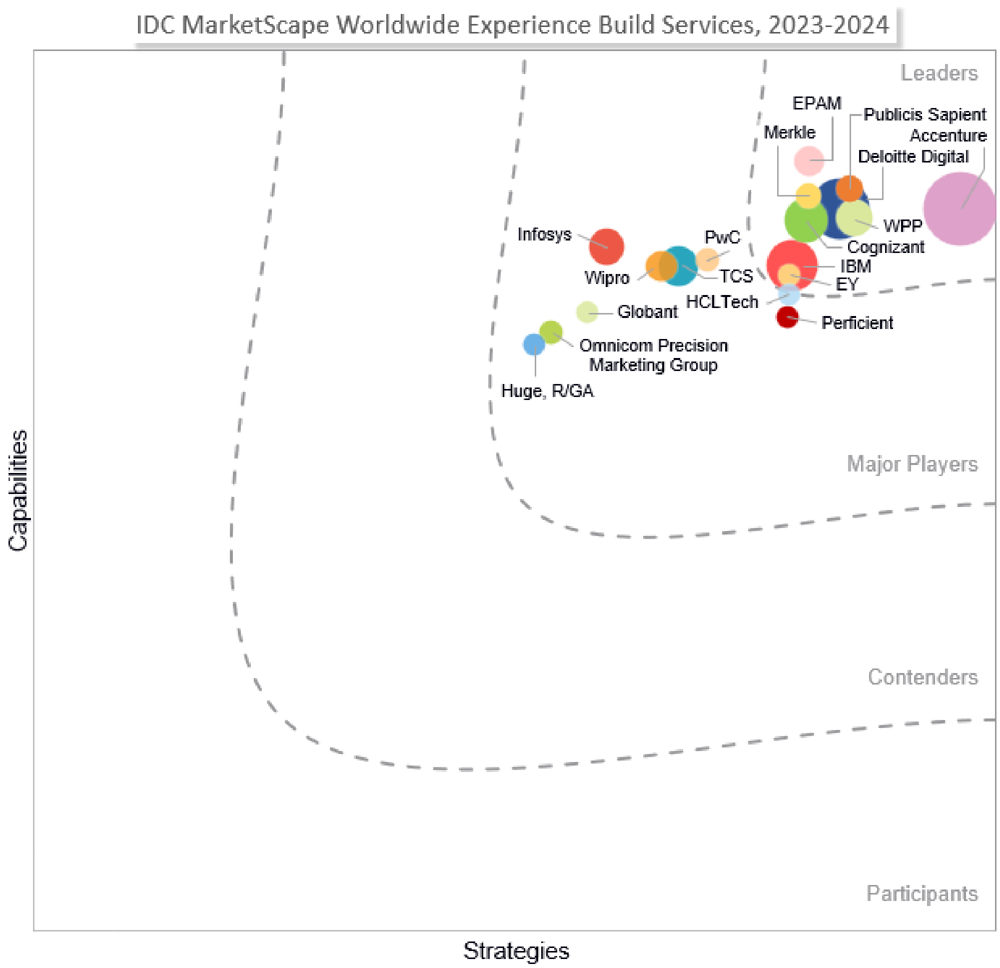
THIS IDC MARKETSCAPE EXCERPT FEATURES: MERKLE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Experience Build Services Vendor Assessment



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

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Experience Build Services 2023–2024 Vendor Assessment (Doc #US49988323e). All or parts of the following sections are included in this excerpt: IDC Opinion, IDC MarketScape Vendor Inclusion Criteria, Essential Guidance, Vendor Summary Profile, Appendix and Learn More. Also included is Figure 1.

IDC OPINION

This IDC study represents a vendor assessment of the 2023–2024 experience build services market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate the vendor's ascendancy. This IDC MarketScape covers a variety of vendors participating in the worldwide experience build market. This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing experience build services in both the short term and the long term. A component of this evaluation is the inclusion of the perception of experience build services buyers of both the key characteristics and the capabilities of these providers. Buyers were surveyed across all three of IDC's macroregions.

Key findings from the evaluation include the following:

- Feedback from calls with reference clients and feedback from IDC's field survey of buyers of experience build services both indicate that buyers of these services are most impressed by the **quality of vendors' people**, followed by vendors' **client understanding and insight** and by vendors' **ability to drive value through experience build activities**.
- Reference clients and IDC's field survey also agreed on what experience build services buyers find weakest about their vendors — their **differentiation** from other vendors. Both reference clients and survey respondents also agreed on the other two areas where vendors performed the least strongly: in providing **innovation and creativity** during the build phase of engagements and in providing **value for money**. Reference clients viewed vendors' ability to provide value for money a little higher than their innovation and creativity, while survey respondents reversed the order of these two.
- Overall, the story is a good one — vendors are getting the basics right by hiring and training good people who understand their clients well and who (as a result) do a good job of generating business value for their clients.
- The areas where vendors are weak have been long established and should come as little or no surprise:
  - Differentiation from competitors is a perpetual weak spot for most vendors in professional services, where the quality of *individual* professionals often makes a difference (in client perceptions, at least) to project success.
  - Value for money is also a perpetual grouse for clients, who always want more for less. There's probably an element of conscious or unconscious "negotiation" going on when organizations say they want better value for money from vendors. And who in their right mind doesn't?

    - Creativity is also often cited as a weakness by clients. The paradox is that although organizations want assured outcomes and predictable — even industrialized — delivery from their customer experience (CX) services providers, they also want an element of un-industrial "craft-like" services and the unpredictability that can come from lateral thinking and innovation. Essentially, clients want a balance of locked-down industrialization and free-ranging creativity. That balance is hard to provide — in fact, being able to supply that paradoxical balance is often what distinguishes truly great CX services players.
- In terms of the areas assessed by IDC, rather than by vendors' clients, the vendors in this assessment on average were rated highest for their **supporting assets and tools** and for their capabilities in providing **personalization services** and **data and analytics**-related services.
    - Supporting assets and tools are a generic "table stakes" requirement for providing all sorts of services, not just experience build services, and vendors' strength on average in this area demonstrates the extent to which the more successful vendors in the experience build market are often those with mature IT services delivery machines.
    - The relative strength of vendors' personalization and data and analytics capabilities is good to see, as these capabilities are important for ensuring that well-designed products actually go on to deliver great experiences for customers, users, and citizens over time. The success of these products and services is often driven by two things. First, they are well targeted to their users. Second, they can continually adapt to changing conditions because the organization collects and analyzes data from users of these products and services.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This assessment is part of a joint assessment during the second half of 2023 that produced two documents: the *Worldwide Experience Design Services 2023-2024 Vendor Assessment* and the *Worldwide Experience Build Services 2023-2024 Vendor Assessment*.

All four of the CX services "archetypes" are represented in both the Experience Design assessment and the Experience Build assessment:

- The "**strategy houses**" archetype is represented by McKinsey, BCG, and Bain. The strategy houses do not have large-scale global IT implementation capabilities and therefore appear only in the Experience Design assessment.
- The "**Big Four**" multidisciplinary professional services firms are represented by Deloitte, EY, and PwC.
- The "**digital agencies**" are CX services firms that come from a heritage of marketing or advertising. These are represented chiefly by the five largest worldwide "holding companies": denstu, Interpublic, Omnicom, Publicis, and WPP.
- The "**global consulting and IT services firms**" are represented by Accenture, Cognizant, EPAM, Globant, HCL, IBM, Infosys, Perficient, TCS, and Wipro.

For more on the CX services archetypes, see *IDC PlanScape: Future of Customer Experience — Implementing Customer Experience Suites Using a CX Services Partner* (IDC #US49971223, January 2023).

Within the category of global consulting and IT services firms, inclusion criteria for both assessments were the vendor being a top 10 provider of CX services by estimated 2020 revenue, the vendor having revenue of at least $500 million in estimated experience design and build revenue, and the vendor having a global practice(s) dedicated to experience design and build activities.

For all the archetypes, vendors had to have a geographic balance where no macro-region accounts for 75% or more of experience design and build revenue.

ADVICE FOR TECHNOLOGY BUYERS

IDC has the following advice for organizations looking to buy consulting and implementation services that build great experiences by turning design into on-the-ground reality:

- **Look for client understanding and insight**. Look for vendors that understand not just your business strategy and your customers but also your organizational culture (and your internal politics, too). The best advice and the best design usually come from a vendor that understands not just what the client organization wants to achieve — which is obviously important — but also both the strengths and limitations of its client and how culture and internal office politics both enable and constrain people with the organization. The best strategies and designs are useless unless they can be implemented and scaled efficiently and effectively by the client, and this often relies as much on the culture and politics of the client's organization as it does on the proverbial feasibility, desirability, and viability of the design itself.
- **Look for business and technology transformation capabilities**. Look for a vendor that understands the importance of technology and process change when creating new experiences and that has a track record of driving successful organizational and technology change among its clients. New products and services — new experiences for customers, consumers, and citizens — usually require the implementation or transformation of technology, such as cloud-based experience software suites, and the creation or transformation of processes, workflows, and ways of working. These capabilities are often backed by industrial-strength tools and assets, benches of business and IT consultants, and certified specialists in experience clouds from vendors such as Adobe, Salesforce, Oracle, and Microsoft. The most capable vendors are those that straddle the world of experience design on the one hand and the world of technology and business change on the other.
- **Look for a focus on client empowerment**. Look for a vendor with a track record of empowering its clients rather than leaving them dependent on their professional services supplier. The best consultancies are those that want clients to come back for the next project and that leave the client fully empowered at the end of the engagement rather than wanting clients to stay dependent on their consultancy. That's not to say that clients should not contract with consultants for post-project support and managed services, but this follow-on work engagement should be an option, not an inevitability. Like the perfect house guest, a good consultant knows when to leave gracefully.
- **Look for an understanding of the importance and potential of analytics and personalization technologies** in creating and maintaining great experiences. While the design of an experience is important, it's also critical to build the right level of personalization into products and services and to ensure that these products and services — and the experiences they generate — remain relevant and focused on the needs of customers, consumers, and citizens. That means that vendors should ensure that clients have the targeting capabilities and the data and analytics that they need to sustain great relationships with customers, consumers, and citizens.

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.

Merkle

According to IDC analysis and buyer perception, Merkle is positioned as a Leader in the 2023–2024 IDC MarketScape for worldwide experience build services.

Merkle is the data and customer experience management agency owned by dentsu, an international advertising, marketing, and communications group. Globally, dentsu has more than 65,000 employees in 145 markets. In its home market of Japan, it goes to market as dentsu Japan Network; outside Japan, it goes to market through six "leadership brands," one of which is Merkle.

Dentsu and Merkle address multiple industry verticals, including financial services, insurance and wealth management, retail, consumer goods, high tech, health and nonprofit, travel and hospitality, media and entertainment, and automotive.

Key Merkle clients include Burger King, Starbucks, Siemens, Novo Nordisk, Audi, Cisco, Albertsons, Gap Inc., and KUKA (for this research, IDC did not collect any feedback from these clients).

Merkle has global Platinum-level or equivalent alliances with experience platform providers including Adobe, Microsoft, Salesforce, and Sitecore. In late 2023, Merkle held five Adobe Regional Specializations and Global Specializations in Adobe Analytics, Experience Manager, and Commerce. In Salesforce, Merkle was certified in 14 technology clouds, including 3 technology clouds at the expert level, and was certified in 6 industry clouds, including 5 industry clouds at the expert level.

- Merkle's **personalization** capabilities are embedded across the organization and include services centered on identity and data management, analytics, orchestration (including audiences, journeys, and decisioning), content and commerce, and channel activation (including media, email, and sales and service).
  - Merkle's personalization tools and assets include Merkury Identity Solution, a tool for targeted marketing; accelerators; DataSource, multisourced database from 40 data partners analyzed to identify accurate, predictive, and descriptive personal data; and other proprietary tools, such as JARVIS, that allow Merkle to activate personal data across multiple technology stacks.
- Merkle's **data and analytics** capabilities include a dedicated global Analytics & Data Platforms business scaled across North America, the United Kingdom, EMEA, and APAC, with teams in India, China, Singapore, Japan, and ANZ. The four capabilities of Merkle's Analytics and Data Platforms practice are Marketing Technology and Cloud Engineering; Customer and Experience Insights; Product and Market Intelligence; and Data Science and Artificial Intelligence.
  - Merkle's data and analytics tools and assets include the company's proprietary JARVIS platform, which helps clients apply artificial intelligence to automate personalization and business processes and drive personalization via a custom-built graphical user interface created with low- or no-code capabilities. Merkle also has several accelerators around various technology ecosystems with, for example, preset accelerators and extensions for Google Analytics.

Merkle has a number of key intellectual property assets that support its experience design and build work, including the following:

- Merkle CXM Framework, a tool that helps clients understand where a brand is on its transformation journey and define an optimal road map
- Strategic Value Framework, a five-step cost and benefit case process
- Merkury, dentsu's identity platform designed to aggregate, organize, and activate customer data across multiple channels and touch points
- Consumer Connection System, a suite of insight, research, and planning tools including survey data from more than 400,000 respondents across 70 markets globally
- NEON, an internal platform to facilitate collaboration and access to material as well as "resource navigation" across the dentsu network

Merkle has made several experience-related acquisitions recently: experiential commerce agency LiveArea, Salesforce consultancies Pexlify and Aware Services, B2B experience agency Shift7, marketing services provider Omega CRM, and Extentia, an experience design, machine intelligence, and software engineering firm.

Merkle says that its mission statement for experience build is as follows: "We transform clients' businesses by reimagining the delivery of their services to drive efficiencies and reimagining the services themselves to invent new and more valuable offerings. We accomplish this by redesigning the front-stage and back-stage of a company's foundation."

Strengths

As the data and consulting arm of dentsu outside Japan, Merkle combines strengths in both marketing services and in technology and business transformation and has a broad portfolio of supporting assets and tools. Merkle (assessed as dentsu) was placed in the Leaders category in IDC's *Worldwide Adobe Experience Cloud Professional Services 2022 Vendor Assessment*. Based on conversations with Merkle's clients, the three most highly commended areas were client understanding and insight, client empowerment, and vendor differentiation.

Challenges

Based on conversations with Merkle's clients, Merkle has the opportunity to improve its perception among clients in innovation and creativity and in value for money.

Consider Merkle When

As part of the dentsu group, Merkle is potentially a good choice for organizations looking for a partner with a heritage in serving both CMOs and CIOs and that offers experience implementation as part of a range of marketing-related professional services.

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

The 18 vendors in this assessment represent, in IDC's view, the most important global providers of experience build services based on the breadth and depth of their experience build capabilities and their global reach.

However, the vendors in this assessment are not necessarily the only vendors worth considering for either global or regional business and technology change projects involving experience build. An organization should normally consider where it can use vendors not included in this assessment, dependent on the scope of its needs.

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

Experience build services are technology-enabled implementation services that help clients build products and services that provide a useful and/or enjoyable experience for their users. Specifically, an important goal must be that the consumer of these products or services has an optimized experience. In this context, "services" being built can include customer/user-facing events and channels such as marketing, sales, commerce, and customer service channels.

- Experience build services can include project services to build customer/citizen-facing applications, specifically persuasive content management applications and creative applications, as defined in IDC's Worldwide Software Taxonomy.
- Experience build services can include professional services to implement or improve packaged software platforms, such as Adobe Experience Cloud and Salesforce Experience Cloud. For example, it could include the following:
  - Customer service platform build services, which are IT project services to build customer service applications and contact center applications

- Commerce platform build services, which are IT project services to build digital commerce applications
- Marketing and advertising platform build services, which are IT project services to build marketing campaign management applications and advertising applications
- Sales platform build services, which are IT project services to build sales force productivity and management applications

LEARN MORE

Related Research

- *Market Analysis Perspective: CX Services, 2023* (IDC #US49772123, October 2023)
- *Future of Customer Experience: How CX Services Providers Should Support CMOs with Generative AI* (IDC #US51262123. October 2023)
- *Worldwide and U.S. Customer Experience Services Forecast, 2022-2027* (IDC #US49360722, July 2023)
- *IDC Market Glance: Customer Experience Services, 2Q23* (IDC #US49360923, June 2023)
- *IDC MarketScape: Worldwide Adobe Experience Cloud Professional Services 2022 Vendor Assessment* (IDC #US47542221, June 2022)
- *IDC PlanScape: Future of Customer Experience — Implementing Customer Experience Suites Using a CX Services Partner* (IDC #US49971223, January 2023)

Synopsis

This IDC study represents a vendor assessment of the 2023-2024 experience build services market through the IDC MarketScape model. This research is a quantitative and qualitative assessment of the characteristics that explain a vendor's success in the marketplace and help anticipate its ascendancy. This IDC MarketScape covers a variety of vendors participating in the worldwide experience build services market.

This evaluation is based on a comprehensive framework and set of parameters expected to be most conducive to success in providing experience build services in both the short term and the long term. A component of this evaluation is the inclusion of the perception that buyers of experience build services have of both the key characteristics and the capabilities of the provider evaluated. Buyers were surveyed across all three of IDC's macroregions for the vendors participating, and IDC spoke to almost 60 reference clients of participating vendors.

"Customer experience has never been more important than it is today, and organizations must ensure that their products and services generate a great experience from day one," says Douglas Hayward, research director for Customer Experience Services at IDC. "That means building products and services to deliver immediate impact, functional excellence, scalability, and constant improvement so that they continue to meet evolving consumer and citizen expectations over time. For most organizations, this means choosing a professional services partner that has broad and deep IT and business transformation skills, including the ability to deploy technology to identify and understand the people who count most to organizations — their customers and citizens."

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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