IDC MarketScape

IDC MarketScape: Worldwide Retail Digital Marketing Technology Services 2017 Vendor Assessment

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THIS IDC MARKETSCAPE EXCERPT FEATURES: ACCENTURE INTERACTIVE

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape: Worldwide Retail Digital Marketing Technology Services Vendor Assessment

Source: IDC, 2017

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

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IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Retail Digital Marketing Technology Services 2017 Vendor Assessment (Doc # US42556916). 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 MarketScape responds to the needs of retailers evaluating third-party service providers for the digital transformation of their omni-channel marketing technologies. The thoroughgoing digital transformation of daily living and customer engagement is accelerating the convergence of traditional marketing agency services and marketing technology services, with the balance of effort becoming much more technology intensive and the likelihood of success becoming much more technology dependent.

Our research addresses the needs of buyers of retail digital marketing technology services (RDMTS) by evaluating providers possessing new technology-related competencies to address these market requirements. The providers’ service competencies address two intertwined domains: technology-driven omni-channel customer engagement (mobile, digital, social, and store; advanced customer insights and experience and journey analytics, including machine learning and cognitive systems; and campaign and content management) and branding-focused creative conception, development, production, delivery, and governance of message, content, engagement, and customer experience assets.

This study is based on a comprehensive framework and parameters expected to be most predictive of success. These extend beyond a firm’s services portfolio to include delivery tools, methods, and centers; cost management; complementary services; ISV partner ecosystem; quality of the customer base; delivery methodology innovation; and a variety of other go-to-market and business management competencies. When evaluating RDMTS vendors, the key criteria retailers should consider (all of which are discussed in this study) include:

- Breadth, depth, and inherent innovation of digital marketing and agency-related services and depth of related project experience
- Comprehensive cornerstone delivery processes and methodologies, well-skilled and well-resourced delivery centers, and agile client project management
- Successful cutting-edge assets deployed for ongoing customer value — developed through a balance of organic innovation and acquisitions and incorporation of complementary firms
- Excellence in breadth and depth of surrounding service areas that typically complement RDMTS engagements demonstrated by successful delivery to demanding retail and other B2C clients
- Quality of ISV, hardware, and content partners; joint business volumes; commitment to go-to-market and intellectual property (IP) and innovation; and overall management of their partner ecosystem
- Nature of customer base — distribution of engagements by customer size and segment, duration and magnitude of effort, customers known for successful innovation, and a complementary digital marketing technology services customer portfolio beyond retail
A pricing and billing model that is reasonably transparent, equitably aligned to customers' budgeting and justification criteria, flexible enough to accommodate changes in scope and client circumstances, and cognizant of evolving service contracting and consumption models.

Geographic distribution of business leadership, service delivery and development executive management, responsive "rightshoring" of technical and professional resources, and global coordination of project and business management.

Human capital management programs that include organic development and promotion, recruitment of experienced personnel from industry and competitors, the inculcation of professional and technical skills, and acumen for national, corporate, and team cultures.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

IDC collected and analyzed data on seven RDMTS firms. Firms considered participants in this market have demonstrable ability to deliver varying combinations of digital marketing technology services to tier 1 retailers operating in the Americas, EMEA, and Asia/Pacific markets. In addition, these vendors demonstrate requisite capabilities in complementary retail processes and technologies' services extending into at least store operations, commerce, or supply chain.

ADVICE FOR TECHNOLOGY BUYERS

Based on learnings from research conducted for this study, including interviews with nominated and other clients, partners, and our ongoing analysis of market, business, and technology trends buffeting the retail industry, in this section IDC provides guidance to retailers as they engage RDMTS vendors.

The challenge, which hopefully is made easier by utilizing this study, isn't simply choosing the right firm judged on functional skills, pricing models, and delivery models. Success starts before selecting the right firm and entails readying the organization for engaging the firm best suited to your needs; aligning priorities and incentives of all parties involved; resourcing the effort with talent, technical, and financial wherewithal; and being clear – or getting clear – about your objectives, strategies, and tactics. As Sun Tzu observed in *The Art of War*, "Strategy without tactics is the slowest route to victory. Tactics without strategy is the noise before defeat."

Turning to RDMTS vendor evaluation and engagement, retailers should seek vendors with several specific, proven attributes. Broadly stated, these include:

- Deep, proven expertise, with a strong book of references, and a demonstrated mastery of driving business success through implementation and application of digital marketing technologies
- A track record, and capabilities to continue it, of innovation that transforms how its customers win – ideally setting a new basis of competition
- A commitment backed by methodologies and processes to balancing the work effort between your organization and theirs – for day-to-day resource allocation and strategic development of skills and competencies that meet your short-term and longer-term human capital management objectives
- Intellectual property bona fides demonstrated by proprietary or patented invention delivering results and a portfolio of nascent, evolving, and mature innovation assets
▪ A collaborative customer community that includes companies, not necessarily in particular retailers, that are more mature than you in the application of digital marketing technologies and customers that are your peers in which you can contribute and absorb innovation
▪ A critical mass of commercial success and high degree of customer satisfaction with partners operating in a well-managed growing ecosystem
▪ Successful human capital management demonstrated through recruitment, education, retention, and promotion of talent distributed across RDMTS skill sets
▪ Program management and project success achieved by alignment of incentives and rewards, transparent program and account communications and management, and an approach to program staffing quick to correct shortfalls and focused on continuity of delivery and management personnel

VENDOR SUMMARY PROFILE

Accenture Interactive

Accenture Interactive (AI) is positioned as a Leader in the IDC MarketScape for retail digital marketing technology services.

Along with Accenture Analytics and Accenture Mobility, AI forms one of the three core business units of Accenture Digital. AI was named by Ad Age as the largest digital agency network globally and in the United States in 2016. Accenture Digital itself is one of Accenture's five core lines of business along with strategy, consulting, technology, and operations. AI includes the resources and offices of seven acquired services companies – Fjord, Reactive, Chaotic Moon, PacificLink, Brightstep, AD.Dialeto and, the recently announced, Karmarama. Accenture Digital made acquisitions of Gapso and OPS Rules plus four more in FY16 – IMJ, MOBGEN, Technologica, and dgroup. Accenture Digital operates out of 70+ sites worldwide, an increase of about 20 over 2015 and more than 40 over 2014. Sites include centers of excellence, technology labs, design studios, and innovation centers. These sites employ 41,000+ professionals serving all Accenture Digital across almost 20 industries.

AI serves 1,250 customers across these vertical industries. Based on its response to the RFI for this study, IDC estimates that AI serves 50 RDMTS clients of whom 20 account for 80% of its RDMTS revenue. The overwhelming majority of these customers are omni-channel retailers with revenue more than $20 billion.

AI goes to market with a complement of capabilities and offerings across RDMTS – agency services, marketing technology services, and content services complemented by omni-channel commerce services. These services make use of Accenture Digital's other service lines – analytics and mobility, and its omni-channel services line of business makes use of resources drawn from Accenture's other four core lines of business. Taken together, Accenture delivers the following range of RDMT services:

▪ Agency services focus on digital strategy and business architecture in sales, marketing, analytics, and mobility; customer experience; and journey design, innovation, and realization across platforms and devices.
▪ Digital marketing technology services address life cycle digital content management (strategy, production, operations, platform, personalization, and optimization services); digital social media listening, insights, and collaboration services for new product development and operational cost savings; digital marketing analytics, personalization, campaign, and offer
design and delivery; and omni-channel digital marketing technologies and practices across digital, catalogs, and brick-and-mortar stores.

Its complementary services include omni-channel commerce services that span CRM and loyalty management (analytics to execution); digital business consulting; systems implementation, outsourcing, and managed services; omni-channel/digital commerce; advanced analytics, data science, and data management; digital customer service; store systems (e.g., mobile payments and merchandising) and store video and shopper behavior analytics; and supply chain and operations.

Accenture’s RDMTS business utilizes applications developed by Accenture Consulting business in concert with partners, exemplified by a retail personalization platform and retail clienteling solution developed with Salesforce, the grocery store of the future with Intel, and an omni-channel commerce solution with SAP. Accenture's in-house and partner-enabled new product and service development has been complemented by recent acquisitions, such as Fjord and Chaotic Moon.

Accenture applies several cornerstone service delivery processes to streamline its RDMTS business – mainly focused on business and technology coordination: business architecture-driven project planning, development and deployment tools and enablers, continuous development and integration, global network of nearshore delivery centers, and simulation to derisk development.

Accenture offers a comprehensive portfolio of services with various delivery models from consulting to long-term BPM outsourcing. Accenture has invested in automating many RDMTS processes and offers them as managed services, such as integrated omni-channel campaign management, digital content product, segmentation and targeting, analytics, and marketing measurement and reporting.

Accenture goes to market with four strategic RDMTS application partners – Adobe (over 75 Adobe Marketing Cloud projects), SAP (over 30 ongoing projects, 22 go-lives in 2015), Oracle (joint retail IoT and mobility programs), and Salesforce (two accounts retail CRM personalization). It has strategic relationships with Microsoft, Intel, and Workday, and works with a few others, notably Clarabridge, Ensighten, Marketo, RichRelevance, Sitecore, and Teradata.

Accenture can document success in meeting customers’ commercial and contracting expectations for transparency, changing contracting models, and accommodating new projects and client circumstances. For example, in an engagement it annually reviewed and adjusted rates in a longer-term time and materials (T&M) contract based on volume and relevant market rate benchmarks. In another engagement, it transitioned from a managed services agreement to a traditional rate-based structure as the platform matured and the client took on a more active role; and it did just the opposite for another client, moving from rate-based implementation project to managed services for operations of a customer communications platform.

Accenture sees three forces shaping client expectations for pricing and commercial relationship models:

- Performance pricing in agency pricing models focused on market share gain and media ROI outcomes
- Innovative constructs that allow Accenture to fund ventures to be in business with clients
- Client desire for other creative deal constructs
Accenture's approach to human capital management is world class, hiring across disciplines, industries, and career stages. Its RDMTS business recruits experienced talent from competing agencies, marketing service providers, and consultancies.

**Strengths**

AI distinguishes itself in several ways, with those discussed here being most important in helping retailers align their digital marketing technology strategies to evolving competitive realities. It stands out for a broad portfolio of patented innovations in production in its engagements. It has made significant investments to acquire agency capacity and analytics talents. Innovation and application of artificial intelligence to retail marketing, an imperative in our view, is an area in which AI excels. AI benefits from Accenture's retail-oriented start-up ecosystem and business strategy consulting services. Its own critical mass of business and joint development of assets and processes with digital marketing technology ISVs gives it a broad deep bench of seasoned talent. Its teams integrate well with client teams. AI's pricing model is reasonably transparent, adaptive to changes in services provided, and program budget allocation is responsive to shifts in client priorities. It is attuned to likely changes in pricing and commercial relationship models and is willing to take on risk within those constructs. AI has been very successful in recruiting talent from agencies, marketing services providers, and strategy and management consultancies.

**Challenges**

There are a few opportunities for AI to improve its RDMTS offerings. Onboarding and rationalization of services provided by companies it has recently acquired stands out as an important challenge. Integrating these resources into client program teams and maximizing the value and timeliness of their efforts depend on this effort—for example, in delivering CRM content. Integration of its creative agencies into projects can be improved. It can be challenged to communicate client requirements to offshore delivery teams, sometimes requiring clients to be very prescriptive in their statements of work. AI needs to develop more business with retailers with revenue below $20 billion and deliver services in smaller projects.

**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 to provide an accurate and consistent assessment of each vendor's characteristics, behavior, and capability.

Market Definition

This study evaluates key criteria for successful delivery of services that help retailers digitally transform their omni-channel marketing technologies. IDC identifies three domains of services within this market related to technology-driven omni-channel customer engagement, branding-focused delivery of omni-channel customer engagement assets, and omni-channel enablement of customer journeys in and around stores.

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Synopsis

This IDC study assesses key retail digital marketing technology services vendors focused on nine parameters expected to be most predictive of success. Digital transformation of daily living and customer engagement is accelerating the convergence of marketing agency services and marketing technology services. This IDC MarketScape address retailers evaluating third-party service providers to support the digital transformation of their omni-channel marketing technologies.

"Our research identifies comprehensive criteria that retailers should consider to ensure the success of their efforts," said Greg Girard, program director, IDC's Worldwide Omni-Channel Retail Analytics Strategies Service. "Success starts before selecting the right firm and entails readying the organization for engaging the firm best suited to your needs; aligning priorities and incentives of all parties involved; resourcing the effort with talent, technical, and financial wherewithal; and being clear — or getting clear about your objectives, strategies, and tactics."
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. IDC helps IT professionals, business executives, and the investment community make fact-based decisions on technology purchases and business strategy. More than 1,100 IDC analysts provide global, regional, and local expertise on technology and industry opportunities and trends in over 110 countries worldwide. For 50 years, IDC has provided strategic insights to help our clients achieve their key business objectives. IDC is a subsidiary of IDG, the world's leading technology media, research, and events company.

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