IDC MarketScape: Worldwide Voice of the Customer Applications 2023–2024 Vendor Assessment
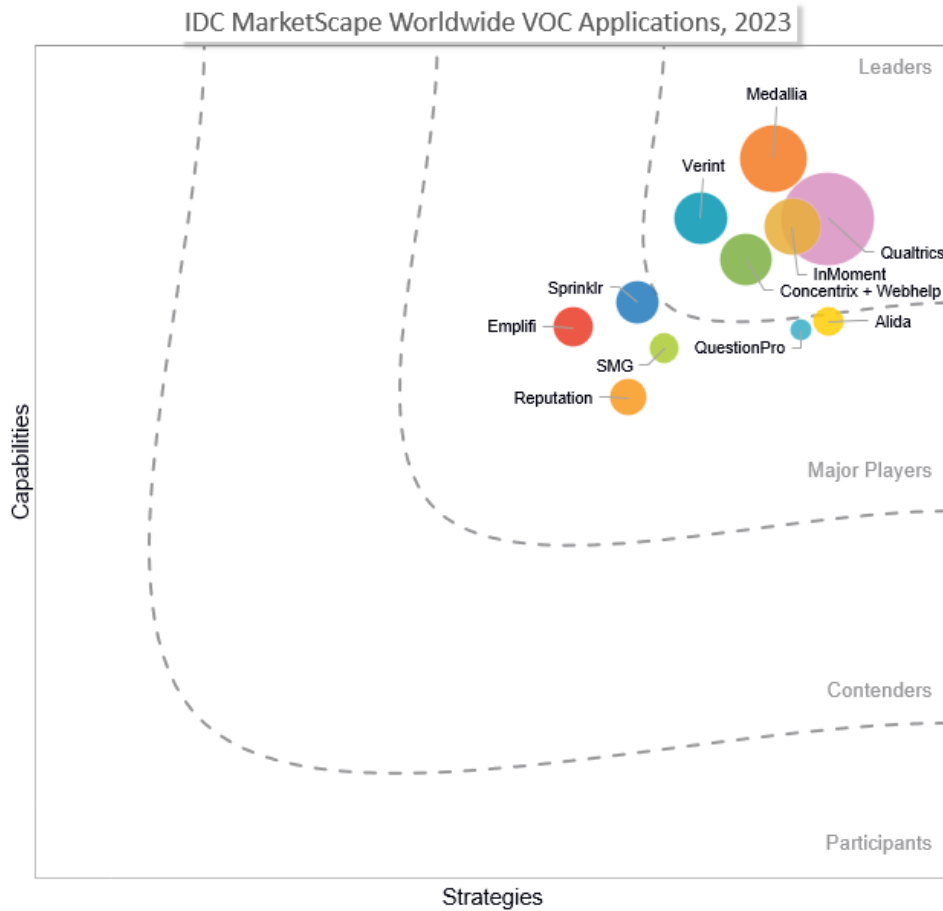
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THIS IDC MARKETSCAPE EXCERPT FEATURES MEDALLIA

IDC MARKETSCAPE FIGURE

FIGURE 1

IDC MarketScape Worldwide Voice of the Customer Applications Vendor Assessment

Source: IDC, 2023

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

IN THIS EXCERPT

The content for this excerpt was taken directly from IDC MarketScape: Worldwide Voice of the Customer Applications 2023-2024 Vendor Assessment (Doc # US50052123). 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

Customer satisfaction continued to remain a priority for brands in 2023. In IDC's *Future Enterprise Resiliency and Spending Survey*, Wave 8, 2023, respondents indicated that customer experience (CX) initiatives/projects were second most immune to budget reduction, after security, risk, and compliance projects. Key to CX programs are voice of the customer (VOC) applications that gather, analyze, and act on customer feedback about how happy (or unhappy) customers are with a brand's product or services.

Customer feedback programs traditionally gathered data from customers through tools such as surveys and interviews (structured data), but these programs have grown to also include unstructured, unsolicited feedback that customers can post through social media, communities, product review sites, etc. To gather and analyze these expanding channels of customer data, VOC platform vendors have expanded their use of AI to provide insights and summaries of the customer sentiment posted. The insights then lead to recommendations for improvements in products, services, and business processes to improve the CX, leading to happy customers with the expectation of longer relationships, higher revenue, higher margins, and lower expenses.

Current Trends in Voice of the Customer

- **AI:** AI has been used in VOC applications for many years to uncover insights into the feedback and actions customers make about brands. Recent improvements in AI provide better accuracy of insights and recommend actions to take to improve products and services, some with cost and ROI.

- **Generative AI (GenAI):** Generative AI has been a key focus in 2023, and VOC platform vendors are rolling out new features that use it to improve customer experiences (for example, natural language interfaces via live chat) and suggest actions to take to improve customer interactions (AI can deduce unhappy customers via text analytics or tone analysis and suggest to an agent actions that might improve the situation).

- **Professional services:** VOC vendors are differentiating from each other with the services they offer to customers to assist with their VOC programs. Some vendors focus on their software solutions and provide customer support and basic implementation services, whereas others engage customers to develop entire VOC programs and even offer software development services to build out web pages, mobile apps, and other solutions.

- **Customer maturity:** Brands starting on a journey to understand and improve their customers' experiences often start with structured surveys, as they can be simple to build, deliver, and analyze. As the VOC program matures, brands will then begin to gather unstructured data from product review sites, communities, social media sites, etc. Further on the spectrum, brands will then look to analyze inferred data (such as mouse "rage" clicks) for insights on experiences to ensure they are looking at all customer engagement points with their brand.

- **Benchmarking:** Many VOC vendors are now providing both scoring for customer experiences and competitive benchmarking of those scores between internal groups (think between food service providers with many locations) as well as external competitors.

- **Communities:** Some VOC programs gather data in single engagement relationships (one-time surveys, one-time chats, etc.), whereas others, in addition to the initial survey or call with a customer, now try to pull the customer into a members-only online community. These communities can develop a deeper relationship between the brand and the customer and look to gather much deeper insights into the experiences the customers are having with the brand.

- **ROI:** Customers looking for VOC solutions continue to push for clear returns on their investments in VOC solutions and make them happen as fast as possible. Most of the vendors reviewed here indicate ROIs of six months or less on their solutions. All vendors work closely with their customers to identify key metrics and business outcomes that drive their VOC programs and provide insights that can be shown to executives to support the programs.

- **Hyper-personalized experiences:** Customers' expectations of a great customer experience are pushing brands to engage those customers in real time on the web, via mobile apps, via instore kiosks, etc. This is driving VOC vendors to work with customers to understand what feedback can be captured, where it should be stored (e.g., data lakes, enterprise applications, CDPs), how it can be analyzed, and what actions they can take to affect the customer during the engagement.

- **Evolving vendors:** Vendors in today's IDC MarketScape offer comprehensive products to gather, analyze, and act on customer feedback and sentiment. Many of these vendors have grown into this market from other specialized markets, such as call center solutions, social content solutions, and traditional survey solutions. As they grow their feature sets, the solutions are becoming harder to distinguish as they move to become key players in the overall customer experience application market. Watch for differentiation via services offered, vertical markets targeted, and product innovations, such as those with AI and GenAI.

IDC MARKETSCAPE VENDOR INCLUSION CRITERIA

This vendor assessment includes technology platforms and applications that aid in the VOC or customer feedback programs. This report aims to explore platforms and applications that can listen, analyze, and act on customer feedback related to a brand, its products, and/or its services.

IDC defines VOC applications as follows:

- VOC applications can integrate the collection (listening) of customer feedback data (customer needs, wants, expectations, and preferences across structured and unstructured data) related to their direct, indirect, and inferred engagement with a company's products, brands, and services. This means creating, distributing, and collecting surveys (via email, phone, SMS, web page, etc.) as well as feedback generated on communities, product research sites, web pages, mobile applications, social media sites, etc. This feedback can be direct to the brand, indirect (posted for public use), or inferred from customer actions.

- VOC applications can analyze data for insights and trends and use these insights and trends to act to understand, enhance, and improve the customer experience. This means capabilities that create actions for real-time use to improve the customer experience or longer-term actions that can improve business processes and performance.

- The vendor must prove that their VOC revenue is more than $25 million annually and that VOC is considered a primary market focus of their business.

ADVICE FOR TECHNOLOGY BUYERS

VOC platform buyers have many vendor options in this space, with many comprehensive software solutions and services to offer. Some key areas buyers should consider are:

- **Metrics and outcomes:** VOC solution buyers should be clear on the metrics and business outcomes they are looking for when engaging vendors. The current key metrics include customer satisfaction (CSAT), overall customer satisfaction (OSAT), customer effort score (CES), and net promoter score (NPS). Examples of business outcomes could be looking to reduce customer churn; improve revenue metrics, such as annual recurring revenue or customer lifetime value; or reduce costs.

- **Be open to feedback:** When implementing VOC programs and hearing from customers for the first time, the responses may not be in line with expectations. Be open to listening to what customers are saying and share the knowledge as broadly as you can. Together as a team, this new information can lead to insights for improving your customers' experiences and business outcomes.

- **Skill sets:** Successful VOC programs go far beyond the software component. Buyers should understand the skill sets that are needed to gather customer feedback across the channels available, clean and organize it (data governance), protect it (privacy and security), learn from it (analytics), and use it to improve CX. All these components need to be coordinated to ensure customers experience a unified journey with the brand. Buyers should understand what skills they want to provide internally and which they will need to enlist external help to provide.

- **Enlist executive support:** Without executive support to enlist all functional departments in a VOC program, the program risks being limited to individual departments. These departments (sales, support, marketing, etc.) may evolve their own VOC programs, which can lead to disjoined customer journeys, as one department does not know what other engagements (surveys, emails, calls, etc.) have taken place or are planned to take place. Visibility across the enterprise is needed to coordinate these engagements and ensure they work together in a unified customer journey.

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.

Medallia

After a thorough evaluation of Medallia's strategies and capabilities, IDC has positioned the company in the Leaders category in this 2023 IDC MarketScape for worldwide VOC applications.

Medallia offers a comprehensive, fully featured VOC platform with the ability to gather direct, indirect, and inferred customer data, analyze it, and act on it. They are a go-to vendor in the space where users are looking for VOC programs that require complex and detailed listening capabilities and sophisticated analytics tied with support for complex organizational and product hierarchies. The company's analytics and actioning capabilities are rich and fully featured.

Quick facts about Medallia:

- Employees: 2,400+

- Years in the VOC market: 22
- Total number of VOC clients: 2,600+
- Industry focus: All major industries

Strengths

- **Full breadth and depth offering**: Medallia's VOC capabilities have evolved to meet any necessary enterprise complex needs. Having worked with major customers in all verticals, Medallia has a platform that unifies data from across the customer journey and can either be used itself to discover insights (prioritized with revenue impact potential) or to integrate with other enterprise platforms to bring those insights to other front-line teams (sales, support, etc.). The mobile app brings the full capabilities of the platform to users on the move (execs, branch managers, etc.).
- **Closed-loop feedback**: Medallia's VOC capabilities extend into internal feedback loop processes that allow employees' best practices to be quickly found, understood, and shared to scale actions that can improve employee actions and, therefore, customer experiences. Alternatively, agent practices resulting in negative behavior (churn, non-renewal, negative responses) are also quickly seen via notifications following rules based on a myriad of metrics and trends. Managers can work with employees toward best practices, and digital web experiences can be highlighted to development teams when improvements are needed.

Challenges

- **Structured relationships**: Medallia offers a truly comprehensive and fully featured system available in the VOC platform market. Customers should understand the Medallia contracts and relationship and what is and is not provided, as changes or services needed outside of agreements may unexpectedly add to the bottom line for time and cost.
- **Plan your VOC program**: Medallia can bring a lot of value to any VOC program, and customers should ensure they know what they need, when they need it, and what it will provide for them and their customers. Given the rich set of features available, without a set plan for business outcomes and metrics to measure them, VOC programs could look to adopt features sooner than they might be needed, adding complexity to the program.

Consider Medallia When

Consider Medallia when your VOC program needs are complex in consideration of your organization structure, your product offering matrix, or your business structure. Medallia offers a fully featured system that can be tailored to your specific needs. The company offers valuable insights based on clear metrics and data gathered, using AI to scale and speed up analytics. Insights are shared across the organization to support adoption and success of the VOC program and the customer experience.

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. 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, behaviors, and capabilities.

Market Definition

Voice of the customer (VOC) programs are run by organizations to listen to customer sentiment and feedback about that organization's products, services, or brand itself at various points in the customer journey (through marketing journeys, sales journeys, support journeys, etc.). Customers can express their feedback directly to a brand through survey responses, phone calls, chats, or indirectly by posting on the internet through product review sites, social media sites, and communities. New inputs also use inferred data from mouse tracking ("rage clicks"), eye movements, and body language to try to determine customer emotions, sentiments, and intents.

As these many channels are used and grow, brands need to understand in which channels their customers are expressing themselves, capture this data, analyze it for insights (For example, is the experience good or bad?), and then lead those insights to actions tactically during the journey with the customer or strategically to improve the products and/or services that the brand offers.

VOC applications are those solutions that vendors offer that meet the criteria of listening for customer feedback in any of the channels mentioned (and growing to capture more as more channels are used and identified by customers), analyzing that feedback for insights about the customers' engagement with the brand, and taking action to improve the customer experience and/or business outcomes.

Related Research

- *IDC FutureScape: Worldwide Future of Customer Experience 2024 Predictions* (IDC #US50111423, October 2023)
- *Market Analysis Perspective: Worldwide Voice of the Customer Applications, 2023* (IDC #US51249623, September 2023)
- *How Will GenAI Impact VOC Programs and Applications* (IDC #US49392522, June 2023)
- *Voice of the Customer 3.0: The Age of Unstructured and Inferred Data Webinar* (IDC #US50729823, May 2023)

Synopsis

This IDC study provides a thorough assessment of market-leading voice of the customer (VOC) application platforms and discusses the criteria that are most important for companies to consider when selecting a solution.

"Customers have learned that expressing their satisfaction or disappointment with a brand can not only be heard today, but they have learned that brands should be actively working to improve their products and services based on that customer feedback," says Lou Reinemann, research director for Voice of the Customer Applications at IDC. "Customers today are finding rich experiences with some brands and then demanding it from others when experiences fall short of expectations. Customer satisfaction is a key business priority today, and VOC platforms are a key component of successful VOC and CX programs to understand, track, and improve that satisfaction."

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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