Rewards and Recognition (R&R) State of the Market 2023: Exploring the Next Generation of R&R Platforms

December 2023: Complimentary Abstract / Table of Contents

Our research offerings

- Amazon Web Services (AWS)
- Application Services
- Artificial Intelligence (AI)
- Asset and Wealth Management
- Banking and Financial Services Business Process
- Banking and Financial Services Information Technology
- Catalyst™
- Clinical Development Technology
- Cloud and Infrastructure
- Contingent Staffing
- Contingent Workforce Management
- Customer Experience Management Services
- CX Excellence
- CXM Technology
- Cybersecurity
- Data and Analytics
- Digital Adoption Platforms
- Digital Services
- Digital Workplace
- Employee Experience Management (EXM) Platforms
- Employer of Record (EOR)
- Engineering Research and Development
- Enterprise Platform Services
- Exponential Technologies
- Finance and Accounting

- Financial Services Technology (FinTech)
- GBS Talent Excellence
- Global Business Services
- Google Cloud
- HealthTech
- Human Resources
- Insurance Business Process
- Insurance Information Technology
- Insurance Technology (InsurTech)
- Insurance Third-Party Administration (TPA) Services
- Intelligent Document Processing
- Interactive Experience (IX) Services
- IT Services Excellence
- IT Talent Excellence
- Life Sciences Business Process
- Life Sciences Commercial Technologies
- Life Sciences Information Technology
- Locations Insider™
- Marketing Services
- Market Vista™
- Microsoft Azure
- Microsoft Business Application Services
- Modern Application Development (MAD)
- Mortgage Operations
- Multi-country Payroll

- Network Services and 5G
- Oracle Services
- Outsourcing Excellence
- Payer and Provider Business Process
- Payer and Provider Information Technology
- Pricing Analytics as a Service
- Process Intelligence
- Process Orchestration
- Procurement and Supply Chain
- Recruitment
- Retail and CPG Information Technology
- Retirement Technologies
- Revenue Cycle Management
- Rewards and Recognition
- SAP Services
- Service Optimization Technologies
- Software Product Engineering Services
- Supply Chain Management (SCM) Services
- Sustainability Technology and Services
- Talent Genius™
- Technology Skills and Talent
- Trust and Safety
- Value and Quality Assurance (VQA)

If you want to learn whether your organization has a membership agreement or request information on pricing and membership options, please contact us at **info@everestgrp.com**

Learn more about our
custom research capabilities

Benchmarking

Contract assessment

Peer analysis

Market intelligence

Tracking: providers, locations, risk, technologies

Locations: costs, skills, sustainability, portfolios

Contents

For more information on this and other research published by Everest Group, please contact us:

Priyanka Mitra, Vice President

Lokesh Goyal, Practice Director

Anwesha Chakraborty, Senior Analyst

Varun Madan, Analyst

Contents

Introduction

In the current business environment marked by talent shortages and economic uncertainties, R&R solutions play a critical role in enhancing employee engagement and productivity. Additionally, with the need to attract and retain top talent, several companies are turning to R&R solutions to foster a culture of appreciation and recognition throughout their organization. Despite being a non-revenue-generating investment, focusing on employee experience can create value in numerous tangible and intangible ways for an enterprise, nurture a positive workplace culture, enhance employee motivation, and drive performance.

The R&R market is growing, with a wide range of solution providers offering SaaS-based platforms that can be configured and integrated with collaborative tools, HRIS systems, and other platforms to meet each client's unique needs. With service providers investing in next-generation technologies to measure and analyze the impact of their R&R programs, companies can transition to a more data-driven and performance-based approach to employee recognition.

In this research, we analyze the R&R solutions market and understand the key growth drivers, buyer adoption trends, and investments made by providers. The analysis is based on Everest Group's annual RFI process for the calendar year 2023 (refer report Rewards and Recognition (R&R) PEAK Matrix® Assessment 2023 for detailed assessment of providers), interactions with leading R&R solutions providers, client reference checks, and ongoing analysis of the R&R market.
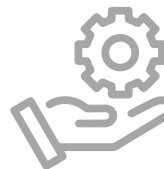
This report analyzes

Evolution of the R&R solutions market: market size, growth, expected growth, deal trends across geographies, etc.

- Investment themes
- R&R solution characteristics
- R&R solution provider landscape

Scope of this report

Geography
Global

Service Providers
26 R&R service providers

Services
(R&R) solutions

5

Overview and abbreviated summary of key messages

This report examines the global R&R market in detail. It focuses on the key trends, growth in the market, and the evolving buyer asks. It also provides the overall competitive landscape and compares the performance of the Leaders with that of Others (includes Major Contenders and Aspirants). Furthermore, it identifies the key implications of the research findings for buyers and R&R providers.

Some of the findings in this report, among others, are:

Current state of R&R market
- In 2023, HR leaders seek cost-effective solutions that deliver more value, supporting talent management, engagement, and retention to ensure the organization's future readiness
- In line with HR priorities, buyers now seek personalized and data-driven R&R solutions to elevate the EX for a globally distributed workforce, while gaining valuable insights into the RoI generated by these solutions

R&R market dynamics
- The R&R market will show a deceleration in growth, as enterprises globally grapple with the economic slowdown; however, it will continue to grow as enterprises focus on enhanced employee experience
- North America remains the largest market with the major share of overall revenue for R&R service providers, followed distantly by APAC and the UK
- Small organizations remain the top adopters of this solution; midsize and large companies have larger deal sizes as they seek one corporate-wide recognition program for a consistent experience

Buyers' perspective of the market:
Pricing, functionality, and features offered are the top criteria for selection; proactiveness of the provider to offer good customer support along with ease of use and integration landscape play a vital role. In order to improve overall buyer satisfaction levels, solution providers need to improve their integrations and mobile capabilities, expand their existing offerings, and increase the flexibility of the solution

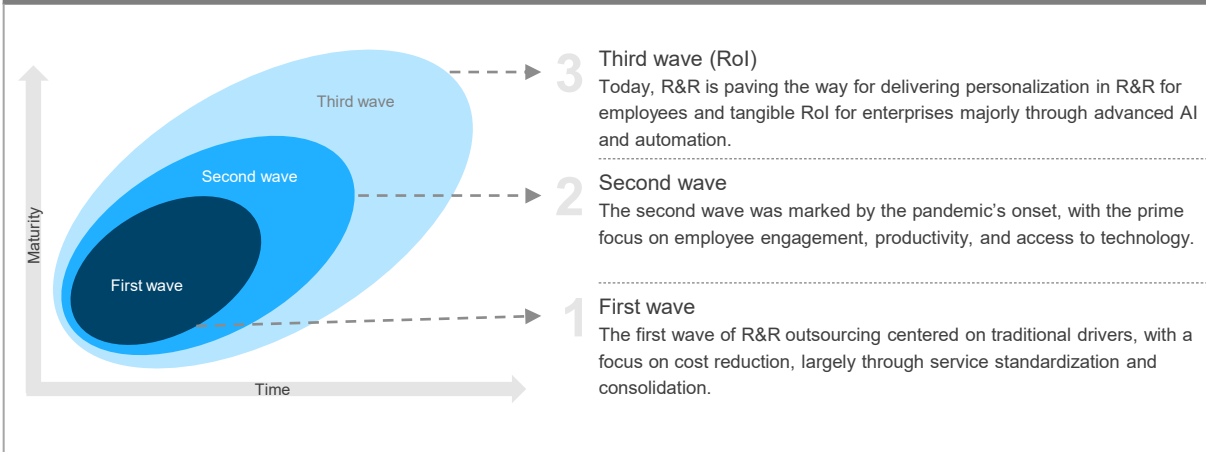**Solution provider landscape**
- Leaders contributed more than 60% of the market share in terms of revenue in 2022
- O.C. Tanner led the number of employees managed and was followed by Engage2Excel, Madison PG, and Workhuman
- O.C. Tanner and Workhuman have a wider geographic reach; other leading players such as BI Worldwide and Engage2Excel continue to be more prominent in their primary regions
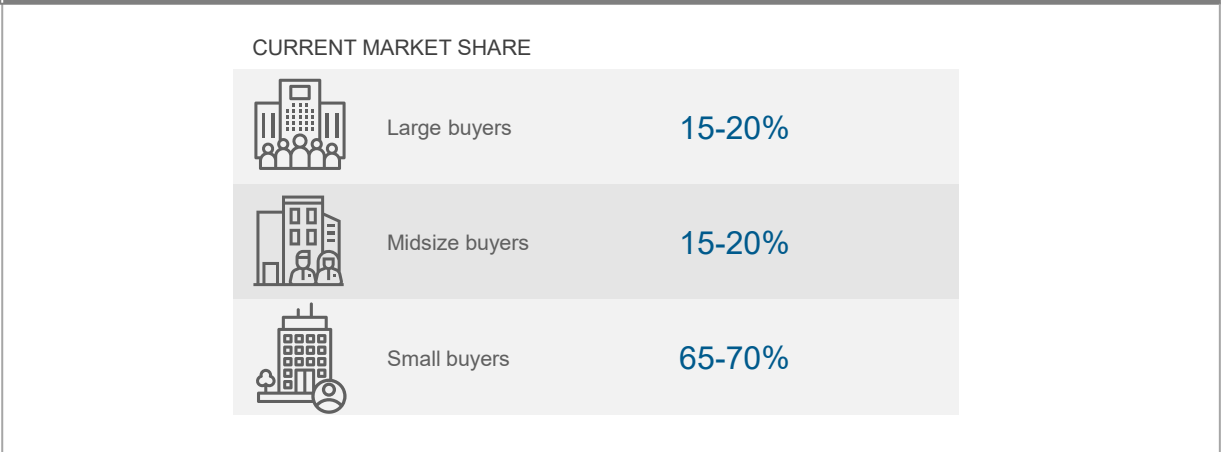
Outlook for 2024
- Providers are anticipated to continue investing in advanced analytics solutions as enterprises seek more visibility into the quantifiable impact on their R&R solutions
- Advanced analytics and big data will play a central role in R&R program design and evaluation, allowing organizations to measure RoI more accurately
- Buyers across all geographies expect their providers in the future to offer personalized platforms and should have end-to-end EX capabilities

This study offers four distinct chapters providing a deep dive into key aspects of R&R market; below are four charts to illustrate the depth of the report
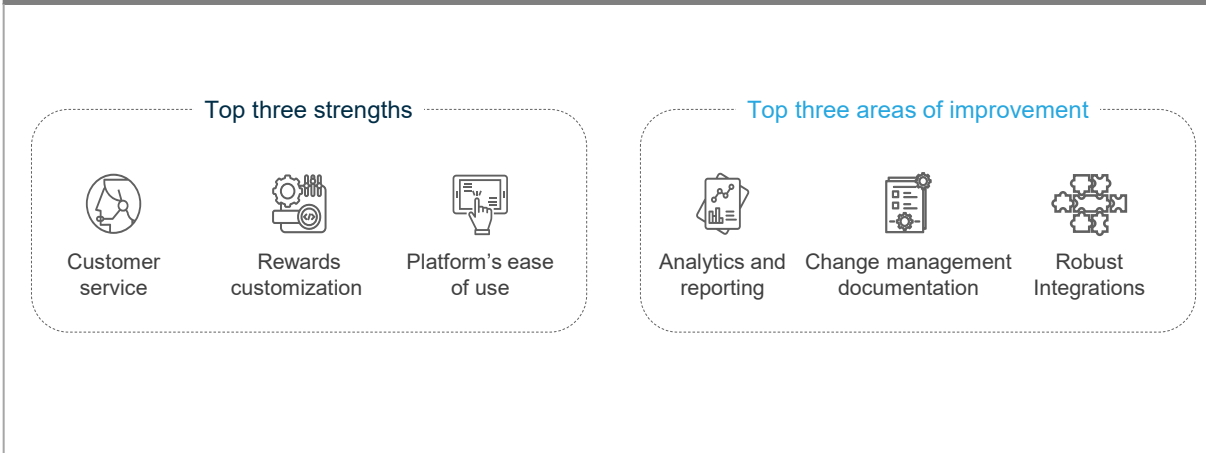
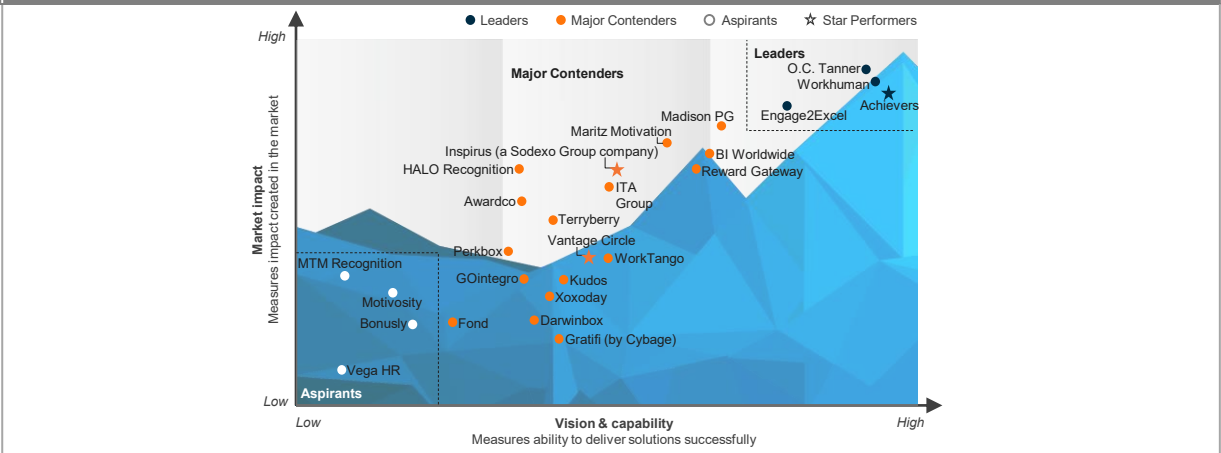## Evolution of R&R outsourcing objectives

Maturity / Time axes with nested waves: First wave, Second wave, Third wave

3 Third wave (RoI)
Today, R&R is paving the way for delivering personalization in R&R for employees and tangible RoI for enterprises majorly through advanced AI and automation.

2 Second wave
The second wave was marked by the pandemic's onset, with the prime focus on employee engagement, productivity, and access to technology.

1 First wave
The first wave of R&R outsourcing centered on traditional drivers, with a focus on cost reduction, largely through service standardization and consolidation.

Adoption by buyer size

CURRENT MARKET SHARE

Large buyers		15-20%
Midsize buyers		15-20%
Small buyers		65-70%

Buyers perspective

Top three strengths

Customer service | Rewards customization | Platform's ease of use

Top three areas of improvement

Analytics and reporting | Change management documentation | Robust Integrations

Provider landscape

Legend: ● Leaders   ● Major Contenders   ○ Aspirants   ★ Star Performers

Axes: Market impact (Measures impact created in the market) vs Vision & capability (Measures ability to deliver solutions successfully)

Leaders: O.C. Tanner, Workhuman, Engage2Excel, Achievers

Major Contenders: Madison PG, Maritz Motivation, Inspirus (a Sodexo Group company), BI Worldwide, HALO Recognition, Reward Gateway, ITA Group, Awardco, Terryberry, Vantage Circle, Perkbox, WorkTango, GOintegro, Kudos, Xoxoday, Fond, Darwinbox, Gratifi (by Cybage)

Aspirants: MTM Recognition, Motivosity, Bonusly, Vega HR

Research calendar
Human Resources

Reports title	Release date
Nine Employee Experience Solutions Enterprises Need – Is Surviving the Recession Enough?	March 2023
People Analytics Platforms	March 2023
Unlocking the Full Potential of Users Through Userization and DAPs	March 2023
Rewards and Recognition (R&R) Solutions PEAK Matrix® Assessment 2023	April 2023
Multi-process Human Resources Outsourcing (MPHRO) Services PEAK Matrix® Assessment 2023	August 2023
Employee Experience Management (EXM) Platforms PEAK Matrix® Assessment 2023	August 2023
Digital Adoption Platforms (DAP) PEAK Matrix® Assessment with Technology Provider Landscape 2023	September 2023
Employer of Record (EOR) Solutions PEAK Matrix® Assessment 2023	September 2023
Multi-country Payroll (MCP) Solutions PEAK Matrix® Assessment 2023	October 2023
Multi-country Payroll (MCP) Solutions – Provider Compendium 2023 – Update	December 2023
Employer of Record (EOR) – State of the Market 2023 – Update	December 2023
Digital Adoption Platforms (DAP) State of the Market 2023 – Update	December 2023
Multi-process Human Resources Outsourcing (MPHRO) State of the Market 2023	December 2023
Rewards and Recognition (R&R) State of the Market 2023: Exploring the Next Generation of R&R Platforms	**December 2023**
Multi-country Payroll (MCP) – State of the Market 2023 – Update	Q1 2024

Note: Click to see a list of all of our published Human Resources reports

Everest Group®

Everest Group®
With you on the journey

Everest Group is a leading research firm helping business leaders make confident decisions. We guide clients through today's market challenges and strengthen their strategies by applying contextualized problem-solving to their unique situations. This drives maximized operational and financial performance and transformative experiences. Our deep expertise and tenacious research focused on technology, business processes, and engineering through the lenses of talent, sustainability, and sourcing delivers precise and action-oriented guidance. Find further details and in-depth content at **www.everestgrp.com**.

Stay connected

Dallas (Headquarters)
info@everestgrp.com
+1-214-451-3000

Bangalore
india@everestgrp.com
+91-80-61463500

Delhi
india@everestgrp.com
+91-124-496-1000

London
unitedkingdom@everestgrp.com
+44-207-129-1318

Toronto
canada@everestgrp.com
+1-214-451-3000

Website
everestgrp.com

Social Media
𝕏 @EverestGroup
in @Everest Group
f @Everest Group
▶ @Everest Group

Blog
everestgrp.com/blog