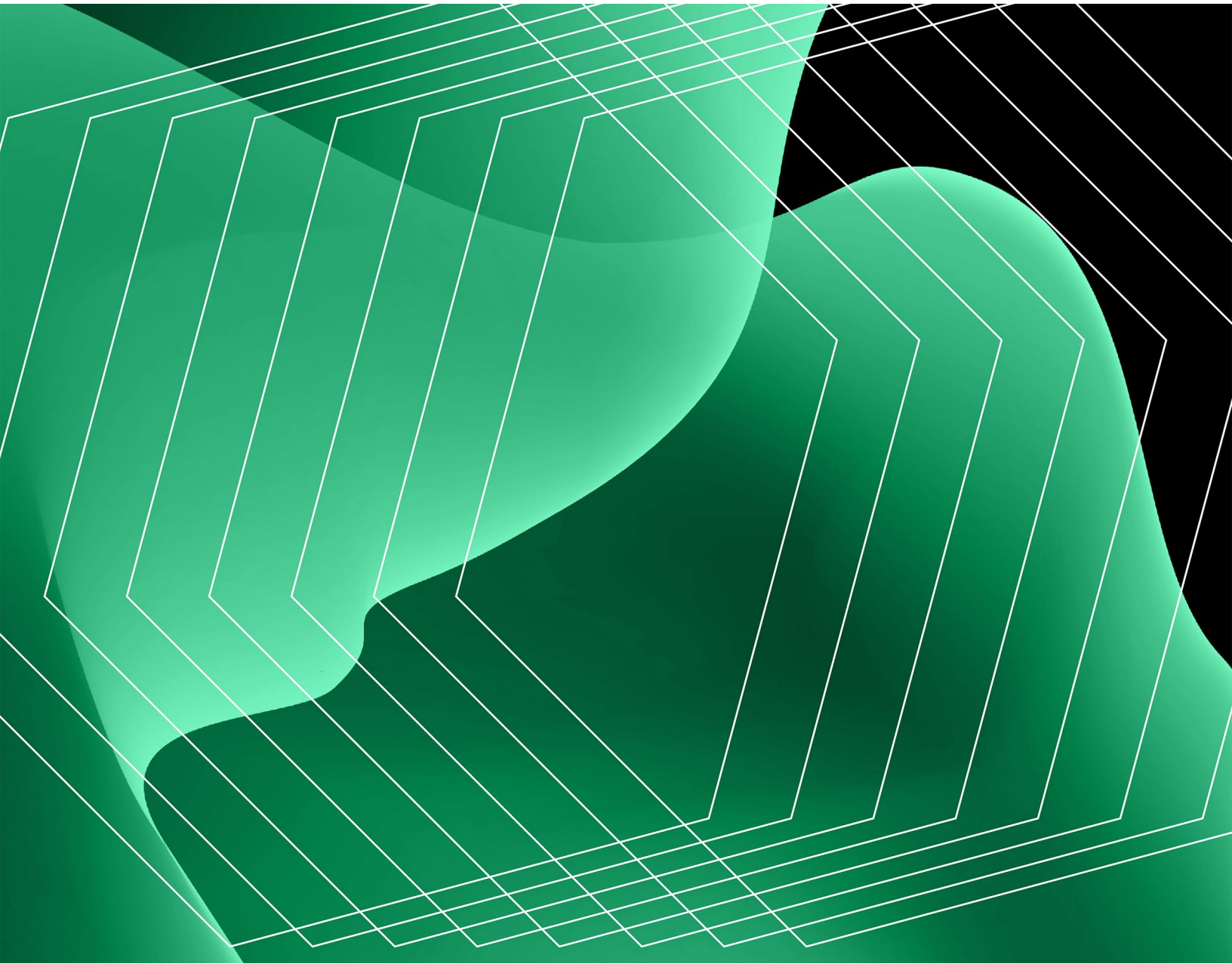


# The Total Economic Impact™ Of Skeepers

Cost Savings And Business Benefits Enabled By Skeepers

A Forrester Total Economic Impact™ Study  
Commissioned By Skeepers, September 2024



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### ABOUT FORRESTER CONSULTING

Forrester provides independent and objective [research-based consulting](#) to help leaders deliver key outcomes. Fueled by our [customer-obsessed research](#), Forrester’s seasoned consultants partner with leaders to execute their specific priorities using a unique engagement model that ensures lasting impact. For more information, visit [forrester.com/consulting](https://forrester.com/consulting).

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# Executive Summary

User-generated content (UGC) has become a must-have for brands to engage with consumers, convert them to customers, and serve them. Users' real experiences build trust, reliability, and connection. Marketers and customer experience (CX) leaders have noticed. Creator, influencer, and user-generated content has become one of the top-invested categories in annual budgets. Skeepers' UGC solution is a one-stop shop for brands to collect, activate, and elevate their users' content.

Skeepers commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by deploying its [user-generated content solution](#).<sup>1</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Skeepers on their organizations.



Return on investment (ROI)  
**293%**



Net present value (NPV)  
**€32.19M**

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed a decision-maker at a large consumer goods organization who has experience using Skeepers. Forrester used this experience to project a three-year financial analysis.

Prior to using Skeepers' UGC solution, the interviewee noted how their organization lacked efficiency, fluidity, and connection during the different stages of the consumer journey, leading a decline in customer satisfaction and brand loyalty. New consumer segments and new consumption habits meant there was potential to grow the share of the direct-to-consumer (D2C) business, but brands found it challenging to connect with consumers at scale.

## EXECUTIVE SUMMARY

Despite the growing importance of influencers and UGC, the interviewee noted their company's marketers were restricted to making little or no investment in influence and UGC. Customer reviews were managed in an ad hoc way and required significant hands-on intervention, and the interviewee's company was unable to consistently measure and promote customer satisfaction in its products and brands.

After the investment in Skeepers, the decision-maker's organization established a true voice-of-the-consumer strategy where brands could monitor shifts in consumer sentiment and appreciation.

Key results from the investment include a lift in online sales profit of nearly €42.7 million due to Skeepers' single, consolidated platform for managing customers' ratings and reviews of products. Their organization also saw an efficiency gain worth over €229,000 for the consumer services team who manage the reviews.

In addition, the interviewee's organization's single corporate contract with Skeepers meant all markets and brands — even those with small budgets — were now empowered to deploy UGC to connect with their consumers when and where they needed assurance or encouragement from their peers.

## KEY FINDINGS

**Quantified benefits.** Three-year, risk-adjusted present value (PV) quantified benefits include:

- **Profit lift of nearly €42.7 million from a single, consolidated solution for managing customers' ratings and reviews of products across all retail websites.** Consumer services teams can share reviews across brand.com sites and all distributors' platforms, balancing reviews and providing richer content to potential buyers. More reviews meant more perspectives and greater reassurance. That's demonstrated by the increase in shoppers' conversion rate and the higher average order value post-implementation. Teams can also easily syndicate ratings from satisfied customers.

- **Consumer services teams saw efficiency gains worth €229,000 in managing and responding to their customers.** They transitioned from accessing a disparate patchwork of tools and apps to a single solution where all customer ratings and reviews can be responded to, managed, and syndicated. This shift results in efficiency gains, saving teams over an hour per day.

“For large groups, a one-stop shop means a market can use the relevant tools depending on maturity and brand needs. Having a value proposition on the whole consumer path with solutions that really hold up offers real added value.”

- **Additional profit of €155,000 from gifted product reviews that encourage more consumers to purchase new or improved products online.** Marketers can accelerate the number of user reviews for and the visibility of new and updated products. A curated selection of these reviews is syndicated across the brands’ and markets’ retail ecosystems to drive initial sales momentum.
- **Increase in profit of €142,000 by enabling marketing teams to collect and publish UGC videos on product pages, leading to additional sales.** Products featuring videos have more visibility than those without and the user-generated videos strike a chord with potential buyers — encouraging purchase.

**Unquantified benefits.** Benefits that are not quantified for this study include:

- **Developing and monitoring a voice of consumer strategy.** The company embraced each brand’s consolidated “star score” to monitor and shape shifts in consumer sentiment and appreciation. On an operational level, marketing, product, services, and sales teams leveraged the insights gleaned, enabling them to hone strategy and execution based on real-time customer feedback.

- **Having a one-stop shop for UGC.** Skeepers currently consolidates seven products that cover the entire customer journey. Marketers and CX leads can optimize different use cases according to the needs and maturity of targets, along with brand readiness.
- **Handling multiple touchpoints from a unified platform.** On a day-to-day basis, Skeepers simplifies how teams access, engage with, and publish UGC content through one interface.
- **Accessing authenticity coupled with verified opinions.** Verification via a third party brings additional credibility.
- **Actively consolidating and balancing ratings and reviews.** Skeepers actively consolidated and balanced ratings and reviews between detractors and advocates. This was done across review platforms and commerce channels in each market.
- **Supporting both online and offline selling.** In-store sales are still the largest share but are more challenging to monitor and optimize. Skeepers captures the voice of the customer after a visit to a physical shop.
- **Consolidating a single group contract on global level.** The company has negotiated a single contract, which is signed and managed by a dedicated corporate buyer then deployed throughout the group, enabling scale while reducing cost.

**Costs.** Three-year, risk-adjusted PV costs for the interviewee's organization include:

- **Licensing/subscription cost of €827,000.** The licensing and subscription costs for Skeepers' UGC solution involve annual and recurring fees. The organization sees increased costs year over year due to expanding its use of Skeepers across additional brands and markets. The annual license fee for the organization is €150,000 per year and the cost for the UGC videos module is €95,000 per year for each market.
- **Implementation, training, and onboarding costs of €152,000.** Within the organization, primarily marketers, product managers, and consumer service employees receive formal training conducted in-house due to the platform's user-friendly nature. Each full-time employee (FTE) clock 2 hours in formal sessions.

Other marketing and communications roles are onboarded in 1-hour onboarding sessions. The scaling of FTEs trained and onboarded yearly necessitates consistent efforts to ensure all relevant staff are proficient with the platform's functionalities, balancing thorough training for frequent users and brief onboarding for occasional users.

- **Cost of strategically managing customer reviews across retailer solutions of €6.2 million.** Global consumer service agents use Skeepers' UGC solution to manage and moderate reviews on retailer solutions, focusing on widely sharing positive reviews and responding to negative content depending on market maturity. This centralized team ensures consistent review management across different markets.
- **Cost of product, sending, and management of gifted reviews of €1.7 million.** The company utilizes Skeepers for managing gifted reviews, incurring internal costs for handling the reviews, products, stocking, and overall management. A cross-functional team from IT, sales, consumer service, legal, and marketing oversees this initiative. Annually, this team expands the deployment of gifted reviews across more brands and markets and for additional products. As the number of campaigns and gifted products increases each year, the costs associated with the gifted reviews solution also rise.
- **Costs of managing UGC videos of €2.2 million.** The company deploys the UGC videos module, incurring management and implementation costs beyond the subscription fee. A cross-functional team from IT, sales, consumer service, legal, and marketing manages the program, which includes outreach campaigns and selecting the best videos to showcase. The total cost of deploying UGC videos depends on the number of products included and the company is rapidly expanding use to more products each year. Additional costs include sending products to customers or influencers for video creation and annual warehousing costs for storing these products.

The interview and financial analysis found that the representative's organization experiences benefits of €43.18 million over three years versus costs of €10.99 million, adding up to a net present value (NPV) of €32.19 million and an ROI of 293%.



Return on investment (ROI)

**293%**



Benefits PV

**€43.18M**



Net present value (NPV)

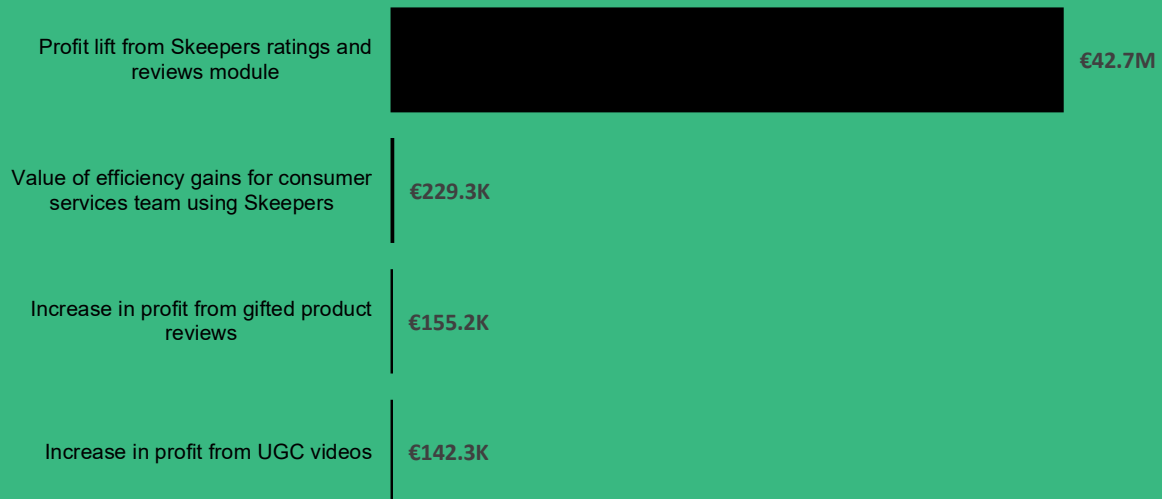
**€32.19M**



Payback

**<6 months**

### Benefits (Three-Year)





## TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in Skeepers' user-generated content solution.

The objective of the framework is to identify the cost, benefit, flexibility, and risk factors that affect the investment decision. Forrester took a multistep approach to evaluate the impact that user-generated content solution can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Skeepers and delivered by Forrester Consulting. It is not meant to be used as a competitive analysis.

Forrester makes no assumptions as to the potential ROI that other organizations will receive. Forrester strongly advises that readers use their own estimates within the framework provided in the study to determine the appropriateness of an investment in Skeepers' user-generated content solutions.

Skeepers reviewed and provided feedback to Forrester, but Forrester maintains editorial control over the study and its findings and does not accept changes to the study that contradict Forrester's findings or obscure the meaning of the study.

Skeepers provided the customer name for the interview but did not participate in the interview.

### Due Diligence

Interviewed Skeepers stakeholders and Forrester analysts to gather data relative to user-generated content solution.

### Interview

Interviewed the representative of an organization using Skeepers to obtain data with respect to costs, benefits, and risks.

### Financial Model Framework

Constructed a financial model representative of the interview using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the interviewee.

### Case Study

Employed four fundamental elements of TEI in modeling the investment impact: benefits, costs, flexibility, and risks. Given the increasing sophistication of ROI analyses related to IT investments, Forrester's TEI methodology provides a complete picture of the total economic impact of purchase decisions. Please see [Appendix A](#) for additional information on the TEI methodology.

# The Skeepers Customer Journey

## Drivers leading to the UGC solution investment

### INTERVIEWEE'S ORGANIZATION

Forrester interviewed the representative of an organization who has experience using Skeepers' UGC solution. Their organization has the following characteristics:

- In the consumer products industry, it has 25 brands with multiple product lines across 150+ countries. It also has \$8 billion in annual revenue.
- European-based, global organization.
- Sales are primarily through retailers, including 100 online points of sale, both websites of distributors and online-only marketplaces.
- Five brands have direct-to-consumer sales in multiple markets.
- Central teams manage branding, nurture best practices, and select global tools and solutions.
- Local teams adapt and run business in-market, including defining and managing distribution, investments, media mix, and messaging as well as informing consumer insights and data.

### KEY CHALLENGES

Prior to Skeepers, the interviewee's enterprise deployed a solution to manage reviews and ratings as their online distribution grew. However, the legacy solution had very little out-of-the-box integration with distributors outside the United States. Markets were obligated to sign local deals and set up distributors in other regions, including in Europe, where a large share of business sat.

The interviewee's organization's legacy single solution was limited. Their company saw an opportunity to understand and manage the full experience of consumers, even for those brands not selling directly. The team wanted to elevate and track customer

satisfaction and pilot product and brand experience, and also engage consumers more through more diverse and real content.

The interviewee noted how their organization struggled with common challenges, including:

- **Brands needed to engage with consumers in new channels and at additional points of the consumer journey.** Consumers' decision-making processes were increasingly fragmented and complex, but it was a challenge for the brands to connect at scale. There was little consistency, fluidity, and efficiency. Opportunities — before, during, and after purchase — were missed, leading to declining customer satisfaction and brand loyalty. Valuable data and insights were lost, such as which product features and functions customers preferred.
- **There was little or no investment in influence.** Marketers at the interviewee's organization saw that influence was growing in importance, but didn't have the tools, insights, or stakeholder buy-in to engage. In addition, influence was relegated to a grey zone of "who does what" in the interviewee's organization. Business cases and strategy were unproven.

"We had to apply our media and content strategies in a much more fragmented way to micro targets of consumers. It's a complexification, a multiplication."

- **Customer reviews were managed in an ad hoc way and required significant manual intervention.** The interviewee's company had not scaled consumer services to the volume and complexity of the content that its customers created. Teams were overwhelmed with the task of acknowledging and responding to questions, complaints, and comments across both direct and distributor points of sale.

The lack of integration of European retailers on the legacy reviews platform complicated the situation, requiring consumer services reps to log in to, respond to, and manage customers' content across multiple, disconnected distributors' platforms.

- **The company was unable to consistently measure — and, in turn, promote — customer satisfaction of products or brand experience.** Customer satisfaction was a strategic priority, but the interviewee's organization had no key metric for it. Internally, teams wanted a baseline to understand and track improvement. Externally, brands wanted one simple number to reassure potential customers.

## SOLUTION REQUIREMENTS/INVESTMENT OBJECTIVES

The interviewee's organization searched for a solution that could:

- Natively support and be ready out of the box for a multitude of countries, languages, and businesses. The interviewee's organization gave preference to a European actor that had experience implementing across different markets.
- Enable evaluation and tracking of both brand experience and product quality through customer feedback.
- Support development of a direct-to-consumer sales strategy, principally via the main websites of each brand.
- Offer a unified platform that consolidated actual and planned functionality for responding to, interacting with, and reusing UGC, enabling marketing teams to identify and activate best practices across the enterprise.
- Simplify management of UGC under a single supplier with a single contract.

After a request for proposal (RFP) and business case process evaluating multiple vendors, the interviewee's organization chose Skeepers and began deployment.

- Skeepers' ratings and review product was the point of entry five years ago. The company ran an RFP and decided to work with a European actor that could support a multitude of countries, languages, and businesses. Ratings and reviews were rolled out gradually across brands and markets.

## CUSTOMER JOURNEY

- That deployment gave the group the ability to evaluate, track, and improve two facets of satisfaction via customer feedback: the quality of the products and the overall brand experience. Customer satisfaction was elevated to a critical KPI.
- Customer input was integrated into both product improvement and new product development processes, and satisfaction scores were used front and center to reassure prospective buyers — each brand then added the current data to their website homepage.
- As the company matured, other Skeepers' products offered opportunities for brand leads to act on additional stages of consumers' shopping journeys. For instance, Skeepers' influencer marketing enabled marketers to create awareness and interest in new products and their consumer videos improved conversion by showing off how real people used the brands' products.
- Today, the company operates a unified platform across four of the six different products proposed by Skeepers. The leader interviewed explained the advantage of consolidating with one supplier to manage and amplify user-generated content, "It's simpler to manage a service provider with 8 solutions than 8 solutions with 8 different service providers."

## USE CASE DESCRIPTION

The organization has been working with Skeepers for more than five years and began the collaboration by deploying the ratings and reviews product across multiple brands in multiple markets.

As a complement to organic ratings and reviews, the enterprise tested the gifted product review module. New or updated products were offered to consumers and influencers to build interest and accelerate collecting reviews.

Lastly, the company piloted the consumer videos product, resulting in the integration of one or two user videos on product pages of the direct-to-consumer brand.com sites.

Only the first three years of the collaboration are reflected in this study.

## Deployment Details

### Year 1

- Ratings and reviews module kicks off with three brands in two markets.
- Gifted product reviews are tested in one market. UGC Videos are not yet used.

### Year 2

- Ratings and reviews coverage grows to four brands in six markets.
- Gifted product reviews expands to two markets. UGC videos are tested by 35 products in one market.

### Year 3

- Six brands in 12 markets use the ratings and reviews module.
- Gifted product reviews are used by four markets.
- UGC Videos are deployed by 100 products in three markets.

Ratings and reviews provided a single, consolidated solution for managing customers' ratings and reviews of products across all retail websites — both for brand.com sites and all distributors' platforms. That enabled the consumer services team to connect more effectively, respond to comments more efficiently, and provide suggestions to customers.

The greatest business value was realized by giving more visibility to user-generated content across the online distribution network. The consumer services team could share reviews across the different sites, providing richer content to prospective buyers. More reviews meant broader perspectives and greater reassurance. Teams could easily syndicate ratings from satisfied customers. The share of product pages with at least 10 reviews and a 4- or 5-star rating nearly tripled.

Gifted product reviews enabled marketers at the interviewee's company to accelerate the number of user reviews for and the visibility of new and updated products. Selected influencers and customers were invited to contribute reviews; a selection of those reviews were syndicated across the brands' and markets' retail ecosystems.

UCG videos enabled marketers at the interviewee's company to tap into consumers' enthusiasm and interests. Different fans explained how they used the product, what they liked, and why they recommended it. Product teams found that featuring videos consumer videos on each product page increased both views and purchase. These videos, however, were displayed exclusively only on the company's direct-to-consumer (brand.com) sites.

# Analysis Of Benefits

## Quantified benefit data

| Total Benefits |   |            |             |             |             |               |
|----------------|---|------------|-------------|-------------|-------------|---------------|
| Ref.           | Benefit   | Year 1     | Year 2      | Year 3      | Total       | Present Value |
| Atr            | Profit lift from Skeepers ratings and reviews module                | €3,223,888 | €12,895,551 | €38,686,653 | €54,806,091 | €42,654,142   |
| Btr            | Value of efficiency gains for consumer services team using Skeepers | €33,915    | €89,250     | €166,005    | €289,170    | €229,314      |
| Ctr            | Increase in profit from gifted product reviews                      | €11,733    | €46,932     | €140,795    | €199,459    | €155,234      |
| Dtr            | Increase in profit from UGC videos                                  |            | €6,421      | €165,121    | €171,543    | €142,301      |
|                | Total benefits (risk-adjusted)                                      | €3,269,536 | €13,038,154 | €39,158,573 | €55,466,263 | €43,180,991   |

## PROFIT LIFT FROM SKEEPERS' RATINGS AND REVIEWS MODULE

**Evidence and data.** According to the interviewee, Skeepers enabled their organization to better orchestrate and value the content created by their customers at a critical point in the buyer journey, right before the purchase.

- Better management, consolidation, and balancing of customer's reviews meant more product pages showed a greater number of reviews and a higher consolidated rating for the product and the experience. These improvements translated into more product page visits and a stronger conversion rate.
- These improvements were consistent across all online retailers: on retail partners websites, online marketplaces, and brand.com sites.

**Modeling and assumptions.** Forrester assumes the following about the company:

- Before utilizing Skeepers, a typical brand had 95 active product pages in each market. Only 30% of those pages had a significant number of top-rated reviews. Positive ratings and reviews have an impact on the number of consumers who visit a product page and then buy a product, as well as the size of their shopping



basket. Before, 1.6% of visits converted to a sale with an average order value of €157.

- After implementing Skeepers, the solution made accessing, responding to, and managing reviews easier, increasing interaction, engagement, and satisfaction. Having all the reviews on one platform enabled the consumer service teams to seamlessly share and balance reviews across different distributors' websites. The share of product pages with more than 10 ratings and reviews and a 4-star rating increased to 85%. Page views, conversion rates, and basket size followed. After, 1.9% of visits converted to a sale with an average order value of €187.
- To take into account other factors that may have had a positive impact on sales numbers, such as consumers' growing adoption of e-commerce and improvements in technology or product, 25% of the value of the increase is attributed to Skeepers.

**Risks.** This benefit will vary with:

- The prior state of distribution and e-commerce deployments of retailers' and brand sites, as well as the level of adoption and management of reviews and other user-generated content.
- The number of distributors, value, and complexity of the retail and e-commerce business.
- External factors, such as pricing, availability, competition, and consumer adoption of e-commerce in category.
- Digital maturity of business processes and consumer services teams.
- The extent to which an organization leverages Skeepers' capabilities. For example, the Skeepers platform offers the possibility of syndicating reviews across markets and automatically translating content. The company has not deployed that functionality.
- The level of employee acceptance and adoption of technology and any new business practices.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €42.7 million.

## ANALYSIS OF BENEFITS

| <b>Profit Lift From Skeepers' Ratings And Reviews Module</b> |  |                                      |  |                    |                    |
|--|--|--------------------------------------|--|--------------------|--------------------|
| <b>Ref.</b>  | <b>Metric</b>  | <b>Source</b>                        | <b>Year 1</b>                                | <b>Year 2</b>      | <b>Year 3</b>      |
| A1   | Average number of items with product pages (single brand in one market)  | Interview                            | 95   | 95                 | 95                 |
| A2   | Average annual number of page visits with engagement per product   | Interview                            | 150,000                                      | 150,000            | 150,000            |
| A3   | Average amount of products receiving at least 10 ratings and reviews and a 4+ star rating before Skeepers  | Interview                            | 30%  | 30%                | 30%                |
| A4   | Average percentage of products receiving at least 10 ratings and reviews and a 4+ star rating with Skeepers  | Interview                            | 85%  | 85%                | 85%                |
| A5   | Annual total page visits to product webpages where visitors engaged with ratings and reviews before Skeepers   | $A1*A2*A3$                           | 4,275,000                                    | 4,275,000          | 4,275,000          |
| A6   | Annual total page visits to product webpages where visitors engaged with ratings and reviews with Skeepers (excluding those engaged by gifted reviews) | $A1*A2*A4-C2$                        | 11,918,250                                   | 11,918,250         | 11,918,250         |
| A7   | Conversion rate before Skeepers  | Interview                            | 1.6%   | 1.6%               | 1.6%               |
| A8   | Conversion rate due to reviews with Skeepers   | Interview                            | 1.9%   | 1.9%               | 1.9%               |
| A9   | Average order value prior to Skeepers  | Interview                            | €157   | €157               | €157               |
| A10  | Average order value due to reviews with Skeepers   | Interview                            | €187   | €187               | €187               |
| <b>A11</b>   | <b>Subtotal: Improved conversion rates per brand per market</b>  | <b><math>(A6*A8-A5*A7)*A9</math></b> | <b>€24,813,340</b>                           | <b>€24,813,340</b> | <b>€24,813,340</b> |
| <b>A12</b>   | <b>Subtotal: Improved cross-sell per brand per market</b>  | <b><math>A6*A8*(A10-A9)</math></b>   | <b>€6,793,403</b>                            | <b>€6,793,403</b>  | <b>€6,793,403</b>  |
| A13  | Operating profit (online retail)   | TEI standard                         | 8%   | 8%                 | 8%                 |
| A14  | Average number of brands per market  | Company                              | 3  | 4                  | 6                  |
| A15  | Markets deploying reviews via Skeepers   | Company                              | 2  | 6                  | 12                 |
| A16  | Value attributed to Skeepers   | TEI standard                         | 25%  | 25%                | 25%                |
| At   | Profit lift from Skeepers' ratings and reviews module  | $(A11+A12)*A13*$<br>$A14*A15*A16$    | €3,792,809                                   | €15,171,236        | €45,513,709        |
|  | Risk adjustment  | ↓15%                                 |  |                    |                    |
| Atr  | Profit lift from Skeepers' ratings and reviews module (risk-adjusted)  |                                      | €3,223,888                                   | €12,895,551        | €38,686,653        |
| <b>Three-year total: €54,806,091</b>                         |  |                                      | <b>Three-year present value: €42,654,142</b> |                    |                    |

## VALUE OF EFFICIENCY GAINS FOR CONSUMER SERVICES TEAM USING SKEEPERS

**Evidence and data.** Consumer services teams moved from accessing a disparate patchwork of tools and apps to a single platform where all customers' ratings and reviews can be responded to, managed, and syndicated.

- The company had more than 100 online points of sale. Many made specific platforms or apps available for managing customer content.
- Consumer services reps gained more than an hour per day — 10% of their time — by not logging onto different back offices to manage their tasks.

**Modeling and assumptions.** Forrester assumes the following about the company:

- Consumer services teams are the first in each market to adopt Skeepers and their numbers will grow each year. The number of FTEs represents the share of time consumer service team members spend managing and optimizing reviews.
- More consumer services reps are hired, and each will dedicate an increasing proportion of time to managing reviews, ratings, and UGC. This is due in part to the increasing volume of online buyers and reviews, but also reflects the company's strategic decision to make customer feedback and satisfaction a key priority.

**Risks.** This benefit will vary with:

- The number of distributors, value, and complexity of retail and e-commerce business.
- External factors, such as pricing, availability, competition, and consumer adoption of e-commerce in category.
- Digital maturity of business processes and consumer services teams.
- The extent to which an organization leverages Skeepers' capabilities.
- The level of employee acceptance and adoption of technology and any new business practices.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15% yielding a three-year, risk-adjusted total PV (discounted at 10%) of €229,000.

| <b>Value Of Efficiency Gains For Consumer Services Team Using Skeepers</b> |   |               |   |               |               |
|--|---|---------------|---|---------------|---------------|
| <b>Ref.</b>  | <b>Metric</b>   | <b>Source</b> | <b>Year 1</b>                             | <b>Year 2</b> | <b>Year 3</b> |
| B1   | FTEs responsible for managing, balancing, and responding to reviews across organization | Interview     | 19  | 50            | 93            |
| B2   | Percentage of time savings for all  | Interview     | 10%                                       | 10%           | 10%           |
| B3   | Fully burdened annual salary for a consumer services FTE                                | TEI standard  | €42,000                                   | €42,000       | €42,000       |
| B4   | Productivity capture  | TEI standard  | 50%                                       | 50%           | 50%           |
| Bt   | Value of efficiency gains for consumer services team using Skeepers                     | $B1*B2*B3*B4$ | €39,900                                   | €105,000      | €195,300      |
|  | Risk adjustment   | ↓15%          |   |               |               |
| Btr  | Value of efficiency gains for consumer services team using Skeepers (risk-adjusted)     |               | €33,915                                   | €89,250       | €166,005      |
| <b>Three-year total: €289,170</b>  |   |               | <b>Three-year present value: €229,314</b> |               |               |

## INCREASE IN PROFIT FROM GIFTED PRODUCT REVIEWS

**Evidence and data.** Because ratings and reviews are important to consumers during the purchase process, the interviewee's company wanted to accelerate its collection for new and updated products. Marketers tested then developed dedicated campaigns to gift products to interested users and creators and then publish the interested users and creators contributions.

- Each campaign resulted in 42 approved and published product reviews.
- The average reach of each review was 4,625 potential buyers. The reviews built interest and supported conversion.

**Modeling and assumptions.** Forrester assumes the following about the company:

- The number of markets adopting gifted reviews and the number of campaigns run to collect them will continue to grow as the business value of accelerating reviews remains stable.
- When launching or resetting a product, gifting products to accelerate reviews are a best practice for the company and its brands.
- Consumers' behavior — and business results — will be similar in all markets and across the brand and product portfolio.
- The company does not syndicate gifted reviews across markets as each country is responsible for product mix and the timing of new product launches. International syndication is available through Skeepers; the product reviews are automatically translated and posted in the target country's language.

**Risks.** This benefit will vary with:

- The number of distributors, value, and complexity of retail and e-commerce business.
- External factors, such as pricing, availability, competition, and consumer adoption of e-commerce in category.
- The evolution of traffic to and confidence in user-generated content.
- The extent to which an organization leverages Skeepers' capabilities. For example, as with organic ratings and reviews, the platform offers the possibility of

syndicating gifted reviews across markets, automatically translating content. The interviewee's company has not deployed that functionality as product strategy and distribution is managed at a market level to align with needs of local consumers. For organizations that manage product and distribution regionally, using that capability would multiply the resonance — and impact — of gifted reviews.

- The complexity of the organization and the number of people involved in both taking decisions and execution.
- The level of employee acceptance and adoption of technology and any new business practices.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of €155,000.

## ANALYSIS OF BENEFITS

| Increase In Profit From Gifted Product Reviews |   |              |   |            |            |
|--|---|--------------|---|------------|------------|
| Ref.   | Metric  | Source       | Year 1                                    | Year 2     | Year 3     |
| C1   | Approved gifted product reviews published per campaign in one market                  | Interview    | 42  | 42         | 42         |
| C2   | Reach of gifted reviews (total views)   | 4,625*C1     | 194,250                                   | 194,250    | 194,250    |
| C3   | Conversion rate of shoppers viewing gifted reviews                                    | Interview    | 1.9%                                      | 1.9%       | 1.9%       |
| C4   | Purchases following view of gifted review   | C3*C2        | 3,691                                     | 3,691      | 3,691      |
| C5   | Average order value   | A10          | €187                                      | €187       | €187       |
| C6   | Additional revenue generated in one market  | C4*C5        | €690,170                                  | €690,170   | €690,170   |
| C7   | Operating profit (online retail)  | TEI standard | 8%  | 8%         | 8%         |
| C8   | Markets deploying gifted reviews  | Interview    | 1   | 2          | 4          |
| C9   | Average number of campaigns run per market  | Interview    | 1   | 2          | 3          |
| C10  | Total additional revenue generated from gifted reviews of all products in all markets | C6*C8*C9     | €690,170                                  | €2,760,681 | €8,282,043 |
| C11  | Value attributed to Skeepers  | TEI standard | 25%                                       | 25%        | 25%        |
| Ct   | Additional profit from gifted product reviews   | C7*C10*C11   | €13,803                                   | €55,214    | €165,641   |
|  | Risk adjustment   | ↓15%         |   |            |            |
| Ctr  | Additional profit from gifted product reviews (risk-adjusted)                         |              | €11,733                                   | €46,932    | €140,795   |
| <b>Three-year total: €199,459</b>              |   |              | <b>Three-year present value: €155,234</b> |            |            |

## INCREASE IN PROFIT FROM UGC VIDEOS

**Evidence and data.** The interviewee noted their company had success in recruiting consumers to speak for its products on camera. Some consumers even participated multiple times. The interviewee explained that these user-generated videos struck a chord with potential buyers, encouraging views and purchases.

- The company featured the UGC videos only on its brand.com sites due to constraints on Skeepers' platform regarding copyright. Direct-to-consumer sales represented around 15% of total sales.
- While products featuring videos had more visibility — and more sales — than those without, the significant internal resources deployed for each campaign to

call for and manage UGC videos meant the effort isn't profitable on its own. Scaling beyond the direct-to-consumer sites made UGC videos more sustainable.

**Modeling and assumptions.** Forrester assumes the following about the company:

- Both consumers and product teams love UGC videos. Once Skeepers removes the barriers to scaling them across retailer platforms, the case for multiplying use is more easily made.
- UGC videos engage an average of 2,250 additional visitors per product page on the D2C sites, supporting conversion.
- The number of products on the brand.com platforms with UGC videos in their presentation at least doubles each year.

**Risks.** This benefit will vary with:

- External factors, such as pricing, availability, competition, and consumer adoption of e-commerce in category.
- The evolution of traffic to and confidence in user-generated content.
- Skeepers' ability to integrate this module into their offer — especially across markets — and scale the offer and management of videos to retailer platforms.
- The level of employee acceptance and adoption of technology and any new business practices.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of €142,000.



“We make two videos per product because we saw better results. ... Two videos also allows us to have complementary, authentic discourses. For example, I’d talk about saving energy because that’s important to me. Maybe you’d talk more about recipes, because that’s what you’re interested in. It’s a great way of presenting different advantages.”

| Increase In Profit From UGC Videos |   |                                    |   |          |            |
|------------------------------------|---|------------------------------------|---|----------|------------|
| Ref.                               | Metric  | Source                             | Year 1                                    | Year 2   | Year 3     |
| D1                                 | Pages with product videos                                   | Company                            |   | 18       | 50         |
| D2                                 | Additional engaged visitors                                 | Company                            |   | 78,750   | 225,000    |
| D3                                 | Average conversion rate                                     | Interview                          |   | 1.9%     | 1.9%       |
| D4                                 | Average order value   | A10                                |   | €187     | €187       |
| D5                                 | Additional revenue generated in one market                  | $D2 \times D3 \times D4$           |   | €279,799 | €799,425   |
| D6                                 | Operating profit (D2C online retail)                        | TEI standard                       |   | 11%      | 11%        |
| D7                                 | Markets deploying UGC videos                                | Interview                          |   | 1        | 3          |
| D8                                 | Additional revenue generated from UGC videos in all markets | $D5 \times D7$                     |   | €279,799 | €2,398,275 |
| D9                                 | Value attributed to Skeepers                                | TEI standard                       |   | 25%      | 25%        |
| Dt                                 | Additional profit from UGC videos                           | $D6 \times D7 \times D8 \times D9$ | €0  | €7,555   | €194,260   |
|                                    | Risk adjustment   | ↓15%                               |   |          |            |
| Dtr                                | Additional profit from UGC videos (risk-adjusted)           |                                    | €0  | €6,421   | €165,121   |
| <b>Three-year total: €171,543</b>  |   |                                    | <b>Three-year present value: €142 301</b> |          |            |

### UNQUANTIFIED BENEFITS

The interviewee mentioned the following additional benefits that their organization experienced but was not able to quantify:

- **Developing and monitoring a voice of consumer strategy.** The interviewee noted their company embraced each brand’s consolidated “star score” to monitor and shape shifts in consumer sentiment and appreciation. The single score provided needed aggregation and strong visibility both externally — the scores are highlighted on brand.com homepages — and internally, as a KPI. On an operational level, insights gleaned were leveraged by marketing, consumer services, and sales teams, enabling them to hone strategy and execution based on real-time input (e.g., to evolve the lead product benefit in communication or signal early on a potential product sellout). The interviewee’s organization fed direct consumer input, such as reviews and comments and UGC video content, into product improvement tracks and product and service development teams to best satisfy their customers and convert them into brand advocates.
- **Having a one-stop shop for UGC.** According to the interviewee, Skeepers consists of seven products that cover the entire customer journey, and they continue to build out their product portfolio. Current modules include ratings and reviews, feedback management, influencer marketing, consumer videos, live shopping, and customer data activation. With Skeepers, the interviewee said marketers and CX leads could optimize different use cases according to the needs and maturity of their target audience and market, discover the most relevant marketing and distribution channels, and increase brand readiness. Teams could also use a single platform to access a complete UGC ecosystem.
- **Handling multiple touchpoints from a unified platform.** The interviewee simplified content management using Skeepers to manage multiple digital or customer relationship management (CRM) touchpoints across the customer journey. On a day-to-day basis, it allowed the interviewee’s organization to simplify how teams access, engage with, and publish UGC content through one interface. Content could be activated across the touchpoints/different products.

- **Accessing authenticity coupled with verified opinions.** The interviewee considered Skeepers' ratings and reviews a must have for all its products. They also noted that verification via a third party brought additional credibility.
- **Actively consolidating and balancing ratings and reviews.** Skeepers allowed the interviewee's organization to consolidate and balance ratings and reviews between detractors and fans and across the expression portals and commerce platforms in each market. That ensured the use of reviews across different platforms.
- **Supporting both online and offline selling.** The interviewee noted that in-store sales were still the largest share of sales but were more difficult to monitor and potentially improve. Skeepers captured the voice of the customer after a visit to a physical shop, enabling the interviewee's organization to understand and improve experience in a local shop or in a specific region.
- **Consolidating a single group contract on global level.** The interviewee's company negotiated a single contract, which was signed and managed by a dedicated corporate buyer and then deployed throughout the group. This enabled the group to harmonize tools and scale, while reducing administrative costs and overhead. It also enabled subvention and access to smaller markets.

“Skeepers’ value was to allow us to be increasingly impactful, leaner, and stronger from a consumer satisfaction perspective.”

## FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Skeepers' user-generated content solution and later realize additional uses and business opportunities, including coupling UGC and CRM. The interviewee's company identified brand fans who produced multiple product videos. Some were active product reviewers, too. Marketers at the interviewee's organization

were considering how to nurture these new-found fans to continue to fuel their loyalty and advocacy.

Flexibility would also be quantified when evaluated as part of a specific project (described in more detail in [Appendix A](#)).

# Analysis Of Costs

## Quantified cost data

| Total Costs |   |         |            |            |            |             |               |
|-------------|---|---------|------------|------------|------------|-------------|---------------|
| Ref.        | Cost  | Initial | Year 1     | Year 2     | Year 3     | Total       | Present Value |
| Etr         | Licensing/subscription cost of Skeepers                                   | €0      | €269,500   | €269,500   | €478,500   | €1,017,500  | €827,231      |
| Ftr         | Implementation, training, and onboarding costs for Skeepers               | €36,225 | €13,283    | €39,905    | €93,840    | €183,253    | €151,783      |
| Gtr         | Cost of strategically managing customer reviews across retailer solutions | €0      | €897,000   | €2,392,000 | €4,485,000 | €7,774,000  | €6,161,961    |
| Htr         | Cost of product, sending, and management of gifted reviews                | €0      | €76,875    | €384,750   | €1,692,000 | €2,153,625  | €1,659,086    |
| ltr         | Total cost of UGC videos  | €0      | €0         | €301,875   | €2,587,500 | €2,889,375  | €2,193,511    |
|             | Total costs (risk-adjusted)   | €36,225 | €1,256,658 | €3,388,030 | €9,336,840 | €14,017,753 | €10,993,572   |

## LICENSING/SUBSCRIPTION COST OF SKEEPERS

**Evidence and data.** The interviewee noted that up-front costs of licensing/subscription for Skeepers' UGC solution were annual and recurring. The interviewee's organization faced an increase in year-over-year licensing/subscription cost as a result of expanding usage of Skeepers across more brands and markets.

- The annual license fees paid by the interviewee's organization was €150,000 per year.
- Cost of UGC videos module per year per market was €95,000.

**Modeling and assumptions.** Forrester assumes the company uses Skeepers' UGC videos module in one market in Year 2 and expands usage of this module to three markets in Year 3.

**Risks.** This cost will vary with:

- The number of modules the organization uses.
- The type of plan the organization signs up for and the complexity of its use case.
- The size of the organization, i.e., the number of brands and markets where Skeepers is implemented.

**Results.** To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €827,000.

| Licensing/Subscription Cost Of Skeepers |   |                    |   |          |          |          |
|---|---|--------------------|---|----------|----------|----------|
| Ref.                                    | Metric  | Source             | Initial                                   | Year 1   | Year 2   | Year 3   |
| E1                                      | Annual licensing/subscription cost of Skeepers          | Interview          |   | €150,000 | €150,000 | €150,000 |
| E2                                      | Cost for Skeepers' UGC videos module (per market)       | Interview          |   | €95,000  | €95,000  | €95,000  |
| E3                                      | Markets deploying UGC videos                            | Company            |   | 1        | 1        | 3        |
| Et                                      | Licensing/subscription cost of Skeepers                 | $E1+(E2 \cdot E3)$ |   | €245,000 | €245,000 | €435,000 |
|   | Risk adjustment   | ↑10%               |   |          |          |          |
| Etr                                     | Licensing/subscription cost of Skeepers (risk-adjusted) |                    |   | €269,500 | €269,500 | €478,500 |
| <b>Three-year total: €1,017,500</b>     |   |                    | <b>Three-year present value: €827,231</b> |          |          |          |

## IMPLEMENTATION, TRAINING, AND ONBOARDING COSTS FOR SKEEPERS

**Evidence and data.** The interviewee mentioned that within their organization, it was mainly the marketers/product managers and consumer services that needed formal training to use Skeepers' platform. Other roles or functions that only had to be familiar with features did quick onboarding sessions with no formal training. The interviewee noted all training and onboarding could be done in-house as the platform was fairly easy to use.

- Each marketer/product manager and consumer service FTE spent 2 hours in formal training.
- All other FTEs underwent 1 hour of onboarding.
- Each year, the number of FTEs that were formally trained and onboarded increased as the solution was deployed across more brands and markets.

**Modeling and assumptions.** Forrester assumes the following about the company:

- For the specification and implementation:
  - Cross-functional teams were involved in specification and implementation, with each FTE spending 10 hours initially and 5 hours each in Years 1, 2, and 3.
  - The fully burdened hourly rate for all FTEs in the cross-functional team is €35.
  - The number of FTEs involved are 15 initially and 3 in Years 1, 2, and 3.
  - Skeepers is implemented in two markets initially, two in Year 1, six in Year 2, and 12 in Year 3.
  - Skeepers is implemented in three brands initially, three in Year 1, four in Year 2, and six in Year 3.
- For the training costs:
  - The fully burdened hourly rate for a marketers/product manager is €25.
  - The fully burdened hourly rate for a consumer service FTE is €20.

## ANALYSIS OF COSTS

- The fully burdened hourly rate for all other FTEs involved in the onboarding process is €35.
- There are 100 consumer service FTEs in training in Year 1, 200 in Year 2, and 300 in Year 3.
- There are 18 marketers/product managers in training in Year 1, 72 in Year 2, and 216 in Year 3.
- There are 100 other FTEs that are onboarded in Year 1, 300 in Year 2, and 600 in Year 3.

**Risks.** This cost will vary with:

- The number of FTEs that are trained and onboarded.
- The number of FTEs that need to be involved in implementation, specification, and management
- The complexity of the solution based on the use cases.
- Departments and roles expected to use the solution as well as their familiarity with UGC solutions.
- The fully burdened hourly rate for each of these roles.
- The time spent on implementation and specification, which depends on the before state of the company, if they are new to UGC solutions, and if they will require more effort to implement Skeepers.
- The number of brands and markets where Skeepers will be deployed.

**Results.** To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €152,000.



## ANALYSIS OF COSTS

| Implementation, Training, And Onboarding Costs For Skeepers |  |                                  |   |               |                |                |
|---|--|----------------------------------|---|---------------|----------------|----------------|
| Ref.  | Metric   | Source                           | Initial                                   | Year 1        | Year 2         | Year 3         |
| F1  | Average number of FTEs involved in specification and implementation                        | Company                          | 15  | 3             | 3              | 3              |
| F2  | Time spent on specification and implementation by cross functional team (hours per person) | Interview                        | 10  | 5             | 5              | 5              |
| F3  | Fully burdened hourly rate for a team member   | TEI standard                     | €35                                       | €35           | €35            | €35            |
| F4  | Markets where Skeepers is implemented  | Company                          | 2   | 2             | 6              | 12             |
| F5  | Brands where Skeepers is implemented   | Company                          | 3   | 3             | 4              | 6              |
| <b>F6</b>   | <b>Subtotal: Total implementation costs</b>  | <b>F1*F2*F3*F4*F5</b>            | <b>€31,500</b>                            | <b>€3,150</b> | <b>€12,600</b> | <b>€37,800</b> |
| F7  | Content marketers globally involved in comprehensive training                              | 3 FTE per brand per market*F4*F5 |   | 18            | 72             | 216            |
| F8  | Consumer service agents globally involved in comprehensive training                        | Interview                        |   | 100           | 200            | 300            |
| F9  | Total time spent training content marketers  | F7*2 hours                       |   | 36            | 144            | 432            |
| F10   | Total time for onboarding and training consumer service agents                             | F8*2 hours                       |   | 200           | 400            | 600            |
| F11   | Fully burdened hourly rate for a content marketer  | TEI standard                     |   | €25           | €25            | €25            |
| F12   | Fully burdened hourly rate for a consumer service team member                              | TEI standard                     |   | €20           | €20            | €20            |
| <b>F13</b>  | <b>Subtotal: Training and onboarding cost for content marketers</b>                        | <b>F9*F11</b>                    | <b>\$0</b>                                | <b>€900</b>   | <b>€3,600</b>  | <b>€10,800</b> |
| <b>F14</b>  | <b>Subtotal: Training cost for consumer service agents</b>                                 | <b>F10*F12</b>                   | <b>\$0</b>                                | <b>€4,000</b> | <b>€8,000</b>  | <b>€12,000</b> |
| F15   | Average onboarding time for all other roles (hours per employee)                           | Interview                        |   | 1             | 1              | 1              |
| F16   | Total other employees onboarded in active markets  | Interview                        |   | 100           | 300            | 600            |
| <b>F17</b>  | <b>Subtotal: Total cost of onboarding all other roles</b>                                  | <b>F15*F16*F3</b>                | <b>\$0</b>                                | <b>€3,500</b> | <b>€10,500</b> | <b>€21,000</b> |
| Ft  | Implementation, training, and onboarding costs for Skeepers                                | F6+F13+F14+F17                   | €31,500                                   | €11,550       | €34,700        | €81,600        |
|   | Risk adjustment  | ↑15%                             |   |               |                |                |
| Ftr   | Implementation, training, and onboarding costs for Skeepers (risk-adjusted)                |                                  | €36,225                                   | €13,283       | €39,905        | €93,840        |
| <b>Three-year total: €183,253</b>                           |  |                                  | <b>Three-year present value: €151,783</b> |               |                |                |

## **COST OF STRATEGICALLY MANAGING CUSTOMER REVIEWS ACROSS RETAILER PLATFORMS**

**Evidence and data.** For the interviewee's organization, consumer service agents globally have access to the single platform of Skeepers that is used to manage reviews on retailer platforms. These teams go as far as moderating content — mainly negative content and sometimes positive content, depending on the context and the maturity of the market.

**Modeling and assumptions.** Forrester assumes the following about the company:

- The number of consumer service FTEs globally that are involved in managing customer reviews across retailer platforms are 100 in Year 1, 200 in Year 2, 300 in Year 3.
- There is an increase in by 0.5 hours each year in the average time that each consumer service FTE spends per day in managing reviews — 1.5 hours in Year 1, 2.0 hours in Year 2 and 2.5 hours in Year 3.
- The fully burdened hourly rate for a consumer service FTE is €20.
- There are 52 weeks in a year and five days per week are working days.

**Risks.** This cost will vary with:

- The number of consumer service FTEs involved globally across retailer platforms.
- The fully burdened hourly rate for consumer service FTEs.
- Time spent per day for consumer service FTEs managing reviews.
- The number of retailer platforms online and offline and how many reviews are left there by customers.

**Results.** To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €6.2 million.

| Cost Of Strategically Managing Customer Reviews Across Retailer Platforms |   |                    |                                      |          |            |            |
|---|---|--------------------|--------------------------------------|----------|------------|------------|
| Ref.  | Metric  | Source             | Initial                              | Year 1   | Year 2     | Year 3     |
| G1  | Consumer service agents globally who are involved in managing customer reviews            | Interview          |                                      | 100      | 200        | 300        |
| G2  | Average time spent per day managing reviews (hours)                                       | Interview          |                                      | 1.5      | 2          | 2.5        |
| G3  | Total time spent annually managing customer reviews (hours)                               | $F1 * F2 * 52 * 5$ |                                      | 39,000   | 104,000    | 195,000    |
| G4  | Fully burdened hourly rate for a consumer service team members                            | TEI standard       |                                      | €20      | €20        | €20        |
| Gt  | Cost of strategically managing customer reviews across retailer platforms                 | $G3 * G4$          |                                      | €780,000 | €2,080,000 | €3,900,000 |
|   | Risk adjustment   | ↑15%               |                                      |          |            |            |
| Gtr   | Cost of strategically managing customer reviews across retailer platforms (risk-adjusted) |                    |                                      | €897,000 | €2,392,000 | €4,485,000 |
| Three-year total: €7,774,000  |   |                    | Three-year present value: €6,161,961 |          |            |            |

## COST OF PRODUCT, SENDING, AND MANAGEMENT OF GIFTED REVIEWS

**Evidence and data.** The interviewee's company used Skeepers' solution for gifted reviews that brought internal costs for managing the gifted reviews and products, stocking, and delivery.

- The interviewee said that they have a cross-functional team that manages this project with involvement from departments including IT, sales, consumer service, legal, and marketing. A separate team manages each brand.
- Each year, the interviewee's organization expanded the number of brands and markets deploying gifted reviews as well as the number of products for which gifted reviews were published.
- The interviewee explained that as the number of campaigns run and the number of products gifted per year increased, the cost of gifted reviews solution increased each year.

**Modeling and assumptions.** Forrester assumes the following about the company:

- The cross-functional team spends 150 hours to create, manage, and measure a campaign in a single market.

## ANALYSIS OF COSTS

- The fully burdened hourly rate for an FTE that works on the gifted module solution is €35.
- On average, two brands use gifted reviews in Year 1, three brands in Year 2, and four brands in Year 3.
- An average cost of €200 is incurred per year for product, stocking, and sending for gifted reviews.
- The number of products gifted per campaign are 255 in Year 1, 306 in Year 2, and 459 in Year 3.
- The company runs one campaign in Year 1, two campaigns in Year 2, and three campaigns in Year 3 per market.
- Markets deploying gifted reviews are one in Year 1, two in Year 2, and four in Year 3.

**Risks.** This cost will vary with:

- The roles and departments involved as part of the cross-functional team working on the gifted reviews.
- The number of employees involved.
- The number of products gifted.
- The number of campaigns run per year.
- The number of markets and brands in which gifted reviews are deployed.

**Results.** To account for these risks, Forrester adjusted this cost upward by 25%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €1.7 million.

## ANALYSIS OF COSTS

| Cost Of Product, Sending, And Management Of Gifted Reviews |  |                      |         |                                      |          |            |
|--|--|----------------------|---------|--------------------------------------|----------|------------|
| Ref.   | Metric   | Source               | Initial | Year 1                               | Year 2   | Year 3     |
| H1   | Average time spent to create, manage, and measure a campaign in one market by internal resources (hours) | Company              |         | 150                                  | 150      | 150        |
| H2   | Fully burdened hourly rate for an internal resource  | TEI standard         |         | €35                                  | €35      | €35        |
| H3   | Average number of brands per market using gifted reviews   | Company              |         | 2                                    | 3        | 4          |
| H4   | Total cost of internal resources to manage per market and campaign                                       | $H1*H2*H3$           |         | €10,500                              | €15,750  | €21,000    |
| H5   | Average cost of product, stocking, and sending for gifted reviews  | Interview            |         | €200                                 | €200     | €200       |
| H6   | Products gifted (per campaign)   | Interview            |         | 255                                  | 306      | 459        |
| H7   | Average number of campaigns run  | C9                   |         | 1                                    | 2        | 3          |
| H8   | Markets deploying gifted reviews   | C8                   |         | 1                                    | 2        | 4          |
| Ht   | Total cost of product, sending, and management of gifted reviews   | $(H4+(H5*H6)*H7*H8)$ |         | €61,500                              | €307,800 | €1,353,600 |
|  | Risk adjustment  | ↑25%                 |         |                                      |          |            |
| Htr  | Total cost of product, sending, and management of gifted reviews (risk adjusted)                         |                      |         | €76,875                              | €384,750 | €1,692,000 |
| Three-year total: €2,153,625                               |  |                      |         | Three-year present value: €1,659,086 |          |            |

## TOTAL COST OF UGC VIDEOS

**Evidence and data.** The company used Skeepers to manage and publish product videos on their D2C brand websites. Besides the cost of the UGC solution per market mentioned in the subscription cost, creation and management of the videos brought other costs for the interviewee's company. These costs include:

- The interviewee mentioned that they had a cross-functional team that managed this initiative with involvement from departments including IT, sales, consumer service, legal, and marketing.
- The cost of the UGC videos product depended on the number of products for which it was used. The interviewee stated that they were rapidly expanding their usage as they wanted more products to have videos each year.

## ANALYSIS OF COSTS

- Marketers supplied and sent products to customers and influencers so they could create UGC videos.
- A yearly warehousing cost was incurred to store the products.

**Modeling and assumptions.** Forrester assumes the following about the company:

- The cross-functional teams spend 160 hours per product per market to deploy, coordinate, approve, manage, and report on UGC videos in Years 2 and 3.
- The fully burdened hourly rate for an FTE that works on the cross-functional team is €35.
- The module is not used in Year 1. It is tested by one market for 35 products in Year 2 and deployed by three markets for 100 products in Year 3.
- The cost of sending products to consumers per market is €43,750 in Year 2 and €125,000 in Year 3.
- Warehousing and management via an association that supports handicapped people costs €1,750 in Year 2 and €5,000 in Year 3. This cost increases as the number of products grows.

**Risks.** This cost will vary with:

- The roles and departments involved as part of the cross-functional team deploying the module.
- The number of employees involved.
- The number of products that use the module.
- The number of markets in which UGC videos are deployed.

**Results.** To account for these risks, Forrester adjusted this cost upward by 25%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €2.2 million.

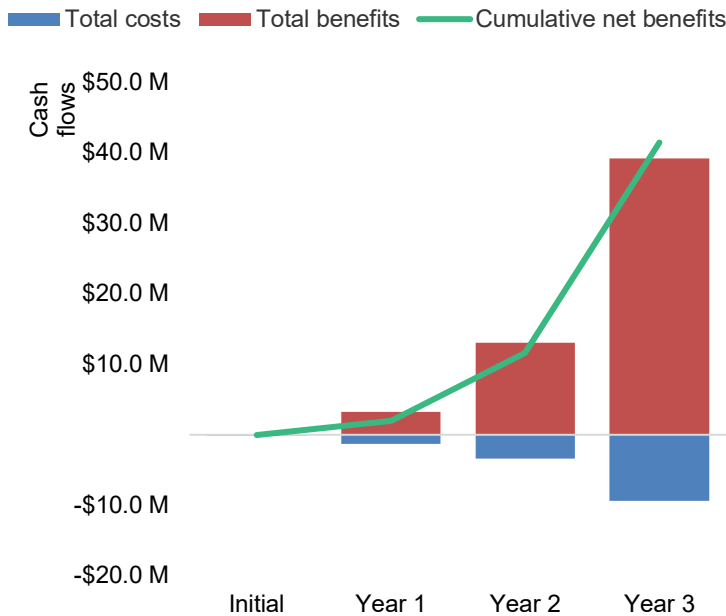
## ANALYSIS OF COSTS

| <b>Total Cost Of UGC Videos</b>     |  |               |  |               |               |               |
|-------------------------------------|--|---------------|--|---------------|---------------|---------------|
| <b>Ref.</b>                         | <b>Metric</b>  | <b>Source</b> | <b>Initial</b>                             | <b>Year 1</b> | <b>Year 2</b> | <b>Year 3</b> |
| I1                                  | Average time spent per product by market for internal, cross-functional resources to deploy, coordinate, approve, manage, and report | Company       |  |               | 160           | 160           |
| I2                                  | Fully burdened hourly rate for an internal resource  | TEI standard  |  |               | €35           | €35           |
| I3                                  | Products using UGC videos  | Company       |  |               | 35            | 100           |
| I4                                  | Cost of internal resources to manage UGC videos in one market  | I1*I2*I3      |  |               | €196,000      | €560,000      |
| I5                                  | Cost of sending products to consumers in one market  | Interview     |  |               | €43,750       | €125,000      |
| I6                                  | Cost of warehouse  | Interview     |  |               | €1,750        | €5,000        |
| I7                                  | Cost of UGC videos per market  | I4+I5+I6      |  |               | €241,500      | €690,000      |
| I8                                  | Markets deploying UGC videos   | D7            |  |               | 1             | 3             |
| Itr                                 | Total cost of UGC videos   | I7*I8         | €0   | €0            | €241,500      | €2,070,000    |
|                                     | Risk adjustment  | ↑25%          |  |               |               |               |
| Itr                                 | Total cost of UGC videos (risk-adjusted)   |               | €0   | €0            | €301,875      | €2,587,500    |
| <b>Three-year total: €2,889,375</b> |  |               | <b>Three-year present value €2,193,511</b> |               |               |               |

# Financial Summary

## Consolidated Three-Year, Risk-Adjusted Metrics

**Cash Flow Chart (Risk-Adjusted)**



The financial results calculated in the Benefits and Costs sections can be used to determine the ROI, NPV, and payback period for the organization’s investment. Forrester assumes a yearly discount rate of 10% for this analysis.

These risk-adjusted ROI, NPV, and payback period values are determined by applying risk-adjustment factors to the unadjusted results in each Benefit and Cost section.

**Cash Flow Analysis (Risk-Adjusted Estimates)**

|                | Initial   | Year 1       | Year 2       | Year 3       | Total         | Present Value |
|----------------|-----------|--------------|--------------|--------------|---------------|---------------|
| Total costs    | (€36,225) | (€1,256,658) | (€3,388,030) | (€9,336,840) | (€14,017,753) | (€10,993,572) |
| Total benefits | €0        | €3,269,536   | €13,038,154  | €39,158,573  | €55,466,263   | €43,180,991   |
| Net benefits   | (€36,225) | €2,012,878   | €9,650,124   | €29,821,733  | €41,448,510   | €32,187,419   |
| ROI            |           |              |              |              |               | 293%          |
| Payback        |           |              |              |              |               | <6 months     |



## **APPENDIX A: TOTAL ECONOMIC IMPACT**

Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

### **Total Economic Impact Approach**

Benefits represent the value delivered to the business by the product. The TEI methodology places equal weight on the measure of benefits and the measure of costs, allowing for a full examination of the effect of the technology on the entire organization.

Costs consider all expenses necessary to deliver the proposed value, or benefits, of the product. The cost category within TEI captures incremental costs over the existing environment for ongoing costs associated with the solution.

Flexibility represents the strategic value that can be obtained for some future additional investment building on top of the initial investment already made. Having the ability to capture that benefit has a PV that can be estimated.

Risks measure the uncertainty of benefit and cost estimates given: 1) the likelihood that estimates will meet original projections and 2) the likelihood that estimates will be tracked over time. TEI risk factors are based on "triangular distribution."

### **PRESENT VALUE (PV)**

The present or current value of (discounted) cost and benefit estimates given at an interest rate (the discount rate). The PV of costs and benefits feed into the total NPV of cash flows.

### **NET PRESENT VALUE (NPV)**

The present or current value of (discounted) future net cash flows given an interest rate (the discount rate). A positive project NPV normally indicates that the investment should be made unless other projects have higher NPVs.

### **RETURN ON INVESTMENT (ROI)**

A project's expected return in percentage terms. ROI is calculated by dividing net benefits (benefits less costs) by costs.

## **DISCOUNT RATE**

The interest rate used in cash flow analysis to take into account the time value of money. Organizations typically use discount rates between 8% and 16%.

## **PAYBACK PERIOD**

The breakeven point for an investment. This is the point in time at which net benefits (benefits minus costs) equal initial investment or cost.

The initial investment column contains costs incurred at “time 0” or at the beginning of Year 1 that are not discounted. All other cash flows are discounted using the discount rate at the end of the year. PV calculations are calculated for each total cost and benefit estimate. NPV calculations in the summary tables are the sum of the initial investment and the discounted cash flows in each year. Sums and present value calculations of the Total Benefits, Total Costs, and Cash Flow tables may not exactly add up, as some rounding may occur.

## APPENDIX B: ENDNOTES

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<sup>1</sup> Total Economic Impact is a methodology developed by Forrester Research that enhances a company's technology decision-making processes and assists vendors in communicating the value proposition of their products and services to clients. The TEI methodology helps companies demonstrate, justify, and realize the tangible value of IT initiatives to both senior management and other key business stakeholders.

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