

FORRESTER®

The Total Economic Impact™ Of Bazaarvoice

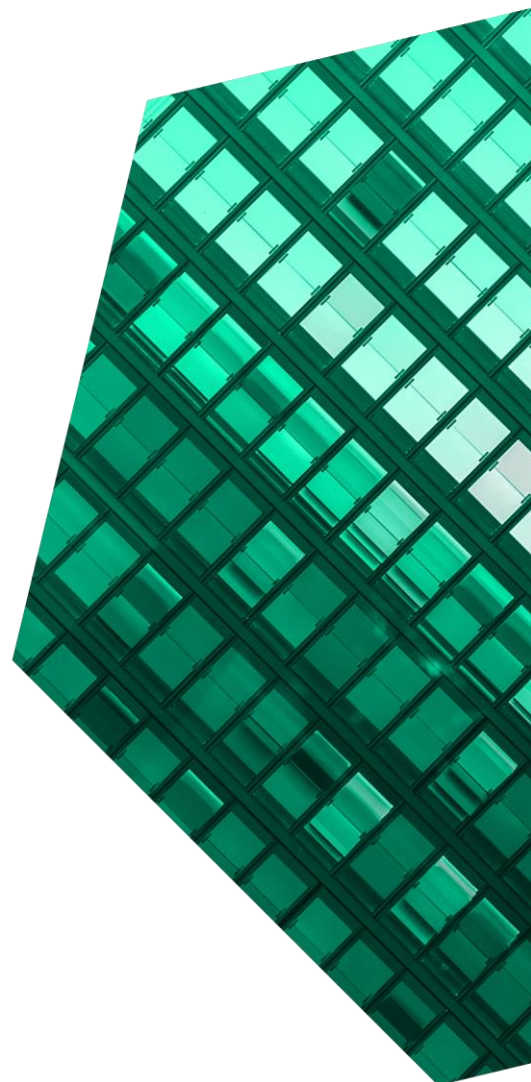
Cost Savings And Business Benefits
Enabled By Bazaarvoice

JULY 2022

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*Consulting Team: Corey McNair
Isabel Carey
Carmen Serradilla Ortiz*



Executive Summary

For brands and their products to stand out on digital and physical shelves, they need to elevate their products with trustworthy and credible user-generated content (UGC). Questions and answers, visual images from social media, and reviews of samples are types of UGC that provide greater relevant context for consumers to consider when making decisions. Critically, having authentic voices behind this content is key to converting for purchases while gaining brand awareness and loyalty as well.

Bazaarvoice offers brands and retailers support for their online and offline commerce efforts by providing an end-to-end platform for sharing trustworthy product experiences and making shopping transparent.

The holistic platform approach enables brands to collect, curate, distribute, and analyze UGC across their web properties, social accounts, and retail channels—helping new shoppers discover products and make informed purchase decisions. The UGC collected spans all varieties including ratings, reviews, questions and answers (Q&As), photos, and videos from e-commerce sites, social accounts, and content-collection services like sampling.

Data and insights tools enable businesses to analyze UGC to improve products, consumer experiences, and business decisions by understanding the voice of their consumer at scale.

The Bazaarvoice platform and services include:

- Ratings and reviews.
- Questions and answers.
- Social commerce.
- Visual and social content.
- Content syndication across a network of more than 1,750 retailers and 11,500 brands globally.
- Sampling programs.
- Influencer promotion.

KEY STATISTICS



Return on investment (ROI)
400%



PAYBACK PERIOD
<3 months

- Content authentication, moderation, and management tools across all channels.
- Analysis of content for business and product insights.
- Access to the more than 7 million members of the Influenster community.

Bazaarvoice commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by partnering with Bazaarvoice.¹ The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Bazaarvoice on their organizations.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed 10 decision-makers at nine retailers and brands with experience using Bazaarvoice. For the purposes of this study, Forrester aggregated the interviewees'

experiences and combined the results into a single composite organization.

Prior to using Bazaarvoice, interviewees noted how an increase in UGC with ratings and reviews, Q&As, photos, and videos could drive an increase in traffic and conversions for products across retail, search, and social channels. Some interviewees said that their organizations leveraged in-house systems that had limited capabilities for collecting content post-purchase and only syndicated or received content to and from a few channels. The organizations were also unable to reshare content from social channels. Meanwhile, other interviewees' organizations did not have a formal approach for UGC collection, curation, and syndication.

Interviewees shared that teams were unable to effectively cover a wide swath of products listed across retail and social channels with a meaningful volume of high-quality content. Compounding challenges, fake reviews, or posts with vulgar language and false claims were common, hurt sales, and — at worst — put organizations at risk of failing compliance regulations and facing fines. Increasing content coverage would have required additional employees to support operations, while the reach of the content would have remained limited.

Interviewees said efforts to launch UGC collection and syndicate content now require minimal additional lift from marketing teams as Bazaarvoice helps to streamline processes. Since investing in Bazaarvoice, interviewees organizations have significantly increased content coverage on products with UGC across retail sites, search, and social channels. Early positive experiences spurred their organizations to add Bazaarvoice's support for visual and social content, sampling programs, and other use cases.

Interviewees said Bazaarvoice's network of more than 1,750 retailers and 11,500 brands with 500 million native reviews and 3 billion reviews across its network helped their businesses to significantly increase the reach of content to products across retail sites and social channels. Alongside the range of coverage variety and authentication services of the content, their businesses have recognized noticeable growth in sales.

Benefits that were especially valuable to brands or retailers included the following:

Brands And Retailers Benefits

Brands	Retailers
Leveraged UGC to spotlight core products and help with product launches	Relied on Bazaarvoice to scale up sampling campaigns for sponsored feedback on both first-party and third-party products
Drove omnichannel revenue at point of sale with UGC influencing online and in-store purchases, as well as deploying UGC across social media accounts to drive social commerce	Reached new markets and customers by sending and receiving syndicated content from around the world
Improved online visibility and product traffic with high volume of new, quality content, syndicated around the world, driving higher placement in search rankings	Enabled and encouraged vendors to optimize product listings with unique and better-quality content

Forrester's analysis in this study is across a three-year period. To demonstrate Bazaarvoice's value across the first year of usage, please refer to Appendix B.

KEY FINDINGS

Quantified benefits. Three-year, risk-adjusted present value (PV) quantified benefits for the composite organization include:

- **Three times increase in content coverage of products syndicated across retail and social channels.** Streamlined post-interaction email outreach coupled with syndication of content across Bazaarvoice's retail network helps brands and retailers to significantly increase content coverage and the quality of ratings and reviews for their products. For the composite organization, this improvement leads to better conversions on products, showing 100% improvement from 2% to 4% and average order values that increase by 5%.
- **Questions and answers content help increase conversions by 150%.** Bazaarvoice also adds opportunities for organizations' customers to leave questions for their customer services teams to answer. For the composite organization, additional context for users to consider when purchasing products further improves conversion by 20%, reaching a rate of 5%.
- **Conversion rate reaches 200% improvement with visual and social content.** Bazaarvoice provides the capability and approval workflow for organizations' customers to include visual content from their own social media accounts and from influencers and fan accounts to show off products in real environments. This content provides additional authentic content to engage potential buyers and shows that products live up to their promises. When shoppers engage with this content alongside other types of UGC, the conversion rate rises to 6% for the composite organization.
- **Conversion grows 300% when shoppers engage with content from sampling campaigns.** Bazaarvoice helps brands and retailers put together sampling campaigns to generate sponsored content from shoppers to provide authentic feedback on products. Sampling campaigns result in increasing volumes of image and video posts to social platforms, improving a product's social media presence and visuals to leverage on other channels. Conversion rates on products where consumers interact with UGC generated from sampling campaigns reach 8% for the composite organization.
- **Improves productivity on UGC operations by 30%.** As a single strategic partner, Bazaarvoice assists in integrating organizations' systems with their retail networks and connecting content collection to all customer touchpoints. Support on email templates for content outreach, authentication services, creation of sampling campaigns and moderation filters on content takes a significant lift off of UGC teams' daily efforts. Teams reallocate time toward focusing on areas of improvement for coverage of products, including the quality of content and relevancy.
- **In-store sales comprise 21% of total revenue generated with Bazaarvoice.** Shoppers use UGC syndicated by Bazaarvoice to research online and buy offline. Retailers track performance by surveying buyers after they make a purchase in-store, which helps to paint a more complete picture of the value generated for businesses by Bazaarvoice. Offline revenue for the composite organization increase from \$6.5 million in Year 1 to \$8.6 million in Year 3.

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

- **Authenticity of UGC.** Bazaarvoice authenticates the provenance of UGC to detect fraud and fake content to protect organizations' reputations and

keep customer trust high. Even if the content is authenticated, it still has to meet brand guidelines for display. Bazaarvoice's moderation capabilities help to remove content that contains vulgar language, overreaching claims, and pricing. Organizations also use Bazaarvoice's Trust Mark — a badge that appears alongside content to verify its authenticity. Authentication and moderation capabilities especially help brands avoid the chance of false claims tarnishing their reputation of key products.

syndication helps to significantly improve conversions among customers.

- **Reduced return of products.** The authenticity of content helps provide consumers with more confidence in the purchase they're making. Seeing the products used by real people provides a better sense of what they're purchasing, particularly with clothing, which reduces the likelihood of returns.
- **Improved SEO and efficiency in marketing spend.** An influx of high-quality, new content for products helps with performance in organic search rankings and mitigates the impact of decay rate. Marketing teams can then reallocate search marketing spend toward other areas as ranking performance improves.
- **Strong customer service and support.** Interviewees spoke of Bazaarvoice as being a supportive partner in building their organizations' UGC collection efforts. They said support teams quickly answered technical questions from decision-makers and provided guidance about products that stood to improve star ratings and performance from more recent and increased variety in content.
- **Cumulative impact of Bazaarvoice features on customer experience.** As brands and retailers add different products from Bazaarvoice, they see how each piece of content works in concert to amplify its impact on customers' decision-making. The cumulative impact of each of Bazaarvoice product for content collection and

Costs. Risk-adjusted PV costs include:

- **Bazaarvoice annual license costs.** Annual costs for Bazaarvoice are based on several factors, including the number of Bazaarvoice products leveraged and the scale of UGC collected. Bazaarvoice represents a relatively small portion of the composite organization’s marketing and/or e-commerce budget.
- **Implementation and training costs.** The composite organization integrates Bazaarvoice with its systems within three months. Users of the platform spend the equivalent of a workday learning the platform.

For total transparency, the visual representation below displays the costs across the analysis period:

Costs By Category						
	Initial	Year 1	Year 2	Year 3	Total	Present Value
Ratings and reviews		Starts Q1			\$929,874	\$786,861
Questions and answers		Starts Q1				
Visual and social		Starts Q2				
Sampling		Starts Q2				
Implementation	Pay once					
Training		Small recurring cost				
Costs	\$93,786	\$278,696	\$278,696	\$278,696		

The representative interviews and financial analysis found that a composite organization experiences current value benefits of \$3.94 million over three years versus costs of \$787,000, adding up to a net present value (NPV) of \$3.15 million and an ROI of 400%.

The composite organization is a reflection of organizations of varying sizes from which decision-makers were interviewed. Results will scale based on the size of your organization when placed within the financial model framework.



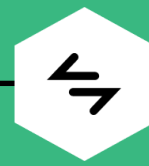
ROI
400%



DOLLAR RETURN
\$4 for every
\$1 spent

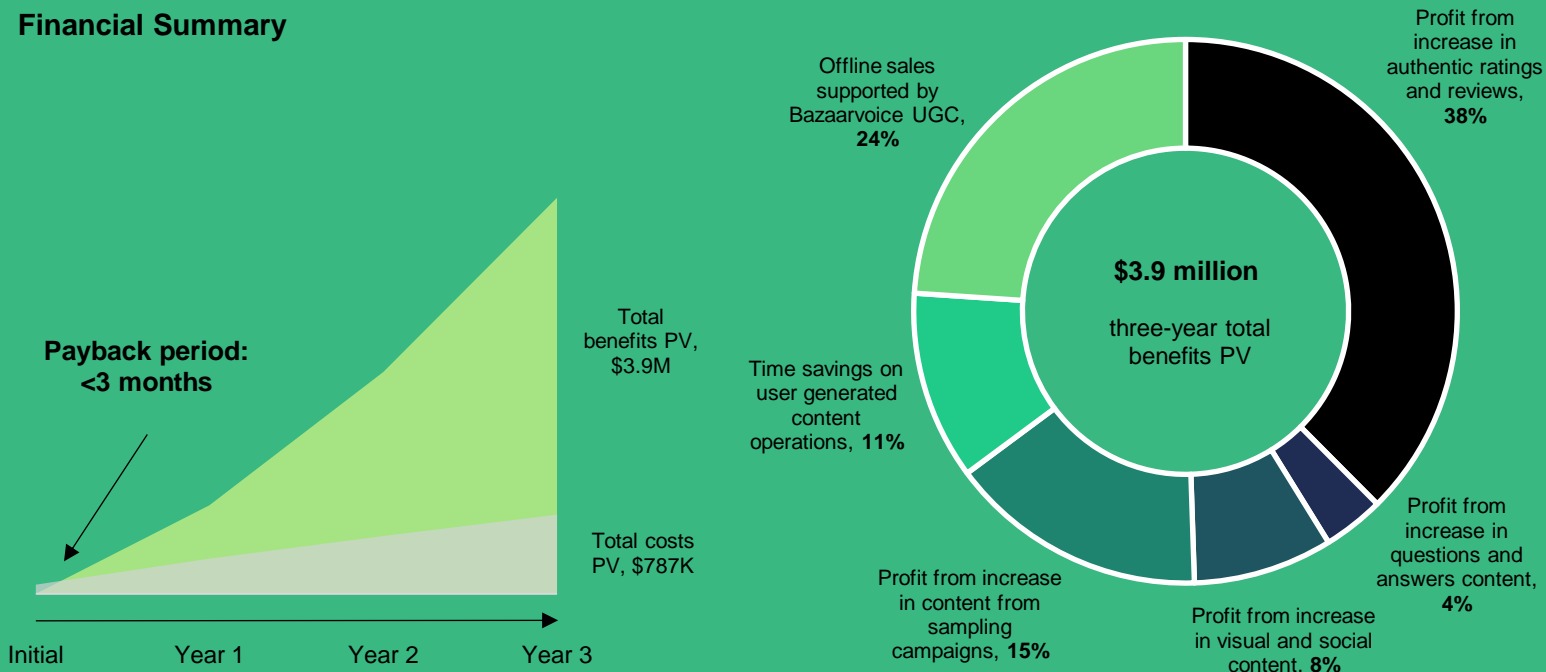


CONTRIBUTION TO
TOTAL REVENUE
2.71%



PAYBACK
<3 months

Financial Summary



“The unique selling point of Bazaarvoice was the reach of the Bazaarvoice syndication network. Given that we are keen to syndicate across dozens of retailers, the commercial aspect of that reach heavily weighted us in favor of Bazaarvoice.”

— Senior product manager, apparel

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 Bazaarvoice.

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 Bazaarvoice can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Bazaarvoice 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 Bazaarvoice.

Bazaarvoice 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.

Bazaarvoice provided the customer names for the interviews but did not participate in the interviews.



DUE DILIGENCE

Interviewed Bazaarvoice stakeholders and Forrester analysts to gather data relative to the Bazaarvoice.



INTERVIEWS

Interviewed 10 representatives at nine organizations using Bazaarvoice to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewees' organizations.



FINANCIAL MODEL FRAMEWORK

Constructed a financial model representative of the interviews using the TEI methodology and risk-adjusted the financial model based on issues and concerns of the decision-makers.



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 Bazaarvoice Customer Journey

Drivers leading to the Bazaarvoice investment

Interviews				
Role	Industry	Region	Annual revenue	Time working with Bazaarvoice
Senior product manager	Apparel	Headquartered in Western Europe, global operations	\$25+ billion	7 years
Global lead, social and consumer content engagement	CPG (electronics)	Headquartered in Western Europe, global operations	\$20+ billion	13 years
Lorie Seidlmyer, UX analyst	CPG (food) at The Hershey's Company	Headquartered in North America, global operations	<\$10 billion	2 years
Senior manager, omnichannel	CPG (nutrition)	Headquartered in North America, domestic operations	\$100+ million	1 years
Senior manager, content strategy and activation	CPG (health and beauty)	Headquartered in Western Europe, global operations	<\$50+ billion	10 years
Consumer-generated content manager	Retail	Headquartered in Western Europe, domestic operations	\$30+ billion	14 years
Site optimization manager	Retail	Headquartered in Western Europe, domestic operations	<\$15 billion	10 years
Director of product content	Retail	Headquartered in North America, domestic operations	\$100+ billion	8 years
Product content lead				
Business domain leader, content and network	Retail	Headquartered in Western Europe, global operations	\$25+ billion	7 years

KEY CHALLENGES

Prior to partnering with Bazaarvoice, decision-makers had attempted to amass and syndicate their organizations' UGC on products through in-house efforts. This previous approach yielded poor results in impacting conversion uplift and revenue. Several challenges contributing to this included:

- Limited content collection and distribution of content on products.** Organizations with thousands of products struggled to collect UGC for most of them or were unable to share content collected across channels. Coverage of products with an adequate amount of UGC to impact sales ranked in the low single to double-digit percentages. The lack of content was due to the absence of tools to engage customers for feedback and limited integration with other retail or social channels to syndicate or collect content.

- Inauthentic and irrelevant product content.** The slow pace with which retailers collected UGC led to older content surfacing near the top of product listings. This content often featured outdated claims about the products that were no longer relevant, which required removal by moderators. Meanwhile, a lack of filters meant posts with false claims and bad words regularly appeared, necessitating regular evaluations by UGC teams.

“For user-generated content, there are two pillars to our strategy: content coverage ... [and] content relevancy, [which is] providing consumers with content that is personalized or contextual.”

Senior product manager, apparel

- **Time-consuming management of UGC.** Decision-makers allocated small teams to handle UGC efforts, leading to bandwidth issues with the collection and analysis of content. Teams were often stretched thin with administrative tasks, including moderating the authenticity of content and responding to questions or negative feedback with customer-facing responses. Scaling their UGC operations current state wasn't possible based on this approach.
- **Lack of variety and cohesion in content touchpoints.** Interviewees noted that competitors often had compelling UGC appearing next to their products online. With competitors topping their products in search results and potentially taking sales away from their business, decision-makers sought ways to make their organizations' products stand out. Interviewees were interested in running sampling campaigns, sweepstakes, and events to drive customer feedback. However, planning and execution required significant time requirements from employees, as well as different technology platforms to assist with such efforts. As a result, these plans to add content touchpoints frequently went unrealized.

INVESTMENT OBJECTIVES

By working with Bazaarvoice, decision-makers looked to fulfill the following goals:

- Increase UGC collection to cover more than half of their organizations' products.
- Add sending or receiving of syndicated UGC to scale out high-quality content.
- Eliminate appearance of inauthentic and untrustworthy UGC around products.
- Streamline UGC management and distribution to free bandwidth of employees.
- Increase variety of content appearing around products.

“Syndication of our UGC to the Bazaarvoice retail network has had an immense impact of instilling consumer confidence and driving conversion on retailer sites. In the past five years, we went from hundreds of thousands to millions of pieces of UGC across channels.”

Global lead social and consumer content engagement, CPG (electronics)

- Drive greater conversions and revenue in the immediate future.

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected. The composite organization is representative of the interviewees' experiences and is used to present the aggregate financial analysis in the next section. The composite organization has the following characteristics:

Description of composite. The composite organization is a multi-national B2C organization, between the size of a small and midsize business (SMB) and an enterprise organization, and it generates \$1 billion in annual revenue. The organization has brick-and-mortar locations and a digital storefront, selling first- and third-party products. Before working with Bazaarvoice, the B2C organization had several teams collect UGC with its in-house systems. Meanwhile, other teams operated without support collecting UGC. Limitations to the technology and employee bandwidth prohibited the scalability of UGC coverage on products.

Deployment characteristics. The B2C organization integrates its systems with the Bazaarvoice platform over a short period. Within the first three months, the organization begins collecting ratings and reviews and questions and answers through the platform and syndicating the content across the Bazaarvoice network.

In the second quarter of Year 1, the organization adds visual and social content while launching sampling campaigns. This content is syndicated across retail and social channels while reaching new markets and customers. After assessing the performance of that content, the B2C organization continues to add content in Year 2 while focusing on improving the relevancy of the content to consumers. Encouraged by results with Bazaarvoice, the organization reaches out to vendors to optimize product listings across retail, search, and social with syndicated UGC to improve performance. The size and scale of the sampling program continue to grow for both own-label products and brands. By Year 3, the B2C organization is fully mature with the technology and sees a greater impact with each of Bazaarvoice's products for its business. During the analysis period, the number of products that appear online and can carry UGC at the organization reaches 3,667.

- Readers at retail organizations may skew higher than the composite organization in the number of products that appear online and can carry UGC. The financial model is a framework for readers to leverage in evaluating the potential impact of Bazaarvoice on their organization.

Key assumptions

- **B2C organization selling first- and third-party products**
- **\$1 billion in annual revenue**
- **Plans to scale UGC on products**

Analysis Of Benefits

■ Quantified benefit data as applied to the composite

Total Benefits						
Ref.	Benefit	Year 1	Year 2	Year 3	Total	Present Value
Atr	Profit from increase in authentic ratings and reviews	\$306,674	\$646,690	\$884,637	\$1,838,001	\$1,477,890
Btr	Profit from increase in questions and answers content	\$33,854	\$59,495	\$84,150	\$177,499	\$143,169
Ctr	Profit from increase in visual and social content	\$63,725	\$141,499	\$201,965	\$407,188	\$326,612
Dtr	Profit from increase in content from sampling campaigns	\$119,483	\$141,499	\$504,910	\$765,893	\$604,909
Etr	Offline sales supported by Bazaarvoice UGC	\$315,503	\$410,654	\$420,670	\$1,146,827	\$942,260
Ftr	Time savings on user generated content operations	\$128,609	\$200,312	\$211,672	\$540,594	\$441,497
	Total benefits (risk-adjusted)	\$627,405	\$1,244,647	\$1,602,115	\$3,474,168	\$2,802,695

PROFIT FROM INCREASE IN AUTHENTIC RATINGS AND REVIEWS

Evidence and data. Since working with Bazaarvoice, ratings and reviews coverage of products at interviewee’s organizations have climbed over time to between 50% and 75% of their products. In the financial model, coverage reaches 20% of products by the end of H1 of Year 1.

Streamlining post-interaction emails with customers helped increase coverage. The site optimization manager at a retailer shared that in the past, their organization used its own proprietary auto-generated feedback email when collecting content from customers. However, this approach sent an email for every item purchased in a basket. The organization now uses Bazaarvoice’s auto-generated email, which sends out a single email for feedback for each of the products ordered. Since this transition, the organization saw an increase in submissions for ratings and reviews as customers felt less pressure to provide feedback.

“A lot of people don’t leave reviews on big-box retailer sites for our products, so it was huge to be able to syndicate reviews from our native site out to retailers. Customers could really see what other people were saying about the product.”

Senior manager of omnichannel, CPG (nutrition)

Expanded syndication of content and broadcasting of reviews posted on one product page across Bazaarvoice’s network of channels (more than 1,750 retailers and 11,500 brands) significantly drove coverage growth. The UX analyst at a food-based CPG company said the reach of Bazaarvoice’s network helped their organization increase its

syndication of UGC from four retailers to 40. Some interviewees' organizations syndicated content across hundreds of retailers in Bazaarvoice's network.

Increased content syndication by: **10x**



This syndication created a snowball effect where brands and retailers quickly amassed content to appear on each retail, search, and social channel in which products appear. To ensure authenticity, businesses moderated content with Bazaarvoice filters across channels, removing false claims and posts with vulgar language. Retailers compiling ratings from reviews posted across these sites helped raise the average star ratings for their products. Multiple interviewees noted that the average star ratings for their products rose above four stars since working with Bazaarvoice.

Syndication of content also helped brands and retailers spread authentic shopper-led stories about their products. In the past, if a well-written and thorough review was posted, it would sit on one site. With Bazaarvoice, organizations can maximize the impact of that piece of content across multiple retail sites.

Altogether, this content helped drive greater revenue per visitor from higher order values, buyers adding more products to their carts, and returning more often to make purchases. Customers felt reassured and encouraged to make purchases based on the additional context for products.

Modeling and assumptions. Forrester modeled the three-year analysis of benefits alongside a break-out of the composite organization's quarterly results during the first year of analysis, which you can [find](#)

[here](#). Assumptions across a three-year analysis include:

- The business has on average 2,100 items listed online for which it collects content in Year 1. This increases to 3,083 in Year 2 and to 3,667 in Year 3 as the organization adds more products for which to collect content.
- Before working with Bazaarvoice, the business syndicated content to two retail channels.
- After adopting Bazaarvoice, the average percentage of products receiving at least 10 ratings and reviews while maintaining over a four-out-of-five star rating, increased from 7.0% in Year 1 to 8.5% in Year 2, to 10% in Year 3.
- On average, each product with at least 10 ratings and reviews while averaging more than a four-out-of-five star rating receives 5,000 webpage visits in a given year. As the number of products and coverage increases, page traffic grows from 735,000 in Year 1 to more than 1.7 million in Year 3.
- The order value of products can range from low (tens of dollars) to high (hundreds of dollars). For this study to remain consistent across retailers and brands, the composite's base average order value is \$100. The authenticity of content increases the average order value by 5% to \$105 during the analysis period.

Increased webpage traffic by: **3x**



- The average conversion rate before Bazaarvoice is 2.0%.

- After adding Bazaarvoice, the solution connects the business to more retail and social channels through which to syndicate content, reaching 13 during the analysis period.
- The percentage of products receiving at least 10 ratings and reviews while averaging a 4+ star rating rises to 22.75% in Year 1. By Year 2, product coverage reaches 29% and by Year 3, it extends to 30%.
- The average of 5,000 webpage visits increases by 10% each year, driven by improved performance with organic search rankings. Average webpage traffic reaches 5,500 in Year 2 and 6,050 in Year 3. Traffic, as a whole, increases to 2.4 million visits in Year 1 and rises to 6.7 million in Year 3.
- The conversion rate increases to 4% in Year 1 based on higher-quality ratings and reviews. As the quality of reviews further improves and grows, the organization maintains that rate across the analysis period.
- Forrester applied a revenue operating profit margin of 8.5% for online retail.
- Forrester applied an attribution rate of 50% to the results to account for various factors that contribute to a conversion, including promotions, demand for products, and consumer comparison of products.

Risks. Differences in organizations that may impact the benefit results include:

- The number of products sold online by the organization and the average price of products.
- The organization's previous approach to ratings and reviews and coverage already provided for products.
- The average order value of the organization's products.

- The organization's average conversion rate across products, which can vary.

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 \$1.48 million.

Profit From Increase In Authentic Ratings And Reviews

Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Average number of products listed online	Assumption	2,100	3,083	3,667
A2	Number of retail, search, and social channels through which UGC is syndicated before Bazaarvoice	Interviews	2	2	2
A3	Average percentage of products receiving at least 10 ratings and reviews and a 4+ star rating before Bazaarvoice	Interviews	7.0%	8.5%	9.0%
A4	Annual total webpage visits to products where visitors had engaged with ratings and reviews before Bazaarvoice	A1*A3* 5,000 webpage visits with engagement per product	735,000	1,310,275	1,650,150
A5	Average order value	Assumption	\$105.00	\$105.00	\$105.00
A6	Conversion rate before Bazaarvoice	Assumption	2.0%	2.0%	2.0%
A7	Total revenue driven by ratings and reviews before Bazaarvoice	A4*A5*A6	\$1,543,500	\$2,751,578	\$3,465,315
A8	Number of retail, search, and social channels through which UGC is syndicated with Bazaarvoice	Interviews	9	11	13
A9	Average percentage of products receiving at least 10 ratings and reviews and a 4+ star rating with Bazaarvoice	Interviews	22.75%	29.00%	30.00%
A10	Annual total webpage visits to products where visitors had engaged with ratings and reviews after Bazaarvoice	A1*A9*5,000 webpage visits with engagement per product, increasing 10% each year	2,388,750	4,917,385	6,655,605
A11	Conversion rate with Bazaarvoice	Interviews	4.00%	4.00%	4.00%
A12	Subtotal: Additional value from increase in ratings and reviews driving uplift in conversions	A10*A11*A5	\$10,032,750	\$20,653,017	\$27,953,541
A13	Operating profit (online retail)	TEI Standard	8.5%	8.5%	8.5%
A14	Value attributed to Bazaarvoice	TEI Standard	50%	50%	50%
At	Profit from increase in authentic ratings and reviews	(A12-A7)*A13*A14	\$360,793	\$760,811	\$1,040,750
	Risk adjustment	↓15%			
Atr	Profit from increase in authentic ratings and reviews (risk-adjusted)		\$306,674	\$646,690	\$884,637
Three-year total: \$1,838,001			Three-year present value: \$1,477,890		

PROFIT FROM INCREASE IN QUESTIONS AND ANSWERS CONTENT

Evidence and data. Interviewed decision-makers cited questions and answers as content that consumers expect to see next to products online. With Bazaarvoice, interviewees' organizations quickly saw gains in the number of questions and answers that appeared next to products.

Customer service teams obtained visibility into all questions asked by consumers as Bazaarvoice funneled questions across retail channels to a single window for employees to view. This visibility spared employees of juggling multiple platforms to answer questions. Meanwhile, the syndication of responses across channels helped teams avoid answering repeat questions on different channels.

“A big user of Bazaarvoice is our contact center with 30 to 40 advisors who respond to customer questions. We look at interaction rates for ratings and reviews and customer Q&A together, [and] we can see what the uplift is when customers interact with both.”

Consumer-generated content manager, retailer

The presence of questions and answers adds further context for consumers to consider when making a purchase decision. Interviewees noted that customers who interacted with questions and answers, alongside ratings and reviews as well, were more likely to purchase the product.

Modeling and assumptions. For the composite organization, Forrester made the following assumptions for the one-year performance of Bazaarvoice, which you can [find here](#). Assumptions across a three-year analysis include:

- Among the organization's products, an average of 17% feature at least five questions and answers in Year 1. Coverage increases to 25% of products in Year 2 and to 33% in Year 3.
- Questions and answers content for each product registers half the number of interactions, or 2,500 in this model, compared to other UGC. This is primarily due to not every consumer seeking answers to questions they have about products. The average traffic per product increases 10% each year.
- The average conversion rate for products when consumers interact with ratings and reviews alongside questions and answers content is 5%. Continually adding questions and answers to products provides more context and drives the conversion rate.
- To avoid double-counting, Forrester subtracted the conversion rate for interactions with ratings and reviews from the conversion rate for questions and answers.
- Forrester applied an operating margin of 8.5% and attribution rate of 50%.

Risks. Differences in organizations that may impact the benefit results include:

- The types of questions asked and answers providing context.
- The organization's average order value of products.
- Customer's average likelihood to convert before looking at questions and answers content.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$143,000.

Profit From Increase In Questions And Answers Content					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Average number of products listed online	A1	2,100	3,083	3,667
B2	Number of retail, search and social channels through which UGC is syndicated with Bazaarvoice	A8	9	11	13
B3	Percentage of products with five questions and answers content with Bazaarvoice	Assumption	17.0%	18.5%	20%
B4	Annual total webpage visits to products where visitors had engaged with questions and answers, alongside ratings and reviews	$B1*B3*2,500$ webpage visits with engagement per product, increasing 10% each year	892,500	1,568,476	2,218,535
B5	Conversion rate with Bazaarvoice	Interviews	5.00%	5.00%	5.00%
B6	Additional conversions driven by questions and answers	$(B5-A11)*B3$	8,925	15,685	22,185
B7	Subtotal: Total value for products where consumers interacted with questions and answers, alongside ratings and reviews	$B6*A5$	\$937,125	\$1,646,925	\$2,329,425
B8	Operating profit (online retail)	A13	8.5%	8.5%	8.5%
B9	Value attributed to Bazaarvoice	A14	50%	50%	50%
Bt	Profit from increase in questions and answers content	$B7*B8*B9$	\$39,828	\$69,994	\$99,001
	Risk adjustment	↓15%			
Btr	Profit from increase in questions and answers content (risk-adjusted)		\$33,854	\$59,495	\$84,150
Three-year total: \$177,499			Three-year present value: \$143,169		

PROFIT FROM INCREASE IN VISUAL AND SOCIAL CONTENT

Evidence and data. To elevate the authenticity of UGC, decision-makers' organizations have leaned on Bazaarvoice's ability to pull visual product content from social media posts.

With social media images from regular consumers, product feedback appeared more personable than a written post. Interviewees also felt that images from social media could inspire potential buyers to use the product in different ways. Likewise, visitors gained an additional reference point about the appearance and scale of apparel and lifestyle products.

“Beyond ratings and reviews, this social content is the most important. It’s a critical avenue for our shoppers to find out more about products.”

Director of product content, retail

For products where consumers interacted with both ratings and reviews and social media content, decision-makers recognized a noticeable multiplier effect on conversions. According to the product content lead at a retailer in North America, the lift in conversions for products with social media content when interacted with alongside ratings and reviews was three to four times that of those with only ratings and reviews.

The site optimization manager at a retailer in Western Europe shared that social media content on products contributed millions in incremental uplift. Product engagement lasted longer when social media content was present and spiked well across both desktop and mobile.

“This is a great way for us to gather photos from customers wearing our clothes without having to go to studios or without having to get big photo shoots to do it. Customers are wearing our products that show how much they loved it, and we can get that sentiment across. It’s very much seen as improving our online experience as a whole.”

Site optimization manager, retailer

Modeling and assumptions. For the composite organization, Forrester made the following assumptions for the one-year performance of Bazaarvoice, which you can find here [find here](#). Assumptions across three-year analysis include:

- Among the organization's products, an average of 8% feature visual and social content in Year 1. Coverage increases to 11% of products in Year 2, and to 12% in Year 3.
- The conversion rate for products when consumers interact with ratings and reviews and visual and social content is 6%. Performance is driven by the authenticity, relevancy, and usefulness of the visuals.
- To avoid double-counting, Forrester subtracted the conversion rate for interactions with ratings and reviews from the conversion rate for when visual and social content is also interacted with. As visual and social posts exist among ratings and reviews, site visitors will end up engaging with both.
- Forrester applied an operating margin of 8.5% and an attribution rate of 50%.

Risks. Differences in organizations that may impact the benefit results include:

- The organization’s volume of visual and social content for products.
- Whether or not the organization’s products lend themselves to photos and social media posts (e.g., products may not be photogenic or stand to benefit much from user photos).
- The organization’s average order value and customers’ likelihood to convert before engaging with visual and social content.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$327,000.

Profit From Increase In Visual And Social Content					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Average number of products listed online	A1	2,100	3,083	3,667
C2	Percentage of products with visual and social content with Bazaarvoice	Assumption	8%	11%	12%
C3	Annual total webpage visits to products where visitors had engaged with visual and social content, alongside ratings and reviews	C1*C2*5,000 webpage visits with engagement per product, increasing 10% each year	840,000	1,865,215	2,662,242
C4	Conversion rate with Bazaarvoice	Interviews	6.00%	6.00%	6.00%
C5	Additional conversions driven by social and video content	(C4-A11)*C3	16,800	37,304	53,245
C6	Subtotal: Total value for products where consumers interacted with visual and social content	C5*A5	\$1,764,000	\$3,916,920	\$5,590,725
C7	Operating profit (online retail)	A13	8.5%	8.5%	8.5%
C8	Value attributed to Bazaarvoice	A14	50%	50%	50%
Ct	Profit from increase in visual and social content	C6*C7*C8	\$74,970	\$166,469	\$237,606
	Risk adjustment	↓15%			
Ctr	Profit from increase in visual and social content (risk-adjusted)		\$63,725	\$141,499	\$201,965
Three-year total: \$407,188			Three-year present value: \$326,612		

PROFIT FROM INCREASE IN CONTENT FROM SAMPLING CAMPAIGNS

Evidence and data. Visual content from sampling programs launched through Bazaarvoice and posted alongside products drove further uplift with conversions. UGC team members worked alongside Bazaarvoice, planning which products to highlight in sampling campaigns and helping distribute the samples.

Bazaarvoice supports sampling campaigns in several ways, including connecting brands and retailers to its sampling community that evaluates samples sent to them and shares sponsored product feedback. Community members reside in multiple geographical markets and provide brands and retailers with the opportunity to collect diverse feedback. Decision-makers found it particularly useful to send out samples for upcoming products so that a good mix of UGC was available at launch, helping to spur early sales.

Brands and retailers that didn't want to assemble sample boxes used Bazaarvoice's CashBack sampling offering, which lets shoppers opt-in to an offer or campaign to redeem payment on eligible products by sharing content on their experiences online. This program saved UGC teams on bandwidth when creating sampling boxes and helping them avoid shipping costs as well.

Decision-makers at the CPG food and nutrition company shared that products supported through Bazaarvoice's sampling program improved their organization's star rating by at least half a star and averaged between a 4.2 and 4.3 out of five-star rating. In addition to helping product ratings, sampling programs helped ensure new credible content appeared alongside products. Fresh content helped raise product appearance in search rankings for brands and retailers as well. The director of product content at a retailer said that after just eight posts from sampling campaigns, their organization began to see an impact in sales gains for their products.

Sampling campaigns also impacted social channels, contributing more images and videos to raise the social media presence of a product.

“We did a small sampling campaign with 200 people participating. It generated 4.5 million social media impressions and around more than 120 unique reviews. And it's not so much content volume; it's the impressions that count, and [we saw] \$50,000 earned media value from one campaign.”

Global lead social and consumer content engagement, CPG (electronics)

“[Bazaarvoice is] extremely supportive and ready to work with us and then know that we want to get the sampling boxes out as quick as possible. So we've had a really positive experience working with the influencer team and then the Bazaarvoice sampling team as well.”

Senior manager of omnichannel, CPG (nutrition)

Modeling and assumptions. For the composite organization, Forrester made the following assumptions for the one-year performance of Bazaarvoice, which you can [find here](#). Assumptions across a three-year analysis include:

- Among the organization's products, 15% feature sampling content in Year 1. Coverage increases to 25% of products in Year 2, and to 30% in Year 3.
- The conversion rate on products when consumers interact with ratings and reviews and sponsored feedback content from sampling campaigns as well as with visual and social content or questions and answers is 8% in Year 1. Customer use cases and in-depth help further inform decisions and drive conversions.
- To avoid double-counting, Forrester subtracted the conversion rate for interactions with visual and social content from Table C, and line 4 is subtracted from the conversion rate when customers also interact with sponsored feedback content from sampling campaigns. As sponsored feedback content exists among ratings and reviews, as well as visual and social content, site visitors typically end up engaging with both.
- Forrester applied an operating margin of 8.5% and an attribution rate of 50%.

Risks. Differences in organizations that may impact the benefit results include:

- The volume of individuals receiving products to sample and following through on sharing content.
- The organization's average order value of products.
- Average likelihood of customers to convert before engaging with sampling content.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$605,000.

Profit From Increase In Content From Sampling Campaigns

Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Average number of products listed online	A1	2,100	3,083	3,667
D2	Percentage of products with content from sampling campaigns through Bazaarvoice	Assumption	15%	25%	30%
D3	Annual total webpage visits to products where visitors had engaged with content from sampling, alongside other UGC	D1*D2	1,575,000	1,865,215	6,655,605
D4	Conversion rate with Bazaarvoice	Interviews	8.00%	8.00%	8.00%
D5	Additional conversions driven by content from sampling campaigns	(D4-C4)*D3	31,500	37,304	133,112
D6	Subtotal: Total value for products where consumers interacted with sampling campaigns	D5*A5	\$3,307,500	\$3,916,920	\$13,976,760.0
D7	Operating profit (online retail)	A13	8.5%	8.5%	8.5%
D8	Value attributed to Bazaarvoice	A14	50%	50%	50%
Dt	Profit from increase in content from sampling campaigns	D6*D7*D8	\$140,569	\$166,469	\$594,012
	Risk adjustment	↓15%			
Dtr	Profit from increase in content from sampling campaigns (risk-adjusted)		\$119,483	\$141,499	\$504,910
Three-year total: \$765,893			Three-year present value: \$604,909		

OFFLINE SALES SUPPORTED BY BAZAARVOICE UGC

Evidence and data. UGC syndicated through Bazaarvoice drove conversions beyond online to physical storefronts. Shoppers frequently researched online and bought offline (ROBO), representing a significant portion of the value Bazaarvoice added to the interviewees' organizations.

Retailers tracked this information by surveying customers after they made purchases in-store. With the growing amount of product content available for consumers to consider, businesses began to see a more complete picture of how UGC influences purchases.

The interviewee at the CPG electronics organization worked with Bazaarvoice to gauge UGC's effect on offline sales. They found that for every dollar spent on digital purchases after interacting with content, \$3.76 was also spent in-store.

3.76x

More spent offline for CPG electronic organization



Interviewees' businesses that had yet to connect online research to offline sales were interested in pursuing the results as they suspected to see an influence, given the wide reach of their organizations' UGC.

Modeling and assumptions. For the composite organization, Forrester made the following assumptions for the one-year performance of Bazaarvoice, which you can [find here](#). Assumptions across a three-year analysis include:

- The composite organization generates \$1 billion in revenue each year. According to Forrester research, two-thirds of US sales excluding food, are offline.² That split in online and offline

revenue is applied to the composite organization. For total sales, including food, 72% of sales are offline.

- According to Forrester research, 69% of US online users research a product or service on a retailer's website.³ With Bazaarvoice, content is available beyond the retailer's website, but this number represents a base percentage of buyers researching products.
- According to Forrester research, across several product categories, an average of 9% of buyers cited review sites as being most helpful when making a purchase or subscription decision.⁴
- Since adopting Bazaarvoice, the composite organization has 15.75% more content coverage in Year 1 than in its before state, 20.50% more than before in Year 2, and 21% more than before in Year 3. Users who made a purchase and found reviews to be most helpful leveraged this new content in their decision-making before purchasing in-store.
- The assumed operating profit for offline retail is 5.75%.
- Since the outcome is a direct result of purchases made where ratings and reviews were most helpful, full attribution is given to Bazaarvoice.

Risks. Differences in organizations that may impact the benefit results include:

- The scale of offline operations for the organization.
- Consumer preference of online to offline purchases for the organization.
- The availability of the organization's products for offline purchases.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$942,000.

Offline Sales Supported By Bazaarvoice UGC					
Ref.	Metric	Source	Year 1	Year 2	Year 3
E1	Total annual offline revenue	Forrester research	\$660,000,000	\$660,000,000	\$660,000,000
E2	Percentage of consumers researching products before making purchase	Forrester research	69%	69%	69%
E3	Percentage of purchases directly influenced by ratings and reviews	Forrester research	9%	9%	9%
E4	Subtotal: Percentage gain in products covered with UGC through Bazaarvoice	(A9-A3)	15.75%	20.50%	21.00%
E5	Offline revenue contributed to by Bazaarvoice	$E1 \cdot E2 \cdot E3 \cdot E4$	\$6,455,295	\$8,402,130	\$8,607,060
E6	Operating profit (offline retail)	Assumption	5.75%	5.75%	5.75%
Et	Offline sales supported by Bazaarvoice UGC	$E5 \cdot E6$	\$371,179	\$483,122	\$494,906
	Risk adjustment	↓15%			
Etr	Offline sales supported by Bazaarvoice UGC (risk-adjusted)		\$315,503	\$410,654	\$420,670
Three-year total: \$1,146,827			Three-year present value: \$942,260		

TIME SAVINGS ON USER-GENERATED CONTENT OPERATIONS

Evidence and data. Working with Bazaarvoice to collect UGC freed bandwidth, allowing marketing teams to focus on expanding the scale of outreach and analyzing content performance.

On a day-to-day basis, teams saved time on content-collection initiatives through an expanded reach of retail and social channels. Bazaarvoice's templates for post-interaction emails, sweepstakes, and sampling outreach also helped teams save time creating messaging for collection initiatives.

Users can more effectively target collection efforts with insights from Bazaarvoice. Through the solution, UGC teams regularly evaluate the types of content shoppers engage with and focus efforts on adding similar content. For example, the site optimization manager at a retailer in Western Europe saw that women's and kids' wear were over-indexed in engagement when visuals were present. While they had an overabundance of women's wear content, they lacked content for kids' wear. So, they focused on increasing visual content for kids' products.

Analysis like this was produced quickly with Bazaarvoice's reporting, which helped decision-makers match reviews to locations and specific performance metrics. These insights helped decision-makers quickly reach a consensus about which marketing programs and product roadmaps to improve sales performance.

Since working with Bazaarvoice, organizations can manage the significant increase in UGC through its automated moderation capabilities. Before consumers post anything, they're prompted to resubmit content based on whether keywords are rejected. Client filters and custom algorithms monitor images and various types of content to further ensure unapproved content doesn't appear on product listings across retail, search, and social.

Interviewees said employees no longer had to pore over every piece of content posted to ensure it met quality standards or didn't include false claims and vulgar language. While segments of content still required analysis to ensure that no unwanted content was passing through, the lift on UGC teams was significantly reduced.

“Bazaarvoice helped us to align moderation rules across business units with little effort because we wrote a moderation guideline that can be applied to the hundreds of thousands of [pieces of] content we collect each year.”

Business domain leader care, content and network, retail



30% Improvement in productivity on UGC efforts

In addition to marketing, IT teams at interviewees' businesses did not have to dedicate much time to integrate their systems with Bazaarvoice. Bazaarvoice offers a personal launch team and white-glove implementation and maintenance of managed services. The streamlined process encouraged businesses to regularly add channels from Bazaarvoice's network to further expand syndication of content and increase opportunities to receive customer feedback.

Modeling and assumptions. For the composite organization, Forrester made the following assumptions for the one-year performance of Bazaarvoice, which you can [find here](#). Assumptions across a three-year analysis include:

- Productivity on user-generated content starts at 20% as teams work with Bazaarvoice to create and iterate templates, insights from UGC performance, and IT time dedicated to maintenance. With Bazaarvoice firmly in place by Year 2, the productivity reaches 30%.
- Of the content coming in each year, an average of 5 minutes is allocated to evaluate each piece of content. With Bazaarvoice’s filters and moderation capabilities, time spent evaluating content is reduced by 75%.

- The fully loaded hourly rate for a content marketer is \$55.
- Of the time saved, 75% is recaptured toward additional work activities. The remaining 25% is allocated to longer work breaks and fewer late nights or weekends of work, which make for a better employee experience.

Risks. Differences in organizations that may impact the benefit results include:

- The number of content marketers overseeing UGC efforts or working with Bazaarvoice.
- The average hourly rate of employees.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$441,000.

Time Savings On User-Generated Content Operations					
Ref.	Metric	Source	Year 1	Year 2	Year 3
F1	Size of team overseeing user-generated content initiatives	Assumption	8	8	8
F2	Total working hours per year	F1*2,080	16,640	16,640	16,640
F3	Productivity on user-generated content initiatives with Bazaarvoice	Interviews	20%	30%	30%
F4	Subtotal: Total time saved on user-generated content collection initiatives	F2*F3	3,328	4,992	4,992
F5	Average annual incoming user-generated content through Bazaarvoice	Assumption	5,670	12,024	17,418
F6	Time spent evaluating each piece of content before Bazaarvoice (minutes)	Assumption	0.08	0.08	0.08
F7	Time saved on content moderation	Assumption	75%	75%	75%
F8	Subtotal: Total hours saved on content moderation	F5*F6*F7	340	721	1,045
F9	Fully loaded hourly rate for content marketers	TEI Standard	\$55	\$55	\$55
F10	Productivity recapture	TEI Standard	75%	75%	75%
Ft	Time savings on user-generated content operations	(F4+E8)*F9*F10	\$151,305	\$235,661	\$249,026
	Risk adjustment	↓15%			
Ftr	Time savings on user-generated content operations (risk-adjusted)		\$128,609	\$200,312	\$211,672
Three-year total: \$540,594			Three-year present value: \$441,497		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not able to quantify include:

- **Authenticity of user-generated content.** Bazaarvoice's ability to authenticate the source of content to detect fraud and fake posts protected the reputations of interviewees' organizations and kept customer trust high. Alongside authentication, moderation capabilities helped the organizations remove content that contained vulgar language, overreaching claims, and pricing. Improving the oversight of posted content helped brands and retailers better manage content about their products and ensure what customers saw was authentic.

“We have the Bazaarvoice authenticity Trust Mark displayed on each of our product display pages. That Trust Mark links to the Bazaarvoice’s authenticity website page, which helps demonstrate how important that is. Having Bazaarvoice as a trusted voice for us has made it easy to show that we take authenticity seriously.”

Consumer generated content manager, retail

To that point, interviewees' organizations leveraged Bazaarvoice's Trust Mark to communicate to viewers what they saw was accurate. Brands in particular no longer had to be concerned about false product claims hurting their reputations.

“Bazaarvoice is a helpful tool with return rates. [For] products with low star ratings and potentially high return rates, we look at what key problems are coming up with the product so we can work on fixing the products or messaging.”

Site optimization manager, retail

- **Reduced return on products.** Decision-makers said they felt more assured about the content appearing on their organizations' product pages and that it would give consumers the confidence to make purchases. Several interviewees also said that authentic posted content helped reduced product returns, particularly for apparel, since it gave customers a better sense of the product they were purchasing. Interviewees haven't measured this avoided cost for their organizations but noted there were incremental savings.

“Both reviews and user-generated content had impact on returns, especially in apparel because then people could see a garment or outfit on a real person and pair their thoughts on how something fits.”

Director of product content, retail

- **Improved SEO and efficiency in marketing spend.** By enhancing UGC collection practices, interviewees' brands and retailers had a regular stream of new content appearing alongside products. The volume of new content meant more opportunities for relevant terms to appear and thus perform better in organic search rankings. In addition, the influx of new content relieved decision-makers' concerns about decay rates with content, which had previously spurred them to spend more on search to make up for performance.

Syndication of content also meant it appeared on multiple sites, increasing a product's potential to appear near the top of search results. The interviewee from the electronics CPG organization said syndication across 200 retail channels greatly increased product appearances in search.

Interviewees are investigating drawing a direct correlation to search performance with UGC to reassess their organizations' search marketing budgets, but they are starting to reallocate paid search spending based on stronger organic performance. The director of product content at a retailer said, "It depends on the amount of reviews and how important the content within the

review is, but we know that products perform better in search for sure."

Beyond search spending, the proliferation of different types of user content fulfilled gaps in coverage for interviewees' organizations, including use cases for products and images of how products like clothing appear on people or in the real world. Organizations that relied on agencies to create content began to reevaluate the potential of using user content over produced content as a potential area of cost-effectiveness.

"What I love about Bazaarvoice is they are always working with companies to optimize their UGC strategy, bringing new ideas to the table. Every month I ask our insights manager, 'What's new with Bazaarvoice?'. "

Senior manager, omnichannel, CPG (nutrition)

- **Strong customer support.** Interviewees spoke to Bazaarvoice being a supportive partner in constructing their organizations' approaches to UGC for products. Specifically, they said team members at Bazaarvoice helped guide users toward products that needed more recent content or improvement in their average ratings. In addition, Bazaarvoice's sampling team was highly responsive to customers in helping to distribute sampling boxes to their sampling community to keep campaign timelines on track.

"We rely on Bazaarvoice for search equity. UGC creates a great avenue for us to get current content on our site and bring attention to our product. That helps us to rank higher in search results and get found better."

UX analyst, CPG (food)

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement Bazaarvoice and later realize additional uses and business opportunities, including:

- **End-to-end impact of Bazaarvoice features on customer experience.** Decision-makers' organizations did not add each of Bazaarvoice's services in the same order or over a consistent period, but interviewees noted the cumulative effect on conversions as they added more touchpoints for consumer engagement. On their own, ratings and reviews equipped consumers with product feedback. When combined with visual and social content, consumers gained the benefit of seeing products put to use. Meanwhile, feedback from sampling campaigns provided testimonials about products that helped substantiate claims from other customers, and questions and answers helped to address any lingering questions among customers. Each of these touchpoints worked to fill in any blanks for customers about products and moved them further toward making purchase decisions.

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

“[Bazaarvoice is] incredibly responsive, I can tell they care about our brand. They’re always available through email [and], chat live. Their dev support team is always willing to get on a call and walk us through exactly what we need to do. I’ve worked with a lot of different agencies, and they’re top 10.”

Senior manager of omnichannel, CPG (nutrition)

Analysis Of Costs

■ Quantified cost data as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Gtr	Bazaarvoice annual license costs	\$0	\$275,000	\$275,000	\$275,000	\$825,000	\$683,884
Htr	Implementation and training costs	\$93,786	\$3,696	\$3,696	\$3,696	\$104,874	\$102,977
	Total costs (risk-adjusted)	\$93,786	\$278,696	\$278,696	\$278,696	\$929,874	\$786,861

BAZAARVOICE ANNUAL LICENSE COSTS

Evidence and data. Annual costs for Bazaarvoice are based on several factors, including the number of Bazaarvoice services leveraged (e.g., visual and social content or sampling campaigns), which increases costs incrementally. The scale of UGC collected and moderated is also a key factor in the costs of the solution. Interviewees indicated that Bazaarvoice represented a relatively small portion of their organizations' marketing and/or e-commerce budgets.

Modeling and assumptions. For the composite organization, the annual costs are reflective of an organization of this size employing Bazaarvoice's

services for ratings and reviews, questions and answers, visual and social content, and sampling campaigns.

Risks. Differences across organizations that may impact this cost include the number of services used and scale of content collection efforts.

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 \$684,000.

Bazaarvoice Annual License Costs

Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
G1	Bazaarvoice annual license costs	Interviews		\$250,000	\$250,000	\$250,000
Gt	Bazaarvoice annual license costs	F1		\$250,000	\$250,000	\$250,000
	Risk adjustment	↑10%				
Gtr	Bazaarvoice annual license costs (risk-adjusted)			\$275,000	\$275,000	\$275,000
Three-year total: \$825,000				Three-year present value: \$683,884		

IMPLEMENTATION AND TRAINING COSTS

Evidence and data. Within the first three months of partnering with Bazaarvoice, interviewees’ organizations had their systems connected to the Bazaarvoice platform for products to receive and syndicate content across retail and social channels, as well as to collect insights on content performance.

After the implementation of Bazaarvoice, users spent time learning best practices about how to effectively use the platform. Interviewees said the user-friendly interface made for a short learning period.

Modeling and assumptions. For the composite organization, Forrester assumes:

- The full-time equivalent of three content marketers dedicate one-quarter of their time during three months to oversee integrating Bazaarvoice with their systems.
- The fully loaded hourly rate for a content marketer is \$55.

- Eight employees are trained on Bazaarvoice at the organization.
- Each employee dedicates the equivalent of one day to learning the Bazaarvoice platform.

Risks. Differences across organizations that may impact this cost include:

- The scale of the integration and available resources to implement Bazaarvoice.
- The number of users that will learn the Bazaarvoice platform.

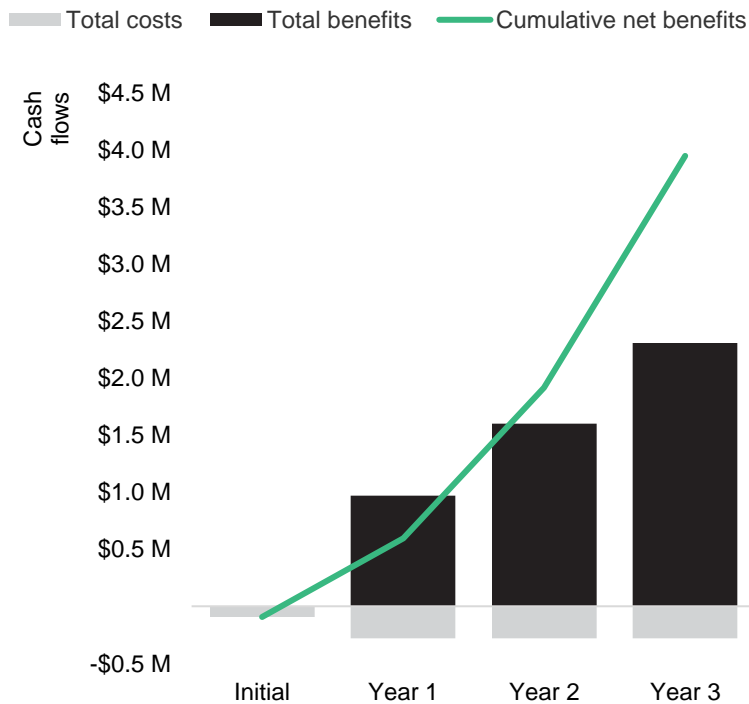
Results. To account for these risks, Forrester adjusted this cost upward by 5%, yielding a three-year, risk-adjusted total PV of \$103,000.

Implementation And Training Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
H1	Time spent on implementation	Composite	1,560			
H2	Fully loaded hourly rate for content marketers	E4	\$55			
H3	Implementation costs	H1*H2*H3*H4	\$85,800			
H4	Number of employees in training	Assumption	8	8	8	8
H5	Time spent on training	8 employees*8 hours	64	64	64	64
H6	Training costs	H4*H2	\$3,520	\$3,520	\$3,520	\$3,520
Ht	Implementation and training costs	H3+5	\$89,320	\$3,520	\$3,520	\$3,520
	Risk adjustment	↑5%				
Htr	Implementation and training costs (risk-adjusted)		\$93,786	\$3,696	\$3,696	\$3,696
Three-year total: \$104,874			Three-year present value: \$102,977			

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 composite 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	(\$93,786)	(\$278,696)	(\$278,696)	(\$278,696)	(\$929,874)	(\$786,861)
Total benefits	\$0	\$967,848	\$1,600,148	\$2,308,005	\$4,876,001	\$3,936,337
Net benefits	(\$93,786)	\$689,152	\$1,321,452	\$2,029,309	\$3,946,127	\$3,149,476
ROI						400%
Payback						<3 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."

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.



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.

Appendix B: Year 1 Quarterly Analysis

PROFIT FROM INCREASE IN AUTHENTIC RATINGS AND REVIEWS (YEAR 1 QUARTERLY ANALYSIS)

Modeling and assumptions. For the quarterly analysis of the composite organization in Year 1, the financial model follows the same logic as the [three-year analysis](#). Assumptions and inputs shown here reflect the ramp-up and impact of Bazaarvoice in Year 1. Some numbers are rounded.

Profit From Increase In Authentic Ratings And Reviews (Year 1 Quarterly Analysis)						
Ref.	Metric	Source	Quarter 1	Quarter 2	Quarter 3	Quarter 4
AA1	Average number of products listed online	Assumption	1,340	2,270	2,350	2,440
AA2	Number of retail, search and social channels through which UGC is syndicated before Bazaarvoice	Interviews	2	2	2	2
AA3	Percentage of products receiving at least 10 ratings and reviews and a 4+ star rating before Bazaarvoice	Interviews	7.0%	7.0%	7.0%	7.0%
AA4	Annual total webpage visits to products where visitors had engaged with ratings and reviews before Bazaarvoice	Assumption	117,250	198,625	205,625	213,500
AA5	Average order value	Assumption	\$100	\$100	\$100	\$100
AA6	Conversion rate before Bazaarvoice	Assumption	2.0%	2.0%	2.0%	2.0%
AA7	Total revenue driven by ratings and reviews before Bazaarvoice	AA4*AA5*AA6	\$234,500	\$397,250	\$411,250	\$427,000
AA8	Number of retail, search and social channels through which UGC is syndicated with Bazaarvoice	Interviews	7	7	7	9
AA9	Percentage of products receiving at least 10 ratings and reviews and a 4+ star rating with Bazaarvoice	Interviews	18.42%	20.00%	24.50%	26.00%
AA10	Annual total webpage visits to products where visitors had engaged with ratings and reviews after Bazaarvoice (rounded)	Assumption	308,563	567,500	719,688	793,000
AA11	Conversion rate with Bazaarvoice	Interviews	4.00%	4.00%	4.00%	4.00%
AA12	Subtotal: Additional value from increase in ratings and reviews driving uplift in conversions (rounded)	A11*A13*A5	\$1,234,251	\$2,270,000	\$2,878,750	\$3,172,000
AA13	Operating profit	TEI Standard	8.5%	8.5%	8.5%	8.5%
AA14	Value attributed to Bazaarvoice	TEI Standard	50%	50%	50%	50%
AA15	Profit from increase in authentic ratings and reviews	(AA13-AA7)*AA14*AA15	\$42,489	\$79,592	\$104,869	\$116,663
			Four-quarter total: \$343,613			

PROFIT FROM INCREASE IN QUESTION AND ANSWERS CONTENT (YEAR 1 QUARTERLY ANALYSIS)

Modeling and assumptions. For the quarterly analysis of the composite organization in Year 1, the financial model follows the same logic as the [three-year analysis](#). Assumptions and inputs shown here reflect the ramp-up and impact of Bazaarvoice in Year 1. Some numbers are rounded.

Profit From Increase In Question And Answers Content (Year 1 Quarterly Analysis)						
Ref.	Metric	Source	Quarter 1	Quarter 2	Quarter 3	Quarter 4
BB1	Number of products listed on retail site	AA1	1,340	2,270	2,350	2,440
BB2	Number of retail, search and social channels through which UGC is syndicated with Bazaarvoice	AA9	7	7	7	9
BB3	Percentage of products with five questions and answers content with Bazaarvoice (rounded)	Interviews	15.59%	16.50%	17.25%	18.00%
BB4	Annual total webpage visits to products where visitors had engaged with questions and answers, alongside ratings and reviews (rounded)	Assumption	130,547	234,094	253,359	274,500
BB5	Conversion rate with Bazaarvoice	Interviews	5.00%	5.00%	5.00%	5.00%
BB6	Additional conversions driven by questions and answers (rounded)	(BB5-AA11)*BB4	1,305	2,341	2,534	2,745
BB7	Subtotal: Total value for products where consumers interacted with questions and answers, alongside ratings and reviews (rounded)	BB7*AA5	\$130,547	\$234,094	\$253,359	\$274,500
BB8	Operating profit	AA13	8.5%	8.5%	8.5%	8.5%
BB9	Value attributed to Bazaarvoice	AA14	50%	50%	50%	50%
BBt	Profit from increase in questions and answers content	BB7*BB8*BB9	\$5,548	\$9,949	\$10,768	\$11,666
			Four-quarter total: \$37,931			

PROFIT FROM INCREASE IN VISUAL AND SOCIAL CONTENT (YEAR 1 QUARTERLY ANALYSIS)

Modeling and assumptions. For the quarterly analysis of the composite organization in Year 1, the financial model follows the same logic as the [three-year analysis](#). Assumptions and inputs shown here reflect the ramp-up and impact of Bazaarvoice in Year 1. For visual and social content, the composite organization deploys the material in Quarter 2 after ramping up syndication of ratings and reviews and questions and answers with Bazaarvoice. Some numbers are rounded.

Profit From Increase In Visual And Social Content (Year 1 Quarterly Analysis)						
Ref.	Metric	Source	Quarter 1	Quarter 2	Quarter 3	Quarter 4
CC1	Number of products listed on retail site	AA1		2,270	2,350	2,440
CC2	Number of retail, search and social channels through which UGC is syndicated with Bazaarvoice	AA9		7	7	9
CC3	Percentage of products with visual and social content with Bazaarvoice	Interviews		6.00%	7.50%	7.86%
CC4	Annual total webpage visits to products where visitors had engaged with visual and social content, alongside other UGC (rounded)	Assumption		226,909	293,633	319,463
CC5	Conversion rate with Bazaarvoice	Interviews		6.0%	6.0%	6.0%
CC6	Additional conversions driven by social and video content (rounded)	(CC5-AA11)*CC4		4,538	5,873	6,389
CC7	Subtotal: Total value for products where consumers interacted with visual and social content (rounded)	CC7*AA5		\$453,818	\$587,265	\$638,927
CC8	Operating profit	AA13		8.5%	8.5%	8.5%
CC9	Value attributed to Bazaarvoice	AA14		50%	50%	50%
CCt	Profit from increase in visual and social content	CC7*CC8*CC9		\$19,287	\$24,959	\$27,154
				Four-quarter total: \$71,400		

PROFIT FROM INCREASE IN CONTENT FROM SAMPLING CAMPAIGNS (YEAR 1 QUARTERLY ANALYSIS)

Modeling and assumptions. For the quarterly analysis of the composite organization Year 1, the financial model follows the same logic as the [three-year analysis](#). Assumptions and inputs shown here reflect the ramp-up and impact of Bazaarvoice in Year 1. The organization deploys sponsored feedback content from sampling campaigns, alongside visual and social content in Quarter 2 after ramping up syndication of ratings and reviews and questions and answers with Bazaarvoice. Some numbers are rounded.

Profit From Increase In Content From Sampling Campaigns (Year 1 Quarterly Analysis)						
Ref.	Metric	Source	Quarter 1	Quarter 2	Quarter 3	Quarter 4
DD1	Number of products listed on retail site	AA1		2,270	2,350	2,440
DD2	Number of retail, search and social channels through which UGC is syndicated with Bazaarvoice	AA9		7	7	9
DD3	Percentage of products with content from sampling campaigns through Bazaarvoice	Interviews		11%	13%	16%
DD4	Annual total webpage visits to products where visitors had engaged with content from sampling, alongside other UGC (rounded)	Assumption		414,929	509,269	650,797
DD5	Conversion rate with Bazaarvoice	Interviews		8%	8%	8%
DD6	Additional conversions driven by content from sampling campaigns (rounded)	(DD5-AA11)*DD4		8,299	10,185	13,016
DD7	Subtotal: Total value for products where consumers interacted with sampling campaigns (rounded)	DD7*AA5		\$829,858	\$1,018,537	\$1,301,594
DD8	Operating profit	AA13		8.5%	8.5%	8.5%
DD9	Value attributed to Bazaarvoice	AA14		50%	50%	50%
DDt	Profit from increase in content from sampling campaigns	DD7*DD8*DD9		\$35,269	\$43,288	\$55,318
				Four-quarter total: \$133,875		

OFFLINE SALES SUPPORTED BY BAZAARVOICE UGC (YEAR 1 QUARTERLY ANALYSIS)

Modeling and assumptions. For the quarterly analysis of the composite organization Year 1, the financial model follows the same logic as the [three-year analysis](#). Assumptions and inputs shown here reflect the ramp-up and impact of Bazaarvoice in Year 1. Some numbers are rounded.

Offline Sales Supported By Bazaarvoice UGC (Year 1 Quarterly Analysis)						
Ref.	Metric	Source	Quarter 1	Quarter 2	Quarter 3	Quarter 4
EE1	Total annual offline revenue	Forrester research	\$131,000,000	\$149,000,000	\$170,000,000	\$210,000,000
EE2	Percentage of consumers researching products before making purchase	Forrester research	69%	69%	69%	69%
EE3	Percentage of purchases directly influenced by ratings and reviews	Forrester research	9%	9%	9%	9%
EE4	Percentage gain in products covered with Bazaarvoice ratings and reviews	(A9-A3)	11.40%	13.00%	17.50%	19.00%
EE5	Offline revenue contributed to by Bazaarvoice ratings and reviews (rounded)	G1*G2*G3*G4	\$927,141	\$1,202,877	\$1,847,475	\$2,477,790
EE6	Operating profit (offline retail)	Assumption	5.75%	5.75%	5.75%	5.75%
EEt	Offline sales supported by Bazaarvoice UGC	G5*G6	\$53,311	\$69,165	\$106,230	\$142,473
			Four-quarter total: \$371,179			

TIME SAVINGS ON USER-GENERATED CONTENT OPERATIONS (YEAR 1 QUARTERLY ANALYSIS)

Modeling and assumptions. For the quarterly analysis of the composite organization in Year 1, the financial model follows the same logic as the [three-year analysis](#). Assumptions and inputs shown here reflect the ramp-up and impact of Bazaarvoice in Year 1. Some numbers are rounded.

Time Savings On User-Generated Content Operations (Year 1 Quarterly Analysis)						
Ref.	Metric	Source	Quarter 1	Quarter 2	Quarter 3	Quarter 4
FF1	Size of team overseeing UGC collection initiatives	Assumption	8	8	8	8
FF2	Total working hours per quarter on overseeing UGC collection initiatives	EE1*520 hours	4,160	4,160	4,160	4,160
FF3	Productivity on UGC collection initiatives with Bazaarvoice	Interviews	20%	20%	20%	20%
FF4	Subtotal: Total time saved on UGC collection initiatives (rounded)	EE2*EE3	832	832	832	832
FF5	Average annual incoming UGC through Bazaarvoice (rounded)	Assumption	781	1,217	1,680	1,992
FF6	Time spent evaluating each piece of content before Bazaarvoice (minutes)	Assumption	0.08	0.08	0.08	0.08
FF7	Time saved on content moderation	Assumption	75%	75%	75%	75%
FF8	Subtotal: Total hours saved on content moderation (rounded)	EE5*EE6*EE7	47	73	101	120
FF9	Fully loaded hourly rate for content marketers	TEI Standard	\$55	\$55	\$55	\$55
FF10	Productivity recapture	TEI Standard	75%	75%	75%	75%
FFt	Time savings on user-generated content operations	(FF5+FF8)*FF9*FF10	\$36,246	\$37,331	\$38,479	\$39,249
			Four-quarter total: \$151,305			

Appendix C: Endnotes

¹ 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.

² Source: Forrester's 2021 Online Retail Forecast, US, Forrester Research, Inc. June 29, 2021.

³ Source: Forrester Analytics Consumer Technographics Retail Recontact Survey, 2021, Forrester Research, Inc. August 2021.

⁴ Source: Forrester's Technology Consumer Buyer Journey Survey, 2022, Forrester Research, Inc. March 2022.

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