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# The Total Economic Impact™ Of Amazon Launchpad EU

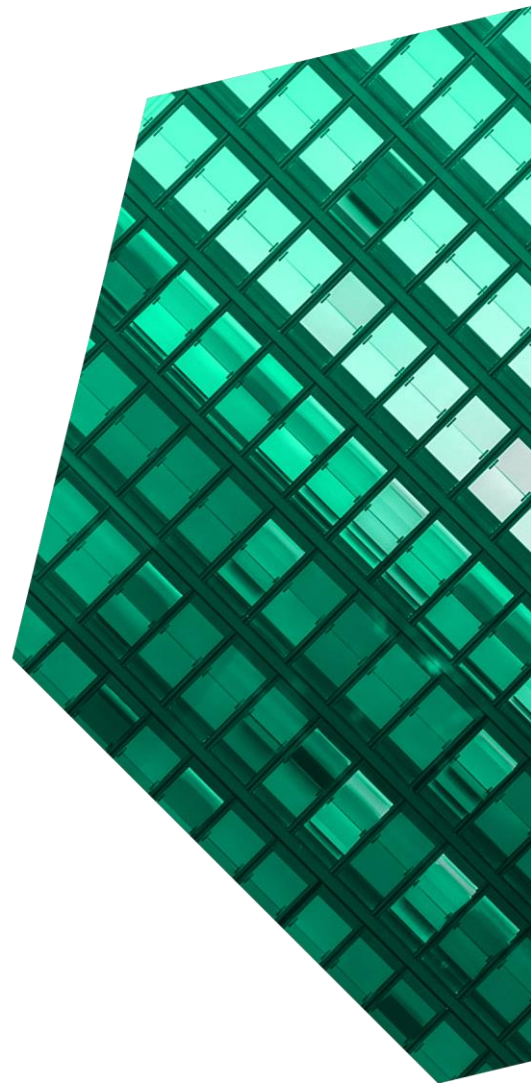
Business Benefits And Efficiencies For Emerging Brands  
Enabled By Amazon Launchpad

SEPTEMBER 2021

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## ABOUT FORRESTER CONSULTING

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## Executive Summary

Amazon Launchpad EU enables brands' rapid growth on Amazon with exposure and traffic-generating promotion and placements. It also delivers access to premium support, attractive content for storefronts and product listings, and accelerates access to new markets. This results in critical early-stage revenue and profit, improved productivity for capacity-crunched key staff, and higher returns on advertising expenses.

Amazon Launchpad is a program designed to support innovative brands on Amazon. It provides exposure and discoverability, as well as the tools and support to grow and expand internationally.

Amazon commissioned Forrester Consulting to conduct a Total Economic Impact™ (TEI) study and examine the potential return on investment (ROI) enterprises may realize by joining Amazon [Launchpad](#).<sup>1</sup> The purpose of this study is to provide readers with a framework to evaluate the potential financial impact of Amazon Launchpad on their emerging brands.

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed four decision-makers with experience using Amazon Launchpad. For the purposes of this study, Forrester aggregated the experiences of the interviewees' experiences and combined the results into a single [composite organization](#).

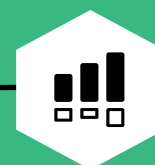
Prior to joining Amazon Launchpad, the interviewees' emerging organizations sold on Amazon to varying levels of success. However, they shared several common challenges. As small brands, they struggled to stand out in their respective categories by virtue of their size. They had historically high conversion and reorder rates, yet customer traffic and awareness were the limiting factors. In addition, as small organizations with limited personnel capacity, staff tasked with maintaining and expanding the brand's Amazon presence were responsible for other

### KEY STATISTICS



Return on investment (ROI)

**226%**



Net present value (NPV)

**\$671K**

activities that affected their available time to work on Amazon-related tasks.

By joining Amazon Launchpad, the interviewees' organizations gained exposure and traffic-generating promotion and placements, while also securing access to premium support, creating more attractive content for their storefronts and product listings, and accelerating access to new markets. This manifested in additional revenue and profit, improved productivity for key staff, and higher returns on advertising expenses.

Increase in yearly profit



**30%**

Personnel productivity savings  
**Over \$150,000**



“When we joined Amazon Launchpad a couple of years ago, we were just a small startup that made most of its revenue in one country. Now, we’re taking in a lot of funding to good valuations. We are still growing. Amazon Launchpad continues to be a critical platform for us for both revenue and brand building.”

— Head of e-commerce, food manufacturing

### KEY FINDINGS

**Quantified benefits.** Risk-adjusted present value (PV) quantified benefits include:

- **Increased revenue and profit by 30%.** The interviewed decision-makers cited increased traffic to their organizations’ storefronts and listings, increased customer willingness to pay, acceleration into new markets, and Amazon specific promotions as major contributors to a significant increase in revenue.
- **Avoided FTE hires of over \$160,000.** Assistance with premium A+ content (Amazon’s premium seller product display offerings) creation and curation, localization services, and strategic account management reduced the burden on the limited personnel tasked with selling on Amazon. The decision-makers reported their organizations saved on part-time or full-time hires as a result, reinvesting valuable dollars back into growth activities.
- **Reclaimed revenue from improved listing support of over \$100,000.** Through Amazon Launchpad’s premium support for participating

brands, participating organizations maximized their storefront and listing uptime, while reducing the frequency of any errors and quickly remediating any issues that do occur.

- **Improved return on advertising spend of 50%.** Each of the interviewees spoke to an improved return on their organizations’ Amazon and, by way of additional volume, non-Amazon advertising spend. Some organizations realized improvements to traffic resulting in more conversions, while others maintained consistent traffic while reducing advertising spent.

### Unquantified benefits and flexibility factors.

Benefits that are not quantified for this study include:

- **Improvements to brand perception.** Amazon Launchpad interviewees discussed improvements to brand perception resulting from more professional-looking storefronts and products listings. Higher brand perception over time may manifest as additional conversions or reorders.

- **Expanding to additional geographic regions.** While additional revenue from expansion to additional regions has been quantified in this report as part of benefit A, there is potential value for Amazon Launchpad brands in the future from additional expansion to more regions.
- **Further expanding the storefront.** While benefit A quantifies revenue and profit expansion within a three-year period, there is additional value to be had for brands as they continue to launch additional products on Amazon Launchpad.

**Costs.** Risk-adjusted PV costs include:

- **Amazon Launchpad additional affiliate fee of 5% on goods sold.** The interviewees reported that their organizations paid Amazon a 5% additional fee on goods sold to participate in the Amazon Launchpad program.
- **Ongoing personnel effort associated with Amazon Launchpad.** Interviewees described and quantified their organizations' personnel effort associated with making the Amazon Launchpad journey a success.

The decision-maker interviews and financial analysis found that a composite organization experiences benefits of \$968,000 over three years versus costs of \$297,000, adding up to a net present value (NPV) of \$671,000 and an ROI of 226%.

**“The revenue growth we achieve on Launchpad makes it a no-brainer. And that’s even before you consider benefits like localizations and premium support.”**

— Founder, food manufacturing



ROI  
**226%**



BENEFITS PV  
**\$968K**

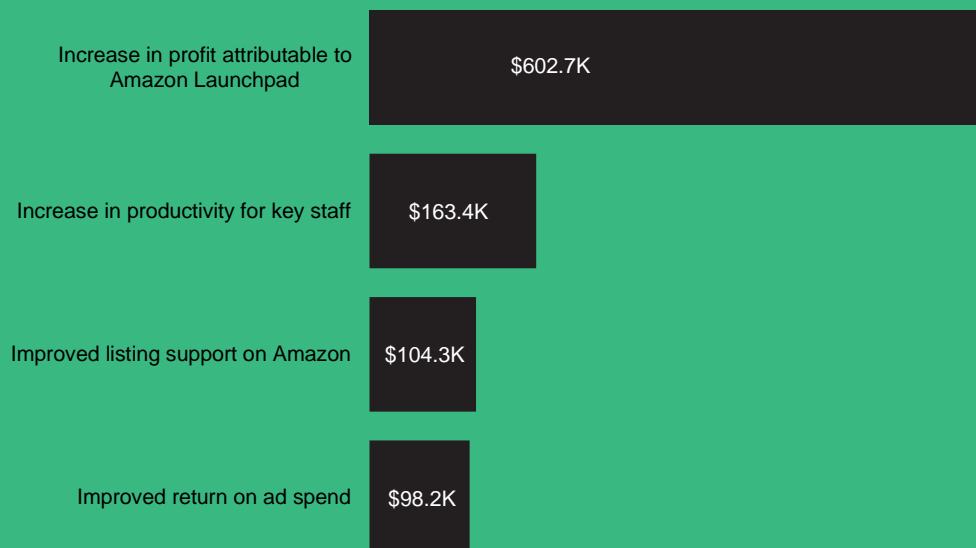


NPV  
**\$671K**



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 Amazon Launchpad.

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 Amazon Launchpad can have on an organization.

### DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Amazon 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 joining Amazon Launchpad.

Amazon 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.

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



### DUE DILIGENCE

Interviewed Amazon stakeholders and Forrester analysts to gather data relative to Amazon Launchpad.



### DECISION-MAKER INTERVIEWS

Interviewed four decision-makers at organizations using Amazon Launchpad 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 Amazon Launchpad Customer Journey

■ Drivers leading to the Amazon Launchpad investment

## Interviewed Decision-Makers

Interviewee	Industry	Region	Revenue
Senior communications manager	Manufacturing	United Kingdom	<\$1 million
Head of e-commerce	Food manufacturing	Sweden	<2.5 million
Founder	Food manufacturing	Australia	<\$1 million
Web team lead	Genealogy	Middle East	<\$50 million

### KEY CHALLENGES

The interviewed noted how their organizations struggled with common challenges, including:

- **Limited visibility to key customers on Amazon.** Prior to joining the Amazon Launchpad program, interviewees noted that standing out from their competitors proved challenging.
- **Cumbersome marketing tasks associated with successful selling as a small brand.** To be successful as a small brand on Amazon and beyond, interviewees cited the growing responsibilities of their organizations' limited marketing personnel, including creating and curating professional quality content and preparing for launches in additional markets. In the early growth stage, which is where the interviewees' organizations are, personnel capacity to manage these tasks is inherently limited by headcount and prioritization of other activities.
- **Supporting the day-to-day operations of successful selling on Amazon.** Each of the interviewees noted challenges keeping up with the day-to-day operations necessary for successful Amazon selling, such as curation of storefronts, product listings, promotions and deals, and participation in programs and events.

With limited staff and many necessary workstreams throughout the organization, efforts on Amazon were often suboptimal.

**“The premium A+ content we do with Amazon looks high quality. It reflects the quality of the product we’re selling.”**

*Senior communications manager,  
manufacturing*

### INVESTMENT OBJECTIVES

In joining the Amazon Launchpad program, the interviewees' organizations aimed to achieve the following:

- Improved discoverability (and the resulting additional sales).
- Facilitated creation and curation of high-quality content and tools to sell.
- Superior support from the Amazon team in successfully running day-to-day operations on Amazon.

## COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and a ROI analysis that illustrates the areas financially affected. The composite organization is representative of the four decision-makers that Forrester interviewed 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 UK-based organization that earns more than \$1 million in revenue. It joins Amazon Launchpad one year prior to this analysis after an invitation from Amazon. With ten total employees, the composite organization faces challenges with limited personnel capacity to manage marketing, operations, and content creation, among other challenges for any earlier-stage brand. Prior to joining Amazon Launchpad, the composite organization sells to some success on Amazon, as well as through its own website. A majority the composite organization's revenue comes from Amazon.

**Deployment characteristics.** After joining Amazon Launchpad, the composite organization launches an additional product per year on Amazon, greatly facilitated by support from their Launchpad account manager. In addition, the organization expands beyond the UK once on Amazon Launchpad to several countries across the European Union with the localization and launch support Amazon Launchpad provides.

### Key assumptions

- **\$1M revenue**
- **10 employees**
- **One new product launched on Amazon per year**
- **Localized across several EU countries**

# 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	Increase in profit attributable to Amazon Launchpad	\$221,000	\$243,100	\$267,410	\$731,510	\$602,727
Btr	Increase in productivity for key staff	\$65,700	\$65,700	\$65,700	\$197,100	\$163,386
Ctr	Improved listing support on Amazon	\$38,250	\$42,075	\$46,283	\$126,608	\$104,318
Dtr	Improved return on ad spend	\$36,000	\$39,600	\$43,560	\$119,160	\$98,182
	Total benefits (risk-adjusted)	\$360,950	\$390,475	\$422,953	\$1,174,378	\$968,613

## INCREASE IN PROFIT ATTRIBUTABLE TO AMAZON LAUNCHPAD

**Evidence and data.** Interviewees cited an increase to revenue and profit as a result of their organizations' participation in Amazon Launchpad. Improvements to storefront, product, and deal visibility to key customers resulted in significantly more traffic to the storefronts and listings. The interviewees' organizations, with already high conversion rates and reorder rates before joining Amazon Launchpad, realized revenue and profit growth via conversion of this Amazon Launchpad-attributable traffic.

Furthermore, some interviewees noted that their organizations' A+ premium content, which was co-created and supported through Amazon Launchpad, resulted in a premium feel and higher "willingness to pay" from customers. This gave their organizations the ability to increase their average order value without losing conversion rate or volume. In addition, localization support from Amazon Launchpad has allowed some of the interviewees' organizations to accelerate global expansion for their Amazon listings.

Beyond accelerated customer acquisition and revenue, these organizations also benefited from the

related productivity improvements for staff working on expansion activities.

- The head of e-commerce at a food manufacturing organization noted that the storefront visibility and quality content Launchpad provides contributed significantly to their organizations' three years of high double-digit growth since joining Amazon Launchpad. The interviewee noted: "[Amazon Launchpad] does everything that can drive traffic and exposure for us. Placement on landing pages, additional visibility

**“Our account management is amazing. We feel through this management we get better placement, which means more and better-quality traffic, better conversion, more sales, more new customers, and more reorders.”**

*Head of e-commerce, food manufacturing*

to customers via different landing pages, and the like. On top of that, of course, our brand stands out when customers do come to the storefront with our A+ premium content.”

- Strategic support from Amazon’s Launchpad account management has allowed several interviewees to maximize their organizations’ revenue through participation in deals and events with guidance and planning at every step.
- When discussing charging a more premium price for product(s) once on Amazon Launchpad, the senior communications manager at the manufacturing organization noted: “We’ve been able to charge more for our product based on our participation in and exposure with Amazon Launchpad. We’re still growing and haven’t lost any sales volume. So, it was kind of a no-brainer to do it.”
- The same manufacturing interviewee noted that accelerated expansion support has contributed to nearly doubling the organization’s revenue since joining Launchpad. This rate of expansion would not have been possible without the Amazon Launchpad ‘s support.
- The web team lead at the genealogy organization noted that, while the organization larger in size than the other interviewees’ organizations, it leveraged Amazon Launchpad to expand its core product outside of its home market on Amazon. This generated additional revenue and international exposure for the brand. The smaller brands interviewed for this report noted that they wouldn’t be able to enter some of the markets they’re in now at all without Amazon Launchpad.
- The founder of the Australian food manufacturing organization attributed the organizations’ nearly tripled monthly sales volume to the additional exposure it received from Amazon Launchpad.

**“We’ve tripled our numbers with less advertising. We also get involved in events like Prime Day to get special discoverability in that regard. Prime Day was huge for us.”**

*Founder, food manufacturing*

**“Customers have so many choices on Amazon. If you can be in people’s faces more often, you win. [Amazon Launchpad] gives us more visual real estate and marketing opportunities for our customers. For us, it more than pays for itself.”**

*Founder, food manufacturing*

**Modeling and assumptions.** For the composite organization, Forrester makes the following assumptions:

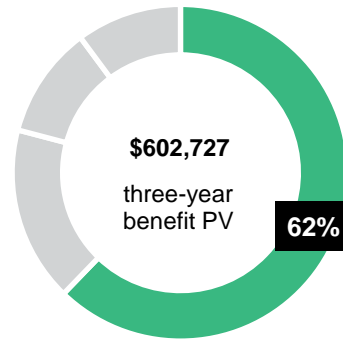
- A baseline pre-Amazon Launchpad growth rate of 10% annual growth.
- A 30% improvement to revenue growth after joining Amazon Launchpad. This growth is related to additional customer conversions from additional traffic, improvement to pricing, and accelerated revenue from additional geographic markets. This is a conservative assumption based on the interviews, as multiple interviewees cited triple-digit revenue growth once joining Amazon Launchpad.
- A 20% gross margin on goods sold.

**Risks.** This benefit will vary among organizations based on the following:

- The baseline level of maturity (e.g., listings, content quality, geographic representation, etc.) of an organization’s Amazon selling prior to joining Amazon Launchpad.
- Product specific logistical challenges (e.g., selling perishable items, etc.)

- The experience and capacity of an organization's staff tasked with selling on Amazon.

**Results.** To account for these variances, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of just over \$600,000.



Increase In Profit Attributable To Amazon Launchpad					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Baseline yearly revenue (through Amazon)	10% annual growth	\$1,000,000	\$1,100,000	\$1,210,000
A2	Revenue growth on Amazon attributable to Launchpad	Interviews	30%	30%	30%
A3	Revenue on Amazon Launchpad	A1*A2	\$1,300,000	\$1,430,000	\$1,573,000
A4	Gross margin	Composite	20%	20%	20%
At	Increase in profit attributable to Amazon Launchpad	A3*A4	\$260,000	\$286,000	\$314,600
	Risk adjustment	↓15%			
Atr	Increase in profit attributable to Amazon Launchpad (risk-adjusted)		\$221,000	\$243,100	\$267,410
<b>Three-year total: \$731,510</b>			<b>Three-year present value: \$602,727</b>		

### INCREASE IN PRODUCTIVITY FOR KEY STAFF

**Evidence and data.** Staff capacity is an inherent barrier to success across many e-commerce tasks in an emerging organization. Each of the interviewees described challenges related to maintaining and growing their brand on Amazon successfully with only few employees to do so. Once on Amazon Launchpad, content creation support, self-service support and learning, dedicated account management (for operational, marketing, and tactical support), and localization support greatly reduced the burden on key staff that scaling operations on Amazon requires.

- The founder of the Australia-based food manufacturing organization described challenges pertaining to creation of content and marketing materials and interfacing with Amazon to maximize listing efficiency. The brand with fewer than five employees, but, with support from Amazon Launchpad on these activities, the interviewee noted that the organization did not need to hire additional staff at this stage to manage them. The interviewee noted: “Content creation and landing page creation, these are important e-commerce skills that we’re getting with Launchpad.”
- To navigate the translations and complexities of launching products into additional regions, the head of e-commerce at the Swedish food manufacturing organization noted that the organization would need to hire additional staff to manage these activities had they not been on Amazon Launchpad, which would represent several part-time hires at a minimum.
- The senior communications manager at the manufacturing organization noted that local regulations and processes that must be adhered to when expanding internationally on Amazon proved tedious for their staff prior to joining Launchpad. Some of these tasks are now greatly facilitated. If required to hire for these tasks, the

interviewee estimated an increase in headcount of at least two FTEs.

- Every interviewee also noted superior account management as a significant productivity boon for staff. Amazon’s Launchpad account managers provided both technical and strategic support to these brands, further facilitating some of the responsibilities for key staff.

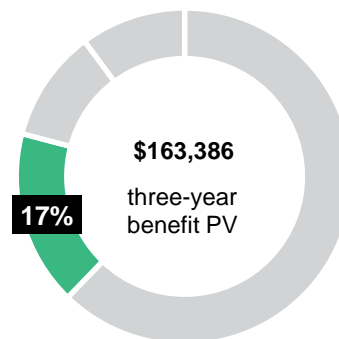
**Modeling and assumptions.** For the composite organization, Forrester makes the following assumptions:

- All ten employees at the organization work on some Amazon-related activity in their day-to-day responsibilities.
- Each of these employees saves 20% of their day-to-day on Amazon-related e-commerce tasks.
- A \$73,000 average annual salary for staff, blended for type of role and seniority.
- A 50% productivity capture, as all-time reclaimed in this manner will not directly translate to valuable time on task.

**Risks.** This benefit will vary among organizations based on:

- The scope of an organization’s Amazon operations as it will affect staff capacity requirements.
- The experience and capacity of an organization’s staff tasked with working with Amazon.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of over \$160,000.



<b>Increase In Productivity For Key Staff</b>					
<b>Ref.</b>	<b>Metric</b>	<b>Source</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
B1	Marketing personnel working on Amazon-related activities	Composite	10	10	10
B2	Productivity savings resulting from increased support on Amazon Launchpad	Interviews	20%	20%	20%
B3	Average annual salary	Composite	\$73,000	\$73,000	\$73,000
B4	Productivity capture	Composite	50%	50%	50%
Bt	Increase in productivity for key staff	B1*B2*B3	\$73,000	\$73,000	\$73,000
	Risk adjustment	↓10%			
Btr	Increase in productivity for key staff (risk-adjusted)		\$65,700	\$65,700	\$65,700
<b>Three-year total: \$197,100</b>			<b>Three-year present value: \$163,386</b>		

## IMPROVED LISTING SUPPORT ON AMAZON

**Evidence and data.** The interviewees' organizations faced several operational challenges related to growing and maintaining successful Amazon storefronts. Multiple product listings across several regions or storefronts inherently created room for error, either on the part of the brand or the marketplace, requiring proactive and timely support to remediate. These errors, such as incorrect listings or accidentally removed listings, resulted in lost revenue and/or poor visibility to potential buyers. Once onboard Launchpad, interviewees described the positive impact of premium support on their operations should any support needs arise.

- The founder of the Australian food manufacturer acknowledged that, while errors with listings requiring support are infrequent on Amazon, remediating these issues is critical for smaller brands that rely heavily on only a few listings. This interviewee cited premium support received on Launchpad as a key feature of the program, noting that, over the course of the organization's first year, it saved several days of offline listings remediated by near instantaneous support. This resulted in several days of revenue that may otherwise have been lost.
- On aggregate, several of the interviewees estimated that support requests that may have taken up to a few weeks in the past are now remediated in just one day.
- The head of e-commerce at the Swedish food manufacturing organization cited improvement to listing uptime and visibility on Amazon Launchpad. The interviewee noted: "If something goes wrong and we need an extra pair of hands within Amazon to help with, we have it on Launchpad. If our product [listings] have issues, or they're not showing up on the on the homepage, we need to figure out why, solve it, and get them up for sale again."

Increased time-to-resolution for support requests

90%



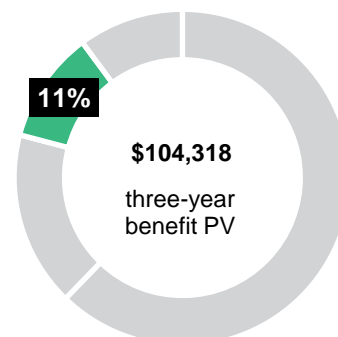
**Modeling and assumptions.** For the composite organization, Forrester makes the following assumptions:

- Across all listings, the composite generates \$25,000 in revenue each week on Amazon.
- Over the course of a year, the composite realizes two weeks of combined downtime across all listings due to user error and accidentally removed listings.
- Issues requiring support from Amazon are remediated 90% faster on Amazon Launchpad.

**Risks.** This benefit may vary among organizations based on:

- The scope of an organization's Amazon operations as it relates to the number of listings and revenue generated.
- The experience and capacity of an organization's personnel tasked with day-to-day management of Amazon selling, as it relates to user error.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of just over \$100,000.



Improved Listing Support On Amazon					
Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Weekly revenue on Amazon Launchpad across all listings	A3/52	\$25,000	\$27,500	\$30,250
C2	Downtime in listings due to error (user error and removed listings) in total weeks	Composite	2	2	2
C3	Yearly lost revenue from listing errors	C1*C2	\$50,000	\$55,000	\$60,500
C4	Improvement due to dedicated Amazon Launchpad support	Composite	90%	90%	90%
C5	Avoided lost revenue	C3*C4	\$45,000	\$49,500	\$54,450
Ct	Improved listing support on Amazon	C5	\$45,000	\$49,500	\$54,450
	Risk adjustment	↓15%			
Ctr	Improved listing support on Amazon (risk-adjusted)		\$38,250	\$42,075	\$46,283
<b>Three-year total: \$126,608</b>			<b>Three-year present value: \$104,318</b>		

### IMPROVED RETURN ON AD SPEND

**Evidence and data.** On Amazon Launchpad, the interviewees spent less on advertising (on and off Amazon), while retaining the same or better return on this advertising as a result of better targeting, better promotions, and the resulting traffic.

- The founder of the Australian food manufacturer cited a flat advertising spend on Amazon trending down each year, yet explosive growth. The interviewee noted: “We’re looking at tripled growth each year and less advertising supporting it.”
- Since joining Amazon Launchpad, the manufacturing brand has recognized an 8x return on advertising spend by taking advantage of deals and promotions on Amazon, as well as special events.

**“Because of features like A+ premium content, we get more real estate for our keywords. We’ve been able to spread our keywords out a lot more and become a lot more cost effective with our advertising. That’s very powerful.**

*Founder, food manufacturing*

**Modeling and assumptions.** For the composite organization, Forrester makes the following assumptions:

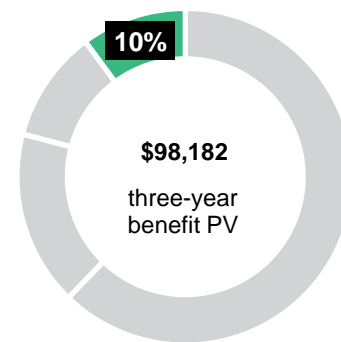
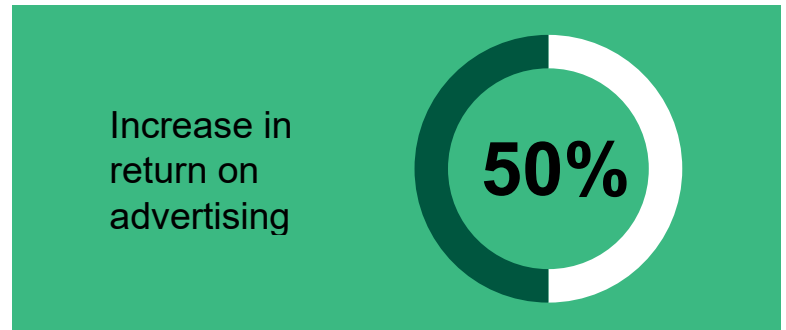
- A historic advertising spend representing 8% of the organization’s baseline yearly revenue.
- A 50% savings on advertising resulting from better targeting and greater impact from deals

and promotions. This is a conservative estimate based on the interviews.

**Risks.** This benefit will vary among organizations based on:

- The historic level of advertising spend as it relates to potential savings.
- The efficiency of prior and current advertising efforts.

**Results.** To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$98,000.



Improved Return On Ad Spend					
Ref.	Metric	Source	Year 1	Year 2	Year 3
D1	Baseline yearly revenue	A3	\$1,000,000	\$1,100,000	\$1,210,000
D2	Historic marketing and advertising budget	8% of total baseline revenue	\$80,000	\$88,000	\$96,800
D3	Savings attributable to improved return on ad spend	Interviews	50%	50%	50%
Dt	Improved return on ad spend	D2*D3	\$40,000	\$44,000	\$48,400
	Risk adjustment	↓10%			
Dtr	Improved return on ad spend (risk-adjusted)		\$36,000	\$39,600	\$43,560
<b>Three-year total: \$119,160</b>			<b>Three-year present value: \$98,182</b>		

## UNQUANTIFIED BENEFITS

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

- **Improvements to brand perception.** Amazon Launchpad interviewees discussed improvements to brand perception resulting from more professional-looking storefronts and products listings. Higher brand perception over time may manifest as additional conversions or reorders.

## FLEXIBILITY

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

- **Expanding to additional geographic regions.** While additional revenue from expansion to additional regions has been quantified in this report, there is potential value for Launchpad brands in the future from additional expansion to more regions.
- **Further expanding the storefront.** There is additional value for brands as they continue to launch additional products on Amazon Launchpad.

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 as applied to the composite

Total Costs							
Ref.	Cost	Initial	Year 1	Year 2	Year 3	Total	Present Value
Etr	Amazon Launchpad additional affiliate fee	\$0	\$65,000	\$71,500	\$78,650	\$215,150	\$177,273
Ftr	Ongoing personnel effort associated with Amazon	\$40,150	\$32,120	\$32,120	\$32,120	\$136,510	\$120,028
	Total costs (risk-adjusted)	\$40,150	\$97,120	\$103,620	\$110,770	\$351,660	\$297,301

## AMAZON LAUNCHPAD ADDITIONAL AFFILIATE FEE

**Evidence and data.** The interviewees noted that their organizations paid an additional 5% affiliate fee on goods sold to Amazon for access to the Amazon Launchpad program. Interviewees also noted that this fee is seen as a service paid to Amazon that is outweighed by the benefits received.

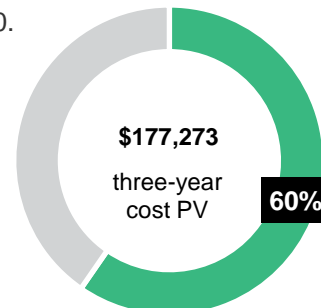
**Modeling and assumptions.** For the composite organization, Forrester makes the following assumptions:

- The composite pays a 5% fee on all Amazon revenue that is generated through Launchpad.

**Risks.** This cost may vary among organizations based on:

- Total revenue generated through Amazon as it relates to the Amazon Launchpad fee.

**Results.** Forrester did not risk-adjust this cost since it is a firm percentage, yielding a three-year, risk-adjusted total PV (discounted at 10%) of just over \$175,000.



Amazon Launchpad Additional Affiliate Fee						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Total revenue generated on Amazon Launchpad	A3		\$1,300,000	\$1,430,000	\$1,573,000
E2	Launchpad affiliate fee	Composite		5%	5%	5%
Et	Amazon Launchpad additional affiliate fee	E1*E2	\$0	\$65,000	\$71,500	\$78,650
	Risk adjustment	0%				
Etr	Amazon Launchpad additional affiliate fee (risk-adjusted)		\$0	\$65,000	\$71,500	\$78,650
<b>Three-year total: \$215,150</b>			<b>Three-year present value: \$177,273</b>			

**ONGOING PERSONNEL EFFORT ASSOCIATED WITH AMAZON**

**Evidence and data.** Interviewees collectively described a brief onboarding to Amazon Launchpad for their respective organizations, averaging around three months from invitation to full ramp on Amazon Launchpad.

- Each of the interviewees’ brands started on Launchpad with only a few SKUs, expanding gradually over time. The head of e-commerce at the Swedish food manufacturer noted starting on Amazon Launchpad with only eight listings and expanding to over 40 over two years.
- Interviewees estimated their respective brands’ level of personnel effort for Amazon-related activities. Specifically for Amazon Launchpad, core activities include interfacing with Launchpad account management, support, and content creation.

**Modeling and assumptions.** For the composite organization, Forrester makes the following assumptions:

- A three-month period from the time the organization is invited to Amazon Launchpad to being fully ramped.
- Two FTEs interface on Launchpad-specific onboarding and ongoing management tasks. During the three-month onboarding, these FTEs spend the majority of their day focusing on Amazon Launchpad. Once onboarded, these FTEs spend an average 20% of their working hours on Launchpad-specific tasks (e.g., strategy, support, content, etc.).
- A blended average annual salary of \$73,000 for FTEs working on Amazon Launchpad-related activities.

**Risks.** This cost will vary among organizations based on:

- The scope of an organization’s Amazon operations as it will affect staff capacity requirements.
- The experience and capacity of an organization’s staff tasked with working with Amazon.

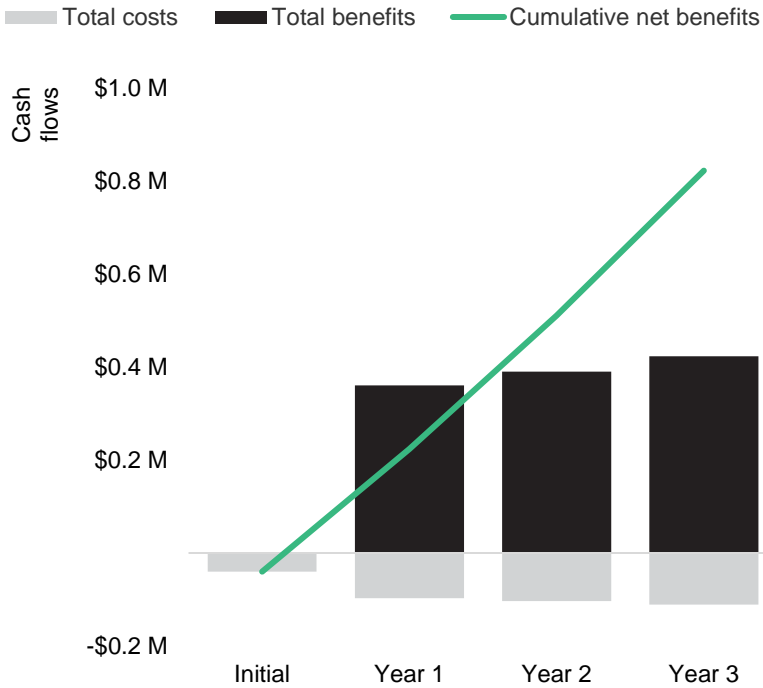
**Results.** To account for these variances, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV of \$120,000.

Ongoing Personnel Effort Associated With Amazon						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
F1	FTEs supporting Amazon selling	Composite	2	2	2	2
F2	Implementation duration (percentage of total working hours)	Composite	25%			
F3	Percentage of working time dedicated to ongoing Amazon-related tasks	Assumption		20%	20%	20%
F4	Average annual salary	Assumption	\$73,000	\$73,000	\$73,000	\$73,000
Ft	Ongoing personnel effort associated with Amazon	F1*[F2 or F3] *F4	\$36,500	\$29,200	\$29,200	\$29,200
	Risk adjustment	↑10%				
Ftr	Ongoing personnel effort associated with Amazon (risk-adjusted)		\$40,150	\$32,120	\$32,120	\$32,120
<b>Three-year total: \$136,510</b>			<b>Three-year present value: \$120,028</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 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	(\$40,150)	(\$97,120)	(\$103,620)	(\$110,770)	(\$351,660)	(\$297,301)
Total benefits	\$0	\$360,950	\$390,475	\$422,953	\$1,174,378	\$968,613
Net benefits	(\$40,150)	\$263,830	\$286,855	\$312,183	\$822,718	\$671,312
ROI						226%
Payback period (months)						<6

# 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: 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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