

FORRESTER®

The Total Economic Impact™ Of Nudge

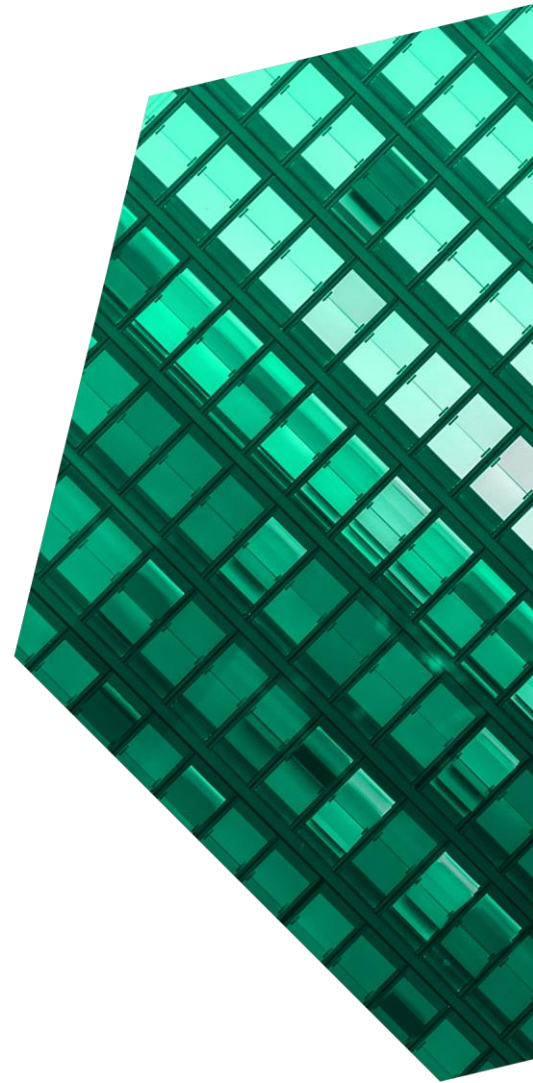
Cost Savings And Business Benefits
Enabled By Nudge

JULY 2021

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Executive Summary

Nudge changes the dynamic of how brands communicate to frontline workers. With a focus on technology that is built for the frontline that empowers them with the knowledge and confidence to create great customer experiences and drive business outcomes.

“Do you struggle to communicate with people that you don’t have access to every day? I have something that allows you to not only communicate in an authentic genuine way to them, but also allows them to participate in the conversation.”

— Director of sales and CX, office supply retailer.

Nudge is a digital communications application and a more modern way to communicate with the deskless or distributed workforce. Nudge enables effective, consistent two-way communication between headquarters (HQ) and frontline workers.

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

To better understand the associated benefits, costs, and risks, Forrester interviewed four customers with experience using Nudge. For the purposes of this study, Forrester aggregated the experiences of the interviewed customers and combined the results into a single [composite organization](#).

Nudge replaces a traditional “telephone effect” communication method of cascading information from HQ to managers who regurgitate info, print, post to the workforce, and then compel and inspire the workforce to act on it.

KEY STATISTICS



Return on investment (ROI)
484%



Net present value (NPV)
\$3.11M

With Nudge, the customers customize digital, bite-sized communications directly to frontline workers based on roles and location. Nudge enables brands to give frontline workers timely information, increase engagement, improve campaign outcomes, and reduce communication inefficiencies.

KEY FINDINGS

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

- **Increased same store sales by 3% to 5%.** Targeted Nudge campaigns focused on education and campaign readiness improved associate confidence and ability to recommend, cross-sell, and upsell. Two-way communication crowdsourced best practices and fostered friendly competition. After applying a 50% attribution and 10% income margin, the additional income from improved deskless worker engagement is worth nearly \$1.8 million to the organization over three years.



Sales growth:

3% to 5%

- **Deskless workers using Nudge had a 10% higher retention rate.** Nudge improved the employee experience, resulting in a more highly engaged workforce and avoiding hiring and training costs. Over three years, the composite organization avoids hiring 346 frontline workers, saving \$1,200 per avoided hire, or more than \$307,000.
- **Store managers communicated 60% more efficiently.** Nudge replaced fragmented, time-consuming communication methods, enabling managers to organize and disseminate information to frontline workers more quickly and effectively. Store managers reduced the length and frequency of pre-shift meetings and spent more time mentoring associates. Over three years and across 200 stores, the composite organization experiences nearly \$1.7 million in communication efficiency savings.

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

- Safety campaigns resulted in a double-digit reduction in safety incidents.
- Nudge contributed to improvements in customer satisfaction scores.
- Nudge facilitated the frontline’s return to the “new normal” after the COVID-19 pandemic disrupted normal operations.
- Nudge led to office supply savings.
- Nudge made associates part of the conversation and helped leadership make better-informed decisions.

Costs. Risk-adjusted PV costs include:

- **Nudge implementation fees of \$17,000 and annual subscription costs of \$207,000.** Nudge has a subscription-based licensing model that provides access to the core Nudge platform. The composite also elects to include add-on features at a small additional fee. Nudge also charged a one-time implementation fee for initial setup and personalization of the platform. Over three years, external costs total \$532,000.
- **Internal implementation costs of less than \$5,000 and training and ongoing management costs of less than \$40,000 annually.** A program manager dedicates 120 hours to implementation efforts and requires 24 hours of training on the platform. Ongoing management activities require 50% of a program manager’s efforts. Over three years, internal labor costs total less than \$110,000.

Synopsis. The customer interviews and financial analysis found that a composite organization experiences benefits of \$3.75 million over three years, versus costs of \$642,000, adding up to a net present value (NPV) of \$3.11 million and an ROI of 484%.

“We need to communicate, engage, show, and share where we’re going and share the result of where we’ve come from. The two-way communication would be very time-consuming if we didn’t have the right tool. And that’s Nudge’s sweet spot. It’s a great way to connect with everyone instantly.

CMO, sporting goods retailer



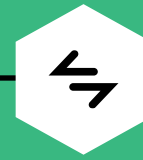
ROI
484%



BENEFITS PV
\$3.75M

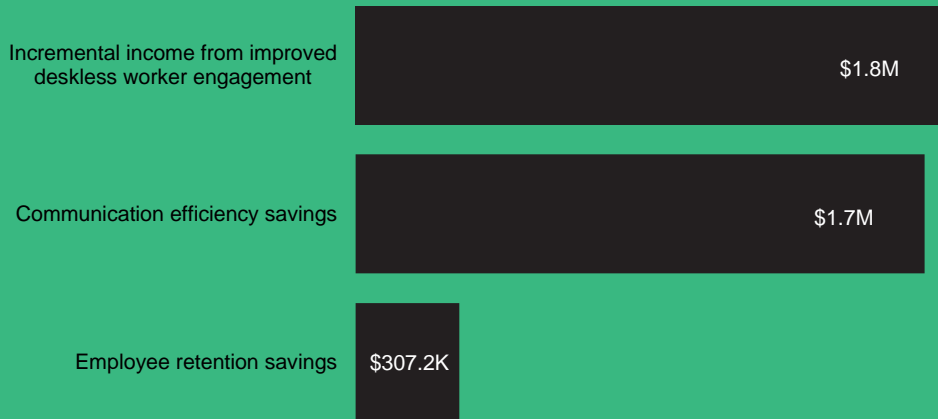


NPV
\$3.11M



PAYBACK
<6 months

Benefits (Three-Year)



Your number one asset is the frontline, and when you empower them with tools and you tell them exactly what you want them to do, chances are they're going to do it and they're going to be very successful.

— SVP guest experience, food services

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 Nudge.

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 the Nudge investment can have on an organization.

DISCLOSURES

Readers should be aware of the following:

This study is commissioned by Nudge 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 Nudge.

Nudge 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.

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



DUE DILIGENCE

Interviewed Nudge stakeholders and Forrester analysts to gather data relative to Nudge.



CUSTOMER INTERVIEWS

Interviewed four decision-makers at organizations using Nudge to obtain data with respect to costs, benefits, and risks.



COMPOSITE ORGANIZATION

Designed a composite organization based on characteristics of the interviewed 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 interviewed organizations.



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 Nudge Customer Journey

■ Drivers leading to the Nudge investment

Interviewed Organizations			
Industry	Revenue	Interviewee	Employees
Food services	US\$2 billion, 100% in-store	SVP of guest experience	20,000 total, 19,500 deskless
Office supply retailer	C\$1 billion to C\$10 billion, 50%+ in-store	Director of sales and CX	15,000 total, 8,000 deskless
Specialty toy retailer	C\$250 million, 80% in-store	Store operations coordinator	2,300 total, 850 deskless
Sporting goods retailer	C\$500 million, 90% in-store	Chief marketing officer	2,000 total, 1,650 deskless

PRIOR ENVIRONMENTS

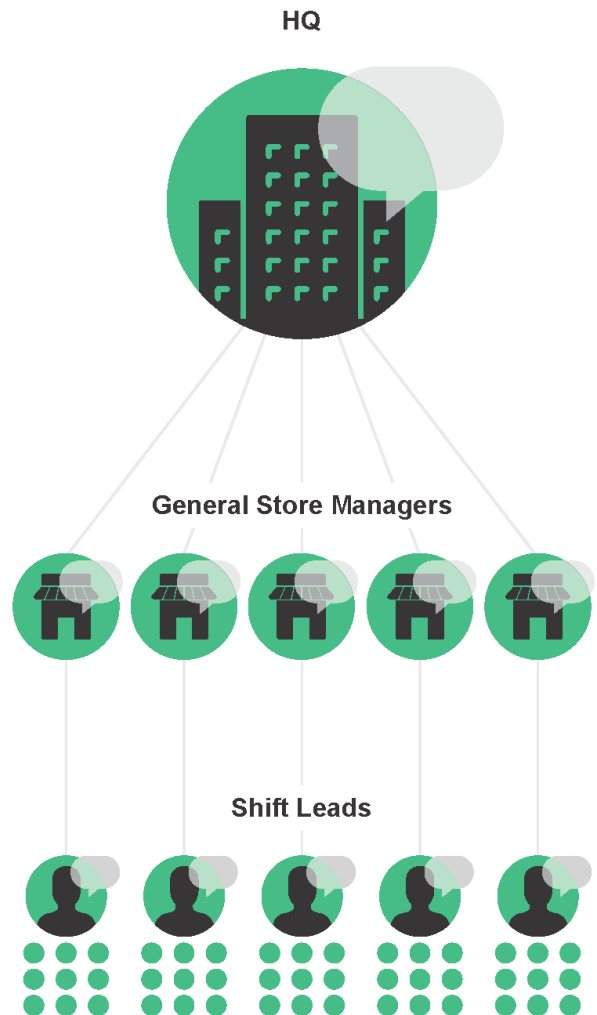
Before the investment in Nudge, the interviewees' organizations relied on the traditional communication cascade for relaying information to deskless workers:

- **HQ to managers.** HQ leadership communicated to managers through traditional email and intranet hubs designed for traditional desked workers.
- **Managers to deskless workers.** Managers ingested and relayed information from HQ leadership to shift leads or directly to deskless workers during pre-shift meetings, as well as through printing emails and attaching them to physical bulletin boards in shared spaces.
- **Deskless workers to HQ.** Deskless workers provided upward feedback to HQ leadership through annual surveys.

“We relied on the ‘string and cup’ method. We would send memos and emails, but to get messages directly to the frontline, we were counting on another level of management to relay those messages directly to them.”

SVP guest experience, food services

TRADITIONAL COMMUNICATION WATERFALL



KEY CHALLENGES

The interviewed organizations struggled with common challenges, including:

- **Communications made to the frontline were diluted and inconsistent.** Communication through a manager waterfall relied on the manager’s ability to ingest the content and relay it to the deskless workers. It was not uncommon for messages to get lost in translation. Messages that were successfully relayed to a deskless worker had been filtered and reinterpreted, diluting the meaning of the communication. Different managers could deliver entirely different communications to their teams, skewing the effectiveness of the communication and the execution of the expected outcome.
- **Low employee engagement rates drove high turnover costs.** Employees with low engagement were more likely to leave, and losing talent was bad for business. Institutional knowledge was lost, new talent was difficult to find, and training sapped valuable time and resources. The US Bureau of Labor Statistics placed turnover rates for retail and food services at 70% and 131%, respectively, for 2020.²
- **Business changes resulting from COVID-19 demanded frequent and timely communications.** Amid the COVID-19 pandemic and subsequent economic recovery, the old communication methods were too slow and infrequent to keep up with guidelines that shifted daily. To return to business operations safely and with new features like buy online and pick up in-store, interviewees noted the lack of a technology solution as a challenge.
- **Managers were overwhelmed with communication from HQ.** Instead of spending time on the floor playing a leadership role, managers spent a significant amount of time fielding communications from HQ.

- **Legacy upward communication methods lacked analytics or actionable real-time insights.** In prior environments, the best way for HQ leadership to glean insights about the state of their employee experience (EX) was by sending an annual engagement survey. This method was unsatisfactory because it was infrequent and couldn’t provide the level of insights and analytics needed to drive decisions.

“There was no consistent communication across the organization because it really depended on the ability of the store manager to get through all the information, digest it, and redistribute it in a timely way.”

CMO, sporting goods retailer

“I was dissatisfied with my ability to reach frontline workers. We have thousands of associates, but our ability to reach them, speak to them, train them was really limited.”

SVP guest experience, food services

“It’s no surprise that in every survey and in every corporation, when frontline associates share their top concerns, communication is either one, two, or three because they feel that they don’t get any communication. So that was the problem we needed to solve.”

SVP guest experience, food services

INVESTMENT OBJECTIVES

The interviewed organizations searched for a solution that could:

- **Drive sales results.** Interviewee's number one objective and measurement of success for their Nudge investment was a measurable increase in sales.
- **Change workforce culture to provide purpose, improve associate experience, and increase retention.** An engaged workforce is more productive, and employees stay longer. A goal of the Nudge investment was to increase the engagement levels of deskless workers, improve the employee experience, and ultimately improve retention rates.
- **Gain insights from associate feedback.** Upward communication channels were lacking in the prior environment. Customers hoped to use Nudge as a continuous feedback loop.
- **Provide a technology solution for digital-native workers.** Millennials grew up in the age of technology. And with the oldest millennials turning 40 this year, they and successive generations make up a significant portion of the workforce. These digital natives rely on computers, cell phones, and social networking in their personal lives, and the interviewees identified that the legacy communication methods were not capitalizing on these predilections.

“One of the goals we had as part of the transformation was to drive more selling behavior. It was going to be key to be able to articulate with consistency.”

Store operations coordinator, specialty toy retailer

“The food service industry struggles with labor — not just with retention but restaurants can't find help. We were looking for a holistic approach to change the dynamic of our industry and to hire people, create purpose, and provide opportunities for upward mobility.”

SVP, guest experience, food services

“One of the key drivers of our new business model is to really listen to the field, and we needed to be able to get that information in a real-time manner in order to be able to react to it.”

Store operations coordinator, specialty toy retailer

“There has been a change in the workforce, and this generation is more tech-savvy. We knew everyone had a phone, and we felt like we had this huge opportunity to communicate with a digitally engaged and active group.”

SVP guest experience, food services

WHY NUDGE?

The interviewees' organizations evaluated several technology vendors that offer digital communications tools. After request for proposals (RFP) and proof of concepts (POC), the customers selected Nudge for the following reasons:

- **Nudge met the frontline workers' request for better communication from HQ leadership.** Research around employee experience revealed that frontline workers wanted more transparency from their leadership, more investment in technology tools, a sense of recognition, and opportunities to provide feedback. Nudge offered a feedback loop that made it easy for deskless workers to share best practices, respond to short surveys, and provide direct feedback to leadership at HQ.
- **The application's ease of use for all associates.** With multigenerational workforces, customers needed a digital communications tool that was intuitive to learn and simple for all deskless workers with varying levels of technology maturity. Nudge's user interface felt like mobile applications frequently used outside of work.
- **Nudge offered a collaborative partnership.** Transforming from the traditional communications waterfall to a brand-new interactive digital communication method was a new experience for the interviewed decision-makers. They selected Nudge for the ongoing partnership offered as part of the service, noting that the investment was more likely to succeed because of the expertise Nudge could bring to the table.

“Our team of frontline associates is our number one asset, and so I say invest in them. We put our money where our mouth is and gave them the opportunity to interact with [leadership] and the opportunity [for leadership] to interact with them.”

SVP guest experience, food services

“One of the key criteria for us was the ease of use and ease of accessibility for the associates. Since our associates' range in what technology they're able to access and work with, Nudge really fit that need well.”

Store operations coordinator, specialty toy retailer

“One of the things that made Nudge attractive was that they didn't just sell it to us then leave. They are the experts, so we felt there was value in their ongoing support.”

Store operations coordinator, specialty toy retailer

COMPOSITE ORGANIZATION

Based on the interviews, Forrester constructed a TEI framework, a composite company, and an ROI analysis that illustrates the areas financially affected by the Nudge investment. The composite organization is representative of the four companies 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 \$500 million-dollar retail organization is headquartered and operates in North America. It derives 80% of its revenue from in-store sales from its 200 brick-and-mortar locations. There are 3,000 frontline retail workers (“deskless workers”).

Deployment characteristics. The composite organization deploys Nudge across all locations in the first year. The organization activates the following Nudge features:

- Core features: Content feed, chat, polling, quizzes, and multimedia resource library.
- Additional modules: Reporting, recognition, task management, job posting recruiting, engagement pulse surveys, and employee onboarding.

Key assumptions

- \$500 million revenue
- 3,000 deskless workers
- 200 locations

“We chose Nudge because of the simplicity of the platform, the genuine conversational approach, how information could be shared both ways, and the user experience.”

— Director of sales and CX, office supply retailer

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	Incremental income from improved deskless worker engagement	\$510,000	\$714,000	\$937,125	\$2,161,125	\$1,757,795
Btr	Communication efficiency savings	\$619,650	\$681,615	\$743,580	\$2,044,845	\$1,685,299
Ctr	Employee retention savings	\$105,840	\$129,600	\$138,240	\$373,680	\$307,187
Total benefits (risk-adjusted)		\$1,235,490	\$1,525,215	\$1,818,945	\$4,579,650	\$3,750,281

INCREMENTAL INCOME FROM IMPROVED DESKLESS WORKER ENGAGEMENT

Evidence and data. The most impactful outcome of the Nudge investment was a measurable revenue lift. Customers purposefully directed Nudges at enhancing selling behavior and conducted A/B tests to measure the difference between frontline associates who received Nudges and the control group that did not. Interviewees shared several examples of how Nudge drove additional revenue for their organizations.

- **Associates more quickly grasped and executed on program objectives.** When introducing new products or sales programs into the prior environment, HQ relied on managers to communicate goals and educate associates, with varying degrees of success. It could take several weeks of communication repetition before associates exhibited a change in behavior. With Nudge, the customers were able to increase the efficiency of the communication and reduce the lag time between product or service launch and associate delivery.

- **Hero product campaigns resulted in great outcomes.** Customers sent Nudge campaigns focused on increasing confidence of cross-selling and upselling, as well as targeted to specific SKUs. As a result, sales around these products soared. Customers use Nudge to test the associate's product knowledge before an official launch, which is a leading indicator of success for the product campaign.

“In the past, there was a lag between when we launched a program and when it actually gained momentum. The run rate of how long it takes us to launch new programs or communicate new services has been drastically reduced by having this tool. Before Nudge, we would launch a program and the adoption rate would be 20%, 30%. Now adoption is upwards of 50% to 70%.”

Director of sales and CX, office supply retailer

- **Associates shared best practices and engaged in friendly competition.** Associates quickly adopted the social features of the Nudge app, engaging with leaderboards and communication forums to share best practices.

“We’ve seen significant improvements in sales — upwards of 10%, 20%, 30% lift — when we communicate the benefits, test the knowledge base of the product, and then allow associates to have conversations through [Nudge’s] Spark [feature].”

Director of sales and CX, office supply retailer

“We made two groups — a Nudge group and a non-Nudge group. With the Nudge group we talked about the product, had interactions back and forth, and shared best practices. Long story short, the Nudge group sold 35% more than the non-Nudge group.”

SVP guest experience, food services

“Nudge makes a big company feel small.”

SVP, guest experience, food services

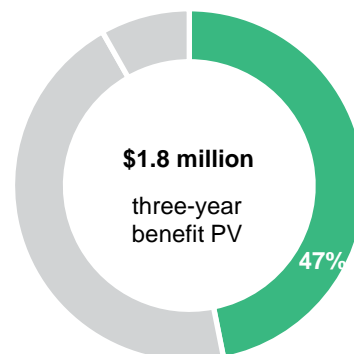
Modeling and assumptions. To capture the interviewees’ experiences, Forrester assumes for the composite organization:

- Annual revenues of \$500 million in the first year of the Nudge investment and organic growth of approximately 5% year over year.
- In-store sales comprise 80% of total revenue.
- Same-store sales increased by 3%, 4%, and 5% in Years 1, 2, and 3, respectively.
- Forrester assumes that 50% of the revenue increase can be attributed to the Nudge investment.
- The composite organization has an income margin of 10%.

Risks. Forrester recognizes that these results may not be representative of all experiences and may vary depending on adoption rates and effective communications through Nudge; the degree to which the additional revenue is attributed to the Nudge investment; and margin.

- It is possible that customers may have a positive experience with a frontline worker in-store and make a purchase later online, in which case the revenue lift could be applied to a larger portion of revenue and therefore result in a higher benefit calculation.

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 \$1.8 million



Incremental Income From Improved Deskless Worker Engagement					
Ref.	Metric	Source	Year 1	Year 2	Year 3
A1	Annual revenue in prior environment	Composite +5% organic growth	\$500,000,000	\$525,000,000	\$551,250,000
A2	Percent of revenue from in-store sales	Composite	80%	80%	80%
A3	In-store sales	A1*A2	\$400,000,000	\$420,000,000	\$441,000,000
A4	Percent increase in same-store sales	Interviews	3%	4%	5%
A5	Incremental sales resulting from Nudge investment	A3*A4	\$12,000,000	\$16,800,000	\$22,050,000
A6	Attribution to Nudge	Forrester assumption	50%	50%	50%
A7	Income margin	Composite	10%	10%	10%
At	Incremental income from improved deskless worker engagement	A5*A6*A7	\$600,000	\$840,000	\$1,102,500
	Risk adjustment	↓15%			
Atr	Incremental income from improved deskless worker engagement (risk-adjusted)		\$510,000	\$714,000	\$937,125
Three-year total: \$2,161,125			Three-year present value: \$1,757,795		

COMMUNICATION EFFICIENCY SAVINGS

Evidence and data. With the shift to Nudge communications, customers experienced significant time savings for managers and frontline workers, increased messaging consistency, and more effective information sharing between frontline workers and management. Interviewees measured the success of Nudge in several ways:

- **Nudge reduced manager communication efforts by 25%.** Nudge enabled customers to streamline how information was communicated from leadership to store managers and then to frontline workers, which was previously a fragmented, time-consuming process. Instead of spending significant time consuming and organizing information from HQ and sharing it with employees through breakroom bulletin boards, pre-shift meetings, and ad hoc conversations, managers could quickly push announcements, product information, and other critical communications out to employees through the Nudge application. With these time savings, managers spent more hours on the floor leading and mentoring their teams.

“In the past, it would take a store manager close to two hours a day to go through all of the communications. That doesn’t include filing, sharing, and asking questions. Now it can be done in 30 minutes.”

Chief marketing officer, sporting goods retailer

- **Nudges reduced the length and frequency of pre-shift meetings.** With the ability to share timely information and receive employee feedback through Nudge’s two-way

communication capabilities, the interviewees’ organizations reduced the length of pre-shift, safety-related, and other meetings by 50% or more and decreased the frequency of meetings altogether, saving time for both store managers and frontline workers. The SVP of guest experiences at the food services organization shared: “Safety trainings were weekly, so that’s probably 40 minutes a week that they would have to prep and get ready to be able to deliver that. Now it’s a Nudge on the phone.”

- **A centralized communications platform enabled messaging consistency.** By replacing the previous inefficient communication methods with a centralized digital platform, the interviewees’ organizations could ensure that announcements and product information were shared consistently across all locations and shift teams. Nudge eliminated the risk of information being lost or misrepresented in translation by different managers, and frontline workers could directly access and consume information.

“There’s value in terms of the production cost and in the time spent trying to maintain and manage messaging consistently across all the stores. Nudges go right to the teams, and we know that they’ve read it.”

Director of sales and CX, office supply retailer

- **Analytics and two-way communication helped managers quickly identify and close information gaps.** Empowered by data on open and response rates, knowledge testing, and campaign engagement, the interviewees could easily identify gaps in general and product-

related knowledge among their workers and more effectively close them. The store operations manager at the specialty toy retailer shared: “There’s time savings on closing knowledge gaps. We are able to quickly identify gaps when it comes to something like product knowledge, which is a really important thing for us. We’re able to see, identify, and rectify that more quickly than [we] would in the past. It’s saving them a lot of time there.”

“Nudge is a great engagement tool. Nudge is not a cold communication platform. It’s casual, it’s fun, and it’s snackable.”

CMO, sporting goods retailer

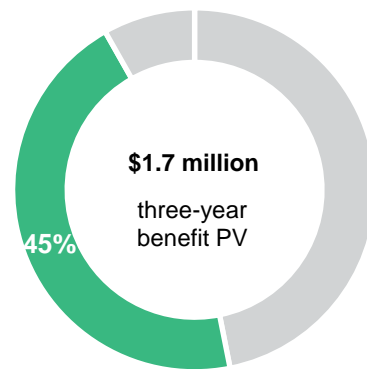
Modeling and assumptions. To capture the interviewees’ experiences, Forrester assumes for the composite organization:

- The composite has 200 locations, with one key manager tasked with communication. The retail stores operate 360 days a year.
- In the prior environment, each store manager spent 1.5 hours per day reviewing and organizing information and then communicating key concepts to frontline workers.
- After the investment in Nudge, the composite reduces the length of pre-shift meetings and manager information ingestion, decreasing the overall number of hours spent on communication by managers by 50%, 55%, and 60% in Years 1, 2, and 3, respectively.
- The burdened hourly cost of a store manager is \$27.
- Forrester assumes a 50% productivity recapture for managers.

Risks. Forrester recognizes that these results may not be representative of all experiences and may vary depending on:

- the number of managers assigned to each store; the volume and complexity of information required to be ingested and then disseminated; how well managers are able to utilize the Nudge platform; the percentage of frontline workers using the Nudge app; the burdened cost of management resources; and managers’ ability to productively reallocate time savings.

Results. To account for these risks, Forrester adjusted this benefit downward by 15%, yielding a three-year, risk-adjusted total PV of \$1.7 million.



Communication Efficiency Savings					
Ref.	Metric	Source	Year 1	Year 2	Year 3
B1	Number of stores	Composite	200	200	200
B2	Number of store managers per store	Composite	1	1	1
B3	Hours spent per manager disseminating information in prior environment	1.5 hours per day*360 days	540	540	540
B4	Percent of time saved per manager using Nudge for deskless worker communication	Interviews	50%	55%	60%
B5	Hours saved annually per manager	B3*B4	270	297	324
B6	Burdened cost of a manager	Composite	\$27	\$27	\$27
B7	Productivity recapture	Forrester assumption	50%	50%	50%
Bt	Communication efficiency savings	B1*B2*B5*B6*B7	\$729,000	\$801,900	\$874,800
	Risk adjustment	↓15%			
Btr	Communication efficiency savings (risk-adjusted)		\$619,650	\$681,615	\$743,580
Three-year total: \$2,044,845			Three-year present value: \$1,685,299		

EMPLOYEE RETENTION SAVINGS

Evidence and data. Forrester's Employee Experience Index shows that 94% of the most engaged employees plan to stay with their employers for the next year, versus 41% for the least engaged.³ Furthermore, engaged employees are more likely to provide better customer experience. With the rollout of Nudge communications, there were several impacts on the EX of frontline workers:

- **Nudge provided job satisfaction and engagement insights.** Managers used Nudge insights around engagement and activity to predict when an associate was losing interest or becoming less engaged and step in to conduct stay interviews and provide coaching.
- **Nudge facilitated higher knowledge-retention rates.** The know-how to do a job well is a key factor to job satisfaction and success for frontline workers. Customers used Nudge to maintain training outcomes for longer periods, enabling them to avoid redundant trainings.
- **Nudges to new frontline workers made onboarding a gradual process.** Customers automated onboarding communication for new deskless workers to be sent in bite-sized increments, enabling new hires to receive information gradually. Nudges were personalized based on job role and time-based needs. This method improved the onboarding experience.
- **Upward communication feedback opportunities improved EX.** Employee satisfaction is a precursor to creating a great customer experience.⁴ With Nudge, deskless workers have a venue to provide feedback on their daily experiences, share best practices, identify problems in real time, and receive recognition. Interviewees noted that from evaluating associate feedback, employees are happier and better understand their jobs.

“We found an interesting correlation: When someone’s Nudge activity started to go downward, we could predict that they were going to leave. It has become a tool for stay interviews and for management to make sure that everyone is fully engaged and has their eyes on the ball.”

SVP guest experience, food services

“Associates can go through a training module and get 100% completion but not remember anything. Three weeks later, when we use Nudge to validate training, we have seen an 87% effectiveness on associates retaining that knowledge.”

Director of sales and CX, office supply retailer

“We get really great and honest feedback from associates. People feel more involved in what they’re doing, they feel more focused, and [they] know what they have to do when they come into work. They know very, very clearly what their goals are.”

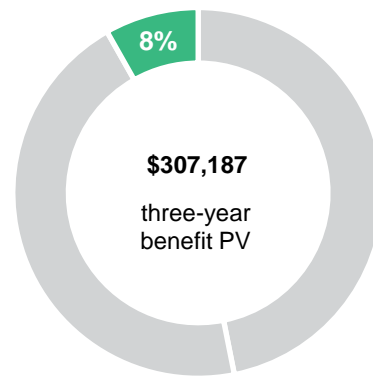
Store operations coordinator, specialty toy retailer

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

- The composite organization has 3,000 deskless workers.
- The Nudge adoption rate among deskless workers is 65%, 80%, and 85% in Years 1, 2, and 3, respectively.
- The average turnover rate of deskless workers that do not use Nudge is 50%.
- Deskless workers using Nudge have a 10% higher retention rate.
- The average turnover cost per associate is \$1,200.

- The turnover costs of a deskless worker will vary depending on industry.
- Salaried deskless workers will be more costly to replace than their hourly counterparts.
- The turnover cost for entry-level positions may be between 150% and 200% of annual salary.⁵

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV of \$307,000.



Risks. Forrester recognizes that these results may not be representative of all experiences and may vary depending on the number of deskless workers, adoption rates of Nudge, the average turnover rate of deskless workers before Nudge, how and the turnover costs per employee. Consider also:

Employee Retention Savings

Ref.	Metric	Source	Year 1	Year 2	Year 3
C1	Total deskless workers	Composite	3,000	3,000	3,000
C2	Nudge adoption rate	Interviews	65%	80%	85%
C3	Nudge users (rounded)	C1*C2	1,950	2,400	2,550
C4	Average turnover rate of deskless workers before Nudge	Industry	50%	50%	50%
C5	Improvement to retention rates for Nudge users	Interviews	10%	10%	10%
C6	Average turnover rate of Nudge users	C4*(1-C5)	45%	45%	45%
C7	Number of avoided new hires (rounded)	C3*C4-C3*C6	98	120	128
C8	Average turnover cost per employee	Forrester assumption	\$1,200	\$1,200	\$1,200
Ct	Employee retention savings	C7*C8	\$117,600	\$144,000	\$153,600
	Risk adjustment	↓10%			
Ctr	Employee retention savings (risk-adjusted)		\$105,840	\$129,600	\$138,240
Three-year total: \$373,680			Three-year present value: \$307,187		

UNQUANTIFIED BENEFITS

Additional benefits that customers experienced but were not quantified for this study include:

- **Nudge facilitated the frontline’s return to the “new normal.”** Nudge was an invaluable tool for communicating frequent changes to frontline workers as businesses adjust to life following the global COVID-19 pandemic.
- **Safety campaigns resulted in double-digit improvements.** The food services organization interviewed for this study sent Nudges focused on improving safety for frontline workers. The SVP of guest experience shared: “The first thing we targeted was safety, and immediately we had a double-digit improvement in safety scores.”
- **Nudge led to office supply savings.** Replacing traditional bulletin boards, printed emails, and informational posters with digital communications enabled the interviewed organizations to reduce spending on consumable office supplies. For the composite organization, the three-year savings would be up to an additional \$2 million.
- **Nudge made associates part of the conversation and helped leadership make better-informed decisions.** Interviewees used Nudge’s open communication channels between deskless workers and leadership to provide actionable insights. Nudge allows customers to evaluate the readiness of frontline associates in preparation for upcoming campaigns. This allowed leadership to proactively influence the outcome of a sales campaign and align leadership with experiences in the field.

“Nudge is a communication tool to send information, but we’re also getting value from receiving insights about what is actually happening in the field.”

Director of sales and CX office supply retailer

NUDGE’S IMPACT ON CUSTOMER EXPERIENCE (CX)

The customers interviewed for this study experienced a marked improvement to CX measurements like customer satisfaction (CSAT) and Net Promotor ScoreSM (NPS) after the investment in Nudge⁶. A related metric is Forrester’s own Customer Experience Index (CX IndexTM) score, which highlights how improvements to CX have a measurable business impact.⁷

For the retail composite organization, a single-point increase to the CX Index score is worth \$4.69 incremental revenue per customer. If the composite organization is assumed to have 2 million customers, the additional revenue would be nearly \$9.4 million.

“With Nudge, we’ve been able to shift our marketing from being dictation-led into being conversation-led: We want our associates to engage in passionate conversations with our customers. Nudge has been able to spark those conversations in our store and completely change our relationship with our customers. “

Chief marketing officer, sporting goods retailer

• “We use Nudges to train deskless workers about how important it is to make eye contact, smile at somebody, and wish them to have a great day. All of those things impact our CSAT scores, and they’ve been significantly improved.”

• SVP guest experience, food services

FLEXIBILITY

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

- **Expanding investment to include additional Nudge modules.** Nudge’s offering includes its Core product (content feed, chat, polling, quizzes, multimedia resource library, and reporting), but there are also several additional modules that organizations can purchase to expand their Nudge use cases. Additional products include recognition, task management, job posting recruiting, engagement pulse surveys, employee onboarding and advanced reporting and analytics. It is possible that these purchases may enable organizations to consolidate or decommission legacy tools.
- **Serving as a primer for further technology adoption.** In an age of rapid digital transformation, succeeding through change requires a flexible and adaptive workforce.⁸ Success of technology investments are dependent on effective change management and proper adoption. Introducing Nudge to frontline workers helps in two ways: First, it introduces a new method of communication to the frontline worker. Second, Nudges that drive selling behavior can also be targeted to drive adoption of future technology investments. For the interviewed customers, Nudge was a strategic investment to help ensure long-term success in their ongoing digital transformation journey.

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

“As we move forward in the next few years, it is our business objective to integrate more technology. And we feel like Nudge is a stepping-stone to help get our associates prepared for more technology in the business.”

Store operations coordinator, specialty toy retailer

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
Dtr	Nudge subscription and implementation costs	\$17,250	\$207,000	\$207,000	\$207,000	\$638,250	\$532,028
Etr	Internal implementation, training, and ongoing management costs	\$4,692	\$45,052	\$40,664	\$40,664	\$131,072	\$109,807
	Total costs (risk-adjusted)	\$21,942	\$252,052	\$247,664	\$247,664	\$769,322	\$641,835

NUDGE SUBSCRIPTION AND IMPLEMENTATION COSTS

Customers incurred external costs in the following areas as part of the Nudge investment:

- Subscription costs.** Nudge has a subscription-based licensing model based on a monthly fee per location, which gives every employee access to the Core Nudge platform. A per-user fee structure is also offered for certain industries and use cases. The modules in the core platform include content feed, chat, polling, quizzes, a multimedia resource library, and reporting for Core features. The interviewed customers also subscribed to add-on modules, such as recognition, task management, job posting recruiting, engagement pulse surveys, employee onboarding, and advanced reporting and analytics for additional modules at additional cost.
- One-time implementation fees.** The interviewees paid a one-time set up fee within the first six months of the engagement for initial setup and personalization of the platform. The scope of this service involved Nudge training program managers on the platform, curating content, and developing campaign templates with

the objective of enabling program managers to become self-sufficient. After the implementation period, customers have the option to continue these services for a small fee.

“Nudge walked us through the process. They took the time to understand our business and our strategy. They helped us navigate to a place where now we can own it ourselves.”

Director of sales and CX, office supply retail

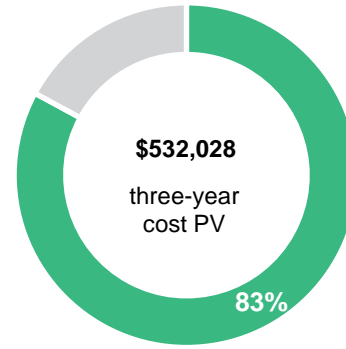
Modeling and assumptions. Based on the subscriptions held and costs incurred by the interviewed organizations, Forrester assumes the following:

- The composite organization’s subscription fees for Nudge are \$900 per year per location.
- Across its 200 locations, the organization spends \$180,000 on Nudge annually.
- It also incurs a one-time fee of \$15,000 for initial setup and personalization of the platform.

Risks. Forrester understands that subscription and one-time fees may vary by organization, and the best way to determine the costs is to speak directly with a Nudge representative. Factors to consider when estimating subscription and implementation fees include:

- The number of stores or locations that will be added to or removed from the Nudge platform each year.
- The per-location subscription fee as set forth by Nudge’s representatives, discounts negotiated, and contract length and terms.
- Options to include add-on modules.
- Options to continue using Nudge’s content services following the implementation period.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of \$532,000.



Nudge Subscription And Implementation Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
D1	Number of stores using Nudge	Composite		200	200	200
D2	Average cost per location	Interviews		\$900	\$900	\$900
D3	One-time implementation costs	Composite	\$15,000			
Dt	Nudge subscription and implementation costs	D1*D2+D3	\$15,000	\$180,000	\$180,000	\$180,000
	Risk adjustment	↑15%				
Dtr	Nudge subscription and implementation costs (risk-adjusted)		\$17,250	\$207,000	\$207,000	\$207,000
Three-year total: \$638,250			Three-year present value: \$532,028			

INTERNAL IMPLEMENTATION, TRAINING, AND ONGOING MANAGEMENT COSTS

Evidence and data. Customers incurred internal labor costs related to the following areas as part of the Nudge investment:

- **Implementation costs.** The interviewees noted that the implementation process for Nudge was relatively easy, describing implementation timelines ranging from two to four weeks. Most of the work effort came from a program administrator who was tasked with setting program objectives, developing content strategies and campaigns, and liaising with HR for employee data. The director of sales and CX at the office supply retailer cited that these activities required around 200 hours of effort between him and a senior manager. While technical integration was not necessary in most cases, the office supply retailer spent 100 IT hours connecting Nudge to employee data.
- **Change management.** While the simplicity and accessibility of Nudge facilitated natural adoption of the platform across the interviewees' organizations, customers allocated a small rewards budget of \$1,000 to \$3,000 to incentivize faster adoption with prizes for downloading and engaging with Nudge.
- **Training costs.** As part of the implementation process, Nudge's customer success team provided support for launch, helped customers gain familiarity with the tool and trained customers on campaign development and strategy. The store operations coordinator at the specialty toy retailer cited that these efforts required 1 to 2 hours per week.
- **Ongoing management.** Interviewees noted that efforts for ongoing management of Nudge ranged from 30% to 70% of a dedicated program administrator's time. The bulk of this time was spent on content and campaign development.

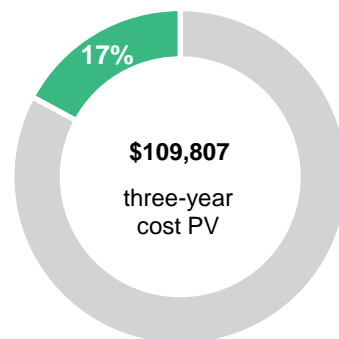
Modeling and assumptions. To capture the findings of the customer interviews, Forrester assumes the following for the composite organization:

- As part of the initial implementation, 120 hours of the program administrator's time is allocated to initial implementation activities.
- In the first year, the program administrator dedicates 24 hours to training.
- The annual burdened salary of the program administrator is \$70,720, or \$34 per hour.
- The composite organization spends \$3,000 on a rewards budget for an adoption campaign in Year 1.
- Ongoing management requires 50% of the program administrator's time.

Risks. Forrester recognizes that these results may not be representative of all experiences and that internal labor costs may vary due to:

- Uncertainty related to the need to integrate Nudge with an external HCM or HR system.
- The time required for a program manager to achieve proficiency with Nudge.
- The choice to employ a rewards budget for initial adoption.
- The number of campaigns or Nudge communications sent to employees on an ongoing basis.

Results. To account for these risks, Forrester adjusted this cost upward by 15%, yielding a three-year, risk-adjusted total PV of \$110,000.

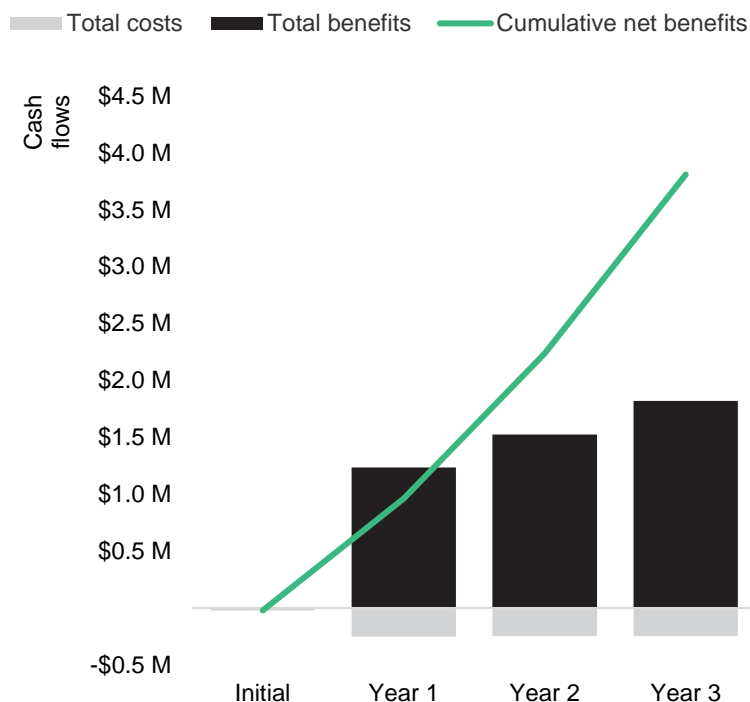


Internal Implementation, Training, And Ongoing Management Costs						
Ref.	Metric	Source	Initial	Year 1	Year 2	Year 3
E1	Hours dedicated by a Nudge program administrator to implementation	Composite	120			
E2	Hours dedicated by Nudge administrator for training	2 hours per week *3 months		24		
E3	Burdened cost of program administrator	Composite	\$34	\$34	\$34	\$34
E4	Rewards budget for adoption campaign	Interviews		\$3,000		
E5	Subtotal: Implementation and training costs	(E1+E2) *E3+E4	\$4,080	\$3,816	\$0	\$0
E6	Number of Nudge administrators	Interviews		1	1	1
E7	Percent of time dedicated to managing Nudge	Interviews		50%	50%	50%
E8	Annual burdened cost of Nudge administrator	Composite		\$70,720	\$70,720	\$70,720
E9	Subtotal: Ongoing management costs	E6*E7*E8	\$0	\$35,360	\$35,360	\$35,360
Et	Internal implementation, training, and ongoing management costs	E5+E9	\$4,080	\$39,176	\$35,360	\$35,360
	Risk adjustment	↑15%				
Etr	Internal implementation, training, and ongoing management costs (risk-adjusted)		\$4,692	\$45,052	\$40,664	\$40,664
Three-year total: \$131,072			Three-year present value: \$109,807			

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	(\$21,942)	(\$252,052)	(\$247,664)	(\$247,664)	(\$769,322)	(\$641,835)
Total benefits	\$0	\$1,235,490	\$1,525,215	\$1,818,945	\$4,579,650	\$3,750,281
Net benefits	(\$21,942)	\$983,438	\$1,277,551	\$1,571,281	\$3,810,328	\$3,108,446
ROI						484%
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

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: US Bureau of Labor Statistics, <https://www.bls.gov/news.release/jolts.t16.htm>.

³ Source: Forrester Analytics Business Technographics® Workforce Survey, 2020.

⁴ Source: "Improve Employee Experience To Better Your Business Performance," Forrester Research, Inc., March 12, 2021.

⁵ Source: Shane McFeely and Ben Wigert, "This Fixable Problem Costs U.S. Businesses \$1 Trillion," Gallup, March 13, 2019 (<https://www.gallup.com/workplace/247391/fixable-problem-costs-businesses-trillion.aspx>).

⁶ Net Promoter and NPS are registered service marks, and Net Promoter Score is a service mark, of Bain & Company, Inc., Satmetrix Systems, Inc., and Fred Reichheld.

⁷ Source: "How Customer Experience Drives Business Growth, 2019," Forrester Research, Inc., December 13, 2019.

⁸ Source: "The CEO's Guide To The Future Of Work," Forrester Research, Inc., June 8, 2020.

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