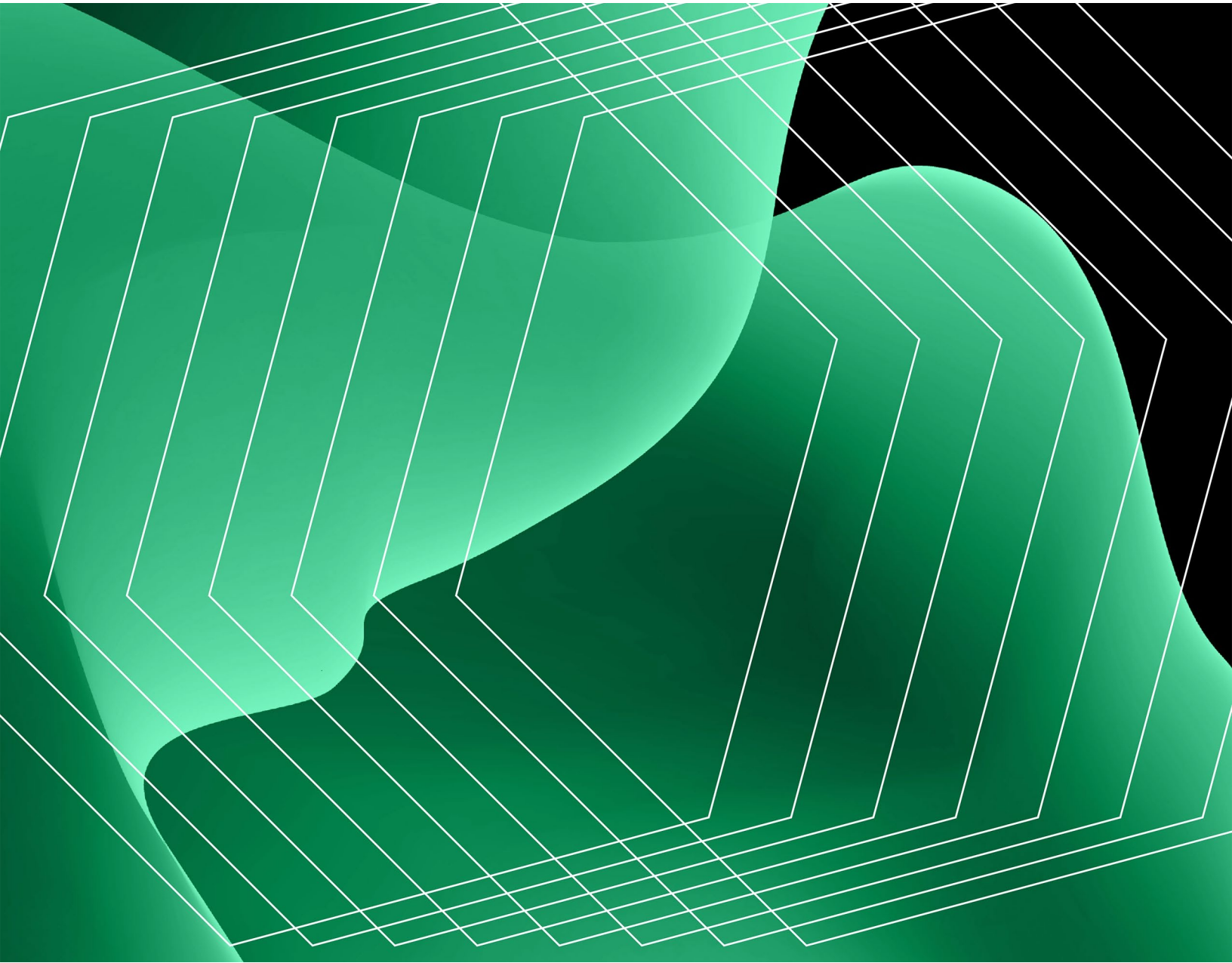
FORRESTER®

The Total Economic Impact™ Of Charles

Investment Returns And Business Benefits Enabled By Charles

A FORRESTER TOTAL ECONOMIC IMPACT STUDY
COMMISSIONED BY CHARLES, DECEMBER 2024



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Consulting Team:

Stefanie Vollmer

Jan Sythoff

ABOUT FORRESTER CONSULTING

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

Executive Summary

In today's perpetually connected world, the primary goal for e-commerce businesses is to drive profitable growth by acquiring new customers and nurturing existing ones. Achieving this requires a deep understanding of the customer and the ability to deliver highly relevant, personalized offers and messages. By personalizing communications and automating them through event-driven messaging, companies can send the right message at the right time via the right channel. WhatsApp is a powerful communication and sales channel that facilitates this level of engagement. The WhatsApp marketing platform from charles, with its focus on automation and personalization, enhances customer engagement and drives efficiency and growth for European e-commerce organizations.

Charles is a European WhatsApp marketing platform that helps brands automate and scale their marketing efforts, focusing on maximizing revenue per recipient, retaining customers, and ensuring GDPR compliance. Its key features are automated conversational flows and marketing campaigns. The charles platform enables seamless integrations with e-commerce platforms, CRM systems, customer service software, analytics tools, and messaging services to enhance marketing and customer experiences.

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

Return on investment (ROI)
249%

Net present value (NPV)
€820K

To better understand the benefits, costs, and risks associated with this investment, Forrester interviewed the e-commerce leader of a prominent fashion and apparel retailer who has experience using charles. Forrester used this experience to project a three-year financial analysis.

Prior to using charles, the interviewee noted that their organization used a legacy instant messaging (IM) platform solution. This couldn't meet their need to execute large marketing and sales campaigns, leaving them with low-quality audience reach and system downtime issues. These limitations meant the retailer was unable to convert the audiences generated, resulting in dissatisfied customers and fewer transactions.

After the investment in charles, the interviewee's organization was able to accomplish large marketing campaigns effectively via WhatsApp. Key results from the investment included improved engagement with customers, higher conversion rates, and increased subscriber growth, driving higher returns on marketing campaigns.

KEY FINDINGS

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

- **An improvement in customer engagement by 550%.** The introduction of charles allows the interviewee's organization to automate WhatsApp marketing conversations and personalize WhatsApp messages to cater to the unique preferences and shopping behaviors of its customers. To enhance customer engagement, charles enables the implementation of creative, gamified, interactive direct messaging campaigns — resulting in a 550% increase in the engagement rate worth €150,000.
- **An increase in click-to-conversion rates by 267%.** After engaging with marketing content delivered through automated WhatsApp conversations, customers convert at a higher rate than with the legacy IM solution. Charles offers software features for personalized messaging, and its customer success team's support increases the click-to-conversion rate from 3.3% to 12.2%, resulting in an incremental operating profit of €422,000.

- **Cost savings from decommissioning the legacy solution worth €221,000.** The retirement of the legacy IM solution results in improved and reliable WhatsApp marketing campaign execution without any system downtime. Additionally, the interviewee's organization no longer requires vendor support to handle frequent software bugs.
- **Subscriber growth driving €355,000 of incremental revenue.** Following the implementation of charles, the interviewee's organization experiences a rise in additional WhatsApp subscribers. This growth is driven by a combination of factors, including charles' WhatsApp-native features that facilitate subscriber collection; the creative support of charles' customer success team, which devises new strategies to accelerate this process; and the platform's stable performance. The significant improvements in performance and stability lead to the decision to double down on the channel and prioritize it further, resulting in incremental operating profit of €355,000.

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

- **Expert support.** As an early mover within the conversational commerce space, charles has developed advanced expertise. This knowledge enables the interviewee to avoid the initial challenges associated with adopting WhatsApp and to scale the channel effectively by leveraging charles' best practices.
- **Ease of use.** Using the charles platform simplifies the interviewee's marketing campaign management, thanks to its intuitive interface and journey builder. The user-friendly interface allows the interviewee to navigate and use features without requiring any coding expertise, while charles' Journeys feature enables them to easily create and execute automated, personalized WhatsApp campaigns. The transition from a complicated legacy system to charles significantly improves efficiency and reduces the need for vendor assistance; the previous IM platform was difficult to use and required frequent support.
- **Seamless integration.** As charles seamlessly integrates with the interviewee's in-house marketing tools and CRM systems, it enables a unified marketing approach. This integration is crucial for orchestrating CRM efforts across all channels, ensuring the right message reaches the right customers at the right time through the right channel.

- **Automation capabilities to streamline marketing processes.** With charles, the interviewee can set up automated sequences for welcome messages, follow-ups, and promotional offers without requiring any additional training or coding skills.
- **GDPR compliance.** As the interviewee's organization is based in Europe, charles ensures data protection and assists it with maintaining compliance with GDPR regulations.

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

- **Vendor and third-party costs of €263,000.** Vendor fees are a function of the message volumes sent with charles in addition to a fixed annual fee. The WhatsApp Business Platform API charges fees based on the number of conversations sent.
- **Implementation and maintenance costs of €66,000.** Implementation costs for the interviewee's organization consist of the internal effort required for the deployment. The interviewed CRM manager allocates 25% of his time to Charles to maintain the tool.

The interview and financial analysis found that the representative's organization experiences benefits of €1.2 million over three years versus costs of €329,000, adding up to a net present value (NPV) of €820,000 and an ROI of 249%.

550%

Engagement rate improvement

> “With charles, we found a WhatsApp marketing platform strategy solution that allowed us to effectively convert the audiences that we generated.”
>
> CRM MANAGER, E-COMMERCE

> “Charles was the most proactive provider of instant messaging platform vendors that we considered. Charles has an extensive knowledge base.”
>
> CRM MANAGER, E-COMMERCE

Return on investment (ROI)

249%

Benefits PV

€1.15M

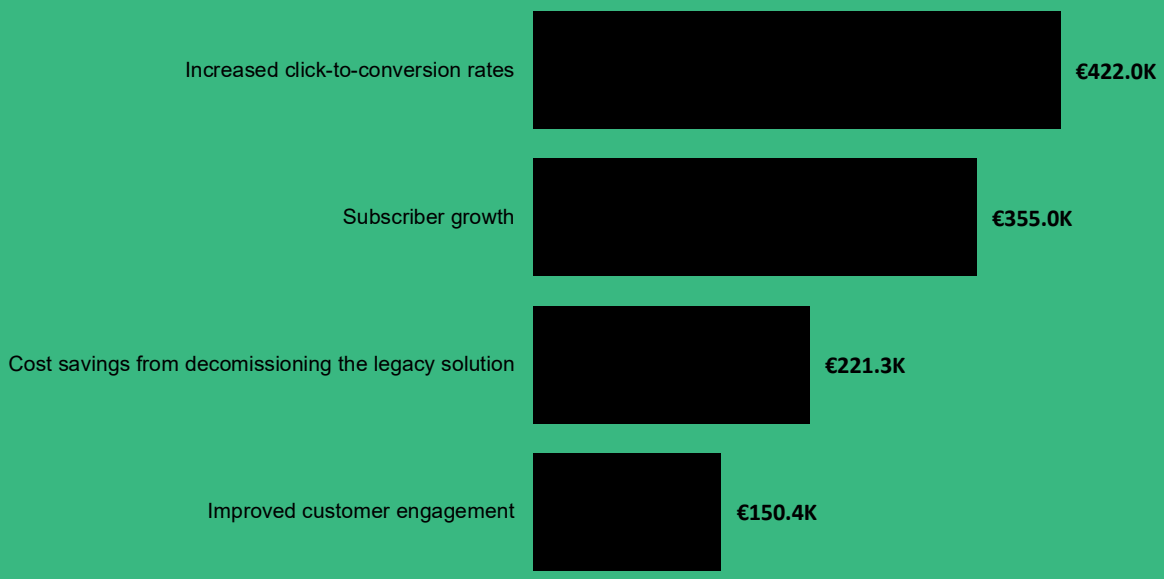
Net present value (NPV)

€820K

Payback

<6 months

Benefits (Three-Year)



TEI FRAMEWORK AND METHODOLOGY

From the information provided in the interviews, Forrester constructed a Total Economic Impact™ framework for those organizations considering an investment in charles.

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 charles can have on an organization.

DISCLOSURES
Readers should be aware of the following:

This study is commissioned by charles 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 charles.

Charles 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.

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

1. Due Diligence
Interviewed charles stakeholders and Forrester analysts to gather data relative to charles.

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

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

4. 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 Charles Customer Journey

Drivers leading to the charles investment

INTERVIEWEE'S ORGANIZATION

Forrester interviewed the representative of an organization who has experience using charles. Their organization has the following characteristics:

- The interviewee's company is a fast-growing online fashion retailer headquartered in Europe and operating in 26 countries. The company focuses on providing a wide range of fashion and lifestyle products to consumers.
- The organization aims to digitize the traditional shopping experience, particularly targeting fashion-conscious customers.
- The company has around 1,500 employees and 13 million active customers placing almost 40 million orders per year, and it achieved annual revenues of €1.9 billion in 2023.

KEY CHALLENGES

The interviewee noted that their company introduced WhatsApp marketing using a legacy solution but faced disappointing outcomes, including low engagement rates, poor technical stability and performance, and difficulties in converting customers due to the technical issues and limited personalization.

The interviewee noted that the organization struggled with common challenges, including:

- **Poor tool performance.** The interviewee's organization faced technical issues when sending out high volumes of messages via their legacy IM platform provider. Consistent malfunctions during campaigns led to wasted efforts and lost revenue. Inadequate technical stability and performance, likely due to inefficient or poor-quality code, resulted in an underperforming API and improperly scaled infrastructure. Technical integrations also encountered similar problems, with

synchronization processes struggling to handle large data volumes, raising concerns about data integrity.

- **A low engagement rate.** Despite seeing WhatsApp Business as a valuable communication channel, the interviewee's organization struggled to effectively target and engage a wider audience. Expanding its reach and resonating with a broader customer base required overcoming the obstacles of reaching the right audiences and effectively capturing their attention — via personalized messages, for example.
- **Difficulties in converting customers.** Limited personalization and frequent technical issues led to a low conversion rate. The tool's personalization capabilities were restricted for two main reasons: It had a limited set of features and an absence of integrations. It lacked robust segmentation and audience-building capabilities, preventing dynamic inclusion, exclusion, and targeted campaigns based on specific data points or tags, such as past purchases or preferences. The absence of integration with the customer's CRM system and customer data platform (CDP) also hindered the use of existing segments and lists. Consequently, the legacy tool couldn't offer dynamic product recommendations or in-depth segmentation, relying instead on bulk messaging and generic content.

SOLUTION REQUIREMENTS

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

- Maximize its return on investment by boosting profitability through a reliable and effective WhatsApp marketing platform.
- Optimize the IM marketing channel's performance by offering expert support to ensure best practices and strategies were implemented effectively.
- Ensure GDPR compliance, as the interviewee's organization is based in the European Union. This is crucial for ensuring data privacy and security as well as a positive customer experience.

- Allow seamless campaign implementation and effortless rollout. The interviewee's organization wanted a platform with a user-friendly interface designed to be intuitive and easy to use when executing marketing and sales campaigns.
- Enhance creativity when reaching out to customers. The interviewee stressed the need to incorporate elements of gamification and add a fun factor to the customer experience.

> "With charles, we found a partner to work with, rather than just a platform that is sending out messages for us."
>
> **CRM MANAGER, E-COMMERCE**

> "[We] were seeking a platform capable of delivering software releases to enhance the tool's performance, and charles was able to provide exactly that."
>
> **CRM MANAGER, E-COMMERCE**

> “We wanted to benefit from charles’ expertise and its proven track record with other companies using WhatsApp marketing.”
>
> CRM MANAGER, E-COMMERCE

USE CASE DESCRIPTION

A prominent European online fashion retailer struggled with the poor performance of its outdated IM platform. The absence of segmentation and audience-building features as well as the lack of vendor support in creating the right campaign format led to low customer engagement rates and conversion challenges. To overcome these issues, the e-commerce retailer wanted a new software platform that could help it automate and scale its WhatsApp marketing efforts. It also needed the new vendor’s customer success team to support it in offering a personalized and inspiring shopping experience that would enhance revenue and customer engagement. The retailer decided to adopt charles’ software platform.

Key Assumptions

170,000 WhatsApp subscribers

Six sales and marketing campaigns per year

20% growth in its customer base

Analysis Of Benefits

Quantified benefit data

Total Benefits						
Ref.	**Benefit**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Atr	Improved customer engagement	€50,440	€60,527	€72,633	€183,600	€150,447
Btr	Increased click-to-conversion rates	€141,475	€169,770	€203,724	€514,969	€421,981
Ctr	Cost savings from decommissioning the legacy solution	€40,928	€116,663	€116,663	€274,254	€221,273
Dtr	Subscriber growth	€84,105	€172,415	€181,036	€437,556	€354,966
	Total benefits (risk-adjusted)	€316,948	€519,375	€574,056	€1,410,378	€1,148,667

IMPROVED CUSTOMER ENGAGEMENT

Evidence and data. The CRM manager in e-commerce reported increased customer engagement on WhatsApp, driven by charles' automated marketing sequences as well as the effective tailoring of offers to align with customers' preferences. Enhanced customer engagement led to an increase in the number of customers moving into the sales funnel.

- The CRM manager in e-commerce reported that their previous IM platform saw lower engagement rates than the WhatsApp communications via charles. The interviewee described how the absence of personalization in the legacy tool prevented them from catering to the unique preferences and shopping behaviors of their customers. The CRM manager noted that, in contrast, charles enabled it to tailor offers to align with customers' valued preferences; this was not only effective but also "genuine and respectful" toward customers.
- The interviewee noted that charles' dedicated customer support team, including its success manager, played a crucial role in enhancing customer engagement by assisting their organization in creating the right content. The charles customer

support team provided advice on audience segmentation best practices as well as guidance on effective audience segmentation based on customer behaviors, demographics, preferences, tags, purchase history, and other relevant factors. The customer support team offered the interviewee's organization best practices for optimizing WhatsApp templates to boost engagement by focusing on the message, call-to-action (CTA) buttons, links, images, and other key template elements. The CRM manager explained that charles' dedicated support team also helped them leverage data from customer interactions to craft more tailored messages and assisted them in running A/B tests to identify the most effective content formats, iterating them over time.

- The interviewee reported that charles' automated WhatsApp messaging, particularly its Journeys feature, enhanced customer engagement in several ways. The interviewee noted that it automated messages based on customer behaviors and preferences, which allowed their organization to send personalized product recommendations. The CRM manager also told Forrester that the automated flow of messages continuously engaged customers; it could even reactivate customers who hadn't interacted for a while or follow up on previous purchases.
- The interviewee explained the importance of replacing crowded CRM communication with "fresh WhatsApp marketing" to enhance customer engagement. The CRM manager explained that charles' journey automation enabled interactive campaigns, allowing them to incorporate quizzes and games into their messaging. The CRM manager noted: "Whenever we require a different kind of campaign, WhatsApp serves as a valuable channel. Specifically, charles empowers us to implement enjoyable and gamified direct messaging campaigns, ensuring that our company isn't perceived solely as a discount brand."
- The interviewee noted that charles saw higher clickthrough rates than the legacy IM platform. This additional engagement brought more customers into the funnel, ultimately driving revenue. The organization achieved higher clickthrough rates primarily through more engaging content. The interviewee explained that success managers at charles helped their organization with A/B testing as well as refining and analyzing the key factors that enhance content engagement, such as

personalization using customer data, media formats like images and videos, message wording, prompts, the actual offer, and CTA buttons.

Modeling and assumptions. For the representative financial model, Forrester makes the following assumptions:

- As the interviewee's organization seeks to expand its WhatsApp marketing initiatives, there is a 20% growth in the number of WhatsApp subscribers. It has 170,000 subscribers in Year 1; this increases to 204,000 subscribers in Year 2 and rises to 244,800 in Year 3.
- The organization executes six marketing campaigns each year.
- The average engagement rate (i.e., the click rate) of the legacy IM platform is 6%.
- The average engagement rate improves by 550% to 39% with charles.
- The legacy IM platform achieves an average click-to-conversion rate of 3.3% and an average order value (AOV) of €50.
- Forrester applies an operating margin of 10%, which is typical for online retailers.

Risks. The actual financial benefit will vary between organizations depending on the following factors:

- The number of customers who can be targeted and reached on WhatsApp.
- How frequently organizations reach out to customers on WhatsApp and other channels. If they overdo it, there is a risk that customers will see it as spam.
- The average click-to-conversion rate and the AOV of the legacy channel.
- An organization's operating margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €151,000.

550%

Improvement in engagement rate

"One of the main benefits is that charles has helped us run creative campaigns on WhatsApp […], which has had a positive impact on engagement and customer experience."

CRM MANAGER, E-COMMERCE

Improved Customer Engagement					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
A1	Subscribers	Interview	170,000	204,000	244,800
A2	Campaigns per year	Interview	6	6	6
A3	Total messages sent using charles	A1*A2	1,020,000	1,224,000	1,468,800
A4	Average engagement rate of legacy IM solution	Interview	6%	6%	6%
A5	Improvement in engagement rate	Interview	550%	550%	550%
A6	Engagement rate with charles (rounded)	A4*(1+A5)	39%	39%	39%
A7	**Subtotal: Additional engaged conversations when using charles**	**A3*(A6-A4)**	**336,600**	**403,920**	**484,704**
A8	Click-to-conversion rate of the legacy solution	Interview	3.3%	3.3%	3.3%
A9	AOV of the legacy solution	Interview	€50	€50	€50
A10	Incremental revenue due to improved customer engagement	A7*A8*A9	€555,390	€666,468	€799,762
A11	Operating margin	TEI methodology	10%	10%	10%
At	Improved customer engagement	A10*A11	€56,044	€67,253	€80,703
	Risk adjustment	↓10%			
Atr	Improved customer engagement (risk-adjusted)		€50,440	€60,528	€72,633
	Three-year total: €183,600			**Three-year present value: €150,447**	

INCREASED CLICK-TO-CONVERSION RATES

Evidence and data. Once customers engaged with messages and content, the interviewee's company saw higher rates of conversion with charles than with the organization's legacy IM platform and alternative CRM channels. The interviewee highlighted that the higher conversion rates resulted from the personalization of message content and the ongoing cultivation of customer relationships.

- The interviewee said that their organization used charles to send marketing and sales-based messages. The CRM manager noted that using charles' Journeys feature to send marketing content about their products increased customer engagement thanks to the automated personalized interactions based on customer behaviors and preferences. These fostered interest and drove

additional sales. The interviewee said, “Charles helped us intensively to reduce our own inventory with its creative WhatsApp campaign format.”

- The CRM manager highlighted the support they received from charles’ success team, which worked closely with them on optimizing their content by providing strategic guidance and operational support during the design and implementation phases of campaigns. This led to higher engagement and conversion rates.
- The interviewee’s organization had previously explored sales campaigns as an avenue and offered promotional codes to customers. However, the legacy solution failed to send out the correct codes, leading to customer discontent. In contrast, charles facilitated the successful execution of sales campaigns by accurately delivering early access and promotional codes, leading to higher conversion rates.
- Another area in which charles helped increased conversion rates was cultivating better customer relationships. The CRM manager explained that the asynchronous and ongoing nature of the conversations achieved via automation helped facilitate this.

Modeling and assumptions. For the representative financial model, Forrester makes the following assumptions:

- The interviewee’s organization sends WhatsApp messages to its subscribed customers in six campaigns each year. The number of yearly subscribers grows by 20%, resulting in 1,020,000 messages sent in Year 1, increasing to 1,224,000 in Year 2 and reaching 1,468,800 in Year 3.
- The average engagement rate (i.e., click rate) with charles is 39%.
- By introducing charles, the click-to-conversion rate increases by 267% from 3.3% to 12.2%.
- The AOV of the legacy IM platform is €50.
- Forrester applies an operating margin of 10%, which is typical for online retailers.

Risks. The actual financial benefit will vary between organizations depending on the following factors:

- The number of customers who engage with content.
- The average click-to-conversion rate and AOV of the legacy channel.
- An organization's operating margin.

Results. To account for these risks, Forrester adjusted this benefit downward by 20%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €422,000.

267%

Increase in the click-to-conversion rate

"We were trying to find new ways of giving customers discounts without overloading them with promotion codes. Charles enabled us to establish personalized and creative sales campaigns that increased conversion rates and cultivated ongoing customer relationships."

CRM MANAGER, E-COMMERCE

Increased Click-To-Conversion Rates					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
B1	Total messages sent using charles	Interview	1,020,000	1,224,000	1,468,800
B2	Engagement rate with charles	Interview	39%	39%	39%
B3	Click-to-conversion rate of the legacy solution	Interview	3.3%	3.3%	3.3%
B4	Increase in click-to-conversion rate with charles	Interview	267%	267%	267%
B5	Click-to-conversion rate with charles	B3*(1+B4)	12%	12%	12%
B6	**Subtotal: Additional conversions with charles**	**B1*B2*(B5-B3)**	**35,404**	**42,485**	**50,982**
B7	AOV legacy solution	Interview	€50	€50	€50
B8	Revenue from additional conversions	B6*B7	€1,768,450	€2,122,150	€2,546,550
B9	Operating margin	TEI methodology	10%	10%	10%
Bt	Increased click-to-conversion rates	B8*B9	€176,845	€212,215	€254,655
	Risk adjustment	↓20%			
Btr	Increased click-to-conversion rates (risk-adjusted)		€141,476	€169,772	€203,724
	Three-year total: €514,969			**Three-year present value: €421,981**	

COST SAVINGS FROM DECOMMISSIONING THE LEGACY SOLUTION

Evidence and data. The interviewee's organization struggled with its legacy IM platform, which suffered from extensive system downtime. Technical mishaps proved to be time-consuming and costly to fix. The legacy vendor's costs were also significantly higher than charles' fees in the first year and would have continued to increase in subsequent years.

- Before using charles, the interviewee's organization faced technical issues with its legacy IM platform. It experienced frequent system downtime events and software bugs, which disrupted their marketing campaigns. The CRM manager mentioned that fixing these bugs was time-consuming and costly: The interviewee used to spend one to two days fixing system bugs during campaigns. The organization also frequently lacked the technical skills to resolve these issues, requiring assistance from the legacy tool's vendor.

- The CRM manager stated that charles performed better and reliably delivered messages via the WhatsApp business messaging API at scale.
- The interviewee mentioned that even with a steep discount in Year 1, expenses with the legacy vendor were approximately 30% higher than charles. After the first-year discount ended, these costs escalated and would have been 230% and 184% higher than charles in the following years.

Modeling and assumptions. For the representative financial model, Forrester makes the following assumptions:

- The legacy vendor's fees amount to €43,773 in the first year, including a discount, and rise to €124,773 annually in the following years.
- Forrester assumes a yearly 10% maintenance fee for the legacy solution.

Risks. The actual financial benefit will vary between organizations depending on the following factors:

- Vendor fees may be lower depending on the level of discount.
- Maintenance costs may decrease over time as the customer becomes more familiar with the tool.

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 €221,000.

Cost Savings From Decommissioning The Legacy Solution					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
C1	Annual fees for the legacy solution	Interview	€43,773	€124,773	€124,773
C2	Maintenance costs of legacy solution (assumed)	10%	€4,377	€12,477	€12,477
Ct	Cost savings from decommissioning the legacy solution	C1+C2	€48,150	€137,250	€137,250
	Risk adjustment	↓15%			
Ctr	Cost savings from decommissioning legacy solution (risk-adjusted)		€40,928	€116,663	€116,663
	Three-year total: €274,254		**Three-year present value: €221,273**		

SUBSCRIBER GROWTH

Evidence and data. After implementing charles, the interviewee's organization saw a significant increase in WhatsApp subscribers. The organization successfully leveraged charles' platform by redirecting leads from other channels into WhatsApp with discount codes and exclusive content.

- Following the launch of IM marketing campaigns with charles, the interviewee's organization experienced a rise in the number of customers subscribing to its WhatsApp messages. Within the first year, charles contributed to the organization gaining an additional 173,000 subscribers across Europe. The CRM manager explained that the increase in subscribers was driven by charles' native features, such as pop-ups, chat bubbles, and the wa.me link builder. The interviewee also highlighted that charles' success manager support advised their organization on implementing new strategies to accelerate campaigns and subscriber growth, such as leveraging influencers.
- To capitalize on the success that the interviewee's organization saw with the charles WhatsApp marketing partnership, it redirected leads from other channels to WhatsApp by offering discount codes for subscribing to updates. They also provided exclusive content and offers on WhatsApp, such as early access to sales and special promotions.
- The CRM manager mentioned that the organization gained some of the new subscribers through special targeted campaign formats, such as Black Friday or its UEFA EURO 2024 football campaign. It executed these with charles, which resulted in additional transactions.
- The interviewee's organization aimed to grow its WhatsApp subscriber base. It implemented retention and marketing uplift strategies to achieve this, including promotions and discounts. Consequently, its AOV decreased compared with the period before it introduced charles.

Modeling and assumptions. For the representative financial model, Forrester makes the following assumptions:

- The average number of additional subscribers over three years is 86,500 in Year 1, 177,325 in Year 2, and 186,192 in Year 3.

- The organization executes six marketing campaigns each year.
- The total number of additional charles conversations is 519,000 in Year 1; this increases to 1,063,950 in Year 2 and reaches 1,117,149 in Year 3.
- Charles achieves an engagement rate of 39% and click-to conversion rate of 12.2%.
- After introducing Charles, the AOV is €40, which is lower than with the legacy IM platform. This decrease is mainly due to the use of discount codes to attract new subscribers. While this strategy lowers the average transaction value, it ultimately boosts revenue by increasing the number of transactions.
- Forrester applies an operating margin of 10%, which is typical for online retailers.

Risks. The actual financial benefit will vary between organizations depending on the following factors:

- As customers receive messages from six marketing campaigns annually, some may experience fatigue and choose to opt out over time, leading to a reduction in the overall subscriber base.
- The content needs to remain highly engaging to prevent customer engagement from diminishing over time.
- An organization’s operating margin.

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 €355,000.

Subscriber Growth					
Ref.	**Metric**	**Source**	**Year 1**	**Year 2**	**Year 3**
D1	Total additional subscribers since implementing charles (average of period)	Interview	86,500	177,325	186,192
D2	Campaigns per new subscriber	Interview	6	6	6
D3	Additional conversations	D1*D2	519,000	1,063,950	1,117,152
D4	Engagement rate with charles	Interview	39%	39%	39%
D5	Additional engaged conversations by using charles	D3*D4	202,410	414,941	435,688
D6	Click-to-conversion rate with charles	Interview	12.2%	12.2%	12.2%
D7	**Subtotal: Additional conversions with charles**	**D5*D6**	**24,694**	**50,623**	**53,154**
D8	AOV with charles	Interview	€40	€40	€40
D9	Operating margin	TEI assumption	10%	10%	10%
D10	Incremental profit	D7*D8*D9	€98,948	€202,840	€212,984
Dt	Subscriber growth	D10	€98,948	€202,840	€212,984
	Risk adjustment	↓15%			
Dtr	Subscriber growth (risk-adjusted)		€84,106	€172,414	€181,036
	Three-year total: €437,556			**Three-year present value: €354,966**	

UNQUANTIFIED BENEFITS

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

- **Expert support.** The CRM manager noted that charles' support and expertise helped their organization avoid common pitfalls associated with adopting WhatsApp for marketing. Additionally, charles' robust features and performance stability provided a solid foundation for scaling the channel effectively.
- **Ease of use.** The intuitive interface and ease of using the journey builder made it simpler for the interviewee's organization to manage its marketing campaigns efficiently and effectively. This enhanced customer engagement and helped drive revenue growth. The interviewee noted two components to this ease of use:

  - **A user-friendly interface.** The charles platform's intuitive interface simplified the process of managing WhatsApp marketing campaigns. The CRM manager commented that the charles interface made it easy for them to navigate and use its features without extensive training.
  - **An intuitive campaign and journey builder.** The interviewee highlighted how easy it was to use charles to build and execute marketing campaigns. Previously, the CRM manager had to depend on the legacy vendor's campaign managers to execute marketing campaigns. Many functions of the legacy IM platform were complicated and only accessible by the vendor. The interviewee also mentioned that nearly half of all messages in each campaign would get stuck, requiring additional vendor assistance. With charles, executing marketing campaigns was simple and straightforward thanks to the journey builder. The CRM manager noted that their organization quickly started creating automated, personalized WhatsApp conversational flows after implementing charles. According to the interviewee, the journey builder offered templates that could be customized for various stages of the customer journey.

- **Seamless integration.** The charles platform enables effortless integration with the marketing tools and CRM systems of the interviewee's organization. The interviewee explained that their organization uses charles' webhooks and API to integrate charles with its existing systems, allowing them to personalize campaigns and messages. The interviewee's organization also had the option to take advantage of charles' out-of-the-box integrations with existing CRM/CDP systems, service, and shop tools. In both cases, the interviewee's organization could synchronize data between two systems and use that data to segment its audience; personalize its messaging based on customer data, such as order data, product data, and/or preference data; and trigger event-based automations (e.g., "has not bought anything in the last [X] days") to send the right message at the right time to the right audience.
- **Automation capabilities to streamline marketing processes.** The interviewee explained that they could set up message sequences automatically for welcome messages, follow-ups, and promotional offers, without requiring any extra training or coding skills.

- **GDPR compliance.** As the interviewee's organization is based in Europe, charles ensured data protection and supported the organization's IM operations in complying with GDPR regulations.

> "Charles is a self-explanatory tool."
>
> CRM MANAGER, E-COMMERCE

FLEXIBILITY

The value of flexibility is unique to each customer. There are multiple scenarios in which a customer might implement charles and later realize additional uses and business opportunities that allow for value creation along the entire customer journey, including:

- **Campaign segmentation.** The CRM manager mentioned that their organization plans to expand its campaign segmentation strategy by using charles to target its audience more effectively. This initiative is part of the organization's marketing agenda for Q4 2024.
- **Automated retention marketing.** Another initiative on the organization's marketing agenda for Q4 2024 is to introduce automated retention marketing. The interviewee mentioned that the organization intends to fully utilize charles' comprehensive suite of features for automated retention marketing to keep customers engaged and loyal.
- **Activating subscribers across the channel mix.** The interviewee's organization employs event-based triggers across channels, increasing the likelihood of repeat purchases in other channels as well. This approach has boosted the total number of orders and customer lifetime value (CLV), leading to long-term value creation from the subscriber base.
- **Creative support.** The CRM manager highlighted their ability to leverage the creative support at charles. By utilizing innovative campaign ideas, assets, and

execution setups from charles' in-house studio team, which specializes in WhatsApp marketing, they can gamify and create even more engaging omnichannel experiences.

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

> "Developing an in-house solution would have been more expensive compared with using charles."
>
> CRM MANAGER, E-COMMERCE

Analysis Of Costs

Quantified cost data

Total Costs							
Ref.	**Cost**	**Initial**	**Year 1**	**Year 2**	**Year 3**	**Total**	**Present Value**
Etr	Vendor and third-party costs	€0	€73,841	€119,216	€129,830	€322,887	€263,198
Ftr	Implementation and maintenance costs	€804	€26,125	€26,125	€26,125	€79,179	€65,773
	Total costs (risk-adjusted)	€804	€99,966	€145,341	€155,955	€402,066	€328,971

VENDOR AND THIRD-PARTY COSTS

Evidence and data. The pricing structure for the charles WhatsApp messaging platform includes an annual fixed fee and a fee per conversation. Conversation fees are driven by volume. Pricing may vary. Contact charles for more details.

Additionally, there are costs associated with WhatsApp Business Platform. WhatsApp Business Platform charges costs based on the number of conversations.[2]

Modeling and assumptions. For the financial model, Forrester calculated costs based on the following:

- The interviewee's organization is a fast-growing e-commerce fashion retailer that operates in 26 countries across Europe. The retailer increases its WhatsApp marketing activities by 20% every year.
- Each conversation incurs both a vendor fee and a third-party fee.
- With the introduction of charles, the interviewee's organization sees an increase in the number of WhatsApp subscribers, resulting in more conversations. These extra interactions come with both vendor fees and third-party charges.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €263,000.

> “Charles has consistently sought to develop tailored solutions concerning the total costs and the contract renewal. Charles was flexible in adjusting the pricing model for us.”
>
> CRM MANAGER, E-COMMERCE

Vendor And Third-Party Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
E1	Vendor fees	Interview		€32,700	€37,800	€43,920
E2	Third-party costs	Interview		€34,429	€70,579	€74,108
Et	Vendor and third-party costs	E1+E2	€0	€67,129	€108,379	€118,028
	Risk adjustment	↑10%				
Etr	Vendor and third-party costs (risk-adjusted)		€0	€73,842	€119,217	€129,831
	Three-year total: €322,887			**Three-year present value: €263,198**		

IMPLEMENTATION AND MAINTENANCE COSTS

Evidence and data. The interviewee's company faced internal labor costs for both implementing and maintaining the charles WhatsApp messaging platform.

- The CRM manager in e-commerce described a straightforward implementation process that he managed by himself; it took just two days of his working time.
- The CRM manager allocated 25% of his time to charles for tool management and maintenance.

Modeling and assumptions. For the financial model, Forrester calculated costs based on the following:

- Implementing charles requires 16 labor hours and is overseen by a senior CRM manager.
- One senior CRM manager handles the charles IM marketing platform, dedicating an average of 520 hours annually to overseeing various sales and marketing campaigns.
- The fully burdened hourly rate for a senior CRM manager is €46.

Risks. Risks that could affect the magnitude of this cost include:

- The time and effort required for the technical integration.
- The magnitude and complexity of the organization's WhatsApp marketing endeavors.
- Salary rates.

Results. To account for these risks, Forrester adjusted this cost upward by 10%, yielding a three-year, risk-adjusted total PV (discounted at 10%) of €66,000.

> "Charles assisted us in setting everything up on the back end from a technical standpoint."
>
> CRM MANAGER, E-COMMERCE

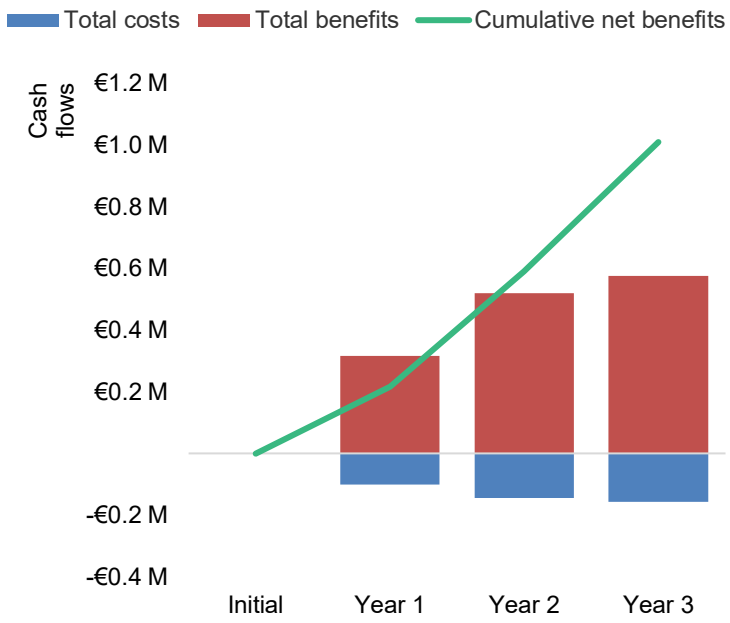
> "With charles' support, we managed to set up charles in just 48 hours."
>
> CRM MANAGER, E-COMMERCE

Implementation And Maintenance Costs						
Ref.	**Metric**	**Source**	**Initial**	**Year 1**	**Year 2**	**Year 3**
F1	Fully burdened annual salary for a senior CRM manager	Interview	€95,000	€95,000	€95,000	€95,000
F2	Fully burdened hourly rate for a senior CRM manager	F1/2,080	€46	€46	€46	€46
F3	Implementation time (hours)	Interview	16	0	0	0
F4	**Subtotal: Total implementation costs**	**F2*F3**	**€736**	**€0**	**€0**	**€0**
F5	Time spent on maintenance (hours)	Interview	0	520	520	520
F6	**Subtotal: Total maintenance costs**	**F2*F5**	**€0**	**€23,750**	**€23,750**	**€23,750**
Ft	Implementation and maintenance costs	F4+F6	€736	€23,920	€23,920	€23,920
	Risk adjustment	↑10%				
Ftr	Implementation and maintenance costs (risk-adjusted)		€804	€26,125	€26,125	€26,125
	Three-year total: €79,179			**Three-year present value: €65,773**		

Financial Summary

Consolidated Three-Year, Risk-Adjusted Metrics

Cash Flow Chart (Risk-Adjusted)



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

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

Cash Flow Analysis (Risk-Adjusted Estimates)

	Initial	Year 1	Year 2	Year 3	Total	Present Value
Total costs	(€804)	(€99,966)	(€145,341)	(€155,955)	(€402,066)	(€328,971)
Total benefits	€0	€316,947	€519,375	€574,056	€1,410,378	€1,148,667
Net benefits	(€804)	€216,981	€374,034	€418,101	€1,008,312	€819,696
ROI						249%
Payback						<6 months

APPENDIX A: TOTAL ECONOMIC IMPACT

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

Total Economic Impact Approach

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

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

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

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

PRESENT VALUE (PV)

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

NET PRESENT VALUE (NPV)

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

RETURN ON INVESTMENT (ROI)

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

DISCOUNT RATE

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

PAYBACK PERIOD

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

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

APPENDIX B: ENDNOTES

[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] For Meta's fees, see the current rates and updated rates.

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