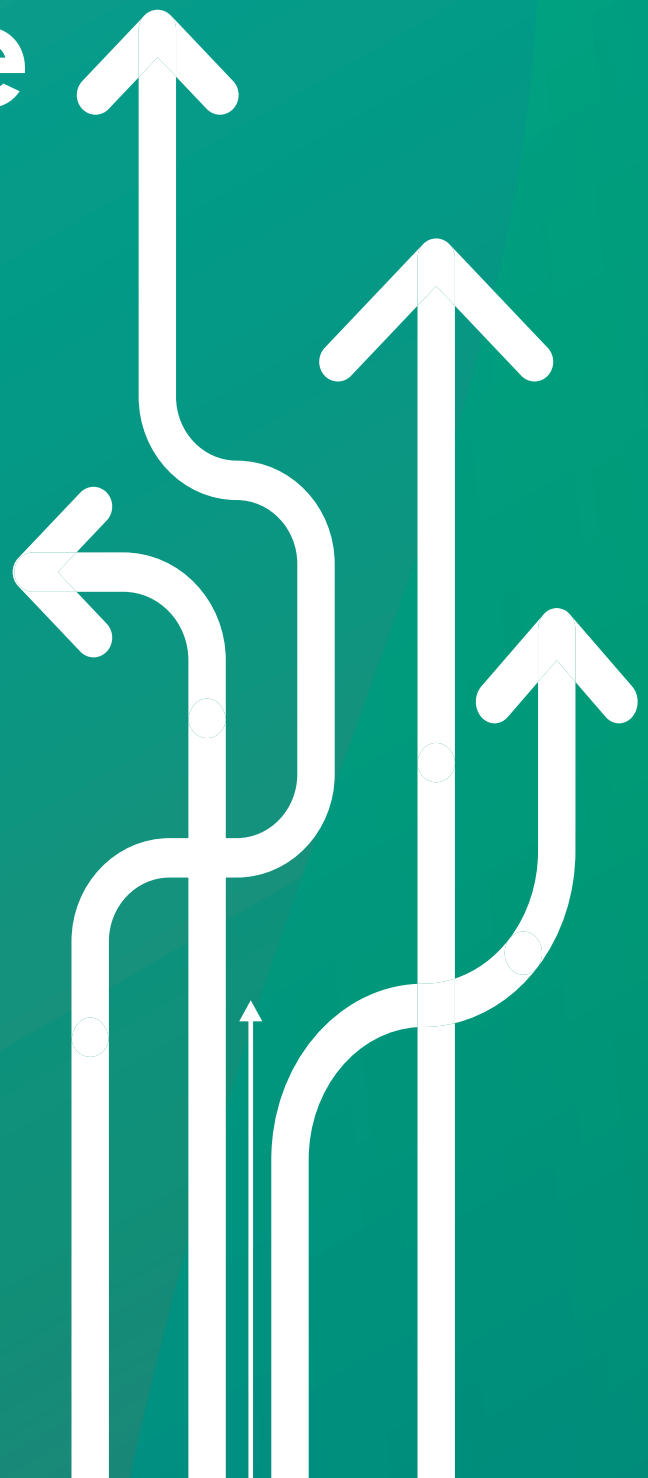




ROI Unlocked:
**The Definitive
Guide to
Calculating
ROI from
UX Research**

A guide from AnswerLab



Maximize Research ROI: Unlock Value, Cut Costs, and Stay Ahead

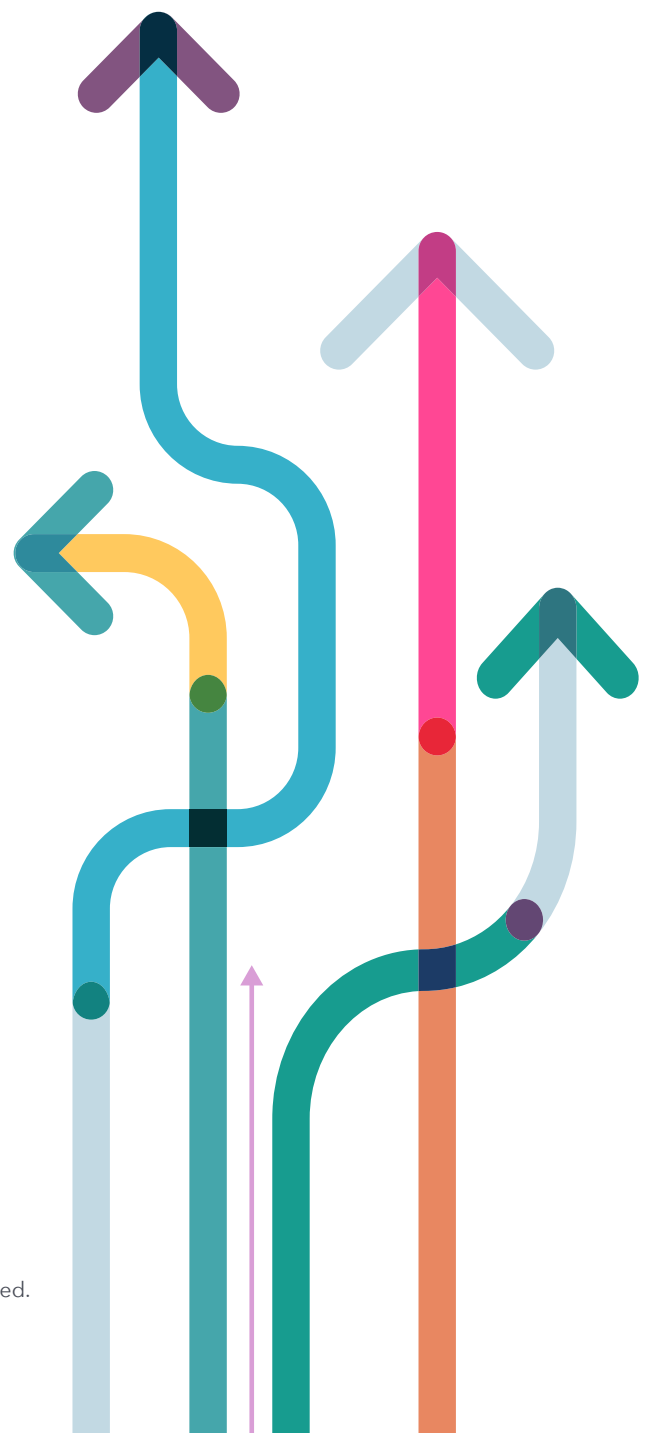
Are you looking to understand the financial benefits of conducting UX research? In today's competitive market, optimizing user experience is crucial to stay ahead of the competition. We designed this guide to help you quantify the return on investment (ROI) of UX research.

This guide includes real-world examples and proven formulas to help you measure the benefits of leveraging UX insights. From unlocking revenue potential to preventing customer churn, the impact of UX research is profound and multifaceted.

With this guide, you can identify and communicate the ROI of your UX research, customized to your specific situation.

It provides calculators for four of the most common ROI situations:

- unlocking revenue potential
- reducing development costs
- stopping churn
- beating your competitors to market





ROI: Unlocking Revenue Potential

Better UX design can increase conversion rates by as much as 400%.

(Forrester)

We see this consistently with our clients. Here are two examples:

- AnswerLab Financial Services client realized a **240% increase in customer conversions** and a **268% jump in average transaction size** by acting on findings from UX Research.
- Our Agency & Auto Brand client relied on UX research to guide a website redesign, **gaining a 227% increase** in car configurations – a leading indicator of car sales – and saw record sales after the site redesign.

What might this revenue potential look like for you?

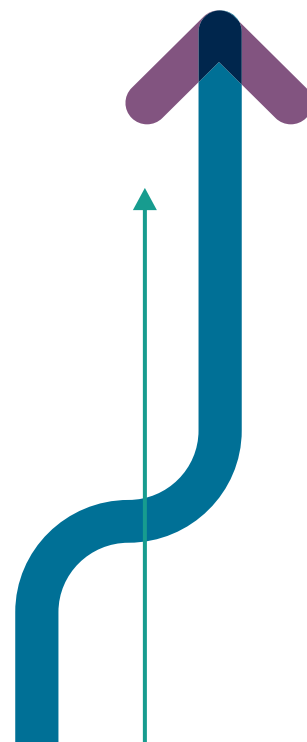
Formula:

$$\text{Visitors per month} \times \left(\frac{\text{New Conversion Rate} - \text{Original Conversion Rate}}{\text{Original Conversion Rate}} \right) \times \text{Product Price} = \text{Revenue Increase}$$

Example:

$$1,000 \times (17\% - 5\%) \times \$100 = \$12,000$$

In this example, let's say you have 1,000 visitors to your site per month, and you increase your conversion rate from 5% to 17%. If the price of your product is \$100, you would see a \$12,000 increase in revenue each month due to the increased conversion rate.





ROI: Stop Churn in Its Tracks

32% of all customers would stop doing business with a brand they loved after one bad experience.

In the U.S., 59% will walk away after several bad experiences, 17% after just one bad experience. In Latin America, 49% say they'd walk away from a brand after one bad experience. ([PWC](#))

We see reduced churn outcomes with our clients. Here's an example:

- AnswerLab research for an automotive brand identified usability issues driving customer churn. The client then fixed the problems and course-corrected a 40% decline in their key conversion metric (request a dealer quote).

What might this revenue potential look like for you?

Formula:

Average Customer Lifetime Value X Churn Rate = Lost Revenue per customer per year

Example:

\$20,000 X 5% per year = \$1,000 per customer per year

In this example, your Average Customer Lifetime Value (CLV) is \$20,000, and your churn rate is 5% per year. This means your revenue lost due to customer churn would be \$1,000 per customer per year.



ROI: Reduce Development Costs

For every \$1 invested in UX research, you save \$10 in development and \$100 in post-release maintenance ([Forrester](#))

Investing in early and frequent UX research keeps your product roadmap focused, saving hours of developer time. Not only does this help during development, but it saves you exponentially more preventing post-launch fixes. Not to mention, in addition to cost savings, you'll prevent negative user interactions that harm brand reputation.

"Our work with AnswerLab saved two months of development time."

- Director of UX, Fortune 100 eCommerce company

What might this revenue potential look like for you?

Formula:

$$\left(\frac{\text{Number of Developers} \times \text{Months Saved} \times \text{Yearly Salary}}{12} \right) \times \text{Conversion Factor} = \text{Total Cost Savings}$$

Example:

$$\left(\frac{5 \text{ developers} \times 2 \text{ months} \times \$120,000 \text{ per person}}{12} \right) \times 1.1 = \$110,000 \text{ saved}$$

In this example, let's consider the following:

You have 5 developers and save 2 months of work based on targeted UX research recommendations. Based on a yearly developer salary and a conversion factor of 1.1, your cost savings from UX research for those 2 months would be \$110,000.



ROI: Beat Your Competitors to Market

When organizations invest in UX during a project concept phase, they reduce product development cycles by 33% to 50%. ([Interaction Design Foundation](#))

Early UX research can help you identify a clear, data-driven direction for your concepts, streamlining development and helping you go to market faster. Being a “first mover,” a company that introduces a product to the market first, can give you a powerful advantage and establish strong brand loyalty ahead of your competitors.

What might this revenue potential look like for you?

Formula:

$$\text{Original Development Time} \times (1 - \text{Percentage Reduction}) = \text{Reduced Development Time}$$

Example:

$$7 \text{ years} \times (1 - .2) = 5.6 \text{ months of saved time}$$

In this example, we can look at reduction in development time over time. Over the course of 7 years with a 20% reduction in time from UX research investment, you'll save 5.6 months of development time, helping you launch faster.



Unlock Your Product's Full Potential Today

AnswerLab is a full service user experience research firm that enables product teams to navigate the unknown with confidence. We combine rigorous user research with deep industry understanding to help you uncover user needs, validate MVPs quickly and efficiently, and optimize product features for maximum engagement and impact. We help digital experience leaders scale their impact, influence, and make the right decisions for their end users and businesses.

Contact us at info@answerlab.com.

