trbo

WHITEPAPER

Recommendations

Five tips for generating more sales with product recommendations

"Specific recommendations are an efficient instrument for webshop operators to increase the conversion rate and secure the long-term success of the company. Interested users can be transformed into valuable customers with the appropriate content or product suggestions."

Felix Schirl, Managing Director and CEO, trbo GmbH

ABOUT TRBO

trbo is the leading technology provider for dynamic onsite personalization, optimization and testing. trbo's AI-driven onsite personalization platform allows users to customize website content, A/B and multivariant test, and serve recommendations down to the individual level using machine learning. trbo's self-learning algorithm analyzes user behavior based on 50+ visitor characteristics, creating highly personalized, unforgettable website experiences for their customers. Incredibly agile and easy to use, trbo's toolset allows users to make changes in real time and serve their customers' needs right away.

Major global brands across all industries such as L'Oreál, WeightWatchers, Eddie Bauer, Ecco, Zwilling, Porsche Design and many more rely on trbo's comprehensive services.

trbo was founded in 2013 by CEO Felix Schirl with global headquarters in Munich, Germany and US headquarters in Miami, Florida.

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INTRODUCTION

Customers buy where they feel best advised – this also applies to online shops. Success is guaranteed when your website acts as a personal shopping assistant for your users. Just like the salesperson in your favorite shop, the website always displays the right offers and recommendations at the right time. Customers are only approached if they are interested in being contacted – with products in the right size, the right accessories or a personal inspiration.

RECOMMENDATIONS AS A COMPETITIVE ADVANTAGE

Recommendations that are precisely tailored to the user's interests are decisive for good advice. Addressing shop visitors with recommendations helps to increase the average shopping basket value and the conversion rate. But, for a successful recommendation management there are a few things you'll have to consider. Relevance and personalization are crucial: Only suggestions that go beyond rigid rules and dynamically orient themselves on the individual user journey offer the customer real added value. Powerful recommendation engines analyze the click and purchasing behavior and deliver individual product recommendations in real time - preferably positioned clearly visible "above the fold", in the area that is visible to the user without scrolling. Machine-learning solutions continuously optimize click rates in the background: they test various previously created layout variants (e.g., Inpage-Banner versus Overlay versus Exit Intent) and store changing algorithms as required ("Related Products" versus "Similar Products" versus "Top Seller" versus "Realtime Trending"). Smartly combined with data from statistical twins, product recommendations that really match the users interests are generated. As a leading provider of product recommendations, trbo increases sales for numerous online retailers such as XXXLutz.

This whitepaper contains five tips on how to use recommendations for your online shop and thereby demonstrably increase your sales.

TIP **01**

A LAND OF UNLIMITED POSSIBILITIES: **DETERMINE AND DISPLAY PRODUCT RECOMMENDATIONS**

It is summer, the sun is shining – the barbecue season has begun. A user searches for the right barbecue tongs in an online shop. He enters the term into the search bar of the shop. Within seconds the user is shown premium barbecue charcoal, a grate brush or perhaps even the newest model of a kettle grill in addition to the barbecue tongs he was actually looking for. When searching online, the user receives suggestions that perfectly match the product he is looking for. There are a number of practical ways in which product suggestions can be determined and displayed:

Recommendations are often generated and displayed based on product similarities. Individual products are therefore filtered and shown according to price, color, manufacturer or product description. This approach certainly makes sense, but due to its static character it does not always lead to the predefined goal and therefore needs to be evaluated individually depending on the offer. An example for the meaningful use of product similarities would be the following: The user is looking for a barbecue. Here, the selection of different products is extremely broad and the user will probably look at several different models – these can be suggested and displayed via matching recommendations.

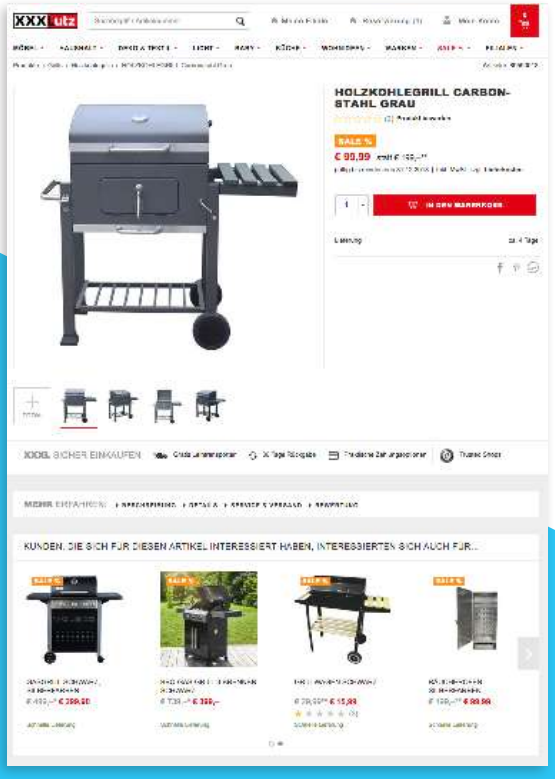

Fig.: Insertion of similar products (XXXLutz)

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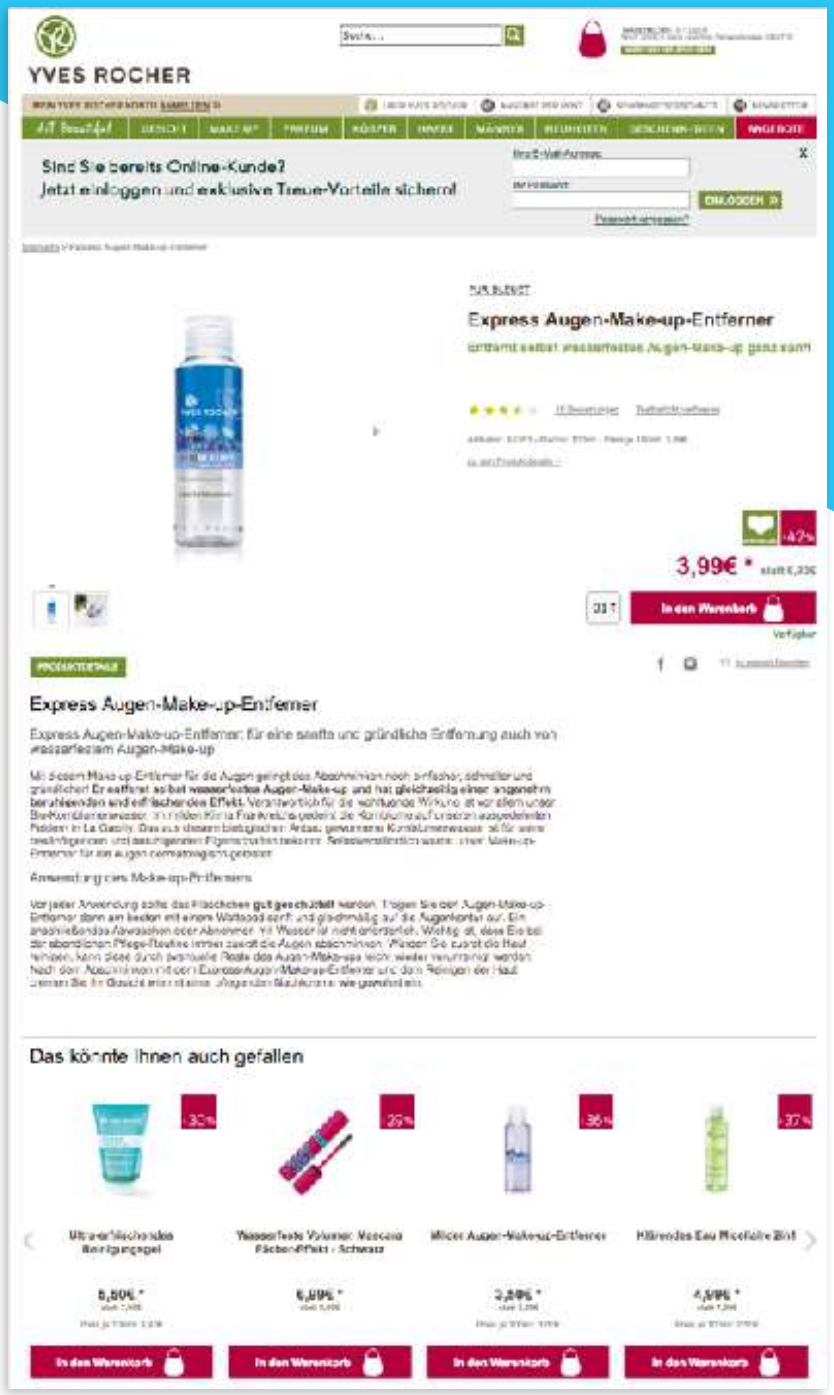

Fig.: Display of products in connection with the currently viewed product (Yves Rocher)

Another option are so-called „Other customers also bought“ or „You might also like“-recommendations. Here, alternative products that other customers have ordered in connection with the product the user is currently looking at, are shown. However, this kind of recommendation does not make sense for all industries. While it is quite common in fashion or cosmetics to order add-on articles, in other shops with a very small product portfolio, for example, it might not be possible to display these additional products.

An equally popular method is the manual assignment of products. In this case, the human perception is used to decide what fits together well. For example, a potential customer can be offered accessories or bundle products. The idea is to motivate the customer to make an impulsive purchase of matching products. However, there is one big challenge: This method can be very time-consuming if the shop‘s merchandise management system cannot automatically transfer the affiliation of articles to a product feed. Especially if the assortment changes frequently, the products have to be linked to each other repeatedly.

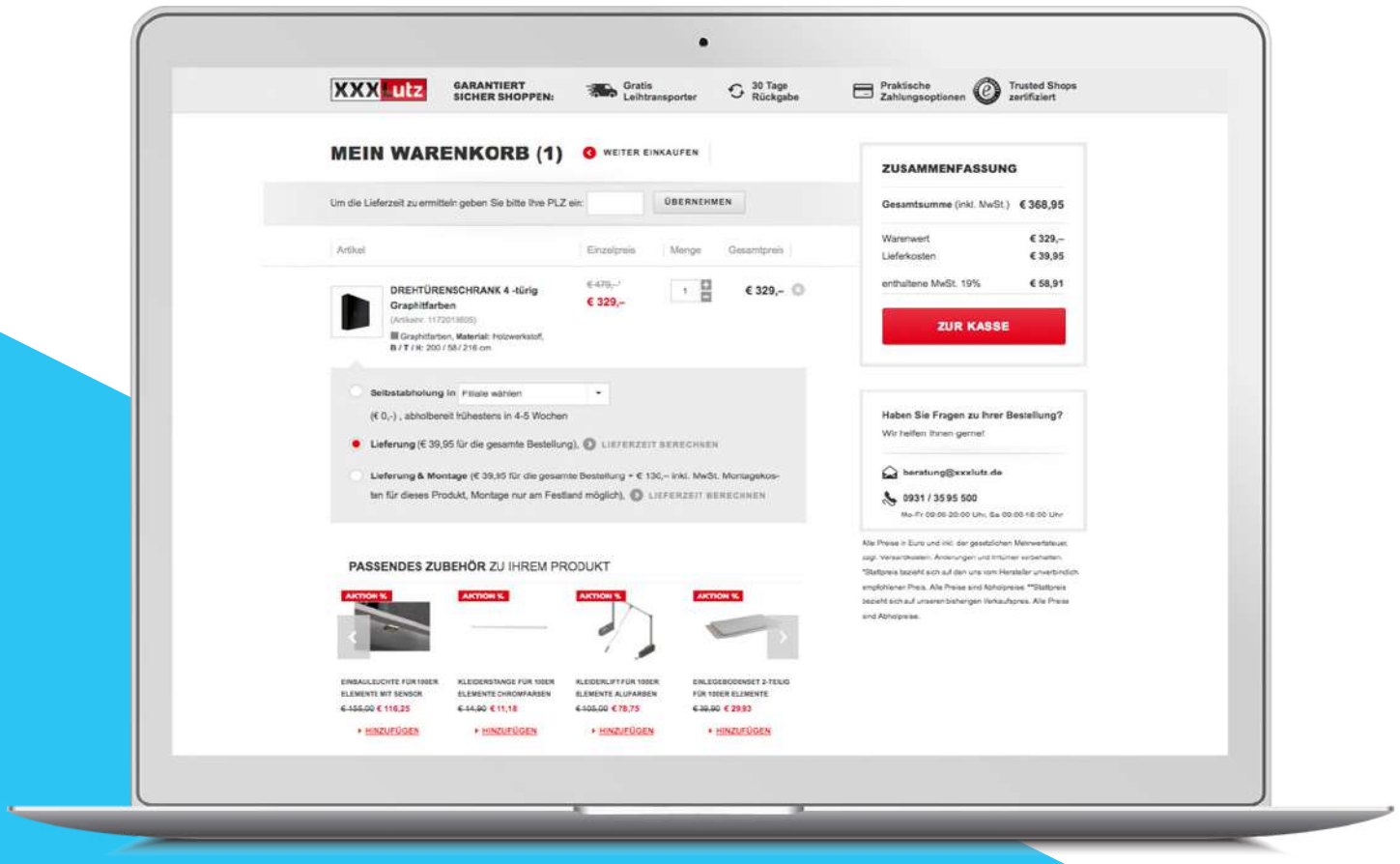

Fig.: Recommendation with matching products (XXXLutz)

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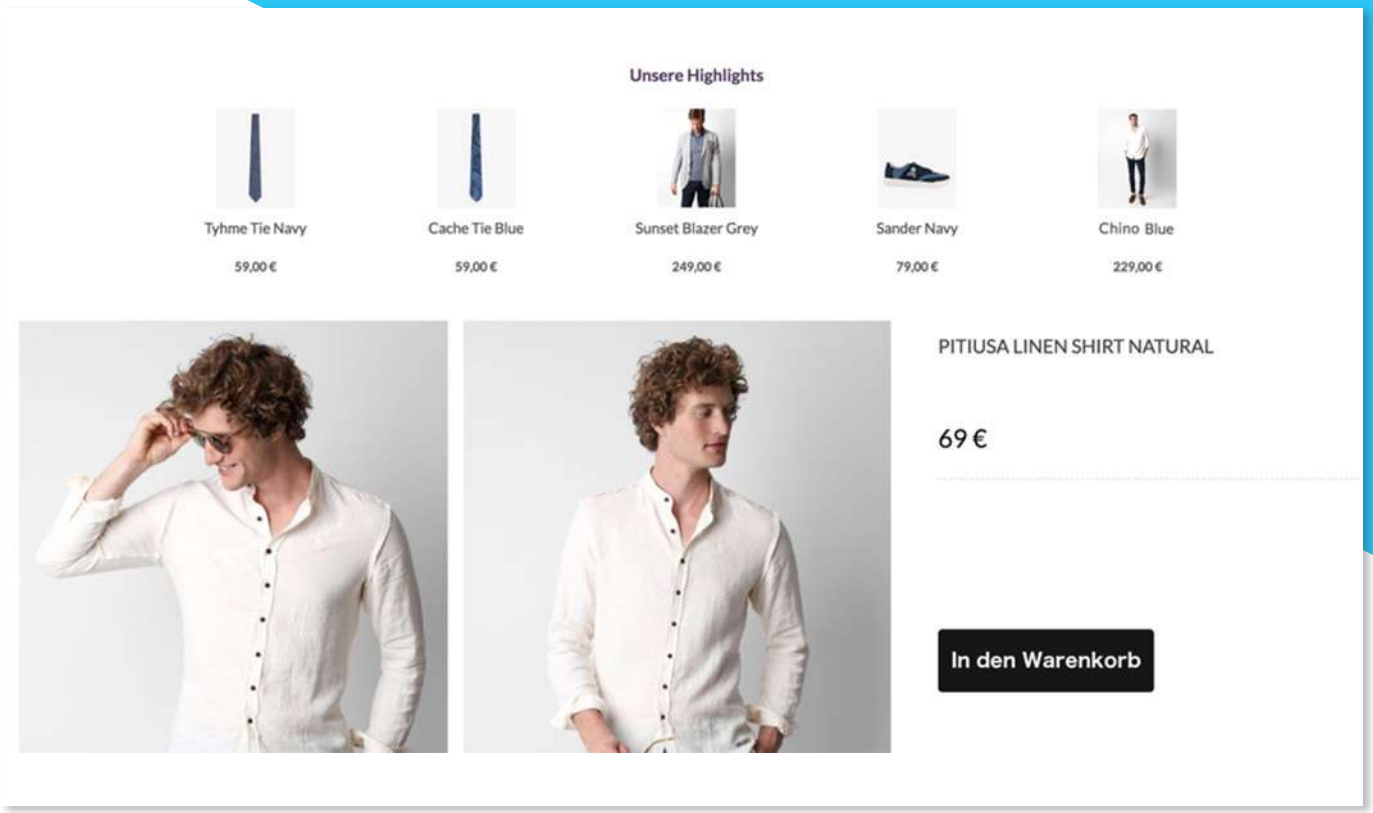


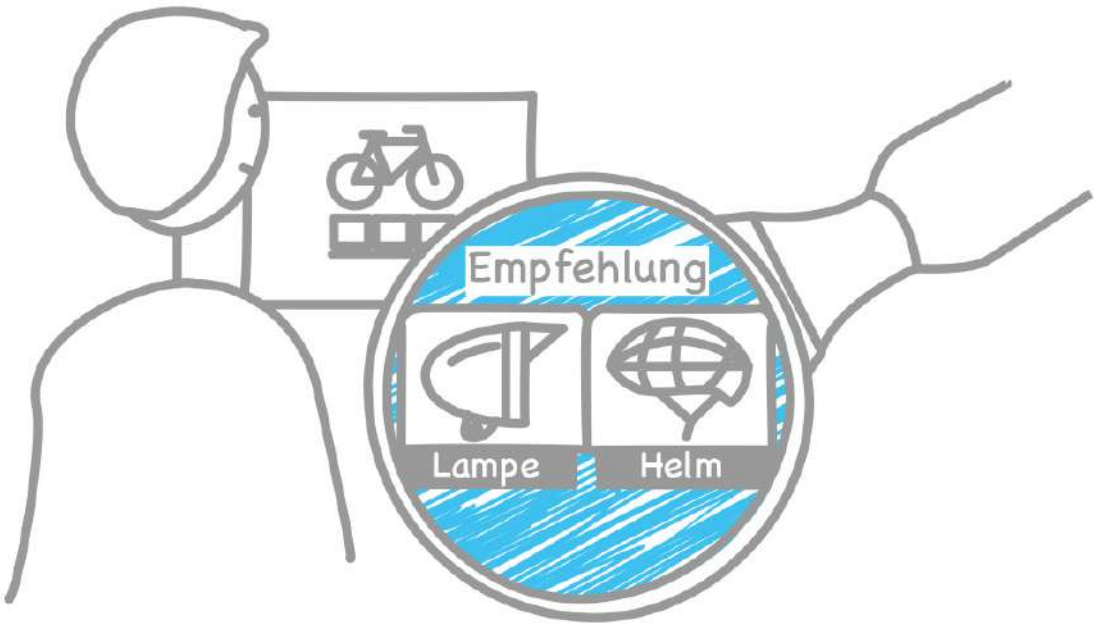
Fig.: Insertion of product recommendations based on the customer journey

Those who are able to look at the entire customer journey of their users can make highly personalized recommendations. Here, a smart, AI-based algorithm decides on the appropriate product recommendations. The system continuously analyses the sequence in which products are viewed, added to the shopping cart and purchased by different groups of buyers. Suggestions are then developed based on this data. Certainly, the result may initially look surprising for some shop operators. E.g. if one product is recommended that at first sight appears to have nothing to do with the product in focus. However, as in brick and mortar retail, the user is shown, for example, the matching tie to the dress shirt.

TIP **02**

MIXING MAKES ALL THE DIFFERENCE: **APPLYING DIFFERENT RECOMMENDATION VARIATIONS**

Beside the central question of which recommendations are of real interest to a shop operator, the possibilities mentioned should not be considered too narrow. Each individual logic must be adapted to the web shop and its customers. The different recommendations mentioned above are all absolutely valid, but again – as so often in life – it depends on the right combination. Not all online shops are alike. Therefore it commonly depends on the industry and the product range to decide which recommendations offer the best combination for a shop operator. For example, if a customer is browsing a product detail page of a web shop, a combination of customer journey recommendations and product recommendation based on product similarity might be the best choice. While the user is browsing the home page and is unknown, for example, it would be more advisable to display best selling products. One thing product recommendations should help to achieve: a positive user experience – satisfied customers oftentimes equal fuller shopping carts.



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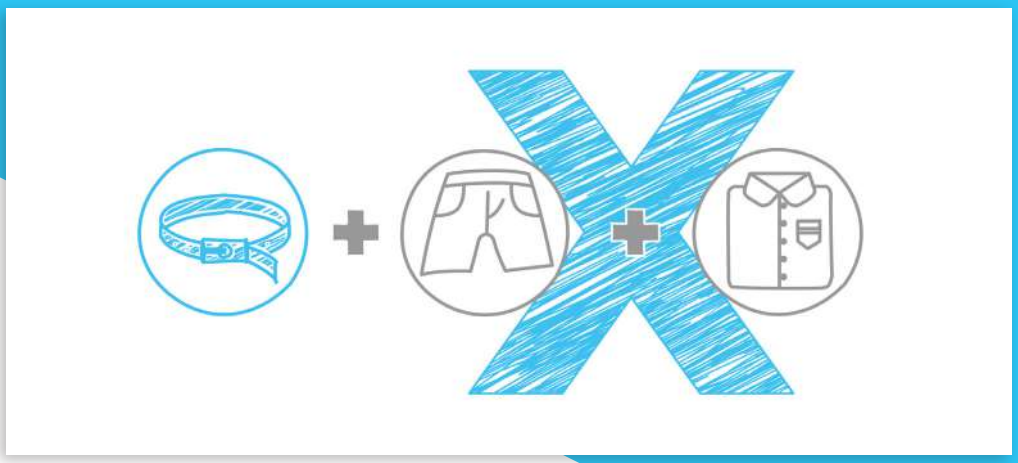
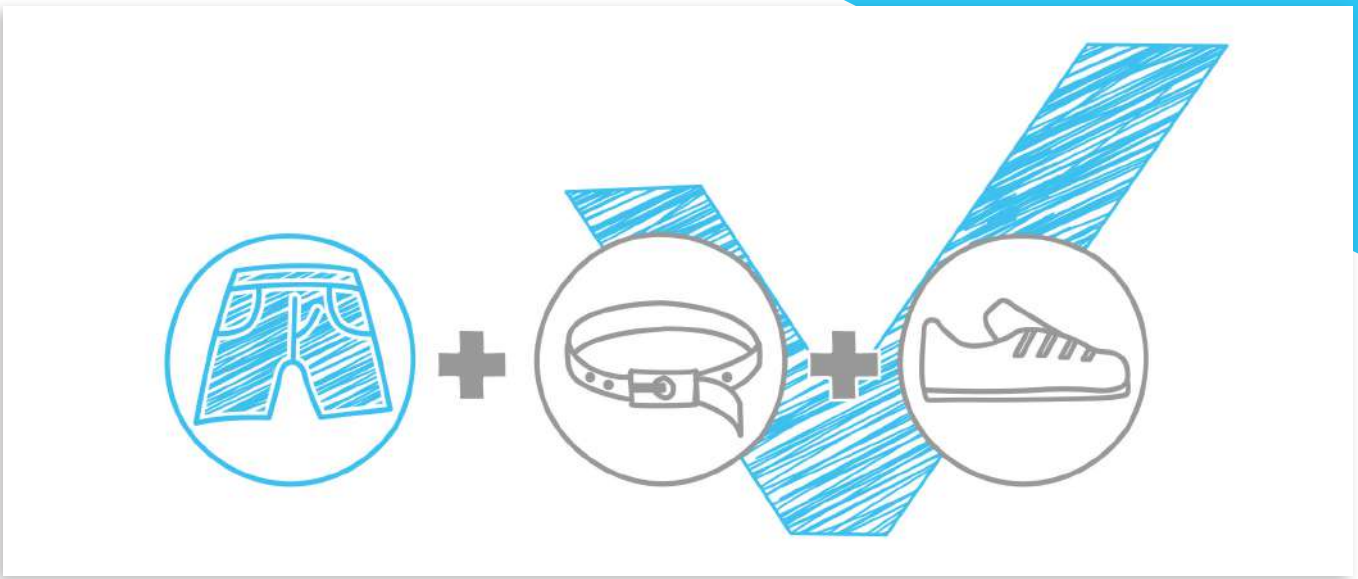




TIP **03**

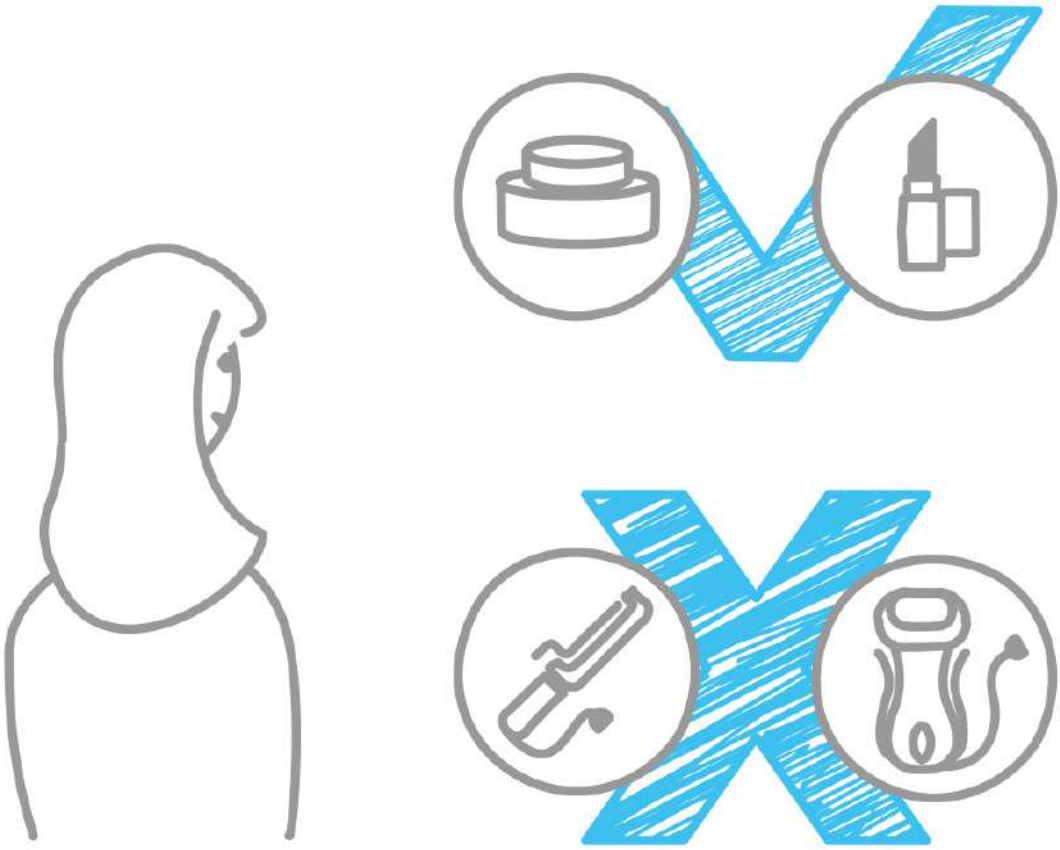
EVERY JACK HAS ITS JILL: **DYNAMICALLY ADAPT RECOMMENDATIONS**

Product suggestions are extremely useful. But not every recommendation that works one way necessarily works the other way round. An accessory such as a matching belt or a stylish top to the jeans that the user has just selected will result in a perfect product recommendation. But just because the customer is looking for a belt doesn‘t mean he’s also looking for a new pair of jeans. Instead, for ladies, a new purse in the same color or other accessories that match the style of the belt in question are suitable. At this point it is also extremely important not to remain in stiff thinking patterns. The recommendations must be adapted dynamically, according to the user‘s interests. This is the only way they can perform in the best possible way.

TIP **04**

GET TO KNOW YOUR CUSTOMER: **CONSIDERING THE CUSTOMER JOURNEY**

In order to be able to generate additional sales through suitable recommendations, you'll first have to find the right combination of methods for yourself. Only those who are able to analyze the possibilities of their product range can understand the needs of their customers and respond to them individually. It is important to focus on the customer journey and onsite behavior. Someone who accesses a detail page via an external link should be navigated to those products that have induced other users to convert before him. A second customer who returns to the shop and has previously purchased various items should be shown the corresponding recommendations. A customer likes beauty products? About time to remind them that their lotion is running out. But they probably won‘t need the epilator or the curling iron again.



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TIP **05**

THE PROOF OF THE PUDDING IS IN THE EATING: **USING A/B-TESTING**

Every shop owner knows their own website best. That‘s why they certainly have a lot of ideas, as to which variants of the user approach work best. Nevertheless, don’t neglect A/B-tests to check the different possibilities. Because only they can tell which version is objectively received best by users and generates the most output (i.e. sales). In order to generate the highest possible turnover, it is essential to test recommendations. No customer behaves like the other. And it is impossible to keep an eye on the behavior of each individual. A good recommendation engine analyzes the purchase and onsite behavior of the customer within seconds and delivers individual product recommendations. In the background, self-learning algorithms continuously optimize conversions by testing.

CONCLUSION

In order to inspire customers to buy more than just the product they are looking for, recommendations are as popular as they are effective. However, to show users the items they are really interested in, it is essential to first determine the best mix of recommendation strategies based on the product range and customer needs. Which products in my shop really fit together? Should the articles that my regular customers have already purchased be included in the calculation of recommendations? And how much time am I able and willing to invest in answering these questions? These are all factors that should be considered seriously. Only those who have found the most suitable solution for themselves can get the most out of their recommendations – and thus demonstrably increase their sales.

USING TRBO GIVES YOU THE FOLLOWING ADVANTAGES

- Users receive personalized campaigns on the website – relevant, smart and in real time.
- The efficient user approach increases shopping carts as well as sales.
- trbo creates a positive shopping experience: your website becomes a personal, digital shopping assistant for your customers.
- The simple integration of trbo technology reduces the amount of time you spend but if you still have questions, your personal account manager is there to help.
- 100% control over the success of your campaigns on our onsite personalization platform.

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Would you also like to use trbo to improve the user experience of your website with suitable recommendations or learn more about onsite personalization to increase conversion rates and sales? Feel free to contact us!

We are happy to show you how your webshop can benefit from better user engagement. Arrange your free and noncommital demo appointment now!

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