

## ONLINE RETAIL REIMAGINED:

## Transform customer experiences through Al-driven personalization



## CONTENTS

#### **01** Personalization in online retail The anatomy of personalization

Why is website personalization in retail important Benefits of website personalization Personalization as customer service

#### **02** Great customer experience starts with segmentation What is segmentation How does segmentation work with Frosmo

#### **03** Mapping and orchestrating customer journeys How personalization helps brands steer the customer journey Orchestrate smart and effective customer journeys

#### **04** Understanding and optimizing the shopping funnel What is a shopping funnel Optimizing the shopping funnel through smart and relevant recommendations Lower funnel personalization: Creating great retail experiences with content personalization

## **05** Personalization in different pages using AI-driven recommendations

- **06** Personalizing every touchpoint of the customer journey
- ${f 07}\,$  Data-driven decision with continuous testing
- **08** Conclusion

What's next



### PERSONALIZATION IN ONLINE RETAIL

Better optimized shopping funnels, lower bounce rates, better ROI in advertising spend, larger average order sizes, better cross-selling, and the list goes on. Do these challenges in your online retail sound familiar? These are the pain points that online retail companies tackle every day. Retailers can resolve these challenges and keep pace with evolving technologies by implementing website personalization.

## 70%

of consumers say a company's understanding of their individual needs influences their loyalty, and 69% say the same of personalized customer care. -Salesforce, 2017

Personalization is about creating a custom-tailored and seamless customer experience based on what you know about a person's needs, wants, and preferences. It enables online retailers to move away from the one-size-fits-all approach by presenting the relevant message at the right time across all touchpoints along the customer journey.

When customer needs can be anticipated, it's easier to enhance customer satisfaction and drive impact to the bottom line. Personalization establishes the foundation for the ultimate omnichannel experience, paving the way to enhanced customer experience across all channels and devices.

In practice, two dimensions are needed for meaningful personalization. First, you take the history of the visitor, i.e. the earlier purchase and exit history, downloads, product, and content searches. That information is coupled with contextual information such as day of the week, season and weather, location, device, and campaign.



When you combine the history and the context information, real personalization starts. Personalization is the core of any online business experience. Continuous testing is needed to optimize the experience as well as to find the optimal elements that drive conversions and other KPI on the website.



With customer expectations for personalization and hypercustomization constantly evolving, it's time for businesses to keep up. But the question is – how?

Businesses are now expected to deliver perfectly curated customer experiences. It's not easy to create messages and offers that feel truly personal and relevant to potential customers. Two-way conversations when interacting with customers allow the brands to effectively listen to the customers. By doing this, customers have the power in their hands to let brands know what they truly want and when they want it. These continuous two-way digital dialogues result in significantly better and more personalized customer experiences for every individual.



78%

of consumers are more likely to be a repeat customer if a retailer provides them with targeted, personalized offers. -Infosys survey



### The anatomy of personalization

By now, we've established that for the online retail business to thrive, the customer experience needs to be exceptionally good and personalized. Personalization starts by knowing who your customers are.

The most commonly recognized customer segments for retail are based on:

- Origin (campaigns, other sites, etc)
- New / returning users
- Purchase frequency, recency, and volume
- Individual interest areas
- Past behavior
- Collaborative recommendation
- States in the purchase process
- · Demographics, location, weather, device, etc.

#### The anatomy of personalization



WHO	WHEN	WHERE	WHAT
Segments	Triggers	Placements	Recommendations Modifications
New customer Returning buyer Interests Demographics	Leaving the site Adding products to the basket Completing search Bought a product	Homepage Category page Product page Basket	Targeted offers Reminders Behavior-based usability improvements

Secondly, you need to think of when personalization happens in the online store. What is the most ideal point in the customer journey for the dynamic content to be shown to the segment or individual? It's important to identify the typical points where the visitors may abandon their cart, leave the site, or bounce. This is the first step to design a strategy for inviting visitors to carry out the transaction or to continue the session. Contextual and dynamic calls to action (CTAs) give the visitor the motivation to proceed with an action or transaction.



A good time to show personalized content can be, for example, after the visitor has spent some time on the site, added a product to the website, and is about to exit or leave the shopping basket. Combine these triggers to create, personalize, and implement the entire user journeys on your online stores.

	You added to basket			×
	Classic Citop.s	ioafers 19	Blue fabric coat €129.99	nd feature
	View cart	Checkout	Continue shopping	
1	c	omplete the look with t	hese	
< 1	63	<b></b>		15
	Bag €69	Watch €89	Top €29	

The third dimension is to define the place where to show personalized content. Homepage, category page, product page, and shopping basket to name a few.

To complete the personalization, you need to think of what content you want to show your segments or individuals. Dynamic content can include banners, pictures, textual content, components, content blocks, or navigation adapted to different audiences explained earlier in this article. Relevancy of the content displayed for the visitor increases conversion and engagement while improving the customer experience.



## Why is website personalization in online retail important

82%

of shoppers research products online before setting foot in a store. -Salesforce

So, it really makes business sense to provide dynamic content that meets the needs of different people in these distinctive stages of their respective customer journeys. Simply put, personalization is helping your customers to find the most relevant content in order to move through the buying journey efficiently.

For retail brands, personalization can be quite challenging not only because of too many competitors, but also due to the number of places, and ways that customers can shop.

 A recent BCG study found that with personalized online retail stores, consumers are 10% more likely to add additional items to their baskets and 40% more likely to spend more than they had planned. Moreover, when asked to rate a particular retailer, customers who experienced a high level of personalization provided net promoter scores that were 20% higher than those of customers who experienced a low level of personalization. Customers are increasingly willing to share personal data with trusted brands in exchange for tangible benefits, such as an easier and faster buying process.



# Benefits of website personalization

Website personalization influences customer behavior by effectively targeting customers based on their needs, preferences, and intent. It helps the brand deliver more emotionally relevant content throughout the customer journey by segmenting the customer base into meaningful groups, and up to the individual level.

Website personalization also establishes the foundation for the ultimate omnichannel experience, paving the way to an enhanced customer experience across all channels and devices. Customizing the customer shopping experience can increase profit margins, and strengthen customer loyalty.

Personalization influences of all digital revenue. -Salesforce & Publici, Sapient 2018

It's important to think of a business case on two levels: one is about making more conversions and revenues, and the other is reducing the expenses. The KPIs that most online retail businesses are looking for are increasing conversion rates, average basket sizes, and loyalty.

Expenses can be reduced by faster experience optimization through hypothesis creation, and with algorithm-based experimentation. Ecommerce customers also report having to do less front-end development work as it's easier and quicker to do that with personalization software. Marketers also report a reduction in acquisition costs and improvements in conversion rates from advertising.



#### The real value of peresonalization



#### Benefits to consumers:

- Better, more immersive, and contextual overall customer experience
- · Increased and improved relevancy of content and experiences
- Reduced clutter when visiting the site, which allows for faster interactions with the brand
- · Easier to find relevant products and services
- More control over the customer experience, which leads to improved brand trust and loyalty
- Improved engagement with the brand across the customer lifecycle
- Better connection between personalization brought by marketing automation tools and website personalization

#### Benefits to online retail stores:

- Optimized shopping funnels
- Reduced bounce rates
- · Brand credibility and enhanced authenticity
- Improved customer insights and data
- Increased conversion rates and more opportunities for customer engagement
- Improved customer retention and customer acquisition
- Increased customer satisfaction and better customer support
- Empowered salespeople
- · Increased revenues, sales, order values, and subscriptions
- · More traffic to the site and more customers through referrals
- Improved brand association and loyalty



# Personalization as customer service

Businesses need to humanize the digital experience by moving from marketing communications to digital conversations. -Accenture

66

The attention span of an average consumer is getting shorter and shorter. On desktop but even more critically in the mobile, the "real estate" of providing the relevant content to your web visitors is really small. The first message needs to be personalized to get the attention of the web visitors and present to them the next clear steps to follow.

Think of personalization as very good customer service. All website visitors have unique circumstances and therefore, they are in different stages in their buying journeys: i.e. one is visiting the website for the first time, one is visiting the website through Google ads campaign, and one has abandoned the shopping cart twice already. So, it really makes business sense to provide dynamic content that meets the needs of different people in these distinctive stages of their customer journeys.





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## GREAT CUSTOMER EXPERIENCE STARTS WITH SEGMENTATION

Segments are must-haves for marketers as they enable targeting and tending to individual needs. The software shouldn't limit the manner in which this is possible. If anything, quality software, especially personalization software, encourages its users to come up with clever ways to reach the right audience. And by following that philosophy, Frosmo empowers marketers to think creatively, rather than think about rule limitations, of what they wish to do on the website and enables them to effortlessly execute their ideas.

As marketers and ecommerce professionals, we know that there's a positive impact on website KPIs when our content matches what visitors are looking for. The conversion rates are higher, retention rates see an uplift, and the customer lifetime value increases.

Consider the needs of a family of four from rural Canada, looking for a new vehicle on a comparison site. Then, think of the retired couple from Finland browsing the website of their favorite travel agent for a winter getaway. And what about the dad, kitting out his sons for the new soccer season? In the gear of their favorite teams, of course. All of them are looking for something specific. Through segmentation, you can increase their customer experience by greatly reducing the amount of noise, products, and content that's not relevant to them, and increase the likelihood of conversion in the process.

All of their characteristics, such as family size, location, and preferences, can be translated into data points. And these data points can be turned into criteria. When visitors meet certain criteria, they can be segmented, creating visitor journeys with personalized and relevant content that perfectly matches their needs.



### What is segmentation?

From Frosmo's perspective, segmentation is a building block, a cornerstone even, for effective personalization. And personalization in itself provides visitors with relevant content at the right time and in the right place. Personalized content is powered by a unique combination of segments.

To expand on the example above, let's take the Canadian family who's looking for a new car and turn their characteristics into segments.

To start, you can deduct that they are from rural Canada either because of their IP address or because they used a search query and provided a location. This data can be used as a segment to, for example, prefill the search form when they revisit. Car purchases are rarely impulsed decisions, after all.

To start, you can deduct that they are from rural Canada either because of their IP address or because they used a search query and provided a location. This data can be used as a segment to, for example, prefill the search form when they revisit. Car purchases are rarely impulsed decisions, after all.

One aspect worth mentioning is that you should consider including "surprising results". In the case where they're looking for a particular car and there's a listing that seems like a good deal but is outside their search range, show it anyway because it might be worth the long drive.

So how do we know that they're looking for a new car and what can we do with this information? If the website offers multiple segments, one hint could be which category they visit first. In our case, that would be cars rather than boats. But what if they misclicked? A better way to set segment criteria would then be to use time spent within a category or pages visited within a category.





Ideally, you use as precise information as possible. So rather than "interested in a new car" you should use segments such as "interested in compact SUVs" and/or "midsize SUVs". Note that these two do not exclude each other. People can be interested in more than one category, topic, or product type at a time. This knowledge can then be used to, for example, show personalized recommendations on the main page, or to suggest that they sign up for daily emails that provide new listings that fall within their interests.

Then the big one; what gives it away that they're a family of four? Perhaps they're only looking at large cars with four or five doors. But people can have many reasons why they'd like a big car. You could also deduct that they're a family from other products that they've looked at although you'd still be working with assumptions.

To figure family makeup you can cross-reference their address or insurance information if provided. It could also be something you can find out through testing. By showing the same products with different images, for example. Perhaps one shows the car with a couple standing next to it and the other shows the same car with a family. Whichever they show more interest in is most likely the one that they relate to the most (that could be the hypothesis, anyway).

Alternatively, you could just ask. A simple prompt of "Hi, what are you looking for today?" may give you all the info you need to add a visitor to several segments at once. Using segments goes beyond improving the customer experience on your website. Segments can also be used to advertise through ad networks. In the case of car shoppers, interesting offers can be shared with them across the web. If you do personalize like this, just make sure to move them from "is interested in buying a car" to "has purchased a car" whenever you can.

No-one likes seeing ads for products that they've already purchased. Besides, that too is good info to help them find the next product that can improve their life. A child seat, perhaps? A cover to keep the car clear of snow? Would they be interested in a caravan? Test, learn, segment, and personalize.



# How does segmentation work with Frosmo

The more fine-grained segmentation is applied, the more effective it becomes. As a reference, some Frosmo users have created hundreds of segments so that they can create one-to-one experiences across their network of websites. Luckily, Frosmo supports an unlimited number of segments.

Broadly speaking, there are 4 segment types: demographics, context, behavior and life cycle, and psychographics.

Demographics	Information that can be tied to the visitor's climate, culture, gender, and age group.	
	Examples: Age, gender, location (city, region, country), weather forecast.	
Context	Context refers to the technology the visitor is using. Related attributes are used to ensure compatibility and to ensure that the content is optimized.	
	Examples: Browser, device type.	
Behavior and life cycle	Segmenting based on behavior helps establish where a visitor is in the purchasing process. The info helps gain insights into what they're trying to do next.	
	Examples: Pages visited, number of visits, recent purchases, viewed products, potential value, website logins.	
Psychographics	Data about psychographics is harder to capture and relies heavily on your expertise to get right. How well do you know your customers? However, getting it right is also going to have the biggest impact on your bottom line.	
	Examples: Interests, lifestyle, moral values.	



In Frosmo, you can use any of the criteria (or any other ones that you can come up with) by defining what action a visitor needs to perform to get included in a segment. This can be as simple as "visited the homepage for the first time" to more complex cases such as "has searched for 'Cadillac' but has not visited 'Cadillac SUV page' in the past 7 days".

Then you use the segment, or a combination of segments, to define whom you want to show a particular website modification to. Like the segmentation rules, these modifications can be anything and shown anywhere on your website.

By showing multiple modifications (think recommendations, messages, CTAs, etc.) on several pages, you effectively personalize your entire website. And since segments are dynamic, each action that a visitor takes can potentially add or remove them from a segment, altering what they see accordingly and improving conversions.





03

## MAPPING AND ORCHESTRATING CUSTOMER JOURNEYS

For decades, stores have pretty much dictated to people what they should be and what they should wear, dressing up mannequins in clothes and accessories they wanted the customers to like and buy. But now, the tables have been turned. We're now at a turning point where technology has evolved to let brands listen to the likes and dislikes of their customers, and serve them accordingly. Customers finally have the power in their hands to let brands know what they truly want.



**51%** 

of consumers feel it is important to get a personalized experience across all digital channels within a brand. -2018 Digital Commerce Survey, BRP Consulting

Before, online retailers could only collect data through survey marketing efforts in order to build basic customer profiles that helped understand their needs more. But with customer demands and expectations swiftly rising all the time, digital marketers and ecommerce managers should customize and deliver a one-to-one digital interaction to reach their customers on a more personal level. For brands, this means delivering an authentic customer journey and seamless cross-channel shopping experience so customers feel that their relationships are unique and differentiated.



# How personalization helps steer the customer journey

Planning the layout of your site is both an art and a science — it requires creativity, insights into your customers, and every layout needs to be tested. Retailers have been planning and analyzing brickand-mortar store layouts and product arrangements for years. Think about the journey through the store. What footprints do customers leave? How much analysis goes into mapping out this journey, from what categories of products show first, to items on bargains, and to complementary products?

Then think about product placement on the shelf. How does one effectively arrange products and which ones need to be more visible? What is more important: higher value items versus high-margin products? How easy is it to change the strategy if needed? These tactics have been used for decades, but many online retail companies are still struggling to capture the necessary data and analysis to replicate this experience digitally.



If this experience is matched online, customers are no longer restricted to a one-size-fits-all approach, as experiences are adapted for every individual. Each customer is unique and comes with different needs at different moments in their customer journey. And with their needs and behaviors constantly changing and shopping channels evolving, retailers need to work harder to deliver curated shopping experiences targeted to each individual customer.



# Orchestrate smart and effective customer journeys

You and your customer have the same goal. You both want the customer journey to be easy, intuitive, seamless, and as friction-free as possible. How can you make that happen?

The answer is a platform built for customer journey orchestration - a smarter way to visualize and optimize customer journeys from start to finish. Let's take a closer look at a typical customer journey in an online retail store.

A great customer journey starts with good content, so a first-time visitor should immediately see content that builds credibility. This is also the perfect time to showcase available promotions and other interesting offers. Having engaging and relevant content improves the bounce rate - that's how many people go to your website and bounce right off without interacting with the site nor content. If they leave right away, that means they didn't find what they're looking for.



of consumers have avoided brands, including both physical and online retailers, because of a bad experience in the last

year.

-The Customer Experience Tipping Point Study. Medallia and Ipsos, 2018



The next phase of the customer journey is discovery or decisionmaking, where the brand strives to help customers choose the right product within the product group of similar alternatives. Most people who land on your website usually have a clear need they are looking to fulfill or a particular item or product already in their mind. It's also a good opportunity to show complementary products for up-sell and cross-sell conversions.



Before the customer closes the deal and makes a purchase, you can increase the average order value by using effective product recommendations that can help the customer pick discretionary products for supplement or for maintenance.

The customer journey shouldn't end with a single purchase. Welcome the customer back later on with an email recommending complementary products for the products they already purchased.





This is smart customer journey orchestration - the key to delivering unique customer journeys that build loyalty, retention, and long-term benefits, both for the brands and the customers. Orchestrating customer journeys helps brands take control of the entire customer experience through Al-driven personalization.





## UNDERSTANDING AND OPTIMIZING THE SHOPPING FUNNEL

The real battle begins when people have already put items into their shopping carts. It's when you have the biggest opportunity to turn window-shopping into done deals. So at this point, it's crucial to ensure that the checkout funnel on your website is at its optimal level. Why? Because when people reach the checkout page, usually, they have already made up their minds to buy something and they are most likely to convert.



70%

of consumers say a company's understanding of their individual needs influences their loyalty, and 69% say the same of personalized customer care. -Salesforce, 2017

But let's face it, not everyone who's heard about your brand and visited your site will magically turn into loyal customers. According to studies, as many as 75% of users abandon the shopping cart stage for many reasons. This is why optimization at every stage of the funnel is critical to improving the number of people driven towards conversion. Optimizing your shopping funnel puts the focus on your customers, which, in turn, increases conversions and improves customer experience — the winning combination.



#### What is a shopping funnel?

The shopping or checkout funnel is a visual metaphor for the path taken by a potential customer as they move towards becoming a customer. It's a process that helps you to visualize and understand the customer purchase flow, and guide the potential customers towards conversion, from the time they land on your site to the time they convert into actual customers.

Here are the **five stages** in a shopping funnel:

- 1. Site visit A customer arrives at your site.
- 2. **Product view** Customer views a specific product page for more detail.
- 3. Add to cart Customer shows a strong preference for a product by adding it to their cart.
- 4. Enter checkout Customer shows strong intent that they will purchase your product.
- 5. **Purchase** Customer goes through the entire checkout process and completes the transaction.

The entire customer journey could take place in a matter of minutes. or hours, or even days, as a customer visits the site. adds items to their cart. and completes their purchase. The funnel shows the number of pages that customers visit from the landing page to the 'thank you for your purchase' page. Because the shopping funnel is at the baseline of the marketing funnel and the start of the checkout process, all the marketina efforts have already paid off at this stage.





# Optimizing the shopping funnel through personalization

In an ideal world, it's really simple. A person visits your site, checks out product pages, adds a product to their cart, and completes the checkout process. But mapping out an ideal shopping process can make you understand more how many of your site visitors are progressing through each of the stages in the funnel. To do this effectively, you need to think about the customer experience at each stage — what they want, and how you can give it to them.

For example, if you run an ecommerce store, your shopping process might look like this:



To build a highly converting shopping funnel, optimize your product pages with relevant, smart, and personalized recommendations. You can recommend relevant products or other similar products to your customers when they're on the checkout page. Sweeten the deal by offering additional products that complement the item that your customer wants to buy.



## **91%**

of consumers are more likely to shop with brands who recognize, remember, and provide relevant offers and recommendations. -Accenture Interactive, 2018

When many of your products are similar, it's essential to help customers pick the right product for their needs. Product recommendations are a powerful tool to drive discovery, promotion, and cross/up-sell in online retail without the need to manually define the related products.

Al-powered recommendations ensure that you're harnessing all of the data available on every touchpoint of your online shop. You can leverage this data to start predicting what the web visitor would like to see next. This continuous combination of learning from a product interest, their profiles, and the context of their visit, means that you can offer highly targeted, relevant, and engaging recommendations.

Accenture has stated that 91% of consumers will remember a brand and be more likely to return when they have been provided with relevant offers and recommendations to engage with.





#### Lower funnel personalization: creating great retail experiences with content personalization

Consistency and cohesiveness are keys to delivering a completely personalized shopping experience. A common personalization strategy already includes featuring product recommendations on individual product pages. If data shows that a customer is interested in one product, it's vital to recommend similar options but to take it to the next level - go beyond related or other versions of the products and offer complementary items as well. Show the add-ons that customers are most likely to buy because they already have the main products in their basket.

At the same time, can build a more consistent story by personalizing the customer journey on multiple pages. This combination of consistency and personalization can help lead to greater customer value and improve the customer's relationship with the brand.

For example, on the front page of Clas Ohlson's webshop, the Frosmo Platform is used to show the most viewed and most bought products. When buying a product, there are many different ways of recommending other products to accompany the initial item of interest.



For example, if you buy a robot lawnmower, your recommendations will show the right add-ons for your lawnmower such as cables and tools to complement the product; extras such as a storage unit, accessories; and finally, what others have bought with the lawnmower. With addons, upselling, and recommendations, Clas Ohlson sees an 8% increase in average order value and a 27% increase in bought articles.



Another strategy is optimizing product recommendations based on customer behavior. For example, online food store Kauppahalli24 recognizes the importance of knowing where the customer is in their buying journey and offering them help and advice accordingly.

Recommendations should be based not only on the current page the customer is on, but also where the customer is in the buying process and how likely they are to purchase or add more products.

For Kauppahalli24, they have different recipes available on their site and when people click on a particular recipe, it will also show the ingredients needed and the availability and prices of the products for the recipe.

A feature called 'linked products' makes it easy for Kauppahalli to link products of the store straight from the recipe and thus the correct product boxes are then shown after the recipe content.





## PERSONALIZATION ON DIFFERENT PAGES THROUGH AI-DRIVEN PRODUCT RECOMMENDATIONS

Product recommendations used mainly consist of highlighting the most popular products. But with the rise of AI and machine learning, recommendations in ecommerce have increased customer engagement by several steps.

Recommendation engines now start with understanding the customer's intent by capturing the customer's shopping patterns, behavior, and purchase history. With the data on hand, you can then find the best products to present to each customer accordingly. Other factors that also come into play are new trends in the market, bestsellers, discounted items, etc.

It's crucial to pick the right kind of product recommendations to effectively boost conversions. By showing the right content at the right time and in the right place, customers will have unique experiences tailored to their interests across the buying process. Effective recommendations can significantly increase average order values, ultimately boost your profits, and have a tremendous impact on repeat purchases and customer retention.

Where to showcase your personalized content is also important, whether the goal is to drive more traffic or increase conversion rates. It's critical to determine which page the content will be most effective. Here are some of the product recommendation types used on different pages at different customer points. There are many variations depending on the customer behavior data and in most cases, it's the combination of all the strategies that produce the best results.



#### Homepage

A areat customer journey starts with content that builds credibility. Your front page should have acod content and should also showcase available promotions and other interesting offers. Instead of a one-size-fits-all solution. the content on your front page should vary based on who's viewing it and what you know about them. Personalized recommendations on the front page make the revisiting buyer feel more welcomed and create a smoother buying process.





The homepage is to a website as a front-window display is to a physical store. Therefore showing the main product offerings is crucial as it enables users to start shopping and increase clickthrough rates. Create a fully dynamic and unique homepage experience for first-time visitors and to returning customers. Use this space to insert personalized recommendations, what differentiates you from the competition, and personalized messages of what you offer so potential customers don't leave the store before even understanding what you're selling.



First-time visitors often don't have anything specific in mind. Because it's their first time, you know very little about them. The recommendations on the main page aim to inform these newcomers about your products and get them engaged, therefore recommend:

- Hottest items or what stands out from the competition, items that have ranked best on your site in different categories based on popularity, purchases, CTR, views, and trends
- · Bestsellers, or those with the highest conversion rates
- Newly added items
- Emerging or trending items, or items that will be available soon and can be reserved early
- Context-based recommendations such as location, weather, and device
- Items on sale

For returning visitors, since you already have data about their recent purchases and browsing history, it's time to utilize personalized product recommendations. Showcase specific brand and product affinities based on visit history. Create personalized banner campaigns that speak to the products or categories that returning customers shop for most. This entices them to click through another page and make another purchase.

Effective personalization and smart recommendations are strategies to achieve the goals of an ecommerce business. The whole front page of Rajala is personalized by Frosmo. It shows the generic page for the first-time visitors but customized according to interests and behavior for returning visitors.





If the customer previously bought a camera, you can show new arrivals of camera accessories. Try recommending:

- · Items that the visitor has previously viewed or purchased
- · Items related to the recent purchase
- · Discounts on recently viewed or purchased items
- Items related to those abandoned in the basket
- Popular or new items based on previously viewed or purchased items

The strategy of Power, a leading electronics retailer in the Nordics, is to assist the customer journey for better product discovery and conversion on the front page. Recommendations show the currently most popular products or products recently viewed by the visitor.







#### Category page

The category page drives discovery to the online page, hence product categories need to be clear and quickly differentiated. Relevant products are stored in the category pages giving the shopper the chance to narrow down to a specific subcategory to find exactly what they're looking for. Navigation should be effortless with proper and easy-to-understand labels.

For first-time visitors, get them to browse your category pages by recommending:

- Bestsellers
- · Last week's or last month's popular and trending items
- Newly added products
- · Category variety or subcategories
- · Items that are high in stock

Offering products to returning customers requires fine-tuning. You can use the data gathered to trigger personalized offers on the category page. The offers can include seasonal, daily deals, rating-based recommendations, and others such as:

- · Recently viewed or purchased items
- · Popular items from the user's favorite subcategories
- Items related to recent purchases
- · Deals and promotions in the category
- Abandoned items in the basket





Category pages are crucial to product discovery, serving as sources of traffic from search engines or paid ads. After the front page, they are usually the very next step in the shopping journey. Power aims to help the visitors find the most relevant product to purchase in the category pages. Two strategies are in place to make product discoverability easier. The first set of category page recommendations shows the trending products based on highlyconverting or most popular products. To enforce product relevancy and increase average order value, behavioral data is also used to show recommendations based on particular user interests in a specific category and combine them with products viewed or bought together.

With product recommendation strategies implemented on the pages, the results have been proven strong and effective. Purchase conversion rates have gone up by 170% compared to the group that doesn't see recommendations, and the average order value has gone up by 41%.





### Product page

First, it's important to understand how a customer arrives at a site. Data suggests that about 20-35% of retail website traffic lands on product pages since most people shopping online use search engines and follow ads. Hence, a product page is often the first step in a customer journey where they spend the most time browsing and choosing the products they want to purchase.

The goal is to keep the visitors in the sales funnel and for them to add the items to the cart. Recommendations on product pages aim to increase average order values. Often, visitors have one thing in mind when shopping but end up buying more, so you've got to take advantage of this fact and stretch their buying eagerness by recommending relevant items and launching upselling efforts.



Customers usually spend the most time on product pages, browsing, and choosing the products they want to purchase, so take this opportunity to offer:

- · Complementary items from the same category
- Items to upsell, for example, those that are better in quality or have higher prices
- Alternative relevant products
- Associated items, for example, batteries for an item that needs them
- Most purchased or viewed items from the same category
- Other items based on recent purchases or views
- Promotional items



People who land on product pages have a clear need they are looking to fulfill, so this presents a good opportunity to begin a great relationship with them. Personalization on product pages enables retailers to reach out to customers in a way that directly and precisely meets their needs and desires. It's about giving your customers more power, and reasons to come back for more.

Product pages are also an important part of SEO and SEM, and getting the best out of product pages will improve ROI of your campaigns. Personalization on product pages, combined with SEO best practices will improve the site's visibility and ranking on search engines and will put it on the fast track to success.

Reima, a global leading brand in functional kids' wear, boosts sales by providing their customers with personalized product recommendations to find the most suitable items for each customer's individual needs. Their strategy is to recommend products that other similar customers have bought.



The product page is all about making sure the conversion happens and that the average order value increases. Traditionally, customers put a lot of effort to choose the product that best suits their needs. To make the choice easier, Power uses recommendation strategies based on relevant products viewed or bought by others as well as historical data of the visitor to recommend related products.



#### Typical goals for product page personalization:

- Aim for more product page clicks, views, conversions, and reduce bounce rates
- · Make it easy to view all comparable products in the category
- · Enrich product information with other useful insights
- Create trust and affinity by presenting relevant content to start the customer journey
- Present more options for customers who land on product pages

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### Shopping basket page

When customers are in the last stage of the shopping funnel, it's important for them to complete the purchase. Get them to do it without so much distraction, but seize this chance as well to get higher average order values. When they are about to finish the purchase, customers are usually willing to add more items, or even pay for a slightly higher priced product, if the recommendations are done effectively. The checkout page is an excellent place to recommend because you already have their preferences.

Recommend:

- Items often purchased together with the item in the shopping basket, such as add-ons and accessories
- Items related to the purchase that would be a perfect add-on to get free shipping
- Popular items from the recently visited categories
- Items that are not commonly purchased with the product in their baskets, but have been previously bought together, say a dress with colors that match a bike
- Items based on the visitor's affinity and preferences
- · Items that have relatively low prices and are easy to buy

Power is developing cart pop-ups for recommendations to include the data about store items in stock. It raises the level of relevancy and encourages effective cross-selling.

BOUGHT	BOUGHT TOGETHER					
	Ø,					
SAMS		SAMS				
HW-		65				
	GARMIN		BOSCH			
e	VIVOACTIVE	2	WTW85P495			
499.00		199.00				
	€ 198.70	€	€ 797.00			
1/1						


## PERSONALIZING EVERY TOUCHPOINT OF THE CUSTOMER JOURNEY

You don't need to redesign your whole ecommerce site to offer customers personalized experiences. One of the best approaches is to add lots of small but powerful elements that together transform the way new and existing customers interact with your website. Utilize personalization through several recommendation strategies and tactics on product pages. Engagement will deepen, sales will grow, and revenues will increase.

It's not easy to create messages and offers that feel truly personal and relevant to potential customers, but utilizing personalization through smart recommendation strategies can become a very powerful marketing tool offering many benefits to both customers and businesses.





## Use the exit intent feature

If the customer is about to leave a certain page, personalize the experience with the exit-intent feature. Use an exit popup when the customers attempt to leave without purchasing. Give them a reason to complete the checkout process. Offer discounts, a coupon code, or some freebies.

Exit intent can be:

- A pop-up, ribbon, drop-down, etc.
- Asking for an email address to let them know of future similar offers.
- An offer of a discount coupon for other products
- Testing another recommendation, for example, a best-seller product within the category.

	Blue fabric coat
	Wait a second * thand features
	Get <b>20%</b> off on any item when you buy today.
	Your code
< //	BUYNOW
38	🛍 💠 🎽



# Maximize the impact of the product page on the homepage

Traditional customer journeys no longer exist. Today, customer journeys are non-linear and unpredictable. Customers don't end up buying a certain product the first time they visit a particular site. Brands need to realize this new reality and take engagement to a deeper, more complex level.

One of the most unused personalization features is the impact that a product page visit should have on the homepage. Many customers are more interested in browsing than looking for a specific item. Even those with a particular product in mind may change their mind after learning more about it.

Customers will usually look at more than one product page during a single session, so you can remind them of previously viewed items. For example, a customer has visited a product page and after a few hours or days, returns to or visits the same site, but this time, the front page. To increase conversion rate, the front page hero banner should scale and the last viewed product is visible on the right side of the homepage. This is a great way of targeting new potential customers with customized recommendations.





Frontpage recommendations should also change accordingly. You are in the best position to offer the most relevant content. For firsttime visitors on your site, you can recommend the most viewed or trending products, but for second visits, you should remember and show the products that the customers have viewed recently.

Use a strong call-to-action, say "Pick up where you left off" to remind the customer about the items from the last session, and deliver an uninterrupted shopping experience. Recommend similar products, and other new brands, trending items, and other categories to explore, based on my recent browsing activity.



## 1. Automated segment-based optimization of the hero banner

The hero banner on your front page shouldn't be the same for all visitors.

# 2. Returning user last viewed product

For returning visitors, since you already have data about their shopping behavior and browsing history, use personalized product recommendations.

# 3. Best performing offer within the segment/category

You can group your visitors into segments based on their preferences and customize your offers for each segment.

#### 4. Automated optimization per segment searching for the bestperforming inspiration

Utilize AI-driven optimization to dynamically search for the bestperforming inspiration or recommendation strategy for a specific visitor segment and automatically verify its performance.

# 5. Product recommendation strategy according to customer phase and affinity

Product recommendation strategies on the front page mainly consist of highlighting the most popular products, but with the data on hand, you can then find the best products to present to each customer accordingly in every phase of the customer journey.



## Ensure conversions of add-to-basket

Shopping cart: 1x Blue fabric coat (S)	Order summary:
€129.99	1x Blue fabric coat (S) €129.99 Standard shipping 3-5 days Shipping and handling 5.90
Continue shopping	Total: €135.89
Complete the look with these	Place your order
Trending styles	You recently viewed
Summer Office Party	Scarf €19 Hat €29 Wallet €49

Directing the customer to a new page once a product has been added to the basket can increase AOV. On top of the new page, show a summary of what has been added to the basket and a possibility to check out. The rest of the page is filled with different recommendations, about 5-8, of which the first ones should be complementing products/features. The others should show a broader set of products available. At the bottom of the page, there should be recommendations about previously viewed products.

You can recommend the bestsellers, or if the customer has purchased several dresses in the past, you can recommend other similar styles that she might like. The upsell could also be items that go with the products they want to purchase or have already purchased. By including category suggestions, you will broaden their choices as widely as possible, and increase the likelihood that they see an option they want to explore further.



## Increasing customer lifetime value with personalized overlays



A powerful alternative way to increase AOV is to load an overlay on top of the product page. This overlay confirms what has been added to the basket and recommends complementing/matching products. The overlays need to be relevant to the customer. Target each customer with something relevant to them to push them towards the action you want them to take. You risk losing a potential customer if you interrupt the customer journey with a random ad about something they don't really want. Learn more about your customer, and focus on driving the action you want them to take.



07

# DATA-DRIVEN DECISION WITH CONTINUOUS TESTING

Experimentation is always crucial as many improvements can cumulatively turn into big conversion rate generators. Testing helps you to gather data to show what should be developed next, reduce risks in costs, understand the audience on a deeper level, and solve the pain points that your visitors might have.

We recommend starting testing with a solid hypothesis – know why you want to test, what are the conversion rate goals, and the end expectations. Use A/B/n testing to find out which variation performs better on a website and to identify which one delivers an engaging experience to each customer. Examples of what you can test are banners, recommendations, navigation, CTA's, social proofs, and content. Testing every element encourages data-driven decisions that eventually lead to reducing risk and greater ROI.

With customers' expectations increasing, Reima wants them to experience positive surprises when shopping online. For example, Frosmo is helping Reima to explain the uniqueness of the clothes by highlighting hero products and bringing extra stories to support faster decision-making.





This involves continuous smaller improvements to the site and thus A/B testing has increased its importance. Continuous analysis of the test results running on Reima's sites has been crucial to making datadriven decisions. Frosmo plays an important role as it offers testing capabilities and allows fast time-to-market for visitors to see continuous new elements on the site.

Multi-armed bandit testing makes testing faster and smarter with machine learning. With multi-armed bandit experiments, you're able to continuously learn and optimize your site whilst running your test. You'll be earning while conversion rates are going up.





# CONCLUSION



New technology trends empower customers to shop anywhere and at any time. To keep up in this ever-changing and competitive game, retailers need to invest in website personalization.

Product recommendations require smart execution to produce the most effective results. Consumers are more likely to spend money and return to a site that makes them feel valued with personalized offers tailored to their needs. It's all about the perfect timing – recommending items that your customers want at the time when they're most engaged can enhance user experiences hence improving conversion rates.





## What's next

Now that you've walked through the fundamental tactics and strategies to get your online retail business going, it's time to kick start your personalization journey.

**01** Still wondering if personalization could improve your online business? Use our business case calculator for retail businesses to quickly and easily evaluate the business impact of personalization on your online business. This is a specially-designed tool carefully put together from more than a decade of knowledge and experience with implementing personalization for retail businesses. Actual results vary between businesses.



Calculate how much your retail business would benefit from personalization

#### **TRY IT NOW**





8 steps to getting started with personalization

#### **DOWNLOAD THE INFOGRAPHIC**

02

Know the steps to implement personalization. Personalization shouldn't be a one-time activity nor a separate initiative from your marketing efforts. But before you can truly have successful personalization, you need to know the basics. The steps in this handy infographic can help you find the best approach to starting a personalization strategy and delivering customized experiences that drive better engagement and more conversions.



Be in the loop and get ahead with the latest trends, industry updates, ecommerce insights in online retail personalization. Subscribe to the newsletter to get information about personalization, how it can help your business grow, and where to start. The newsletter will be sent once or twice every quarter with new and amazing content to inspire you.





## **ABOUT FROSMO**

Frosmo is a Finnish software company based in Helsinki with offices in the UK and Poland. With the Frosmo Platform, you can efficiently implement, optimize, and personalize each user journey without the need for a complex integration project. The winning personalization formula consists of Al-driven product recommendations that optimize each step of the customer journey delivering the best results in the market.

#### frosmo.com

### **REQUEST A DEMO**