

Start Using AI to Drive Sales and Customer Loyalty

ııblueshift

SMART GUIDE

SMART GUIDE

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PRODUCT RECOMMENDATIONS

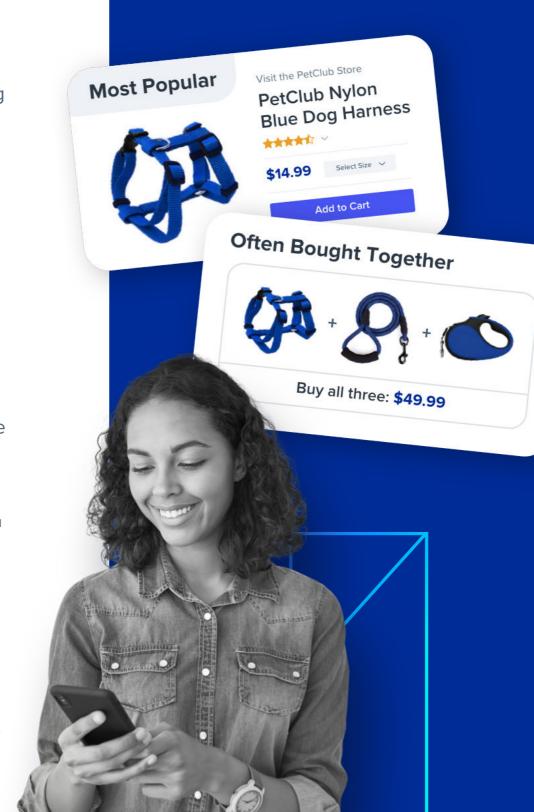
Driving Sales & Loyalty

Shopping today isn't what it used to be. On one hand, there's more control with instant access to product information and being able to purchase anything on the go. But, on the other hand, there's overwhelming choice with more products to sift through from an ever-growing number of brands.

Who has the time to do extensive research on every product purchase? We need retailers to make shopping experiences simple, enjoyable, and fast. And the retailers winning brand loyalty today are those that continuously present customers with products they actually want and help them discover new products they didn't even know they needed.

That's how Amazon has leapfrogged the competition and remained in a league of its own — by curating the shopping experience to customers' preferences, buying habits, and real-time intentions with a sophisticated use of product recommendations. In fact, product recommendations drive 35% of its revenue.¹

Fortunately, with advances in recommender systems, all marketers can create delightful, frictionless omnichannel shopping experiences — and in this guide, you'll learn exactly how. We'll teach you about the various recommendation themes, how to select the right ones throughout your customer journey, and best practices to drive revenue and loyalty through product recommendations.



amazon

RECOMMENDATIONS

+35%

Product recommendations drive **35**% of Amazon's revenue¹

> ¹McKinsey. (2013). How Retailers Can Keep Up with Consumers

ELEVATING THE SHOPPING EXPERIENCE

With Recommendations

Whether you're trying to turn browsers into buyers, increase order value, or drive repeat purchases to grow lifetime value, success hinges on presenting personally-relevant product suggestions throughout the customer journey. In the store, product discovery happens naturally and salespeople can assist with purchase decisions. Now as shopping experiences are increasingly online, marketers and ecommerce leaders need to recreate those experiences across all their channels. But curating products to each customer is no easy task, especially when working with vast, diverse, fast-changing inventory.

Luckily today we have Al-powered recommender systems to assist with surfacing relevant product recommendations that guide and inspire throughout the path-to-purchase. These systems do the heavy lifting in mining and analyzing customer and product-level data to dynamically personalize product suggestions for each customer based on browsing and purchase behaviors as well as stated and inferred preferences. Recommender systems are highly flexible and can optimize to selected recommendation themes. They also give marketers control to refine automated recommendations with merchandising rules to include or exclude products based on stock levels, margin, placement agreements with vendor brands, and other criteria.

Recommender systems simplify crafting the right shopping experiences but they need direction about which recommendation themes to optimize to, which will depend on where customers are in their path to purchase (are they in research mode or close to purchase) and their lifecycle stage (are they a new customer, a lapsing customer, or a VIP).

LOYALTY

49%

of consumers have purchased a product they weren't planning to buy after receiving a personalized recommendation²

SALES GROWTH

44%

of consumers become repeat buyers after a personalized shopping experience²

> ²Business Insider. (2017). Shoppers Expect More Personalization

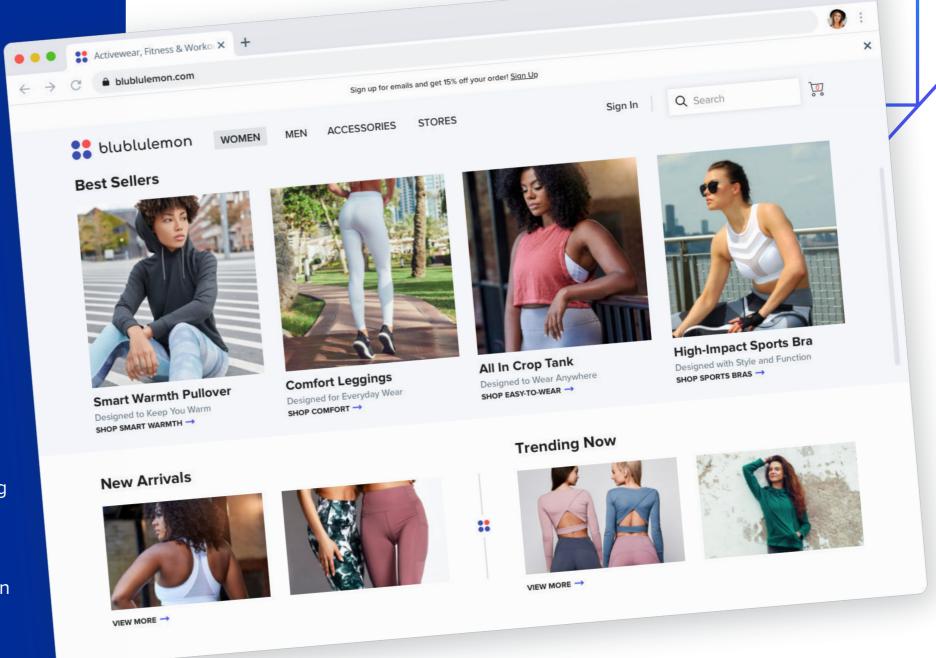
RECOMMENDATIONS

For New Customers

First impressions are critical in convincing first-time shoppers that your brand and product selection is the right fit. But at the beginning of the customer lifecycle, you don't have any insight into customers' category, brand, or price-point preferences (let alone their preferred styles and colors or their buying habits and intentions). So how do you enable product discovery and continue surfacing relevant products to keep them interested and shopping your brand?

As you're beginning to learn about new customers through their browsing behavior, showcase your most popular items from across your top categories. Then, drive urgency and hype by highlighting what's trending. Finally, add another element of product discovery and inspiration by featuring new arrivals. Social proof is a powerful tactic early on because people are swayed by peers' opinions. There's also a higher chance popular items will resonate. Plus, popular picks are perceived to be trusted, which is key early in the relationship with new customers.

At this stage, you can still add relevance by narrowing product recommendations to a customer's location or the information they've shared. Then as customers start browsing products, you can start tailoring recommendations to their preferences and highlighting similar products to explore.



Recommendation Tip

Drive interest and product discovery by highlighting what's most popular, trending, and new arrivals.

NEW CUSTOMERS

Top Recommendation Themes



Most Popular

Best-sellers are popular because they resonate. Highlight top purchased, carted, or browsed items. Narrow down by category or location.



Early Access

Give VIP treatment and a feeling of exclusivity by providing first access to new products from across all categories or in a specific category or location.



Expiring Deals

Everyone loves a good deal. Drive urgency to purchase by highlighting deals that are about to end. Narrow down by category or location.



Trending

We all want to stay on-trend and not miss out. Highlight the most purchased or browsed products over the last day, week, or other timeframe.



Limited Stock

Create urgency and play up FOMO (fear of missing out) by giving one last chance to purchase items before they're out of stock.



Best Value

Make the customer feel confident in their purchase by highlighting the best price point items in a category.



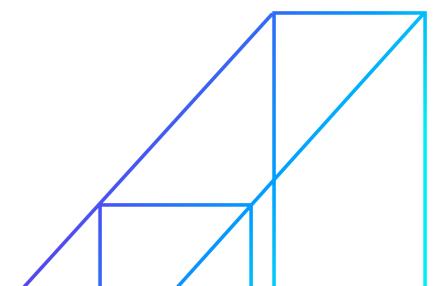
New Arrivals

New items are perceived to be more desirable. Build interest by suggesting the latest products from across all inventory or in a specific category or location.



Seasonal

Drive interest by showcasing in-season musthave products. Items featured can be from across all inventory or in a specific category or location.



APPLYING THEMES

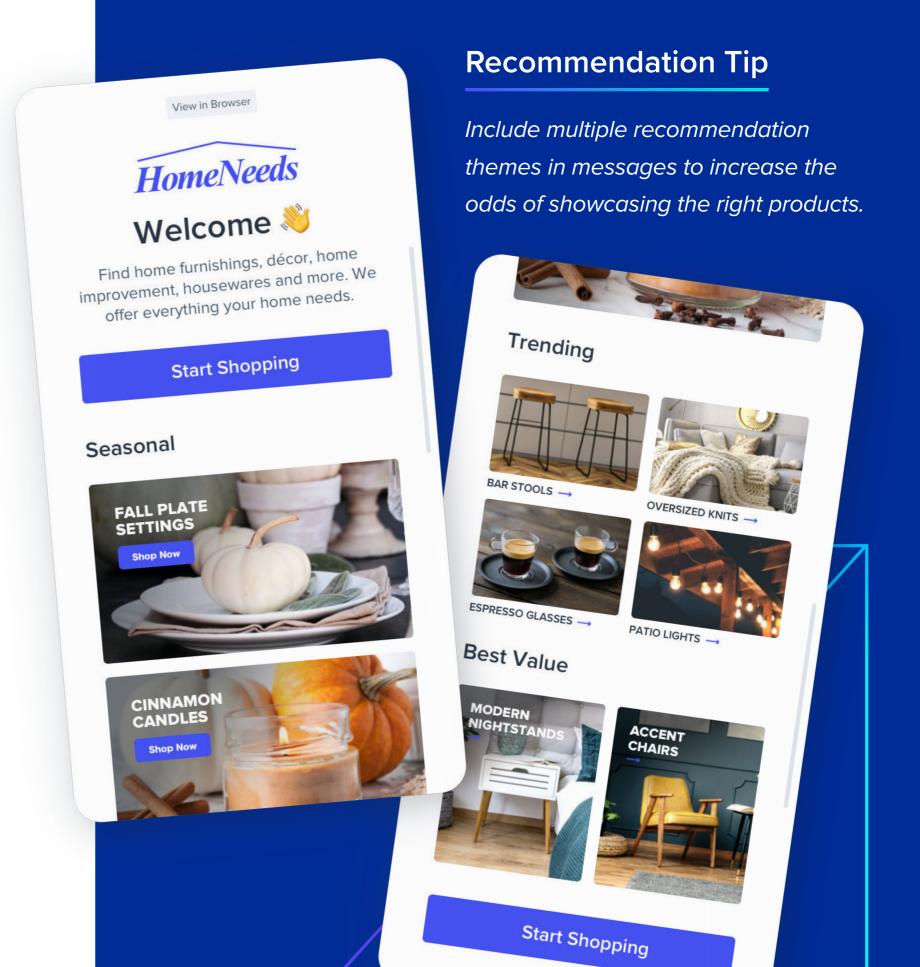
For New Customers

The first purchase is critical so provide extra white-glove service. Incorporate these recommendation themes throughout your site — on the homepage, category pages, and product pages — to make product discovery effortless by immediately offering up other compelling products to explore if the initial ones didn't resonate.

Similarly, add these recommendation themes to a multi-touch Welcome Series with touchpoints across email, onsite, in-app, mobile push, SMS, and other key channels. This will help your brand stay top of mind and keep product exploration going by bringing the shopping experience to the customer.

Which of these themes to use when? There's no reason to stick to just one theme. Include multiple themes within a message to help increase the chances of surfacing the right products. Continue to A/B test which theme or combination of themes works best.

Then, as soon as new customers are actively shopping and start moving from the research to purchase stages in the buying process, your recommender system can start understanding customers' product affinities and shopping preferences and start delivering 1:1 personalized recommendations by applying the themes in the next section.





Michal Halpern
Conversion Optimization Manager,
James Allen



Increases Engagement with Dynamic, Personalized Experiences

"It's now simple for us to deliver 1:1 personalized recommendations tailored to each user based on their historical and real-time website activities. We needed a solution that could keep up and scale with our team. Blueshift enables us to collect, track, and act upon more data than ever before and use real-time behaviors to drive more personalized experiences."

RECOMMENDATIONS

For Active Customers

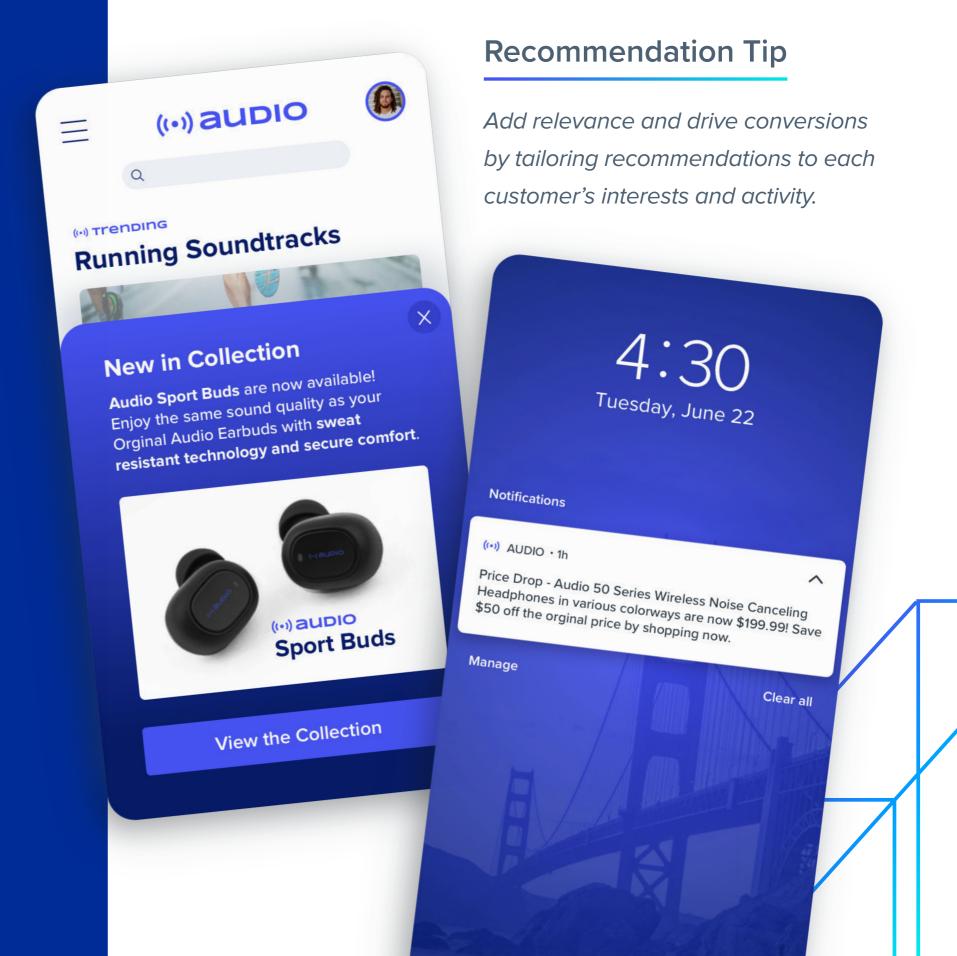
With active customers your goal is to remove friction and guide throughout the purchase cycle. Keep their interest strong with relevant product discovery, alternatives, and complementary products that fit their needs and intentions.

Make it easy for them to continue where they left off shopping and complete the purchase, regardless of the channel they're on. 73% of shoppers use multiple channels during their journey and the more channels they use the more they spend³, so make sure that product recommendations are consistent across channels and that product interactions on one channel influence subsequent recommendations on another.

By now you have a richer understanding of customers, their product affinities and preferences, and their buying patterns. You can now start delivering truly 1:1 recommendations adapted to each customer's intentions and where they are in the purchase cycle.

The recommendation themes for new customers can still be used at this stage. But to make product recommendations personally relevant and drive conversions, tailor recommendations to each customer's interests and activity with the following themes.

³Harvard Business Review. (2017). A Study of 46,000 Shoppers Shows That Omnichannel Retailing Works



ACTIVE CUSTOMERS

Additional Recommendation Themes



Similar Items

Help customers select the best fit product and avoid drop-off after viewing a product by promoting various relevant alternatives. Or showcase other products from customers' favorite brands or sellers.

Recent

Make it easy for customers to get back to where they left off in a previous shopping session by displaying the products they recently viewed, searched, or added to their cart.

Repeat Purchase

For products with cyclical buying cycles, remind customers it's time to buy again by promoting items they have previously bought with a timely reminder.



Bought Together

Increase the basket size by cross-selling or upselling customers with complementary products to round out their purchase based on what others who bought the product bought with it.



Price Drop

Give customers a reason to buy now by alerting them when prices drop for recently viewed or carted items or for products that match their category affinities.



Back in Stock

Popular items sell out fast. Drive urgency to buy by alerting customers when an out-of-stock item they viewed or carted is available again.



People Like You Buy

The collective choices of others make us confident in our purchase decision. Showcase high-converting products that people with shared preferences and buying behaviors ultimately purchased.





ONLINE AUTO PARTS RETAILER

CarParts.com Increases Customer Engagement 400%

"It's taken our marketing to the next level. We're able to get to a level of personalization we've never seen before. Blueshift's powerful, yet easy-to-use Recommendation Engine allows us to personalize every aspect of our campaigns."



Marc Hil Macalua
VP, Growth & Digital Marketing,
CarParts.com

"Any large retailer with a complex catalog who is trying to figure out personalization - Blueshift is the perfect recipe for this."



Houman Akhavan
Chief Marketing Officer,
CarParts.com

Research & Selection

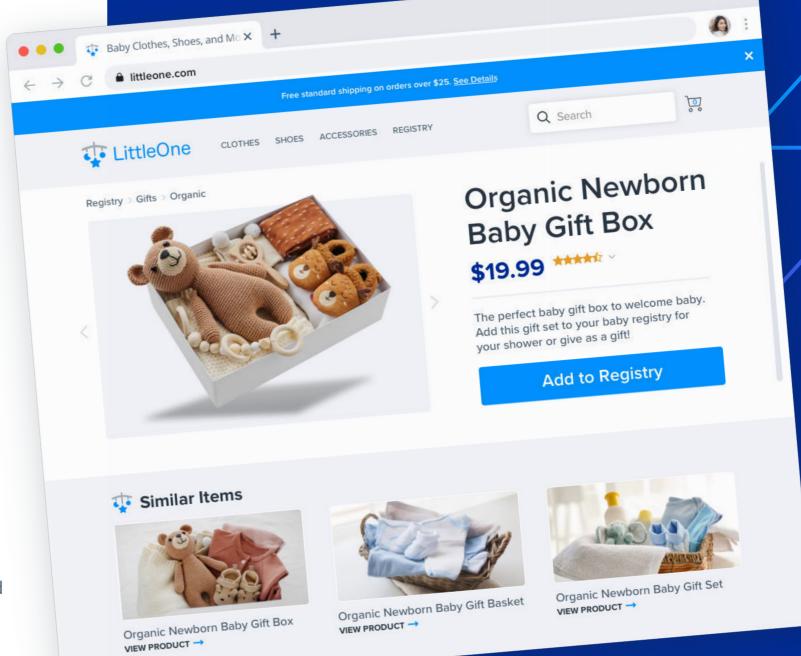
The best themes to use will depend on where your customer is in the purchase process.

Research Phase

- Make it easy to continue exploring additional products by adding Similar Items recommendations to product pages and emails.
- Inspire product discovery and introduce customers to products they
 wouldn't have thought about searching by using New Arrivals, Trending,
 Seasonal Items, or People Like You Buy themes.

Selection Phase

- Use Frequently Browsed and Recent themes in emails and on the homepage to remind customers about the products they're most interested in but have yet to purchase.
- Add People Like You Buy recommendations in emails, the homepage, product pages, and other channels to help customers make a selection.
- Send Price Drop alerts in email, SMS, or push messages to encourage customers to purchase the items they've been browsing.



Recommendation Tip

Help customers find the perfect item by making it easy to continue browsing similar products.

APPLYING THEMES FOR ACTIVE CUSTOMERS

Purchase & Post Purchase

Purchase Phase

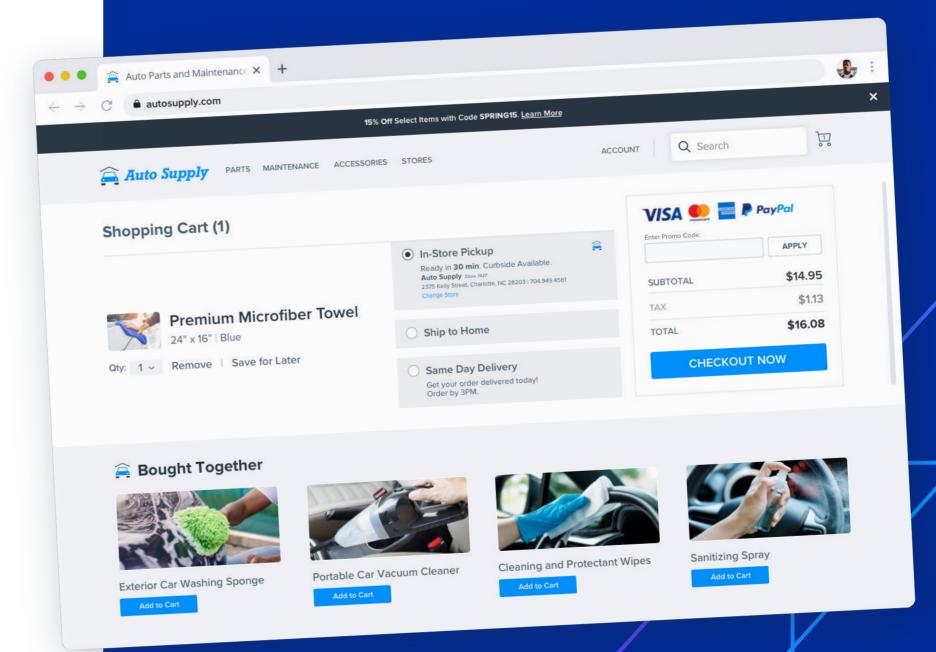
- Send emails, push, or SMS messages using Limited Stock, Back In Stock, or Expiring Deals recommendations featuring customers' most engaged with products to encourage customers to convert before the products are gone for good.
- Send cart abandonment emails with Recently Carted and People Like
 You Buy product selections.
- Send shipping promotions featuring Recently Carted and viewed products to provide extra incentive to buy now.
- Add Bought Together recommendations on the cart and checkout pages to encourage cross-sell and upsell and to increase the order value.

Post-Purchase

 Include Bought Together recommendations in post-purchase emails to encourage cross-sell and upsell and increase the order value.

Recommendation Tip

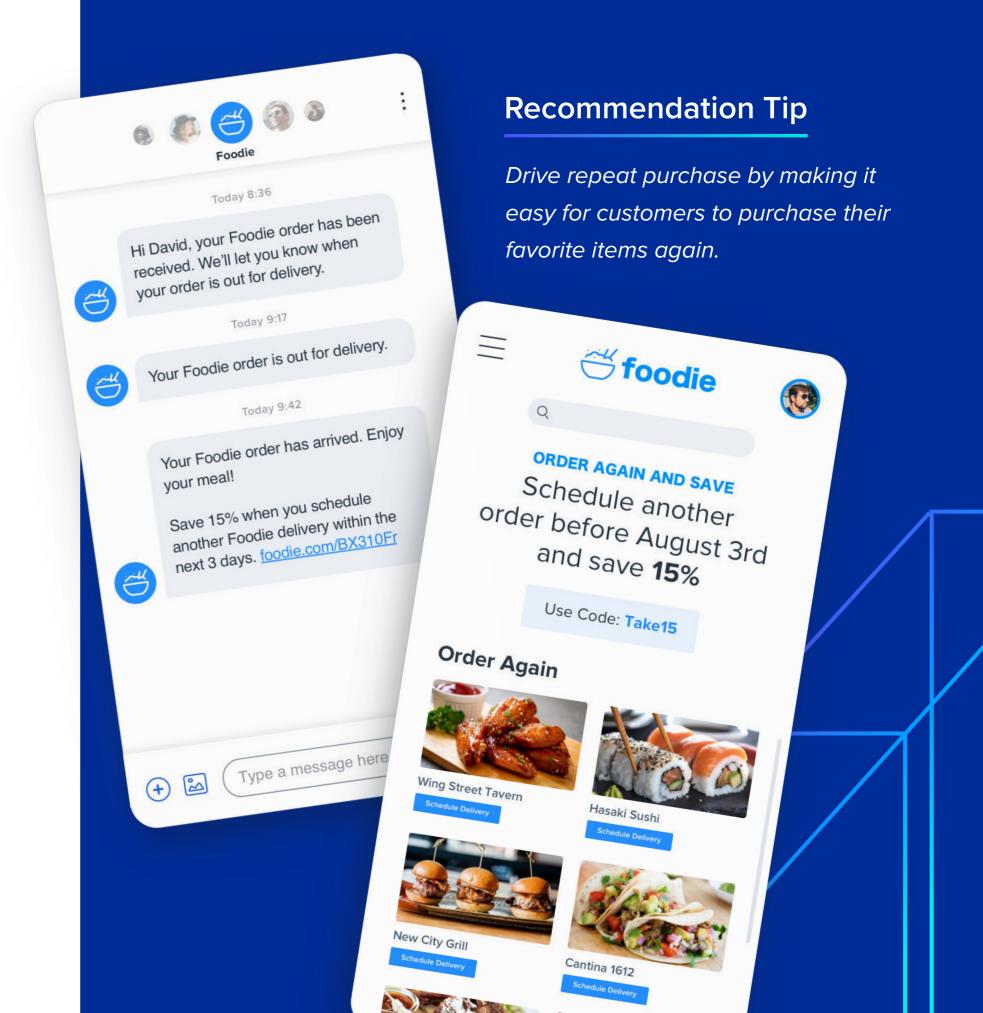
Increase the order value by suggesting items other customers typically buy with the selected product.



Repeat Purchase

Repeat Purchase Phase

- Use the Repeat Purchase theme to encourage customers to replenish their favorite items and drive loyalty.
- Equip in-store associates with information about customers'
 previous purchases and provide them with personalized
 product suggestions to offer leveraging People Like You Buy,
 Recent, Bought Together, and Similar Product themes.
- Drive customers back with geolocation emails and alerts about sales.
- Re-engage previous purchasers by showcasing New Arrivals,
 Seasonal Items, Trending, and Early Access in emails, push,
 and on the homepage to encourage them to shop again.
- Drive loyalty by sending messages highlighting loyalty reward reminders or how much more they need to purchase to achieve status and feature New Arrivals, Seasonal Items, and Trending products.





Tyler Norris

Head of Email,

Tuft & Needle

TUFT& NEEDLE

Increased Email Revenue by 181%

"Without Blueshift, we would not have seen the increases in revenue year over year. Their Recommendation Engine makes it easy to layer multiple filters, plug them into any email template, and target users with relevant product recommendations throughout the customer journey."

RECOMMENDATIONS

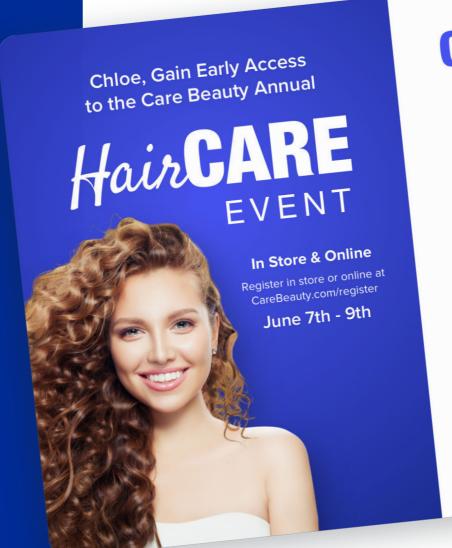
For Lapsed Customers

With more options available from a growing number of online retailers and direct to consumer brands, customer loyalty is at an all-time low. In fact, only 6.5% of millennials are brand loyalists, but personalized marketing increases that by 28%.⁴

When significant time has passed since a customer's last purchase or visit you need to get back on their radar fast before they churn for good. Remind customers about what appealed to them about your brand and its products in the first place, and give them a reason to come back with enticing new product selections.

The same recommendation themes that appeal to new and active customers still apply to lapsing customers. However now that they aren't visiting your store, site, or app, leverage other channels such as email, push, SMS, and digital ads to showcase a selection of fresh products tailored to their past purchases and category or brand interests.

⁴SmarterHQ. (2020). Millennials Say: 'Enough Emails.' They Demand Relevance, Study Shows



CARE

CHLOE THOMPSON 2380 VALLEY LANE AUSTIN, TX 78758-000 FIRST CLASS MAIL U.S. POSTAGE PAID AUSTIN, TX PERMIT #653

New Styling Products for Curly Hair! Inbox

Care Beauty 10:15 AM

CARE

New Styling Products

Chloe, we've recently added new curl enhancing products!

New Curl Enhancing Products





Texturizing Mousse →

Curl Reactivator





Treatment Serum →

Hydrating Mist →

View More New Arrivals

Recommendation Tip

Win back customers by showcasing new, popular items tailored to their category or brand interests.

LAPSED CUSTOMERS Play into FOMO (Fear of Missing Out)



Recency

New products are more desirable. Highlight the most in-demand new arrivals and seasonal items lapsed customers wouldn't want to miss.



Popularity

We look to others for validation. Highlight popular products lapsed customers would be interested in based on their affinities.



Expiry

Give lapsed customers a reason to buy now by providing one last chance to purchase relevant products before items are out-of-stock.



Exclusivity

Offer exclusive early access to items lapsed customers would love based on past purchases and product browsing affinities.

Keep in Mind

Lapsed customers' preferences may have changed, so if affinity products aren't enticing them broaden recommendations to other relevant categories.

TRADERA

MARKETPLACE FOR SUSTAINABLE, USED GOODS

Increased Sales by 131% with Personalized Recommendations

"Our small, time-constrained team has been able to deliver personalized, 1:1 product recommendations across our website, mobile app, and email campaigns at scale. It's had immediate and profound impact."



Alexandra Tham Online Marketing Manager, Tradera

1. Data

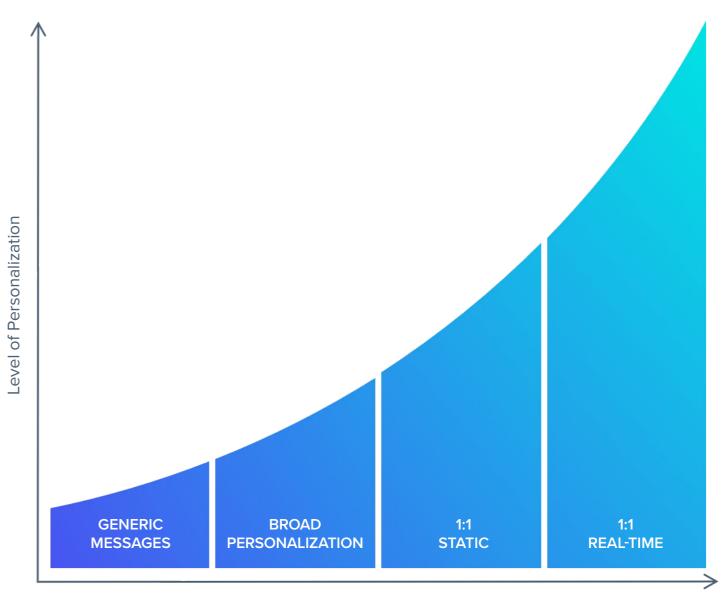
Modern AI and machine learning systems run on data. That means that for a recommender system to deliver optimal recommendations tailored to each customer's unique interests and intentions it needs a deep understanding of your customers that takes in their whole histories with your brand, including all prior purchases, **real-time** and historic browsing behavior, and campaign engagement trends.

You're likely already sitting on a wealth of data. Make sure you have a Customer Data Platform (CDP) — or better yet a SmartHub CDP with a built-in recommender system — to turn that data into a real-time, holistic view of each customer that captures all data from online and offline channels.

Gather explicit data about customers' preferences gathered during signup and other touchpoints. More importantly, ensure that you're capturing customers' interactions with your brand — what they searched, viewed, saved, carted, shared, purchased, and returned — so machine learning can determine customers' implicit preferences.

Without a strong data foundation, recommendations will be generic at best and will be irrelevant and add friction to the shopping experience at worst.

Personalization Grows with Data



Amount of Data Captured Per Customer

2. Catalog

In addition to having a deep understanding of customers, the recommender system needs to understand products and discern product relationships (i.e. what are variants, substitutes, or higher/lower price point alternatives for the same product).

Ensure your catalog is set up with detailed, structured information about each product, capturing all the relevant fields, tags, labels, and metadata. And double-check that it populates correctly.

One more consideration: if your inventory is constantly changing with products selling out and new products added, it's important that your recommender system can ingest all catalog updates in real-time and immediately surface the latest available products. No one wants to click on an interesting product only to find out it's out of stock.

What to Capture in	Your Catalog
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Category	Description	Attribute
Product Tags	Help the recommender system surface the right products and identify similar items by using Product Tags to get granular with the product details.	 Category Product Type Brand Color Condition Size Parent & Child SKU Manufacturer Variations Model Number
Price and Inventory	Create excitement or urgency by highlighting recommendations based on changes in price and stock levels.	 Price Availability Launch Date On Sale Promotions Inventory Newly Added MSRP Order Limit
Delivery	Present products that are available to purchase in the customer's location and the fulfillment options.	Countries/Regions AvailabilityShippingIn-store AvailabilityCurbside Pickup
Loyalty	Drive customer loyalty by highlighting products that are available for rewards or that are exclusively available to them.	RewardsExclusive Member AccessFree Items
Collections and Bundles	Label which products can be purchased in combination to ensure recommended products complement and expand the value of existing purchases.	CollectionAdd-OnsAccessories
Reviews and Rankings	Surface the top products and add credibility to recommendations using products reviews and popularity.	 Review Rating Number of Reviews Best-Seller

3. Creative and Campaigns

Use recommendations across touchpoints more effectively with the following tips:

Add Desirability and Credibility with Callouts

Include star ratings in product suggestions for social proof. Drive urgency around best sellers by highlighting how many people recently bought or viewed an item. Add badges that show items are "low in stock," "new," "best sellers," or "top picks."

▼ Trigger Messages at Key Points in the Purchase Cycle

Set up automated messages that incorporate dynamic recommendations in response to key customer actions (adding to cart or completing an order) or when product status changes (new styles added or price of recently viewed products drops).

Remove friction and improve the omnichannel shopping experience by linking recommendations directly to the appropriate product page or the shopping cart.

Make sure you have the right tracking and UTM parameters set up so that you can analyze and optimize to what's driving clicks and action.

✓ Validate the Recommendation

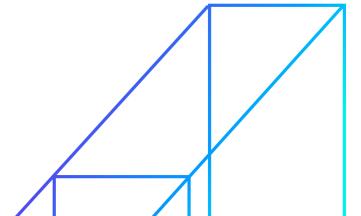
Explain why the customer received a recommendation (i.e. because it's an accessory to a recent purchase or is in an affinity category) to add validity to the recommendation.

Personalize at the Time of Open

Make sure product recommendations are fresh and relevant by populating recommendations at the time of open, not send — especially if your inventory is continuously changing.

✓ Personalize Subject Lines

Grab attention with dynamic subject lines that pull in product names, brand names, and categories based on customers' interests.



4. Channels

Guidelines for using content recommendations to add relevance across all your channels in the right way:



Homepage

Use different recommendation themes for identifiable vs anonymous users. For anonymous users, focus on **Best Sellers**, **Trending**, and **New Arrivals** as well as location-specific inventory. For identifiable users, personalize the homepage experience with **Recent** items as well as **Similar** or **New Arrivals** tailored to their preferences.



Email

Take advantage of having more real-estate for recommendations with daily or weekly newsletters that showcase multiple recommendation themes. Then add personalized recommendations to all lifecycle and behavior-triggered messages.



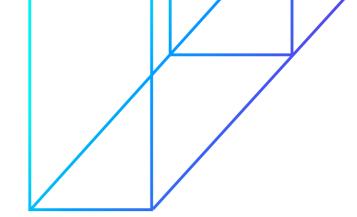
In-Store

Enable real-time in-store experiences by equipping store associates through the point of sale system with customer profiles that include personalized product recommendations based on what's available in that store as well as information about the customer's preferences and recent shopping activity.



Category Page

This is one of the most critical pages for product discovery. Include Best Sellers, Trending, and **New Arrivals** recommendations from the category to start narrowing product discovery with the top products.





Product Page

Customers who land on product pages are actively in research and buying mode. Help them continue researching relevant products using **Similar** or People Like You Buy themes as well as Bought **Together** to encourage cross-sell and upsells. Lastly, make it easy to get back to previously viewed items by adding **Recent**.



Shopping Cart

This is the perfect opportunity to cross-sell or upsell customers with complementary Bought Together items. This final pre-purchase stage provides one final opportunity to remind customers of **Frequently Viewed** items they may have forgotten to add.

4. Channels Continued

Guidelines for using content recommendations to add relevance across all your channels in the right way:



In-App

Introduce an infinite scroll of personalized product recommendations to easily skim through and find the right products.



Push

Create a sense of urgency. There is less space, so focus on recommendations that drive immediate action, such as Price Drops and Back In Stock. Or use Push to promote in-store product discovery by including real-time recommendations based on in-store inventory as customers shop.



SMS

Focus on alerting customers to promotions, limited time offers, and **New Arrivals** based on customers' affinities.

Promote cross-sells and upsells by helping customers find what they're looking for by providing easy access to transaction and browsing history as well as recommendations tailored to each customer.

Direct Mail

Create segments for your mailers and add New Arrivals, Seasonal Items, or Trending recommendations tailored to each segment.



THE FUTURE

With Recommendations

The future of recommendations and ecommerce are one in the same — recommendations and personalized experiences aren't a "nice to have", they're industry standard. Recommendations are the key to creating a stellar omnichannel shopping experience that feels cohesive and relevant, regardless of which channels customers interact with your brand across.

Key Takeaways

As you begin to deliver recommendations across the customer journey remember:

- You'll need the right tool to fully unlock your data to power recommendations and experiences,
 like the SmartHub CDP.
- The ability for the recommender system to understand your customers as well as your product meta data and catalog is key.
- The right recommendations strategy should be tailored to your business goals and customer engagement channels, not a carbon copy of other retailers.

Ready to start your journey to stellar recommendations that drive revenue for your brand? Reach out to our team of ecommerce marketing experts to learn more.

SCHEDULE DEMO

LEARN MORE



