

# Product recommendations help ensure customer loyalty

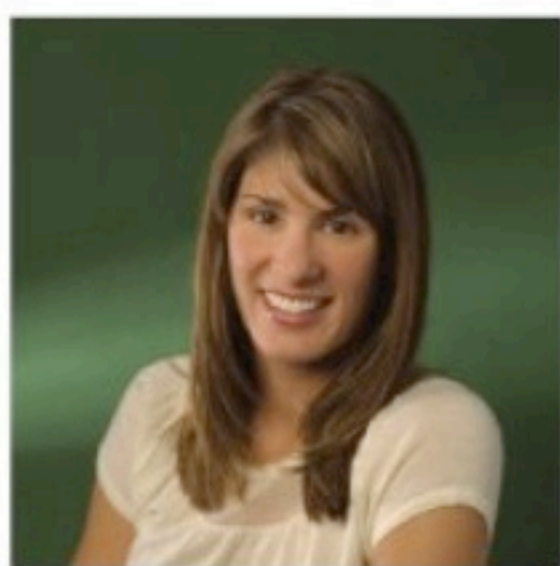
BY LORI TRAHAN

Consumers rein in spending during an economic downturn, but online retailers can weather the storm by raising their game – and revenues – with personalized online merchandizing. With individually tailored product recommendations, retailers increase their chances of converting online comparison shoppers into buyers, and can re-engage loyal shoppers once they leave their stores.

Product recommendations that are based on consumer browsing and purchasing behavior are valuable to consumers when presented as cross-sells on search results, product detail, and shopping cart pages, as well as next-sells in e-mail and direct mail campaigns. Retailers should select a solution that can handle all scenarios, including when information on the user or product is abundant, as well as when there is limited data, such as for new or anonymous users, and new or long-tail catalog items.

Traditional solutions can be costly to deploy and manage, requiring merchandisers to create and maintain rule sets that govern recommendations according to their knowledge of the product lines and the customer segments. Today, online retailers can benefit from solutions that take an algorithmic approach to recommendations, automatically determining the optimal products for each user without the need to manually manage and monitor cumbersome rules.

A pay-for-performance software-as-a-service (SaaS) offering is the most cost-effective model. It eliminates the need for infra-



**Lori Trahan**  
ChoiceStream

structure investment, enabling rapid integration and automatic upgrades – allowing retailers to pay only as they realize the economic value of the solution.

An effective recommendation solution provides easy-to-use controls that balance merchandising expertise with the automation benefits of an algorithmic approach. The best recommendation solutions can optimize results depending on evolving business goals, such as order volume, gross margin,

total revenue, or inventory turnover.

Retailers should inform customers that they are receiving personalized product recommendations, as nearly 80% of consumers have expressed interest in receiving them. Those that meet this need and provide their customers with an enhanced shopping experience will enjoy brand loyalty.

An effective solution allows retailers to easily measure performance. Retailers should have ready access to reports to see the value the system is providing, which campaigns are producing the best results, and the results of changes to rules, placement, or creative assets associated with recommendations.

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*Lori Trahan is executive director of marketing, at ChoiceStream. Reach her at [ltrahan@choicestream.com](mailto:ltrahan@choicestream.com).*