CASE STUDY

ALGONOMY

SEGMENT | Mass Merchant

PRODUCTS | Algonomy Personalization Suite (Find™, Recommend™, Discover™, Engage™)

OBJECTIVE | Improve customer experience on digital channels with focus on personalization across the buying journey, no matter how they choose to interact. Help customers explore, narrow down and decide by minimizing friction and offering them targeted products that meet their needs.

RESULTS

Verkkokauppa.com implemented the full personalization platform to create individualized experiences throughout the customer journey and achieved:

- **31% higher conversions** from full commerce experience personalization
- **+24,8% Basket** Sizes
- **+25% attributable** sales from recommendations (6% earlier)
- Improved discoverability of new and long tail products
- Sessions with search converting **5X** more than sessions without search

"Verkkokauppa.com's operating environment is marked by retail rapidly going online, digitalization and changes in customer behavior. The ability to understand consumer's changing needs is emphasized as segment is very competitive. It is vital for online stores to be able to offer customers products in an increasingly personalized and targeted manner, to facilitate a positive customer experience and thus increase customer satisfaction and loyalty. With Algonomy, we have access to the very innovative personalization technology, and a trusted partner that is helping us grow".

– Kalle Koutajoki
Chief Sales Officer, Verkkokauppa.com

Verkkokauppa.com is Finland's best-known and most visited online retail store, and has been experiencing high growth in the last few years. The company has aggressive pricing policies, owing to its lighter cost structure. They sell consumer electronics, toys, games, sports, pets and childcare products through online channels and their four megastores. Serving both retail consumers as well as businesses of all sizes in Finland, the company's competitive advantage comes from the online store carrying over 65,000 products, as well as a fast and convenient shopping experience. The online store plays an important role in the customer journey, irrespective of where the final purchase happens, making fast and easy to use webpages and mobile site a strategic priority for them.

OBJECTIVES

- Grow digital revenues by enhancing commerce customer experiences on the web and mobile site.
- Increase customer satisfaction and loyalty across the lifecycle with integrated search, browse, content and recommendations.
- Help customers build the cart and grow AOV (average order value).
- Scale personalization and reduce need for manual rules to make search results relevant, for both new and known shoppers.

SOLUTION

The retailer has been an early adopter of latest innovations in personalization, and started their partnership with Algonomy back in 2012. As online growth continued to accelerate, the company focused on customer experience throughout, and today has all elements of their online presence personalized with artificial intelligence.

Over the years, Verkkokauppa.com has made several changes to their online customer experience, but some of the things that stand out include:

Different Customer Journeys on the Category Page

As per Anton Paasi, Head of e-commerce, the rationale was that customers who need guidance behave differently from those who know what they want. There are two tabs on the category page, for example, when you go to 'computers', you see 'All products' that have all the 5000+ products, and you have facets to narrow down, if you know what you want, e.g. type, screen size, manufacturer. But if you aren't sure, the recommendations tab helps you explore, where computers are arranged by algorithms such as 'top sellers', 'most popular' etc. "We didn't want to dump 5000 results on people, and wish them luck as they make their mind up. As a trained store associate would, we wanted to step in and offer recommendations to customers, but also respect shoppers who'd rather be left alone and explore on their own." said Anton.
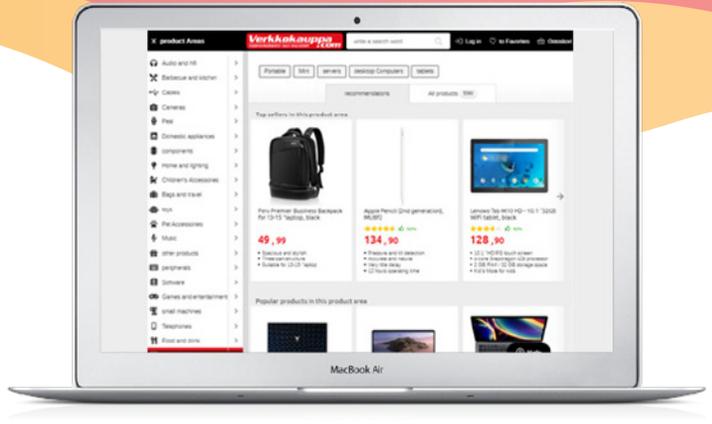
Different Customer Journeys on the Category Page

Personalized and Self-Learning Search

"Most search engines favor popular products", says Anton. "We switched to Algonomy Find, for its unmatched individual user profile based personalization, full control over tuneability and a rich visual experience. Find's personalized search results have delivered such a massive improvement, and its merchandising boost/ unboost capabilities are phenomenal. Conversions resulting from search now are 5 times the conversions without search!"

Another factor limiting their search was bad product data, and therefore, shoppers using different search terms or slang saw zero results. Find's wisdom of crowd algorithm uniquely addresses this problem, by automatically associating search terms with products view or purchases, and indexing products to those terms. "Find's wisdom of crowd has been a game-changing feature for Verkkokauppa.com, and solves the zero results problem, without us having to manually create rules or fix data gaps.", adds Anton.

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Auto-curated Bundles Without Manual Merchandising

Bundling products and getting the accessories right are core to electronics retailing, taking up a fair amount of merchandiser bandwidth. Verkkokauppa.com wanted to reduce dependence on manual curation and is using the AI-driven advanced merchandising features of Algonomy to create and display the right bundles, and provide cross-sell recommendations to their customers.
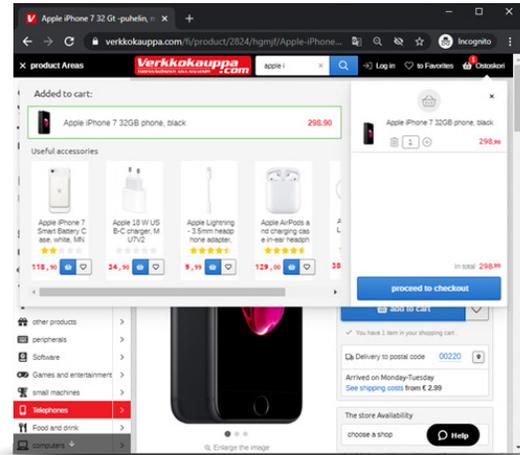
Auto-curated Bundles Without Manual Merchandising

Unique Recommendation Placements

Category and search pages can be uninspiring and monotonous with a long list of items, and to break the monotony, Verkkokauppa.com is blending in recommendations as part of the listings, on the search and category pages. This change is a small innovation that saw their attributable sales from product recommendations on these page types skyrocket by 525%.

Deep Recommendations that even work for New and Seasonal Products

Verkkokauppa.com carries several seasonal items such as barbeque grills and patio furniture, and they needed the recommendation engine to pick these items, despite no historical purchase/ click data associated with them start of season. With Deep Recommendations using Algonomy's deep learning NLP algorithms, they are able to innovatively go past this constraint associated with most recommendation engines. This NLP strategy is used on their item, cart and add to cart pages and is resulting in CTR of over 1%, which is on par with personalization, something Anton thought was not possible. "Deep recommendations is right now the top strategy, and is delivering average attributable sales of Eur 10.68 per click. The results are scarily good. Without Algonomy, we wouldn't have used these innovative AI technologies that differentiate us, and help us grow." said Anton.

Black Friday Sale and Themed Campaigns

The commerce site has campaigns such as summer 'Spotlight page', that is meant to inspire shoppers, by showing them a variety of popular products across categories. Instead of inundating every shopper with all the categories, categories shown to each person are personalized, and that makes these campaigns high performance. Similarly, Black Friday sale of 2019 had over 2,000 products and traffic surged 30X, and being able to personalize the campaign page made a significant improvement to customer experience.

Verkkokauppa.com is always looking to ensure they work with the best partners, and in 2019, they evaluated several other personalization providers. Anton says "We recently evaluated some other vendors, and no one could come close to Algonomy's full lifecycle personalization capabilities, and the depth and accuracy of AI strategies."

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