Personalization in Shopping

Data from 150 Million Shoppers on How AI Impacts Revenue and the Shopper Journey
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Key Findings

The following is a summary of key personalization trends, findings, and benchmarks.

1. **Product recommendations drive revenue.** Visits where the shopper clicked a recommendation comprise just 7% of all visits, but 24% of orders and 26% of revenue. Page 6

2. **Shopper spend soars with personalization.** Purchases where a recommendation was clicked saw a 10% higher average order value, and the per-visit spend of a shopper who clicks a recommendation is five times higher. Page 7

3. **Different devices mean different behaviors.** For example, mobile shoppers that click recommendations complete orders at a higher rate than desktop shoppers. Page 8

4. **A winning combination: personalization and site search.** Shoppers that use search and click a recommendation convert 3.7 times more often than those that only search – and 4.2 times more on mobile. Page 9

5. **Recommendations are directly linked to longer shopping visits.** Shoppers that clicked a product recommendation spent an average of 12.9 minutes on-site vs. 2.9 minutes for those that didn’t click recommendations. Page 14

6. **Your recommendation-clicking shoppers have a high propensity to buy.** Only 6% of shoppers clicked a recommendation, yet 37% of shoppers that placed an order clicked a recommendation. Page 16

7. **Recommendations lead to sales.** Nearly one in four products bought by recommendation-clickers came from recommended items. Page 16
Methodology

The Personalization in Shopping Report is an analysis of more than 150 U.S.-based direct-to-consumer digital commerce sites that used personalization on-site from March to June of 2017. The data includes shopping activity across more than 250 million visits, which created more than half a billion dollars in gross merchandise value.

To qualify for inclusion in the analysis set, a digital commerce site must have transacted throughout the analysis period of March to June and met a monthly minimum visit threshold. Additional data hygiene factors were applied to ensure consistent metric calculation. Data footnotes are noted inline as appropriate in the report to provide additional clarity on analysis.

This report is not indicative of the operational performance of Salesforce Commerce Cloud or its reported financial metrics, including GMV growth and comparable customer GMV growth.

**THIS REPORT ANALYZES SHOPPING ACTIVITY ACROSS**

- **250 Million visits to ecommerce websites**
- **150 Million shoppers**
- **$550 Million worth of orders**
- **320 Million shopper clicks**
Introduction

Ask someone how they shop today, and you’ll encounter nuances and technologies that were barely on a retailer’s radar ten years ago. From artificial intelligence (AI)-powered product recommendations to receiving deliveries in less than an hour, shopping is being disrupted to an unprecedented extent.

Technology makes it possible to connect with customers in new and exciting ways. But with increasingly mobile and task-switching shoppers navigating expanding product catalogs, retailers need to be ready with personalized content and intelligent recommendations. They must show shoppers exactly what they want to see, efficiently and in real time. They also must consider how to leverage the power of AI to anticipate their customers’ next moves.

That’s why personalized shopping experiences are the future of commerce – and the only way to compete amidst consumers’ expanding expectations. Looking for proof? This report analyzes the shopping activity of more than 150 million shoppers and their 250 million visits to ecommerce websites – that includes $550 million worth of orders and 320 million shopper clicks.

We’ll look closely at this data as it relates to personalized product recommendations and how these recommendations impact conversion rate, average order value, per-visit spend, and more. You’ll also learn about how to implement successful personalization tactics – without an army of data scientists – and hear stories from retail trailblazers.

From this research, you’ll discover that personalization is critical for a better shopper experience and increasing your sales dramatically and intelligently.
The Impact of Personalization on Conversion Rates and Shopper Spending

Providing your customers with a personalized shopping experience is now the cost of entry to retail. Fifty percent of consumers say they’re likely to switch brands if a company doesn’t anticipate their needs, and 58% of consumers say technology has significantly changed their expectations of how companies should interact with them. But personalization is more than a boon for customer experience; it is driving digital commerce sales.

In this section, we take a deep dive into the business implications of AI-driven product recommendations. You’ll learn the tangible financial results that retailers tracked when shoppers engaged with their recommendations.

For the purposes of this research, a recommendation refers to a suggested product that a customer sees and can click or tap to reach a product detail page or category page, or within a cart (75% of total recommendations, 16%, and 5%, respectively).

And if you’re thinking AI seems out of reach, don’t worry – the basic recommendations you may already be generating on your site or encountering when you shop or browse Netflix are a form of AI. Eventually, more and more aspects of your site will be individualized, down to the content and offers. But implementing product recommendations, whether you manually generate or automate them, is a smart and profitable way to begin leveraging the power of personalization.

Personalization and Revenue

Today, most visits to an ecommerce site don’t result in recommendation clicks – but the visits that do are extremely productive. Visits where the shopper clicked a recommendation comprise just 7% of visits, but create 24% of orders and 26% of revenue.

1. State of the Connected Customer
It’s telling that such a small percentage of total visits accounts for such a large portion of total orders and revenue. Retailers have long surmised that recommendations were an important component of an ecommerce site, but this data shows how closely linked recommendations and high revenue are.

The product detail page (PDP) is the new battleground, with 30% of site visits starting on the PDP.2 By shifting shoppers’ attention to recommended products on PDPs and other key recommendation zones like category pages, retailers can guide shoppers toward exactly what they want in a digital sea of “maybes” – with the potential to significantly increase orders and revenue in the process.

From Carts to Conversion

With site visits including recommendation clicks comprising just 7% of all visits but 24% of orders and 26% of revenue, you may be curious about tracking these numbers back to the baskets and carts where they originate. Your recommendation-clicking shoppers are among your most engaged: Shoppers that clicked recommendations were 4.5 times more likely to create a shopping cart than those who didn’t click recommendations.

After clicking a few recommendations and filling up a cart, many of these shoppers proceed to convert at a higher rate than non-recommendation clickers. Site visits including recommendation clicks saw a 4.5 times higher conversion rate than visits where no recommendation was clicked.

When one of these recommendation-clicking shoppers decides to buy, how does his or her order stack up? Purchases where a recommendation was clicked saw a 10% higher average order value overall and 8% on mobile. Additionally, the per-visit spend of a shopper who clicks a recommendation is 5 times higher overall and 4.7 times higher on mobile. See the next section for more details about recommendation clicks across devices.

2. 2017 Fashion Shopping Focus Report
Personalization Across Devices

Shoppers value relevant recommendations – and in micro-moments, those short periods of time between activities, personalization connects on-the-go shoppers with the best product for them in the shortest amount of time.

When we talk about smaller screens, however, it’s not only about mobile phones, although they get all the press. Tablet sales may have slowed in recent years, but tablet shoppers may still be among your most valuable. Tablet shoppers that clicked a recommendation had a conversion rate of 7.3%, compared to 4.7% for mobile and 9.8% for desktop. These tablet shoppers that clicked a recommendation also accounted for 30% of total tablet orders and 33% of revenue, despite comprising only 9% of total visits.

Still, visits by desktop shoppers that click recommendations are strongest when it comes to visit duration (15 minutes on average), conversion rate (9.8%), and their propensity to create a basket (24% do so). Meanwhile, mobile shoppers that click recommendations complete orders at a higher rate than desktop shoppers (25% vs. 23%, respectively).

So when looking at personalization across devices, it’s clear that every device matters and benefits from a personalization strategy. If you want to strengthen your overall conversion rate, personalization is the answer – across every device, visits including recommendation clicks have markedly higher conversion rates.

RECOMMENDATION CLICK STATISTICS

- **CONVERSION RATE:** clicked on a recommendation?
  - 4.6x higher: 7%
  - 4.3x higher: 7%
  - 4.3x higher: 7%
  - 4.1x higher: 9%

- **VISIT SHARE:** yes
  - Overall: 7%

- **BASKET RATE:** yes
  - Overall: 24%

- **ORDER SHARE:** yes
  - Overall: 24%

- **REVENUE SHARE:** yes
  - Overall: 26%

- **AVERAGE ORDER VALUE:** no | yes
  - Overall: $117 | $129
  - Computer: $127 | $140
  - Mobile: $101 | $109
  - Tablet: $118 | $136
A Winning Combination: Personalization and Site Search

One reason that personalized recommendations work so well is because they guide busy customers toward precisely what they want on increasingly overloaded websites. Shoppers don’t have the time or patience to wade through pages and pages of products – so personalization shortens the time between the initial impulse to browse and finding the right item.

Another tool that helps shorten this time to product-finding nirvana is site search. For surgical shoppers, those customers who already know what they’re looking for, search makes it easy to zero in on the perfect product on a site. And for shoppers in the exploration and discovery phase, search narrows down a world of options to the best few. Site-search metrics are similar to the visit and revenue contributions of recommendations; 10% of visits are from shoppers engaging with site search, and those visits yield 25% of revenue.3

The lesson for retailers is clear: Help customers find what they want, be it through search or personalized suggestions, and shoppers will thank you with higher conversion rates.

Through our analysis of 250 million site visits for this report, the combination of search and personalization emerged as a powerful force on conversion:

Shoppers that use search and click a recommendation convert 3.7 times more often than those that only search, and 4.2 times more on mobile.

Shoppers that use search and click a recommendation convert 2.1 times more often than those that only click on a recommendation.

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3. Unified Commerce and Shopper-First Retailing
Innovation Q&A with a Data Science Visionary

Feeling inspired by the possibilities of personalization but unsure where to begin? Read our Q&A with Rama Ramakrishnan, SVP of Data Science at Salesforce Commerce Cloud, as he demystifies the key concepts of personalization for the non-data scientists among us.

Q: Why is personalization necessary in today’s ecommerce environment?

A: Rama: If your catalog has more than a few dozen products, customers may not easily find what they’re looking for. And if today’s impatient shopper can’t find what they want in a click or two, they will leave you. That’s why personalization is super important.

Despite its clear importance, a fair number of ecommerce sites still don’t use personalization. I am shocked by this and believe these sites are doing themselves a grave disservice.

Q: Implementing personalization can seem daunting. What’s the simplest way for a retailer to get started?

A: Rama: Take a look at your competitors. I guarantee that your best-in-class peers are already using personalization, so show these sites to your boss. Then dip your toes in the water. On your product detail page, start by incorporating a simple recommendation zone showing products that customers may also like. By recommending products similar to the product they’re looking at, you’ve quickly given them more choices and paths forward to purchase.

It doesn’t have to be all or nothing – test gradually. Try recommendations on a few product detail pages, not your entire site. Start small and, if something doesn’t work or your strategy needs further development, you can revert your site back quickly.

After you’ve experienced success with early personalization efforts, you can test predictive search, which gives two people searching for the same thing different search results. The possibilities of personalization are endless.

“By helping shoppers quickly find the products they actually care about, personalization is driving real growth. It’s nothing less than a retail superpower.”
Q: What's your advice for merchants who are nervous to give up control to AI?

A: Rama: Most product recommendation systems — including Commerce Cloud — let merchants override or constrain recommendations when needed. For example, you could tell the system not to recommend certain products or brands. You’ll find that the rules are flexible enough to allay any concerns, so don’t let these qualms sway you from trying personalization. You’d be leaving money on the table if you don’t give it a try.

Q: What's the future of AI in retail?

A: Rama: When personalization becomes so woven into the fabric of the shopping experience that the shopper doesn’t realize he or she is being personalized to, that’s when we have arrived. The future of AI will be that seamless, pervasive impact on every shopper journey.

Over the next few years, I anticipate a world where two different visitors to an ecommerce site receive completely different and tailored experiences, from personalized navigation and personalized pricing to personalized promotions. As long as shoppers have any sort of prior behavior we can learn from, their experience will be unique.

Q: How can retailers change their mindsets to prepare for this kind of technology?

A: Rama: It might sound crazy coming from a data scientist, but abandon the thought that you must collect a lot of data first. You likely already have enough data to enact some powerful personalization. So you just have to dive in, and your efforts will become smarter over time.
Stonewall Kitchen Fuels Growth with Einstein, No Data Scientist Required

Stonewall Kitchen was born in 1991 at a farmers market in Portsmouth, New Hampshire. Founders Jim Stott and Jonathan King created a jam reminiscent of Jim’s grandmother’s blueberry pie. Since then, Stonewall has grown from producing a few dozen jars for the weekly farmers market to 75,000 jars daily. Specialty and grocery stores nationwide sell Stonewall products, from salsas to pancake mixes, and Stonewall runs 10 company stores. With online personalization, Stonewall is now delighting the palates of more customers than ever before.

When a customer visits a Stonewall store, they are greeted by an associate who recommends products just for them. Stonewall’s team knew AI could bring this experience online. Ian Marquis, ecommerce manager, says, “AI is a feature we knew would be increasingly important in ecommerce. We knew personalization was an important part of our future.”

With a five-person ecommerce team, Commerce Cloud Einstein helps Stonewall power 1-to-1 personalization without hours of manual merchandising or segmentation. Ian explains, “No one knows our brand better than we do, but Einstein enables digital depth, variety, and novelty of experience that we couldn’t deliver consistently otherwise.”
Stonewall uses Einstein to serve as a sales assistant for online shoppers, offering them unique recommendations based on their browsing and preferences—all without the help of a data scientist. These personalization efforts drive impressive business results.

For Stonewall, Einstein Product Recommendations influenced 14% of customer purchases during the summer of 2017. These recommendations had an average conversion rate of 44.3% and an average add-to-cart rate of 39.6%.

Ian notes, “Einstein lets us put specific attention into certain scenarios that we know need a special touch. Because the AI is smart, our team can focus on the things we do best. We’re the brand experts, but Einstein is the commerce and data expert. It’s a great pairing.”

"We’re the brand experts, but Einstein is the commerce and data expert."

— Ian Marquis
ecommerce manager at Stonewall Kitchen
The Unique Traits of Shoppers that Engage with Recommendations

You saw the clear relationships between personalization and financial results in the preceding section. Those numbers show that the journeys of shoppers that engage with AI-driven recommendations are unique. Shoppers that engage with recommendations shop differently – and are among your most profitable customers.

In this section, we explore more details about these recommendation-clickers and why they’re so valuable. You’ll learn more about their behavior on ecommerce sites so you can better cater your experience to their needs and, ultimately, make predictive recommendations a more powerful component of your retail strategy.

**Longer and More Frequent Site Visits**

You might think that shoppers that engage with recommendations find what they’re looking for more quickly and, thus, navigate away from the site once they do. Instead, shoppers that click recommendations tend to stick around longer than other visitors to ecommerce sites, spending an impressive 12.9 minutes on a site on average vs. 2.9 minutes for those who didn’t click recommendations.
Fortunately, these high-value shoppers with a high degree of site interest come back for more. Shoppers that clicked a recommendation were nearly twice as likely to come back to the site, compared to those who didn’t: 37% of shoppers that clicked a recommendation during their first visit came back, compared to just 19% for shoppers that didn’t click a recommendation during their first visit.

So what did these shoppers do with all that extra on-site time and more frequent visits? Those that clicked a recommendation viewed 4.8 times more unique products per visit, taking in more of the retailer’s catalog and becoming pseudo product experts by this point. But these shoppers don’t simply linger without making a purchase. See the next section for what they do next.
Higher Propensity to Buy
According to our data, only 6% of shoppers clicked a recommendation, yet 37% of shoppers that placed an order clicked a recommendation. The tracked impact of recommendations would certainly be greater if measuring the impressions* made by recommendations on shoppers instead of measuring only clicks; many buyers see recommended items and return later to find and buy them.

Today, every micro-moment in the shopping journey is critical. And for 37% of shoppers that placed an order during this study, a recommendation was one important click along that journey. Thus, another important feature of recommendation-clicking shoppers is their higher propensity to follow through and make a purchase.

Sealing the Deal with Recommended Items
When it comes to recommendations themselves, some retailers choose to let AI do all the work. Others integrate manual recommendations into the mix. In general, the more products you have, the more it makes sense to rely on machine learning for the heavy lifting.

No matter what, though, recommendations need to be more than website dressing. They must be functional, effective, and intelligent recommendations. So you may be wondering how many shoppers actually purchased what was recommended to them.

In fact, 24% of products bought by shoppers that ever clicked recommendations are the same products they clicked via recommendations, showing the influence of intelligent suggestions. More proof:

More than half (52%) of orders from buyers that ever clicked a recommendation include one of those recommended products.

With nearly one in four products bought by recommendation-clickers coming straight from their list of recommended items, smart recommendations are a key mile marker on the highway to purchases.

* This report’s analysis focuses on recommendation clicks or taps, not impressions (whether a shopper viewed a recommendation). The optics of measuring impressions – including infinite scroll, device variances, and other digital realities – prevent that analysis.

**Chart:**
- **All Shoppers**: 6%
- **Shoppers That Placed an Order**: 37%

**Chart:**
- **24%** of products bought by recommendation-clickers were recommended to them.
- **52%** of orders from recommendation-clickers include a recommended item.
PacSun is a leading specialty retailer that offers emerging brands and trending fashion through the lens of Los Angeles. Throughout the contemporary, streetwear, and active lifestyle markets, PacSun partners with brands like adidas, Billabong, and Kendall & Kylie to offer curated collections, rare products, and collaborations.

With diverse brands and even more unique customers, personalization is a key component to PacSun’s ecommerce success.

**Shaping unique shopper journeys with a small team**

PacSun knows that every shopper has preferred brands and products, presenting an opportunity to connect them with the perfect items. But creating so many different shopper journeys can feel daunting, especially for small ecommerce teams like PacSun’s, with just three members – including Adam Shupe, senior site merchandiser.
To provide this elevated shopper experience, Adam and his team implemented Einstein Product Recommendations across the PacSun site. Adam created one recommender with a few business rules and set it for all product pages. He explains, “We don’t have enough bandwidth to spend a lot of time tweaking the recommender, but that’s where we rely on Einstein to help do it for us.”

**Seeing the bottom-line impact of personalization**

After a few weeks of using personalized product recommendations, PacSun began to see real impact on its bottom line. The team’s weekly Einstein report showed them exactly how much revenue was being impacted by recommendations, and the team was thrilled about the minimal effort that was necessary to drive these unique experiences.

But PacSun isn’t stopping there. Adam and his team are excited to experiment with personalized search features next: “I know that Einstein Predictive Sort will help us save time and show the best products to shoppers first.” And as for the future, he continues, “Our roadmap is focused on personalization, both from a merchandising and marketing perspective.”

“Our roadmap is focused on personalization.”

— Adam Shupe  
**senior site merchandiser at PacSun**
5 Best Practices to Implement Personalization

1. **Kick-off a manageable strategy.** After seeing the impressive benefits of personalization for revenue and the shopper experience, you’re probably feeling ready to take on the world of product recommendations and other AI-driven features.

   But instead of altering too much on your site at once, start by implementing recommendations with one product type – for example, like (alternate) products. Then slowly add additional products based on what’s working and what needs improvement in your initial tests. Personalization isn’t a one-off effort; AI should be configured over time to support your holistic commerce strategy.

2. **Lean on AI for tactical execution.** Make the most of your data – and your time – by allowing tactical and micro-level decisions to be made by machine learning. This lets you focus on strategic decision-making and problem-solving efforts that need attention from humans. For instance, eliminate manual merchandising and let AI power your product recommendations. You’ll boost your team’s productivity and drive increasingly personalized shopping experiences in the process.

3. **Test and optimize.** After implementing initial recommendations, it’s time to conduct usability testing to determine the best way to use recommendations on your site. Set a cadence to review the results of your personalization performance tests, and continually reposition your strategies to bolster strengths and identify opportunities for growth.
4 **Use clean data.** No matter the scope of your testing, start with clean data sets. The accuracy of all personalization efforts hinge on data quality. Keep your data clean and organized so the AI system can give your customers the most accurate recommendations now and in the future, as the system learns. If you start with unorganized data and inaccuracies, your insights and personalization will be much less effective.

5 **Look to new recommendation options, such as email and personalized search.** Once your PDP recommendations have matured, seek other places where you can show customers their unique recommendations. Start with your home, profile, and category pages.

Then, for next-level benefits, add recommendations to emails and search results. Build personalized emails featuring the products you know a customer will love front and center. On your website, place the search bar where customers will easily see it, and make it sticky so it stays on each page as the customer scrolls through products.

AI gathers more data about each customer with each search and click, so your emails, searches, and recommendations will all become more intelligent over time. Eventually, you can create even more value by not only cross-selling more products, but also recommending predictive content to each individual alongside product recommendations.
Room & Board Gets Smarter Each Day

Originally spun off from a family-owned furniture business in Minneapolis, Room & Board focused from day one on modern furniture, with an emphasis on American craftsmanship and the use of sustainable materials. When the team at Room & Board built their first website back in 1999, they thought carefully about how to mirror a customer’s very personal in-store experience online.

**Powering recommendations with Einstein**

The company started uploading all of its customer sales history and data to the cloud in 2009 without knowing exactly how the data would be leveraged. “Now we look back and [realize] that was such a smart decision we made,” John Schroeder, retail business intelligence manager, says. “Every day, machine learning is getting smarter.”

Customers who engage with Room & Board’s recommendations place web orders with 40% higher average values than those that don’t. When customers view those recommendations before coming into the store, the average order value shoots up 60%.
Realizing an amazing return on investment

Room & Board realized a 2,900% return on investment in its first year using Einstein. The company is continually refining its use of the technology, using data about how its customers interact with email and the web to optimize campaigns even further. In one example, a weekly email campaign was moved from a weekday to Saturday to target customers who read mail on their phones. “It’s a nice little reminder for the consumer who’s out and about to actually go visit a store and sit on that sofa, [and] check out those drawer glides,” Schroeder says.

The Room & Board digital marketing team’s goal is to know each customer well enough to recommend the next piece of furniture or room accent to tie a home together. “Marketing Cloud has allowed us to talk to customers individually and create more of that one-to-one relationship like we have had in the stores for so many years,” Kimberly Haase Ruthenbeck, director of web experience, says. “It’s not replacing the in-store experience, it’s just complementing the idea that the customer wants to feel like we know them all the way through the process.”

“Salesforce allows us to create more of that one-to-one relationship we have in the stores.”

— Kimberly Ruthenbeck

director of web experience at Room & Board
Conclusion

Personalization is both powerful for revenue and useful for your shoppers, and it’s the most important findability tactic you have at your disposal – providing more revenue than even site search.

Shoppers that click recommendations are more likely to convert, spend more on your site, and return in the future. And with visits where the shopper clicked a recommendation comprising only 7% of visits, yet with 26% of revenue coming from those visits, you likely have ample room for increasing the number of recommendation clicks on your website.

Consider how you can make the most of every click with targeted recommendations powered by AI to help your personalization become more effective over time.

The more data you collect, the more accurate your personalization will be. Personalized and intelligent journeys are the best way to compete in the future – and the best way to ensure a seamless experience that delights each customer.
Resources to Learn More

- Shopping Index
- The Power of One Click: How Artificial Intelligence is Leading Personalization Into the Future
- Best Practice Guide: Implementing AI-Powered Commerce with Einstein
- Shopper-First Retailing