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White Paper

# Making Merchandising Faster and Easier with Natural Language

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## **Introduction**

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Merchandising is been a staple in brick and mortar stores for decades. For years retailers have honed their merchandising strategies, spending countless millions of dollars to display certain products at specific places in the stores based on price, sales popularity and more. They also know what products to place near each other to promote cross-selling and larger overall purchases.

Internet retailers are learning the art of merchandising all over again – for the online environment. While some basic principles remain the same – cross-selling, up-selling, promoting certain products over others, and more – the methods of going about merchandising in the online world are vastly different. The merchandising tools and analytics are new, the display techniques are algorithmic, and the sales influencers have drastically altered – social media, etc.

This white paper will offer techniques online retailers can use to better merchandise on their e-commerce sites and show how to implement an agile online merchandising environment to rapidly respond to changes in markets, consumers and products.

## **Types of Online Merchandising**

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Some merchandising techniques in online retailing are similar to those in the brick and mortar world. These include:

- More prominently displaying specific products (promoting products)
- Cross-sells (often labeled as "Related Products" on a site),
- Up-sells (often labeled as "You May Also Be Interested In" products on a site),
- Banner Ads, which are the online equivalent of in-store signs

Certain larger retailers may also merchandise based on brand or product type (men's', women's', children's', etc.), which are often done in the e-commerce world via landing pages.

E-Commerce also has introduced new merchandising techniques, or further expanded upon the aforementioned in-store techniques:

- Use of social media – with the evolution of social media as a strong influence in online purchasing, online retailers are looking to use using product reviews and Facebook as means to better merchandise their products,
- Dynamic ordering of products – while in-store arrangement of products requires physical movement, online retailers can use up to the second information and analytics such as inventory levels or sales rates to raise or lower the position of products in a dynamic fashion,
- Customer behavior – online retailers can use the online behavior of customers (what they search for, what they click on, etc.) to dynamically decide which products to promote or offer to visitors.

These examples prominently show the differences between the online world and an in-store experience. While most in-store merchandising is planned and has a shelf-life, online merchandising is dynamic (real-time), behavior driven and personalized.

## **Merchandising with an E-Commerce Platform**

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E-Commerce platforms often provide tools that help "configure" the merchandising of products and various promotions the online retailer will use to drive sales. These include the display ordering of products, cross-sells (related products), up-sells (products you may also be interested in), coupons and special offers. These tools come bundled with the e-commerce platform, often within the item or products catalog tools.

While providing a basic start for online retailers, merchandising tools in e-commerce platforms have major limitations that make merchandising difficult to use and costly to manage, with an end result that is not optimal. Here are some examples:

- Cross-sells and up-sells are typically hard-wire configured, meaning for each item you configure the other items that you want to cross-sell and up-sell with that item. This item by item configuration is time-consuming and with the effort required growing exponentially as the number of items scales.
- The ordering of items on "grid pages" (used in category, sub-category and search results pages) is determined by a static item "priority" value or other rudimentary relevance algorithms. When merchandisers want to push certain products to the top of pages to drive more sales, they need to re-number the priority values – a time consuming and error-prone manual task.
- The specification of which products to appear on category, sub-category and landing pages is hard-wired, meaning for each location you manually configure which items should appear. This requires a great deal of time to initially configure and remains costly to maintain as products are added or removed.

For companies with a small number of items and a small number of promotions, merchandising using the e-commerce platform tools may be manageable. But highly active online retailers with hundreds or thousands of items in a continually evolving product catalog, combined with constantly changing, proactive promotions with customers, need more agile merchandising tools.

## **Dynamic Catalog-based Merchandising**

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Search and merchandising solutions, such as EasyAsk, provide a cost-effective way to make online merchandising simpler, more agile, and more effective. With EasyAsk, merchandisers are able to configure dynamic merchandising programs for your e-commerce site based on information in your product catalog and based on the products a visitor is exploring.

### ***Natural Language Rules***

EasyAsk's natural language rules give merchandisers the ultimate combination of flexibility, agility and simplicity. The merchandisers describe both "when" they want something to happen and "what" they want to happen using natural language rules that dramatically simplify the definition of merchandising events and dynamic product offers to customers from the catalog.

For example, a merchandising up-sell rule for an online shoe retailer can be defined with "leather shoes" as the event (when leather shoes are shown) and "cole haan shoes" as the up-sell action – place Cole Haan shoes in the "You May Also Be Interested In" carve-out. It's that simple!

With other e-commerce platform tools, merchandisers would need to go into EACH leather shoe item and place the specific Cole Haan shoe items under the products "You May Also Be Interested In" for up-sells. And, in the future, when the Cole Haan shoe items are deleted or replaced, the merchandiser needs to re-visit each leather shoe item and change the up-sell items manually.

### ***Easy to Use Interface***

The EasyAsk merchandising tools also offer an extremely easy user interface to simplify routine and repetitive tasks for the merchandiser making them more productive. Most merchandising interfaces in e-commerce platforms are designed to supplement the product catalog interface, NOT designed specifically for the merchandiser.

For example, when a merchandiser defines the above mentioned Cole Haan up-sell rule, EasyAsk will automatically display all the products defined in the rule, giving the merchandiser a visual representation of how the rule will work. If the merchandiser wants to prevent specific products from being shown, they can simply check a box next to those products.

### ***Extensible Merchandising Data***

Another short-coming in platform merchandising tools is the limited data available to drive the merchandising. The ability to use operational attributes such as sales data, product margin or inventory levels allows the merchandisers to use these values to raise products in list or promote them in cross-sells more effectively.

EasyAsk is not limited by fixed schemas or product feeds. It allows you to feed any number of fields or attributes into the search and merchandising environment and can even derive attribute values for you.

## **Making Merchandising Faster and Easier with Natural Language**

This gives your company's merchandising team a greater array of attributes to use and offers much greater flexibility to the rules that drive the merchandising events and actions.

In the next few sections we will show you how easy it is to use the EasyAsk Commerce Studio and natural language rules to define a number of valuable and sophisticated merchandising initiatives.

## **Featuring and Ordering Products**

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Shoppers buy products that appear higher in the product order more often than products that appear later in the list. Using this knowledge, you can set merchandising options so that the products you want customers to buy appear first. You can select individual products and boost their position on results pages, or—in the long run even easier—you can create general merchandising rules.

### ***Featuring Products***

You can identify common product features or attributes and present those products to the customer in a creative manner. This allows you to dynamically group products and present them separately to boost sales of those products.

For example, for a search on "shoes", you could group the products based on material, pushing the leather shoes to the top, as those might offer you better margins. Or you could group them by "brand", pushing brands such as Cole Haan towards the top as they might be both popular and offer greater revenue and margins.

Rules for featuring products can be typical ones that apply to standard catalog fields or operational attributes and are very simple to create, as shown by these two examples:

- A rule such as "Cole Haan shoes" can be used to classify a particular brand, and display products for that brand in a separate carve out to feature those items,
- With a rule such as "top 3 selling handbags over \$100", EasyAsk dynamically determines the top three selling handbags over \$100 in to a group such as "Hot Items", allowing the UI to feature these products at the top of results under Handbag category.

### ***Ordering Products***

The order in which you present products to customers can have a dramatic effect on sales of individual items, overall sales, and operating margins. EasyAsk natural language rules provide the most flexible means to shape the order in which products are presented.

For example, you could consider presenting the more expensive, best-selling products before other products. When you add the featured product rule "top 3 selling Kate Spade cosmetic bags", EasyAsk boosts these three bags before others whenever a customer searches for cosmetic bags.

EasyAsk allows you to apply a variety of different rules to order products based on any number of attributes, including product attributes such as price or color, and operational attributes such as inventory level, sales data, margin, or even shipping costs. This allows your merchandisers to define rules to push products based on the characteristics of *your business*.

## **Promoting Products: Cross-Sells and Up-Sells**

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When a customer looks for a specific product, offering that customer other related products can boost the total sale and help the business. Cross-sell and Up-Sell promotions are the most effective and often used way to do this.

### ***Cross Sells***

In the online world, cross-sells are often called implemented as "related products." These are complementary products, such as pants that match a shirt, hats that go with beachwear, or headsets that go with mobile phones.

For example, let's assume we purchased a volume of straw beach bags at a very low cost. We want to sell these bags as an accessory to boost basket amounts and reap higher revenue and profits. We can offer shoppers the new collection of straw beach bags every time they view certain types of women's bathing suits – in this case, women's bikinis.

Thus, we can create a simple event rule called "bikini swim suits" and an action rule of "straw beach bags" with a promotion type of "cross sell" in the EasyAsk Commerce Studio. With these rules, EasyAsk will display the straw beach bags in the cross-sell, or related products carve-out when bikini products are shown.

This is much simpler than in platform merchandising tools, where a merchandiser would have the arduous task of going into every bikini swim suit item in the product catalog, and manually placing the straw beach bag items in the "related products" area. Later, if the beach bags sell out and you want to change the cross-sell to sandals, in EasyAsk you simply change the rule, versus the platform merchandising tools, where you have to go back to each item and make the changes.

### ***Up-Sells***

Up-selling often involves trying to sell a customer up to more expensive, feature-laden product, accessory, or associated warranty. For example, one might up-sell a customer buying shoes to a more expensive, luxury brand shoe such as Cole Haan.

Defining up-sell rules in EasyAsk is just as simple as cross-sell rules. Using the Cole Haan shoes example, one could set up an event rule of "NOT cole haan shoes" and an action rule of "cole haan shoes" with a promotion type of up-sell. EasyAsk will display the Cole Haan shoes in the up-sell, or "Items You May Also Be Interested In" carve-out when shoes other than Cole Haan are shown.

This example also shows how words like "not" can be used in a rule to exclude certain products. Earlier we also saw an example of using the word "top" to identify the top 3 selling items of a group. Not only are EasyAsk rules simple, but they also are powerful and flexible.

## **Making Merchandising Faster and Easier with Natural Language**

### ***Displaying Promotions***

EasyAsk can display product promotions in a variety of locations on an e-commerce website. Some options include the following:

- The shopping cart page can contain cross-sell areas driven by EasyAsk rules to help boost the basket size,
- Product detail pages can contain cross-sell areas, up-sell areas or both to drive overall purchase sizes higher,
- Landing pages often contain areas for the best-selling, closeout or other promotional items with that landing page category to boost sales of those items.

### Social Media

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Social media has taken a dominant role in online marketing and merchandising over the past few years. And the role of social media has gone far beyond communicating with customers via social media channels such as Facebook and Twitter. In many marketplaces, buyers are strongly influenced by purchaser feedback via social media that comes in the form of product reviews, Facebook Likes and Pinterest Pins.

With EasyAsk, merchandisers can use social media information to raise and/or promote products on the site with similar, straight-forward natural language rules as we've described earlier. The EasyAsk information model is easily extended with attributes such as Rating representing the average number of stars in product reviews for a product, or Likes representing the number of Facebook likes for an item.

For example, a merchandiser could use product review data to group products and show specific items at the top of a page. The rule "televisions rated 4 stars or higher" could create a group of "4 Star Televisions" or a rule of "top 5 rated televisions" could find the 5 most highly rated TVs, either of which could be displayed a group section at the top of the results.

Similarly, product reviews could be used for up-sells. When a customer looks at lower rated TVs, you might want to up-sell them to a higher rated brand. Thus, an event rule could be "televisions rated 3 stars or less", followed by an action rule of "top 5 rated televisions", which could be shown in a carve-out area labeled "Higher Rated TVs."

Facebook Like data and other social media information can be used in the same fashion. A group of the most liked shoes could be displayed via a rule "top 3 liked shoes." Or a cross-sell to sell sandals with bikinis could be set up with an event rule of "bikini swim suits" and an action rule of "top 3 liked sandals over \$20."

Incorporating social media into your merchandising has never been this easy, and yet is also an extremely powerful tool for the merchandisers to use.

## **Other Merchandising**

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There are a number of other online merchandising techniques which EasyAsk rules make easier, including items such as landing pages and banner ads.

### ***Landing Pages***

EasyAsk enhances and speeds your e-commerce platform's ability to implement landing pages to promote specific groups or classifications of products. This allows you to more proactively promote specific brands, specials, promotions, holiday or seasonal products, and more.

With most e-commerce platforms, landing pages are defined in a CMS, and then products are "configured" to appear on that page. This can be a time consuming that requires maintenance if products change.

With EasyAsk, a landing page can simply be configured to show products based on dynamic, natural language rules. Featured products, the ordering presentation, and other aspects of the page are automatically handled by EasyAsk based on the merchandising business rules you specify.

### ***Banner Ads***

Banner ads are somewhat similar to landing pages. A banner ad link can simply execute a specific natural language search query that returns the products the merchandisers wants to promote via the ad. In addition, any related ordering and featuring rules will automatically be invoked.

For example, a "Top Selling Tommy Bahama" banner ad could execute an EasyAsk rule for "top 12 selling tommy bahama items" with a classifying rule placing the products into Shirts and Shorts and a promotional rule for a featured carve-out for "Tommy Bahama cologne".

## **Conclusion**

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EasyAsk merchandising delivers a dynamic, agile marketing and promotional capability on top of your e-commerce platform. It eliminates the manual, time consuming configuration tasks required with merchandising tools embedded in e-commerce platforms, and enables merchandisers to swiftly adapt to product and promotional trends in their markets.

In four basic ways, EasyAsk improves the productivity of online merchandisers:

- The simple, straight-forward natural language rules make it easy for merchandisers to express how they want to merchandise products on the site,
- The natural language rules can be applied and re-used over a wide variety of merchandising techniques including cross-sells, up-sells, featuring products, landing pages and more,
- The extensibility of the EasyAsk merchandising to operational and derived attributes enables merchandising rules that fit the needs of the business and are not limited to the products,
- The EasyAsk Commerce Studio makes it easy for merchandisers to define, maintain and manage merchandising and promotions on sites.

## **About EasyAsk**

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This paper was brought to you by EasyAsk, the company that is radically changing the speed and ease of how people find information through our groundbreaking natural language search and query software. EasyAsk software products go far beyond traditional search and business intelligence, allowing users to simply ask questions in plain English and receive highly tuned results on demand.

Based in Burlington, Massachusetts, EasyAsk has long been a leader in natural language information analysis and delivery software. Customers such as the North Face, Anna's Linens, True Value, Coldwater Creek, Aramark, Journey's, Harbor Freight Tools, Hartford Hospital, and Ceridian rely on the EasyAsk software products to run their business and e-commerce operations daily. For more information, please visit [www.easyask.com](http://www.easyask.com).