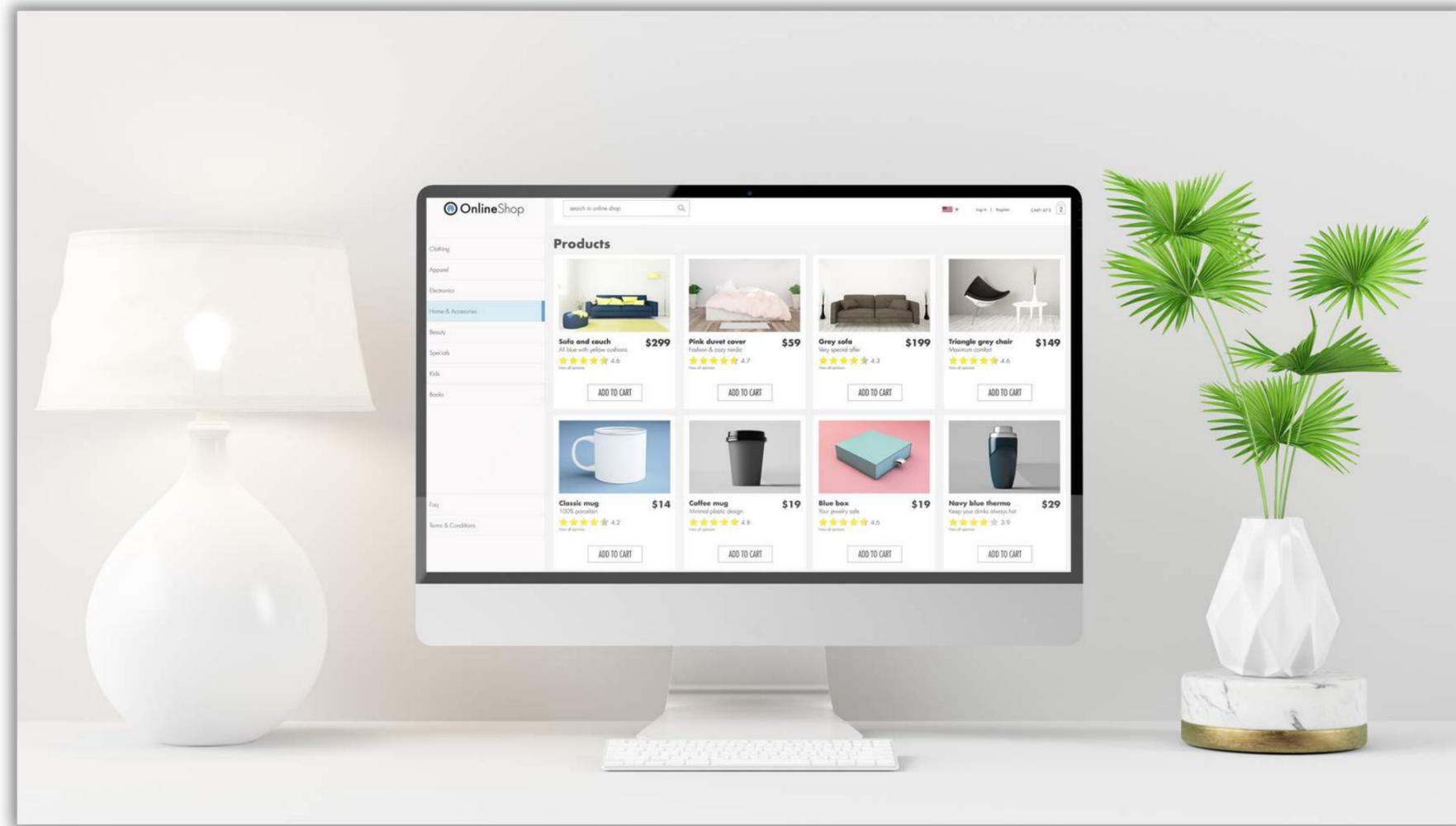# What Are Product Recommendations and Benefits?

Inveon Insights

2021

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Whether you are running an e-commerce website, selling products through your app, or both, you want to make sales. So how can you improve conversion rates and increase the ratio of repeated customers while driving more product sales? One of many ways to do this is through product recommendations.

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E-commerce product recommendations play an important role in the success of your e-commerce business. While popular search engines make it easier for visitors to find products online, they don't offer any assistance when it comes to actually making a purchase decision. That's where e-commerce product recommendations engines come in.

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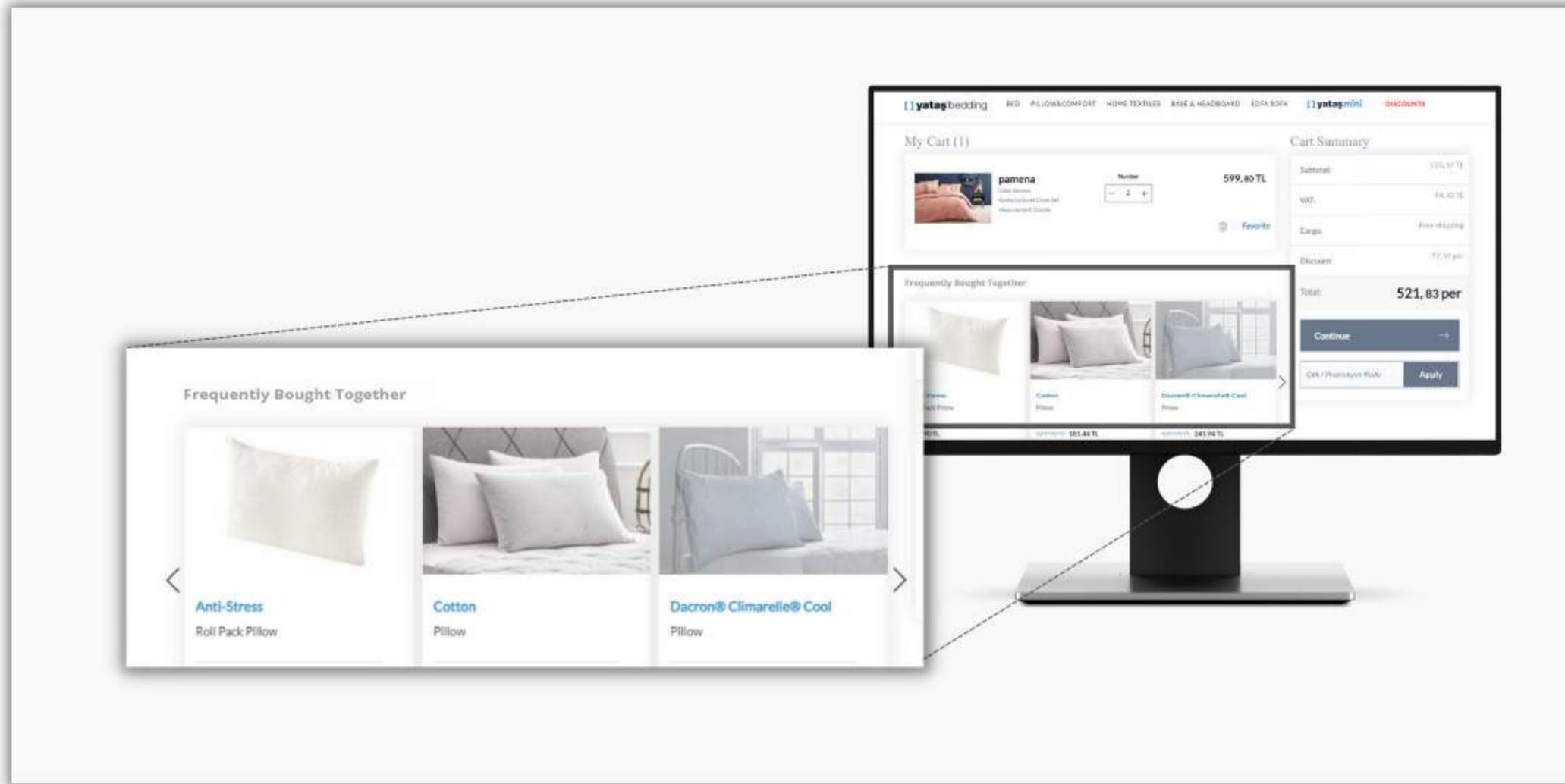
Products that are **personalized for the customers** are becoming extremely popular. With the right set up you can start creating smart product recommendations for more personalized shopping experiences. In this article, we will discuss the benefits of giving customers product recommendations through a comprehensive strategy. But first, let's check some key concepts:

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What is e-commerce personalization?

Personalizing the e-commerce experience typically relates to providing your website visitors with an experience that is **tailored to their individual preferences**. E-Commerce personalization can be done in a number of ways, which include marketing automation, site search relevance, personalized product listings, product recommendations, and many others.

E-commerce personalization uses customers' past behavior to predict their future needs and offer your products and services accordingly.

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E-commerce personalization is a way for e-commerce professionals to understand and engage more effectively with each of their customers. It involves **gathering data about your customers** and using that data to tailor the customer's experience on your website.

By adding related products and showing the most relevant products to each individual, e-commerce personalization can help increase customer retention and satisfaction.

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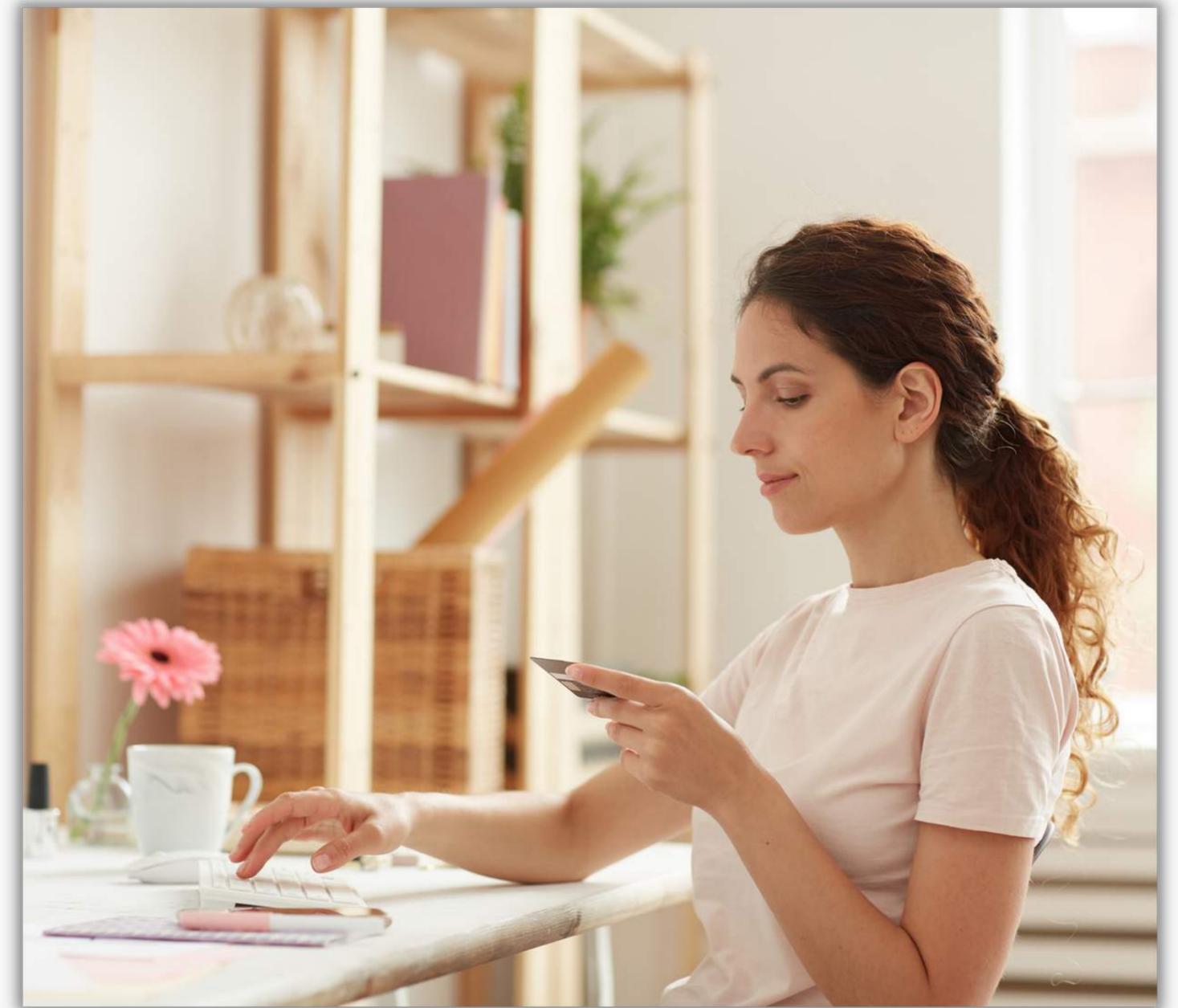
What is a product recommendation?

In the product discovery phase, you can use more than one tool to show the consumer the most suitable options, offer the right personalized products, and design a satisfying experience. Product recommendations are one of the most powerful of these tools.

Product recommender suggests products to customers based on their online behavior, like browsing history, keyword-based searches, and their previous purchases. You can think of the recommendation engine like a salesperson in a brick-and-mortar store, observing your actions. Did you go toward red sweaters in the store but didn't like it when you got close, salesperson observes this intention, pops up, and says: "How about a different model in red?"

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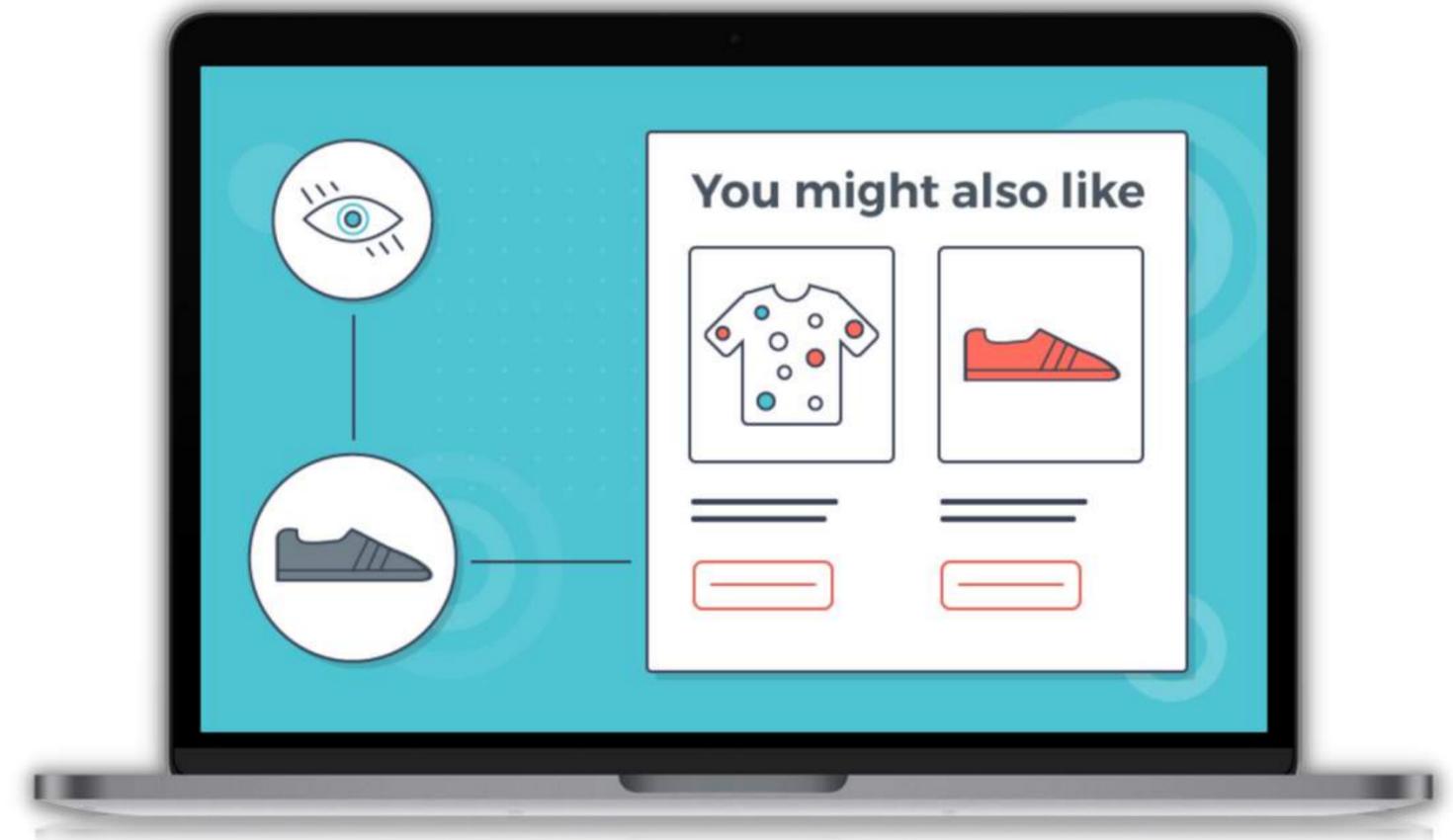
Recommendation engines are a series of systems that **analyze best-selling products, products that your customer has reviewed in their previous visit, their purchase history**, and present related products accordingly, by using and interpreting data.

There are a few ways to take advantage of product recommendations:

Recommendations based on past purchases: If you already bought a digital camera, a recommendation of its lenses might make sense.

Recommendations for related products: Provides a list of related products that are similar to the chosen one, either in use or in price which creates a cross-selling opportunity. For example at the cart step, offering complementary products to the ones already added to the cart, you can encourage your customer to shop a little bit more.

Recommendations based on search: Product recommendation engines may look at search history to suggest products based on terms consumers have used.

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What are the benefits of the product recommendation algorithm?
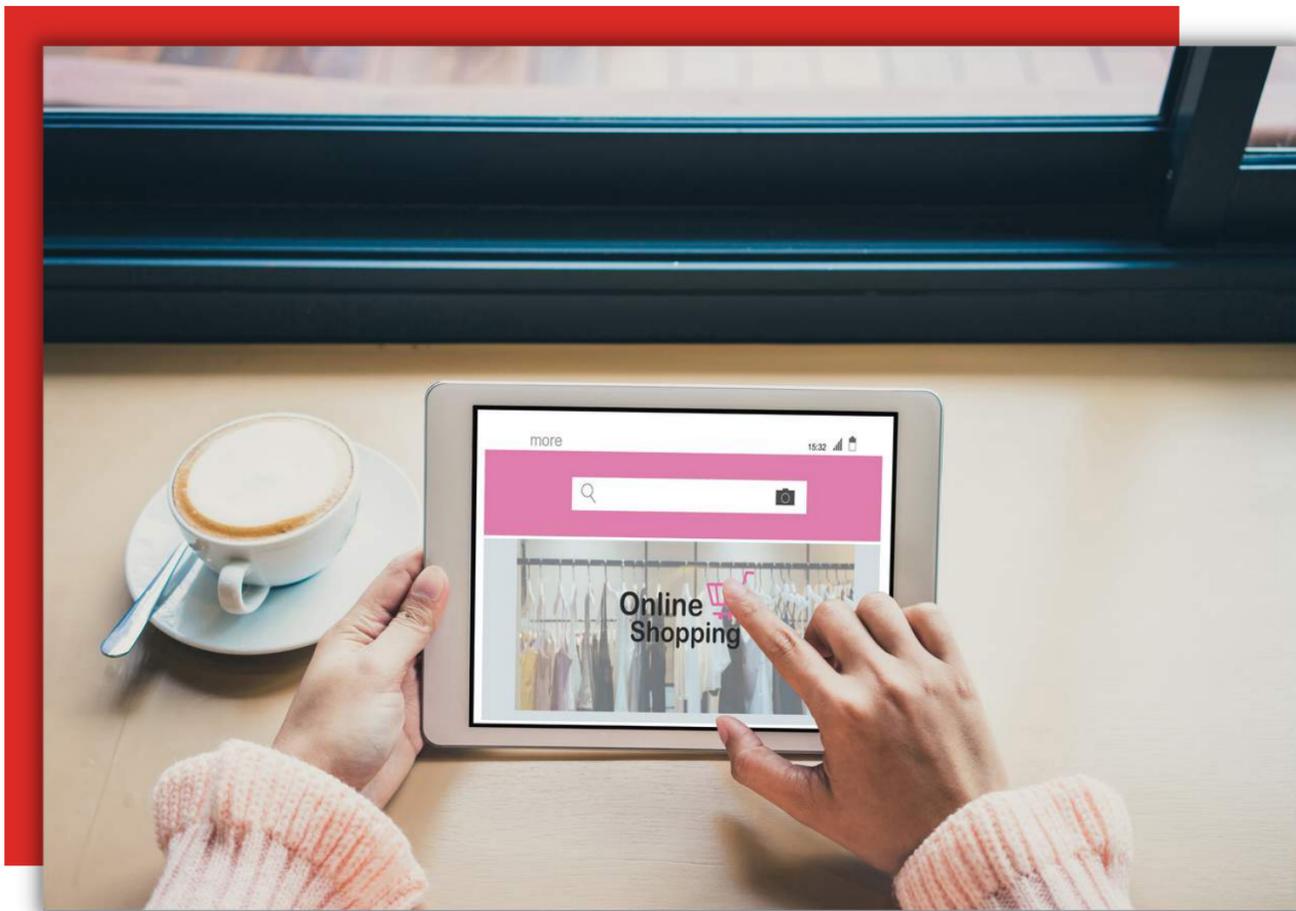
A product recommendation algorithm can help shoppers find products they're interested in, and by showing relevant products to shoppers, it can improve the chances that they'll make a purchase. These recommendations can be as simple as "Customer A bought this product with that product, do you want to buy that one too?".

However, with the right software, you can personalize recommendations based on a customer's purchase history, social profile, demographics, and other factors. **As a complementary element of the shopping experience,** the product recommendation provides **several benefits** to e-commerce businesses.

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>> Increase in Conversion Rate

Product recommendations are lucrative for e-commerce businesses. As shoppers begin the buying process, these recommendations can help **convert browsers into buyers.** If you have ever browsed through an e-commerce website you know that one of the things that accelerate your decision to make a purchase are product recommendations.

As you look at the different products, couldn't decide which one to buy; the recommendations are there for you to shorten your way to purchase. A carefully selected recommendation can **increase your conversion rates significantly.**

How personalized product recommendations increase conversion rate

Recommendation engagement (# of clicks)

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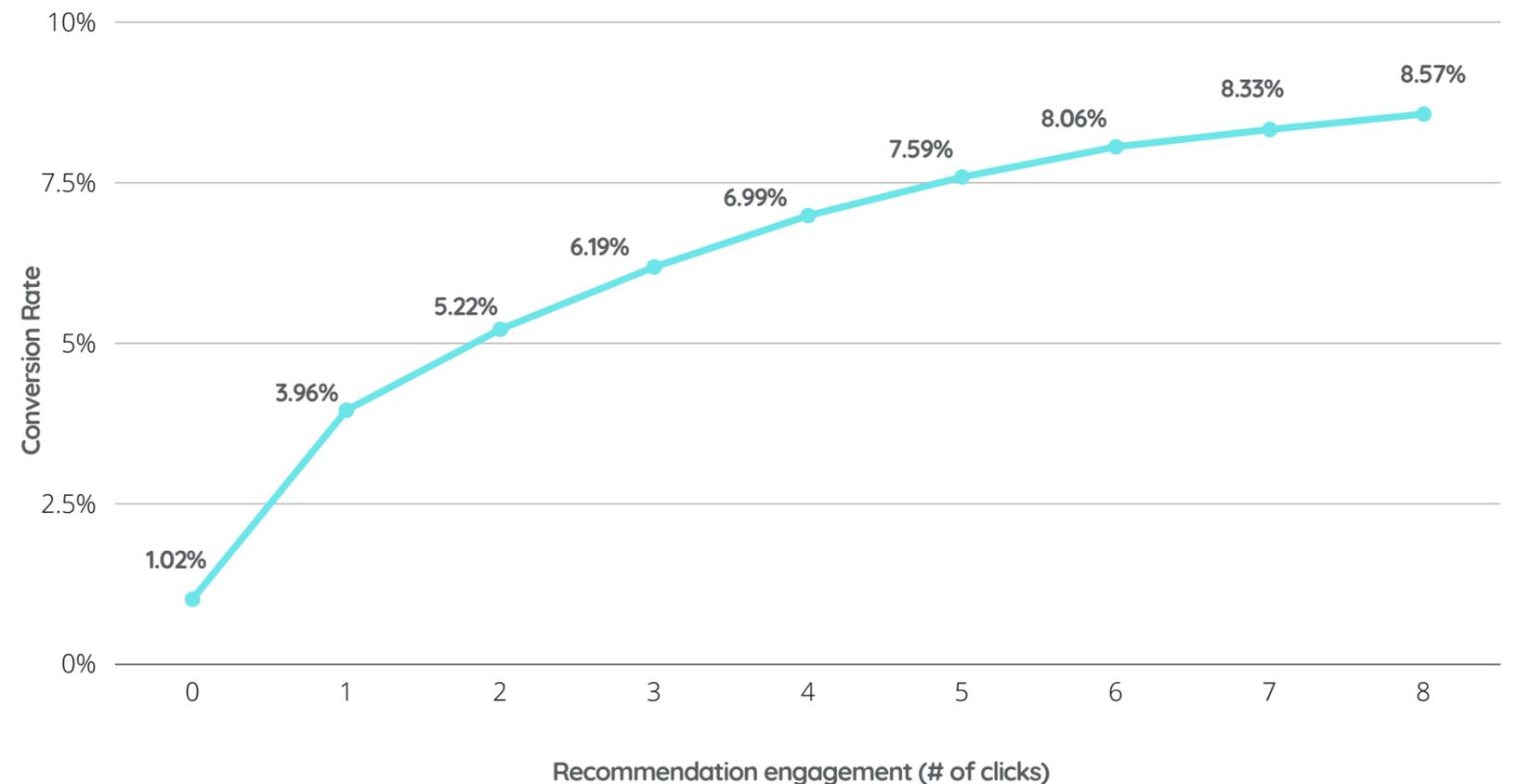
>> Higher Average Order Amount

The fact that the recommendations lead the consumer to complete the purchase also positively affects the average order value, as well as conversion rate.

A product recommendation system can increase the average order amount because it makes the customer consider items that they wouldn't otherwise buy, it awakens new ideas and reminds products that are likely to be purchased by looking at their past behavior. It also **increases the chances of upselling** and increases the chance of getting repeated buyers.

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>> More Loyal Customers

Customized product recommendations help you to **earn the trust and affection** of your client by making shopping easier and more suitable for them. Thus, personalized product recommendations help you **increase customer loyalty,** which in turn increases your profits.

>> Revenue growth

A more targeted approach to place clients on the right track for purchasing leads to a significant increase in sales. Gartner's researches suggest that smart personalization engines will allow for **15% more revenue**. Besides, McKinsey statistics say, product recommendations are being used to **boost revenue by 5 to 15%.**

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As we covered above, product recommendations can improve the performance of your e-commerce business and **benefit plentifully your brand.** Every successful e-commerce business should have a strategy for recommending products to their customers. However, it can be challenging to both develop a comprehensive strategy for creating different stages and different types of product recommendation structures and to implement this strategy effectively.

Because we know this, expert members of **our digital growth management solution, GrowthLab,** have everything to establish highly-performed product recommendation structures in the most accurate way. So, if you need help to achieve your goals and increase the level of customer satisfaction while perfecting their experience, you can just **get in touch with our experts now.**

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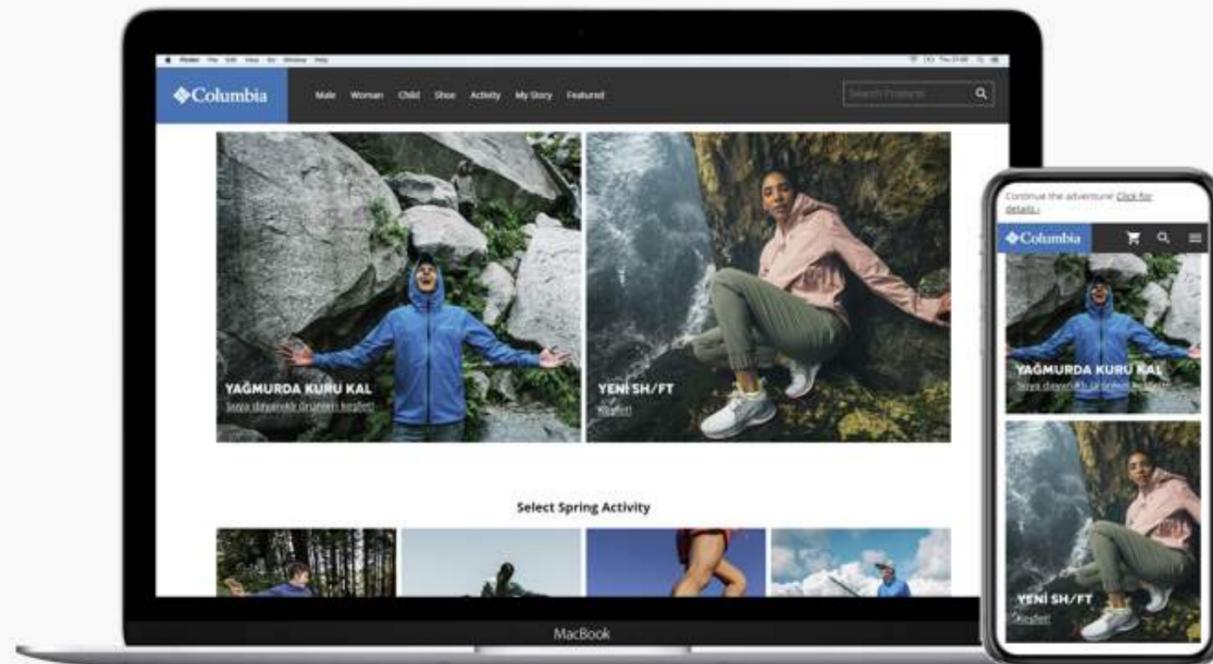# Inveon helps you to stay one step ahead of the competition.

Schedule a call with one of our e-commerce experts today.

Get in touch!

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A revolutionary digital commerce platform for those who always want more

Inveon inCommerce is the agile way to build, launch and expand your e-commerce business across channels, marketplaces and partners.

Let's take your business to the next level!

Microservice Architecture

Enjoy highly performed operations, ease of integrations and maximum speed through microservice architecture

Omnichannel Promotion Management

Take a deep-dive into the world of promotion and discount management with an advanced promotion management module

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Through inCommerce's headless structure, easily customize your platform and provide a seamless experience to your customers

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Effectively manage your omnichannel operations and eliminate operational complexity with inCommerce's strong order fulfillment algorithms

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Master your data by tracking brand-specific consumer journeys and detailed data dashboards of the reporting module

Mobile-first Operational Management

Utilize a comprehensive range of tools to excellently control your operations wherever you are with inCommerce's fully responsive and mobile-compatible admin panel
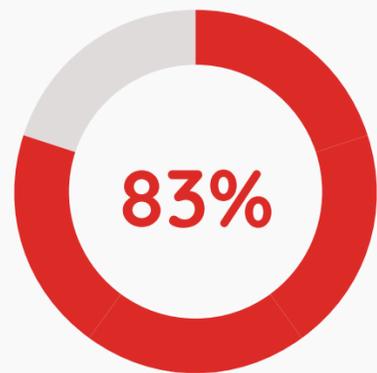
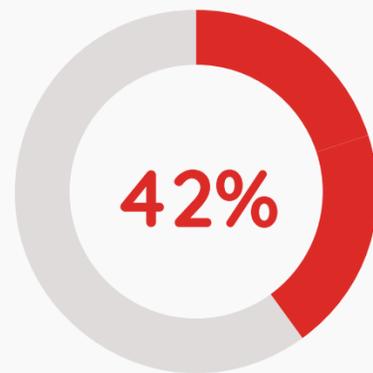# Unlock growth potential & empower your brand: GrowthLab

- Keep the pulse on your store with inCommerce's real-time data stream
- Uncover growth opportunities using behavioral segments
- Take the guesswork out of growth with our proprietary next-best-action methodology
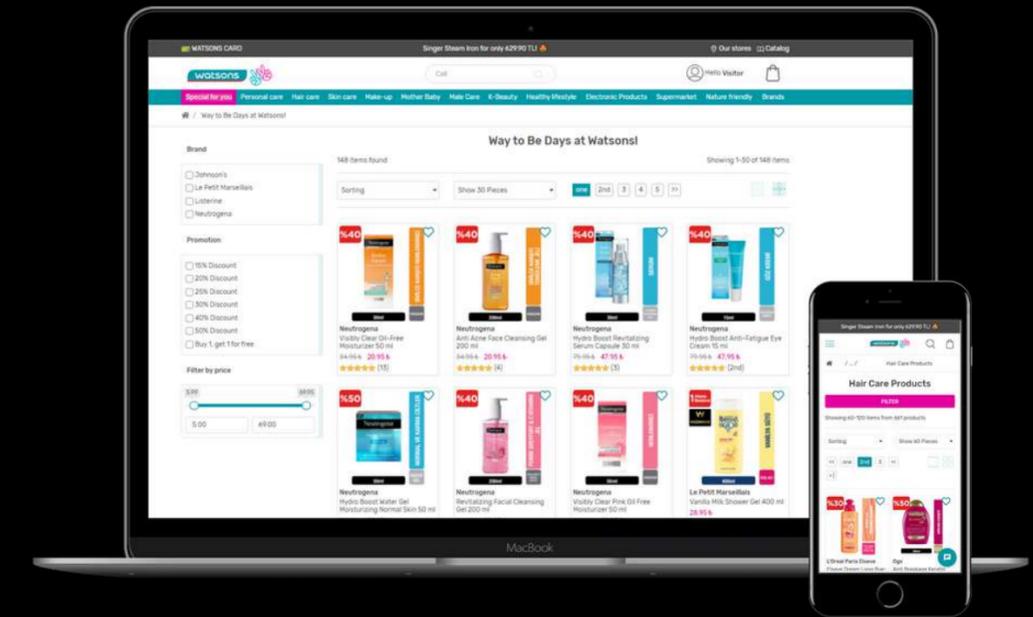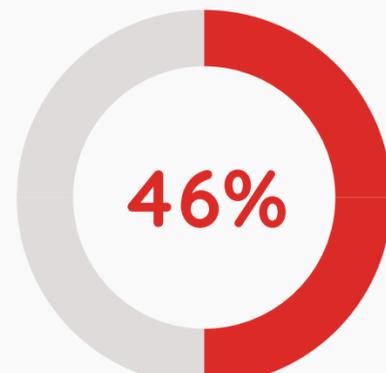
After 12 months of working with Inveon, our clients achieved:

83%
An average increase in revenue

**42%**
An average increase in traffic

46%
An average increase in conversion rates

Highlights from our clients

- Offering products in 90 countries under a single platform and increasing global revenue by 400%.
- 5x increase in the number of visitors during the Singles Day Campaign. (Gold Stevie Winner for Online Marketing Campaign of the Year)
- Omnichannel revenue reached 1.5 times higher than e-commerce site revenue within 6 months.
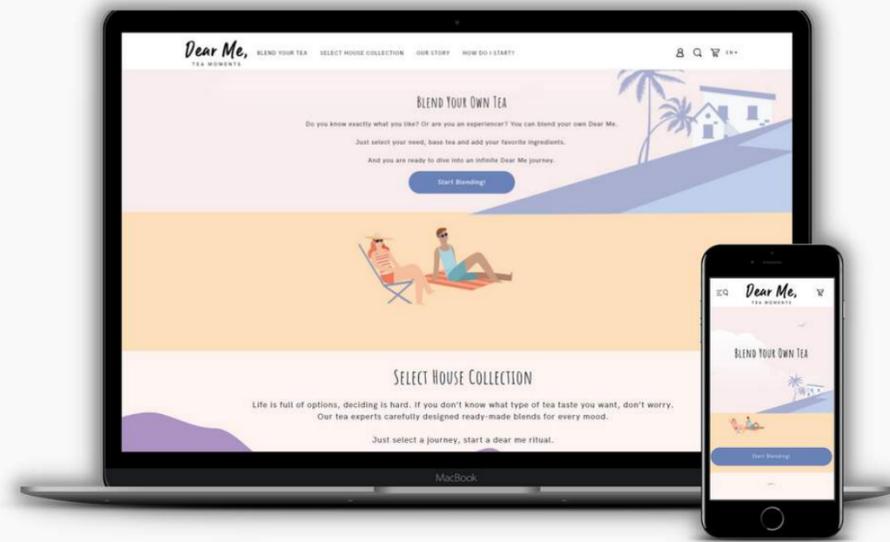
Inveon provides enterprise companies with a unified & scalable digital commerce platform that enables sustainable growth.

Our Offices

- Istanbul, Turkey
- Geneva, Switzerland
- London , UK
- Dubai, UAE

$1B
annual e-commerce volume

60+
global customers

70M
online shoppers

15+
countries

For more information, get in touch with us

info@inveon.com

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