



Q&A from Webinar "Behavioral Merchandising for Food & Beverage Online Retailers" 3rd of December 2009

1. Selling food online is not like selling clothes, books or CDs. Our customers come back and buy the same items over and over again. How does your software handle re-occurring purchases?

Answer:

Indeed, consumers do buy milk, butter, bread every time they shop. If you do not already have a standard shopping list function on your site, which does not require a lot of algorithmic intelligence, we do recommend that you get one. We do not necessarily think that you should use Behavioral Merchandising to promote those standard items. Instead you should make it possible for customers who create standard list to use Behavioral Merchandising for exploring and discovering items in your assortment that they have not bought before. I think combining the two (using advanced behavior analytics as well as standard shopping lists) is the best practise.

2. Does Avail also support guided navigation / search?

Answer:

Yes. I think more and more search & navigation and recommendations are becoming one. What it is all about is helping consumers find the most appropriate product(s) as easily and as quickly as possible. As you saw in Claes example of both Berry Brothers and Telemarket, behavioral techniques is probably the ultimate way to guide visitors quickly to the right products. Whether they start with making a search on Google or the onsite search engine, it quickly delivers recommendations based on an analysis on collective behaviour for that particular visitor. So, yes we support guided navigation / search.

3. Food often has a strong seasonal variation. How does Avail software handle that?

Answer:

That is one of the inherent benefits of Behavioral Merchandising. Because it uses always up-to-date behavior of all visitors to the site, it will very quickly adapt to find those little changes in consumers shopping behavior. So, very quickly going in to the Christmas season it will detect the changes in the behavior for the Christmas season and very quickly after Christmas, it will find those little changes and adapt accordingly. So, that is definitely one of the most important benefits of using Behavioral Merchandising as opposed to other merchandising techniques.

4. When I have installed your software, after how long time can I expect to see some results?

Answer:

You will see results immediately. Avail offers the opportunity to pre-upload historical order-data from customers. In that way we can start generating meaningful recommendations the very first day you go live. As you use the software we will collect other behavioral data, such as referral data where customers come from, what they did on Yahoo, Amazon, Google when they came to you as well as onsite search and navigation data. So, it will improve over time. Depending on your site and the volume of visitors that your site has, you reach the optimum in different times; a mid-to large retailer will reach that optimum performance in two to eight weeks, but see significant results already day one.

5. Do you have any information on licence model?

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**Answer:**

The Avail standard license model is that we charge online performance based fees, which is 5 % of the measurable incremental uplift in sales that the Avail solution delivers.

6. For an online retailer, on which pages do you suggest we use recommendations?**Answer:**

First of all, it depends a little bit on your objectives. To begin with I think you should use it on as many places as possible, but it is usually wise to start out on a few pages. Which one you should start out on depends on the most pressing priorities. If your most pressing priority is to increase conversion rates, you should probably start using behavioral recommendations on the landing pages and the onsite search pages on your site. If your pressing issue is to improve average order values, you are probably more successful starting out using recommendations on product detail pages, category pages and shopping cart pages. But those five would make up the most typical examples to start up with; landing pages, search results pages, product detail pages, category pages and shopping cart pages.

7. Can you say something about the "cold start" problem which is often a concern for the customer?**Answer:**

There are two types of cold starts. There is the cold start when you start using the Behavioral Merchandising solution, which is general across the catalogue. For this problem Avail allows the possibility to pre-upload some behavioral data that you already have, typically that is transactional history. So that solves the generic cold start problem when you start using the solution. Then you have the other type of cold start, which is for new products. If nobody has purchased an item before, the item is completely new; it is difficult for pure collaborative filtering techniques to pick up that item and start recommend it to visitors. So the solution to that problem is to have a solution that enables hybrid recommendation types (like the Avail software does), where you can set rules or combine rules with the collaborative filtering, to push new items. In that way you start capturing behavioral data on those items and so the collaborative filtering algorithm can take over.

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