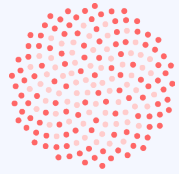




4 Best Practices for Curating Online Assortments in the Age of AI



INTRODUCTION

STEPPING UP YOUR MERCHANDISING GAME

The adage “knowledge is power” is highly relevant in today’s ecommerce landscape. We live in an age when everything is just a click or tap away, and as a result, consumers are more empowered than ever.

Shoppers have endless choices at their fingertips, and thanks to price check apps and search engines, they can find product alternatives and better prices in seconds.

To keep up, many retailers are expanding their assortments to offer consumers more choices and be more inclusive of various tastes and preferences. This move makes a lot of sense, and [research suggests](#) that retailers see an average of 12% increase in sales for every 10% increase in the number of unique products they sell.

But it’s important to note that simply carrying more products isn’t enough. To engage online shoppers (and ultimately increase sales), retailers must ensure that the best and most relevant items are served up to each customer.

In other words, while having a wide or deep product catalog could work, your assortments must feel curated, on-trend, and not the least bit overwhelming.

It’s a tricky balance, but it’s completely doable with the help of AI and assortment intelligence. In this ebook, you’ll learn how you can use data and AI technology to make smarter assortment decisions.

Let’s dive in.

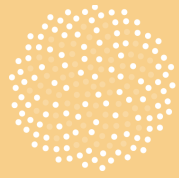


THE ONLINE MERCHANDISER'S CRYSTAL BALL

Striking the perfect balance with your assortments requires data. Specifically, you need to analyze historical data and market intelligence in order to forecast trends, launch products or promotions at the right time and prevent out of stocks.

How do you accomplish this? Two words: *product lifecycle*. By having a complete historical view of your (and if possible, your competitors') online catalogs, you can track stock movement, and effectively determine the right replenishment points, the ideal product launch timing, and the best prices and promotions.



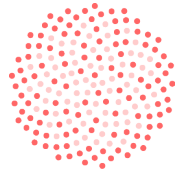


TWO WORDS: PRODUCT LIFECYCLE

In addition to using Big Data to inform its own merchandising, marketing, and pricing, the retail giant helps its sellers improve their performance through its Selling Coach program, which, [according to Amazon](#), offers a “steady stream of automated machine-learned ‘nudges’ (more than 70 million in a typical week) – alerting sellers about opportunities to avoid going out-of-stock, add selection that’s selling, and sharpen their prices to be more competitive.”

[The program](#) notifies sellers of opportunities around inventory (e.g., when it’s time to restock), products (e.g., what to stock based on customer trends), and pricing (e.g., whether there are comparable offers with lower prices). One example of a company that’s doing this well is Amazon.

It’s an effective (and lucrative) practice both for Amazon and its sellers. According to the company’s shareholders letter in 2015, its Selling Coach nudges have translated to billions in added sales to its sellers.



You may not have the data prowess of Amazon, but that doesn't mean you can't use historical and market intel to your advantage.

Case in point : The Intelligence Node team worked with one of the world's biggest supply chain players in helping them prepare for the following year's orders. The client wanted to go beyond their internal inventory history and order data, and instead get a bird's eye view of the entire apparel industry in the United States.

Specifically, they wanted to launch a product at the right time and stock (as well as re-stock) at the most optimal periods, all while making the pricing decisions that maximize sales against each product's lifecycle.

To accomplish this, Intelligence Node helped surface deep insights by tracking various aspects of products across hundreds of retailers all over the world. The client also accessed product lifecycle information of item that were the same (or similar) to what they carried, so they knew where they stood compared with other retailers. In addition, the client tracked consumer insights, including what shoppers viewed, liked, waitlisted, and searched for, so they could identify trends, patterns, and opportunities.

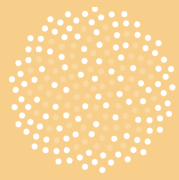




All that resulted in a product lifecycle view that showed how merchandise performed in a given period, allowing the client to project their performance.

This, in turn, helped them plan and optimize their product launches, pricing, and re-orders, thereby increasing their average order size by 10% and decreasing operational costs by 15%.



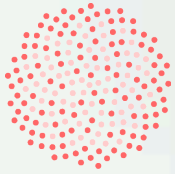


THE 90s CALLED AND THEY WANT THEIR SPREADSHEETS BACK

Competitive intelligence has proven to be a boon for businesses. [Research shows](#) that companies implementing competitive intelligence have higher sales, market share, and profitability compared to businesses that don't implement the practice.

[Another study concluded](#) that having timely competitive information contributes to better decision making, and any organization that doesn't have a business intelligence system "will soon or later lose its position in the competitive market."

Clearly, having competitive intelligence is critical to staying... well, competitive.



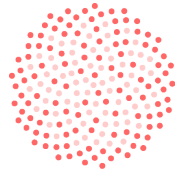
Intel on your competitors can be particularly helpful when it comes to merchandising and assortment planning. Having the right competitor data will enable you to make better decisions around your pricing, inventory, and positioning.

Consider the analysis on the next page, which compares the sorbet prices of four UK grocers (i.e. ASDA, Ocado, Tesco, and Waitrose).

The analysis reveals that several interesting facts. For instance, it tells us that Ocado charges £4.99 for lemon sorbet — almost double compared to its competitors. It also reveals that ASDA is the only grocer that stocks mixed fruit sorbet, and it's selling them for just £1.

Smart merchants can use these insights to optimize their pricing. For instance, armed with this data, Ocado could choose to run a promotion on its lemon sorbet to stay competitive, while ASDA could decide to markup its mixed fruits sorbet if there's reasonable demand.





FLAVORS

Apple	3.09	3.89		
Blueberry	1.32	2.88		2.93
Caramel	2.84	3.91	3.06	3.79
Cherry	4.0	4.17		
Chocolate	2.69	3.89	2.73	3.4
Cinnamon		4.68	4.38	
Fruity	1.0	3.29		
Ginger		3.72	2.33	2.82
Lemon	2.62	4.99	2.26	2.5
Mango	2.29	4.14	2.06	2.32
Mint	2.35	3.62	3.17	3.85
Mixed Fruit	1.0			
Orange	1.67	2.63	1.76	3.0
Pineapple	1.75	2.3	2.0	
Raspberry	2.35	3.68	2.39	3.18
Salted				2.41
Strawberry	2.29	3.31	1.99	2.11
Vanilla	2.56	3.33	2.96	2.9
Watermelon	2.2	5.99		

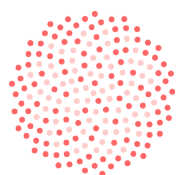
Groceries ASDA

Ocado

Tesco Groceries

Waitrose

WEBSITES



Consider doing similar when you're mapping out your pricing strategy. Dive into competitor intel and use it to identify gaps and opportunities you can capitalize on. Just one caveat: make sure to *go beyond spreadsheets*.

Relying on this outdated technology is a common mistake retailers make when monitoring their competitors. Many merchants still use spreadsheets to track competitive intel, and if you're one of them, you're leaving a lot of insights (and money) on the table. Spreadsheets can lay out the data, but they don't provide context, filters, or pattern detection that would enable you to gain actionable insights.

You'll have much more success by arming yourself with an analytics solution that helps you draw comparisons between dynamic parameters and filters.

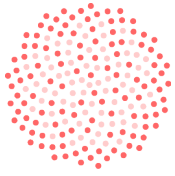
One example of such a tool is Relationship Charts, a module within [Incompetitor™](#), which surfaces multidimensional competitive data into other retailers' product positioning, assortments, and pricing.

MAKE ASSORTMENT DECISIONS

“
WITHOUT
REQUIRING TO
RUN PIVOT
TABLES TO
ANSWER SIMPLE
QUESTIONS



”



THE RIGHT WAY TO "MIX" THINGS UP

Optimizing your timing and prices is just one component of a successful online merchandising strategy. You also need to figure out a product mix that achieves an ideal balance between classic and trendy.

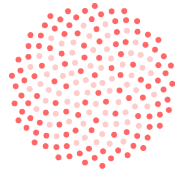
In other words, you need to incorporate variety into your assortments to keep things fresh, but not too much that you create confusion or alienate your core audience.

Accomplishing this starts with putting your customers at the center of your merchandising strategy. Keep a close eye on trends using market intelligence tools and make it a point to gather — and act on — shopper feedback.

What items are your customers liking or sharing on social media? What are your top-rated products, and *why* do shoppers love them? Use the answers to these questions to inform your online merchandising.

In addition to customer-centricity, having a data-driven approach will help you curate assortments that sell. For best results, adopt a real-time data analytics solution and be more proactive with your assortment planning. Aim to have immediate insights into product performance so you can quickly make changes.

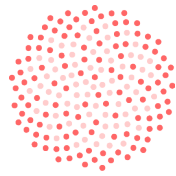
For instance, if a product is underperforming, you'll want to know as soon as possible so you can optimize pricing or positioning before it's too late. Is there a sudden spike in visibility ranking for a particular product? Robust analytics can surface that information so you can adjust your assortment and ensure that your customers see the trendiest products.



Consider the case of fragrant candle retailer Diamond Candles, which uses a commerce intelligence platform to analyze merchandising trends. Justin Winter, CEO and Co-Founder of Diamond Candles, [told Retail Touchpoints](#) that they rely heavily on their market intelligence solution to make assortment decisions "without requiring marketers and merchandisers to run pivot tables to answer simple questions."

"There certainly is a seasonality impact that comes into play with our ever-evolving merchandising strategy," he told the publication. "During the fall, it's pumpkin pie. During Christmas time and winter, it's mistletoe. We also sell tropical fragrances in the summertime. Maximizing our merchandising mix and just maximizing the appeal of what people are looking at when they're on the site are important toward properly promoting all the fragrances we offer."

**SEE SALES
INCREASES
FROM 2-5%
AND INCREASES
OF 5-10% IN
MARGINS**



Pricing is another key factor in assortment planning. Monitoring real-time price changes in your market will help you refine your strategies efficiently, so you make more from each sale. [McKinsey found](#) that retailers who implement dynamic pricing correctly typically

Customer satisfaction also tends to increase thanks to better price perceptions.

To help you stay on top of your prices (and those of your competitors') use a solution like [360°Pricing](#), which monitors your competitors' prices in real-time, giving you insights into the pricing dynamics for any product with a URL or a product ID.

HOW TO NOT BE A SLAVE TO ANALYTICS

Tapping into market and competitor intel is critical, but equally important is the speed and efficiency of your methods. This is where AI and automation will come in. Automating how you collect and analyze data helps you make smarter merchandising decisions more efficiently.

Your days are busy and your time is limited. The last thing you want is to spend hours pouring over numbers and spreadsheets.

These days, AI-powered platforms like [Intelligence Node](#) can visualize all the data and insights you need in one place. The product suite enables you to get to actionable insights faster so you can devote less time crunching the numbers and more time actually implementing creative solutions and strategies.





RESISTANCE IS FUTILE

We've said it before and we'll say it again: *knowledge is power*. The best retailers are aware of this, which is why a growing number of merchants are now adopting sophisticated analytics and AI solutions to inform their merchandising strategies.

The question is, are you there yet?

If the answer is "no," we'd love to evaluate your assortment planning strategy.

FOR A FREE ASSESSMENT

[GET IN TOUCH](#)

