



**How a customer-centric
approach helped Build
with Ferguson tailor and
optimize its product
recommendations**



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Online home improvement retailer's focus on customer behavior boosted purchases completed from recommendations by 89%

Summary

Build with Ferguson is a leading online home improvement retailer. Serving as a one-stop-shop for its customers, the company offers a vast range of products – including lighting, bathroom and kitchen fixtures, hardware, and appliances – as well as free expert advice. The Build with Ferguson team is invested in connecting with its customers on an individual level, and this focus extends to how the company designs its eCommerce experiences.

To provide memorable customer experiences and present the best possible product recommendations across the site, Build with Ferguson wanted to further improve the discovery experience. And as the company began identifying strategies to bolster its recommendations, the team spotted an opportunity to overhaul how they think about personalizing experiences, shifting from a product-focused approach to a customer-centric framework. After partnering with Dynamic Yield for its eCommerce personalization needs, the organization reimagined its audience segmentation strategy to better connect its customers to the products they want and need. By tweaking and optimizing their product recommendations based on two distinct audience groups, the company's new recommendation strategy boosted purchases completed from recommendations by 89%.

Results

Boosted purchases completed from recommendations by 89%

after implementing and optimizing recommendations across the mobile and desktop sites for greater accuracy and relevance

"Dynamic Yield has been an incredible partner for us. Thanks to their help, we have completely revamped our recommendation strategy, kickstarting a shift in how we approach our personalization efforts as a whole. We are now able to iterate on our customer experience and learn more about our customers to consistently deliver the best possible experiences."

Robbie Reaves, Product Manager at Build with Ferguson

Challenge



With millions of different products across a variety of home improvement categories, recommendations are the bread-and-butter of personalization for Build with Ferguson, helping its site visitors sift through the company's extensive product inventory and find the exact items that prompted their site visit. Looking for a partner to help achieve its customer-centric vision, the retailer selected Dynamic Yield because of its ability to:

- Help Build with Ferguson track and act upon shifts in customer behavior to deliver more tailored recommendations.
- Recalibrate the retailer's segmentation strategy to more easily identify learnings about its core audiences and scale its optimization efforts.
- Use the insights uncovered about customer behavior to serve more effective recommendations across channels.

Execution

Adopted Root Audiences, Dynamic Yield's homegrown segmentation framework, to identify distinct behaviors between core customer groups

After running a three-month test with Dynamic Yield for sitewide recommendations, the Build with Ferguson team wanted to define and implement a clear targeting strategy for personalized recommendations. They did this by adopting Dynamic Yield's Root Audiences, an internally-developed macro-segmentation framework designed to bring personalization to life in a functional, repeatable, and scalable manner.

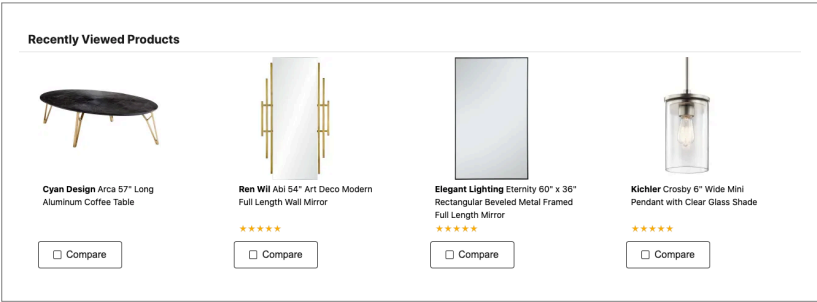
The team believed different audience segments have varying, distinct needs when shopping online and therefore projected implementing a singular recommendation strategy for all users site-wide would be ineffective. After adopting the Root Audiences framework, which required the team to identify macro audience segments to target in its recommendation campaigns, this theory proved accurate. It helped their team identify distinct behavioral differences between segments and glean insights and learnings the team could then use to optimize its recommendations.

For example, Root Audiences helped Build with Ferguson identify different behaviors across their two core users: Trade Professionals and Consumers. Trade Professionals, who turn to the retailer to purchase everything they need for an entire home, building, or construction site project, engage the most on average and account for just 1% of total site visitors. On the other hand, Consumers represent the average Build with Ferguson site visitor and often are in search of particular products for specific projects. Before adopting the framework, the team treated all users the same when it came to product detail page (PDP) recommendations. However, after taking this macro-segmentation approach, the Build with Ferguson team was ready to test serving different experiences to each type of core audience to optimize these digital experiences.

Identified and applied key learnings from their improved segmentation strategy to optimize sitewide product recommendations

The Build with Ferguson team began to test various recommendation algorithms and experiences for both Trade Professionals and Consumers across the site. For example, they served PDP recommendations using the 'Recently Viewed' and 'Viewed with Recently Viewed' algorithms to Trade Professionals and a different set of recommendation experiences using various algorithms including, 'Recently Viewed,' 'Affinity,' and 'Viewed with Recently Viewed,' to Consumers based on users' levels of engagement.

Example of a PDP recommendation widget displaying Recently Viewed items to a user in the Consumer audience segment



Several interesting learnings emerged. First, the team noticed Trade Professionals tend to engage with recently viewed products on the homepage to navigate back to PDPs they recently interacted with. Second, the average user (members of the Consumers segment) tends to engage with recommendations based on items other users with similar behaviors and interests have interacted with.

Using these findings, the team optimized the performance of their recommendations across the site. By delivering more relevant, engaging experiences, Build with Ferguson was able to consistently connect all customers to products that fit their needs, resulting in an 89% uplift in purchases generated from recommendations.

Build with Ferguson extracted additional insights, most notably that users who interact with recommendations spend 13% more and purchase 2.4 more items on average. This data will inform how the team designs future campaign variations and tests.

Key Takeaway



To learn as much as possible about its customers, Build with Ferguson adopted a new mode of thinking for its segmentation strategy, using the Root Audiences framework as a blueprint for how it would tailor on-site experiences to different users with varying behaviors. The team has focused much of its energy on recommendations, which facilitate the discovery experience for site visitors. Using the framework, they are able to better understand consumer behavior, using what

they learned to segment, tailor, and optimize recommendation experiences to each group across the site. The institutionalized learnings have enabled the organization to improve its recommendations, boosting purchases completed from recommendations by 89%.



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