

# Intelligent Cross-Sell™ Case Study: PC Universe

- 22% increase in accessory revenue per order
- 10% increase in attach rate
- No dedicated day-to-day system management needed



A Boca Raton, Florida-based reseller and service provider, PC Universe, Inc., sells more than 250,000 technology products from over 700 brands. Its Web site is ranked by *Internet Retailer* magazine as one of the top 500 retail sites on the Internet. In Q4 2006, PC Universe worked with CNET Channel to measure the effect of Intelligent Cross-Sell, CNET Channel's service for improving how accessories are cross-sold with primary products.

## Business Challenge

When a customer buys a primary product, such as a notebook computer, from PC Universe, it is an opportunity to sell complementary products, such as a mouse, carrying case, and dock. Done right, this cross-selling benefits the customer while increasing PC Universe's revenue and profit.

The challenge is to intelligently select and explain a small number of "best" accessories — as opposed to displaying a long list of all possible accessories — on a product-by-product basis. With hundreds of thousands of products available, doing this work manually is not feasible, so PC Universe used Intelligent Cross-Sell to automate and optimize its cross-selling.

## ROI: Greater Revenue and Profit

In categories where Intelligent Cross-Sell was active, PC Universe sold significantly more accessories. Specifically, PC Universe achieved:

- A 22% increase in accessory revenue per order
- A 10% increase in attach rate (the percentage of orders with at least one accessory)

Because accessories are typically more profitable to sell than primary products, it is worth noting that more accessory revenue means disproportionately more profit.

## ROI: Minimal Management Cost

PC Universe achieved these results without needing to dedicate people to manage the Intelligent Cross-Sell system on a day-to-day basis.

Instead, Intelligent Cross-Sell worked via "guided automation," a process whereby PC Universe defined — and, when necessary, occasionally refined — business rules for targeting cross-sells by factors such as popularity, brand affinity, and key selling features.

Intelligent Cross-Sell then automatically determined compatibility among primary and accessory products, selected and explained the best cross-sells, and adapted to inventory changes and new products, all on an ongoing basis.

## The Bottom Line

"Intelligent Cross-Sell enables us to do suggestive selling in a way that's helpful to customers and is measurably better for our business. Based on these initial results, we believe we can do even better in other categories where we will be applying Intelligent Cross-Sell."

Patrick Colletta  
Director of E-Commerce, PC Universe

## The Details

The results are based on PC Universe's own transaction data from July 26, 2006, to January 3, 2007. Of that 22-week span, the first 11 weeks comprise the "before Intelligent Cross-Sell" period to serve as the control, and the latter 11 weeks comprise the "after Intelligent Cross-Sell" period, during which Intelligent Cross-Sell was active. (As a secondary check, we ran the same metrics on back data from the 12-month period prior to Intelligent Cross-Sell's deployment, and the results were similar. We reported results from the contiguous 11-week periods because PC Universe's site and inventory were most comparable then.)

## Category Coverage

During the time period analyzed, Intelligent Cross-Sell's "Recommended Accessories" functionality was active only in the notebooks category. They appeared on each notebook's main product page in the "Buying Options" box, such as below.

**HP Compaq Mobile Workstation nw8440 Core Duo T2600 / 2.16 GHz**

HP Compaq Mobile Workstation nw8440 - Core Duo T2600 / 2.16 GHz - Centrino Duo - RAM : 2 GB - HD : 100 GB - DVD:RW (+R DL) / DVD-RAM - Gigabit Ethernet - WLAN : 802.11a/b/g, Bluetooth 2.0 EDR - TPM - fingerprint, SmartCard - Win XP Pro - 15.4" Widescreen TFT 1920 x 1200 ( WUXGA )

**Overview:**  
The HP Compaq nw8440 Mobile Workstation is a power-packed mobile workstation in a thin and light design, so you can easily work beyond the office without compromising performance demands.

**Buying Options:**  
To Order any optional check checkbox, then click Add to Cart above:

**Recommended Accessories:**

- Boost your freedom from wall sockets with this extra battery. **Only \$128.83**  
HP - Notebook battery - 1 x lithium ion 8-cell 4.8 Ah
- Make a clean getaway by keeping your notebook cables plugged into this dock at your desk. **Only \$270.59**  
HP Advanced Docking Station with Smart Adapter
- Transport your computer safely and stylishly with this carrying case. **Only \$78.78**  
HP Executive Leather/Nylon Case - Notebook carrying case

Because Intelligent Cross-Sell enabled PC Universe to select and explain the best accessories on a product-by-product basis, PC Universe was able to feature these cross-sells much more prominently on the page than before. Prior, PC Universe would provide an unfiltered — and often unwieldy — list of accessories behind an "Accessories" tab. (That tab was still available after Intelligent Cross-Sell was deployed so customers could always have a complete list of accessories available.)

Each notebook had up to three Intelligent Cross-Sell accessories. The possible accessory categories were batteries, docks, carrying cases, mice, and USB key drives, in that priority order.

## Measurement Notes

To ensure that CNET Channel and PC Universe were correctly measuring Intelligent Cross-Sell's effect, and not various other factors, we employed the following techniques.

- Because Intelligent Cross-Sell was active only in the notebooks category, we limited the accessory-revenue calculation to transactions that involved a notebook and at least one accessory from an Intelligent Cross-Sell accessory category.
- We did not count transactions where accessories were purchased by themselves (which would not be the result of a cross-sell), and we did not count the revenue from the notebook within each transaction (Intelligent Cross-Sell does not affect that).
- To normalize the "before" and "after" periods' different number of total orders, we used the metric "average accessory revenue per order." In calculating the average, we counted every order that involved a notebook, whether or not it had accessories. Thus, the 22% increase reflected both the amount spent on accessories and the frequency with which orders had accessories. Because it is a common industry metric, we broke out the latter figure as the 10% increase in attach rate.

### About CNET Channel

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