**HW 2: Recommending Wine to online customers**

1. **Based on the information in this case, would you categorize the Wine.com recommendation system as content filtering, collaborative filtering, or hybrid?**

Ans: Based on the information provided by the case, the recommendation system by Wine.com could be categorized as collaborative because Wine.com has collaborated with RichRelevance as well as they are using various customer centric approaches to fit wines according to customers tastes.

**2. Why does Wine.com have to work harder to succeed than other online retailers?**

Ans: Wine.com has to face various political and regulatory factors, especially federal laws controlling sales of alcohol and state-level regulations that are different for every state. To take care of this problem Wine.com has created seven distribution centers all around the country. In addition to this, wine is a perishable product and the handlers must be careful specially while shipping during hot summer months. These are the few factors which separates Wine.com from other online retailers and makes them work harder to succeed.

**3. Visit the Wine.com website. Identify website features the company has created to enhance the consumer’s shopping experience.**

Ans: The website is very customer friendly and directly links you to specific products. For eg: If we click on New Arrivals then the page with new wines and their prices will open and a column in the left will help you choose according to your specifications i.e. price, varietals, wine style, region etc. Also, within 5 mins of entering the website a window pop ups in the bottom right corner where a wine specialist will be available to assist you since it takes time to gain knowledge on wine selection and the wine specialist can help you understand on how to select better. Wine.com also has a blog which keeps consumers informed about new wines as well as they connect with consumers through social media. In other words, Wine.com relates to consumer preferences and makes suggestions accordingly and even has a section where customers provide reviews and can make wish lists of wines they would like to try. Wine.com also has a gifts section, Today’s hot products section, Most popular red wine section etc. Overall it is very convenient for customers to order what they want and in very less time as there are experts to help.

**4. Why do you think the recommendations provided by the new recommendation system are likely to have a greater influence on consumer behavior than the company’s earlier attempt to make recommendations?**

Ans: The previous recommendation system was not customized to an individual’s specification and the wine shown to customers were the one that the company wanted to promote or sometimes as per the price and category. Whereas, the new recommendation system had several changes which were based on personalized recommendations. This system uses customer purchases, product search history, and information about wine purchases containing unique personalized recommendations. Different strategies are used to attract customers to create profile pages on the website which could help connect people of similar taste and even ask them to review the product they purchased and what did they feel was good or bad about the product and how the company could improve. According to the case “The new system allows wine.com to deliver several different types of recommendations:

* Customers with similar interest also viewed…
* Customer lists including this Wine…
* Customer who bought this item also bought…
* Customers who viewed this item also viewed…
* Top sellers of this varietal/region/price range
* Other products (similar to one being viewed)”

Recommendations appear everywhere a customer searches for a product on the website and even wine experts appear, when a customer stays on the website for some time. The new recommendation system helped customers to find new great wines that fit their taste and life style.

**5. What impact has the new recommendation system had on Wine.com’s business performance?**

Ans: The new recommendation system launched in 2009 had the following impact (from case):

* Unit sales and revenue on gift baskets increased.
* Company’s total volume increased by 10% due to recommendation from sales.
* Orders that included products from recommendations had a value that was 15 percent higher than the site’s overall average.
* Website’s overall average went 52% higher due to conversion or sales resulting from recommendations.