The Importance of Product Taxonomy

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Product Taxonomy Defined

A product taxonomy is comprised of two key elements. The first element is a set of categories into which common products will be grouped and classified. An example of a category may be “Laptop Computers”. In a product taxonomy, categories are organized in a hierarchy to facilitate the ability to easily browse to the category of interest.

For example:

- Electronics>Computer Equipment and Supplies>Laptop Computers
- Electronics>Computer Equipment and Supplies>Computer Accessories>Keyboards

The second element is a defined template of attributes that should be captured for the products in each category. Attributes for the “Laptop Computers” category may be Brand, Processor Speed, Display Size, and Number of USB 2.0 Ports, to name a few. A complete attribute template will have defined sets of possible values for each attribute. Possible values for Laptop Computer Brands may be Toshiba, Apple, Sony, HP, Lenovo, and Acer.

The Purpose of a Product Taxonomy

Products are the lifeblood of any retailer or distributor. Product data, including categories, specifications, descriptions, and images, are all important so that products can be effectively presented and merchandized to customers. Often times, retailers or distributors get a mish-mash of inconsistent data fields from suppliers. In some cases, buyers are responsible for collecting data but don’t know what to ask for.

A product taxonomy provides a standardized structure for what information about products will be collected, how it will be organized, and how it will be presented to users. If data is coming from suppliers, a product taxonomy specifically defines the data elements that a supplier needs to provide. If buyers or content specialists are creating this content, the taxonomy serves the same purpose of defining what values need to be collected and ensures that all parties are collecting these values in a consistent fashion.

A product taxonomy is equally valuable for data presentation. First, accurate product categorization helps users quickly find the set of products they are looking for. Product taxonomy hierarchy can help users browse to the right category. Or, if a user is doing a keyword search, the product taxonomy categories can be search refiners to help clarify or disambiguate a search result set based on the category.

Product attributes are also important for search refinement. With a set of 100 laptop computers, a user would want to refine that set based on the attributes that meet the user’s requirements. For example, if a user wants a 17” display, there may only be 9 of those 100 laptops that have the right display. Defining attributes in the product taxonomy ensures that the appropriate data is collected to support those refiners and also lets a retailer or distributor decide which attributes will be used as search refiners.
Specification tabs on the product detail page are valuable to provide more detailed information on specific SKUs when the user is ready to make a purchase. Information on the specification tab is driven by the product taxonomy and the values collected from that taxonomy. A product taxonomy allows a website to take this specification level detail and present it to users as side-by-side product comparison. Without a product taxonomy, it is unlikely that data from suppliers is consistent or complete enough to support this apples-to-apples functionality.

In summary, a product taxonomy improves the product data collection process and, more importantly, ensures that a website can support features – category browse, search refinement, and specification display and comparison – that maximize conversion.

**Different Types of Product Taxonomies**

A retail organization should strongly consider separating its website taxonomy from its collection taxonomy. This provides maximum flexibility in how data can be used and also heads off any conflict between the information architecture team and the website design team.

A website taxonomy is, just as it sounds, the taxonomy that will appear on your website. It is the taxonomy that is used to merchandise and present products to buyers. A website taxonomy is likely somewhat fluid and may change as seasons change or as different product trends emerge. In a website taxonomy, a category may appear in more than one place based on various ways a user may expect to find it.

A collection taxonomy is an objective, slower changing structure. Its purpose is to be a stable, trusted source of the attributes that should be collected on each product. In a collection taxonomy, each category will appear in a single place and the focus should be on what categories are as opposed to how products might be merchandized. Separating the collection taxonomy from the website taxonomy gives the freedom to change and alter how product data is presented on a website without disrupting the entire product data collection activities of the organization.

The collection taxonomy and a website taxonomy are separate, but work hand in hand. Products will appear in the website taxonomy based on categories and attributes in the collection taxonomy. For example, if a store wants to have a “Valentine’s Day” section of apparel on its site, it could be populated by items in the collection taxonomy which are in the clothing hierarchy and have an attribute of Color: Red or Design: Hearts. Once the holiday is over, that section of the website can be removed without disrupting anything in the core product data.
**Product Taxonomy Best Practices**

- **Design Rules of Thumb:**
  - 20 top level terms
  - Maximum of 20 narrower terms at any individual branch
  - Limit of 4 levels, unless the product set is deep enough to justify more
- Use card sorts and tree testing to evaluate the ease of use of the category tree
- Choose category names with search engine optimization in mind
- Add synonyms to category names so users can search in more than one way
- Integrate with your search engine – use taxonomy categories to drive type ahead search suggestions. Review your search query logs for terms that should be added to the taxonomy as synonyms

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**Product Taxonomy ROI**

The return on investment for product taxonomy is clear. Correctly categorized and well-attributed products lead to higher conversion rates. Users who can quickly find the products they need on your site are more likely to return to make a subsequent purchase, reducing user churn rate.

Beyond the user experience, product taxonomy can help bring more users to your site to begin with; a site structured on a good product taxonomy generates better search engine optimization results and more organic traffic.

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**How WAND Helps Clients Quickly Create a High-Quality Custom Product Taxonomy**

The WAND Product Taxonomy Portal provides clients access to more than 44,000 product and service categories with hierarchy and pre-defined attribute templates which can be used to jump-start the creation of a product taxonomy or to augment an existing product taxonomy. Simple tools in the WAND Product Taxonomy Portal allow for drag and drop hierarchy editing, new category creation, and attribute template management. It’s the fastest and most intuitive way to create and manage a product taxonomy.

Learn more at [http://www.wandinc.com/wand-ecommerce-taxonomy-portal.aspx](http://www.wandinc.com/wand-ecommerce-taxonomy-portal.aspx) or contact WAND today to request a demonstration at info@wandinc.com