



MULTI-EVERYTHING

PRODUCT INFORMATION MANAGEMENT
IN THE AGE OF CROSS-CHANNEL RETAIL





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ECOMMERCE COMES OF AGE

I have personally seen, over the last 17 years as a product information management expert, the seismic shift in PIM systems. Once they were departmental systems for catalogue management and marketing, now they have matured into critical business systems at the heart of cross-channel operations. This change has been a direct result of the evolution of ecommerce into a prime channel for many retailers.

In this independently authored paper you will learn about how to cope with the growing demands of creating a seamless cross-channel customer experience, how to future proof your technology investment and how to sell more effectively.

On behalf of Stibo Systems I would like to welcome you to this white paper.

Simon Walker

Director, Ecommerce Innovation, Stibo Systems Limited

KEY POINTS:

- Key product information requirements are greater than ever: companies have more data, in more dimensions from more sources.
- Companies need to provide this information to more devices and channels, and customers demand ever-more high-quality and relevant product information.
- PIM-powered commerce puts product data flexibility at the heart of multichannel selling. Across all devices, all channels, all segments and markets, the PIM provides relevant and optimised product data to the customer.
- Moving from a 'static repository', a PIM provides a home for behavioural information from other major systems – eCRM, personalisation, social commerce and offline activity – and aggregates it into a controlled, usable and accessible system.
- Blending structured data with controlled workflow and flexible usage, a PIM brings data alive for effective selling in a dynamic, changing, cross-channel world.
- Reliable and consistent data is key to ensuring the best-possible customer experience.
- Investing in PIM technology is no longer a job just for the ecommerce team, this is enterprise-level technology.

MANAGING THE CROSS-CHANNEL ECOSYSTEM

Taming 'big data' is the theme of 2012, and we'd rightly dismiss this as hype were it not that the pain, expense and drag on our growth is so acute. Our customer data is increasingly complex and extensive. Our supply chain information – so important for choice and service – needs to be turned into active selling information. The selling ecosystem spans channels, locations, devices and behavioural profiles and this significantly increases the customer data we need to manage. More and more of our teams are involved with data management and use, and so compliance and quality questions move from the 'back office' to become commercial issues. Finally, we have the never-ending problem of continuous change and attempting to 'future proof' our investment in processes, staff capabilities and sales effectiveness.

Retailers have myriad highly capable and specialised systems to address the issues above – indeed the number of tools competing for our attention is a challenge. In the white paper that follows we consider an enterprise-grade information system that's focused upon the 'product', a system that simultaneously manages complexity and increases capability.

Sitting alongside the other pillars of retail information – customer data, order management and merchandising systems – we will consider the imperative for product information management (PIM) systems from a commercial and customer perspective, and offer strategic and practical advice for those thinking of investing in such technology.

Ian Jindal

Editor in Chief, Internet Retailing

STRATEGIC CONTEXT

WHAT DOES THE GROWTH OF CROSS-CHANNEL MEAN FOR RETAILERS?

Over the next three pages, we look at the strategic context for using PIM technology, a context largely defined by increasing customer expectations and the rise of cross-channel.

Let's begin by noting that in order to purchase our products, customers require information about these products. That much is obvious, but we've seen the information requirements increase to include more data points than ever before. Five years ago it would have been sufficient to show a well-photographed product in order to sell online. Today, an aspirational presentation today might be more along the lines of: "Welcome back, Ian. Since you last viewed this product and bought [related item] we've had new stock into [store] or can get this to your home before 10am tomorrow." When we consider too that the product's allergy information, organic and carbon miles credentials, availability in each of our stores and distribution centres also needs to be available, we recognise the complexity we need to manage. In fact, 'managing' or 'coping' is no longer enough, we need to master the data and turn it to a selling tool.

The product data challenge starts with the importance of product information.

PRODUCT DATA TO SUPPORT SELLING

In a survey in 2011¹, 47 per cent of customers said that "detailed product information" was the most important aspect of a retailer's website when it came to considering a purchase. In that same survey, however, 30 per cent of respondents felt that this was an area requiring improvement.

When we factor in the growth in 'ROPO' ('research online, purchase offline') and the use of mobiles and digital in-store, we can see that product information is no longer solely for the web. According to Javelin Group's recent white paper², online and ROPO will comprise some 75 per cent of sales by 2020. We also know that more than 60 per cent of customers use mobile devices in-store, with uses ranging from product information, price comparison, store location and vouchers being the main uses³.

We also need to increase the product information held. Over and above the basic product attributes our information might ideally comprise:

- Several variations of product copy to support different segments, markets and campaigns.
- The ability to hold different versions to support A:B testing.
- Supply chain information needs to be brought to the product level to support delivery and availability information.
- Product components, ingredients, care information, environmental impact data and other facets of importance to the customer.
- Rating, review and social data, stored within the product's record rather than in separate systems.
- Purchasing and sales measurements, for example, sales in-store, return rates, sales velocity, product views online, viewing and purchasing correlations) are often held across several systems, but increasingly this information is needed for searchandising and recommendation.

Individually, each of these data dimensions can be provided to the ecommerce platform, but combining, synthesising and making the dimensions usable creates an additional level of complexity and operational overhead, compared to having the data in a single, unified and accessible location.

As we extend our operations to new territories we need to hold multilingual and multi-territory information too – whether simply

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“In addition to streamlining workflow, PIM applications prompt more cross-departmental collaboration”

translated description or more sophisticated in terms of local idiom and style, compliance with product description legislation and delivery. In all, the complexity of the product data increases.

The landscape for product data, then, is increasingly demanding and complex as customers require better information, more frequently and via more channels. Currently, however, it seems that retailers are not well structured to manage, let alone exploit, this data.

STRUCTURES AND PROCESSES

According to Aberdeen Group, 74 per cent of multichannel retail operations can be characterised as separate, siloed channels and this leads to a reduced brand experience and customer management⁴.

Beyond the structural problems we also have an issue with our tools. Seventy-eight per cent of companies have five or more systems that contain product data, and this has a significant overhead in terms of access costs, consistency, quality and timeliness. Furthermore, once that data is made available to the cross-channel team, 44 per cent of companies still use spreadsheets in order to manage and share product data, enrichment and information – leading to challenges with data integrity and loss of workflow controls.

Even as the tools fail to keep pace we require more of our teams. The average number of product attributes has increased from 66 to 250, and sourcing this data, as well as combining the various sources, means that it now can take six weeks on average to introduce a new product⁵.

Introducing improved data collection, collation and management processes can not only reduce labour costs and time (companies using a PIM report an average business improvement of 25 per cent efficiency saving) but also improve trading via a reduction in returns and the costs of answering basic questions (totalling around 24 per cent saving on costs⁶).

The benefits can extend outside our business to our trading partners. With the increase in incoming product feeds from drop-ship vendors, extended ranges and web-only suppliers, we are now co-ordinating data from outside our own business – often from companies with different data structures and merchandising approaches to our own.

Providing a data system that not only holds and collates otherwise disparate data points but also provides a workflow harness makes it easier for teams to work together and understand their contributions. Bob Hermanutz, internet development manager at Mountain Equipment Co-op notes that: “In addition to streamlining the workflow, [PIM] applications have prompted more cross-departmental collaboration.”

ACTIVE SELLING

With the growth in products available for sale online we use searchandising, personalisation and recommendation tools to increase the relevance of products shown to customers, thereby increasing sales.

Sophisticated recommendation tools require good-quality data in order to operate at peak capability and providing data from various sources is a drain on resource and prone to problems. We might need to provide product, sales and customer information to our on-site search engine, our searchandising tool, our recommendation engine, a behavioural marketing tool, as well as social retailing systems for ratings and reviews.

In addition we need to provide complex product feeds to our affiliate networks and partners, search engines, marketplaces and retargeting systems. It’s a dynamic work of data exchange, interchange and re-use.

Ecommerce platforms excel at serving pages, and connecting those pages with the customer to whom they’re shown and that customer’s payment. Asking ecommerce platforms simultaneously to collate and manage this complex data while also co-ordinating real-time activity by other software components is a significant demand. There are efficiencies to be gained by collating the information with a PIM and then providing optimised feeds to the ecommerce platform and partners according to their needs⁷.

“With enriched data available centrally it can be distributed to all channels”

A LOT OF ELMO

Elmo is a puppet character from *The Muppets*, who has also appeared on the children's TV show *Sesame Street* for more than 30 years. Elmo (who always refers to himself in the third person) is the only non-human to testify before the US Congress. ToyRUs stock Elmo toys due to his abiding popularity and the company has 186 Elmo toys for sale on Toysrus.com.

While Elmo is immediately recognisable when seen online or in the aisle, information about Elmo the SKU is stored in more than 20 different applications, spanning supply chain, ERP and reporting systems and of course the ecommerce catalogue. This information is all relevant for presentation, customer choice and selling, and needs to be deployed online.

The data comprises:

- 108 ERP data attributes
- 123 supply chain data points
- 187 ecommerce catalogue attributes

That's a total of 418 data attributes. Across 186 Elmo product there are more than 77,000 data points to enter, track and use. That's a lot of Elmo!

FUTURE-PROOFING THE ECOSYSTEM

The significant retail systems may be in service for 20 years or longer: finance systems, stock and merchandising, warehouse management and order management and CRM. Front-end systems change more frequently, with an on-going 'arms race' to improve the customer's experience via ecommerce platforms, social commerce, marketing and recommendation and front-end interfaces. Providing a bridge between the core retail systems of cardinal data (cash, products, places and customers) and the ever-changing front-end and partner requirements allows a retailer to be responsive to opportunities while minimising IT development and system changes.

There are a number of means of providing this bridge – spreadsheets (as noted above), the ecommerce platform itself or a number of third-party applications. However, by consolidating the data enrichments, control and management within your own infrastructure there is increased flexibility, improved tools for staff, easier quality assurance and a single view of product 'truth'.

With enriched data available centrally it can be distributed to all channels, all devices and partners by means of configuration at the hub.

Furthermore, since the data is held within the retailer's own business then one is free to move, upgrade, test and change tools without complex data migration, recovery and synchronisation challenges.

MOVING TO SOLUTIONS

We've seen the complexity of product data increase, in tandem with its central role in selling to customers. It would be naïve then to suggest that there's a magic wand that can simplify this topic.

However, recognising the current demands is the most significant step, since a combination of current working practices and the problems being encountered, allied to established best practice, will provide the 'recipe' for a PIM blueprint. Simon Walker at Stibo Systems advocates that the time spent in specifying and planning both the data structures and the PIM processes is well spent. His advice is that "the key to managing this complexity is to 'manage once, use many'" – to plan and manage the flow of data into the PIM repository and then use the flexible tools to create feeds, flows and versions.

The importance of product data and its use, allied to the increased demands on business as a result of inefficient, non-scaling approaches to data management today, provide an imperative to considering a PIM to 'power' cross-channel retail. Once established, 79 per cent of PIM users in 2011 reported that they were satisfied with the investment⁸, and it's likely that we'll see that PIM systems will rank alongside CRM, ERP, order management and merchandising systems as the pillars of cross-channel retailing at scale.

Ian Jindal
Editor in Chief, Internet Retailing

¹ Toluna Quick Surveys on behalf of Stibo Systems, February 2011

² Javelin Group white paper "How many stores will we really need? UK non-food retailing in 2020", published October 2011

³ Econsultancy research, quoting OnDeviceResearch, iModerate and Toluna; 7 February 2012.

<http://econsultancy.com/uk/blog/8919-why-retailers-need-to-embrace-mobile-internet-in-stores>

⁴ The 2012 Omni Channel Retail Experience, Aberdeen Group, 2012

⁵ GSI UK Data Crunch Report, October 2009

⁶ Yankee Group, 2005

⁷ Product Information Management: Definition, Purpose and Offering, Sapient Nitro

⁸ Ventana Research, 2011

HITTING THE BIG TIME

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e're at a turning point in the evolution of what for now let's call ecommerce. Where once ecommerce specialists often seemed obsessed with website design and rich media, the pretty-pictures side of retail, today they're as likely to be talking about backend operations and something called big data. What's going on?

To answer this question, it helps to focus in on the phrase 'big data'. Initially used by IT specialists to denote large and complex data sets, within retail it's increasingly coming to mean a potent combination of customer details of all kinds, product descriptions, and such supply-chain information as stock levels and delivery times for replacement items. To look at that another way, big data can be taken to mean the information that retailers need to access and use if they're to run effective ecommerce operations.

And not just ecommerce operations. The reason that ecommerce is becoming an inadequate term, and also a core reason for the fixation on big data, is the growth of cross-channel retail. To understand how revolutionary this is, consider something as simple as buying a kettle. This is now very likely to involve a customer doing online research via both desktop PC and iPad, paying for the item via mobile and then picking it up from the store during lunch.

Looking ahead, the retailers that best understand these kinds of customer journeys are going to be those that succeed. To break this down further, implementing effective cross-channel retail involves not just understanding the consumer's journey towards a purchase (difficult enough in itself considering the number of variables), but having an appreciation of what kinds of information will work best on different kinds of devices and interfaces, and being able to assure customers that a trip to the store to pick up a purchase won't be a waste of time because that kettle is out of stock.

If that sounds tricky in theory, the practice can be harder still. Which is where the latest generation of product information management (PIM) software comes in. If the reality for many companies has been handling data on ever-more unwieldy spreadsheets shared around between staff such as buyers and merchandisers, with all the attendant problems of ensuring accuracy, PIM technology holds out the promise of consistent and reliable information.

Going deeper, the way that retailers handle data is becoming a strategic issue. Where once, for example, a new site build might have involved the ecommerce team, which often sat in a silo separate from the rest of the company, choosing a new ecommerce platform and some nice-to-have, add-on technology; within bigger companies it's now likely to be part of a wider re-engineering of the whole business.

Moreover, especially within larger retailers methods and approaches learnt via ecommerce are now feeding back and influencing the direction of the wider business. For evidence, consider how the line between digital and the real world blurs in Marks & Spencer's new Cheshire Oaks superstore, with its plethora of touchscreens and free wi-fi. "How do we use the internet to reinvent the store?" said Laura Wade-Gery, executive director, multichannel ecommerce, when the store opened. "It's as big a mission as that."

For all these reasons, choosing the right PIM technology is now a key decision. Get this decision wrong and it could be an expensive mistake. As to how to get it right, over the next few pages we explore issues around PIM technology and why it matters. The aim is to provide a background and framework for those upgrading systems or thinking about upgrading systems.

“The way that retailers handle data is becoming a strategic issue”

“An effective PIM system needs to support multiple geographic locations and languages”

DEFINING PRODUCT INFORMATION MANAGEMENT

Before moving on, it's worth pausing to define what we mean by product information management (PIM). Like many terms in digital retail, a sector not exactly averse to jargon, it sometimes seems as if it means subtly different things to different people. It's a problem compounded by the comparatively recent provenance of the term, and its crossover with ideas expressed in such buzz-phrases as media asset management (MAM) and product resource management (PRM).

To use Stibo Systems' definition, PIM can be taken to refer to “processes and technologies focused on centrally managing information about products, with a focus on the data required to market and sell the products through one or more distribution channels”. Under such a system, central product data is used to feed consistent and accurate information to a variety of different destinations, including websites, print catalogues and enterprise resource planning (ERP) systems.

An effective PIM system needs to support multiple geographic locations and languages. Individual product information within the PIM's central





“Consumers don’t particularly distinguish between channels, they just think they’re shopping with an individual retailer”

catalogue can be maintained and modified as needed so that changes are reflected when information is fed into different channels.

In addition, it’s worth defining cross-channel retail more formally because it’s another term often used with different nuances by different people. Essentially, it’s here referring to the way customers now make idiosyncratic journeys towards a purchase, purchases that as a result can’t be assigned easily to a single channel. For this reason, it’s sometimes referred to as omnichannel retail, a term that gets across the idea that consumers don’t particularly distinguish between channels, they just think they’re shopping with an individual retailer and expect consistent levels of service whether they’re in a bricks-and-mortar store or using their smartphones.

To date, it’s fair to say consumers themselves have in great part driven cross-channel retail. Even a couple of years back, for example, it was a breezy ecommerce truism that nobody would ever buy a big-ticket item such as a computer using a smartphone. As it turns out, that’s simply not true. When better to buy a computer than when you have 20 minutes to sit down on the train on the way to work? Granted, a consumer may already have done much of their research via PC, but s/he may still need to check a final few product details. In this scenario, not providing the kind of consistent information a state-of-the-art PIM system affords will certainly provoke annoyance. Worse, it may even lead to a purchase being abandoned and a customer going elsewhere.

GETTING UP AND RUNNING WITH PIM

If the growth of cross-channel retail and the accompanying problem of taming big data provide both the backdrop and strategic imperative for implementing PIM technologies, that still leaves many questions unanswered about how such technologies can help retailers in more specific terms. And for all its complexities, effective cross-channel is ultimately about getting the specifics right – from search engine

“It's all too easy to think of the data a company holds as somehow abstract”

optimisation to effective merchandising and through to making sure a customer can get hold of goods in a way that suits them, whether that's via the mail or picking up an item in store.

A tried-and-tested way both to map customer journeys and to break these down into specific steps is to use the marketing/sales funnel:

- **Awareness:** how do retailers best tell customers about the company and get them to pay a visit to the website or store?
- **Consideration:** having got a customer to the website or store, what information is a retailer offering the consumer as s/he ponders purchase options?
- **Preference:** what goods is the consumer seeing and why? And does the presentation of these goods instill confidence in the consumer?
- **Purchase:** from delivery options to warranty information, is the customer getting the information s/he needs in order to be confident about spending money?
- **Retention:** was the customer experience so good that that consumers will want to shop with the retailer again?

As we'll see, at each of these five stages in the customer journey, PIM technologies can play a role in increasing efficiencies and improving customer service. Indeed, at bigger retailers, which have thousands of SKUs, it's difficult to see how companies can manage without having a PIM system.

AWARENESS, OR HOW TO DRUM UP BUSINESS

In the 19th century, the way to draw a crowd often literally involved using percussion to make a big noise to attract attention. These days, things are rather more sophisticated, which is another way of saying that cross-channel success lies in great part in understanding how Google's algorithms work – as best as anyone can considering the company's secrecy on this front. With the technology behemoth's share of the global search engine market at more than 85 per cent, the pay-off from getting to the top of its natural search results pages hardly needs spelling out.

This is actually quite remarkable when you consider Google is still a teenager. The discipline of search engine optimisation (SEO), which grew up at the same time as pre-Google search engines, is only slightly older, and often used to consist of getting a specialist to work on a site only after it had gone live.

The advantage of a PIM system is that it's far better to manage SEO attributes at an earlier stage. If the data that feeds into a website, for example, has appropriate meta-tags and keywords, it's more likely a site will appear high up on Google's natural search results page. In addition, a PIM system can syndicate the data being sent out to affiliates and Google Shopping.

“Where retailers start to find difficulties with this [process] is when their product catalogues are growing beyond a few thousand products to tens of thousands or even hundreds of thousands of SKUs available,” says Simon Walker, the director of ecommerce innovation at Stibo Systems. “When you're looking to manage content at that scale and trying to apply some of the basic SEO techniques, then without a system like a PIM that really becomes an impossible task.”

In contrast, by using a PIM system companies can move beyond optimising landing pages to looking in far more depth at individual product pages. Applying the 80-20 principle that says 80 per cent of sales are centred on 20 per cent of items, many retailers are now starting to focus on best-selling items, tracing back to find where improvements can be made to key products before information is put online.

CONSIDERATION, OR WHY EXPERTISE MATTERS

It's all too easy to think of the data a company holds as somehow abstract. Think of data as information that may be useful to a potential customer and its importance comes far more sharply into focus. In this

“Retailers need to provide a very complete and compelling view of products”

context, one of the myths around retail practice is that we look for the ‘perfect’ item. In truth, as usability experts long ago noticed, few of us really want to make the perfect purchase, we just want to make sure we’re not buying the equivalent of one of the more unreliable 1970s British Leyland motors.

It follows that making an effort with how information is presented can pay dividends. If a consumer comes to a site and finds product descriptions that are accurate, consistent and useful, plus rich media and, for those who want to drill down further, even manuals and buying guides, s/he is far more likely to trust a retailer. In short, the consumer will be reassured.

According to Simon Walker: “[Retailers need to provide] a very complete and compelling view of the product so the customer says, ‘You, Mr Retailer, are an expert in what you’re doing, I think I’m going to get good service from you, therefore my likelihood to buy from you is much higher than the next guy.’”

Getting this kind of rich information out reliably via PIM technology, adds Walker, requires companies to look at workflow and work out “a collaborative process involving different departments and different individuals within the retailer”.

Looking at this part of the marketing/sales journey from another angle, a retailer that takes its data seriously is far better placed to react to the way its customers shop, improving search and recommendation functions by instituting rules based on rich, granular data feeds. This kind of attention to detail can also help with tailoring content to different kinds of customers so that, for example, a kitchen supplies website would treat a restaurant owner differently to an amateur cook browsing for a new frying pan.

PREFERENCE, OR GETTING THE SALES PITCH RIGHT

The idea of offering different goods to different kinds of customers sounds straightforward. Again, as so often in retail, there are numerous variables here. Think about the shopping lists that a regular customer will have on a supermarket website. Most of us order such staples as tins of tomatoes, cleaning products and pasta regularly, yet the shopping basket may be more about cases of wine, mixers and posh cheese if we’re throwing a party. Even in terms of what might be called day-to-day, functional shopping, customer behaviour isn’t necessarily consistent or easily predictable.

Of course, retailers have long recognised this, which is why high-end ecommerce systems typically includes tools to help retailers interpret customer intentions. These ensure that consumers will be shown different goods and different promotions depending upon such factors as behaviour, time of day and keywords used in searches.

However, this throws up a variation on the garbage in, garbage out (GIGO) problem. “[The] tools are excellent,” says Simon Walker, “but the problem retailers have in getting the best value from those tools is they’re all dependent on the underlying data quality.” That’s because it’s the data that feeds merchandising and recommendations tools. If the data’s not up to the job, customers can start to get some very strange results from what are essentially rules engines.

“The rules logic will only work if it’s got the underlying data to actually drive it, so we see situations where retailers have invested in merchandising tools and recommendation tools but they’re not really getting good value out of them because the underlying data is completely inconsistent,” says Walker. “That creates inconsistencies with the results that have been presented to customers, and that then erodes the overall customer experience on the site.”

Going forward, this situation is becoming more complex in that customer reviews and feedback provides another subset of data. Using a PIM system can help here because it enables retailers to use this data to improve merchandising by taking consumer-generated information back into the PIM system so that merchandisers can analyse product performance. Did the little black dress that looked like a winner for the Christmas party season live up to expectations – and if not, why not?



“ A PIM system won't solve underlying problems around usability issues such as tone of voice ”

Simon Walker explains how this works: “Let's say we did a promotion on a product, we didn't get the results we expected, maybe we got high returns, or a number of customer service calls which we weren't expecting, then looking at the data coming from customer reviews is a starting point to amending how you're describing or promoting that product. If your customer says, 'It says it has this feature but really that's not what I found when I bought it, then you can start to amend the content for future sales.’”

Before concluding here, it's worth noting that a PIM system won't solve underlying problems around usability issues such as tone of voice. If this isn't appropriate, perhaps because a retailer is overly reliant on suppliers' unedited product information, tweaking the copy for a few products will only begin to tackle the problem. To reiterate an earlier point that we'll also revisit in more detail later, a PIM system can mercilessly highlight deficiencies in workflow processes.

PURCHASE, OR CLINCHING THE DEAL

According to web researchers the Baymard Institute, collating shopping cart abandonment statistics produces an aggregate average figure of 65.95 per cent. Clearly, even if companies get the right goods in front of the right people at the right time, there's still a problem with securing the sale within the ecommerce channel.

The reasons for this are complex, but one way to improve the chances that customers do complete a purchase is to ensure they have relevant information. Time and time again, usability studies show that anything that jars with a customer is likely to make them think twice about parting with hard cash. If, for example, you suddenly discover that it's going to cost £20 to get an item delivered when you're just about to give your credit card details, that's clearly a disincentive to purchasing. It's worth



“A PIM system deeply integrated into a company’s infrastructure can help maximise the value of each purchase”

noting here that £20 may not be an unreasonable charge, it’s more that it’s been sprung on the customer, which in turn has made the customer suspicious of the site.

“When you’re about to decide whether you’re going to buy from a retailer, then there’s another set of data that you’re interested in seeing,” says Simon Walker. “You want to see things like availability information, delivery options, warranty information, all that service-related data. It’s important to get that visible on the site.”

This is one of the points where an advanced PIM system really can act as more than a repository for the kind of product data used in merchandising. Because, in Walker’s words, retailers should be looking to “minimise the number of system-to-system integrations between the ecommerce front end and the back end of the business”, this kind of delivery and stock data can be fed through the PIM system to feed the ecommerce operation.

“That’s where a PIM system expands into the concept of master data,” he says. “It’s managing more than just the core product data, it’s managing a complete view of the operational data around that product, so this is where we get lead times, delivery options, that kind of information.”

PIM software has other uses here too. Cross-sell, upsell and add-on links can be created in the PIM system. This may be as simple as offering the appropriate batteries for an item or an accessory. A retailer might also create groupings of complementary products or offer suggestions for a product to increase the order value. The wider point here is that a PIM system deeply integrated into a company’s infrastructure can help maximise the value of each purchase.

RETENTION, OR HOW TO TEMPT CUSTOMERS BACK

The idea that it takes far more effort and money to win new customers than retain existing customers is as true now as it always was. Here, the data that retailers gather from customers themselves is becoming increasingly important. This data can in turn be used to drive personalised recommendations. Similarly to the technology used in merchandising, personalisation software is rules-based. It follows that if it’s driven by the kind of rich, granular data feeds that a PIM system provides, it will be far more effective.

According to Simon Walker, another strategy that Stibo Systems’ clients are adopting is to increase the number of product ranges offered online and adding new categories. “[It’s] following the Amazon principle – we’ve got practically everything and if we’ve not, we know somebody who does, a

“Companies can't avoid looking at operations, and instead pick and choose some nice-to-have bits of a PIM system”

marketplace,” he says. “How do retailers actually cope with that, dramatically increasing their online ranges without increasing the operational cost? A PIM has tools that allow suppliers directly to on-board product into the PIM system, and that can be on-boarding entire product catalogues of tens or hundreds of thousands of products.”

A final point here is that customers look for consistency. If a retailer can offer the same information across multiple channels so that consumers have access to the same information whether they're shopping in a bricks-and-mortar store or online, it's a powerful incentive to use this retailer again. As cross-channel retail becomes more and more the norm, a PIM system can help ensure this consistency.

RE-ENGINEERING THE COMPANY

For all the above analysis is about different and specific points in the sales process, it's worth taking a step back for a moment and considering the cumulative gains from using PIM technology. To return to the idea of working with big data, one way to view PIM technology is a tool to make this data less unwieldy, more useful, more applicable to the individual scenarios outlined above.

What this doesn't mean is that companies can somehow avoid looking in the round at operations, and instead pick and choose some nice-to-have bits of a PIM system. At a basic level, and this is a recurring theme in the case studies that follow, using a PIM system demands that companies look in depth at how they handle information. In the worst-case scenario, an ad hoc system involving spreadsheets, buyers, merchandisers, suppliers and a deal of confusion will have developed down the years.

Quite simply, any company wanting to use PIM technology to its full potential has to challenge this status quo. Even for companies not upgrading all their systems, this is likely to prove challenging. The most advanced PIM system, it's again worth emphasising, is a tool to help deal with big data, not a solution to a retailer's problems with handling information. A PIM system, for example, can't help if a supplier isn't providing accurate product descriptions because the retailer isn't asking for the information it needs in the first place.

Equally, it can't stop staff sitting in different silos lobbing missiles at colleagues who dare to mess with 'their' data. To return to Simon Walker's point about workflow, understanding how information and data moves around the company and out to consumers is a prerequisite for making truly effective use of a PIM system.

PREPARING IN EARNEST FOR A CROSS-CHANNEL FUTURE

If all this sounds like a series of gnarly problems that may take a while fully to resolve, the pay-offs for retailers that do the work should be considerable. That's not just true within the ecommerce sphere. As already noted, we're entering the era when cross-channel retail will become far more sophisticated.

It's instructive to look at how companies are preparing for this future. In September 2012, *Internet Retailing* looked in depth at ecommerce platforms for a supplement. One of the things this revealed is that purchasing an ecommerce platform is no longer a job routinely left to ecommerce specialists working in isolation from other parts of the business, as was so often the case in the past. Instead, it's become a board-level decision, in great part a reflection of the recognition that ecommerce technology will drive the business forward as it's rolled out into different areas of the business. We can say much the same of PIM systems.

As to why, look ahead to the likely shape of retail in a decade's time. While prediction is fraught with difficulties, we're likely looking at a future where customers carry around 4G-enabled smartphones that double as credit cards; where screens of all kinds, from kiosks to tablets wielded by (hopefully) helpful staff, are a familiar sight in bricks-and-mortar stores; and where conventional ecommerce websites will be seen as increasingly quaint, perhaps the equivalent of catalogues today.

“It’s simply not practical to handle the data for different channels from within different silos”

Although newer disruptive technologies may yet play a role here, retailers can at least be sure about the direction of travel. This is an era of increased personalisation and customers taking multiple retail touchpoints for granted. Who knows, those long-promised fridges that order milk when it’s running low may even become commonplace. It’s important to emphasise this isn’t a future that retailers can prepare for once it’s arrived. It’ll be too late by then. When it comes to using PIM technologies, retailers need to be aware of how these can be used within cross-channel operations today, in part as a way to be ready for this future.

PIM AND CROSS-CHANNEL RETAIL

To be fair, while as we’ve already noted ecommerce and marketing directors were in the past often obsessed with the world of design and rich media, most are fully aware of what’s coming over the horizon. Indeed, this may even be partly as a result of seeing what happens when shiny front-end projects are fed by inadequate data, yet another variation on the GIGO problem.

Within this context, PIM technology is crucial because it’s simply not practical to handle the data for different channels from within different silos. The result won’t just be inconsistencies in the data, but that the already big data will become too big to handle. In contrast, in using PIM techniques the emphasis is on managing data once so that it’s input in a manner that’s accurate and suitable, and on then reusing this data again and again. Rather than staff having to update multiple systems, the PIM software feeds the different channels.

There are subtleties around this that retailers need to understand. The era of mobile commerce has arrived and, while as we’ve already seen, it’s dangerous to assume that customers only do certain kinds of shopping via phone, they equally don’t expect to have to struggle with a version of the site that’s not optimised for mobile use. Using PIM technology, retailers can both create versions of pages for mobile and link products to store locations so that customers who are out and about can go to pick up an item.

Similarly, retailers may need to support operations in store or in the call centre, ensuring staff in these locations have information that’s consistent with what’s online. Using a PIM system as a central repository, or master data management (MDM) system, for information, ensures this consistency.

“You can be in a situation where you’re looking to support in-store systems,” adds Simon Walker, “so there’s additional information you may choose to add within a PIM for the eyes of internal people. That might be information on the supply side, it might be more detailed care information, it might be better information on the application of a particular product.”

Similarly, customer data can be centralised, which is likely to be increasingly important in an era where customers will expect more personalised service.

SELLING ABROAD

One final area that retailers need to think about is internationalisation. In a competitive marketplace, overseas sales can be an important driver for growth. Typically, this will often begin with foreign customers finding their way to a website.

“You start off saying, ‘Well we’ll ship to other countries and giving those shipping options,’” says Simon Walker. “Then you go, ‘It would be nice if we had pricing in the local currency,’ so you do that. Then you go, ‘Well actually now it would be even better if we had product information in the language of those particular customers.’”

At which point things become more complex because cultural and linguistic factors come into play in earnest. “What retailers forget is that just translating an English website is not really adequate for selling because different cultures have different needs and preferences and shop in different ways, and also search for different products in different ways, on different keywords, not a French or German version of the English keyword,” says Walker.

PIM technology can help because it can be used as a tool to help retailers automate the creation of content that’s far more sophisticated and tailored to local needs.

“ We would argue the case for putting PIM technology at the centre of retail operations is pretty well unanswerable ”

IN CONCLUSION

We live in a world of digitally held information that whizzes around the world in dizzying ways. Within the retail sector, this leads to a strange contradiction. Allowing for such exceptions as iTunes, a digital retailer selling digital files, retail is even now predominantly about selling goods to customers, whether that means kettles, sofas or old-style hardback books.

To do this effectively though, retailers need robust systems to handle data, systems that need to be allied to ways of conducting business that ensure this data is used efficiently and effectively.

Add in the increasing richness of this data – and it’s worth noting that we’ve hardly touched on social media here, another feed that retailers need to grapple with if the early promise of what’s been dubbed f-commerce follows through – and it’s clear this isn’t going to change anytime soon. Indeed, as we’ve already argued, the increasing complexity of cross-channel retail will only make handling data effectively far more important.

More than this, in an era of increasing personalisation within retail, handling the data well is actually likely to be key to providing great customer service. That’s because in the future customers will expect retailers to be able to access order information, and perhaps even more personal information such as sizes provided in order to use virtual fitting rooms, without fuss and at the drop of a hat.

Faced with such a landscape, we would argue the case for putting PIM technology at the centre of retail operations is pretty well unanswerable.

ABOUT STIBO SYSTEMS

At Stibo Systems we’re the strategic information management specialists. Our customers are large enterprises, often retailers, with complex information management challenges. We help executive management teams to use strategic information as a tool to drive enhanced revenue, profit and corporate agility as well as to reduce risk, speed time to market and ensure regulatory compliance.

Over the last 30 years we have developed solutions and best practices to help large retailers to manage the movement of their strategic operational information as it flows through the business. A key part of this is the management of Product information but the concept also extends beyond Product to also encompass other types of strategic operational information such as Supplier, Location, Employee and Customer master records.

Stibo Systems’ full-cycle approach enables executives to receive accurate business information as it happens, therefore enabling enterprises to take timely action to improve business unit and corporate success.

Our approach has earned us top rankings from leading analysts, and our strategic solution to managing operational knowledge is why leading retailers and brands such as Toys-R-Us, B&Q, Mothercare, Target, Sears, Colryut, BOL.com, The Home Depot, Sony and Philips chose Stibo Systems as their long term business partner.

For more information contact Stibo Systems via success@stibo.co.uk or visit www.stibosystems.co.uk



ABOUT JONATHAN WRIGHT

Jonathan Wright is the co-editor of *Internet Retailing’s* supplements, which look in depth at key issues in retail. His interest in disruptive digital technologies goes back to the turn of the millennium, when he was senior section editor of the influential new economy magazine, *Business 2.0*, and where his assignments included interviewing Sir Tim Berners-Lee, the father of the world wide web.

