

Is Your Data Holding You Back? Product Information Management for Retail

by Sonia Parekh

Retailers face pressure from an increasingly demanding customer who has less time, less patience and is less willing to spend. This pressure is compounded by an ultra-competitive landscape where new companies are emerging with innovative business models, while established companies are building new capabilities.

As a result, driving sales is harder than it has ever been, and there are two key capabilities that have become imperative:

- **Omnichannel capabilities.** Customers expect a seamless experience across all shopping channels. They want to find products instantly, and they expect robust product information including descriptions, pictures, videos, and customer reviews to be easily accessible regardless of which channel they are using. Retailers who are not omnichannel players will find themselves losing customers.
- **The ability to leverage 'big data'.** Leading retailers use data to uncover new insights and enable better decision making – improving marketing campaign effectiveness, optimizing assortment and merchandising decisions, increasing product development and sourcing agility, and removing operational inefficiencies. A big data competency is table stakes in today's world; without it, retailers will lose profits and share.

As many retailers set out to integrate selling across channels or embark on initiatives requiring robust data analytics, they quickly find the task to be much harder than expected. In fact, many find that building omnichannel and big data capabilities is simply not feasible given the maturity of their current systems and organizations.

What's stopping them? It's the data itself. Typically housed in disparate systems, multiple formats and with varying levels of quality – for many retailers their data are a huge limiting factor.

The Case for Product Information Management

Any retailer will tell you that success always comes down to one thing – the product. Beautiful stores and fancy websites won't generate sales without the right products. Any efforts to "get the data in order" should start with the product related data.

Product Information Management (PIM) is the alignment of organization, processes and technology to support centralized management of product related data. It enables the creation of one view of the product for the entire company – which can be used for operational or analytical purposes.

PIM is a prerequisite for omnichannel business models and for robust sales data analytics. Here's why:

- **Inconsistent data definitions hinder big data analytics.** If the product development team defines "vendor" as the factory where the product is made, and the merchandising team defines "vendor" as the buying agent, and the online team defines "vendor" as the brand, the inconsistencies make it almost impossible to do analysis on vendor-related metrics.
- **Poor data integration thwarts omnichannel efforts.** Many times the store buying team takes a markdown on an item in the stores, but there is no automatic feed to trigger price changes in the other channels, and they neglect to inform their counterparts in other offices. This causes disparate pricing and an inconsistent, frustrating experience for the customer, ultimately harming the brand.

In both of these cases, having one version of the truth for product data would solve the problem. PIM initiatives drive the alignment needed to achieve this.

Getting Started with PIM

It's easy to assume that PIM is just a technology solution, but in reality, PIM is a combination of people, process and technology. Process integrity and governance help create and maintain good product data, while the right technology can properly store the data. There are three critical components for building an effective PIM foundation:

1. **Set up a data governance program to ensure and monitor ongoing data consistency.** Before investing time and money in process redesign and new technology, build a foundation to support data quality. Governance establishes business rules, formalized policies and procedures for managing data across functional groups. It keeps everyone aligned around the same goals and speaking the same

language. Good governance also ensures long term success.

2. **Integrate and streamline all processes that relate to product information.** For most retailers this means integrating all the processes that have to do with setting up items in a given system. There are three that are the most important – product development, merchandising, and eCommerce. Integrating and streamlining these processes will remove duplication of work, and improve communication and efficiency.
3. **Build a centralized repository for all product information.** Product information lives not only in product development, merchandising and eCommerce systems, but also in the warehouse management system, marketing systems, and even in ad hoc desktop databases such as Microsoft Access and Excel. Creating one centralized location for all product-related data ensures a single version of the truth that all functional groups can access.

Besides enabling omnichannel and big data capabilities, PIM also drives other benefits for retailers, including:

1. Decreased labor costs for managing data
2. Increased speed to market from streamlined product development and item set up processes
3. Reduced time spent researching and addressing data inaccuracies
4. Improved organizational alignment around business objectives with everyone working from one version of the truth

The case for accurate and organized product data in retail can easily be justified because it is quickly becoming required to build the capabilities retailers need for the future. Don't let your data hold you back.

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