

The Value of Product Data

Is Your Product Data Making You Money or Costing You Sales?

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The No. 1 barrier to ecommerce success for distributors is product data. If your product data does not make it straightforward and easy for buyers to find and select what they need on your website, they'll go somewhere else. So, why haven't distributors made the investments necessary to compete online?

The issue is in the disconnect between how distributors think they're getting value from their website and how they're actually deriving it.

In retail, buying and shopping occurs in the same channel. You browse for the item you want, and then purchase it in the same place, whether in person or online. In distribution, these processes are often completed in different channels. Your customers may look for a product online but actually complete the purchase via email, e-procurement system or phone call.

The problem is that when distributors calculate ROI for their website, they're simply taking the gross-margin dollars of their shopping-cart sales and dividing it by their expenses. Inevitably, they get a negative ROI – perpetuating the belief that their website provides limited value, making it difficult to justify further investment in product data.

It's not that the website isn't beneficial; it's that distributors measure the ROI incorrectly. They need to include not just shopping-cart revenue, but all other benefits. For example, customers may search online and then call in or talk to their account manager to place an order. Or they may be getting product data from your website to put together bids. In other words, if you have a great ecommerce site with great product data – the information customers are using before ordering via a different mechanism – the ecommerce initiative isn't getting proper credit for the potential revenue it's bringing in. And you are ultimately missing an opportunity to truly justify your investment in product data.

This disconnect leads distributors to underinvest in their product data, which results in customers not being able to find what they're searching for. It also removes you from the running if a customer can't find you on Google. It's one thing for your ecommerce customers to have difficulty locating a particular product, but it's another issue entirely when you're

not even being considered because your product data was so poor you didn't even show up.

The Challenges with Product Data

Distributors frequently have a lot of data, but it's not usually in the right format and sits in multiple locations. Distributors have moved from a two-dimensional selling world with printed catalogs and ERP systems into the digital world.

What's more, historical data typically exists as a 40-character description with unique abbreviations that only your sales team understands. When you introduce those same descriptions into your ecommerce site, you'll quickly run into issues that muddy the customer experience.

ERP taxonomy, for example, is built for purchasing and financial calculations, not for customers searching for products. Customers don't think of the products they want to buy as being classified in the way you have them labeled for financing. That means you can't copy and paste descriptions from ERP or other transactional sources onto your ecommerce platform and call it a day.

Distributors have tremendous opportunity for improvement with product data. To compete in the age of Amazon and Walmart, your product data must be both optimized to be found in search engines and enriched so that customers can find the product that fits their needs.

Best Practices in Product Data

Consider this real-world example: A distributor had a product that hadn't sold a single unit in over two years. So, instead of discontinuing the product, the company opted to experiment. They pulled the existing product data from their website and enriched the description with more details. They invested in 360-degree images.

It's now one of their top-selling products.

This distributor didn't change anything about the way they were sourcing the product. They didn't adjust their pricing

model. They just made a small investment in how the product information was presented online and yielded a big ROI. This simple change in strategy has allowed them to replicate the same success with several other products.

Here's how you can do the same:

Standardize your terminology across channels. You need to tag your products correctly so your customers can find them, regardless of the direction they choose to come from, whether it's a Google search that leads them to you, a repeat customer poking around your site, or a print catalog sitting on their desk.

Include quality images. The next best thing to holding a product in your hands is being able to view it from all angles online. You're providing your customer with the confidence to buy exactly what they need – and buy it from you. Images and video will improve your appearance in search engine results. Also consider the rise of voice and image searches. With AI powering these searches, you need multi-dimensional product imagery and video in order to be found.

Write more. You want to appear above the fold in search engine results – in those first few coveted spots – so you need good, keyword-rich (but not keyword-stuffed) descriptions written in natural language. Focus on strong benefits statements, features for products and assortments (such as specs, attributes, pack quantities and others). This often goes beyond the basic descriptions and specifications you might receive from data service providers or manufacturers.

Answer the customer's questions. Customers are coming to you with unanswered questions. Anywhere you can digitize material like safety data sheets or installation instructions, you're answering common questions and building trust. Provide links to related products so they'll stick around. Those lingering, extra clicks result in conversions and larger shopping carts.

Partner up. If you have 10-12 strategic suppliers, work closely with them. See if they can provide their data in a consistent format that aligns with how you want to present the information on your website. Leverage marketing co-op dollars where it makes sense to get the resources you need to enrich product data for your core offering online.

You could also subscribe to a data service provider. These organizations capture base-level data from suppliers, so you can focus on creating more enriched value and content – rather than having to also source the information. They typically give you a long description, at least one image and some good core specs. Most importantly they'll have UPC codes or manufacturer part numbers to help you find additional data. They should provide you enough data to make any product on your website purchasable. Then you can invest strategically to enrich your priority products beyond these basics.

Focus on the products that make up most of your business. Apply the 80/20 rule; start by enriching product data for the small percentage of products that make up 80% of your sales. You want popular products to continue to sell, but you also must consider what product management wants. Also consider what's important to your organization and its sales goals. Improve data for soon-to-launch products, for example, or product categories you'd like to expand in.

Product Data as an Asset

If you manage your product data with the same rigor you bring to managing your inventory. If you do it in a way that's transparent and transportable, you can easily find and use it where you need to in your sales and marketing initiatives. In that way, your investment in better product data will go further.

Your product data is an asset, capital that your company owns and has invested in. It will drive more sales. The key is knowing where the gaps exist that may be holding you back online.

Product Information Management (PIM) systems like [Magnitude Agility PIM](#) can help your team get products to market faster with a simple-to-use solution that supports commerce across digital and traditional channels.

Distributors must excel at delivering contextual, comprehensive and consistent product information to today's always-connected customer. Investing in a product data management system will save your team time and allow your organization to operate more efficiently as they produce multiple versions of marketing content and pricing schemes across multiple channels.

How to Gauge the True ROI on Product Data

How can you confirm that your efforts improving product data are adding value?

The best way to start is to unearth the real ROI from your ecommerce website, and you can do this by talking to your customers. Each month, call a selection of customers who have placed orders.

It's not a sales call; it's an information-gathering project. Ask if they used your website in the course of placing an order, and if they did, find out what their experience was like navigating through the site. Could they easily find the information they needed? If you do this, you'll quickly see how valuable product data is – and whether it's making you money ... or costing you sales.



About Magnitude Agility PIM

Agility PIM by Magnitude Software, an insightsoftware company, is a simple-to-use highly sophisticated Product Information Management (PIM) solution that puts your most valuable product data at the stable core of a go-anywhere, sell-everywhere commerce strategy. The solution is reliable whether you need to support ecommerce, traditional channels (print catalogs and direct mail), or data feeds to marketplaces and other channel partners. Visit www.agilitymultichannel.com to learn more.

Magnitude Software helps companies turn their core business data into continuous intelligence, providing actionable insights to shorten the path from data to decision. The company's solutions enable customers to integrate data across enterprise applications and business processes including supply chain, finance, sales and marketing. More than 1,300 enterprises around the world trust Magnitude to put the power of their data into the hands of their business users.

DISTRIBUTION STRATEGY **GROUP**

About Distribution Strategy Group

Distribution Strategy Group's thought leadership, research and consulting services are led by a team with decades of experience as senior operators in the distribution industry. They have since worked with more than 70 distribution companies to build a solid foundation to win in today's changing market.

Distribution Strategy Group offers strategic guidance for distributors in the face of disruption, including:

- Digital and ecommerce strategy
- Customer lifecycle management strategy
- Customer analytics
- Sales channel strategy

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