

Product information management (PIM) has long been treated as a back-office tool similar to master data management. However, today's retailers and manufacturers require a new generation of PIM built for the ecommerce era to deliver better product experiences and improve conversion.

# Unlocking Digital Commerce Potential with a Modern PIM System in the Cloud

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## Introduction

Today's B2C and B2B customers expect seamless, engaging experiences throughout the customer journey, from the moment they discover a product through post-purchase. In the past, retailers and manufacturers could win a sale based on name recognition, great products, or price alone. However, in today's hypercompetitive digital economy, all brands must deliver engaging commerce experiences across all digital touch points their customers are on, including online and offline stores, digital marketplaces, social media, and marketing campaigns. With elevated customer expectations, the quality of product information can make or break the customer experience. While accurate, engaging, and current product data and content are likely to boost conversion, poorly maintained product information can cause a company to lose sales to the competition.

This "customer centric" movement is expected to only accelerate in commerce in the coming 24 months, with digital commerce accounting for a greater share of all sales. For instance, IDC anticipates that the share of global retail occurring on ecommerce will grow from about 14% in 2019 to over 20% in 2022. The coronavirus pandemic has accelerated this trend: IDC estimates that in the retail market alone, hundreds of billions of dollars of consumer spend have moved from physical channels to ecommerce in a matter of months. This rapid shift to digital represents a huge opportunity for organizations that effectively market and sell across numerous digital channels but also poses a challenge to organizations that cannot effectively consolidate and manage their product data.

With this acceleration in the broader ecommerce market, IDC has also witnessed acceleration in product information management (PIM) software in recent years. IDC has forecast a 15.6% compound annual growth rate (CAGR) for PIM and syndication applications through 2023, representing much faster growth than the technology market as a whole (IDC #US45721919). PIM acts as an essential tool for organizations looking to manage their product information and content across channels to support rapid growth. Today's customers no longer "go" shopping; instead, they "are" shopping every time they pick up their mobile device, and brands must be prepared to deliver the right product information on the right channels at the right time to serve these customers.

## AT A GLANCE

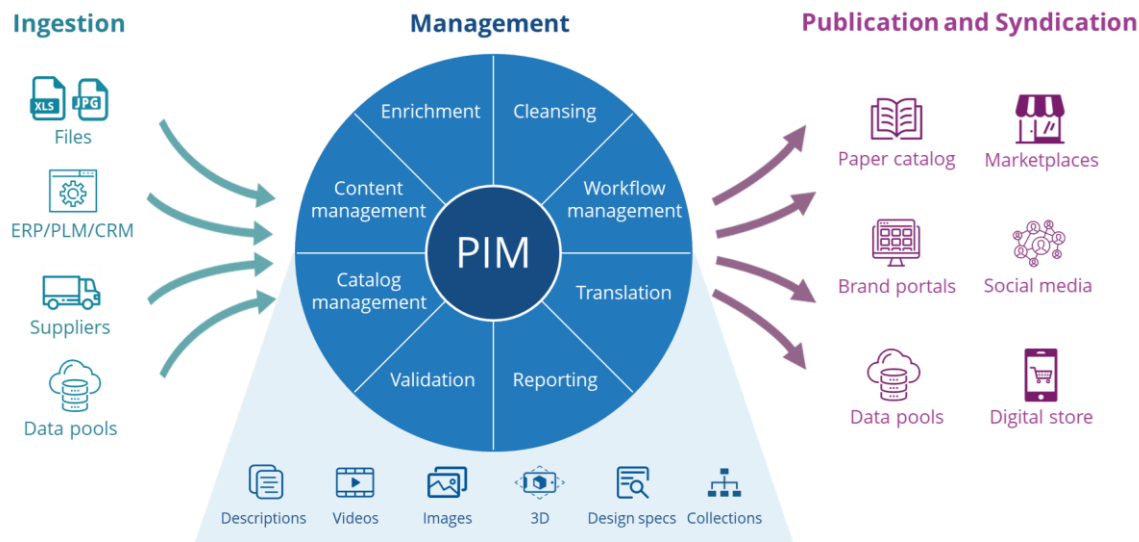
### KEY TAKEAWAYS

- » Most organizations lack systems with enough agility, ease of use, and flexibility to support their customers, or they are forced to make due with "basic" tools such as spreadsheets, commerce platforms, or other systems built for other purposes.
- » Modern PIM applications, which are designed for the ecommerce era, offer a single system of truth for commerce, enabling merchants to ingest, manage, and publish/syndicate product details wherever their customers are.
- » While PIM software is often not considered "essential" compared with applications such as commerce platforms, marketing, and CRM, the quality of a brand's product information can make or break a customer interaction and directly impact the bottom line.

## Modern Commerce Demands Better Product Information

Organizations of all sizes and industries face unique challenges as they grow their online presence and sales. Providing accurate and engaging product experiences is at the top of that list because many customer interactions with a brand center around product marketing content, site search, and product pages. What's more, in the digital economy, it is essential that product experiences extend beyond a brand's own website or physical stores to every channel. This is where PIM applications stand apart by providing a gold standard for product data. Modern PIM applications, which are designed for the ecommerce era, offer a single system of truth for commerce, enabling merchants to ingest, manage, and publish/syndicate product details wherever their customers are. Figure 1 shows the key functions of PIM applications for retailers and manufacturers.

FIGURE 1: **Key Functions of Product Information Management**



Source: IDC, 2020

**Ingestion.** PIM applications provide user interfaces, connectors, and APIs that enable organizations to import product data and content from a wide array of sources including files, supplier systems, data pools, and other enterprise systems. An important aspect of ingestion is mapping data and content from these sources to product hierarchies in the application.

**Management.** PIM applications enable organizations to define product hierarchies or taxonomies, product attributes, product variants, and relationships between products. They manage both structured and unstructured (content) product information and generally support enrichment for multiple languages, geographies, channels, and so forth. Key capabilities include the ability to set up and enforce data validation rules, deduplicate product records, identify and connect product variants, and manage the data quality process. Generally, PIM applications provide capabilities for task management (review and approval) and potentially more advanced workflows to support the completion of product information along with analytical dashboards/reporting that guide people responsible for product data quality. Vendors are starting to leverage artificial intelligence/machine learning (AI/ML) to partially automate some of these tasks.

**Publication and syndication.** PIM applications provide various export options that enable organizations to distribute product information to "downstream" channels and distribution partners. These may include export to files, connectors to digital commerce systems, integrations to data pools and popular digital marketplaces, and portals. A key requirement for customers selling through digital marketplaces is the ability to map export formats to the specific product hierarchies and taxonomies required by the specific marketplace.

While every organization faces its own challenges to ensure product information is accurate, IDC has identified two major organization types benefiting from PIM software today — retailers and manufacturers:

- » **Retailers** typically have catalogs with a large number of SKUs from many sources, including manufacturers and distributors. The primary challenge for retailers is around data consolidation and cleansing to ensure that catalog information is accurate and relatively uniform.
- » **Manufacturers** typically have detailed product information on hand but need to integrate marketing information with product information and connect it to multiple channels (including downstream distributors and retailers).

## ***Challenges for Retailers and Manufacturers***

Why do retailers and manufacturers struggle to deliver engaging product experiences? Because most organizations lack systems with enough agility, ease of use, and flexibility to support their customers, or they are forced to make due with "basic" tools such as spreadsheets, commerce platforms, or other systems built for other purposes. Retailers and manufacturers without PIM systems in place typically face the technology and business challenges discussed in this section.

### ***Many Legacy PIM Systems Offer Deep Data Management Functionality But Lack Ease of Use***

Most PIM applications with a master data management (MDM) background provide sellers with rich tools for managing their data but lack flexibility and agility. Often a developer is needed to manage product information on these systems, such as adding new product taxonomies, hierarchies, and product attributes. These systems act relatively well for data/catalogs that have a static product taxonomy but restrict retailers and manufacturers when they make major changes to their product offerings or shift business models.

Midmarket organizations are underserved by these legacy tools. Historically, PIM and MDM vendors have focused on selling large software licenses to the largest organizations. As a result, these systems require over six months to implement and the implementation projects can cost as much as the software itself. Meanwhile, lower- and upper-midmarket organizations are looking for fast time to market and cannot wait half a year to implement a large PIM application. Typically, midmarket organizations have fewer resources dedicated to product information and catalog management than enterprises and need a PIM application designed specifically to address their top priorities — flexibility, agility, business user tools, and a competitive pricing model.

### ***Poor Management of Product Information with Basic Tools***

IDC recently interviewed over 30 midmarket and enterprise retailers and manufacturers about their usage of PIM software. Many of the respondents (over 25%) said that they relied primarily on spreadsheets prior to implementing a PIM system. While spreadsheets provide a large amount of flexibility, they run into limitations quickly once retailers and manufacturers are managing thousands of products, let alone hundreds of thousands. With spreadsheets, as the number

of products grows, so does the likelihood of error and the amount of time to quality check a catalog. Using spreadsheets to manage product information also prevents collaboration between teams, creating information silos.

Similarly, many of the merchants we spoke with leveraged other rudimentary tools, such as ERP systems and commerce platforms. These systems are built to be systems of record and transaction, respectively, not systems of data enrichment and marketing/promotion. PIM modules that are embedded in commerce platforms tend to offer basic catalog management but are lacking in areas such as product information "scoring," control of granular hierarchies, and connectivity with sales channels.

## ***Benefits of Purpose-Built PIM Software in the Cloud***

When the right PIM system is in place, it acts as a single source of truth for product information and content across the organization. Leading PIM systems provide brands with the following quantifiable benefits, among others:

1. **Collaboration.** PIM applications can break down silos among marketing, sales, commerce, brand management, product, customer service, and IT teams by allowing each of these teams to work on catalogs in real time.
2. **Scalability.** An effective PIM application can scale from 10,000 to 3 million SKUs without missing a beat, something that cannot be accomplished with spreadsheets or on-premises applications.
3. **Business user agility.** PIM applications should be business user-friendly, providing marketers and ecommerce managers the ability to modify product information data models, build marketing material, and differentiate the user experience of their products without making a request to developers.
4. **Increased productivity.** PIM applications increase the productivity of users/developers managing catalogs and infrastructure by automating tasks and providing version control for product information workflows.
5. **Increased conversion.** While PIM applications do not directly manage customer interactions, they do manage data (product information) that every customer interacts with. Thus, leading PIM systems help brands increase their conversion rates and sell more, increasing revenue.

## ***Trends in the PIM and Digital Commerce Markets***

IDC has seen a recent uptick in interest in the PIM market in the past month as more retailers and manufacturers look to deliver better product information across digital channels. Some of the major trends that will shape the PIM and digital commerce markets over the next 36 months are as follows:

- » **Channel explosion.** Today, mobile is the primary channel where commerce occurs, accounting for the majority of browsing worldwide and close to 50% of global transactions. Despite the dominance of mobile, consumer and business customers are using new, unforeseen channels, such as voice commerce, Internet of Things (IoT), marketplaces, and social channels. Retailers and manufacturers need to make sure that they take advantage of all possible channels to succeed in the digital economy. This is part of the reason why syndication has become very important in the PIM space and the market as a whole has seen a recent uptick in growth.

- » **B2B commerce maturity.** B2B sellers lag behind B2C sellers (retailers) in terms of digital commerce maturity. As a result, the PIM market has largely catered to retailers. In recent years, B2B commerce has seen a massive uptick in growth, and IDC forecasts a 2019–2024 CAGR of 15.8% in B2B commerce software adoption, compared with a 2019–2024 CAGR of 8.1% in B2C (IDC #US45243320), catering largely to the manufacturing and distribution industries.
- » **Sustainable commerce.** IDC is witnessing a groundswell as business and consumer customers demand more sustainable business and commerce practices, such as reductions in carbon emissions and in product returns. PIM systems help facilitate sustainable commerce by making it easier to surface product sustainability information and reducing the number of returns processed because customers have better information and confidence before a purchase.
- » **Collaborative commerce.** As product information and customer experience are becoming key factors in ecommerce, more and more departments want to collaborate in catalog enrichment. Additionally, organizations with large product assortments are asking to have external users be involved, such as manufacturers enriching a retailer's product information. Advanced PIM applications will be needed to make this collaboration more effective.
- » **SaaS and cloud.** In nearly all the markets that IDC tracks, SaaS is gaining momentum as larger and more complex organizations invest in applications in the cloud. While single-tenant and hybrid cloud deployments are still popular in the PIM and digital commerce markets, IDC research shows that true SaaS is where buyers are ultimately moving to benefit from ease of implementation and seamless upgrades.

## Sales Layer Brings Cloud PIM to the Midmarket

Sales Layer is a PIM software company headquartered in Valencia, Spain, that is laser focused on solving the problems of spreadsheet overuse and legacy PIM systems. Founded in 2013, the company has built an international customer base with its SaaS PIM application for retailers and manufacturers in the midmarket and enterprise. Sales Layer calls itself the market's "most intuitive PIM" as the company invests heavy R&D focus in its user interface. The PIM application is purpose built for line-of-business users, such as marketers, brand managers, ecommerce managers, and business owners, so that IT is not required for users to manage catalogs and product pages can be modified with ease.

As a cloud-native, SaaS application, Sales Layer benefits customers with faster time to market, smooth upgrades that do not require any downtime, and outsourced management of cloud infrastructure. The combination of SaaS and an intuitive user interface means that retailers and manufacturers don't need to worry about managing technology; instead, they can focus on what they do best — marketing and selling great products.

While traditional PIM systems focus specifically on solving data management problems, Sales Layer is designed to help retailers and manufacturers improve their commerce experiences across the customer journey. Key product features of Sales Layer include:

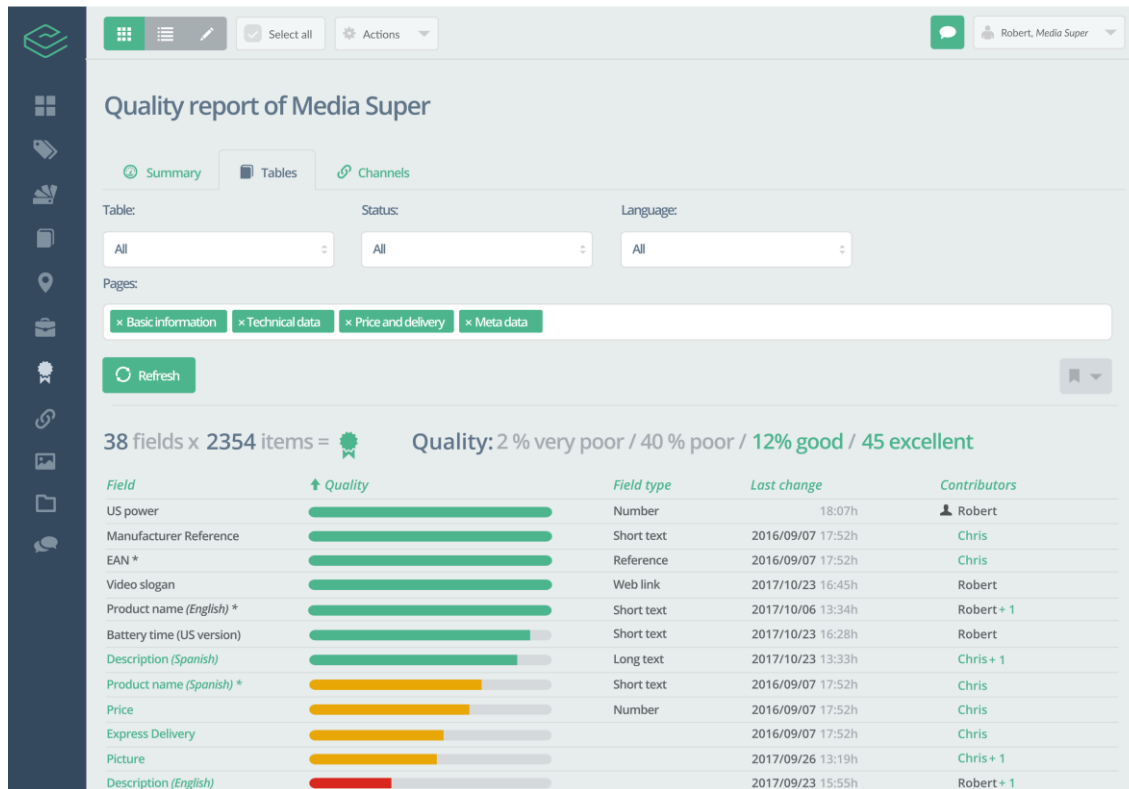
- » A user interface designed for line-of-business users
- » Granular user controls (permissions) and approval request workflows
- » Flexible data modeling
- » A single search engine across Sales Layer
- » No hidden fees



- » Elastic (automated) scalability
- » Complementary consulting services and support provided by Sales Layer
- » Reporting/analytics on product information quality and alerts when product information needs to be reviewed
- » Open APIs and an SDK to assist developers
- » Ability to personalize functionality and workflows without creating customizations
- » Out-of-the box connectors to various marketplaces and partner applications and the ability to build new ones
- » Autosaving of all changes made on the system, allowing users to roll back changes to 10,000 items
- » A digital asset management (DAM) module to upload, store, organize, manage, share, and track digital assets for products

Figure 2 depicts a product information quality report inside Sales Layer. Notably, the dashboard is designed for business users, who can quickly skim the report, drill down into data quality issues with a few clicks, and enrich product data in real time. Then users can assign rules that only products that meet a specific "quality score" can be published on the merchant's web store.

FIGURE 2: ***Delivering Intuitive Product Information Management***



Source: Sales Layer, 2020

### *Teka Group Unifies Product Information on Sales Layer*

Teka Group is a multinational manufacturer of kitchen products founded in Germany in 1924. The company has 14 factories and 33 subsidiaries across Europe, Asia, Africa, Oceania, and the Middle East and has commercialized its products in over 120 countries.

Prior to its adoption of a PIM system, Teka Group managed its product information with numerous internal, decentralized tools. Users at Teka Group would edit product information directly within the content management system (CMS) and in spreadsheets, resulting in version control issues and a lack of quality control. This became especially challenging when trying to manage data across subsidiaries and partners, where there wasn't a single source of truth to reference. Teka Group saw further difficulty when it tried to adapt its product information across the many geographies in which it operates.

Prioritizing ease of use, flexibility, and ease of implementation, Teka Group selected Sales Layer as its PIM partner to solve these challenges. With Sales Layer, Teka Group was able to consolidate the product information from its entire product portfolio on Sales Layer. This includes the management of product information on Teka Group's branded online storefront, Google, Amazon, and other third parties across 120 countries and in more than 15 languages. With Sales Layer, a cloud-native PIM system, Teka Group has afforded itself the flexibility to push product content to new channels with relative ease and spin up new product catalogs in a matter of days.

### *Challenges for Sales Layer in the PIM Market*

Despite its momentum in the PIM market, Sales Layer faces the following challenges in the years to come:

- » **Brand recognition.** Sales Layer has weaker brand recognition than other, long-standing vendors in the PIM market. Notably, a majority of the PIM software market is still on-premises, meaning that Sales Layer has an opportunity to build brand recognition among the new wave of PIM applications in the public cloud.
- » **Global expansion.** Because Sales Layer is headquartered in Spain, the company's customer base is primarily concentrated in Western Europe. The company has fewer customers in markets such as North America, Latin America, APAC, Central and Eastern Europe, the Middle East, and Africa. Most of Sales Layer's key competitors currently have deeper penetration in these markets. Sales Layer is currently investing in building out more localizations and a sales presence in more markets outside Western Europe.
- » **Competition.** There has been increased attention on the product information management and syndication space in recent years, with numerous market entrants and rounds of investment. Sales Layer faces stiff competition in the PIM market between legacy, MDM-focused vendors and market entrants. To overcome this competition, Sales Layer will need to double down on its differentiators in the market, such as usability and flexibility.

Organizations of all sizes and industries face unique challenges as they grow their online presence and sales. Providing accurate and engaging product experiences is at the top of that list because many customer interactions with a brand center around product marketing content, site search, and product pages.

## Conclusion

While PIM software is often not considered "essential" compared with applications such as commerce platforms, marketing, and CRM, the quality of a brand's product information can make or break a customer interaction and directly impact the bottom line. In the coming years, B2B and B2C sellers will increasingly be expected to deliver exceptional commerce experiences, including on product detail pages and beyond. To achieve this across all digital and physical channels, a modern PIM application is essential. Midmarket to enterprise organizations looking to empower their teams with PIM capabilities in the cloud should look to vendors such as Sales Layer.

## About the Analyst



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Jordan Jewell is a Research Manager for IDC's Enterprise Applications and Digital Commerce team and leads IDC's Digital Commerce research practice. In this role, he leads research initiatives addressing both B2B and B2C digital commerce platforms, digital marketplaces, product information management software, and adjacent technologies that facilitate online commerce. Jordan joined IDC in 2015.



## MESSAGE FROM THE SPONSOR

Sales Layer is the most agile Product Information Manager (PIM) to create customized product experiences on the market. The SaaS based platform adopts an intuitive user interface to generate catalogs of up to millions of SKUs, fully connected to marketplaces, distributors and manufacturers, both upstream and downstream.

For marketers and business owners, Sales Layer provides a single source of product information. With this PIM your brand will be more consistent, hosting all your product information, images, and assets in one place. Any changes in Sales Layer will be automatically updated across your connected channels and apps.

Visit [saleslayer.com](https://saleslayer.com) and to learn more watch *Sales Layer Product Information Management*.



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