

Deep Dive

Next-Generation Product Information Management: From Spreadsheets to AI

Executive Summary

Product information management (PIM) is the process of gathering, operationalizing and managing a company's product data. The next generation of PIM, product experience management (PXM) provides rich, relevant and contextualized product content to delight consumers and drive loyalty. Leveraging proprietary survey findings, we discuss the importance of PIM for improving the customer experience, current challenges faced by brands and retailers, and future technology-powered opportunities to drive PIM and business success.

Market Scale and Opportunity

- The global PIM market is set to grow to \$68.1 billion by 2030 from \$12.9 billion in 2021, according to Precedence Research.

Coresight Research Analysis

- Effective PIM supports brands and retailers in providing seamless omnichannel consumer experiences, and brands and retailers are evolving into PXM through offering customers personalized product content. This enables retail companies to ultimately increase customer satisfaction and conversion. Our survey found that "improving the customer experience across all sales channels" is the topmost PIM benefit—and 52% of respondents are using PIM to personalize product content across channels.
- Retail companies currently face a range of challenges when it comes to PIM. These be exacerbated by a reliance on spreadsheets, which are not built for e-commerce across numerous online channels, including marketplaces, and cannot support digital assets such as images and videos. They are also prone to errors, escalating the topmost challenge in PIM, as cited by 43% of all survey respondents: the time needed to create or update product information.
- Our survey found that the biggest benefits to retail companies of partnering with third-party PIM solutions are an increased customer base, higher sales value and greater customer satisfaction. Enterprise integration is among the top three most influential factors in retail companies' choice of third-party PIM solution provider, but brands and retailers must not ignore AI (artificial intelligence) in implementing the personalization capabilities of PIM—and there remains scope for new AI-powered solutions in the PIM market.

What We Think

PIM is a must-have in the modern retail landscape, with brands and retailers selling through an increasing number of channels but looking to meet consumer demand for consistent product experiences at the same time. Retail companies need to start offering PXM by optimizing their consumer experiences to maximize business results. They can work with next-generation third-party PIM solution providers to overcome current challenges in PIM and tap opportunities in enterprise integration and artificial intelligence (AI). Layering on AI optimizes and elevates PIM/PXM to bring product experiences to life. Through AI, retailers and brands can improve their consumer experiences through automated product enrichment, content creation, categorization and SEO enhancements to deliver compelling product stories across channels and marketplaces.

CONTENTS

Introduction	3
Market Scale and Opportunity	4
Next-Generation PIM: Coresight Research x Digital Wave Technology Analysis	4
1. Businesses Recognize the Importance of PIM for Improving the Customer Experience	5
2. Companies Must Overcome Challenges To Fully Leverage PIM Capabilities	7
3. Enterprise Integration and AI Are Key to PIM and Business Success	8
What We Think	12
Survey Methodology	13

Introduction

Digitally native shoppers are more aware and better informed than ever before. Advances in social commerce and online shopping mean that shoppers have a much wider choice of channels for researching and buying products. To maximize potential sales, brands and retailers must be present across multiple channels, languages and currencies to best reach potential customers.

Providing a consistent experience to consumers is key for brands and retailers to offer a seamless shopping journey that boosts conversion, but different channels have unique requirements and formats regarding product information. Brands and retailers therefore face challenges in ensuring product information accuracy and consistency in formatting while adapting to different channels—an issue exacerbated by aims to launch new products to market quickly.

PXM is the combination of PIM, DAM and MDM to provide rich, relevant and contextualized product content to delight consumers and drive loyalty.

Product information management (PIM) is the process of gathering, operationalizing and managing a company's product data. Doing PIM right is of paramount importance for brands and retailers to drive revenue and reduce task redundancy. Hosting incomplete and/or inaccurate product information can result in shoppers abandoning their cart or returning orders if the products are not what they expected—both of which equate to lost dollars for the retailer.

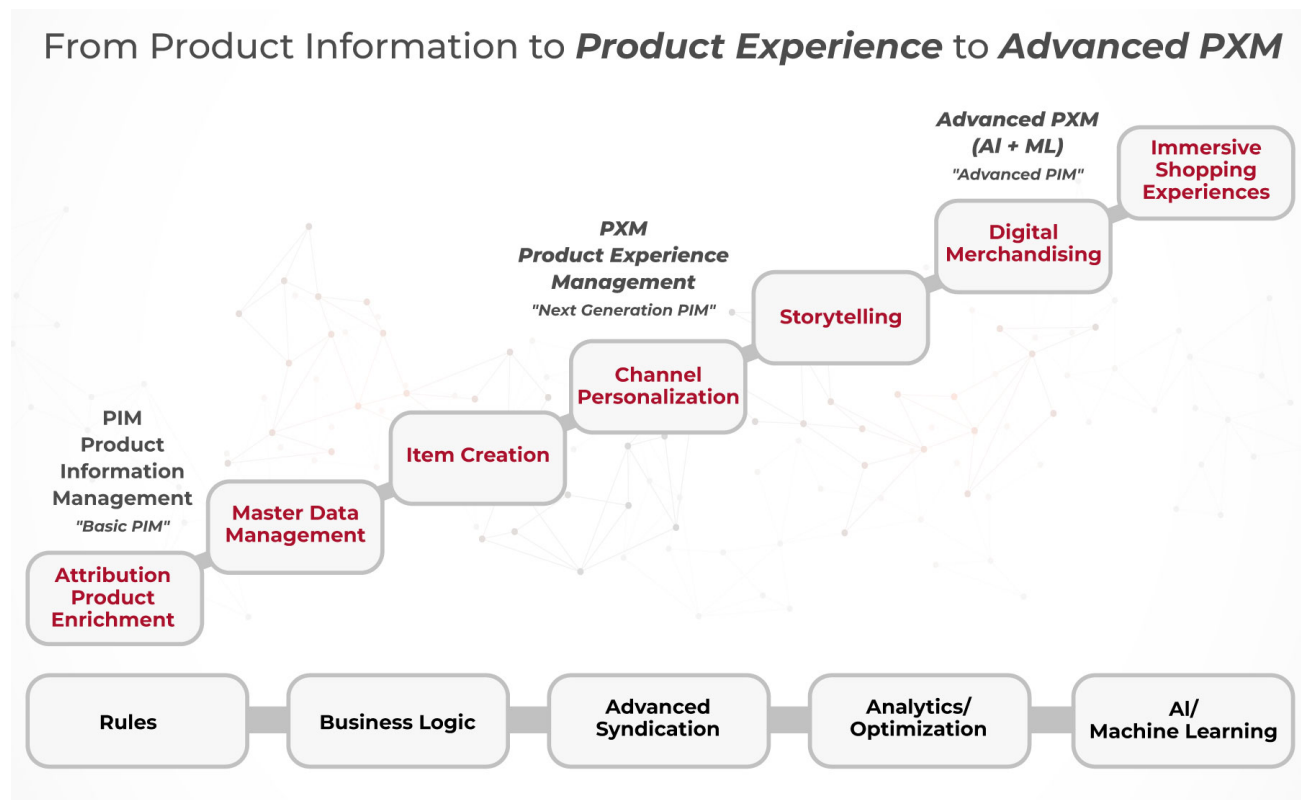
In addition to accurate product information, brands and retailers also need to deliver personalized and consistent product experiences. Product experience management (PXM) represents the next generation of PIM. PXM combines PIM with digital asset management (DAM)—such as videos and images—and master data management (MDM) to provide rich, relevant and contextualized product content to delight consumers and drive consumer loyalty. Leading brands and retailers are now working with PXM solution providers to ensure they are optimizing their customer experiences.

In this report, we uncover the PIM challenges facing brands and retailers, their current adoption of PIM solutions and their usage, evolving to PXM, and perceptions of artificial intelligence (AI), which includes machine learning (ML), image recognition and natural language processing (NLP), in PIM. Our analysis is based on findings from a Coresight Research survey of senior executives from US-based mid-size to large brands and retailers conducted in October–November, 2022.

This *Custom Report* is sponsored by product experience management (PXM) solution provider Digital Wave Technology.

- For more on PIM and PXM, read Coresight Research and Digital Wave Technology's previous report: [Innovator Intelligence: Product Information Management—Creating a Single Source of Truth in Omnichannel Retail](#). This report highlights the breadth of capabilities, spanning from “basic PIM” to “next-generation PIM” to “advanced PXM,” as the figure below shows.

Figure 1. The Evolution of PIM: From Product Information to Product Experience to Advanced PXM



Source: Digital Wave Technology/Coresight Research

Market Scale and Opportunity

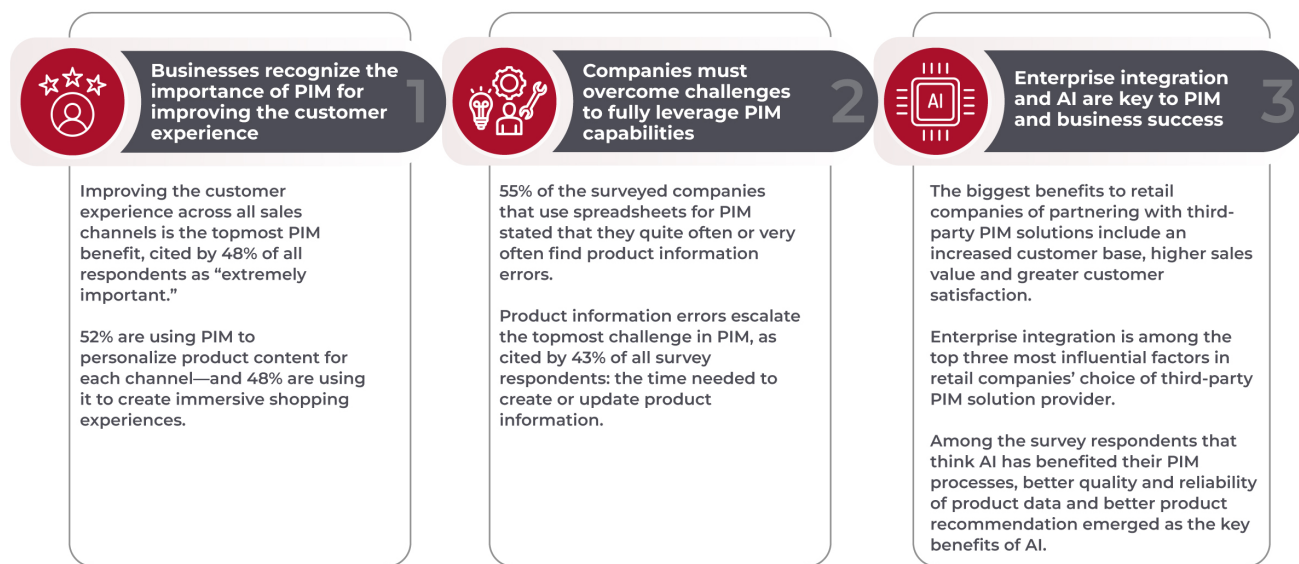
demand for modern PIM solutions in retail to grow as companies increasingly recognize the importance of having a single source of truth and offering personalized experiences to consumers. The global PIM market is set to grow to \$68.1 billion by 2030 from \$12.9 billion in 2021, according to Precedence Research.

Through effective PIM, brands and retailers can improve speed to market, establish consistent branding and product imagery, and increase product visibility across sales channels. Ultimately, PIM helps brands and retailers drive sales, improve consumer loyalty and increase customer satisfaction. An example of these benefits are seen with \$7 billion US-based luxury brand owner Tapestry, which reported in its [2022 Investor Day](#) presentation that, by working with a third-party PIM solution, product development is 10 times faster and the company has seen a double-digit increase in conversion.

Next-Generation PIM: Coresight Research x Digital Wave Technology Analysis

In Figure 2, we provide key survey findings and selected insights into PIM, which we discuss in detail throughout the report.

Figure 2. PIM: Key Insights and Summary of Selected Survey Findings



Base: 166 US-based brands and retailers, surveyed between October and November 2022

Source: Coresight Research

1. Businesses Recognize the Importance of PIM for Improving the Customer Experience

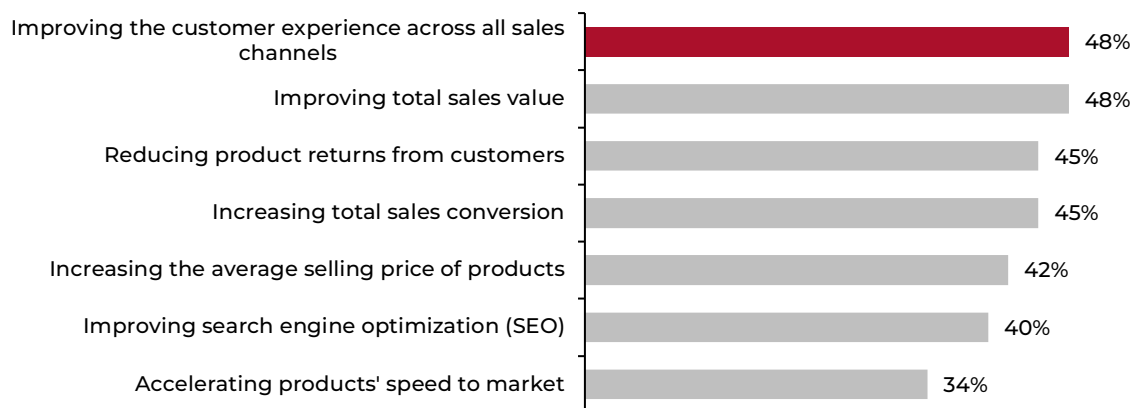
Effective PIM supports brands and retailers in providing seamless omnichannel consumer experiences by enabling them to manage product information in a single source of truth to market products consistently across multiple sales channels.

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Our survey found that “improving the customer experience across all sales channels” is the topmost PIM benefit for brands and retailers, cited by nearly half (48%) of all respondents as “extremely important”—tied with direct revenue generation (“improving total sales value”), as shown in Figure 3. This finding demonstrates the value that retail companies place on providing enhanced and omnichannel experiences in today’s competitive retail landscape—to drive loyalty from existing customers as well as to increase conversion among new shoppers.

Figure 3. “Extremely Important” Impacts on Business Metrics from Using PIM (% of Respondents)

Retail companies realize the importance of PIM in providing customers with enhanced and omnichannel experiences, proving the business case for PXM in today’s competitive retail landscape



Proportions of respondents that cited each impact as “extremely important”; respondents were asked to rank each impact from “not important at all” to “extremely important”

Base: 166 US-based brands and retailers, surveyed between October and November 2022

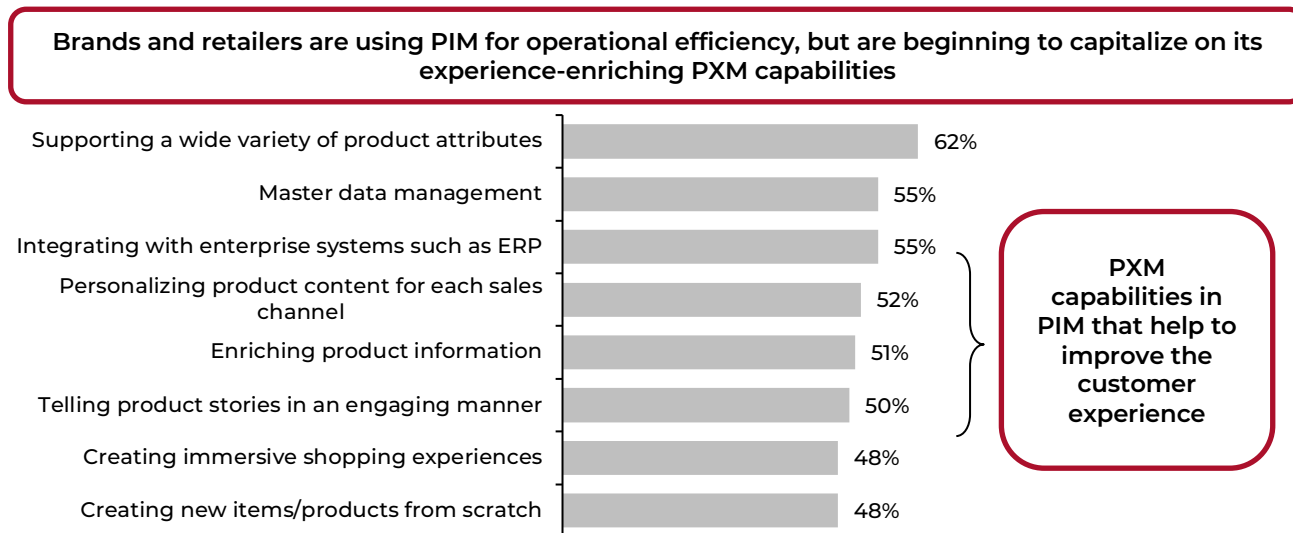
Source: Coresight Research

Recognizing the importance of PXM capabilities within PIM for improving the customer experience, many brands and retailers are beginning to capitalize on its capabilities to achieve this goal. For example, our survey found that 52% of respondents are using PIM to personalize product content across channels, and 48% are using PIM to create immersive shopping experiences. Through PXM, which puts customers at the core, brands and retailers can increase customer satisfaction and conversion.

Although retail companies are headed in the right direction in leveraging PIM to enrich customer experiences, opportunity remains for greater adoption of these capabilities.

Although retail companies are headed in the right direction in leveraging PIM to enrich customer experiences, opportunity remains for greater adoption and expansion of these capabilities as retail companies eventually switch from PIM to PXM. Our survey found that retail companies are mostly using PIM for operational efficiency, such as to support a wide variety of product attributes, master data management and integrate with enterprise systems (all cited by at least 55% of respondents). PIM is indeed effective in providing a single source of product truth (covering aspects such as inventory levels and pricing) through which companies can optimize ROI (return on investment) from processes across the supply chain and communicate information with consumer-facing channels such as their e-commerce locations.

Figure 4. PIM Capabilities That Companies Are Currently Using (% of Respondents)



Base: 166 US-based brands and retailers, surveyed between October and November 2022

Source: Coresight Research

2. Companies Must Overcome Challenges To Fully Leverage PIM Capabilities

Overall, retail companies currently face a range of challenges when it comes to PIM.

Retail companies may be limited in their ability to utilize PIM to its full potential due to current challenges and the shortcomings of their existing systems, which is where advanced technologies and third-party partnerships can be key to driving business success (as we explore in the next section). Overall, retailers and brands currently face a range of challenges when it comes to PIM, as shown in Figure 5.

Figure 5. PIM Challenges That Companies Are Currently Facing (% of Respondents)



Base: 166 US-based brands and retailers, surveyed between October and November 2022

Source: Coresight Research

Traditionally, companies have used spreadsheets for storing product information as programs such as Excel are accessible and affordable: our survey found that 46% of respondents use spreadsheets for PIM (not necessarily exclusively). However, while spreadsheets may be adequate to store large amounts of data, they are not built for omnichannel, spanning numerous online channels and cannot support digital assets such as images and videos, nor are they scalable or integration compatible. The inability to support digital assets means that Excel spreadsheets hinder the evolution from PIM to PXM, which includes DAM, for brands and retailers.

If brands and retailers are not able to create product information in a timely manner, new product launches may be delayed, any errors would not be fixed quickly and there is a greater risk that information is out of date—all of which can contribute to brands and retailers losing out to the competition.

More than half (55%) of the surveyed companies that use spreadsheets for PIM (whether exclusively or as part of a hybrid approach) stated that they quite often or very often find product information errors. Spreadsheets cannot detect whether product information is outdated or inaccurate, and they cannot trace its source.

Product information errors escalate the topmost challenge in PIM, as cited by 43% of all survey respondents: the time needed to create or update product information. Our survey found that 52% of brands and retailers need at least three days to create or update product information for a single product, implying that it is a time-consuming process. If brands and retailers are not able to create product information in a timely manner, new product launches may be delayed, any errors would not be fixed quickly and there is a greater risk that information is out of date—all of which can contribute to brands and retailers losing out to the competition.

Product information errors also lead to product returns, which result in lost revenue. In apparel, for example, in which product returns often occur due to sizing errors, the product returns rate (amount of merchandise returned in USD, expressed as a proportion of total sales) in the US apparel sector was 12.2% in 2021, according to the National Retail Federation (NRF) and Appriss Retail. Our survey found that apparel and footwear brands and retailers attribute an average of 16.2% of product returns annually to inconsistent/wrong product information—implying \$19.8 million in lost revenue annually for a \$1 billion revenue apparel brand.

Relying on spreadsheets for PIM not only increases the likelihood of errors and product returns but also yields other disadvantages as such systems are difficult to scale, lack automation capabilities, do not encourage collaboration between teams and do not enable product content translation to multiple languages. To mitigate spreadsheets' shortcomings and ensure the accuracy and reliability of product information, brands and retailers need to seek modern PXM solutions—such as by working with third-party providers—and adopt advanced technologies such as AI to create personalized product experiences for consumers.

3. Enterprise Integration and AI Are Key to PIM and Business Success

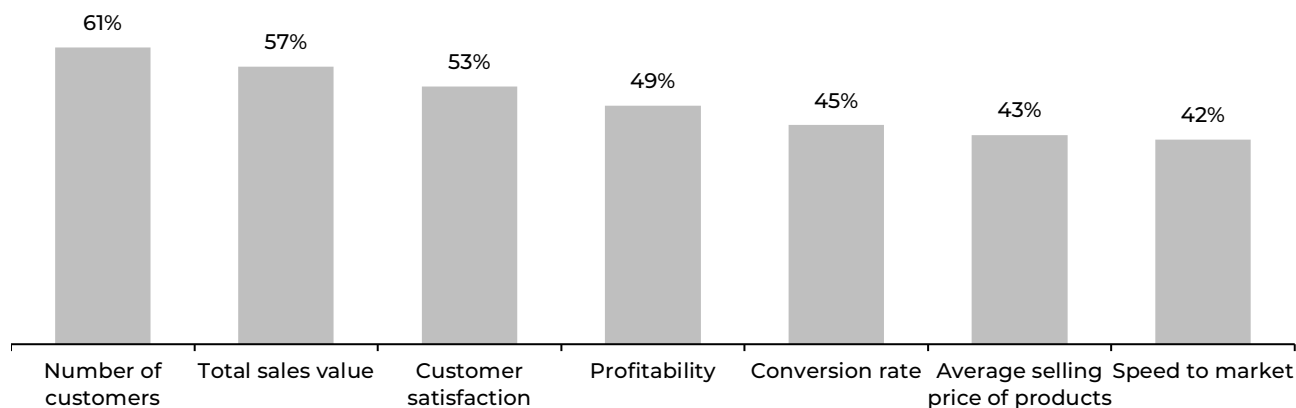
The biggest benefits to retail companies of partnering with third-party PIM solutions are an increased customer base, higher total sales value and greater customer satisfaction.

As shown earlier in Figure 4, 40% of surveyed retailers and brands lack a dedicated solution to manage product data, and 31% lack in-house PIM expertise. To overcome these challenges, brands and retailers can turn to third-party solution providers that understand company pain points in managing product information and can drive various business gains.

The biggest benefits to retailers and brands of partnering with third-party PXM solutions are an increased customer base, higher total sales value and greater

customer satisfaction—each cited by more than half of surveyed companies that currently use a dedicated third-party PIM solution as having seen gains of more than 5% as a result of their partnership (see Figure 6).

Figure 6. Business Metrics That Have Seen a >5% Increase Since Partnering with a Third-Party PIM Solution (% of Respondents)



Base: 74 US-based brands and retailers that manage product information through a dedicated third-party PIM solution, surveyed between October and November 2022

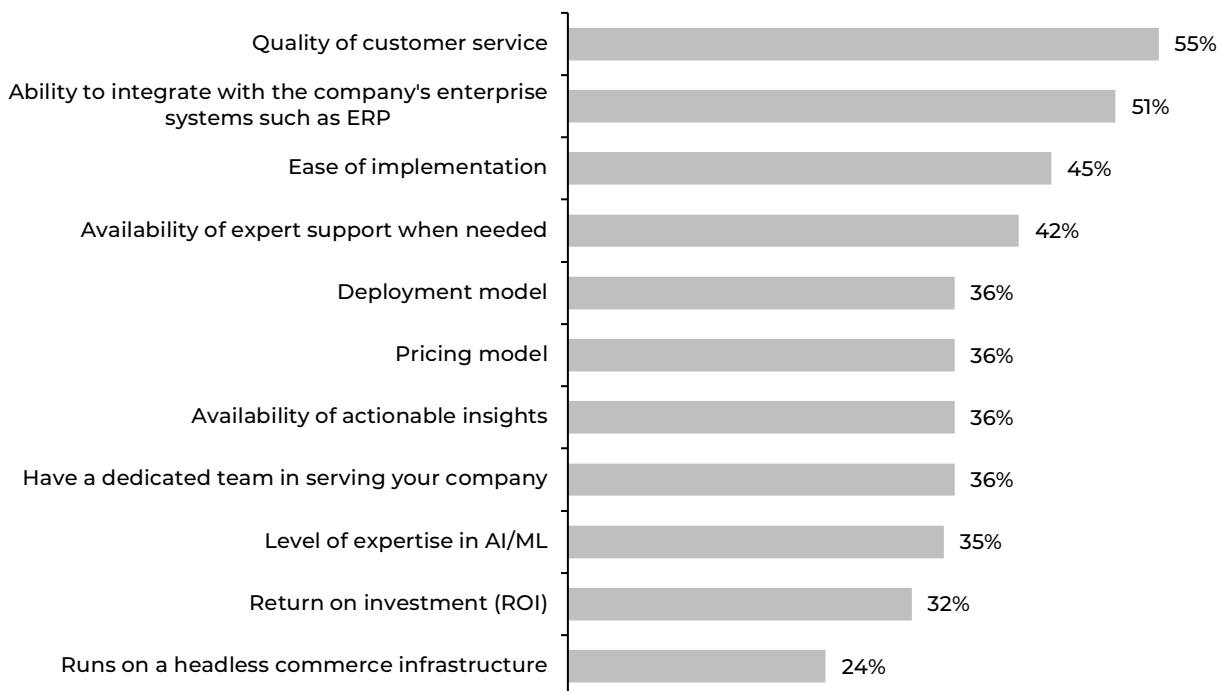
Source: Coresight Research

Brands and retailers recognize the importance of seamless integration of PIM with enterprise systems.

Our survey found that among brands and retailers that work with a third-party PIM solution provider, the top five vendors, in order, are Digital Wave Technology, Stibo Systems, Informatica, Inriver and Salsify. Looking at the factors that influence companies' choice of third-party PIM solution provider, enterprise integration and ease of implementation are among the top three most influential factors, cited by 51% and 45%, respectively, of surveyed companies that currently use a dedicated third-party PIM solution (see Figure 7).

Brands and retailers recognize the importance of seamless integration of PIM with enterprise systems such as enterprise resource planning (ERP), which enables them to save integration costs, streamline business processes and minimize time spent on updating product information. Our survey found that 54% of companies that are not currently integrating PIM with enterprise systems cite high integration costs as a key reason. Modern systems using a headless commerce infrastructure, which comprise APIs application programming interfaces) and micro services, can significantly alleviate these costs.

Figure 7. Factors That Influence Companies' Choice of Third-Party PIM Solution Provider (% of Respondents)



Base: 74 US-based brands and retailers that work with third-party PIM solution providers, surveyed between October and November 2022
Source: Coresight Research

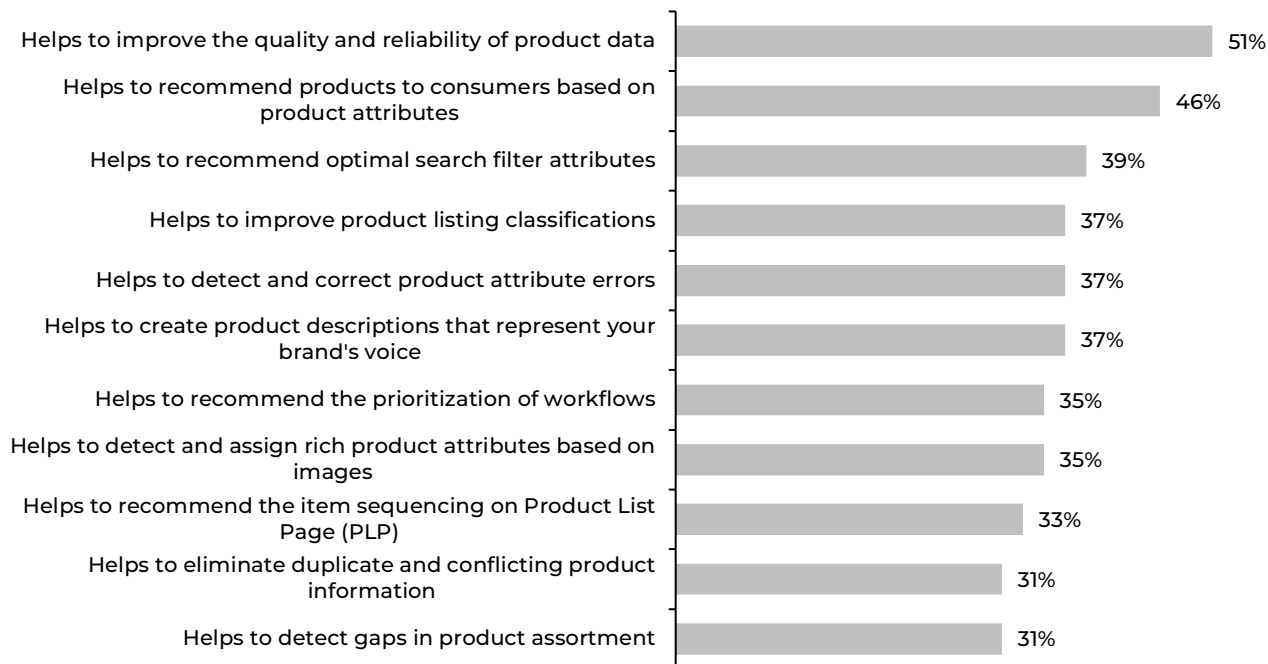
We believe that AI is the missing link to multiplying PIM benefits. AI can help companies to meet ever-increasing consumer demand for more accurate, reliable and relevant consumer-focused product data.

However, brands and retailers must not ignore that AI is also a vital aspect in tapping the PXM/personalization capabilities of PIM. We believe that AI is the missing link to multiplying PIM benefits, but only 35% of surveyed retail companies that currently use a dedicated third-party PIM solution reported AI/ML expertise as an influential factor in their choice of partner. AI is a new paradigm in PIM that can fast-track the switch from PIM to PXM, so brands and retailers may be unfamiliar with its benefits—and there remains a significant opportunity for new AI-powered solutions in the PIM market.

AI can help companies to meet ever-increasing consumer demand for more accurate, reliable and relevant consumer-focused product data: among the survey respondents that think AI has benefited their PIM processes, better quality and reliability of product data and better product recommendation emerged as the key benefits of AI (see Figure 8). Ultimately, these benefits enable brands and retailers to better deliver personalized product experiences and so increase customer satisfaction and loyalty.

Figure 8. Benefits of AI to Companies' PIM Processes (% of Respondents)

AI not only helps to improve product information accuracy but also facilitates better product recommendations for personalized customer experiences



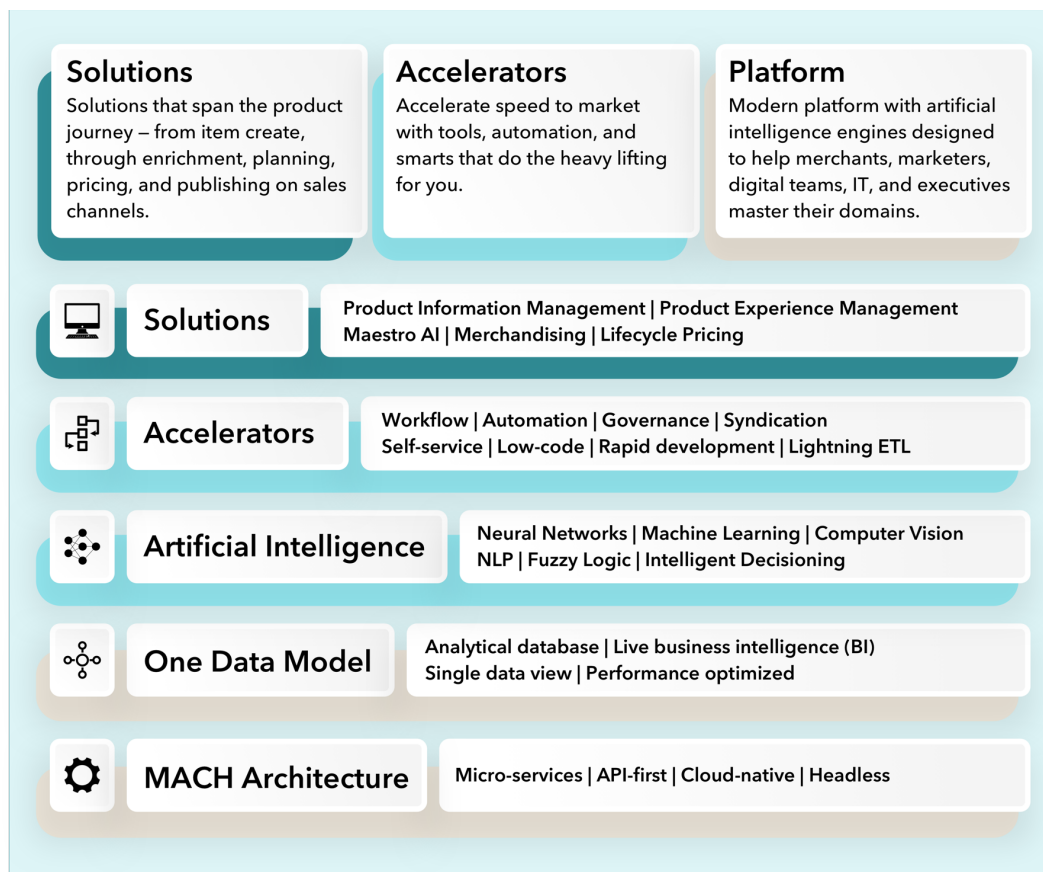
*Base: 123 US-based brands and retailers that think AI has benefited their PIM processes, surveyed between October and November 2022
Source: Coresight Research*

Next-generation third-party PIM/PXM solutions that leverage AI can enhance product information quality, improve the reliability of product content, enable faster assessment of product data and facilitate deeper automation capabilities. Through leveraging predictive algorithms and automation, product data accuracy and product recommendations can be enhanced at speed and scale.

AI also enables PXM capabilities to surface by providing the ability to automatically assign product attributes based on images, labels, bills of materials (information used for manufacturing) and ESG (environmental, social and corporate governance) requirements, and link them to consumers' purchase preferences and browsing history to boost customer lifetime value.

Additionally, AI creates product copy and detailed product stories based on templates that represent brands image and voice, making it easier and faster for retail companies to launch new products. In terms of personalization, AI-powered solutions can automatically associate product attributes with customers' purchase preferences and browsing history, which enables companies to boost customer lifetime value.

Digital Wave Technology, a next-generation, third-party PXM solution, recently launched its AI-powered ONE platform, which unifies the entire omnichannel product journey, from item creation and planning to optimized lifestyle pricing. Through an API-first, cloud-native and headless architecture, this platform also complements any existing PIM solution, e-commerce solution and/or spreadsheets that brands and retailers currently use.



Digital Wave Technology's ONE Platform: Modern architecture for modern brands and retailers
Source: Digital Wave Technology

Through the ONE platform, Digital Wave Technology also leverages PXM to optimize and elevate PIM, which enables brands and retailers to better provide personalized experiences through rich, relevant and contextualized product content to consumers that is optimized per shopping channel, language and currency. The Digital Wave ONE Platform combines PXM and digital merchandising with automation and workflow governance, providing a compelling consumer experience.

Digital Wave Technology sits as a central, back-office hub within a company, which facilitates connection to enterprise systems such as ERP, marketing and online marketplaces. External suppliers, retailers and brands can stay synchronized with the same product content that companies provide.

Effective PIM practices support retail companies in reducing product returns by ensuring complete and accurate product information is available to shoppers at the point of sale.

What We Think

PIM is a must-have in the modern retail landscape, with brands and retailers selling through an increasing number of channels but looking to meet consumer demand for consistent product experiences at the same time. Retailers and brands need to make the leap from PIM to PXM, which demands that they focus on optimizing consumer experiences in order to maximize business results. Effective PIM/PXM practices also support retailers and brands in reducing product returns by ensuring complete and accurate product information is available to shoppers at the point of sale.

Retailers and brands can work with next-generation third-party PIM/PXM solution providers to overcome current challenges in PIM and tap opportunities in enterprise integration and AI. Advanced PIM/PXM solutions enable brands and retailers to eliminate manual errors, enrich product attributes and provide consumers with personalized product experiences. Layering on AI optimizes and elevates PIM/PXM to bring product experiences to life, enabling retailers and brands to improve the consumer experience through automated product enrichment, content creation, categorization and SEO (search engine optimization) enhancement. Ultimately, this enables brands and retailers to better deliver compelling product stories across channels (including marketplaces).

Survey Methodology

This study is based on the analysis of data from an online survey of 166 executives across brands and retailers in the US. Coresight Research conducted the survey on October 28–November 7, 2022.

Respondents in the survey satisfied the following criteria:

- Mid-size to large US brands and retailers—annual company revenue of \$100 million to \$25 billion—that sell products online
- Associated with apparel and footwear, beauty and cosmetics and luxury verticals
- Directors or above that are familiar with their company’s product information management processes
- Holding digital, merchandising, marketing, IT, analytics and business intelligence, and product management business functions

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