Top Tips for Product Naming Success

OPENING STATEMENT

As I travel the globe, I am often struck by the unique and common names that are given to different places. What were the factors used in deciding on the name to give a place? What went into the thinking that they finally landed on just the right name that captured the uniqueness of the location, the feeling it provided, and any past experiences it rekindled.

In a recent journey to Paris, France I was in awe of the environment and the centricity around the river Seine. I wondered how someone could move to Paris, Texas and believe that Paris, France was the image they invoked in their mind. So then, what is the criteria for naming something?

Figure 1: Picture of Paris, Texas

In the ensuing series of discussions, we will talk about the factors that should be considered in naming a product. We will put this in context to the item master, and the many factors that one should consider in describing an item.

In the end, the series of discussions should help you develop a holistic strategy for managing part features that will help you navigate the ever changing retail environment. Like the early explorers, today's retail world is always changing and to survive you must have a strategy that is nimble, holistic, and able to change as needed.

NAMING BASICS

I woke up this morning and realized all of my clothes were dirty. In a panic, I went to the laundry room to start a load of laundry and realized why all of my clothes were dirty….. I

had run out of laundry detergent.

In today's world, you can either go onto Amazon and have it sent to you within an hour or get in your car pick it up and return around the same time. In either experience, you are quickly overwhelmed by the sheer selection of offerings provided.

Your first task is to find the right website page, or store aisle, in which to shop. In laymen terms, you are defining the category of goods you desire. It is imperative that you align your p roducts with other similar products so they can be found by your customers.

After searching for five minutes, you succumb to the time constraint and either ask for help or you continue to stumble/click to your destination. Now the fun begins. Once you have found the category of items, you now have the item brands to contend with.

Figure 2: Typical Detergent Aisle

Branding is a key component of item creation and it helps set-up customer loyalties that allows your products to stand out among your competitors. Done properly, it can be the vehicle that allows you to introduce your customer to other similar products for purchase. This brand loyalty can be incredibly powerful.

Without a brand identification, you are presented with a sea of products that look and feel similar to each other. To differentiate yourself, your label must catch the customer's eye, describing the product, and showcase your core company values. The label should be brightly colored, clear in text, and written in brief snippets so the customer can find words they identify with.

The vendor will create a set of internal names. The manufacturing part number will be used by the vendor as the unique tradable part number. They may also create a Series to help the sales team market a collection of products to a focus audience. A UPC (Universal Product

Code) will be created as the industry unique designator that is given to this item. It will be used to help drive orders, track inventory levels, and manage production.

The merchant may create a stock keeping unit (SKU) that connects the item being sold to the Family, or broad group of products, and the Class, a narrow group of goods, to help manage the assortment. Typically, the Family and Class are connected with a unique identifier at the end for other like products for unique item tracking.

With a little luck and a lot of planning, the hope is the customer picks my item over my competitors.

MANUFACTURER WORLD

I went to my local hardware store this weekend and wanted to buy a wireless security camera for my driveway. While looking at all of the choices, I quickly became overwhelmed with the many choices and features. I wrote a few part numbers down that I saw on the shelf and on the box and returned home to do some research.

In the comfort of my home, I quickly went on the internet and started entering the part numbers I had recorded from the store. I quickly learned that each of these were for a different reason. The shelf part number I entered took me to the website for the local hardware store where the item was displayed. I surmised that this was the stores' SKU.

I entered the second set of numbers and I found several places that offered the part. I surmised that this was the manufacturer's part number because it was common name used by several retailers. This number will be the naming used when a retailer buys the goods from its source.

The manufacturer's part number is created by the company that actually constructs the end salable product from raw materials or a collection of sub assemblies. This player will name the product in a way that aligns to how it will be managed within their network. Similar items within a family of products may have part numbers that look nothing alike.

Often manufacturers will put a source code logic into their part number that will tell them factory, major parts supplier, or series in the manufacturers part number. Some part numbers have a product description which defines the materials or use of the part. There is no common framework for h ow manufacturers construct their part numbers.

Whatever scheme is used, the approach should be logical, consistent, and robust. With a little help, your customers can be educated on your naming convention and be able to easily order your parts. The easier you make the part number for your customers, the easier it will be for them to remember and re- order your parts.

Once established, a manufacturer will apply for a universal product code (UPC) for their goods. This universal listing will provide all pertinent information on the product specifics.

This helps in managing freight and other critical logistics information.

Figure 3: UPC Code

Often, there is a distributor in between the manufacturer and the retailer. If this is the case, they may transact on another unique part number. This is often done to minimize the customer's ability to cross shop their goods. Do not misconstrue this as the manufacturer's part number.

Transacting on the manufacturer part number gives the customer the key to unlock the sales channel and cross shop their vendors to find the lowest price.

RETAIL WORLD

The retail marketplace is experiencing a revolution as we speak. Single channel retailing is a concept of the past. To succeed in today's retail environment you need to be able to provide what the customer wants, when they want it, at a competitive price. The days of high margin are a thing of the past.

Customers are savvier today than they were ten (10) years ago. No longer will customers drive from store to store to check assortment offering and pricing. Today, they have the entire web at their fingertips and they search the world for their product. Gone are the days when product has to be sitting close to you for you to get what you want.

This means that customers are now cross shopping prices. To accomplish this they are using the manufacturer part number, not on the retailer SKU. Gone are the days where the retailer could "hide" the true cost of an item and rename it with a price that met their profit targets.

Many retailers are requiring their manufacturers and distributors to drop ship goods on their behalf. This means that the retailer no longer takes possession of the financial liability for inventory until the customer receives the product. To make this work, using the right unique name for a part is imperative.

Internally, the general ledger collects these parts in a way to roll-up the financials for the business. The stock ledger is that mechanism that connects groups of products to manage the inventory levels, margin levels, and buying/replenishment activities. To facilitate this,

items are collected into Families of like products. To provide further definition, Classes are constructed to manage the categories of the assortment that meet a certain market niche.

Figure 4: Family of Products Example

Many times, the merchandising organization alignment drives the defined hierarchy and reporting. Once created, the result is a single vision and management structure for the business.

ITEM MASTER FILE

Every business has an item master file. This is the portfolio of parts that the business will sell. Included in the item master file are product images, product dimensions, product names, and product descriptions to name a few. It is the “bible” of products for the business.

The selection of the right parts to sell is a part of the assortment planning activity of the business. Once selected, the business engages in the necessary processes to make the part available to be bought and sold. Managed correctly, this process is a mere formality.

Developing the internal product name should be structured and deliberate. There are two (2) distinct methods for accomplishing this task. Each has merit.

The “IT way” empowers the system to create a random part number for each new part. The power of this approach is its ability to never a duplicate part number in the item master. The downside of this approach is two connected parts will never be combined unless attributes tie them together. It solves a fundamental item uniqueness issue.

Figure 5: Managing Data with Precision is Critical in Managing Data

The second is the “Functional Readable” method imbeds logic into the part number helping the team understand the product key features: Family, Class, and/or vendor. This method helps the business at large find parts without needing additional information. It puts more burden on the item creation process to ensure no duplicate parts are created.

As you can see from the above descriptions, the selection on the method that would be selected depends on your perspective within the business. The more customer centric you are within the business, the more you want the part number to help you select the right product. Further, once trained it helps your customers request the right part from you with ease.

With the product name created, the attention moves to the description for the item. Many online marketplaces are struggling with creating a consistent description for products. Using item attributes, the business can select the product item details that are most meaningful in developing a description that is helpful.

Many retailers have failed to recognize the value in the product description. They have been “sloppy” in selecting the right product attributes to describe goods and relied on manufacturers to select the item components that best describe the product. Taking control of this process helps you educate your customers on the product specifics that are important in selecting the item.

Many people have created online product selection using attributes. While this provides maximum flexibility for the user, it fails to contain the attributes for a particular part that differentiates the items. Develop a process that limits the information to the details which are unique helps the customer in the decision making process.

Managing data and presenting it to the customer in a way that aids in the buying process can create an experience that your customers will value. Recognizing the power of this process can help differentiate you from your competitors.

IMPACT OF OMNI-CHANNEL

I was sitting on the couch this past weekend when my son talked to me about the new Amazon product that allows you to hit the button and automatically purchase everyday essentials. He was excited because no longer did he need to go to the store to get these items, but Amazon would deliver them on demand to his apartment.

Figure 6: Amazon Dash Board Products

This concept now opens up the door for 24 hour a day, seven day a week shopping. This means one can shop when they want to rather than when the store is open. Gone are the days of grocery lists. Welcome the day of instant need identification where the provider ships to your door.

This is changing the retail paradigm. Retailers are now being judged on the speed of the supply chain rather than the scope of the supply chain. With this new environment, the choices are even greater than they are today.

This will put retailers in direct competition with their distributors. Knowing the part number being ordered, customers are no longer bound to their local market. They can shop the best price anywhere in the marketplace and have it shipped to their door.

To respond, providers will have to have the ability to ship any available product, from any location, as quickly as possible. Termed omni-channel, this new approach will unleash the power of inventory to support all customer requirements. This comes at a great internal price, however.

To survive this ship, the retail organization will have to work as a single unit to manage inventory and sales projections. Gone are the days when inventory is segmented to satisfy a particular part of the business. The retail team will have to read the “tea leaves” collectively to manage the inventory and customer satisfaction.

At the same time, customers will need help to wade through all of the choices being provided. The more the retailer can do to make the process clear, simple, and easy will help them gain top position.

IMPACT WRAP-UP

As the retail market works to get its hands around the new customer requirements, distributors and retailers must recognize the information share dynamic that will impact how they do business. The lines between retailer and distributor are blurring and data management regarding part information will be critical.

In the past few articles, we have discussed the key product naming issues:

- Manufacturer Part Number
- Distributor Part Number
- Retailer SKU Number
- Product Description
- Customer Selection Data Management

To survive, sellers of goods will have to be crisp on price, clean on experience, and quick in responding.

As the pace of retail quickens, the costs the customer will pay continue to fall. The market is developing an expectation in shopping experience as though you are shopping in the store and the products will arrive to your home by the time you would have travelled home.

Figure 7: Customers Shop and Talk Using All Means

Are you ready to compete? Have you spent the time to manage your parts data so you are ready to win?