

# Inventory Visibility across Channels

Retail Practice Head

**Sunil Bajaj**

[sunil.bajaj@aspresys.com](mailto:sunil.bajaj@aspresys.com)

Author:

**Bhargavi Seshadri**

Research Analyst



Omnichannel, as a retail strategy, with its customer-centricity has proven to be the model of the future. Its adaptation has transformed several facets of the business at various levels, especially in inventory management. At its core, Omnichannel retailing was designed to ease customer's shopping experience by expanding their choices and maximizing the availability, a condition that demands impeccable inventory management.

While the aim of Omnichannel retail has a larger trajectory than to be a tool for inventory optimization, its scope really revolutionized the way warehouses and stores interact as a part of everyday business. As Omnichannel retail puts the customer at the center of its universe, a robust framework that connects the entire enterprise and projects a uniform inventory visibility all over has become a necessity rather than a luxury for the retailers.

## WHY SHOULD THE RETAILERS CARE?

A 2016 consumer trends report by Kibo titled "The Digitally Demanding Customer" offers incredible insight on how the Internet has shifted the world of commerce. The survey conducted with over 3000 consumers across the US and UK reports the following observations on the importance of an efficient inventory management in an Omnichannel ecosystem:

- Over 60% of the respondents were willing to seek another retailer if a brand isn't able to offer their preferred method of product fulfillment.
- 2/3rd of the customers reported that they are less likely to buy from retailers who are unable to confirm product availability and 1/3rd are less likely to buy from brands without an in-store pickup.
- Only less than 5% of the survey population answered that they would avoid digital methods completely for shopping.

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The analysis of the report not just highlights how the increasing population demands their favorite retailers to listen to their shopping needs, but also emphasizes that those retailers should not just stop with extending their services in several channels. For the brands that are struggling to bridge the worlds, the major part of the solution to their implementation problems lies in learning from within; in understanding their audience, their market and most importantly their inventory management infrastructure.

## ALL IN A DAY'S WORK

A typical Omnichannel customer may or may not have a particular requirement in their mind, but either way they would start with a random search for that product online, usually in their hand-held device. Given the competition, they are most likely to find what they want and would proceed to narrow down to one particular retailer who they think would fulfill their request. They confirm to proceed with the said retailer by assessing various factors like the value of the brand, discounts they offer, effectiveness of their interface etc. but the ultimate deal-breaker would be when the customer discovers that they don't have at least two feasible options to procure the product: a standard door delivery system and/or a choice for the customer to pick it up from their nearest retail outlet.

While the outcome of this process can sway either way, a failure is more likely to occur when the brand is not able to bridge the gap between the customer's need and the product's availability effectively. In an ideal Omnichannel world with a uniform inventory visibility capability in place, a typical background operation goes like this:

- ➡ The retailer would first map the product with that of the current location of the customer.
- ➡ Next step is to ensure sufficient availability in the store. If not they initiate transfer from another warehouse or store (maintaining a reserved inventory buffer).
- ➡ Once that is verified they will confirm the order, mode of delivery and provide a time for the customer to pick it up or for the retail store to deliver.
- ➡ All these operation have to done while constantly updating the corresponding systems to give the rest of the world a realistic view of the stock.

This art of managing the Inventory visibility across the enterprise will make sure that gaps are closed and uniformity is achieved, not just in the local level but even across the boundaries. A universal visibility is achieved within the organization by establishing a comprehensive inventory visibility solution framework and making sure that a single inventory view is available to all the stakeholders with efficient real-time inventory tracking tools and order management systems in place.

Though the working of this framework sounds too good to be true, brands that are serious about conquering customers the Omnichannel way are making sure that they leave no stone unturned in building that framework. For example, when Macy's realized that over 15 to 20% of their inventory is comprised of goods that were being marked down or left unsold at the stores as "last unit", they resorted to an Omnichannel solution to increase the visibility at all levels. As a part of solution, they launched the [Pick to the Last Unit" \(P2LU\) program](#) that uses Radio Frequency Identification (RFID) to map all their products across their stores till the last item in stock. The [result](#) was a reduction of a staggering \$1 Billion of inventory from its stores.

Macy's was one of the earliest retailers to use Omnichannel solutions to refine their inventory management strategies and their CEO Terry Lundgren [believes](#) that Omnichannel is all about "inventory optimization through technology". As the world grows more open and connected, more brands feel that they need an Omnichannel head start to go global and beat the local markets to truly establish themselves.

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Yes, the challenges in the way are overwhelming and yes, the process may get overbearing for the teams to manage but the success in building an intelligent system to address the inventory needs is surely a stitch-in-time solution to hold together the entire brand in racing ahead of the competition. As with every other system in place, success in a brand's Omnichannel strategy can truly happen only when it is willing to transform their infrastructure from within.

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SINGAPORE  
+65 3163 3050

NORTH AMERICA  
+1 630 368 0970

EUROPE  
+44 203 170 6115

INDIA  
+91 44 6740 4000

MIDDLE EAST  
+971 50 658 8831

For more info contact  
[info@aspiresys.com](mailto:info@aspiresys.com) or visit [www.aspiresys.com](http://www.aspiresys.com)

