

How the IoT improves retail inventory management

Why retailers can't do without real-time inventory management

Efficient inventory management is the key to retail success. Efficiency means having just the right amount of inventory – not too much and not too little. Inventory adequacy is of utmost importance in the era of Omnichannel, which is indisputably the future of retail. To achieve omnichannel success, transparency and accuracy in inventory management systems are imperative.

Omnichannel allows customers to look at an item online, and then proceed to the nearest store to look at it. They can then again check their mobile phones for the best possible deals. More and more stores now offer 'buy online and pick up in-store' options. As a result of these choices, the actual sale may happen in-store or online and retailers need to prepare for both scenarios.

Lack of visibility into real-time inventory poses a problem for not only your customer but for your business as well. When shoppers add an item to their cart and then find that it is out of stock at checkout, they will abandon their cart and be annoyed with your store. To prevent this, online retailers need to show shoppers the stock availability for each product. By doing this you have another added advantage - shoppers have a tendency to quickly snap up a product if they find that it's going out of stock. On the other hand, if you are out of stock, real-time inventory visibility makes it possible for you to tell your customers how soon they can expect the particular product to be available again.



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Inventory Visibility

A study by Zebra Technologies states that 72% retailers plan to reinvent their supply chain with real-time visibility enabled by automation, sensors, and analytics based on IoT technologies. The same study claims that “nearly 96% of retail decision makers are ready to make changes required to adopt IoT” and “67% of respondents have already implemented IoT and another 26% are planning to deploy within a year.” According to the RFIDJournal.com industry inventory accuracy hovers at about 65%. This percentage needs to be higher to achieve retail success. Utilizing RFID platforms can “boost inventory accuracy to 95%, while out-of-stocks can be reduced by 60% to 80% with item-level RFID tagging”. RFID tagging also has the added benefit of being an efficient anti-theft mechanism. With their pulse on the future, stores like Target and Macys have already begun investing heavily into RFID.

Inventory Analytics

The IoT offers much more than RFID and beacons. It also brings with it a host of real-time analytical capabilities. Data gathered from sensors, devices and even social media can be integrated with cloud-based Business Intelligence systems. This helps retailers gain in-depth insights into customer behaviour, that too in real-time. With real-time inventory analysis and insights, your business can move forward from just keeping track of erroneous inventory management decisions to foreseeing inventory issues before they turn into major problems. Inventory analysis can be used to enhance Material Resource Planning Systems by turning them into proactive tools. Being cloud-based, it is affordable and rapidly executable.

IoT enabled Real-time inventory insights



Looking into the future

It is estimated that IoT powered real-time inventory management systems can soon help retailers figure out

- Products that are in high-demand and likely to stock out
- Sizes and colour that would sell faster
- Styles are most in demand with a high degree of localization
- The exact loss of revenue due to overdue orders
- Suppliers who will be quick to respond with replenishments
- Each day's real optimum replenishment time
- Ways to prevent loss in revenue because of shoplifting

Perhaps that is why almost 96% of retail decision makers are ready to adopt IoT. If you are looking at future-proofing your retail business with IoT enhanced real-time inventory do drop us a line and we'll get back to you.

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