

# What Retailers Need for Omnichannel Inventory Management

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## Digital Workspace

As the industry adjusts to new customer expectations, centralized systems for tracking products are crucial.



by

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One of the lasting impacts social distancing guidelines will have on the retail industry will be the shift to omnichannel operations. Customers had to adapt their shopping habits when many in-store experiences were limited by the pandemic, or even eliminated altogether. Dressing rooms and sales associate recommendations were replaced with delivery options and systems to pick up online orders.

While many of these restrictions have lifted, the convenience these alternatives brought will still be a customer expectation moving forward. A permanent implementation of these services requires a long-term shift in operations for retailers of all sizes.

Fulfilling in-store, online and mobile orders at the same time requires new systems, particularly in the area of inventory management. For retailers to continue to meet the expectations of their customer base, they will have to adjust their inventory strategies.

## New Retail Era Needs New Inventory Management

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Social distancing requirements paved the way for digitally native tools in retail, according to branding consultant Denise Lee Yohn.

“Investing in some of the unique capabilities of digital — including real-time inventory management, predictive analytics, AI-powered search, and personalization and co-creation functions — can create completely new and different shopping experiences,” she writes in the *Harvard Business Review*.



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Real-time inventory management is key to enabling an omnichannel retail experience. Retailers need systems that can stretch across locations, platforms and technologies. Failure to keep up with orders and inventory will cause organizations to fall short of expectations, ultimately costing business.

Predicting patterns in order to properly stock supplies is another challenge the pandemic exposed. IBM's Supply Chain Blog notes that demand forecasting became increasingly complicated as customers clamored for products via different channels. This revealed a weakness in traditional inventory methods.

## Systems for Building Effective Inventory Management

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The ultimate goal of a modern inventory management system is real-time visibility. Agility is key during a time when retailers may not know where the next demand will come from.

“A real-time view of inventory across store locations, warehouses, and in-transit enables retailers to identify mismatches between demand and inventory availability faster,” IBM notes.

Systems must be able to track an entire inventory process. According to NetSuite, this should start with the creation of a centralized record of products, then move through location and price tracking, all the way to assessing key performance indicators.

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When creating a system, integration is key, according to a ShipStation blog. “It doesn’t matter if you fulfill every purchase using store inventory. In-person transactions and online orders still impact stock differently. And if you choose to have your merchandise spread across multiple locations, a single source of inventory truth is especially necessary.”

## Technology for Inventory Management Systems

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Executing these integrated, real-time systems requires technologies working together to deliver the most comprehensive solution.

One element is a solution that can alert users instantly when inventory is overstocked or low, according to IBM.

“With demand shifting across store locations, retailers can monitor inventory levels and reallocate inventory to locations where demand may be higher,” the blog notes. Having built-in artificial intelligence can also help predict needs within channels and locations, allowing retailers to properly prepare.

When it comes to tracking inventory, radio frequency identification is a valuable tool.

“Out of the box, RFID can provide highly accurate information about where an item is in the supply chain, such as on a truck or in a specific store, and where to find it in the store,” notes a report from McKinsey. “This helps store managers plan and adjust staffing based on quantities and the timing of truck arrivals and improve pick timing for online orders, store replenishment, and customer requests.”

By accurately tracking products, leveraging tools like AI and integrating data into a centralized system, retailers can build an inventory management strategy to power a new era for the industry.

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