



Sell more. Stock less.
How to make your inventory work harder.

fluentcommerce 
order management. accelerated.



Stockouts are preventing our customers from buying more

We have stock stuck in various stores

Retailers are drowning in inventory

That's how industry analysts, business media and retailers are describing the current surplus of inventory, a softening market and the struggle to keep inventory data up to date. With inventory levels, hitting a 10-year high, this isn't surprising.

Ongoing supply chain hold-ups in recent years resulted in retailers over ordering stock. Many of them remain stuck with that excess inventory. In addition to that, the decline in consumer confidence and rising living costs don't bode well for retail throughout 2023.

What started as a gap between inventory growth and sales growth is fast becoming an abyss, and retailers are desperate not to get swallowed up.

The good news? There are many ways retailers can get the most out of their inventory. Here are some tips to sell more, without stocking more. And it doesn't involve discounts.

Consider these following strategies as an alternative.



"56% of retail executives say they expect an inventory hangover following the holiday period."

- (KPMG survey, September 2022)



01 Pop Up Distribution Centers

Are you getting the most value possible out of your stores? Can you ramp up their fulfillment capacity and use them as mini-distribution centers? Even if it's only temporary?

This is a much faster, and more cost-effective option than finding new warehouse space. You can choose specific stores that are best equipped to handle orders. It will allow you to fulfill online orders from your entire pool of inventory. You won't miss any more sales due to stock being stuck in a location where online customers can't access it. That way you can sell more at higher margins, and deliver faster while mitigating risk at the same time.

To enable Ship from Store, you need a powerful order management platform that can support real-time inventory updates at scale. One that also supports the in-store tools your employees need to ensure an efficient pick-and-pack process. It should also provide you with flexibility, so you can choose which stores to ship from and when. Finally, it gives you control over capacity, so you can limit the total orders per day by store, or cap the number of open orders per day.

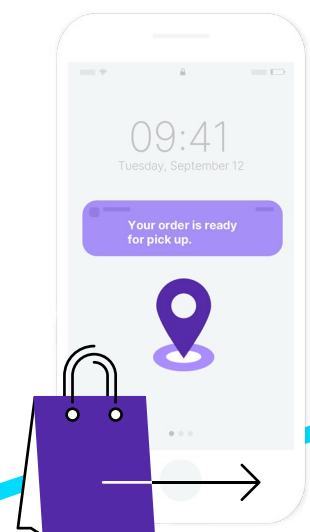


02 Get more customers in stores

Can you offer your customers the option to Click & Collect? If so, can you provide incentives to entice them to choose this option more frequently?

When using online sales to drive traffic into physical stores, our customers have found that the basket size increased significantly via strategic upselling in store.

Also, consider investing in training your staff on pick and pack processes as well as upselling techniques. This can



result in increasing sales as well as decreasing your cost to serve. It also takes the pressure off your warehouses and reduces delivery costs.

03 Optimize fulfillment locations

For retailers, extracting maximum value from each order is always top of mind. Now, with consumers looking to spend less than in previous years, it's more important than ever.

Adjust your sourcing strategies to balance your inventory. Ship items from the location holding the most inventory, or oldest inventory. Or ship from the store with the lowest sell-through rate, or highest in-store markdowns.

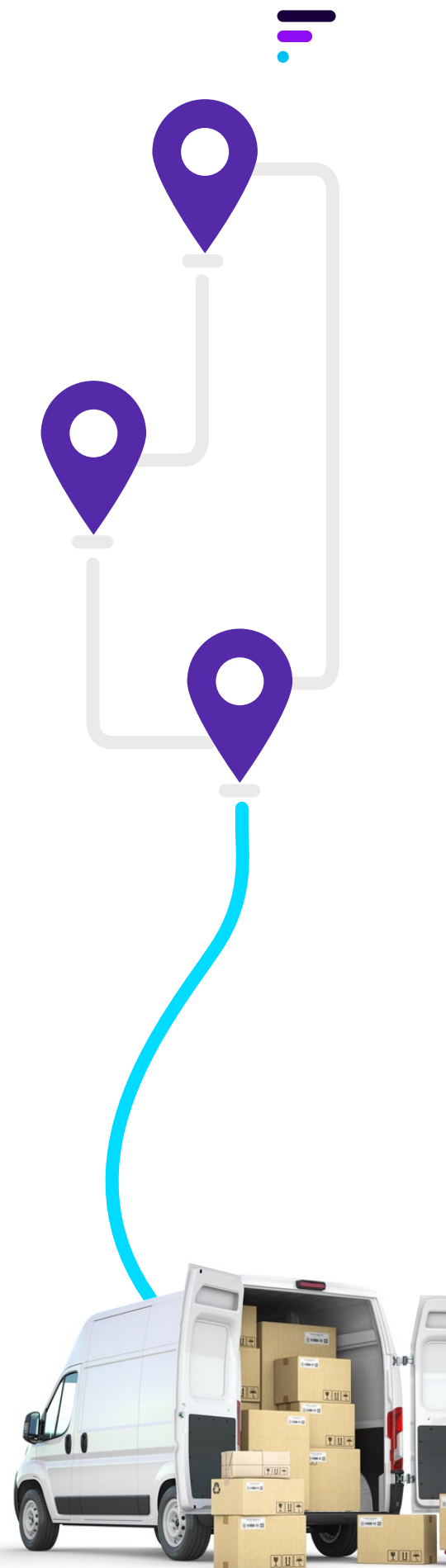
These are two examples of alternatives to sacrificing margins by selling them at clearance prices. If an item isn't selling in Store A, send it to a store where you know it's selling well. Or, use Store A to fulfill online orders for this item.

By fulfilling online orders from strategic locations, you can help keep margins higher. Freedom Australia has used the ability Fluent Order Management has given them to sell from the ideal location and drastically reduced order fulfillment costs for each order.

This strategy works for seasonal markdowns, too. For example, stores may have markdowns available in specific physical locations. But when you fulfill online orders from store stock, you can sell these marked-down products to customers in any location.

04 Reduce Underselling

We know Overselling is a big problem. Avoiding the particular rage that a customer feels when they buy an



item online only to have it canceled straight afterward is key to retaining customers. But underselling items to prevent it from happening isn't the answer. Knowing what you have available to sell not only improves the customer experience, but your bottom line as well.

The lack of accurate and real-time inventory visibility is a problem that is multiplying across retail right now. And it is more important than ever to fix it.

Real-time inventory enables you to track all your stock across all your locations. It gives you an accurate and reliable view of what's in stock, what's being processed, or what's ready for pickup or shipment. You can even set safety stock levels for popular items to prevent overbuying. Helping you to reduce overselling and underselling.

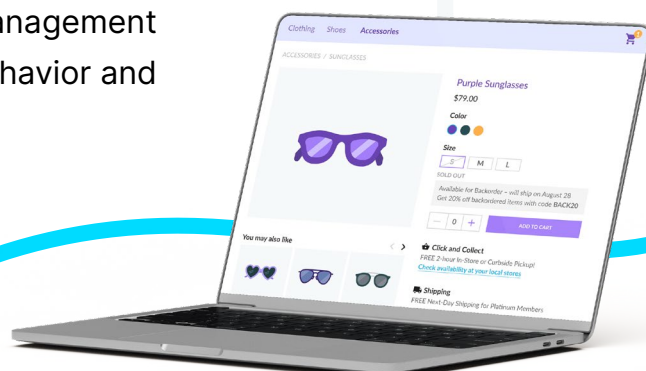
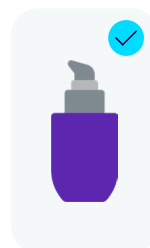
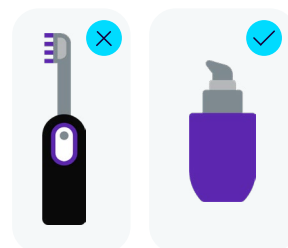
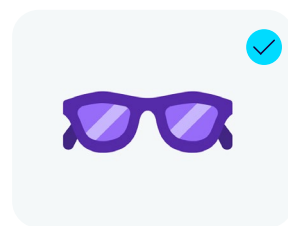
05 Use Virtual Inventory

Virtual inventory gives you control of what is sold in each channel or region - virtually.

You can create virtual pools of inventory, segmented in many ways. By channel, market, region, and/or product. You can even include inventory rules such as safety stock levels or exclusions.

You can isolate a part of your inventory for online orders only and reserve the rest for in-store traffic. Or you can aggregate all stock, including store stock, and make it available to sell online to reduce stockouts.

With even more stock arriving at the beginning of the year, retailers need to sell inventory, not buy more warehouse space to store it. A powerful, flexible order management system enables you to respond to customer behavior and sell in any channel, market or region.



06 Dropshipping

Dropshipping is a fulfillment strategy that saves money and space, without losing sales.

It gives retailers the ability to fulfill orders without keeping products in stock. Instead, they make the sale and pass it to a third-party supplier to ship the product to the customer.

Dropshipping offers many benefits to retailers. If something happens to your warehouse, you can ship items from elsewhere. It also offers a safeguard against any unexpected changes in demand or pricing.

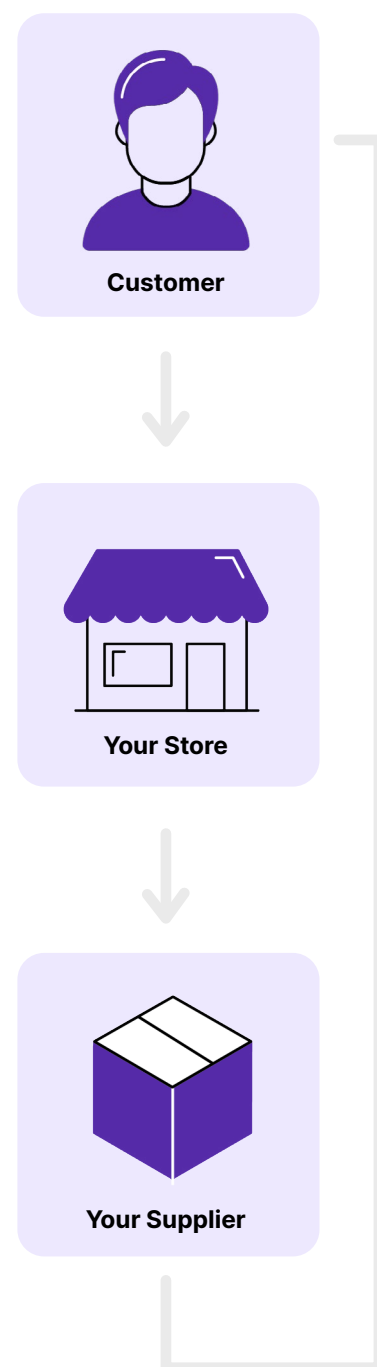
Dropshipping with improved visibility through distributed order management can help retailers respond faster. With the ability to avoid massive discounting and unloading inventory onto third parties.

Sell more, without ordering too much stock

There are many causes of overstocking. Overcompensating for supply chain issues, the desire to avoid out of stocks (OOS), limited or inaccurate inventory visibility, and poor forecasting are some of the main culprits.

Earlier, we outlined the steps to take to cut down OOS' by having a real-time view of inventory. But we also need to consider how to improve forecasting to avoid getting back to a point where inventory is weighing you down. Forecasting true demand shouldn't only rely on sales data from previous years. Taking into account intent data such as browsing behavior will be crucial to ordering the right amount of stock you will need to fulfill that demand.

It is also important to note where orders are being made from (as opposed to where they are fulfilled from) to understand where the true demand is. This enables





you to distribute stock more accurately and optimize replenishment orders.

Not Quite There Yet?

Not all retailers have the tools or capabilities in place right now to apply all of these strategies. For them the best way forward might be to liquidate as much of their current excess stock. They can then strategically re-invest the resulting cash flow in a more sustainable way of managing inventory, fulfilling orders and forecasting demand to make the dreaded “inventory bloat” a thing of the past.

About Fluent Commerce

Fluent Commerce is a global software company focused on distributed order management for commerce. Both B2C and B2B organizations rely on their cloud native, highly flexible and fully scalable distributed order management platform to transform fulfillment complexity into a competitive advantage. Fluent Order Management provides accurate and near real-time inventory availability across multiple locations, order orchestration, fulfillment optimization, fulfillment location management, in-store pick and pack, customer service, and reporting. This enables retailers, brands, and B2B organizations to fulfill orders profitably while delivering the best customer experience possible.

Fluent Commerce works with organizations such as JD Sports, L’Oréal, Prada Group, Ted Baker, Aldo, LVMH and Dulux.



Want to know how to make your inventory work harder for you?

Yes, tell me how!



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