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BIGCOMMERCE Omnichannel Inventory Management



A customer orders a product on an ecommerce website and the product is quickly delivered to them. Pretty simple, right? To the customer, it is. Behind the scenes, though, there's an elaborate process that must be followed to ensure that the customer gets what they want, how they want it and when they want it. Inventory tracking used to be fairly simple — you count the products you have on hand. However, as the way customers interact with retailers have expanded and become more complex, so too has the supply chain.

Taking inventory by hand is out. Omnichannel inventory management — tracking inventory across all sales channels — is in. This could mean a brick-and-mortar location, online store, social media or any other platform where sales are made. Customers are expecting it now and 72% of retailers intend to provide it.

Omnichannel inventory management is turning from something that's nice to have to something that is a must have, enabling companies to forecast demand and avoid stockout situations.

How to Get Started with Omnichannel Inventory Management

The initial setup takes careful planning and a thoughtful approach. It starts with a centralized inventory management solution. From there, an omnichannel inventory management approach is much easier to implement.

Determine where your inventory exists across your network.

Inventory may reside in multiple locations or in multiple stages of production. It's difficult to accurately collect inbound, transfers and multi-location inventories. It's even more difficult to get full visibility. Inventory solution providers should be able to assist in this step and enable organizations to make strategic, data-driven decisions. This level sets where your inventory is and how ready products are to ship.

Choose how you will source your products

Will you be manufacturing your products yourself or will you be outsourcing production? This will vary widely by company and industry, but regardless, raw materials, parts or finished products must be tracked and accounted for within your inventory.

Decide if you will implement an inventory management solution.

This is a significant step, but a requirement for businesses with complex logistics. The initial setup is challenging — as any order management solution that spans a large part of the organization will be. However, the short-term pain is worth the long-term gain. Analyze if your business can continue growth without inventory management. Are your current processes scalable? Can you handle a sudden increase in demand? What are you doing manually that can be automated? What can you do with the time saved through automation? Businesses have plenty of questions to ask themselves before investing in a solution. There are direct and hidden costs that must be accounted for whether you elect to implement a solution or not.

Assess different vendors that fit your business needs.

You should have a full understanding of what your needs are, now and into the future. How will it fit in your larger tech stack? Is it scalable? Can it account for all sales channels?

Benefits of Omnichannel Inventory Management

For ecommerce businesses and business owners, effectively managing inventory through one channel is difficult. Doing so over multiple channels is even more so. Trying to do so manually or with a siloed digital solution only leads to mistakes or inaccurate data. A quality omnichannel retail operation needs a single source of truth to serve as the centralized data hub for the organization.

Increased productivity

One of the inherent benefits of automation is removing burdens from staff, freeing them to do more impactful work. Omnichannel inventory management is no different. Manual processes or spreadsheets are replaced with technology-powered management that is updated automatically is faster and provides more complete data.

Decreased costs.

There are direct and indirect cost savings involved. The direct costs come with increased efficiency of processes and employees. The indirect costs come from reductions in errors that impact logistics, all the way to the customer.

Improved margins.

Improved inventory management won't impact the costs of goods or materials, but it will impact how much it costs to move them. This is a quick and easy way to get more value from products, without impacting the product itself.

Barriers to Omnichannel Inventory Management

Implementing an omnichannel inventory management system involves a lot of moving parts. There are products and processes that have to sync together, all of the time. The benefits outweigh the challenges, but these challenges must be addressed.

- **Segmented supply chain processes.**

An omnichannel approach needs connectivity — something a segmented supply chain is inherently opposed to.

Siloed supply chains lead to gaps which lead to issues with order fulfillment, such as incorrectly advertising out of stock items or delivery delays.

- **Lack of inventory visibility.**

Inventory visibility means accurate data. Without accurate data, you're starting from a false place and the foundational work you're doing will be flawed. This is arguably the biggest barrier to an omnichannel inventory management strategy and stretches across all parts of the supply chain. It can even impact scaling and expanding into new channels, which bad data will negatively impact as well.

- **Order accuracy.**

Accurately displayed inventory is critical in establishing customer trust, for new and returning buyers. Accurate data gives faster dock-to-stock cycles and gives customers the product that they want within the expected amount of time.

This requires good data, of course, making it highly difficult to implement an omnichannel inventory management system without.

- **Order tracking.**

Modern online shopping has changed customer expectations, who now expect real-time data and to be able to see where orders are on the journey from warehouse to their mailbox. It's now a requirement to include as part of the fulfillment process and must be considered when integrating a new platform.

- **High inventory storage costs.**

Omnichannel inventory management needs smart inventory management that avoids wasteful dead stock and higher storage costs. Smart demand planning that feeds into inventory levels helps negate this and helps ensure that margins meet expectations.

Technology

The real backbone to an omnichannel approach is an inventory or warehouse management system. Omnichannel cannot be done manually. With an automated technology solution, every process is streamlined. Order fulfillment is synced across channels at the same time. Inventory data is made available in a robust set of reports so you can make better stocking decisions.

Ways to Optimize Omnichannel Inventory Management

Omnichannel inventory management platforms are not fire-and-forget solutions. They require iterative upgrades and refinements and, really, will never be in a final state. Optimization and maintenance will continue as long as the system is in place.

- **Integrated supply chain.**

The inventory management solution should be expanded beyond just the supply chain. It should also integrate accounting, channel management, shipping and other solutions to create a truly holistic platform that works with the entire organization. The end result is a tight, efficient process in which siloes are eliminated and inventory data serves the entire enterprise.

- **Maintain true visibility.**

More than 30% of businesses have experienced situations where they sell items they showed as in-stock but were not able to be located within the inventory. That does not lead to happy customers.

To avoid this, true visibility into stock levels must be maintained and shared with all sales channels for real-time transparency of what's available and what isn't.

- **Improve your return policies.**

A clear and fair return policy enhances the customer experience and makes them far more likely to become

first-time or repeat buyers. For example, 84% of consumers say they would not shop with a retailer again after a negative returns experience. This may have a short-term negative impact, but the long-term loyalty and customer satisfaction outweigh it.

- **Encourage in-store returns.**

In-store returns — or pick ups — cut into some of those return losses, enabling the customer to get immediate refunds and the business to avoid shipping and restocking costs. There's the added benefit of an additional customer touchpoint while in the brick and mortar store, offering an additional selling opportunity.

- **Stock inventory across locations.**

Scaling business means scaling logistics as well. Supply chains that grow beyond a single distribution hub respond to demand forecasting, but this can only happen with a centralized inventory management solution that brings all distribution centers under one system.

- **Create a customer satisfaction contingency plan.**

Clearly communicating shipping, return and exchange policies are key to maintaining good customer satisfaction metrics. Information on returns should clearly show shipping methods and delivery dates.

Exchange policies should be transparent. Communication must be unambiguous.

The Final Word

As customers continue to control the method in which they receive goods from retailers, it's critical that retailers match where those customers are looking. It's no longer viable to provide one outlet for purchase. An omnichannel approach is imperative for sustainable growth and impacts the bottom line. With the right solution and a transparent customer service experience, ecommerce companies can build an optimized omnichannel inventory management software platform built to last.

Growing your high-volume or established business? Start your 15-day free trial, schedule a demo or give us a call at 1-[866-581-4549](tel:866-581-4549).

FAQs

About Omnichannel Inventory Management

- **What is omnichannel in the supply chain?**

Omnichannel supply chains still use a single platform, unlike multichannel, but the number of sales channels expands. With omnichannel strategies, there is a single SKU for an item, but that SKU may be available for online orders on different channels (like eBay or Amazon) or online storefronts.


- **What does omnichannel really mean?**

For ecommerce, omnichannel experiences means providing a consistent brand and purchase experience across multiple sales channels. It optimizes the selling experience by diversifying channels, while providing the buying experience customers expect.





- **What is the best way to manage inventory?**

Companies should use an omnichannel inventory management solution that brings legacy and new systems under a single platform. This provides the best quality experience and future-proofs the company in case of significant expansion.

Documents / Resources

	BIGCOMMERCE Omnichannel Inventory Management [pdf] Owner's Manual Omnichannel Inventory Management, Inventory Management, Management
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References

-  [84% of shoppers will reject retailers that deliver a poor returns experience - InternetRetailing](#)
-  [Start a Risk-Free Trial \(No Credit Card Required\) | BigCommerce](#)
-  [BigCommerce Enterprise Demo Request For Pricing](#)
-  [Start a Trial | BigCommerce](#)
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