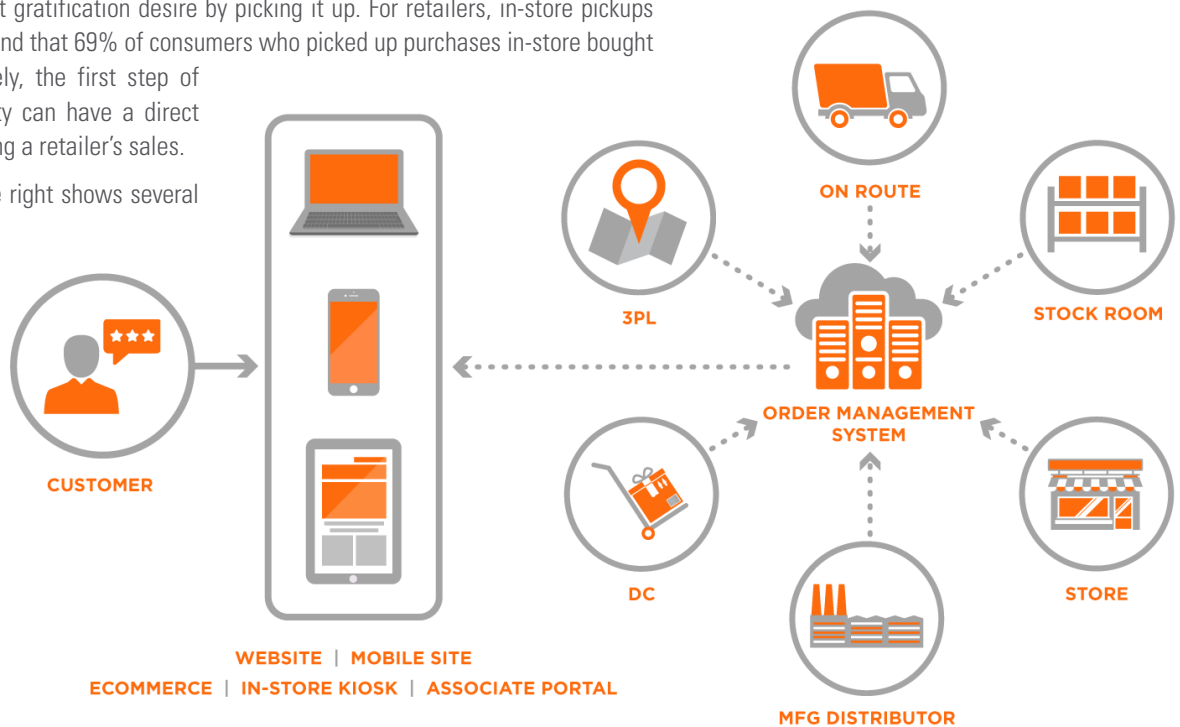# What is Inventory Visibility?

Inventory visibility provides details about the number of items that are in-stock and available to consumers and store associates. Better yet, it identifies stock levels at specific locations, like a nearby store. This information is conveyed online to shoppers, and is also available to point of sale terminals, and in-store kiosks. Inventory locations include stores, event centers, stock rooms, distribution centers (DC), third party logistics (3PL) firms, distributors, and drop shippers.

Visibility into stock availability is a core part of the omni-channel retail strategy. When a consumer finds what they want online and knows where it is immediately available, it opens the possibility of picking it up directly at a store. In fact, Forrester found that 73% of consumers provided with stock visibility claimed they were likely to visit that physical location.[1] It gives consumers the flexibility to either order online and wait for a delivery, or to give in to their instant gratification desire by picking it up. For retailers, in-store pickups are advantageous. ICSC found that 69% of consumers who picked up purchases in-store bought additional items.[3] Effectively, the first step of providing inventory visibility can have a direct material impact of increasing a retailer's sales.

Visually, the diagram to the right shows several sources of inventory, which a good order management system (OMS) will consolidate. A robust OMS offers retailers the option to show a pooled view of inventory, and allows viewing thresholds to be set. Thresholds let retailers show only certain stock levels online, by location or for the entire brand.

CUSTOMER

WEBSITE | MOBILE SITE
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3PL
ON ROUTE
STOCK ROOM
DC
ORDER MANAGEMENT SYSTEM
STORE
MFG DISTRIBUTOR

Why Is It Important?

A main challenge in providing inventory visibility is to track the stock on hand. Detailed inventory management systems may exist for the warehouse. Yet, tracking what is on a particular shelf in one of dozens or hundreds of store locations, is a significant and dynamic challenge.

Next, there are the sheer logistic challenges of tracking multiple inventory locations. As shown above, inventory can reside in myriad stores, on multiple shelves or locations within each store, in stock rooms, the distribution center, at a manufacturer's distributor, at a third party logistics firm (3PL) or on a truck en route. Backend inventory management systems might do a great job tracking

bulk inventory at a warehouse; however, these systems are often only updated daily. They don't necessarily account for inventory across all channels, and seldom provide real-time inventory visibility to either a consumer or an associate.

Furthermore, inaccuracies with Point of Sales (POS) systems can often miss sales opportunities. For example, not all POS systems will account for verified returned items as available and sellable inventory. Items shipped to the wrong location in error can also fall between the cracks. For high demand, newly introduced products, or well promoted products — such errors can result in unnecessary margin and sales shortfalls.

How To Use Inventory Visibility?

Inventory visibility lets customers find the items they want to buy from a retailer. It also shows shoppers where to find stock of their item, should they want to pick it up from another location. It helps entice a consumer to purchase from your brand. Should a particular location be out of stock, inventory visibility lets retailers save-the-sale by showing where to find the item in question, or provide an online order option for delivery to the customer. Having a real-time view of inventory, across channels including third parties, and en route stock provides retailers with the endless aisle advantage. Inventory visibility means providing a service to the customer, and getting the order that may have otherwise been lost to a competitor.
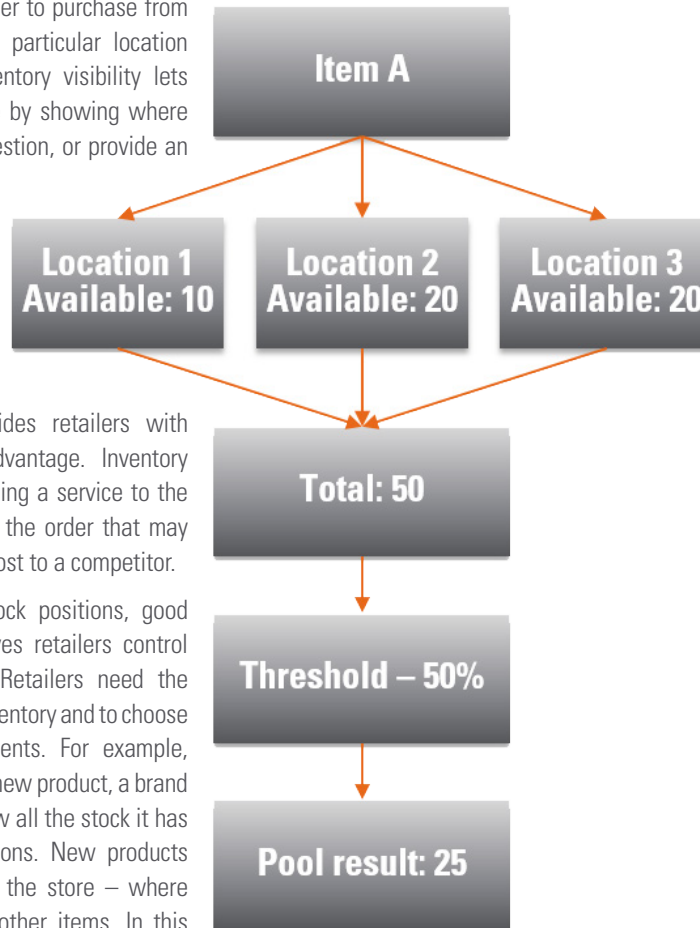
Beyond displaying stock positions, good inventory visibility gives retailers control over their business. Retailers need the ability to aggregate inventory and to choose what to show to clients. For example, when launching a hot new product, a brand may NOT want to show all the stock it has available at all locations. New products often draw clients to the store – where they might purchase other items. In this case, a retailer may want to set a threshold to only show and make available a portion of the full inventory for online purchasing. This is known as setting a 'virtual inventory position.' Flexibility here give retailers the ability to ensure physical stores will have enough stock for in-store purchases. The diagram above shows stock from three locations pooled and a 50% threshold set for online visibility. Retailers will want flexible thresholds to adjust levels for different times and seasons.

Full supply chain visibility is another important consideration. It is not just about on-hand inventory. Retailers may want to show inbound inventory. Doing so means a retailer can provide an available-to-sell or available-to-promise figure to clients and associates. Again, it means taking an order and capturing a sale, instead of a

Item A

Location 1 Available: 10

Location 2 Available: 20

Location 3 Available: 20

Total: 50

Threshold – 50%

**Pool result: 25**

Recommendation

Inventory visibility is a key component of the omni-channel retail solution. It lets customers see what you have, can provide an extended view into your distributor's inventory, shows where stock is located, and even lets retailers see and book orders against inbound shipments.

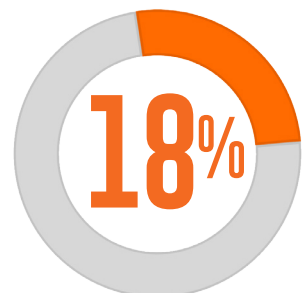Retailers should have inventory visibility capabilities which allow:

- Location based stock visibility
- Trickle (near real-time) or batch updates
- Visibility threshold control
- Inventory pooling abilities
- Supply chain / 3rd party updating
- Allows for available-to-sell / promise

73%
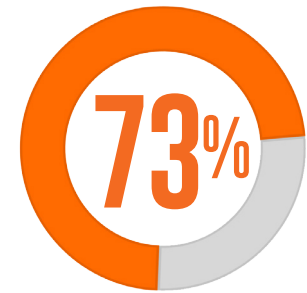
Clients stating they are likely or very likely to visit a store providing online stock availability[1]

32%
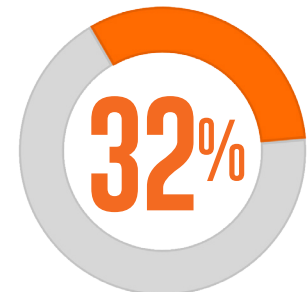
Retailing firms planning to make inventory visibility a priority within the next 12 months[4]

18%

Only 18% of retailers provide inventory visibility and can optimize order fulfillment routes across their channels[2]

Contact Us:

Connect with OrderDynamics for a quick demo or to discuss how it can help you!

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