

3 Benefits of Real-Time Inventory Tracking



Real-time Inventory Tracking In The Inventory Management Process

The idea of attempting to track your inventory in real-time might sound like more trouble than it's worth. In 2017 almost half of SMBs admit to still using manual methods to track inventory or don't track it at all.

After all, inventory is constantly changing. Do you really need to have full inventory control and know your exact levels at every second of the day?

Real-time inventory tracking can actually be a massive benefit, allowing you to make decisions with greater accuracy and confidence. Additionally, you'll be able to track progress toward meeting inventory-related metrics.

While understanding your turnover and fill rates in real-time can be helpful, there are several major business benefits of adopting an inventory management system that can track inventory changes in real-time.

This article will discuss three key benefits of real-time inventory management in

the inventory management process.



The Benefits of Real-time Inventory Tracking

1. Reduces Unnecessary Spending

Tracking changes in your warehouse inventory data in real-time will cut excess costs you didn't know you were incurring.

When inventory sits consistently in your warehouse, you're losing the revenue that you could be bringing in by selling it. You'll be more likely to spot cases of this if you are looking at real-time data to inform overall trends and buyer behaviors.

Real-time inventory management helps you avoid two expensive problems: dead stock and storage costs.

Dead stock is a product that has either expired or become irrelevant from sitting in storage over time. As its name implies, dead stock isn't able to be sold to customers. Businesses with too much dead stock risk are losing out on money they expected to receive.

This failure is due to ineffective inventory management. Managers likely didn't adjust their production of products to align with the demand for them.

Using a real-time inventory system would have given a good indication of that change in demand to empower better business decisions in supply chain management.

Like dead stock, warehousing costs can also creep upward if you aren't able to sell products you're storing at an appropriate rate. If your stock becomes challenging to sell to customers, you'll likely be charged greater rates for storage.

The best way to avoid this is to understand your inventory, effectively tracking turnover to guide decisions on the desired inventory levels for certain items.

Real-time inventory tracking with accurate inventory reports can provide your information on your stock as it moves in and out of storage.

That has major implications for those wishing to avoid dead stock and high storage costs to save money.

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2. Avoids Fluctuations in Inventory Levels

As mentioned above, real-time inventory tracking helps you avoid collecting excess stock in your warehouses. Of course, this can save you tons, but there are also other benefits to keeping your stock down via real-time inventory counts.

Excess inventory inherently means that you have less control to function nimbly as a seller. You aren't in charge of when it's purchased or the disadvantages you accept. Adopting a leaner system will allow a greater sense of control over your inventory.

Experts recommend adopting a just-in-time inventory strategy to heighten the accuracy and efficiency of order fulfillment. That involves only keeping inventory that's needed in the short-term in your storage facilities. Only holding what's immediately needed keeps costs down by avoiding excess stock.

The drawback to implementing this strategy is that it requires the company to have a very accurate understanding of their stock levels and customers' needs.

For instance, a company with too lean of an inventory will be overwhelmed by trying to most effectively utilize their stock to meet too great of a need and this can result in stock outs.

You shouldn't have to choose between paying to store excess stock and not being able to meet buyers' needs with too small an inventory.

It's important that you're able to anticipate how your inventory may fluctuate depending on seasonality and market demand for particular items to ensure customer satisfaction and optimal warehouse management.

Real-time inventory tracking can introduce you to inventory levels that change with season or popularity, helping you provide a consistent service.

3. Meets Customers' Fulfillment Needs

Consumers have come to expect a fairly predictable fulfillment experience. It's essential to their satisfaction that you live up to their expectations.

Due to the standards set by main players in the fulfillment industry, such as Amazon, customers expect to receive their deliveries on an accelerated timeline.

For instance, almost half (45%) of shoppers indicate that they're unlikely to order goods from a company if they deliver the package late. The expected delivery time after ordering? Just 2-3 days.

That standard raises the bar for smaller businesses hoping to compete in the e-commerce industry. In order to put your best foot forward in this effort, inventory management is a necessity.

Your goal is to ensure that consumers who order from you receive the same delivery experience each time they make a purchase from you. Real-time monitorization of your inventory can help you provide the consistent experience your customers expect.

Without a reliable inventory management software, you're likely to have too much or too little stock at any given time. Your delivery time relies on having enough product to ship out to buyers when the sales orders arrive.

If your stock is too lean, you run the risk of delaying your delivery with back-

orders. From there, it's likely that you'll lose business.

With a more consistent fulfillment service through the utilization of real-time inventory tracking, you offer consumers a better customer experience. That's likely to boost sales, earn loyal customers, and build a credible reputation for your brand.

Real-Time Inventory Tracking Provides Valuable Insights

Tracking your inventory in real-time through your inventory management system will yield countless benefits for your business.

For one, you're more likely to be able to compete with industry-leading fulfillment companies.

You'll be better equipped to meet delivery expectations while saving money and regulating inventory levels.

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