



Digital Commerce CX: The critical role of accurate inventory data

Why it matters more than you think



Customers have the power in today's omnichannel world. They're demanding. Their expectations are high. So it's essential you craft a positive CX to drive sales—and ultimately customer loyalty—which means you need to take a lot of factors into consideration. Product offerings, product discovery experiences, price, and digital or physical shopping journeys.

Customers now expect to shop how they want, where they want, and when they want. They have countless channels and options to do so: a search on Google, via social media, a marketplace, a third party retailer, or even directly on the brand's website. And they expect that when they search for an item and place that order it is going to arrive at their doorstep. When you told them it would. Or be ready at the store for pickup. [In fact, according to a 2022 survey, 43% of consumers expect that order to be ready within 30 minutes or less. And 52% expect it to be ready in 2 hours or less.](#)

Today, the reality is that the shopping journey is really complex. Customers are dynamic—and how they shop is situational. Their path to purchase one day will likely not follow the same the next. So the end goal is to make sure that no matter which journey your customer is on, they always have the best experience. But how often do you consider the impact of your inventory data accuracy on those journeys? Let's break it down.



CX Impact by Stage in the Shopper's Journey

Below is a detailed breakdown of both the CX impact and business impact of poor inventory data accuracy at each stage of the buyer's journey.

Shopper Journey Stage	Point of Engagement	CX Impact	Business Impact
Product Discovery	Social Ads or Search Ads (including local search or "in stock near me")	Your customer sees your ad. They're excited. They click only to find that the item is out of stock. They feel disappointed .	Your marketing department is spending money on ads for out of stock products, which will lead to a reduced return on advertising spend .
Product Discovery	Product Listing Page (PLP) or category page	Your customer wants to filter their search results based on what's available. This could be what's in stock to ship, or what's available at their local store. When they can't it takes longer to find a product that will meet their timeframe and they feel frustrated .	If customers can't apply these filters it creates friction in the buying process that can lead to lower online conversion rates .
Product Discovery	Product Details Page	<p>Your customer wants to see where and when they can get the item. This could include both regular and expedited delivery options, and where the item is available for pickup. What's more, they want to see how quickly they can pick it up from each location. When customers can't tell if they can get a product in time they can feel uncertain, nervous and frustrated. Even worse, if they visit your store that showed as in stock online only to find it's actually out of stock, they will feel disappointed and let down.</p> <p>What's more, sometimes customers want to visit your store to buy more than one unit of an item (think bolts, cabinet hardware, or shopping for twins). But they don't want to visit if there aren't enough available. When you don't provide quantity availability it can make them feel unsure and frustrated.</p>	<p>When customers lack confidence in your inventory availability it can lead to lower online conversion rates and reduced store visits.</p> <p>And if they visit your store, only to find an item out of stock, it can decrease future store visits or drive them to competitors.</p>

Shopper Journey Stage	Point of Engagement	CX Impact	Business Impact
Purchase	Online Basket or Cart	<p>Are all the items in your customer's basket available from the same location? If not, will that impact delivery or pickup lead times?</p> <p>Customers want to know if some items are going to be delayed. While not knowing may not affect them at the point of purchase, if one of the items is delayed it will make them feel disappointed and frustrated.</p>	<p>If you don't empower your customers to change their order so they can avoid delays it will result in a negative post purchase experience which can lower repeat purchases and reduce the lifetime value of the customer.</p>
Post Purchase	Canceled order notification	<p>Your customer placed an order, but then you couldn't locate the item. So you canceled the order. Your customer feels disappointed and frustrated.</p>	<p>Canceled orders not only lead to reduced sales but they also result in a negative brand experience which can lower repeat purchases and reduce the lifetime value of the customer.</p> <p>What's more, some customers will reach out to customer service, and thereby increase call center volume and costs.</p>
Post Purchase	Delivery	<p>Your customer eagerly awaits their order, but it arrives later than expected. In any regular situation your customer would feel disappointed and frustrated. But imagine the order was for a special event, a trip, a big game, a birthday, an anniversary. Now they feel like they've let others down too.</p>	<p>If you route an order to a fulfillment location, but it's not in stock and has to be rerouted to another location, not only does it mean an increased order rejection rate but it will probably result in a lower fill rate as well.</p>

What causes inaccurate inventory data?

There can be several underlying problems. Let's look at the three most common.

- **Trying to use your ERP to manage inventory availability data**

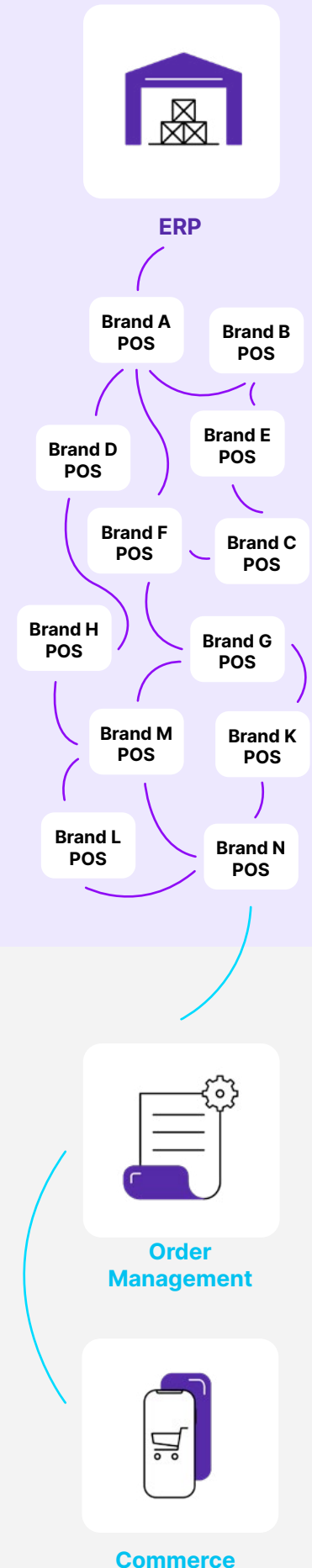
Your ERP is your inventory master. Your accounting system of record. It was designed to process financial transactions—something it's really good at. But unfortunately, it was not designed to consume updates from all your other back end systems, like Point of Sale (POS) and Warehouse Management Systems (WMSs) in near real time. Nor was it designed to respond to tens of thousands (or millions) of stock availability checks from all your digital sales channels. The way an ERP is built, it simply cannot handle both the volume and speed of the requests coming in. ERPs keep inventory static, not dynamic—the exact opposite of what is needed for modern commerce.

- **Legacy systems can only export big bulky files**

Inventory data changes.... constantly. But older systems weren't designed to 'talk to each other'. They can't send and receive real-time event streams. Instead, they can only export all inventory records as big bulky files which take a long time to process. Which means inventory data is always stale.

- **The high cost of custom middleware... that's still not very accurate**

While middleware is great, it's not very smart. It's designed to translate data from one format to another. Not apply smart logic to that data during processing. So one approach to moving inventory data from one system to another is to build a custom ETL (Extract, Transform, and Load) solution. But these solutions, often bespoke, typically only address basic use cases.



And they still typically follow a first in first out 'batch processing' type methodology, which reduces overall accuracy. What's more, they're notoriously expensive, both to build and maintain.



So now you know what causes it, how can you tell if your organization is afflicted?

3 signs you're suffering from inaccurate inventory data

Do you have inventory data accuracy issues? Here are a few tell tale signs:

1. Overselling, or a high canceled order rate

You take an online order only to find that the item is not in stock. So you have to cancel it. And leave the poor customer without the item they wanted.

2. Underselling due to out of stocks online

How often is an item listed as out of stock online when really you have it available somewhere? Often this is because a simple safety stock level has been set quite high to make sure you don't oversell. While this is great for protecting your customers from canceled orders, it also means you're disappointing them, and missing sales. Why would safety stock be set too high you ask? There can be several reasons. Maybe you don't have a system that lets you control safety stock at a lower level, like at the SKU-location level. Or maybe your ERP inventory data is out of sync with your POS transactions—so it's never accurate, and you need to increase safety stock as a buffer.

3. High order rejection rate which leads to lower fill rates

When an online order is routed to a fulfillment location, how many times does it get rejected and have to be rerouted to another location? A high order rejection rate often occurs due to poor inventory data accuracy. The result for the customer? Deliveries that arrive later than expected.



So what's the solution? The short answer is, don't use your ERP as your inventory availability master, nor middleware to apply logic to your inventory data. They are both jobs, that neither system was designed to do. So what's the ideal solution?

A distributed order management system makes all the difference

Wait. What? A distributed order management system? Isn't this supposed to be about inventory data accuracy? Yes, it is. One of the most common misconceptions about an order management system is people think it only does order orchestration and fulfillment optimization. But here's the catch. You can't actually optimize fulfillment if you don't know where your inventory is located. So the first job of any enterprise order management system is to provide you with accurate inventory data. How does it work?

- **Ingests inventory data at scale**

The first thing it does is consume all your inventory data. Like a vacuum attacking dust bunnies, it devours data from all your other back end systems with ease.

- **Intelligently processes the data**

Unlike basic middleware, an order management system has a brain. It can store and apply logic to the way your inventory data is consumed so it's processed optimally.

- **Lets you virtually segment inventory**

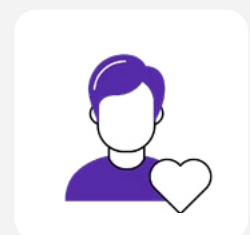
With an order management system you can create virtual segmentations (or logical groupings) of inventory data for each digital sales channel, market, or region (and apply different safety stock rules to each) so you can configure what you sell where.



Process inventory updates at scale



Reduced canceled orders



Improve customer satisfaction



- **Gives you full control over your safety stock buffers**

An order management system lets you set optimal safety stock levels—down to the SKU-Location level. This means you can go way beyond just setting a blanket safety stock level at the category or location level to prevent overselling and canceled orders. Which is a good thing.

Because typically these levels are set too high for most products, which results in underselling and leaving money on the table. Whereas safety stock at the SKU-Location means you can increase it for SKUs that move faster, and set it lower for slower velocity items—which on some products can vary a lot by location. Think about beauty for example. Where demand for any given SKU might vary by the demographics of the local population, or differences in weather, or lifestyle of the local community.

An order management system will provide you with an accurate, real-time view of what you have available to sell across all your channels—both digital and physical. And, it allows you to do so at scale so you can better serve up that information to your digital channels. This means it consumes inventory position updates from all your other systems in near real-time to provide an accurate, unified, cross-system view of all your inventory data.

In short, think of an order management system as your inventory availability master. The single source of truth for accurate inventory data. Now imagine the benefit to your customer experience.

Real time, accurate inventory data— what it really means for your brand

How will customers feel when they can trust your inventory? Know that your ads lead to things they can





buy today. Choose the pickup or shipping option that's most convenient for them, and feel confident that you will deliver on time. No fear of a canceled order. No concern that they, or their loved ones will be disappointed.

How much more likely will they be to make repeat purchases, and tell their friends? What impact will that have on the lifetime value of that customer to your business? And don't forget your business users. There are benefits for them too.

What accurate inventory data means for your business

Imagine the impact on your internal teams. The ecommerce team is thrilled because conversions are up. Logistics is happy because their fill rate went up. Customer support is relieved because their call rate went down. And marketing has seen a lift in their return on advertising spend.

That's the great thing about accurate inventory data—it benefits so many areas of your business. While building support for a new initiative can often be a challenge, when so many stand to benefit, the momentum will build, and your case will be compelling.



Summary

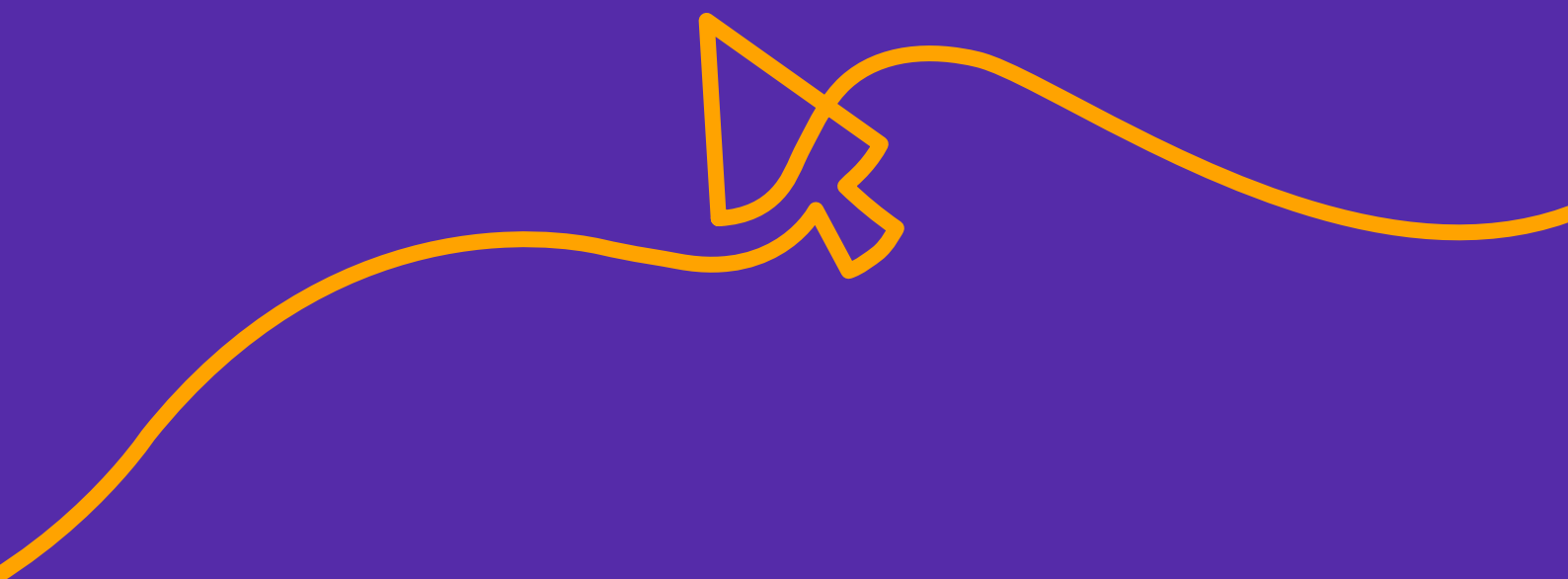
To thrive in the world of modern commerce, accurate inventory data is essential. With so much being done online, and much of the world digitized, it is only going to get more complicated in the future.

So get your foundation right. Start today. Because when you have accurate inventory data and one centralized view of your inventory—across all your channels and locations—you can make better business decisions. And provide a top-notch CX.

Don't let your customer experience suffer— get accurate inventory data today

Ready to find out more?

[Yes, I'd love to know more!](#)



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