

GLOBAL STATE OF THE INDUSTRY

Inventory Data Accuracy & Promising

The new battleground for conversion rates in ecommerce for retailers and direct to consumer brands



fluentcommerce 
order management. accelerated.



Trust is the ultimate revenue driver

It's what separates you from a sale.

In the early days of the internet, trust was all about payments. Security. Customers wanted to be sure their credit card information was safe. But now it's different.

Today, it's all about expectations. Each Product Details Page (PDP) needs to make a promise about what a customer is going to receive, and when and how they can get it. Only if the customer trusts that information, will you make a sale.

The new battleground for conversion rates in ecommerce:

Accurate, Detailed, Product Information

Customers expect accurate descriptions with details, materials, tech specs, fit guides, imagery, and provenance information. They want to know where their goods come from, and why they'll be happy with their purchase.

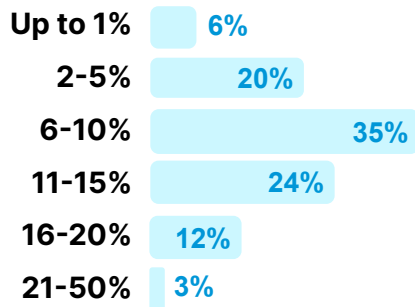


Accurate, Contextual Inventory Availability Data

Trust is essential. Customers want to know how and when they can get an item. And they need to trust that the information is accurate. If you make a promise before the buy button, you need to keep it or they won't shop with you again.

But orders don't always equal revenue. Why not?

Canceled Order Rate



This chart shows the percentage of respondents with a canceled order rate in each bracket, from 21-50% to up to 1%.

Only 6% of retailers and brands have a canceled order rate of less than 1%

The gap between demand and revenue: Canceled Orders

Unfortunately, most retailers and brands break some of their promises. Not all the time, but 38.6% cancel at least 1 in 10 orders. That means they are disappointing 10% of their customers on a regular basis. Only the top 26.5% of retailers and brands cancel less than 1 in 20 orders.

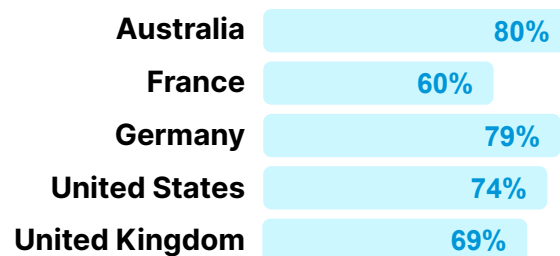
While canceling 1 in 20 orders may not sound like a lot, it means that for every million orders, 50,000 customers don't get their goods. Given the cost of customer acquisition, it sounds like a problem worth solving. And it turns out most retailers and brands agree.

72%

of retailers and direct to consumer brands believe the reduction of canceled orders is important

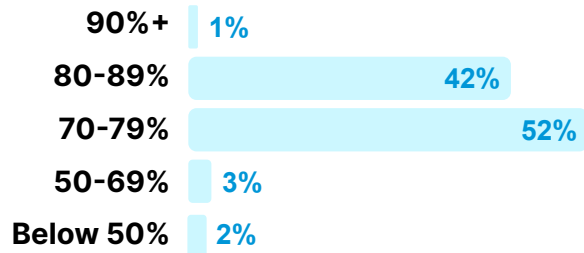
Reducing canceled orders is important

In fact, 72% of retailers and direct to consumer brands globally believe that reducing canceled orders is important. With Australia the highest at 80%, and France the lowest at 60% as shown below.



This is good for customers, but not an easy problem to solve. Why not?

Inventory Data Accuracy

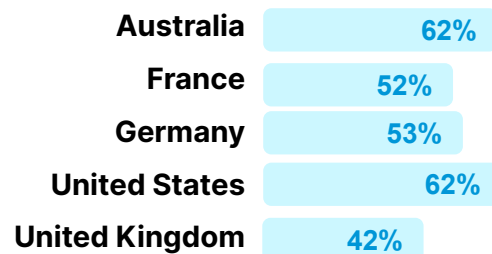


This chart shows the percentage of global respondents with an inventory accuracy rate in each bracket, from Below 50% to 90%+.

58% of retailers and direct to consumer brands have less than 80% inventory accuracy

Inventory data is inaccurate

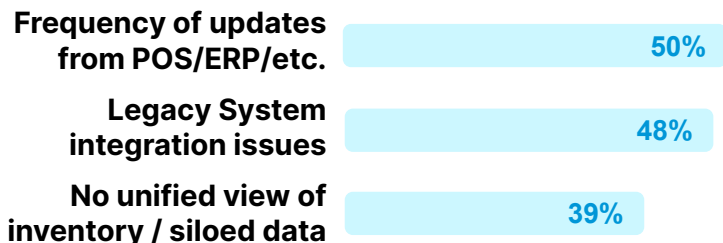
58% of retailers and direct to consumer brands have less than 80% inventory accuracy. If you look at the global breakdown, the United States and Australia had the worst numbers with 62% of retailers and brands saying they had less than 80% accuracy.



What's **driving this inaccuracy?**

Top 3 inventory data challenges

(other than in-store losses / shrinkage)



This chart shows the percentage of respondents who indicated each item was one of their top inventory data accuracy challenges.

50% say that frequency of inventory updates from ERP/POS is a challenge

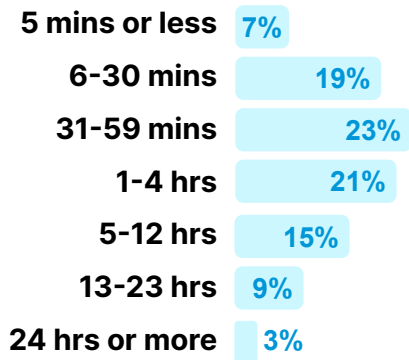
Frequency of updates is crucial

Where we see inventory accuracy rates of over 90%, it's typically at retailers and brands using RFID. For everyone else, the accuracy of inventory data, other than in-store losses / shrinkage, often depends on how well and how frequently back end systems are talking to each other.

Getting a unified view of accurate inventory data is hard. Typically that data sits in lots of systems-siloed. None of which were designed to talk to each other. That means seamless integration, and frequency of updates between backend and sales channels is really important if you want to improve your canceled order rate.

How quickly are the best updating their digital channels?

Time between inventory updates



This chart shows how often global respondents indicated they send updated inventory data to their digital channels.

Only 26% of retailers and brands update their online inventory data every 30 minutes or less.

The best update inventory data every 5 minutes or less

How often is fresh inventory data making its way from backend systems to digital channels?

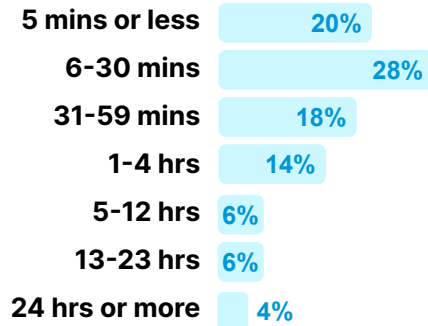
The top 7% are sending updates every 5 minutes or less. And some of them are doing live calls rather than relying on cached data, particularly for high velocity SKUs.

Only 26% of retailers and brands update their online inventory data every 30 minutes or less. And for 51% their data is over an hour old. But the numbers vary a lot by country.

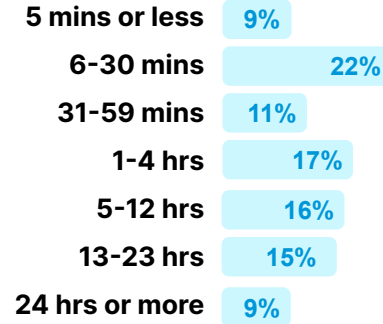
Let's take a look the breakdown.

Frequency of inventory data updates by country

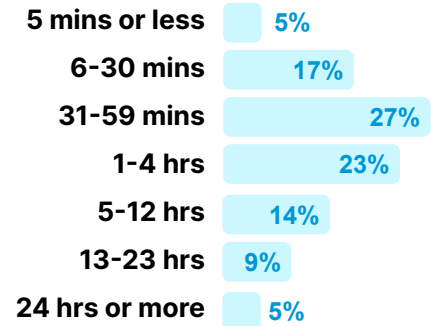
AUSTRALIA



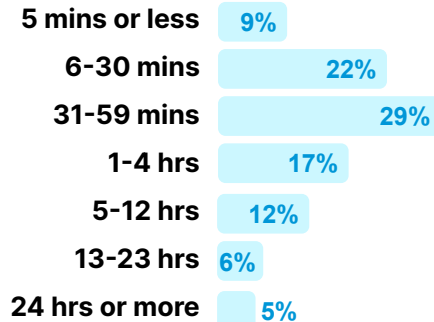
FRANCE



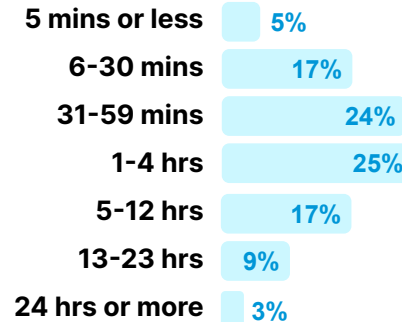
GERMANY



UNITED KINGDOM



UNITED STATES



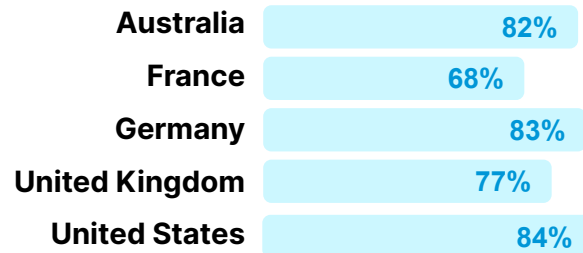
Getting this right is the first step in improving the buyer journey.

80%

of retailers and direct to consumer brands believe improving inventory availability data on the **Product Details Page** is important

Product Details Pages (PDPs) need better inventory availability data

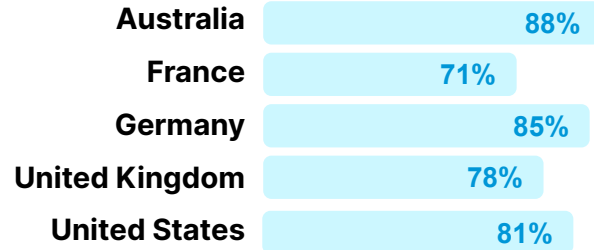
There was resounding global recognition that improving product availability data on the PDP was important. With the highly competitive United States market leading the way at 84%.



And, surprisingly, we saw the same global stat for showing product availability earlier in a buyer's journey.

The early buyer journey matters

When asked about the importance of improving product availability data across the Product Listing Page (PLP), category pages, and search results, the survey result was the same as for the PDP. With 80% of respondents indicating it was important. This time with Australia leading the way with 88%.



What's more, retailers and brands are looking at other ways they can use inventory availability data to improve operations as shown on the next page.

80%

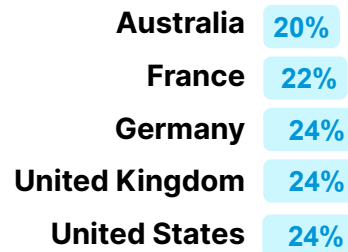
of retailers and direct to consumer brands believe improving inventory availability data on the **Product Listing Page / Category Page / Search Results** is important

24%

of retailers and direct to consumer brands say that they are already, or are planning in the next 12 months to, **share inventory data with their advertising platform**

Ads are becoming inventory aware

As a consumer, it's frustrating to be shown an ad for a product that's out of stock. As a marketer, it's a Return on Advertising Spend (ROAS) killer. Given the high cost of customer acquisition, optimizing ad spend is essential. And the survey revealed that market leaders are already sharing, or planning to share, inventory data with their with advertising platforms.



Note: the lower percentages for Australia and France do not shift the average due to higher number of survey respondents from other countries.

Summary



72% agree that reducing canceled orders is important

To close the gap between demand and revenue retailers and brands need accurate, unified views of inventory data.



Market leaders update inventory data every 5 minutes or less

For fast moving items, live availability calls, or frequent updates, are essential to making customer promises you can keep.



The online buyer journey needs better inventory availability data

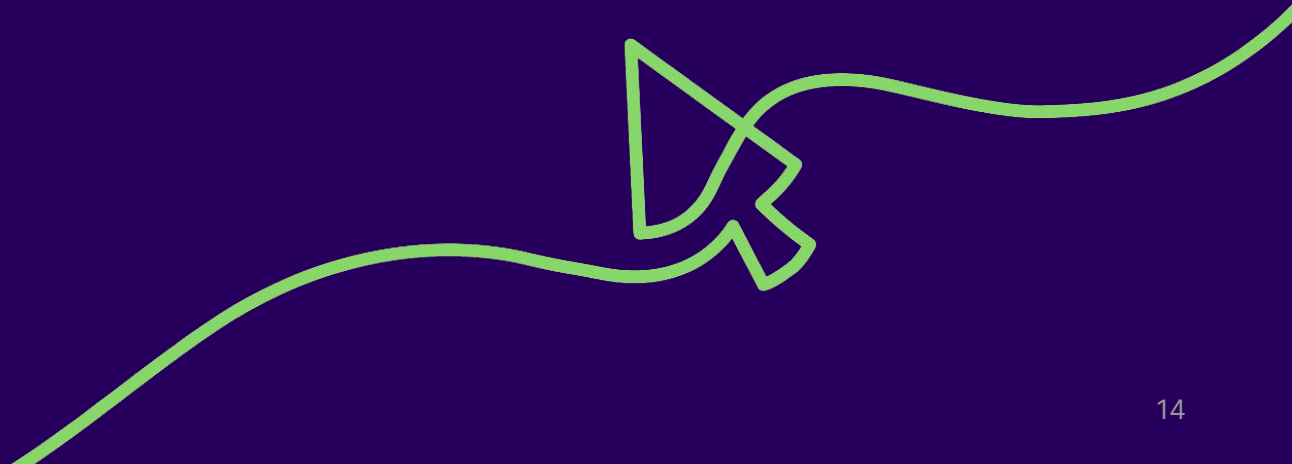
This includes not just the Product Details Pages (PDPs), but Product Listing Page (PLP), category pages, and search results as well.



Market leaders are making ad platforms inventory aware

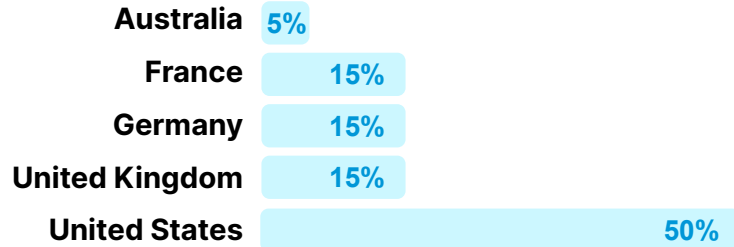
The buyer's journey often starts well before they visit your website, so consider optimizing your ads as well.

**In the quest for a higher conversion rate,
accurate inventory data and promises are essential.**



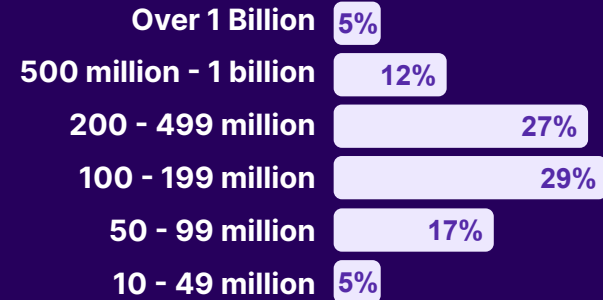
Research overview

In Q2, 2023, Fluent Commerce commissioned a survey of 1,003 retailers and direct to consumer brands to assess the state of inventory data accuracy and promising in digital commerce. Survey respondents spanned Australia, France, Germany, the United Kingdom, and the United States, as broken down below.

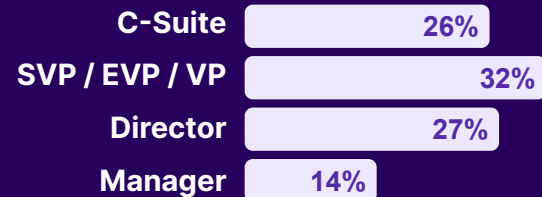


78% of respondents represented companies with over \$100m in ecommerce revenue, and 17% represented companies with over \$500m in ecommerce revenue.

Ecommerce Revenue



Seniority

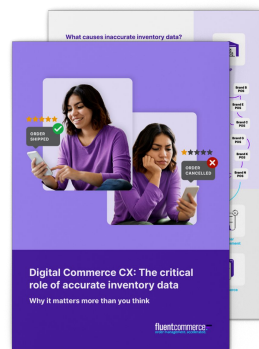


About Fluent Commerce

Fluent Commerce is a global software company focused on inventory availability data management at scale and distributed order management (DOM) for commerce. Both B2C and B2B organizations rely on their cloud native, highly flexible and fully scalable solutions to transform fulfillment complexity into a competitive advantage. Fluent Order Management provides accurate, real-time inventory availability across all 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 ensure they never oversell or undersell and to deliver their orders profitably every time.

Fluent Commerce works with organizations such as JD Sports, L'Oréal, Prada Group, Aldo, LVMH, Dulux and Kingfisher. For more information visit fluentcommerce.com

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