



5 Inventory Management Trends to watch for in 2022

2021 will soon be in the rear-view mirror. It was a tumultuous year for inventory management. The good news:

- The world is recovering from the 2020 pandemic recession
- Consumers are flexing their purchasing power
- Online sales are up.



However, from shipping logjams¹ to manufacturing lulls², the global supply chain faced critical obstructions this year. These delays have created a frenzied impasse that continues to plague suppliers, distributors, and customers this holiday season.

Today, inventory management is more crucial than ever for building supply chain resilience; and the numbers prove it: **the global market size for warehouse management systems alone is projected to reach US\$6.1 billion³ by 2026.**

While it's an accelerating market, inventory management is one of the biggest pain points for retailers worldwide. But thankfully, there are ways to ensure business continuity and adapt quickly to remove complications.

Digital transformation and technological disruption are carving out new paths for retailers to manage their inventory. To keep your business ahead of the game, keep up with these 5 trends set to disrupt inventory management in 2022.

1. The great cloud migration will abound.

The cloud is propelling digital transformation across virtually every industry, and inventory management is certainly no exception. **In fact, global spending on cloud services is expected to reach \$397 billion next year⁴.**

More and more businesses are turning to cloud solutions to streamline their warehouse operations. When you look at the benefits of cloud-based inventory management, it's not hard to see why.



1. It pays to be precise

The average retail operation in the United States has an inventory accuracy of only 63%. With cloud software, you can precisely trace inventory at every stage of the supply chain.



2. Get eyes on everything

Avoid the physical limitations of managing inventory in multiple locations. The cloud gives you real-time visibility into the information your warehouses need to succeed, whether you're on-site or remote.



3. Farewell, silos

Siloed data may seem harmless, but it can be a massive barrier to the growth of your business. Cloud software eliminates silos by gathering data from different sources into a central location for analysis.

Case study: Cloud solutions in action

JB Hi-Fi partnered with V Net Solutions to implement an inventory management platform before the busy holiday shopping season. Within weeks, JB Hi-Fi was able to validate and aggregate data in its inventory management operations within **90 minutes**, ultimately resulting in faster and better decision-making.

JB HI-FI

2. Third-party logistics will surge.

From receiving to storing to packing and ultimately shipping, it's fair to say retailers have a lot to keep track of when managing goods. Third-party logistics (3PL), which allows you to outsource inventory operations at various touchpoints of the supply chain, can do wonders for easing the burden of all those logistical functions.

3PL is an increasingly attractive option for retail businesses, thanks largely to the acceleration of cloud and IoT technologies. This has primed the 3PL sector for rapid growth. **Over the next four years, 3PL could be a \$1.4 trillion⁶ (yes, trillion) industry.** So, why are so many businesses eyeing 3PL right now?



1. Ride the changing tides of sales

Sales volumes, like the tides, frequently rise and retreat, so you need to be able to use your supply and distribution resources flexibly to catch that perfect wave. 3PL allows you to scale your resources up or down to eliminate redundancies and tap into underused resources, so when that wave does come, you're not left paddling out to sea.



2. Reduce needless costs

Working with a 3PL provider allows you to leapfrog many of the costs associated with traditional inventory management. This is thanks to 3PL firms' existing infrastructure, extensive networks, and specialized expertise.



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Case study: 3PL in action

Arrotex Pharmaceuticals partnered with V Net Solutions to improve its logistics chain by integrating a replenishment plan with demand forecast to prepare for seasonal and store demand spikes.

With V Net's automated inventory program, Arrotex was able to **increase its shelf availability by 20%**. The company was also able to integrate an auto-replenishment plan that **allowed pharmacists to spend less time managing stock and more time with customers.**



3. Inventory analytics & forecasting will be top-of-mind.

In the previous chapter, we likened retailers to surfers that need to be ready for the waves of high-volume sales events. Forecasting goes a step further. In addition to being flexible to the changing tides, what if retailers could accurately predict what's coming?

Enter: inventory analytics. Data and analytics are giving retailers mission-critical insight into stock activity. One study predicts that **the retail analytics market will be worth \$23.8 billion⁷ in the next seven years**. The pandemic has escalated this growth – shifting consumer behaviour, intensifying pressure on margins, and propelling e-commerce retail.



1. Don't get caught empty-handed

Forecasting demand is one of the most burdensome aspects of inventory management. Without accurate forecasting, there's a good chance you'll be left with either deadstock or stockout—big no-nos for suppliers and customers.



2. Improve cash flow

When your capital is tied up in inventory languishing on the shelf, your business can suffer detrimentally. Inventory analytics can give you predictive insights into lead times and potential rushes, allowing you to do the spadework earlier.



3. Win over your customers

In our fast-paced world, consumers now value shipping speed and response times as much as product quality. Inventory analytics allows you to not only quickly respond to new orders, but also meet the demands of customers. This is what turns a one-time buyer into a loyal customer.

Case study: Inventory analytics in action

According to Relaton⁸, retailers reported that using analytics software for inventory management led to:

- A reduction in costs by up to 40%
- An increase in sales by up to 20%
- An increase in turnover by up to 3.5x



4. Retailers will look to omnichannel solutions.

The rise of omnichannel e-commerce is certainly nothing new. 2020 marked a dramatic increase in the consumer shift to new sales channels, with online buying surging 27.6 percent worldwide. This trend did not slow down in 2021. **In January, eMarketer predicted the e-commerce sector would grow by 14.3% in 2021.**

Social media marketing, affiliate partnerships, and email campaigns are now just some of the increasingly popular ways consumers search and shop for goods. Omnichannel solutions allow you to manage inventory across all of these channels.



The challenges

Omnichannel inventory management isn't a light switch that retailers can simply flip on. It's a comprehensive strategy that demands careful planning, system unification, and, most importantly, technology that suits your unique business needs.



A tech-enabled future

An integrated inventory management system requires technologies working together like cogs in a machine. With a central platform for inventory management, you can accurately track your stock, maintain strong relationships with your suppliers, and slash your inventory carrying costs.



A high-stakes game

One negative experience can turn a customer away from your brand for life. It's therefore crucial to build a comprehensive plan that manages the many complexities of omnichannel inventory.

Case study: Omnichannel inventory management in action

In 2014, GM set out to unify¹⁰ its expansive supply network with logistics, distribution and order fulfillment operations. The firm restructured its logistics operations to bring all order management stakeholders onto a shared technology platform. The project allowed GM to cut \$1 billion from its logistics budget.



5. Warehouse automation will move from 'want' to 'need'

The robots are coming! From Amazon unveiling its latest robots, Ernie and Bert,¹¹ to Walmart's robot vendor going public, the rise of warehouse automation this year is undeniable.

The warehouse automation market could be worth \$69 billion¹² globally by 2025. If you're considering automation solutions for your inventory management operations, 2022 is your chance!

Warehouse automation is a broad and far-reaching category, but its use has helped businesses:



Reduce space



Save on costs



Accelerate fulfillment times

Below are four warehouse automation technologies set to take over inventory management in 2022:



1. Automated storage and retrieval systems (AS/RS): cut expenses by minimizing the number of unnecessary parts and products in storage.



2. Automatic guided vehicles: logically move loads around the warehouses with less risk to your labour force.



3. Autonomous mobile robots: these sophisticated robots can quickly allow for agile, modular automation of sorting, picking, and transporting freight.



4. Voice picking and tasking: with fewer distractions, increase your picking accuracy by up to 85%¹³ with speech-activated picking software.

V Net Solutions is your partner in effective retail inventory management.

With all these trends set to disrupt inventory management next year, you need a trusted partner to keep your business ahead of the game.

V Net Solutions provides a dynamic and 100% scalable inventory management system custom-built for the needs and nuances of your business and product category.

Intelligent and intuitive, our software enables direct collaboration between retailers and suppliers. Paired with human support from a team of V Net Inventory Specialists, we are dedicated to delivering efficiency improvements at all levels of the supply chain, maximized sales potential and ultimately, sustainable profitability in line with your key business metrics.

Request a free, no-obligation demo today.

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