


TC CREATIVES:
BRANDING & DESIGN STUDIO

UNDERSTANDING INVENTORY MANAGEMENT

@TC_CREATIVES
TC-CREATIVES.COM





If you are doing a short-run intentionally to establish rarity for your product, carry on.

However, unintentionally running out of products quicker than demand hurts your revenue. Not only does it limit your ability to fulfill all of your potential orders, but it also creates distress in your customer's experience.

WHAT IS INVENTORY MANAGEMENT?

Inventory management is the supervision of non-capitalized assets (inventory) and stock items. A component of supply chain management, inventory management supervises the flow of goods from manufacturers to warehouses and from these facilities to point of sale. When managing inventory, you must first understand how many products are needed, the supply and demand.



SUPPLY AND DEMAND

Supply and demand is the amount of a commodity, product, or service available and the desire of buyers for it. When determining the supply and demand of your products, consider things such as your website traffic, conversion rate, amount of similar products purchase per day at your store, and the number of competitors available to fulfill the demand.

PROJECTIONS

Projections are essential when starting any business. Whether financial projections or customer acquisition rates, having accurate forecasts is imperative to success.

With each sale projection, there should be a best-case and worst-case scenario. You must have explicit knowledge of how long it takes for you to replenish supplies. Creating a minimum stock quantity will allow you to not run out of your products and ensure suppliers can replace your products.

WHAT HAPPENS WHEN YOU OVERSELL PRODUCTS

While overselling can be something to be proud of, it can also leave negative impact on your business. When you lose the ability to fulfill your product demand, you negatively impact your sales momentum, customer experience, and competitor advantage.



MOMENTUM: RIDING THE WAVE

Having a desirable product allows you to secure new clients and create brand loyalty. The original product acts as an introduction to customers who had limited interactions with your business. As a business owner, this is an opportunity to sell and secure the customer's business to help them come back. By doing this, you are now expanding your community of customers who can become brand advocates.

When you run out of products, you will no longer be able to supply customers' needs. Inconsistency can lead customers away for something similar or to a competitor offering the same product.

CUSTOMER EXPERIENCE: MANAGING DISAPPOINTMENTS

Most purchasing decisions are emotionally driven. However, once a customer feels that the brand is inconsistent or unable to supply their needs, they are hesitant to purchase from them again.



Customers like to leave a brand experience feeling satisfied, and as the old saying goes, “if you cannot do it, someone else will.”

FULFILLING THE DEMAND

Whether a customer wants a chicken sandwich or a white dress, a specific company's inventory does not influence the customer's decision to purchase. Instead, it impacts the customer's decision on where to buy it.

When you run out of products quickly, you lose the ability for your customers to advocate for you.

71% of consumers are more likely to make a purchase based on social media referrals (AnnexCloud). Customers won't refer friends or family to your brand if you cannot offer the same experience to them. It is more likely that a customer will not buy from your business if you are unable to supply their needs.

Set up a consultation
with us today and
master the art of
projections!



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