

BEST PRACTICE GUIDE:

# Omnichannel Orchestration: How to Optimize Inventory Amid Shifting Consumer Behaviors & Industry Disruptions



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It's both a great and a challenging time to be a retailer. Opportunities to acquire new customers and engage existing customers continue to grow, as marketplaces, kiosks, pop-ups, livestreaming and other channels add to the touch points offered by the in-store and online experiences. Consumers increasingly know what they want, and many are willing to seek out new retailers to find their desired products, opening the door for brands to connect with fresh audiences and capture additional market share.

But the landscape is also more complex, and the issues are more wide-ranging. Inflationary pressures that influence consumer buying behaviors are pushing up input and operational costs. Labor shortages create gaps at nearly every level of the organization. And as consumers' expectations and interests shift, retailers trying to put products on the shelves to satisfy shopper demand face ongoing supply chain challenges that further complicate fulfillment and the customer experience.

Together, these dynamics make it difficult for brands to ensure the right products are in the right places at the right times. Unfortunately, disparate systems deployed over the years to independently manage in-store and ecommerce operations begin to break

as retailers try to embrace a truly omnichannel business model. Without an integrated, full-scope view to inform supply and demand planning, you could have stockouts that push customers toward your competitors. But too much unsold inventory chips away at your bottom line. It's no wonder cash flow concerns are top of mind for many retailers.

Businesses that can orchestrate functions such as inventory and order management will have a competitive edge in today's highly dynamic retail environment, enabling them to overcome these challenges and continue driving revenue.

This guide will provide strategic and tactical best practices for building and orchestrating robust backend functions, as well as technological considerations to ensure retailers are able to swiftly adapt and optimize inventory as they maneuver through the risks and opportunities of continued disruption.

## 1. Critique your foundational data strategy.

Good business decisions are based on good information, which makes the foundational data within your organization one of your most valuable assets. As you prepare to advance your omnichannel inventory strategy, you need to think about what data you have today, where it's located, and which systems are gathering, analyzing and acting on it.

Some retailers still rely on spreadsheets and siloed legacy systems to power their decision-making processes. But moving from reactive inventory and order management practices to a more proactive, deliberate approach requires information flows that can be easily shared across platforms without requiring a lot of time-intensive, manual work. Technologies that can integrate data streams, take advantage of automations and apply analytics enable you to pull more actionable insights from your data. They also empower your team to execute more on your inventory strategy more efficiently.

Most brands manage multiple types of information as part of their master data management programs, including:

- Customer data
- Item data
- Location data
- Pricing data
- Costing data

Improving your foundational data can sometimes be as simple as auditing your records and removing duplicates. But companies often need to carry out additional data hygiene tasks, such as:

- Validating the accuracy of existing records
- Eliminating data that's out of date or obsolete
- Enriching existing data to make it more useful
- Normalizing data into a standardized or more easily translated format

Because data and analytics are the key to optimizing your omnichannel inventory strategy, ensuring your data is clean, accurate and complete is a core element of inventory optimization success. With seamless, real-time access to high-quality information, your teams can transition away from juggling multiple screens and disparate spreadsheets and instead leverage a single, unified view of your foundational data. That pivot sets the stage to optimize your inventory and adjust to emerging consumer demands and supply chain disruptions.

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“Your foundational data needs to be as clean as possible, because when you get into advanced concepts like optimizing inventory, you really need a solid foundation to do that.”

Chris Benner, Master Industry Principal,  
Senior Product Manager, Retail NetSuite



## 2. Match up supply and demand.

The first step in elevating your inventory management strategy and enabling better, more timely actions is to bring your supply and demand plans in sync. Blending information flows from both plans with the right data tools and analytics will inform and accelerate your decision-making process with important insights and recommendations.

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73% of retailers say their companies face one or more inventory challenges...  
...and they attribute 53% of unplanned markdown costs to inventory mistakes, including inventory misallocations and overbuying.

Source: [Coresight Research](#), October 2018

Powerful analytics provide a solid foundation to help optimize your backend operations. They support efficient and timely orchestration of what goes on the shelf — both in-store and online — and enable continuity of products and brands to help meet consumers' shifting preferences and expectations. Implementing a solution with solid data and analytics functionality gives you the insight to understand demand, purchase the right goods in optimal volumes and place them in the most profitable locations.

A robust data analytics strategy also empowers your team to respond to today's marketplace pressures more effectively and efficiently. Rather than losing ground with an outdated inventory plan, proactive views into supply and demand data help you understand if it's time to adjust your approach, so you aren't sending more inventory to a store that's still has plenty of stock.

You'll also have the visibility to identify when inventory isn't selling in a particular store. When you know how inventory levels are changing at any given time, you can then choose to leverage that product differently, such as fulfilling online orders or moving items to another store that's selling through. A global inventory management platform with strong data and analytics functionalities gives you flexibility to reduce your financial risk and even deliver a better customer experience across every selling channel.

But leveraging supply and demand data is only part of the equation. To optimize your inventory management strategy, you also need visibility into the entire supply chain. That means bringing in data across your partner network, such as supplier performance metrics and indicators that could point to supply chain risks. If a vendor's performance has slipped over time, for example, automation and data analytics can help to spot the issue early and raise the flag. The right platform can also deliver recommendations on next steps, such as pivoting to an alternative vendor with a history of strong performance that can provide the products you want.

### 3. Allocate and protect inventory to support the omnichannel promise.

Supply chain woes and economic uncertainty don't just impact your internal operations. Consumers feel these upheavals too, and maintaining a clear focus on reducing friction, enabling choice and providing a seamless shopping journey will remain keys to long-term success. But there are more moving parts behind fulfilling an order for a green shirt in men's medium than there used to be, and retailers need a way to see inventory across every facility to provide shoppers with the products they want, when and where they want them.

Whether customers are browsing on your website or shopping in-store, it's vital that you have broad visibility into both the supply and demand sides so you can be confident that inventory is in sync everywhere. Customers are increasingly weary of receiving inaccurate information about product availability, and no one wants to drive to multiple locations only to find the product they want isn't actually in stock.

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In just one month in 2021, consumers saw over 2 billion out-of-stock messages online.

Source: Adobe [Digital Economy Index](#), November 2021

The right inventory and order management solution can also help you prepare for shifts in consumer demand by enabling you to allocate and protect inventory across your network of stores, warehouses and other fulfillment centers. By bringing together insights into the products you have on hand in each node in your network — as well as demand data and forecasts — you can make intelligent, efficient and cost-effective decisions to get products to customers in the best way possible. You'll have the tools to reserve inventory by channel and even by individual customers as you interrogate incoming orders and determine the optimal channel or location to fulfill from dynamically based on the entire network.

By implementing a comprehensive solution capable of orchestrating inventory across your network — and doing it accurately — you show customers that you're committed to providing them with a convenient and easy way to find what they need.



#### 4. Embrace technology to support workforce efficiency.

One lesson from the pandemic is that retailers need adequate data to support scenario planning. Strengthening that competency will enable you to navigate ongoing changes in customer demand as well as supply chain issues. Implementing global inventory management technologies that can seamlessly integrate, scale and adapt to new use cases will empower your workforce to respond more quickly to new shopper behaviors. And by tapping into better data and the right tools to help inform decisions, you'll have visibility to understand how sales are going and how to best match your inventory strategy with demand planning.

Tools that include automation can also help you scale operations while making workers more efficient. Tasks that have historically been done manually can be turned over to technology through the application of business rules and automated actions. For example, an inventory management system can automatically generate an order for shirts when inventory in a specific color or size drops below a level set by your business rules. This helps in reducing out-of-stocks and is also useful in eliminating excess inventory where a worker may have placed an order for all colors even though only one was low.

Mobile technology should also be a part of your inventory management strategy. Warehouse workers and in-store associates alike increasingly rely on handhelds to count inventory and report process status during pick-pack-ship activities. Streamlining these processes supports more efficient operations and also ensures that the entire business is working from the same unified, real-time data set. Inventory optimization efforts benefit greatly from linking workers at stores and in warehouses, so that inventory and any changes are tracked quickly and accurately. Forward-looking retailers will factor the need for in-the-moment insights into their technology roadmap.

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“Modern mobility solutions give users the ability to count their inventory dynamically, whether they’re in a store or in a warehouse. As they do that, it synchronizes with the retailer’s real-time inventory system, so you always know exactly what you have on hand in every location.”

**Chris Benner, Master Industry Principal,  
Senior Product Manager, Retail NetSuite**

## 5. Be prepared to pivot, always.

The pandemic highlighted the need for retailers to maintain adequate data to support better speed, agility and scenario planning. Those same capabilities — with the benefit of automation and other advanced tools — can guide you through customer behavior shifts, supply chain upheavals and industry-wide disruptions. Developing a pivot-ready mindset and the systems to put it into action will help you capitalize on new opportunities and minimize risks.

Brands of all sizes have learned a lot in the last few years, and those that can continue to adapt to keep up with changes in the retail landscape have the best chance to succeed. In some cases, those pivot points are that thing you've been putting off. It could be selling into marketplaces or using third-party logistics partners to handle deliveries. Look around at your much larger competitors and see what they're getting serious about. Those areas could represent huge opportunities if you can participate in them, too. But unless you have the technology to support pivoting to get in front of the next opportunities, you won't arrive before your competition.

An experienced technology provider can bring industry expertise to the conversation, working with you to assess your current capabilities and explore how you can prepare your organization for that next pivot.

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“The right technology partner brings industry best-practice expertise to help you achieve your transformation initiatives quickly and to get them done right. It doesn't have to be a heavy lift for retailers to get new systems in place. With an experienced advisor to guide you, you're not starting with a blank sheet, and that makes it easy for you to adopt new technologies and optimize them over time.”

Asad Ahmed, Principal Industry Advisor, Solution Consultant, Retail & Ecommerce NetSuite

### Plan for the next stage of your growth journey

Powerful inventory management solutions can help retailers grow and thrive amid supply chain challenges and more efficiently respond to changes in customer behaviors. The right foundation is built around data gathering and analytics, integrations, automations and intelligent processes. Together, these capabilities enable your brand to capitalize on new growth opportunities such as global expansion, launching new stores and channels, and delivering new experiences for your customers to enjoy.

By transforming your backend operations with tools to optimize your inventory across your entire business, you can better understand demand, reduce the risk of unsold inventory and maintain your cash flow.

[Learn more](#)



# ORACLE NETSUITE

NetSuite ERP is a cloud business management solution that automates core business processes to improve operational efficiency and provide real-time visibility into operational and financial performance. With a single, integrated suite of applications for managing financials, order processing, inventory management, HR, professional services automation, omnichannel commerce, supply chain and warehouse operations, NetSuite ERP gives companies clear visibility into their data and tighter control over their businesses. For more information, visit our website [www.netsuite.com](http://www.netsuite.com).



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