

VDC Research Highlights the Mission-Critical Role of Inventory Optimization for Grocery Profitability

As grocers fight to grow EBITDA, systems to optimize inventory and replenishment across the entire store must not incur incremental labor demands.

TAMPA, FL, UNITED STATES, August 29, 2023 /EINPresswire.com/ -- [VDC Research](#), in collaboration with Zebra Technologies and [Upshop](#), [has released groundbreaking research](#) underscoring the critical role of real-time inventory visibility, intelligence, and optimization for grocery retailers. In a year marked by challenges such as recession, labor shortage, and inflation, the adoption of inventory intelligence has become a necessity for grocers striving to optimize operations, maximize store potential and remain competitive.

The rapid shift in consumer shopping habits over the past few years has amplified the need for real-time visibility in grocery businesses operating on thin margins. Inventory intelligence acts as a central nervous system for grocery stores, enabling optimized operations, improved profitability, and streamlined staff and shopper access to products.

Modern grocery retailers face multiple goals, including engaging with customers, optimizing operations, reducing waste, and empowering associates with the right tools to handle customer and inventory-related tasks seamlessly. However, achieving these goals requires accurate operational visibility, which can only be attained through investment in inventory intelligence. By embedding key product data, an inventory management system provides the intelligence that grocery retailers need to thrive.

The benefits of inventory intelligence are far-reaching. By investing in inventory intelligence, grocery retailers can enhance on-shelf availability, ensure accurate ordering through downstream and upstream visibility, provide reliability for omnichannel shoppers, and reduce waste in terms of markdowns and expired products. Upshop, a leading provider of inventory intelligence systems, reports that stores implementing their solution can achieve an impressive 99.5% on-shelf availability, resulting in a 3% increase in total revenues. Additionally, retailers can leverage accurate predictive capabilities to reduce in-store inventory, leading to leaner operations with reduced risk of inventory spoilage or loss.

One of the significant advantages of inventory intelligence is its impact on reducing food waste. Upshop estimates that inventory intelligence can reduce food waste by 25-35% per store, depending on the retailer's automated replenishment model. By improving sales cycles and

reducing waste across product categories, retailers can reduce the number of days items are on hand and make informed decisions about saleable product quantities, contributing to an overall reduction in waste.

The positive effects of inventory intelligence extend beyond immediate benefits. Effective inventory management can significantly increase profits for retailers' e-commerce initiatives. With omnichannel shoppers purchasing 2-4 times more products than in-store shoppers alone, retailers can broaden the impact of inventory intelligence by applying it to e-commerce. Furthermore, inventory precision can improve profitability for retailers' partners by reducing store shrink, losses, and vendor credits. The ripple effects of inventory intelligence can strengthen multiple links in the retail supply chain, benefiting all stakeholders.

Improving workforce productivity is a top priority for grocery retailers facing labor shortages, high turnover, and inflationary pressures. By implementing inventory intelligence systems, retailers can simplify workflows, consolidate hardware capabilities into a single device, and free up employees from manual inventory tracking. This shift allows store employees to focus more on providing excellent customer service, customizing orders, and answering shopper questions. The resulting improvement in staff productivity and customer experience can have a significant positive impact on both store operations and overall customer satisfaction.

"Inventory intelligence is a game-changer for grocery retailers, making the job easier for store associates," says Mark Hawthorne, Chief Innovation and Strategy Officer at Upshop. "By automating inventory optimization and providing real-time visibility, inventory intelligence systems empower employees to focus on delivering exceptional customer service and building meaningful connections with shoppers. It streamlines operations, reduces waste, and improves profitability."

As supply chain challenges persist, investing in accurate and forward-looking inventory visibility through AI-powered, computer-generated ordering solutions becomes a crucial step towards profitability for retailers. The implementation of inventory intelligence not only improves on-hand availability but also directly impacts sales, labor, and waste numbers. Retailers that embrace inventory intelligence will be best positioned to navigate the evolving landscape and meet the demands of today's shoppers.

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