

How to turn surplus into success: Navigating the excess inventory dilemma



Navigating the excess inventory dilemma

After the intense supply chain shortages caused by the COVID-19 pandemic, having too much inventory can seem like a good problem for brands to have. But an unchecked glut of merchandise spells bad news not only for your bottom line, but also for customer loyalty.

As the 2022 holiday season got underway, retailers grappled with how to keep inventory moving as consumer spending grew tighter. Deep discounting by major brands became the norm while imports fell to their lowest point in two years, with a 6.1% YOY decline in December alone.¹

It's easy to view excess inventory as the dream scenario for price conscious consumers. However, the reality is more complex. A mismatch between consumer demand and inventory levels doesn't just mean less space on the shelves; it undermines the quality of the shopping experience.

Bloated inventory brings with it a host of challenges - overcrowded storefronts, cluttered online catalogs, and delays to order fulfillment - that add friction to the shopping journey and affect retention.

Moreover, aggressively slashing prices is only a partial solution to the excess inventory dilemma. When **74% of consumers are 'trading down' their purchases** by switching to cheaper retailers or placing smaller orders, discounting fueled by surplus stock creates a race to the bottom that takes the shine off your brand.²

Saying goodbye to bloated inventory for good requires a multi-layered strategy that spans every stage of the retail journey. Whether it's planning for next season's offerings, creating compelling offers, or refining post-purchase communications, the impact on your inventory levels should always be a major consideration.



Why does inventory planning go astray?

Nike, Gap, Target, and Kohl's are some of the major retailers who have faced high-profile challenges with surplus stock over the past year.³ But how did such massive, well-resourced brands get their inventory forecasting so wrong?

The pandemic-induced supply chain crisis put an end to just-in-time inventory management strategies, which demand reliable global shipping schedules to keep carrying costs low. Retailers pivoted to a more conservative approach, stockpiling inventory in case of missed shipments. With consumers staying home and enjoying robust savings accounts, brands had no problem keeping their inventory moving during 2020 and 2021.

But as the economy reopened in tandem with rising interest rates, retailers found themselves in a bind. Orders placed 6-12 months prior were based on robust consumer spending and the ongoing popularity of categories like loungewear and homewares. As shoppers tightened their budgets and shifted interest to the 'swimsuits and suitcases' category, brands couldn't change gears fast enough to prevent unwanted inventory from piling up.

Managing inventory starts in the warehouse - not the storefront

Storewide clearance sales may provide brands with short-term relief, but this doesn't change the underlying problem of retailers struggling to get an accurate picture of how much inventory they need - or what the 'right' inventory is. Tackling excess inventory at the source requires visibility over every stage of inventory and fulfillment.



* How retailers are managing the excess inventory dilemma

Retailers are taking increasingly desperate measures to take control of their inventory. According to a KPMG survey of retail executives released in September 2022:⁴

- **52%** planned to use promotions to clear stock
- **48%** expected to cut receipts to manage inventory down
- **41%** planned to return items to vendors
- **24%** planned to sell inventory to liquidators and or discount storefronts





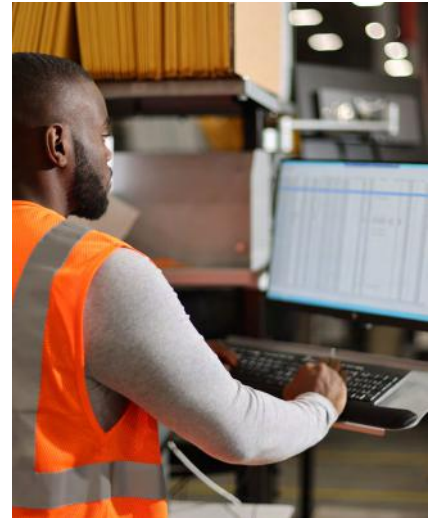
Solve supply chain challenges with inventory planning

Inventory planning may sound like a niche solution, but the truth is, it plays a pivotal role in your whole supply chain and cash flow. It solves some of the major challenges of inventory management - which inventory management solutions alone can't handle.

However, inventory planning and inventory management are often confused, and the terms are mistakenly used interchangeably.

This means merchants (understandably) struggle to choose the right solution for their e-commerce business - or get it wrong entirely.

So let's dive into the key differences and benefits of an inventory planning system.



Inventory Management Systems vs Inventory Planning System

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Replenishment

Name: French Connection, Straw bag

In Stock: 449

SKU: FRENCH-CONN

Page Views

2.5k

1.9k ▲ 31.5%

KPIs			Last 30 days
Name	Sales	Diff%	Revenue
Ladies	2,955	-2.92%	\$130,830.95
45 variants / 1 bundle / 4 products			
Dresses	2,842	0.11%	\$110,250.81
variants / 3 products			
	551	-2.65%	\$25,777.22
variants / 3 products			
	566		\$26,275.41

Overstock

\$1.9m

\$1.2m ▲ 58%



Why choose an Inventory Planning System?

1. End excess stock and out-of-stocks, for good

Knowing how much inventory of each product you need to meet demand - without tying up your cash in excessive inventory - is a major challenge for SMBs and e-commerce brands. But it's one an inventory planning system solves.

2. Solve your supply chain struggles

Due to long-term global supply chain disruptions, it can take much longer to receive goods from suppliers, which leads to lengthy customer delivery times. To ensure your goods arrive on time, you need to plan smarter. An inventory planning system factors in the changing lead times from your suppliers, resulting in optimal stock cover.

High shipping costs due to container freight rates have a massive impact on your profit margins. An inventory planning system with container loading optimization functionality will make sure you maximize the space for shipping to make your money go further.

Make your purchasing process easier (and more efficient) with an inventory planning system telling you which items to order, how much to order (down to the last unit), and flag up when a purchase order needs to be placed to avoid stockouts.

Smart product insights are a necessity, an inventory planning system offers forecasting-related insights, such as forecasted profit, past lost revenue, forecasted lost revenue due to out-of-stocks, overstocked items, and more.

3. Optimize your stock across all warehouses

An inventory planning system with multi-warehouse forecasting helps you allocate the right inventory to the right warehouse. How? By ensuring you purchase the right goods and the right quantity upfront. Automating the complex calculations of future demand for multi-locations saves time, improves accuracy, and avoids warehouse transfers and overstock or out-of-stock issues.

FurnitureBox boosts revenue by 20% with inventory planning technology

In a turbulent retail landscape where trends can (literally) change overnight, merchants have to make fast, informed decisions about which inventory to order, when to order it, and what quantities to choose.

Real-time, reliable forecasting data is critical - but it can't be gleaned from a spreadsheet. It's a realization that online furniture retailer, FurnitureBox, came to as the business grew rapidly.

"One of the reasons we got Inventory Planner was for its ability to constantly update your data and learn from your sales history, with one eye on emerging trends. But it doesn't just give you all the data and then you have to decide what to do with it. It goes the extra mile to analyze the data and gives you sales forecasting and buying recommendations for every variant that you can actually trust. It's incredible." says James Ewens, the brand's Head of E-Commerce.

The business added Inventory Planner to its tech stack to stay one step ahead of sales demand and eliminate the risk of tying up its cash in overstock.

James says, "We only invest in inventory that we are confident will sell. Inventory Planner's reporting means we can see when sales of an item are slowing down or picking up, and our buying recommendations are adjusted accordingly. **We always have the right inventory at hand - we don't face the constant threat of overstock or running out of stock.**"

As a result, FurnitureBox now holds a leaner inventory, which has boosted cash flow and given the business a buffer to fall back on as consumer demand remains unpredictable and an economic downturn takes hold.





Identify & address missed sales opportunities through Managed Operations

Direct-to-consumer (DTC) founders didn't launch their brand to manage logistics. They wanted to build a brand community.

But "the daily grind" gets in the way! Monitoring inventory and fulfillment metrics (inbound inventory, warehouse SLAs, historical performance, daily audits, sell-through rates, inventory levels, order errors, etc.)... pulling reports... identifying areas of improvement...

Managed Operations handles all this on your brand's behalf. This holistic approach combines:

- **Tech:** One platform for real-time inventory and order management (IOMS), across all locations (inbound, warehouse, returns) and statuses (on-hand, on-order, reserved, committed, etc.)
- **People:** One team to count on for real-time challenges, industry knowledge and recommendations based on Business Intelligence (BI)
- **Support:** Ongoing maintenance when business needs change, systems update, or external systems fail

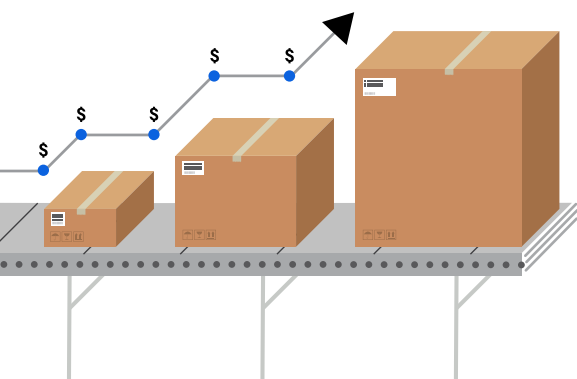
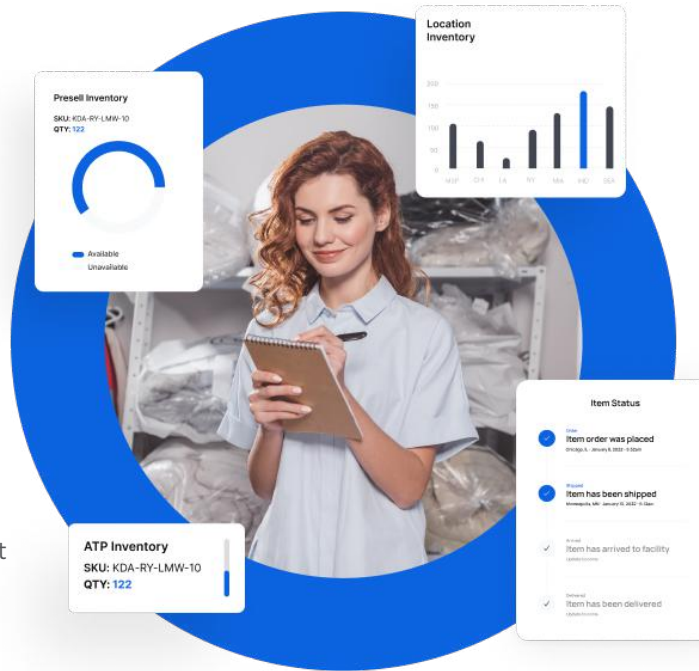
When you're free from the hassle of handling day-to-day operations, you can focus on uncovering new sales opportunities, reducing inventory glut, and finding new ways to improve your customer experience. **Here's how.**

Opportunity #1: Enter the Wholesale Market

Over 50% of customers engage with 3-5 channels before making a purchase, and wholesale can increase your exposure.⁵

To confidently allocate and reserve inventory, stock levels need to be up-to-date across your sales channels (Shopify, wholesale, physical stores, etc.), warehouse(s), and in-house ERPs. With Managed Operations, it's easier to add another sales channel because your brand will be equipped with:

1. A team that handles the back-end integrations for you using EDI or other integrations that understand what is required from your wholesale partner and how your brand operates.
2. Full visibility into up-to-date data. Knowing exactly how much you have left to sell or what is promised to a wholesale account is important, and is another reason why inventory and order management should live in one system.



Digitally-native brands may want to enter the wholesale market, but the complexities surrounding it can be overwhelming for many. With the right team of experts and a centralized IOMS, you have the right team and solutions in place to ensure you're owning your wholesale channels. For example, set aside 15% of certain stock keeping units (SKUs) to go to Nordstrom while keeping the rest on hand.



Opportunity #2: Get Returns Back In Stock Faster

20% of ecommerce items are returned.⁶ Do you know when returns are en-route to your warehouse, and when it lands inside the warehouse's four walls? If not, then your marketing team isn't selling them.

You need to know when returned inventory is ready for resale ASAP, or else that item goes out-of-season and gets heavily discounted because it's wasting space or there may have been a manufacturing defect. Relying on an external warehouse management system (WMS) to hold this info delays immediate action—you're waiting for the spreadsheet to be sent from the warehouse to your team, and those numbers may already be different from the actuals.

When returns are automatically added back to your on-hands and available to be bought on your site or other sales channels, you won't need to discount those still-relevant items. Eliminating manual tasks and processes—asking for return reports, manually adjusting Shopify, or trying to make sense of what needs to be damaged or donated—can all be solved with the right IOMS.

Opportunity #3: Creatively Move Old Stock

If sales goals aren't being hit, poor communication between marketing and operations may be to blame. Unbeknownst to them, marketing could be promoting inventory that isn't even in stock; when a customer goes to the product page, there's nothing to buy.

With the right BI, all team members can:

- Look at sell-through rates to identify popular (and unpopular) products
- Monitor the percent of inventory sold during a selected period of time
- Discern how well certain sales events are performing
- Review a Low Inventory report to avoid overselling—and refunds
- Review an Inventory Reorder report with factory partners to achieve balance

When marketing has the right metrics, they can delight loyal customers by offering repeat shoppers exclusive products in advance through presale or deeper discounts on static items. They can gift influencers to move old inventory before it's too late or conduct focus groups for feedback to see why the item underperformed—design, marketing, photography, time of year, price point, etc.

WOLF AND SHEPHERD + ChannelApe

With the Managed Operations services provided by ChannelApe, they know exactly when something is stocked and how much inventory is left so they never oversell to customers or sit on inventory for too long. Real-time inventory adjustments mean that marketing can confidently push products for presale to their loyal customers.

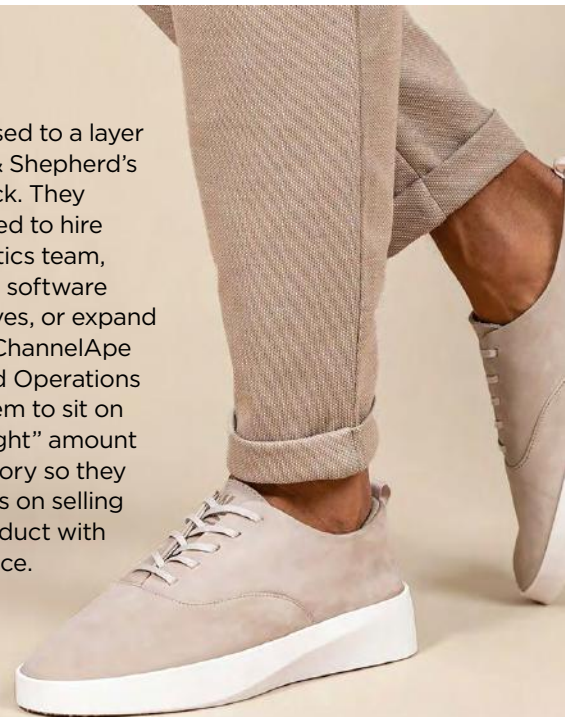
To promote scarcity, Wolf & Shepherd limits their available quantity—no excess inventory here! **“We look to ChannelApe to be an insights partner that helps us grow, not just a layer in our tech stack.** Being able to promote exclusivity through preselling is a competitive differentiator for us. Exposing items in limited amounts prevents an immediate sellout of our stock, and it's easy to set the

presell parameters for each SKU using ChannelApe's platform,” says Jake Brandman, President and COO.

ChannelApe ensures that top SKUs are stocked in their primary locations. The team put together a view of Wolf & Shepherd's sales data and analyze their business to tell them where inventory needs to go so that SKUs are balanced appropriately. This removes the dependence on tribal knowledge where one gatekeeper owns a spreadsheet, creating a cascading effect of process gaps and broken integrations if that gatekeeper were tied up or out on leave.

ChannelApe helps small but growing teams compete with bigger brands. We are a partner

as opposed to a layer in Wolf & Shepherd's tech stack. They don't need to hire an analytics team, build the software themselves, or expand their IT. ChannelApe Managed Operations allow them to sit on a “just right” amount of inventory so they can focus on selling their product with confidence.



Keeping inventory moving during the shopping journey

Even the best inventory planning strategy can struggle in the face of seismic changes to the retail landscape. When yesterday's inventory decisions become today's problem to solve, maximizing key touchpoints during the shopping experience is key to getting excess inventory under control.

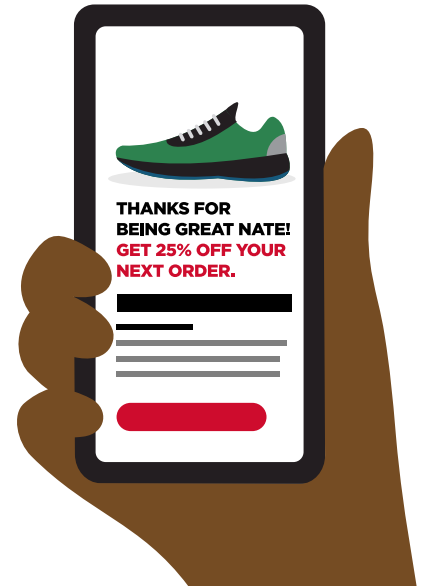
So, when inventory levels are tracking in the wrong direction, how should your business react? It all starts with bridging the gap between what's in your warehouse and what shoppers are buying.

Understanding what customers want

At a time when inflation is making consumers more price-sensitive, it can feel as though you have limited control over what shoppers choose to buy. But when customers are more open to suggestions from brands than ever before, there's a unique opportunity to engage target customers and spotlight products at risk of accumulating in the warehouse.

A recent Adobe Commerce study that surveyed 1,115 consumers from across the U.S. found that 67% would like to receive personalized promotions from brands, while 53% are open to receiving personalized content during the shopping experience itself.⁷ So, far from dynamic recommendations or cross-channel marketing campaigns irritating your customer, these activities serve to streamline the shopping experience.

Aligning inventory and sales goals requires access to the right technology and omnichannel planning capabilities to make in-shopping promotions relevant to the customer. No matter whether they're at the checkout or browsing product pages, these touchpoints are valuable moments to engage your audience and secure bigger conversions.



67%

of consumers would like personalized promotions from brands.





Control excess inventory with a dynamic shopping experience

The COVID-19 pandemic has created lasting challenges for almost every sector and company that engages in global trade. The e-commerce industry, in particular, has been one of the hardest-hit sectors by the COVID-19 pandemic, experiencing long-term issues that still persist.

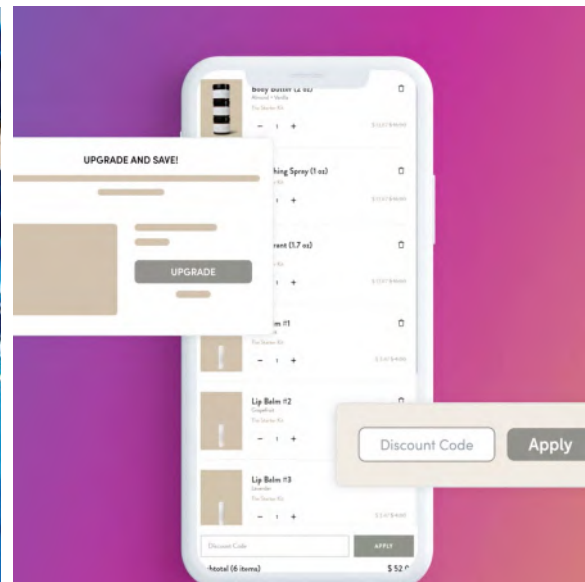
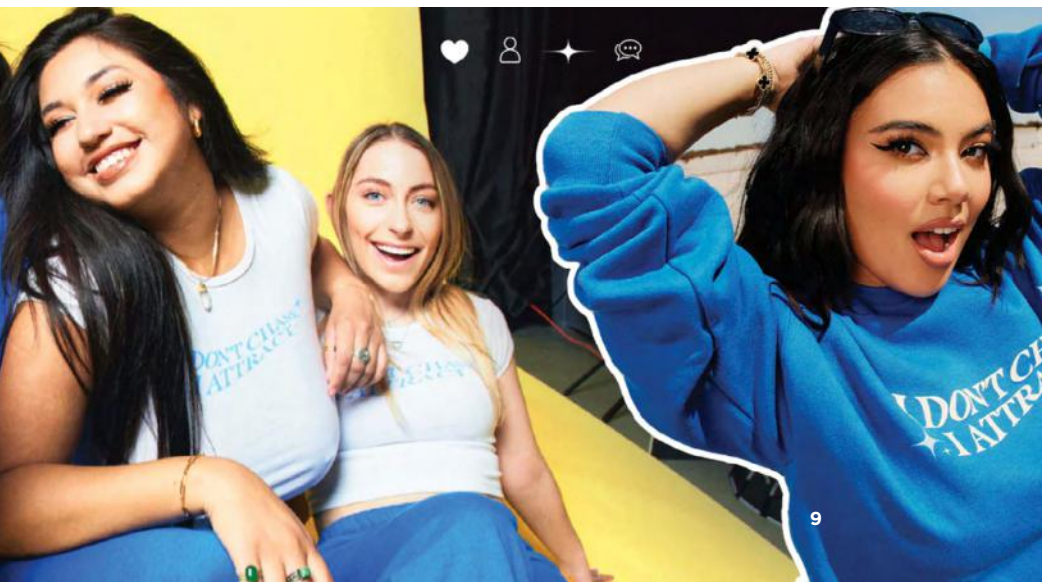
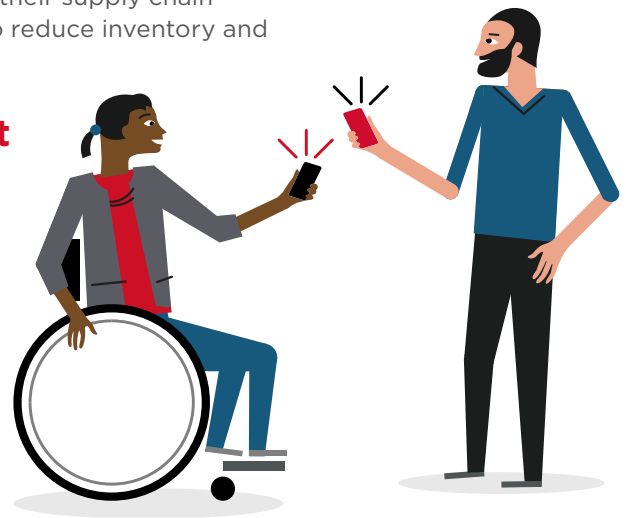
As e-commerce brands recover from the collective dip in market revenue and long-term effects, excess and slow-moving inventory continues to be a thorn in the side of numerous companies.

Increased in-house inventory has contributed to an industry-wide supply chain bottleneck that has left business owners struggling to push unwanted items out the door and manage increase overhead costs.

While some brands have deployed working capital tactics to resolve their supply chain problems, others have turned to re-tooling their website strategies to reduce inventory and maintain high conversion rates.

How on-site recommendations guard against inventory problems

One brand that has successfully leveraged on-site tactics is Rebuy client and leading e-commerce merchandise partner for the world's most beloved internet creators, **Fanjoy**. Their upsell and cross-sell strategy protects their star creators against potential inventory issues while ensuring conversion rates remain high.



REBUY + fanjoy

Fanjoy originally set out with the goal to increase product discovery for their various creators and their merchandise. The team eventually connected with Rebuy to build a promotion strategy that centers on two types of campaigns: **creator launches** and **mystery sales**.

Creator launches use a two-step process that includes the following:

1. Creators promote their new collection page to their vast audiences on social media.
2. As campaign traffic flows into the website, Fanjoy uses Rebuy-powered cross-sells to recommend items from the new collection, as well as leftover inventory items from previous collections.

Fanjoy installed two different types of Rebuy widgets to surface these product recommendations and to personalize the customer journey for maximum conversion rates. The selected widgets included a PDP cross-sell carousel and multiple in-cart product offers that would surface anytime a customer engaged with the cart drawer.

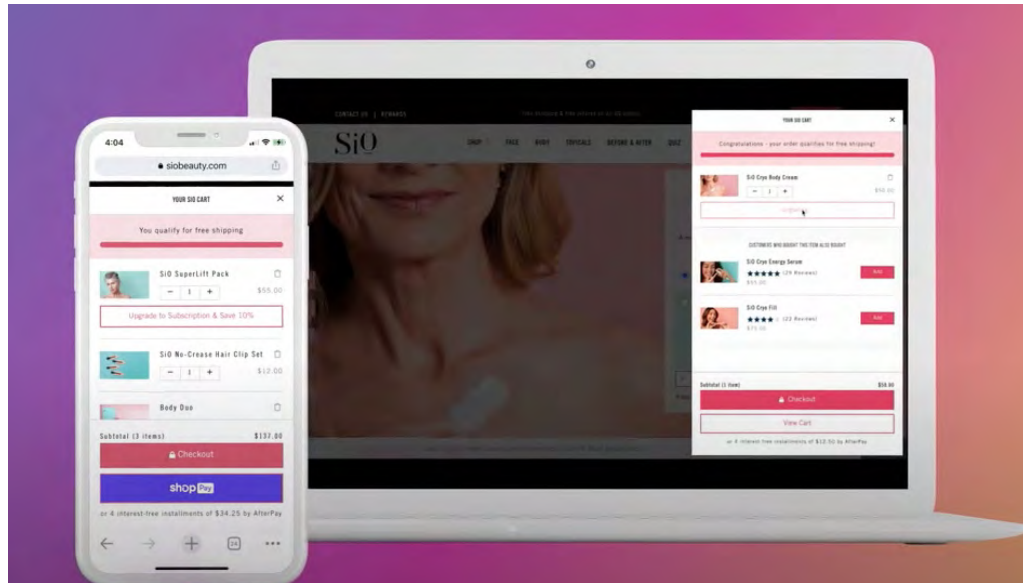
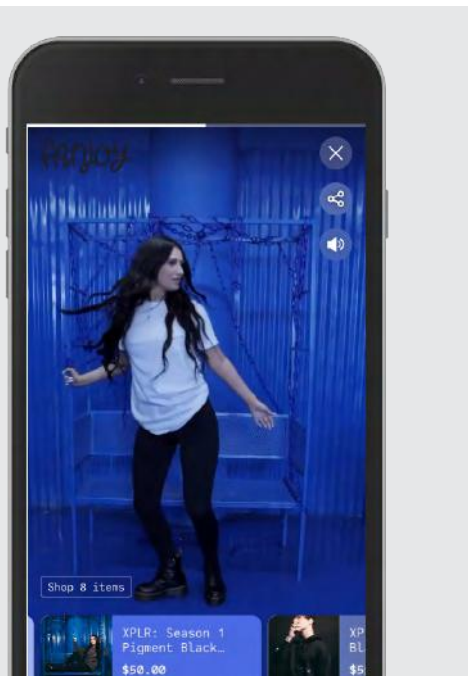
To make the installation process simple, Fanjoy also decided to utilize Rebuy’s custom cart drawer, Smart Cart. Using Smart Cart, the team was able to leverage custom-built and AI-powered rulesets to dynamically update product recommendations on the fly. This allows the Fanjoy team to update product offers based on collection type, date ranges, URL, and inventory levels to drive conversions and maximize customer engagement.

Mystery sales were deployed to create customer excitement and to incentivize shoppers to engage with “limited time offers” (LTOs), further assisting Fanjoy in their management of inventory levels.

Mystery sales included items unknown to customers, often being labeled as products such as “Fanjoy Mystery Hoodie” to conceal the product’s identity. This tactic proved successful and allowed the creator-focused brand to push old inventory out the door using Rebuy’s in-checkout recommendations.

While in-checkout recommendations work well to encourage last-minute customer cart additions, it’s certainly not the only place where mystery items can be successful. Other Rebuy clients leverage the platform’s Gift With Purchase and Post-Purchase Offer widgets to surface mystery items. The promotion tactic remains the same - inventory levels can be managed by appealing to customers that are open to exclusive, quick add-to-cart actions.

With personalized product recommendations, e-commerce brands can create excitement while reducing inventory overflow built up from the COVID-19 pandemic. While there is no guarantee that supply issues will diminish, upsell and cross-sell tools can help brands be successful in the current e-commerce economy.



DAS

Turning Excess Demand into a Recipe for Success: How Made by DAS Helped Porto's Bakery Thrive with Smart Inventory Management

Porto's Bakery, a Southern Californian favorite, faced a turning point when the COVID-19 pandemic forced the closure of its physical stores. The company's Bake-At-Home (BAH) division, which shipped frozen pastries nationwide, became their primary focus for consistent revenue.

Made by DAS (DAS) stepped in to scale marketing and advertising for the BAH line, transforming e-commerce sales into the primary revenue channel.

DAS implemented an integrated strategy across Paid Advertising, Email & SMS marketing by deploying the DAS Audience Development system. DAS' involvement and guidance played a crucial role in helping Porto's manage excess demand by bridging the gap between inventory and sales activity.

Launched in January 2020, the BAH division aimed to supplement revenue from Porto's retail locations. The early success of BAH, coupled with strong advertising and marketing campaigns, indicated nationwide demand for shipped goods. As the pandemic continued, Porto's retail stores were mandated to close, leading to a dramatic, and necessary, shift in their revenue strategy.

DAS performed multiple scaling maneuvers during BAH's initial marketing phase to widen coverage and reach, maintain cross-channel efficiency, and gain insights into forecasting and demand predictability. The success of BAH, driven by DAS' Audience Development system, led to a significant change in Porto's operational approach.

Audience Development is essential for e-commerce merchants, as it helps identify and engage target customers, optimize marketing efforts, and ensure inventory levels align with sales activity.

By focusing on cross-channel efficiency, DAS helped Porto's tackle excess demand at the source, ultimately improving inventory management.

DAS' data-forward approach allowed them to identify trends, patterns, and product popularity, enabling Porto's

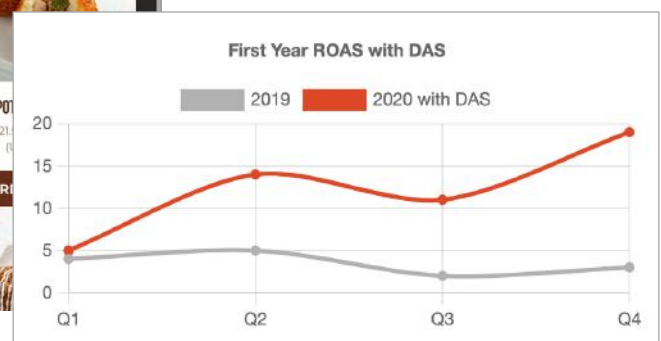
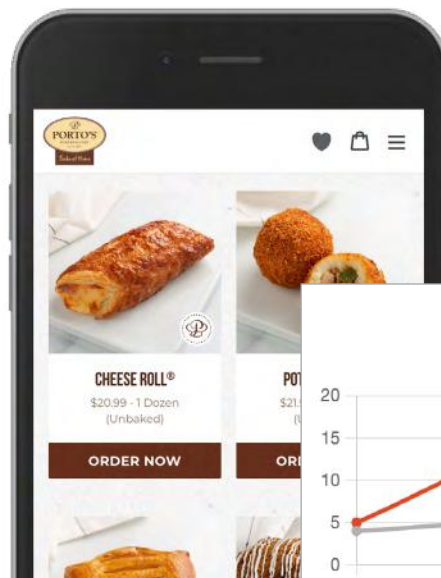
to make informed decisions about inventory levels and distribution strategies. This efficiency ensured that resources were allocated effectively, and products were available when and where customers expected them.

The collaboration between DAS and Porto's also facilitated a more streamlined supply chain, as marketing, sales, and supply chain teams shared insights and data. By working together, these teams optimized inventory levels, minimized stockouts, and reduced excess inventory.

The demand from consumers to have their iconic Porto's Potato Ball, or flaky pastry, showed zero signs of slowing down any time soon. To support and scale this further, DAS advised Porto's to repurpose retail bakeries as production facilities for the BAH line, as their physical locations remained closed.

This strategic move enabled Porto's to meet the growing nationwide demand for their products and maintain inventory management efficiency. While this wasn't an excess inventory issue specifically, it was an excess demand issue to solve for. As a result, the e-commerce channel out-earned retail locations, showcasing the success of the repurposing strategy.

The DAS Audience Development system played a pivotal role in helping Porto's Bakery navigate the pandemic and its associated challenges. By prioritizing healthy forecasting practices, paired with effective advertising and marketing, **DAS turned excess demand into a sustainable growth opportunity for Porto's**, all while empowering fulfillment teams to maintain a real-time pulse read on inventory management.



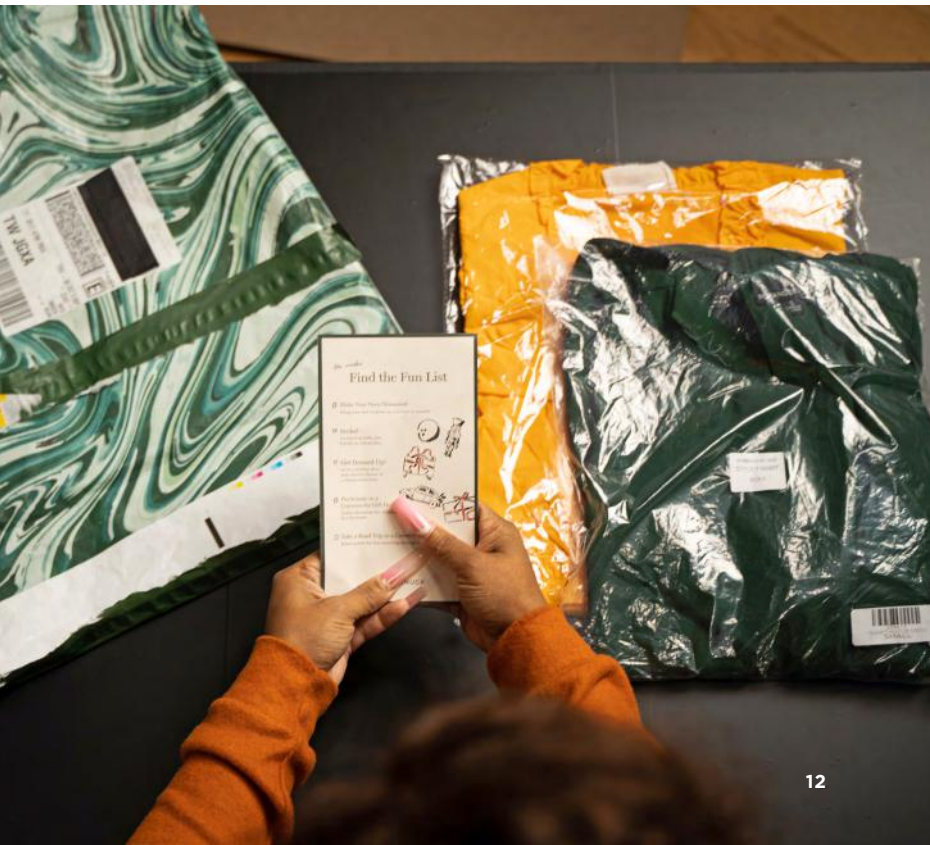
Adding value beyond the transaction

As consumers seek more ways to connect with their favorite brands, touchpoints proliferate across the retail journey. Primary sales channels are where the conversion happens, but there's a robust secondary market for both excess inventory and memorable experiences that encourage retention.

Clearing out inventory overflows while protecting brand equity is a tricky balancing act. Constant discounting compromises not only profit margins but also brand value. If a retailer is willing to slash prices to be rid of a product, it's challenging to maintain the perception of a premium offering.

This is where the recommerce and resale markets allow brands to change the value proposition of excess inventory, repositioning excess items as 'pre-loved' or 'we made too much' rather than unpopular. Brands should pay close attention to this emerging avenue, especially as consumers continue to embrace the secondhand market.

Instead of only targeting consumers in the midst of the shopping journey, brands shouldn't forget those with an established track record of purchases. The more customer data you have, the easier it is to tailor your post-purchase communications to funnel shoppers toward your excess inventory.



The power of the post-purchase experience

It's what takes place after a purchase that determines whether customers will make future visits to a storefront. **83%** of customers say they expect regular communication about their latest purchases, while **33%** of consumers wouldn't return to a brand that didn't send relevant follow up information.⁸



From “oops” to opportunity: How the post-purchase experience can slash excess inventory

“Flash Sale”
 “Oops, We Made Too Much”
 “Warehouse Blowout”

Since the pandemic, e-commerce brands have faced more excess inventory dilemmas. Can brands reduce excess inventory and increase revenue? Yes - and it starts with a strong post-purchase experience.

First things first: You need to establish a foundation

Before you can focus on handling excess inventory, you need to have a strong foundation of loyal customers and repeat purchasers. The building blocks to that foundation? A robust post-purchase experience.

The post-purchase experience is everything that happens after the ‘buy now’ button. Emails, personalized tracking pages, product recommendations, and loyalty and rewards programs are all pivotal moments in the post-purchase experience because they build trust.

“There’s so much untapped potential that lives in the post-purchase experience and there are a lot of applications that might not be extremely obvious until you meet experts in the field like the Malomo team.”

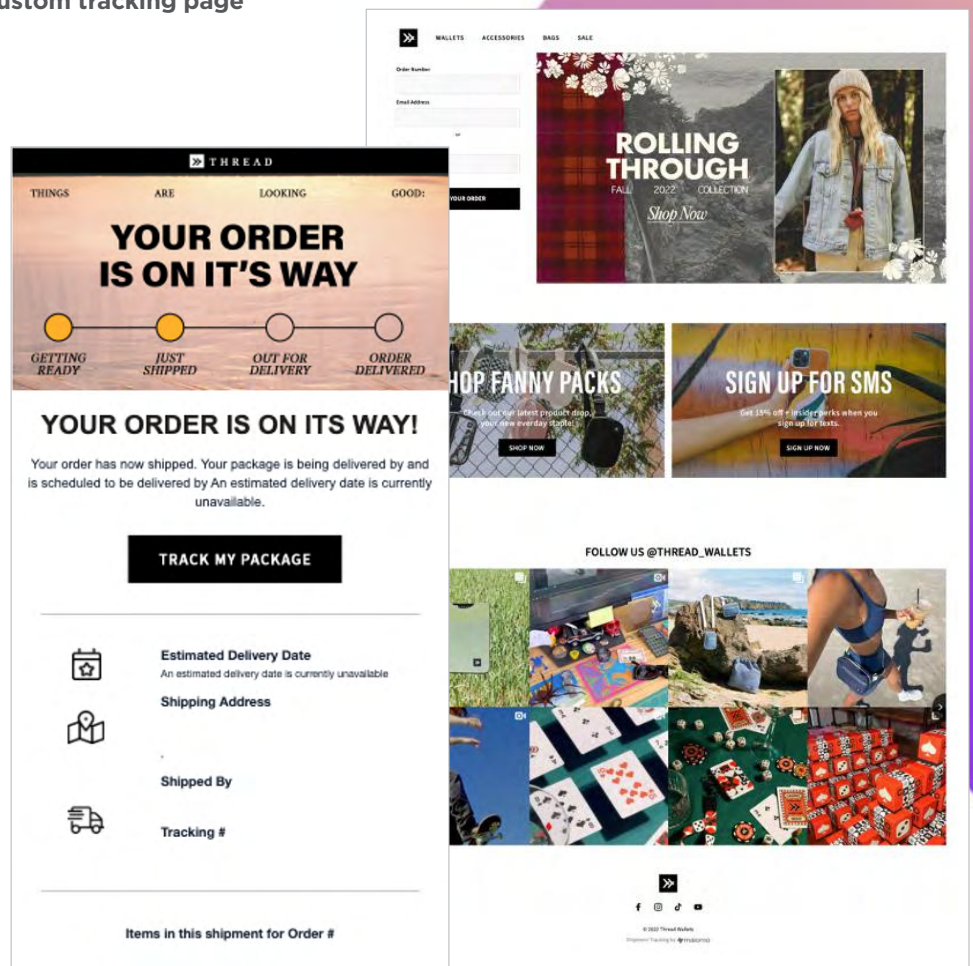
McKenzie Bauer,
 Co-Founder & Chief
 Impact Officer,
 Thread Wallets

Check out what we mean with Thread’s custom tracking page and post-purchase email:

Everything brands do post-purchase builds a relationship with their customers. It shows that you really care about them. Checking in on how a product is working for them or sharing new information about products they may be interested in all build a foundation for future purchases.

“There’s so much untapped potential that lives in the post-purchase experience and there are a lot of applications that might not be extremely obvious until you meet experts in the field like the Malomo team.” McKenzie Bauer, Co-Founder & Chief Impact Officer, Thread Wallets

All customers want is to feel appreciated, and having a solid post-purchase strategy is the key step to getting there.





My post-purchase experience is solid, what do I do about excess inventory?

A post-purchase experience should do two things really well: advanced order tracking and proactive shipping updates. It's not enough just to have a generic tracking page and email template—to increase revenue, you must make the most of these tools.

There's so much more to an order tracking page and email than the order status and updates. They can be excellent tools for reducing excess inventory. Brands can:

- Upsell**
 Upsells encourage customers to purchase an additional “premium” item after purchasing. But you can't just try to sell them anything—it needs to be relevant and truly valuable to the customer.
- Cross-sell**
 Cross-selling encourages a customer to purchase additional items related to their purchase. So if your customer purchased a matcha tea mix, promoting your limited edition whisk set—that you have way too much of—would be a match(a) made in heaven.
- Gift**
 Who doesn't love a freebie? Offering free gifts with purchase is a tried and true way to both get rid of excess inventory and promote customer loyalty. And customers tend to purchase more products to hit a free gift minimum.

The most critical factor here is relevance. To reduce inventory, brands may try to upsell and cross-sell anything, but it ends up being more work internally with little reward. These promotions should be unique and personalized to the customer's purchases.

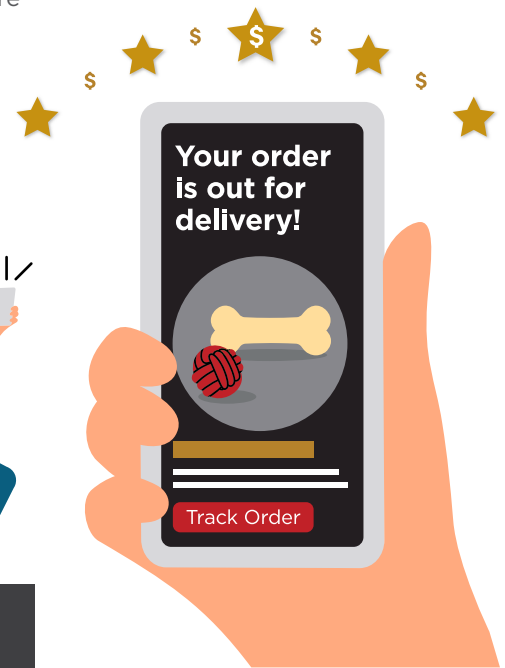
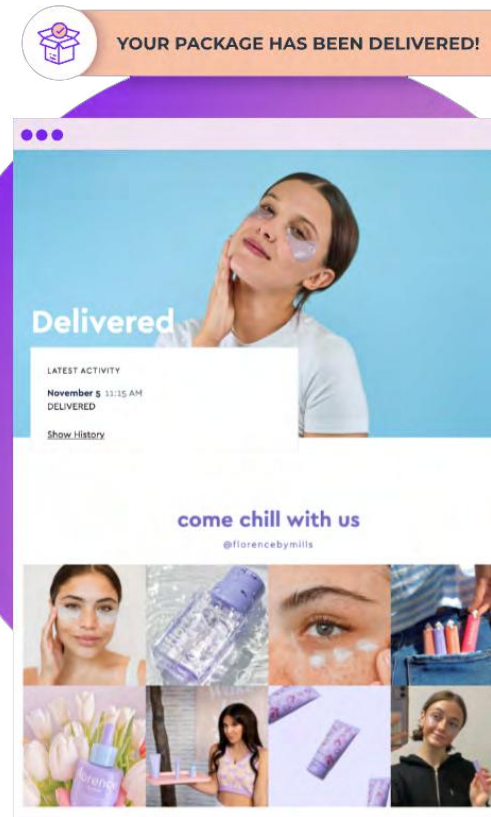
Customer retention remains king

Brands have up to a **70% success rate** of selling to an existing customer.⁹ So if you're not focusing on retention, now is the time to switch gears.

To boost customer retention, brands need to focus on three things: **personalization, efficiency, and communication**. All of these are carried out post-purchase.

Branded order tracking pages offer a unique experience that generic carrier pages can't match. Aside from order status, tracking pages can be used to promote your products, showcase your social media channels, or provide educational opportunities to your customers. And like email notifications, they keep your customers informed every step of the way.

So the key to reducing your excess inventory problems and increasing customer retention? It's all found in the post-purchase experience.



recurate

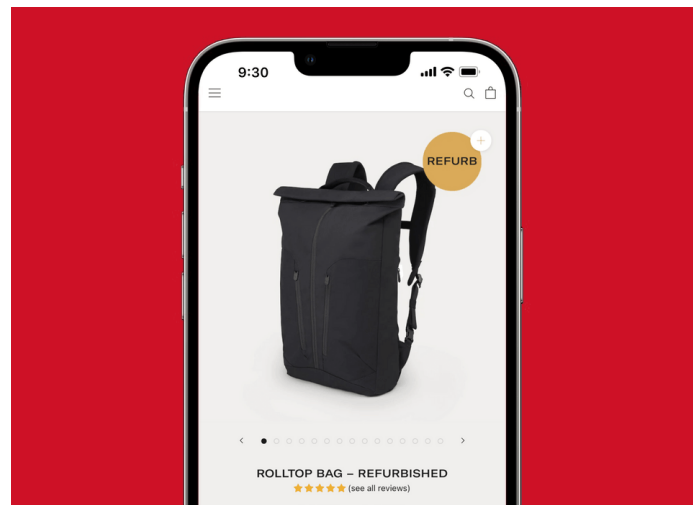
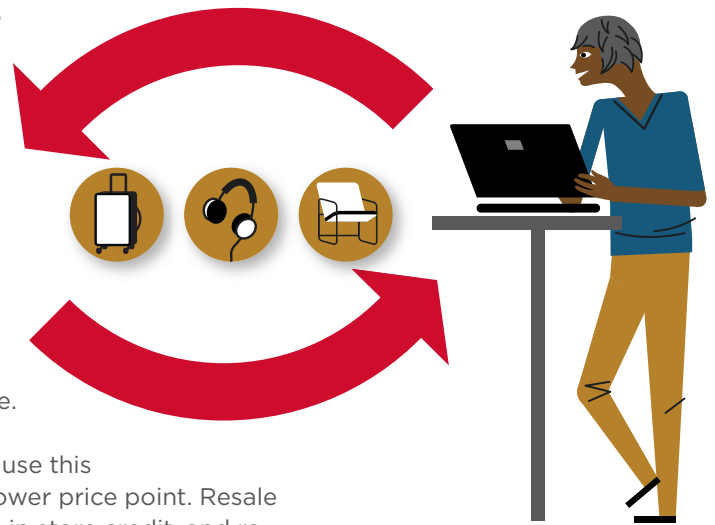
Building a resale program can solve your excess inventory problem

“Recommerce,” that is, the buying and selling of second-hand items, has become increasingly popular as consumers seek out sustainable and cost-effective ways to update their wardrobes.

Brands themselves are taking note of this, and many of them have been jumping on the opportunity to launch “branded resale programs,” managing the secondhand market for their own products. Michael Kors, Zara, Mara Hoffman, Steve Madden, and Outerknown are just a few of the many brands that have brought resale channels into their own e-commerce stores.

It seems like a no-brainer: brands know that their customers are shopping for pre-loved items, and the market already exists. So, why not build a channel that is more elegant, user-centric, and authentic to the brand than what third-party marketplaces offer? It gives them the autonomy that platforms like Poshmark, Vestiaire Collective, or The RealReal cannot provide.

To add to the draw, brands that integrate resale into their site can use this channel to convert new shoppers by offering their products at a lower price point. Resale also drives lifetime value, especially for brands that pay out sellers in store credit, and re-engage lapsed buyers by inviting them back to sell their used items. All the while, these programs help brands move towards a more circular and sustainable model.



recurate

A new avenue for excess inventory

Another benefit that brands can realize but may not have initially thought of, is leveraging their pre-loved marketplace as an opportunity to resell secondhand items. It opens up a better way to monetize returns and excess inventory—things that can no longer be restocked and sold as new. The website traffic is already there, and the brand can recoup a higher percentage of an item’s MSRP than sample sales or other liquidation tactics.

Amour Vert, a sustainably-minded California-based brand, launched ReAmour, a peer-to-peer resale marketplace with the goal of encouraging their customers to “shop circular” and help keep items out of landfills. Realizing that their brand had an excess of returned inventory at their warehouse that couldn’t be restocked as new, they leveraged ReAmour to resell those items.

Within a month, ReAmour’s online inventory count grew by 69% and overall marketplace sales increased by 72%. On the back end, they leveraged Recurate’s technology to provide the integrated resale marketplace (user experience, shipping integrations, and customer service) and a partnership with Fillogic who managed the operational fulfillment of the brand-sourced inventory.

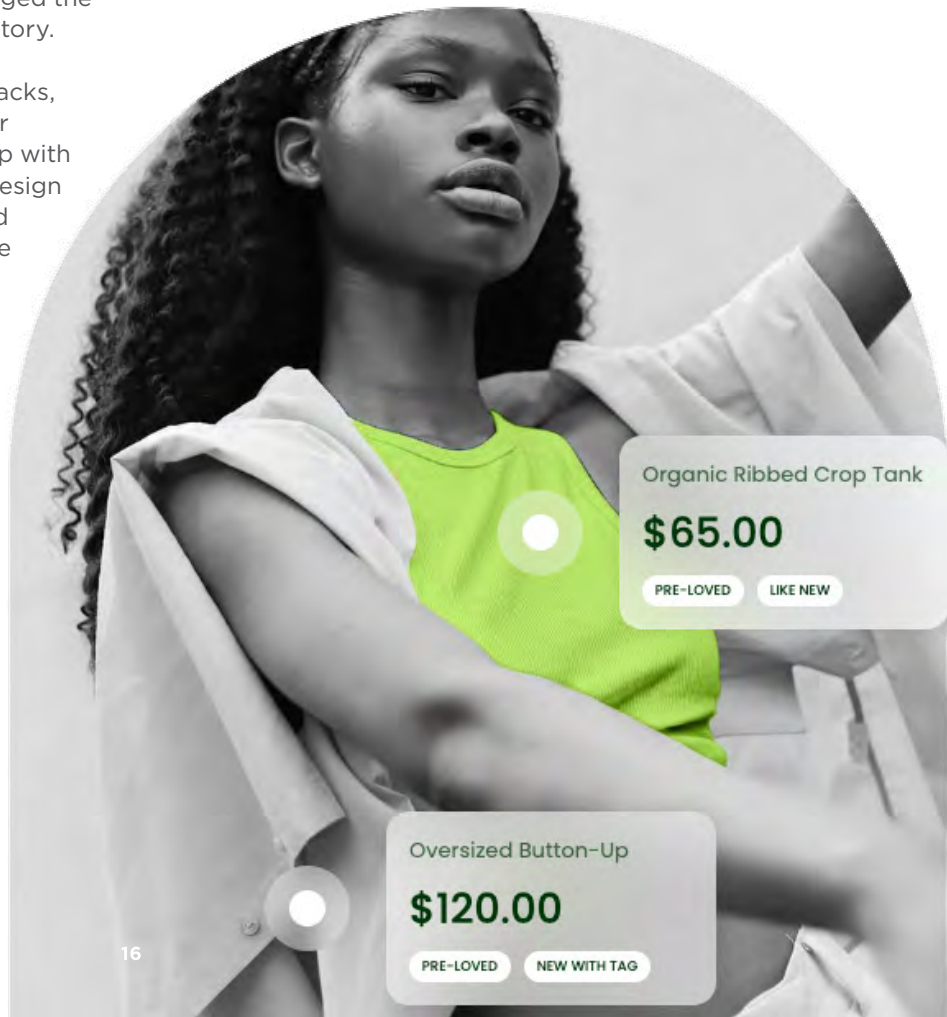
Other brands, like Peak Design, which sells backpacks, camera bags, and travel gear, have leveraged their resale program similarly. Through their partnership with Recurate, Peak Design’s website hosts the Peak Design “Marketplace,” where their customers can buy and sell pre-owned gear. Within the marketplace, there are both items sold and fulfilled by community members, as well as items that are listed as “PD Certified” meaning they are coming directly from the brand (returned inventory and excess items) but being sold at a discounted price. Even

when shoppers are looking to shop for new items, if that item is available on the resale marketplace, a “buy used” option is displayed.



“Selling [open boxed and refurbished] alongside peer-to-peer effectively quadrupled the rate at which we were selling open-boxed stuff, because the PD Marketplace is tied into our new product buying experience,” said Adam Saraceno, Marketing Director of Peak Design. **“Once we did that, it made the ROI of our marketplace shoot up quite a bit in terms of the rate at which we were selling through that product. Which also organically increased the rate at which people were coming to the marketplace and listing new products.”**

While brands and retailers face the challenges of excess inventory, returns, and damages, integrated resale opens up a new opportunity. Building an online pre-loved marketplace can be a “swiss army knife” that attracts new buyers, encourages loyalty, and provides an easy way to offload excess inventory without waste or significant losses.



Transforming inventory overflows into opportunity

The current inventory glut is a reflection of the rapid changes to the retail landscape since the COVID-19 pandemic. Ongoing inflation, changing consumer tastes, and outdated inventory management tactics have resulted in some of the biggest stock challenges in recent decades - and it's going to take more than the occasional clearance sale for brands to get their warehouses straightened out.

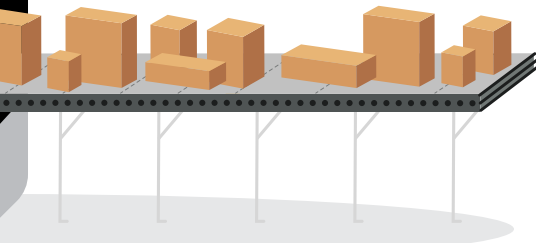
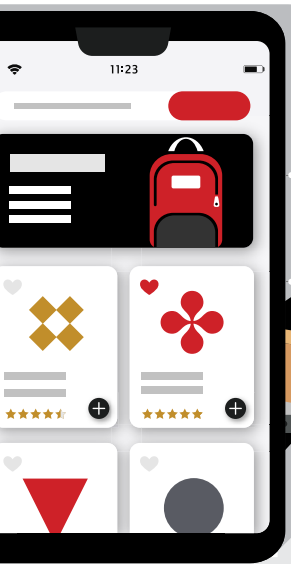
The longer that inventory piles up, the more capital gets tied up in stock - and the more difficult it becomes to keep pace with what consumers are looking for. Left unchecked, this is the beginning of a long, slow spiral to becoming irrelevant in the eyes of your target audience. Once this happens, it's very difficult (and expensive) to build back consumer trust.

But with the right planning and tools at your disposal, you can turn

your surplus stock from a dead weight into an additional revenue stream, complete with its own sales and CX management strategies that drive customer loyalty and repeat purchases.

By viewing inventory management through the lens of the customer journey rather than a simple numbers game, businesses no longer have to choose between maintaining brand integrity or getting their inventory in check. Aligning these strategies conserves valuable resources while enabling brands to tackle the root causes of excess inventory.

As retail and e-commerce continue to evolve, the brands that make these investments in their inventory management strategy will be better positioned to weather future disruptions to supply chains and consumer demand.



About Ryder E-commerce by Whiplash

Ryder E-commerce by Whiplash is a leading provider of direct-to-consumer fulfillment and retail logistics, including end-to-end customer care, transportation, distribution, and value-added warehouse services. Its high-performance operations are supported by its namesake e-commerce platform and a suite of advanced technology solutions, enabling the multi-channel connectivity required by the retail supply chains of today and tomorrow. Operating 25 distribution centers nationwide across more than 10 million square feet of space in addition to its international partner network, Whiplash brings emerging and established brands the scale and vision they need to grow and succeed. For more information on our end-to-end services, visit: whiplash.com



Looking to better integrate smart offline and online shopping experiences into your omnichannel brand strategy? We invite you to visit the websites of the featured companies in this piece, and visit our partner directory at partnerdirectory.whiplash.com. To talk with one of our Whiplash fulfillment experts, please call us at **877.901.6472**, or email fulfillment@whiplash.com.

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