DATASCAN

CYCLE COUNTING SOLUTION

Let's be clear, in-store inventory accuracy has always been challenging. According to a recent study from Auburn University, the average retail store's inventory accuracy is a frighteningly low 35%.

While the majority of retailers perform full physical inventory counts once or twice a year, primarily for fiscal compliance, this means that those store inventories are only accurate once or twice a year.

That is unacceptable in today's omnichannel world.

Datascan's own research indicates that the potential rate of accuracy degradation can rise to more than 3% per month depending on a retailer's product mix and store sales volumes.

Retail customers have an increasing flexibility in how they interact with – and buy from – the retailers they trust. Simply put, there are two key options that place increasing importance on the store's inventory records to be accurate.

- Buy online and ship-from-store
- Buy online and pickup in store (BOPIS)

When a retailer is unable to fulfil an online order due to inaccurate inventory data, there are three key potential impacts:

- An inefficient use of labor, thus raising costs
- A lost sale
- The risk of a dissatisfied customer redirecting their future purchases to a competitor

An IBM study shows that 72% of consumers will switch to a competitor when an order is canceled, and up to 67% will change their future buying behavior permanently.

In response to this omnichannel pressure for perpetual inventory accuracy, Datascan strongly recommends implementing a structured cycle count program to significantly impact a retailer's business productivity. Frequent validation of actual store inventory quantities impacts the ability of a retailer to sell and deliver products effectively to its customers.

Counting product categories more frequently positively impacts a store's performance in two ways:

1. IMPROVED INVENTORY OPERATIONS

- Eliminates out of stock merchandise
- Reduces safety stock levels
- Improves replenishment processes
- Maximizes omnichannel fulfillment efficiency

2. INCREASED PROFITABILITY

- Eliminates wasted labor used to find items that are not in the store
- Increases sales
- Boosts customer satisfaction

Datascan has developed specific cycle count solutions to address retailer's needs.

BENEFITS

- **Increased efficiency**
  - You decide what, when and where to count.
- **Fully automated**
  - Seamless set up and execution – from planning to output.
- **Unparalleled support**
  - Your dedicated Account Executive partners with you every step of the way – before, during and after the counts – equipping you to understand the entire process and your results first hand.
- **Immediate response**
  - Variances and count data are available in real-time
- **Quality of output**
  - Extensive reporting options support operational and financial initiatives.
- **Improved effectiveness**
  - Quickly identify and address store shrink challenges.
- **Save time and money**
  - Reduce your total cost and risk by counting more frequently.

CYCLE COUNTING BEST PRACTICES TO KEEP IN MIND

- **Make cycle counting a key strategic in-store process**
  - Aim to count as frequently as you can with the staff you have. Counting more often will improve your stock on hand accuracy - allowing you to meet your customer's needs more effectively.
- **Count the most important products more often**
  - We recommend considering best-sellers, high value, high-shrink and seasonal items
- **Track the data over time**
  - Frequently monitor your cycle count data allowing you to plan and merchandise your stores more efficiently.

Current Datascan customers performing cycle counts as an alternative method to managing their inventory are seeing a 40% increase in stock on hand accuracy and higher effectiveness in omnichannel selling.

"Datascan helped us understand the value of cycle counting and now we are seeing terrific results in our stock on hand accuracy because of it. Thank you Datascan!"

- Department store retailer with 200 stores