

INVENTORY SHRINKAGE: CAUSES, CONSEQUENCES & SOLUTIONS

As a **supply chain manager**, you face many challenges on a daily basis: **Inventory Shrinkage (IS)** is one of them.

A recent study by the **Conseil National de la Sécurité des Magasins** revealed that **shrink** represents almost **1%** of French retail sales, or **several billion euros** each year.

Definition & Consequences of inventory shrinkage



The inventory shrinkage corresponds to the **difference between theoretical and actual stock levels**, generates **considerable financial losses**, **seriously disrupts your supply chain**, and **even damages the reputation** of your company and your teams.

INVENTORY SHRINKAGE: A COMPLEX NUISANCE



WHAT ARE THE CONSEQUENCES FOR YOUR BUSINESS?



Direct financial losses

Each missing unit represents a loss in sales of up to several percentage points, reducing your profit margin.



Reduced customer satisfaction

Stock-outs lead to dissatisfaction, order cancellations and can damage your brand image. Customers may choose not to return after an out-of-stock situation.



Increased forecasting complexity

IS makes it difficult to forecast demand, leading to overstocking or stock-outs, and thus increasing storage and transport costs.



Increased costs

Costs linked to stock management, inventories, customer complaints and replenishment operations are all impacted. For example, a company may see its storage costs increase due to high IS.

MEASURING INVENTORY SHRINK : THE FIRST STEP TOWARDS IMPROVEMENT

Calculating the IS rate is essential to assess the extent of the problem within your company. This metric is calculated as follows:

By regularly monitoring your IS rate, you can implement corrective actions and measure their effectiveness.



IS rate = (Registered stock level – Actual stock level) / Registered stock level



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THE 6 KEYS TO MASTERING THE INVENTORY SHRINKAGE

To significantly reduce your SI, it is essential to implement actions targeted at the identified causes:

1 Enhance security

Access control, video surveillance, alarms, regular audits.

2 Optimize processes

Standardize procedures, train staff, use high-performance WMS systems, implement rigorous quality controls.

3 Improve traceability

Use technologies such as RFID, barcodes, IoT, inventory drones to better track products throughout or at a particular stage in the supply chain.

4 Implement rigorous quality controls

Carry out regular checks on incoming and outgoing products, set up return procedures.

5 Optimize returns management

Implement clear and efficient procedures to manage customer returns, avoid accidental re-injection into stock.

6 Improve demand forecasting

Use predictive analysis tools, take into account historical and seasonal data.

EYESEE: YOUR PARTNER FOR OPTIMIZED INVENTORY MANAGEMENT

The EYESEE solution gives you complete visibility of your inventory thanks to:



Real-time traceability

Precise tracking of each pallet, detection of inventory errors.



Early detection of losses

Rapid identification of missing or damaged SKUs.



Process optimization

Automation of a repetitive task, reduction of manual errors.



Easy integration with your existing systems

Import-export compatibility with market WMSs and specific integrations.

Ready to boost your inventory management? EYESEE offers you a powerful solution that will enable you to significantly reduce your losses, optimize your supply chain and, consequently, increase your profitability. By offering an enhanced customer experience, you lay the foundations for sustainable growth.



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IS YOUR WAREHOUSE EXPERIENCING TOO MUCH INVENTORY SHRINKAGE?

EYESEE can help you reduce your shrink, simplify and secure your inventory.

[Contact us to learn more](#)

