

# Digital Inventory Solutions and E-Commerce May Help Brands Stay Afloat – Sourcing Journal

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## Here's How Fashion Can Move Excess Stock—And Where Shoppers Are Spending on Luxury

By *Kate Nishimura*



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As consumers are confined to the great indoors, brick-and-mortar businesses are stalling.

Retailers and brands that have an [e-commerce](#) component to their businesses, or are operating fully direct to consumer, are better positioned to weather the total shutdown prompted by the ongoing pandemic.

According to Ronen Lazar, co-founder and CEO of enterprise solution platform [Inturn](#), the challenges of the current moment have highlighted some of the industry's glaring inefficiencies when it comes to moving product effectively.

"We were busy before, but circumstances like this are when people really wake up," he said.

Brands and retailers are at a loss as to how to move product in a landscape where the only predictable circumstance is continued volatility.

They've always operated with a surplus of slow-moving [inventory](#), he said, which they would find ways to contend with each season through promotions and discounts.

"Sometimes need is what causes people to look for innovation," Lazar added. "Numerous companies are reaching out to us daily and asking how they can get prepared, not just for the immediate turn, but on a go-forward basis."

That slow-burning panic has caused brands to turn to solutions providers like [Inturn](#) to help manage the movement of inventory using data-backed strategy.

"Now, you have this extreme level of unpredictability and very little demand," Lazar said. "A lot of companies are sitting on mountains of inventory and they don't know where to start."

Moments like these show that digital readiness is critical, he added. Industry folks have historically operated primarily as merchants, working overtime to make product and experience attractive to shoppers.

"They didn't take the time to invest in systems that helped them operate more efficiently, with better visibility and more proactive strategy on the back end," he said.

For retailers buying into new product, the process often involved perusing massive spreadsheets with days or weeks-old data from brands.

"Imagine as a buyer receiving spreadsheets that are tens of thousands of rows in length, from multiple people each day," he said. "In normal times, it's incredibly tedious and difficult for buyers to purchase in that way."

In the COVID-19 retail landscape, there's "an avalanche of product" that needs to be sold as soon as possible, and time-wasting processes have become an impossibility, Lazar said.

Inturn's platform offers brands real-time data and visuals about available inventory so that sales and promotional strategies can be made quickly and easily, he said. They can position their product with full data and visuals that are easily digestible for buyers.

"Folks who need to operate in a showroom or need to go to an office to access their files—that doesn't work now," he said. Businesses must have a digital home for their operations that can be accessed remotely at all times.

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In addition to back-end strategy, brands that have already developed their consumer-facing online businesses are in a much better place than their counterparts. Everyone has been impacted, Lazar said, but it could be twice as bad for those that don't have a robust e-commerce presence.

As for strategies to succeed with shoppers during the age of COVID-19, there's a delicate balance between offering the right products and promotions at the right time, Lazar said.

"In terms of what to discount and how, people think that it's categorically decided upon, but I think it depends on the brands, the quantities, styles, color ways, and the situation that you're looking at," Lazar said. Inturn can help brands assess sales data to help them devise a strategy to move forward.

Generally, though, Lazar believes that demand will stem from consumer need.

"There is a lot of product being made that people don't need, and I think people will think about what they need first," he said, alluding to more practical basics and items that can actually be used while shoppers remain homebound.

"But I think those who have some discretionary funds to spend will likely spend on areas that are otherwise unattainable outside of this scenario," he said. "There's product out there in the market that's drastically discounted. You're seeing brands that you generally don't see discounted at 50 percent off."

Even if brands are creating attractive enough promotions to lure consumers, they're taking a hit to their bottom lines. In these unprecedented times, though, pushing product out the door for far less than market value could be the literal cost of doing business.

"There's a high level of uncertainty and jobs are being lost, and no one knows when things will get back to normal," Lazar said. Some consumers are looking for opportunistic buys, and e-commerce can enable brands and retailers to maintain sales.

Some e-commerce-only businesses are finding unexpected opportunities in the current retail shutdown.

New Jersey-based ShopWorn, a site that offers discounted luxury accessories and jewelry, has seen an uptick in business in April, after a few somber weeks in March.

The site purchases its inventory directly from brands and authorized retailers, and many of the pieces are unsold stock or items that have been tried on by shoppers in store.

"We just realized something was missing in the luxury market," said CEO Larry Birnbaum.

"There was always pre-owned or new, but no one ever capitalized on the idea of selling shop-worn items."

Shoppers cooped up at home have some time on their hands to surf the web, and while many are buying essential food and home items, they might also be looking for a pick-me-up, or "something to put a smile on their faces through the hard times," Birnbaum said.

"We've seen a downturn in areas that have been greatly affected on the East and West Coasts, but we have seen sales pick up from other areas within the U.S. as well as areas that are ahead of us in the virus abroad," he said.

Luxury shoppers have become more savvy about getting the goods they want at lower prices,

and sites like ShopWorn offer deep discounts on high-end items on a consistent basis. The site has also increased promotions to drive sales over the past four to six weeks, Birnbaum said. “You’re always going to have that luxury consumer who wants to go into the store and have the experience and spend full retail,” he added, but “the bulk of consumers are more price-conscious and know they can get a great deal on last season’s product, and use it for the next 20 years.”

Birnbaum’s business is chugging along, dispelling the notion that consumers are clamming up when it comes to discretionary spending.

“Our biggest growth categories have been jewelry, writing instruments, and small accessories like wallets and belts,” he said. “There’s no rhyme or reason to it.”

ShopWorn employs agents in Hong Kong, Greece, Turkey, Spain, Italy, the U.K. and Cyprus, Birnbaum said, who maintain relationships with local brands and their authorized dealers in those countries.