

10 Shocking Inventory Management Statistics

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The U.S. economy is on the upswing, but a huge amount of cash is still tied up in inventory. American businesses have yet to get on the [inventory management](#) boat, leading to errors, lost opportunity, and increased costs.



These ten statistics show just how inventory management is being overlooked in the US.

1. A shocking amount of capital is tied up in inventory.
Inventory along with accounts receivable and accounts



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payable has tied up \$1.1 trillion in cash – equivalent to 7% of the U.S. GDP. (Source: [REL](#)) >> [Tweet this](#)

2. While inventory as a percentage of sales is down from its highs, it's on the rise from its 2011 low. **U.S. retailers are currently sitting on about \$1.43 in inventory for every \$1 of sales they make.** (Source: Stifel via [SCDigest](#)) >> [Tweet this](#)

3. The number of companies without a robust inventory management system in place is shocking. **46% of SMBs either don't track inventory or use a manual method.** (Source: [Wasp Barcode](#)) >> [Tweet this](#)

4. Even though shipping and manufacturing are getting more efficient and faster, companies are still holding on to more stuff. **"Days inventory outstanding" – the amount of inventory on hand based on average sales per day – has risen 8.3% over the past five years.** The highest sector is spirits, at 188 and the lowest is restaurants at 7. (Source: REL via [SCDigest](#)) >> [Tweet this](#)

5. Warehouse space is still dirt cheap, compared to other buildings. **The average cost per square foot of warehouse and distribution centers in the U.S. is \$5.08.** (Source: [Colliers International](#)) >> [Tweet this](#)

6. More and more businesses are increasing the range of products they stock in order to meet consumer "long tail" demands. **54% of warehouses plan to expand the number of inventory SKUs carried over the next five years.** (Source: [Motorola](#)) >> [Tweet this](#)

7. Retailers are trying to shift the burden of inventory from warehouses to stores. For example, **15% of Target's online purchases are marked for pick up in-store.** (Source: [Target](#)) >> [Tweet this](#)

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8. Almost everyone understands the value of working with mobile devices to increase speed and operational efficiency. **67% of warehouses plan to use mobile devices to manage inventory.** (Source: [Motorola](#)) >>[Tweet this](#)

9. The value of inventory tracking isn't just in dollars and cents. **Using barcodes on medication reduced errors in administration by 41.4% at an academic medical center.** (Source: [New England Journal of Medicine](#)) >>[Tweet this](#)

10. Inventory and warehouse management is increasing in value and relevance. **The number of warehouses in the U.S. has risen 6.8% over the last five years.** (Source: [Bureau of Labor Statistics](#)) >>[Tweet this](#)

Conclusion

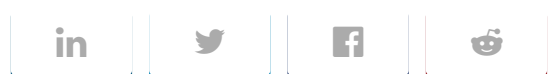
The move away from pen-and-paper inventory management is a huge step toward success. With the growth of RFID systems and alternative inventory management programs, companies are able to take their inventory processes back.

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Andrew Marder is a former Capterra analyst.

COMMENTS



Comment by jaychristopher on Apr. 20, 2017 at 4:41 am

Inventory management is also the practice of overseeing and controlling of quantities of finished products for sale.



Comment by Projuktishop on Feb. 19, 2017 at 1:51 pm

So what do you think using [Inventory Management Software](#) in large business like grocery shop would be a wise or worse option?

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[...] (Motorola). While most small businesses don't stock their products in warehouses, the same principle applies. Small businesses are pressured to constantly increase their SKU count to keep up with shopper demand. When shoppers walk into a store, they expect to see the type of variety they can find online. With this type of inventory to manage, business owners must implement an inventory management system [...]

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[...] your reputation. Inventory management has risen drastically in value, with U.S. retailers having \$1.43 invested in inventory for every \$1 of their sales. According to REL, inventory, along with accounts [...]



Comment by David Masterson on Sep. 02, 2016 at 11:59 am

On point 8, 'Almost everyone understands the value of working with mobile devices to increase speed and operational efficiency' while Motorola seems to be focusing on staff in the warehouse settings companies are increasingly looking for ways to track their inventory wherever it may be in the world. In those cases it can be very beneficial to leverage the power of smartphones and commodity mobile devices as well.

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[...] bother to track inventory or are still using paper. And because of that, businesses in the US have \$1.43 worth of product in their inventory for every \$1 they make in [...]

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[...] inventory management process doesn't save you time or resources. Considering that an estimated \$1.1 trillion is tied up in inventory management, including the pitfalls of lost assets, inefficient [...]

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