

How Out of Stock leads to Sales Loss and Shift to Competition brands?



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Description

Imagine this: A loyal customer searches for their favorite skincare product on the e-commerce platforms, only to find it out of stock. Frustrated and unable to wait, they quickly choose a competing brand or head to another platform. What starts as a temporary inconvenience for the shopper becomes a long-term problem for the brand—a lost sale, a dent in customer loyalty, and a potential shift to a competitor.

Out-of-stock (OOS) scenarios are one of the most underestimated challenges in retail, especially in the e-commerce era where convenience and speed dictate consumer behavior. Addressing OOS is not just about replenishing shelves; it's about safeguarding customer trust and securing your market share.

That's where **Paxcom's Kinator** comes in. By offering cutting-edge tools for real-time inventory tracking, sales analytics, and automated replenishment insights, Kinator ensures your products are always available to meet customer demand. Don't let an OOS situation become an opportunity for your competitors—stay ahead of the curve with Kinator.

Introduction

Out-of-stock instances typically occur at the critical point of purchase when customers are ready to buy but the product they want is unavailable. This situation arises when there's a mismatch between demand and inventory, often due to inadequate tracking, inefficient fill rates, or unexpected spikes in

demand.

The retail landscape has undergone a seismic shift towards e-commerce, with consumers expecting seamless shopping experiences and instant gratification. This shift has intensified the challenge for brands, as OOS now has an amplified impact—not only leading to missed revenue but also risking customer attrition to competitors.

For brands to thrive, understanding and addressing the root causes of OOS is essential. It's not just about solving logistical problems; it's about maintaining a competitive edge in an increasingly saturated market.

Importance of Tracking Stock Availability

From an outsider's perspective, out-of-stock (OOS) situations might not seem critical. However, in the competitive world of retail, OOS directly impacts customer satisfaction and loyalty. When these instances happen frequently, they create a cascade of negative effects that harm a brand's reputation, revenue, and long-term performance.

For brands managing a broad portfolio of products across multiple e-commerce platforms, tracking inventory manually can be an overwhelming and inefficient task. The time spent waiting for channel inventory reports can result in missed opportunities—by the time a brand identifies an OOS issue, significant sales losses and customer attrition have often already occurred.

A study by the IHL Group reveals a staggering annual loss of nearly \$1 trillion in retail sales due to out-of-stock items. In today's competitive market, nearly every product has a substitute or replacement readily available. For a retailer, this means that even temporary stockouts can lead to:

- **Loss of immediate sales:** Customers are not likely to wait—they'll move on to the next available option.
- **Erosion of customer loyalty:** Once consumers try competitor brands, they might stick with them.
- **Opportunities for competitors:** Competitors can seize the moment to attract your customers and establish themselves as reliable alternatives.

The Impact of OOS on Brand Reputation and Business Performance

Out-of-stock scenarios don't just affect sales—they also damage brand perception and long-term business health. Consider this:

Customer Trust and Loyalty

Frequent stockouts minimize confidence in your brand. A customer who consistently finds your product unavailable will eventually stop looking for it altogether.

Search Rankings and Visibility

On e-commerce platforms, being out of stock reduces your product's search ranking due to a lack of sales velocity. This creates a vicious cycle—lower visibility leads to fewer sales, pushing you further down the rankings and giving competitors a clear edge.

Pandemic-Driven Demands

During the pandemic, products like masks, medicines, and essentials faced unprecedented demand. Brands that couldn't maintain stock suffered significant revenue losses and lost market share to competitors who could meet the demand.

How to Mitigate OOS Situations

Preventing out-of-stock scenarios requires proactive inventory management and real-time tracking. This is where [**Paxcom's Kinator**](#) can be a game-changer for your business. With its data-driven tools, Kinator helps brands to

- Monitor stock levels across multiple platforms in real time.
- Predict demand patterns to ensure optimal inventory levels.
- Automate replenishment processes to prevent delays.
- Identify sales trends and potential gaps before they impact performance.

With tools like Paxcom's Kinator, brands can move from reactive to proactive inventory management, protecting their bottom line and building lasting customer relationships. Don't let an OOS situation define your brand's future—take control today.

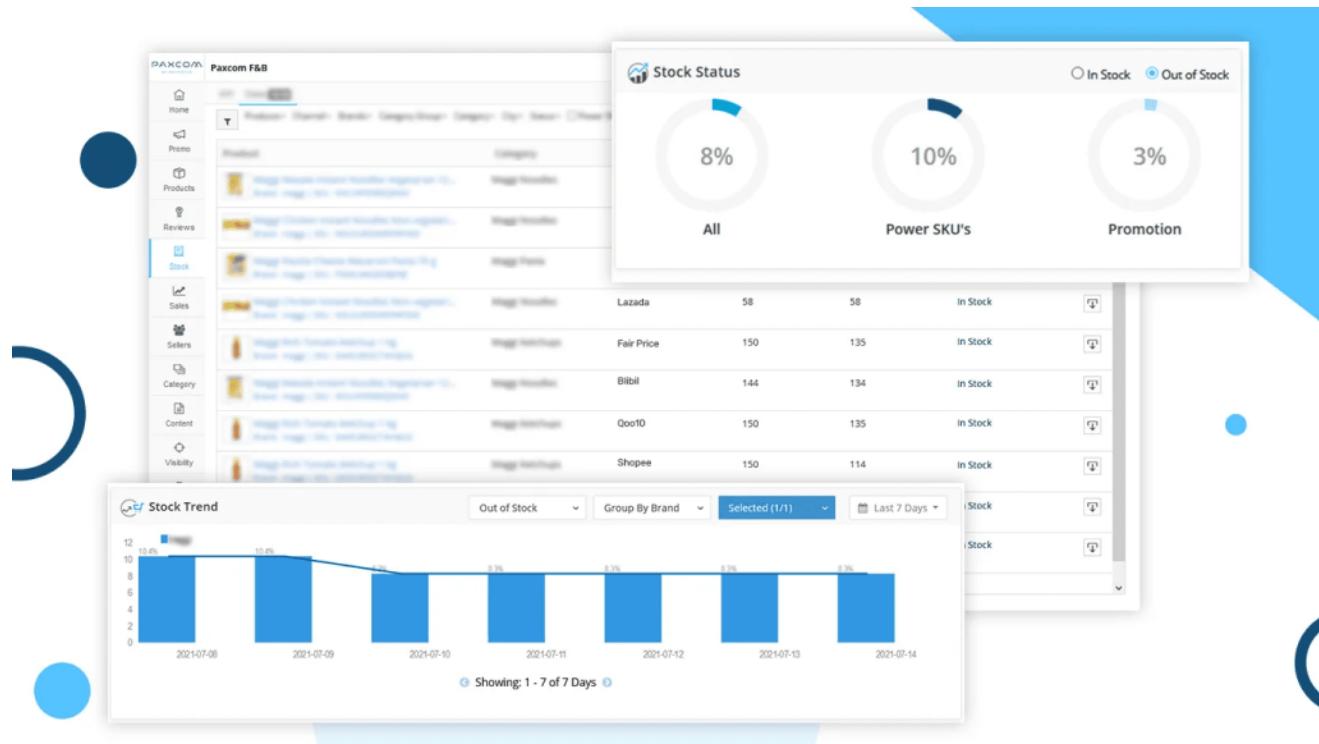
How can Paxcom help avoid sales loss and customers shifting to competition brands?

Managing stock across multiple platforms can feel like an uphill battle, especially in today's fast-paced e-commerce environment. Paxcom's **Kinator** is a comprehensive solution designed to help brands avoid sales loss due to out-of-stock (OOS) situations, along with multiple offerings to help your brand scale the business.

One of Kinator's standout features is its ability to deliver **real-time inventory alerts** and **geographical stock tracking**. This ensures that brands can quickly identify and replenish OOS products across channels. Through daily and weekly alerts, Kinator empowers brands to act proactively, avoiding sales dips and preventing customers from shifting to competitors.

Kinator's dashboard provides an easy-to-navigate summary of in-stock percentages for each channel, giving brands a holistic overview of their inventory health. Dive deeper, and the channel-specific reports reveal granular details about stock status—helpful for making swift, informed decisions about replenishment and inventory planning.

Let's take a look at the Kinator Stock tracking screens below.



Paxcom provides a customized inventory management report that helps brands analyze recent market patterns and differentiate between popular items and slower-moving products, giving you a clearer understanding of what should and should not be stocked.

CHANNEL NAME	IN STOCK	IN STOCK(%)	OUT OF STOCK	ACTIVE IN STOCK(%)	DELISTED	TOTAL LISTINGS
Amazon Singapore	42	68.85%	19	68.85%	0	61
FairPrice Singapore	52	100.00%	0	100.00%	0	52
Lazada Singapore	79	80.61%	0	100.00%	19	98
qoo10	91	91.92%	7	92.86%	1	99
Redmart	31	58.49%	1	96.88%	21	53
Shopee Singapore	128	90.78%	13	90.78%	0	141

Determining inventory level is very important, as many factors such as demand forecasts, continuing promotion, seasonal fluctuations, and any external reason are important to consider. Kinator is Paxcom's in-house software that enables brands to manage all these factors from one location.

To avoid out-of-stock situations, we provide demand forecasting services in which we analyze the previous 6 months of sales data, out-of-stock product history, and category-level product history and develop an AI-based algorithm to manage inventory efficiently for reducing OOS instances and increasing field rate. The clients who have used the demand-forecasting model have improved on OOS by 50% within 3 months of implementation.

Using our custom analytics, we provide brands with tentative sales loss that they might have incurred due to out-of-stock instances for each category, brand, and product.

But Kinator doesn't just stop at tracking [stock availability](#). Its insights also play a significant role in **optimizing AMS ([Amazon Advertising Console](#)) campaigns**

. When your products are consistently in stock, [AMS campaigns](#) become far more effective, as you avoid the wasted ad spend that comes with promoting products that aren't available. Coupled with the competitive data Kinator provides, brands can track not only their own performance but also that of competitors, allowing for strategic adjustments to marketing and inventory strategies.

How Kinator's OOS tracking can help in AAS optimization

- Monitoring the OOS of your products during your AAS campaigns will allow you to alter your strategy effectively and efficiently in terms of reducing the spend wastage on out-of-stock products.
- OOS status is an indicator of how fast or slow the stocks are moving out. Monitoring it regularly can help you optimize the bids of your AAS campaigns.
- Kinator tracking allows you to alter your AMS strategy in case of a low stock situation; it is essential because if your products go OOS, your sponsored product campaigns instantly become ineligible, and your best seller rank drops by the second. It wouldn't be at all surprising if your organic ranking for given keywords takes a severe hit.
- By the time your product's been restocked, there could be increased competition, price changes, problems with unauthorized sellers, and issues related to the seasonality of the product.

How Digital Shelf Analytics Acts as a Catalyst in Quick Commerce

The rise of **quick commerce** (Q-commerce)—the next-generation retail model focused on delivering goods to customers in as little as 10-15 minutes—has revolutionized how brands and retailers approach inventory management and customer engagement. In this fast-paced landscape, the **digital shelf analytics tool** plays a pivotal role, acting as a catalyst for success.

For quick commerce businesses, the stakes are high: customers expect their chosen products to be available, and any delay or stockout could result in a lost sale or even a lost customer.

Why Digital Shelf Analytics is Non-Negotiable in Quick Commerce

Quick commerce leaves little room for error. The ability to act on real-time insights and adapt to fluctuating demand is no longer optional—it's essential. With tools like Paxcom's Kinator, brands can effectively:

- Maintain seamless availability across Q-commerce platforms.
- Anticipate demand spikes and prepare inventory accordingly.
- Stay visible, competitive, and aligned with customer expectations.

In a market where speed and availability define success, digital shelf analytics tools are the backbone of operational excellence. For brands looking to establish themselves as leaders in quick commerce, leveraging these tools is not just a strategy—it's the key to sustained growth and customer loyalty.

If your product goes out of stock, it will take considerable expense and energy to return to previous sales levels. It will probably take at least two or three weeks to regain lost ground once you're back in

stock. While optimizing and advertising can work wonders for your brand, it only matters if you have a product to work with. Effectively managing your inventory comes first.

For additional information about our offerings, which can help you prevent out-of-stock situations that result in lost sales and customers switching to competing brands, please email us at info@paxcom.net for more information.