



A Detailed Guide
to **Dead Stock**

What is Dead Stock? A detailed guide to Dead Stock and how to deal with it

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Selling items online can be tricky. Especially beginners, who cannot figure out the product they should sell or not aware of the [fundamentals of inventory management](#), may end up with dead stock.

Talking about fundamentals, before we go any further, let's just focus on the term Dead Stock.

So, what exactly is Dead Stock?

The inventory that never gets sold, the stock that is lying on your shelves for a longer duration than anticipated, and there are chances that it may not get sold in the coming days, is known as Dead Stock.

Why is Dead Stock bad for business

- Occupies the office or warehouse space endlessly
- The occupied space cannot be used for other products
- Blocks cash inflow and traps the investment cost
- Increase in storage space and warehouse cost

[Stocking excess inventory](#) is the most common problem for any retailer. Even if you keep safety stock, there are high chances that your [safety stock](#) may go unused for months or probably years. This does not only increase your costs like a warehouse but also leads you to a major depression if you don't sell that stock. So how does one get rid of their dead stock? The best way is to sell them without making losses, keeping your brand intact.

SKU	Current Stock Level	Lead Time (Days)	Max. Daily Usage	Max. Lead Time (Days)	Avg. Daily Usage	Avg. Lead Time (Days)	Reorder Point	Reorder!
APR-80-TG	100	8	5	12	10	5	98	
APR-80-TG	20	8	6	11	12	5	182	

What causes Dead Stock?

With multiple reasons that can cause dead stock, we will try capturing as much as we can. And, if any cause is remaining, well, you can always help me out!

1. Lack of Demand

In the current scenario, where coronavirus has affected a lot many businesses, such as textiles and gift shops. Except for the increased demand of sanitized products, such as hand sanitizer and hand wash. So, taking into consideration the current scenario, almost all the products are not in demand, except for medical stores and general stores. This is a literal live example of dead stock affecting nearly all the industries.

2. Too common, says the customer

Customers enjoy ordering products that have a hint of an 'uncommon' trait. These days, customers want something unique and different from the rest. For the search of that, they keep looking out at different stops!

“So, if you don't have a 'X factor' in your product, chances are it will stay on your shelf for a longer time!”

For e.g.: Everyone needs cooking oil. Mostly people prefer sunflower oil, the most common cooking oil. But, Sunflower oil is available everywhere. How will you be different? What is your 'X factor'? The demand for Olive oil has evolved in recent years as compared to the 2000's. So, if you are selling Olive Oil, you will attract a very health-concerned and fitness crowd. Giving yourself your X factor.

3. No talking to Customers

Communication is the key to a healthy relationship! Saying so, let's talk about a seller and customer relationship. You need to speak to your customers and work on their feedback. If you do not communicate, you will not know their preferences. You are losing your customers! Also, customers enjoy purchasing from sellers who are quick at

the response, polite, and pleasant to talk to! So, treat your customers equally, and give them the respect and time they deserve! After all, they are coming to your shop!

4. Drop in Quality

Rating matters! Every time a customer buys from your store, they will rate you! Make sure your product quality is always high. Don't play around with selling products, but work to gain customers! So, if your product quality is low, well, be prepared to get the bash from your customers. They may never come back to you.

5. Don't buy in Bulk

Buy products in bulk, but don't buy in bbuullkk.! Well, the catch here is, buy in large quantities, but not in 'larger' quantities, that it becomes difficult to sell. Atleast, see the trend, then buy in larger quantities. You have to understand; you are utilizing your storage space as well.

For eg.: You are given a variety of 50 different types of Blue T-shirts. Don't buy them all. Take only 10 kinds of Blue T-shirt. See their demand, and then go further with it.

6. Forecasting went wrong

It happens with everyone! At times, your prediction can go severely wrong. And that is when you need to look back at your sales history and see any changes. Also, check for any seasonal changes. And most importantly, know the market trend changes every second! So, you need something more than these predictions. Also, listen to your intuition or gut. Deep down, know what your gut says.

Do's and Don'ts to avoid Dead Stock

Now, we have determined the causes of dead stock. But what can we do to avoid them? We can try to push them as far as possible, and so, here is a list of do's and don'ts that can be helpful.

Do's	Don'ts
<ul style="list-style-type: none"> • Talk to your Suppliers Regularly 	<ul style="list-style-type: none"> • Don't store Sludge Goods
<ul style="list-style-type: none"> • Track Sales History and Demand 	<ul style="list-style-type: none"> • Don't forget Seasonal Changes
<ul style="list-style-type: none"> • Devise Plan by Understanding Market Trends 	<ul style="list-style-type: none"> • Don't Stock Broken or Damaged Merchandise
<ul style="list-style-type: none"> • Interact with Customers 	<ul style="list-style-type: none"> • Don't Stock Low Demand Goods
<ul style="list-style-type: none"> • Work with a Good Investment Management System 	<ul style="list-style-type: none"> • Don't Forget to Ask Help from you Fellow Competitors

Here are some effective tips and tricks to get rid of dead stock:

No one wants dead stock in their warehouse. So, what if you face such a situation. Here are some ways you can get rid of dead stock.

Tips:

1. Implement an inventory tool

If you want to get rid of dead-stock, then you first need to know how much stock in excess you have. Today, cloud-based inventory management systems have made retailers' lives easy, allowing them to integrate all their inventory from multiple locations into a single system, offering inventory levels in real-time.

This way, implementing an [inventory management software](#) for your business will offer easy-to-use tools to sort out exactly how much of your current inventory is dead stock. Knowing your dead stock, you can make a list of those stock items in descending value. Targeting higher value stock items first allows you to cover the costs involved with dead stock in the shortest time. Apart from that, it is always

Apart from that, it is always advisable to segregate inventory concerning the frequency of movement and stock them accordingly. An efficient inventory control software such as Orderhive can do that for you. [Try it for free.](#)

2. Create an urgency

Creating urgency is a staple if you want to get rid of dead stock. Because, if you don't show an urgency, you can end up spending loads of time selling your dead stock, no matter what tricks you apply.

You may implement the best of the best tricks to get rid of dead stock, but if you don't show urgency, you'll be wasting time in a big way! So, it becomes very crucial for you to show urgency in all the tricks that you implement to get rid of dead stock. How can you create urgency in all the tricks that you implement to get rid of dead stock?

a – Mention it is a limited supply – like “only 3-4 products are in stock.”

b – Place a time limit.

c – Highlight cost-saving amount.

This will entice customers to add products to the cart right now!

Tricks:

3. Flash relevant discount coupon codes

If you want to get rid of dead stock, then one of the tricks is to offer a discount to offload some stock. So, flash relevant discount coupon codes on major pages of your site. This way, any customer who visits your site will get attracted to those products first, even if they had some other product in mind. So, automatically you increase chances of getting rid of your dead stocks.

“Discounts were never so attractive during Republic Day sales. There is a possibility that brands which have no offline presence

could be in a rush to clear inventory,” Amazon Exclusive electronics brand BPL India’s chief operating officer Manmohan Ganesh said.

4. Include them in your daily deals

Many sites implement a daily deal offer, which allows customers to buy products at a much-discounted rate. Implement some of your excess stock in your daily sales, which makes it easy for you to get rid of those products, instantly! Daily deal means offering one-two products at a much-discounted rate regularly. This way, you limit your shoppers’ purchase-making decision and have them add the product to their cart right now!

5. Bundle product

Bundling products is another effective way to offload dead stock. For instance, if your dead stock consists of a mobile cover, car charger, clothing – then you can easily create an enticing bundling with relevant products for a good price. This way, you can get rid of multiple excess stocks at once, and your customers will be happy to buy them if offered at a good price!

"Bundling is pervasive in several markets, and it works in many cases," says Vineet Kumar, an assistant professor in the Marketing Unit at Harvard Business School.

You can also use this bundling technique if you have stored a large number of [safety stocks](#) in your inventory, and it’s not getting used or sold.

6. List on marketplaces

Marketplaces that include Amazon, eBay is bliss to retailers that allows them to list their inventory on a platform with a built-in audience. Therefore, listing your excess

inventory on these sites will help you get sales quickly. The only issue is the margin that you will have to manage with these marketplaces.

7. List on price comparison websites

Sending your dead stock to most of the price comparison websites will ensure that your products receive more visibility. This way, you increase the chances of sales quickly. Google Shopping, Nextag, PriceGrabber, Shopping.com, Shopzilla are some of the best comparison sites that you should consider.

8. Offer free shipping

Free shipping is now the standard. Hence your sales will suffer if you don't offer free shipping. Ensure you [offer free shipping](#) on most of your excess stock, which will entice customers to add products right now! This way, you keep customers happy and offload dead stock, simultaneously.

In closing

With the above detailed-knowledge of Dead Stock, you can get rid of your dead stock and use the tips and tricks as well! But don't forget to show urgency in every trick you implement! Also, remember, it is easy to accumulate goods, but it is challenging to get rid of the dead stock. Nevertheless, [Orderhive](#) can help you along the way, to make things easy for you.

Check out these useful links:

- <https://hbswk.hbs.edu/item/better-by-the-bundle>
- <https://www.referenceforbusiness.com/management/Bun-Comp/Bundled-Goods-and-Services.html>

- <https://economictimes.indiatimes.com/industry/services/retail/e-commerce-companies-step-up-discounts-in-bid-to-get-rid-of-stock/articleshow/67617614.cms?from=mdr>