IoT Innovation Means Inventory Management to Apparel Industry

Customer-facing applications have less appeal

ARTICLE

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New data from Transparency Market Research shows the global connected retail market was worth $19.46 billion in 2017, but it is estimated to reach $82.31 billion by the end of 2025. The uptake in internet of things (IoT) will fuel this growth.

According to Transparency Market Research, the connected retail market refers to the use of sensors and Wi-Fi, Bluetooth, near field communication (NFC) or similar technology to connect with consumers, as well as facilitate inventory and supply chain management, loss prevention and fraud identification.

According to an Apparel survey of US apparel executives conducted in December 2017, only 4% of respondents have deployed IoT technology, but it ranked first among 2018 IT innovation initiatives being evaluated. One-fifth of respondents were evaluating it, while 2% were testing it.
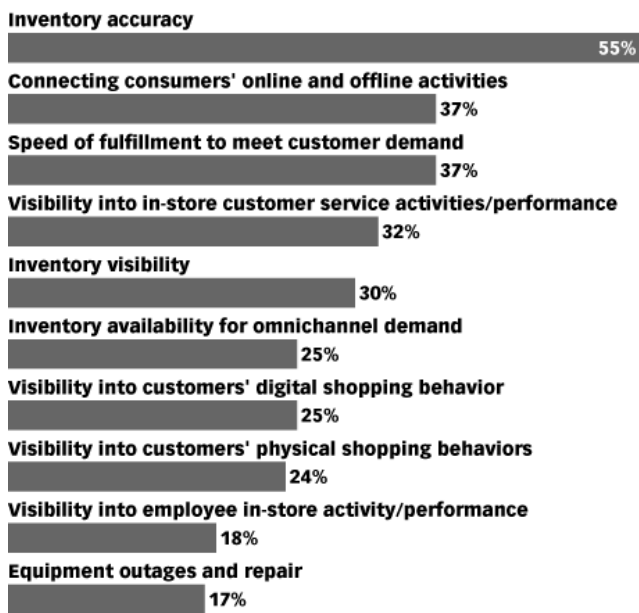
To date, apparel brands and retailers have mostly used IoT implementations to boost omnichannel efficiency. Zara's use of RFID-tagged clothing to automatically prompt a restock when an item is sold and Macy's improving display compliance that avoids markdowns

though better inventory management are tactics that remain behind the scenes.

Inventory accuracy is an obstacle for many retailers. And it's something many hope IoT solutions will help address, according to an August 2017 survey of retailers worldwide by Retail Systems Research (RSR). When fashion and apparel brands were specifically asked about IoT opportunities to improve processes, 70% of respondents cited inventory management.

Fulfillment Challenges that Internet of Things (IoT) Technologies Can Address According to Retailers Worldwide, Aug 2017
% of respondents

Inventory accuracy	55%
Connecting consumers' online and offline activities	37%
Speed of fulfillment to meet customer demand	37%
Visibility into in-store customer service activities/performance	32%
Inventory visibility	30%
Inventory availability for omnichannel demand	25%
Visibility into customers' digital shopping behavior	25%
Visibility into customers' physical shopping behaviors	24%
Visibility into employee in-store activity/performance	18%
Equipment outages and repair	17%

Note: respondents chose their top 3
Source: Retail Systems Research (RSR), "The Internet of Things: Identifying Real Benefits," Sep 19, 2017
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Consumer applications for IoT in the apparel industry have been gimmicky for the most part. Far more utility comes from voice-controlled lighting than from wearable tech that might measure your heart rate and tweet it.

When asked about consumer-facing opportunities using IoT, apparel and fashion brands in the RSR survey were more realistic; the largest portion (65%) cited maintaining inventory visibility and order accuracy.

Meanwhile, 85% of drug, grocery and general merchandise retailers thought beacons and Wi-Fi could lead to closer relationships with consumers through their mobile devices, a retail fantasy that still hasn't come to fruition in any meaningful way.